



## Environmental Solutions: 2006

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# Liability Transfer Relieves Burden of Idled Facilities

The decision to discontinue operations brings the dilemma of managing idled facilities. These properties present environmental compliance challenges, uncertain statutory and financial liabilities, and ongoing “caretaker expenses.” In the wake of recent clarifications to accounting standards (FAS 143, as clarified by FIN 47), deferring the environmental costs of idled facilities is no longer an option.

Innovative environmental compliance programs can relieve companies from the burden of idled facilities and unlock the long-term value of the real estate. One option, known as liability transfer, helps reduce costs, manage liability more efficiently, and expedite the redevelopment of the land.

Liability transfer programs typically offer one or all of the following:

- Guaranteed cost certainty for a fixed period of time by using environmental insurance to back the compliance activities
- Long-term protection from costs associated with changes in regulatory requirements
- Financial backing by a parent company’s indemnification and insurance

Liability transfer has been exceptionally valuable for the manufacturing industry. For example, a successful liability transfer expedited the redevelopment of a former industrial property after an electronics manufacturing facility ceased operations. Environmental

investigations discovered extensive soil and ground-water contamination that complicated redevelopment efforts. For a fixed cost, the company transferred its liability to a third party. This solution made it possible for the company to garner approval for the redevelopment from local municipal authorities and implement a more cost-effective and environmentally protective solution that met state regulations. Ultimately, the

company was able to sell the land and recoup its latent real estate value.

As the above example demonstrates, companies do not have to shoulder the burden of idled facilities. By transferring liability for a contaminated site to a responsible third party, they can reduce corporate costs and expedite land restoration.



TRC pioneered liability transfer with the TRC Exit Strategy® program, which offers a unique solution to relieve environmental liabilities—forever. With Exit Strategy, you are guaranteed absolute cost certainty, total liability relief, and long-term financial assurance. TRC has accepted perpetual liability for approximately 90 properties throughout the United States. These Exit Strategy projects are backed by over \$1 billion worth of state-of-the-art environmental insurance. [www.trcexitstrategy.com](http://www.trcexitstrategy.com) • 949.727.9336