



## PROJECT SUMMARY

### Site Divestiture

Blue-Chip Manufacturing Company, Yorkshire



#### KEY PROJECT ELEMENTS

- **DIVESTITURE  
COST  
NEGOTIATIONS**
- **REVIEW OF  
PURCHASERS  
ASSESSMENTS**
- **£1.25M COST  
REDUCTION**

CRA was retained by an international blue-chip manufacturing company to assist with the divestiture of a large parcel of potentially contaminated land that had historically been used for manufacturing activities over a period of 100 years.

CRA was requested to assist in discussions with the purchasers and their consultants who believed that a price reduction of approximately £1.5m was required to address environmental issues. Initially, CRA reviewed the available site investigation data and the remedial cost estimates and wrote an independent third party review of the proposals identifying inconsistencies and assumptions. CRA concluded that in several areas the potential contamination issues had not been fully addressed and that worst case scenarios had been assumed, along with worst case cost assessments.

The initial assessment suggested that the assumed remedial costs could be much higher than the likely cost, and that no contractual methodology was in place to allow the vendor to reclaim any unspent monies. CRA was requested to work with the purchaser in determining a scope for additional investigation, at the purchaser's expense, to ensure that the site was fully characterised and that the contamination issues were fully assessed. A methodology was then proposed to ensure that a suitable contingency sum could be calculated and agreed between all parties. CRA advised the client on a methodology of splitting the budgets and capping costs for individual areas to ensure that all costs could be controlled and tracked.

The assessment and investigation was completed over a six-month period, during which time CRA acted as the vendors liaison with the purchasers consultants. Eventually the cost of the remediation was capped at a cost of less than £250k, a reduction of £1.25m