Mergers / Aquisitions / Divestures

Evaluating and Managing Environmental Risk

NewFields

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NewFields understands that accurately identifying and quantifying potential environmental liabilities in mergers, acquisitions, or divestitures and proactively managing those liabilities is critical to a successful business transaction.

NewFields utilizes a structured, analytical business risk management approach that combines a deep well of experience in engineering, science, socio-political, and economic constraints to identify, manage, control, and mitigate business risk. The process includes:

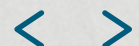- Phase I Environmental Site Assessments and Compliance Audits
- Data Analytics
- Decision Consequence Analysis (DCA)
- Probabilistic Cost Estimates
- Liability Negotiation Support
- Post Transaction Liability Reduction

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Many real estate assets have identified and hidden liabilities; therefore, an assessment must be performed by an independent party. This assessment would include a Phase I Environmental Site Assessment and Compliance Audit.

A Phase I Environmental Site Assessment is standard for identifying and evaluating environmental liability associated with any real estate asset. Assessments are performed in accordance with ASTM E1527-13. A limited version of this can be provided if the end user does not need to qualify for CERCLA liability protection.

A Compliance Audit is required for a real estate asset that is known to have environmental permits, as it is important to understand the environmental regulatory compliance (or non-compliance) of operations at the facility. This portion of the process is performed in accordance with ASTM E2107-06.

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Data analytics is the process of examining data sets in order to draw conclusions about the information they contain. This allows an organization to make more informed business decisions by scientists and researchers to verify or disprove scientific models, theories and hypotheses.

NewFields utilizes the following tools/products to help decision makers manage complex projects, achieve multiple objectives, reduce costs and uncertainties, and prioritize activities:

- Relational Database - Structured and Unstructured Data
- Web-Based GIS - Structured Data
- LUPA - Unstructured Data
- Environmental Liability Investigation Tool (ELITE)
- Visual Analytics
- Communication Briefs
- Intradox
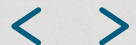
Decision-makers often face complex projects with uncertain outcomes and have to balance environmental, economic, technical, political, and legal objectives when determining the best path forward.

DCA combines environmental engineering, science, and regulatory policy experience with applied Decision Theory, probability, and statistics to address uncertainty. We document the known, probable, and improbable environmental risks, the strategies and tactics for mitigating those risks, and prepare cost models that profiles the range of outcomes, drivers, and tactical opportunities to proactively direct events to achieve the desired outcome.

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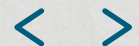
Do you need to evaluate the potential environmental costs to closure and account for all foreseeable scenarios? Estimates of cost and schedule duration of a project are uncertain values until it is complete. That's where a probabilistic cost estimate can clarify your position.

A probabilistic cost estimate assigns probabilities and ranges to address uncertainty for critical values, and then uses predictive modeling software to run Monte Carlo simulations. This approach is perfect for mergers, acquisitions, or divestures, where it can better define the following:

- A robust estimate of future costs that are multi-dimensional
- Easy to understand results that can be presented, and understood, by a wide audience
- A visual representation of potential issues
- Accounting for variation and uncertainty
- Which assumptions contribute most to the variation and where to focus additional work to lower uncertainty
- "What-if" scenarios to evaluate options

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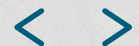
Don't let environmental risk and liability be a deal breaker. With the proper assessment of environmental risk, we can identify a workable allocation of known and potential liabilities that will allow the transaction to move forward.

After identifying and assessing/costing of environmental risk, the parties can negotiate various options to mitigate and allocate risk. Options range from excluding facilities that have contamination or non-compliance issues to using risk management tools. These tools include:

- Addressing the contamination or compliance issues prior to closing
- Discounting to cover environmental issues (known and unknown) and negotiating an indemnity provision
- Retaining and/or funding resolution of environmental issues post-closing
- Using statutory programs to address environmental conditions and avoid liability on statutory grounds

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Your transaction is complete and now existing liabilities need to be addressed. Can this be accomplished in line with the estimated costs?

As part of the environmental liability estimation process, NewFields utilizes the tools summarized herein to provide a realistic, probabilistic range of costs and then uses that analysis to assist the transaction party negotiate a cost as part of closing. As part of this analysis, we identify the key drivers that require control or alteration to drive costs down and bring more certainty to the cost and duration of the project. This is where our creativity and experience comes to the forefront, and a plan is developed to control these cost drivers. Our goal is to modify the remedial approach to allow the project to be completed for less than the environmental liability provision.

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