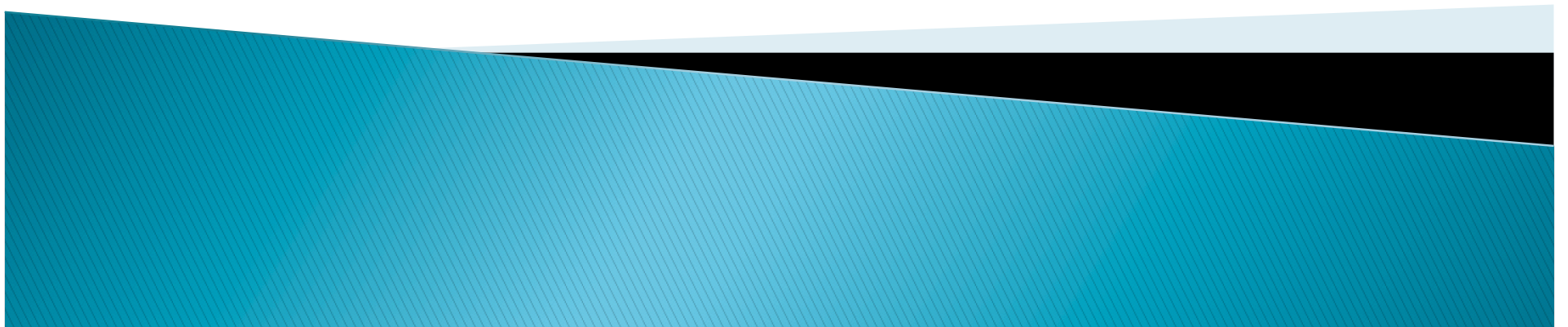


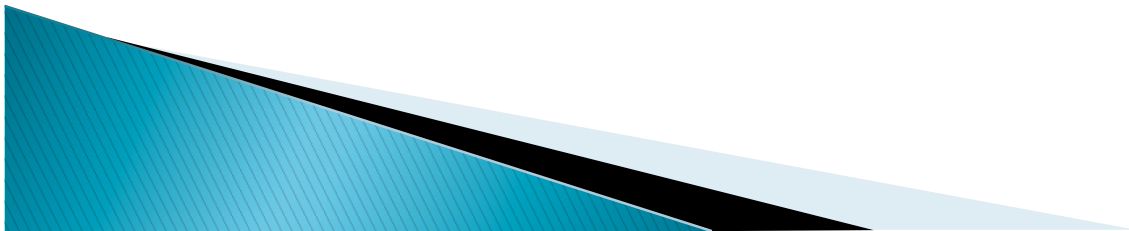
Developing a Treatment Trust

Long term for everyone.....



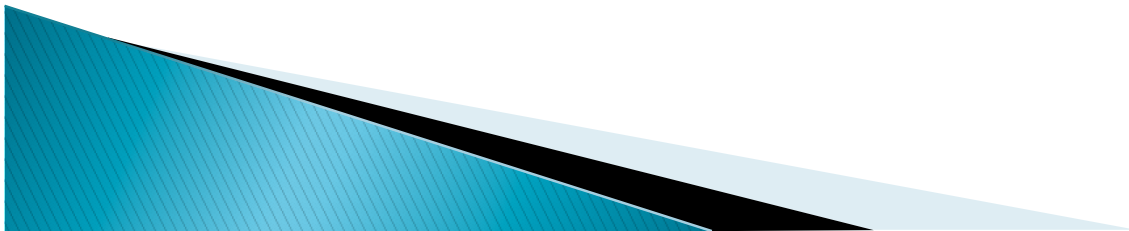
Treatment Trust Components

- ▶ Treatment system design
 - Formulate performance criteria
 - End of pipe or in-stream?
 - Yearly O&M; Capital cost details
- ▶ Legal language
 - Alternative bonding agreement (ABA), Trust documents
 - Time frames – yearly review, deposits/disbursements
 - Right of Entry
- ▶ Financial instrument and language
 - Financial vehicles/instruments
 - Financial assumptions: ROI, investment mix, inflation
 - Trustee, management fees



