

Cost Allocation Services



Premier Environmental Services, Inc. (Premier) has the experience and skills required to tackle and resolve the often contentious issues of cost allocation for environmental liabilities. On behalf of our industrial, commercial and law firm clients, we evaluate, propose and negotiate workable solutions for allocations at even the most complex multi-party sites.

Cost allocation services are necessary under a variety of circumstances, including:

EPA National Priorities List (NPL) Sites and State-Lead Sites: Federal and state Superfund (CERCLA) and Voluntary Cleanup Programs have historically been the most common arena for cost allocation. Multiple parties are often assigned liability under a variety of theories and the resulting disputes increase transaction costs and often delay cleanup. Careful technical and regulatory analyses are required to evaluate each theory and provide adequate documentation for specific allocations. Sites can be complex in both their physical and financial characteristics and available data can vary widely.

Insurance Settlements: Historical general liability policies are frequently targeted to pay defense and remedial costs for past releases to real property. Multiple carriers and owner/operators are often implicated, thus requiring a comprehensive evaluation of historical operational activities, insurance coverage and a review of technical and regulatory considerations in order to develop and negotiate cost allocation.

Due Diligence: In the course of due diligence for real estate transactions and mergers & acquisitions, releases may be discovered that require allocation between the seller and purchaser (as dictated by the agreement between the parties). Critical to this analysis is an understanding of the impacts and the estimation of potential remedial costs. Time constraints and limited information are common factors in these allocations.

Litigation: Allocation of costs is often a component of the technical and regulatory analyses conducted to support the litigation team. Further discussion of Premier's allocation services for litigation support is provided below.

Initially, Premier personnel with expertise in database management, Geographic Information System (GIS) and ACAD processes assemble large data sets for manipulation, presentation and analysis.

Additionally, we assemble operational information for potentially responsible parties (PRPs) and potential non-point source contributors, as available. Our understanding of industrial processes and common waste treatment technologies are integral to understanding the potential contribution by each PRP.

Once the available data set has been assembled, a preliminary analysis is conducted to determine the potential allocation theories that may apply to a given project setting. For example, if the project site is a surface water body such as a river, stream or lake then allocation may be based on release/discharge quantities (i.e., direct correlation between disposal or discharges to a system and remedial costs), allocation by harm (i.e., based on toxicity and quantity drivers using human health and ecological risk assessment techniques), allocation of orphan share resulting from non-point source discharges to the receiving body, etc. In many cases, this evaluation is accomplished through a combination of technical and regulatory analysis, economic analyses and the use of sophisticated statistical and modeling techniques.

Once all the data are assembled and the analyses are complete, we present an overview of the various allocation theories, including an analysis of theories likely to be applied by other PRPs. Finally, Premier personnel support the presentation and negotiation of the cost allocation with all stakeholders.

Premier personnel are highly qualified to develop effective written and verbal communications, understand and apply the dynamics of effective negotiation and respond appropriately to positions taken by opposing parties. Further, we recognize that effective communication with federal and state agencies, local officials and community groups during the cost allocation process can establish valuable leverage in support of desired outcomes.

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