



Metro

**GENERAL MANAGEMENT
Environmental Liabilities Assessment and Reporting**

(GEN 49)

POLICY STATEMENT

It is the policy of the Los Angeles County Metropolitan Transportation Authority (LACMTA) to ensure accurate and comprehensive identification, assessment, cost measurement and reporting of known and potential environmental remediation activities. The LACMTA has developed the Environmental Liabilities Assessment and Reporting Program for coordinating the collection and maintenance of all environmental related information and the implementation of all environmental mitigation activities to reduce environmental liabilities agency-wide.

PURPOSE

Under the Governmental Accounting Standards Board: Accounting and Financial Reporting for Pollution Remediation Obligations (GASB 49), state and local government are required to provide the public with information about the financial impact of environmental cleanups. The LACMTA is required to comply with this reporting requirement in its Comprehensive Annual Financial Report (CAFR).

The Environmental Liabilities Assessment and Reporting Program establishes a coordinated and integrated framework for determining LACMTA's known and potential environmental liabilities. The reporting protocol under the Program ensures LACMTA's continued compliance with financial reporting standards, reduces current environmental liabilities, and reduces the probability of similar liabilities occurring in the future.

APPLICATION

This policy covers all phases of acquisition, planning, design, construction, procurement, operation, maintenance, lease and sale of all LACMTA properties and assets.



Chief of SBU



APPROVED: County Counsel or N/A



ADOPTED: CEO

Effective Date: 3/16/2009

Date of Last Review: 7/22/2013



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1.0 GENERAL

The Environmental Compliance and Services Department (ECSD) administers the Environmental Liabilities Assessment and Reporting Program. LACMTA departments must coordinate with ECSD for guidance on the necessary steps to implement the appropriate environmental programs for ensuring compliance with environmental liabilities. ECSD will coordinate the collection and maintenance of all environmental related information and the implementation of all environmental mitigation activities.

An assessment and reporting of environmental liabilities is completed by the Financial Services and Treasury Department and ECSD staff to comply with the requirements of GASB 49.

2.0 PROCEDURES

Each LACMTA Department Head must designate a representative who will work with ECSD in determining if any LACMTA properties and assets are or can reasonably be assumed to be polluted or contaminated. Department representatives and ECSD staff will conduct an assessment to determine if the pollution or contamination can be mitigated within the fiscal year of discovery.

2.1 If any of the pollution or contamination would be mitigated beyond the end of the fiscal year of discovery, additional assessment will be made to determine if the property falls under one of the GASB 49 obligating events. The obligating events are as follows:

- Pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention-related permit or license;
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the clean up;
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to cleanup the pollution; or



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- A government begins or legally obligates itself to begin cleanup or post-cleanup activities (limited to amounts the government is legally required to complete).

Additional details are outlined in the GASB 49 standard.

- 2.2 The estimated cost of environmental liabilities will then be determined for properties or assets that trigger an obligating event. Financial Services and Treasury and ECSD staff will collaborate in calculating these estimated costs using the most appropriate environmental liabilities estimation model identified by ECSD staff that complies with GASB 49 requirements.
- 2.3 Quantified liabilities that trigger an obligating event will be reflected in LACMTA's financial reports in compliance with GASB 49 requirements.
- 2.4 On an annual basis or as required, ECSD staff will convene a meeting with department representatives to determine LACMTA's continuing compliance with this policy.

3.0 DEFINITION OF TERMS

Pollution/Contamination – Generally, the presence of a substance in the environment that because of its chemical composition or quantity prevents the functioning of natural processes and produces undesirable environmental and health effects.

Environmental Liabilities – Obligation based on the principle that a polluting party should pay for any and all damage caused to the environment by its activities. Expected recoveries from other parties and insurance recoveries reduce the measurement of the government's environmental liabilities.

4.0 RESPONSIBILITIES

Departments are responsible for coordinating with ECSD on the necessary and appropriate environmental programs for ensuring compliance with environmental liabilities.

Department Heads are responsible for designating respective department representatives to work with ECSD to coordinate liability assessment and reporting with the ECSD Manager or his designee. Department Heads will be responsible for certifying current or potential environmental liabilities within their respective business units.



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The Deputy Executive Officer, Environmental Compliance and Services or designee will be the point of contact for day-to-day management and implementation of the environmental liabilities and assessment and reporting program.

The Environmental Compliance and Services Department (ECSD) administers the Environmental Liabilities Assessment and Reporting Program and ensures that comprehensive and complete data on remediation projects and their costs are maintained.

The Financial Services and Treasury Department along with ECSD completes an assessment and reporting of environmental liabilities to comply with GASB 49 requirements.

5.0 FLOWCHART

LACMTA Environmental Liabilities Staff Reporting Matrix (See Attachment 1)

6.0 REFERENCES

Statement No. 49 of the Governmental Accounting Standards Board: Accounting and Financial Reporting for Pollution Remediation Obligations (GASB Statement No. 49).

Resource Conservation and Recovery Act (RCRA) and amendments

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986

Macias Gini & O'Connell, LLP and Macias Consulting Group, Inc., 2008. *Review of Environmental Liabilities, Final Report*. Report Prepared for the Los Angeles County Metropolitan Transportation Authority. June 25.

7.0 ATTACHMENTS

1. Environmental Liabilities Staff Reporting Matrix

8.0 PROCEDURE HISTORY

12/12/2009 New policy.

8/24/2011 Biennial review: no changes.

7/18/13 Biennial Review: changed SBU (Chief) to Department (Head); Manager, Environmental Compliance & Services to Deputy Executive Officer.

ATTACHMENT 1

Environmental Liabilities Staff Reporting Matrix

