

FREQUENTLY ASKED QUESTIONS ABOUT DETAILED REMEDATION COST ESTIMATES

1. [Why is a detailed remediation cost estimate needed?](#)
2. [Are there tools I can use to aid in the development of a detailed remediation cost estimate?](#)
3. [How much detail should be provided in the detailed remediation cost estimate?](#)
4. [How can I develop a detailed remediation cost estimate when a Preliminary Assessment/Site Investigation has not been completed?](#)
5. [How can I develop a detailed remediation cost estimate that includes remedial action and operation, maintenance, and inspection costs when a remedial action has not yet been selected?](#)
6. [Can “present value” be used when developing a detailed remediation cost estimate?](#)
7. [If the remedy includes an engineering control that already exists, how does this impact my detailed remediation cost estimate?](#)
8. [When should the detailed remediation cost estimate be reported and how often does the estimate need to be updated?](#)
9. [How should the detailed remediation cost estimate be reported to the Department?](#)

1. Why is a detailed remediation cost estimate needed?

When there is a requirement to establish and maintain a remediation funding source pursuant to the Administrative Requirements for the Remediation of Contaminated Sites, N.J.A.C. 7:26C-5.2, the person responsible for conducting the remediation is required to submit a detailed remediation cost estimate to support the remediation funding source amount. Since the purpose of a remediation funding source is to ensure that monies are available to complete the remediation, it is critical that the person responsible for conducting the remediation establishes and maintains in the correct estimated amount necessary to complete the remediation.

2. Are there tools I can use to aid in the development of a detailed remediation cost estimate?

The Department has developed a “Checklist for the Development of Detailed Remediation Cost Estimates for Remediation Funding Sources” and an “Example Detailed Remediation Cost Estimate” as tools to help the person responsible for conducting the remediation to include all remediation costs in the detailed remediation cost estimate.

The person responsible for conducting the remediation may use cost estimating tools, such as means tables, vendor quotes, and recent competitive bids. In addition, a licensed site remediation professional’s professional judgement, based on known information and experience, should always be considered and utilized where applicable.

Currently, software that is publicly available for this purpose, for a nominal fee, include RACER © and Cost-Pro ©. These were developed for use in the Resource Conservation and Recovery Act (RCRA) and Superfund programs at the United States Environmental Protection Agency and the Department of Defense. Cost-Pro © was specifically designed for RCRA and therefore may have less utility for sites that don’t have RCRA units.

3. How much detail should be provided in the detailed remediation cost estimate?

In the past, the Department did not provide guidance or recommendations to the level of information required to be provided in remediation cost estimates. The Department has drafted the detailed

remediation cost estimate checklist, frequently asked questions, and an example spreadsheet to make certain the remediation cost estimates provide ample information to ensure a properly funded remediation funding source is established and maintained. The Department anticipates current and future remediation cost estimate submittals will provide more detail based on the availability of the guidance and example spreadsheet.

4. How can I develop a detailed remediation cost estimate when a Preliminary Assessment/Site Investigation has not been completed?

NOTE: Please be advised, a surrogate amount is intended to be used only for Industrial Site Recovery Act Sites that file a remediation certification. If a remediation funding source is required to be established due to an administrative consent order, directive or court order, the Department assigned Compliance/Enforcement Manager will need to be consulted prior to applying a surrogate amount.

If a preliminary assessment and/or site investigation has not yet been completed, there are two alternative methods to develop a detailed remediation cost estimate.

1. A surrogate remediation funding source amount may be utilized as follows:

- minimum acceptable surrogate amount when no contamination information is known: **\$100,000**
- minimum acceptable surrogate amount when known ground water contamination is present at the site: **\$250,000**

The licensed site remediation professional must certify to the use of the surrogate amount with the submission of the initial remediation cost review form. At the time of the first annual cost review, the surrogate amount must be replaced with a site specific detailed cost estimate amount. Applying the surrogate amounts beyond the first annual cost review requires the Department's approval.

2. The licensed site remediation professional of record may provide a certified detailed estimate of cost to complete the remediation, including the Department's fees and oversight costs and, if appropriate, the estimated costs to operate, maintain, and inspect engineering controls based on site history, operations, past remediation, site conditions and professional judgment. This will allow the remediation funding source to be established in an amount different from the above listed surrogate minimums.

5. How can I develop a detailed remediation cost estimate that includes anticipated remedial action and operations and maintenance costs when a remedial action has not yet been selected?

It is understood that estimates related to activities planned for the near future will be more accurate than estimates for potential remedies yet to be decided upon. That is one reason why routine updates are essential. The person responsible for conducting the remediation is required to annually estimate remediation costs based on the likely choice of remedy and related long term costs. The person responsible for conducting the remediation should direct their licensed site remediation professional to anticipate the likely remedy and related operation and maintenance and develop the remediation cost estimate accordingly. If the person responsible for conducting the remediation and the licensed site remediation professional do not anticipate the use of a non-permanent remedy, as supported by existing data, proposed future use and professional judgment, such long term operating and monitoring costs do not need to be included.

6. Can “present value” discounting be used when developing a detailed remediation cost estimate?

Remediation cost estimates will frequently include costs that will be incurred well into the future. “Present value” is the value in the present of a sum of money, in contrast to some future value it will have when it has been invested at compound interest.

If present value discounting is being applied in the development of a detailed remediation cost estimate, the Department requires that all assumptions be disclosed and justification/explanation of the applied assumptions be attached to the cost estimate.

The Department will review each present value discounting on a case-by-case basis.

7. If the remedy includes an engineering control that already exists, how does that impact my detailed remediation cost estimate?

If the engineering control (i.e. asphalt parking lot, sidewalks, buildings, etc.) already exists and will serve as the site’s “cap,” the cost associated with implementing/installing this engineering control may be reflected as zero in the detailed remediation cost estimate. If the preexisting engineering control will serve as a partial “cap,” the detailed remediation cost estimate will need to include the cost associated with implementing/installing the “cap” on the remaining portion of the property.

In the event that a preexisting engineering control is being utilized as the remedy, it is recommended that a brief explanation/justification be attached to the detailed remediation cost estimate. As a reminder, the remediation cost estimate will still need to account for the cost of operation, maintenance and inspection of the engineering control, until a permit is obtained and financial assurance is established.

8. When should the detailed remediation cost estimate be reported and how often does the estimate need to be updated?

Pursuant to N.J.A.C. 7:26C-5.2(1), for remediation that is proceeding in accordance with the Industrial Site Recovery Act, the initial detailed remediation cost estimate must be submitted along with the remediation funding source mechanism within either fourteen (14) days of the submission of a LSRP certified remedial action workplan or upon submission of a remediation certification. For sites that are required to establish a remediation funding source in accordance with an administrative consent order, directive or court order, the initial detailed remediation cost estimate is due as mandated by the applicable order.

The detailed remediation cost estimate is required to be updated annually with the submission of the annual remediation cost review.

9. How should the detailed remediation cost estimate be reported to the Department?

The cost estimate is to be submitted (attached) as supporting documentation to the “Remediation Cost Review and RFS-FA” form found at <http://www.nj.gov/dep/srp/srra/forms/>. This form requires certification from the person responsible for conducting the remediation and the licensed site remediation professional of record.

See FAQ #8 for when the detailed remediation cost estimate should be reported and how often it needs to be updated.