Trust Fund Setup

- ▶ How long does it take to set a trust fund up?
- ▶ Two components:
 - Initial set up
 - Yearly review
- ▶ Team approach
 - Engineer
 - Hydrologist
 - Lawyer
 - Economist
 - Biologist (stream surveys)



Treatment System Design

- ▶ Team: Manager, engineer, hydrologist, biologist
- ▶ Pertinent questions to be answered:
 - What are the goals of the treatment system?
 - Is system designed to meet those goals?
 - How complicated is the design?
 - Who will manage/maintain treatment system?
 - Operator, Regulatory Authority, Trustee?
 - High flow events – what are the contingencies?
 - What is cost breakdown – Capital, O&M?
 - Are economies of scale included in estimates?
 - What is third party cost of operating treatment system?



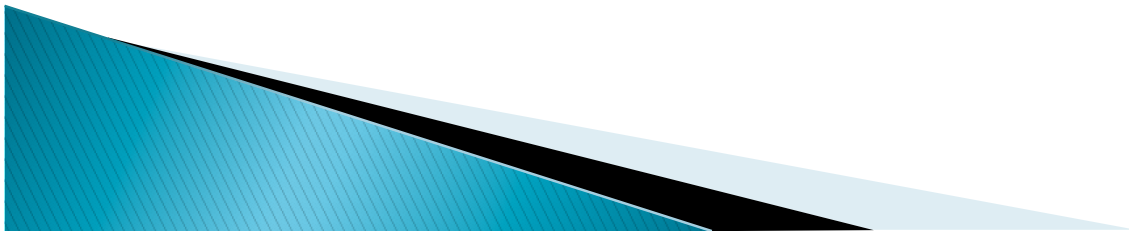
Legal Language – ABA

- ▶ Team: Lawyer, manager, engineer, hydrologist
- ▶ Pertinent Questions to be Answered:
 - What happens if operator no longer viable entity?
 - What is the Regulatory Authority/obligation?
 - Who has the legal right of entry?
 - What becomes of existing permit?
 - What are the timeframes for annual reviews?
 - What are the exact dollars and treatment system designs?
 - What are the performance criteria for long and short term?
 - How will fund shortfalls/excess be reconciled?
 - How will unexpected events be handled?



Financial Instruments

- ▶ Team: Economist, manager, lawyer
- ▶ Pertinent Questions to be Answered:
 - What is the investment vehicle and mix?
 - What is the assumed inflation rate?
 - What is expected ROI? Market volatility?
 - Who is trustee and how much are the trustee and management fees?
 - How will market volatility be handled?
 - How will trust fund balances be tracked?
 - How will fund excesses be handled?



Initial Trust Fund Development

- ▶ Treatment System Design
 - Hydrologist: 175 hrs
 - Engineer: 175 hrs
 - Biologist: 20 hrs
 - Manager: 40 hrs
- ▶ Legal Language ABA and Trust Instrument
 - Lawyer: 80 hrs (first), 25 hrs (additional)
 - Manager: 40 hrs
 - Economist: 20 hrs



Initial Trust Fund Development

- ▶ Financial Instruments
 - Economist: 50 hrs
 - Manager: 10 hrs
 - Lawyer: 10 hrs



Yearly Review Treatment Trusts

- ▶ Review Areas:
 - Treatment system performance
 - Review yearly expenditures
 - How well did estimates match actuals?
 - Trust fund performance
 - Legal agreement language
- ▶ Develop yearly review report
- ▶ Hours:
 - Manager: 20 hrs
 - Hydrologist: 40 hrs
 - Engineer: 25 hrs
 - Biologist: 8 hrs
 - Economist: 15 hrs
 - Lawyer: 5 hrs



▶ Questions?

▶ Comments?

▶ Concerns?

