

CONSTRUCTION CAPABILITY AND SUSTAINABILITY EXPERTISE GIVE SCS ENGINEERS AN EDGE IN REMEDIATION

In a highly competitive market like remediation that's showing little, if any, overall growth, you do anything you can to grab an edge. That doesn't necessarily mean finding a niche to yourself, which in any case would be difficult in a mature market with a very crowded field of service providers. But you can stay ahead of the game by doing things that few or your competitors do, and making sure you do them well.

With in-house construction capability and skills in turning a traditional cleanup job into a more sustainable and cost-efficient project, **SCS Engineers, Inc.** (Long Beach, CA) has seen its remediation practice grow ahead of the overall industry's pace. Having focused most of its remediation business on voluntary state cleanup programs and brownfields redevelopment, the firm is expecting to continue that growth as the real estate market continues a fairly solid rebound in several parts of the country.

"We're projecting some growth for 2015," says Dan Johnson, vice president at SCS Engineers and director of the firm's environmental services practice in the Southwest. "We're not predicting remarkable growth, but more than baseline—more than 2 to 3%."

SCS, which employs about 800 people at 66 offices in 30 states, offers the remediation market a self-perform proposition, bringing to bear an in-house construction capability that serves as "a bit of a differentiator," Johnson tells EBJ. "It gives us an edge, and it makes us think differently about a cleanup. What looks good on paper is informed by field practicalities and methods; there are a lot of engineers in this business who understand that, but I think it gives us an advantage. And obviously,

it's a revenue edge. The revenue associated with design fees is great, but the revenue associated with actual construction is often ten times that."

It's a bit difficult to precisely quantify SCS's remediation-related revenue across its practice areas. The company generated about \$155 million in overall revenue for 2014. Johnson estimates that remediation revenue, including related design work, accounted for about \$35 million of that total. SCS has a well-established brand in providing consulting and engineering services in the solid waste segment, however, amounting to about \$100 million in annual sales, and some of that work is related to landfill projects that can be part of a brownfields remediation and redevelopment scenario. EBJ lists SCS Engineers at 38 on its ranking of top 600 U.S. environmental consulting & engineering firms in 2013, and as number three in solid waste C&E services.

Another area in which SCS believes it has an edge is in providing a sustainability value proposition in its cleanup solutions. It's certainly not the only company out there that can claim "green" expertise in remediation, but it is still an area in which a company can stand out for innovation, according to Johnson. And while clients are increasingly asking for sustainable solutions to their remediation problems, they don't always know what that means, so there's room for companies like SCS to drive the thinking forward, he notes.

SCS has brought this kind of innovation to a lot of sites in the San Diego area, for example, including an award-winning project in Encinitas. What's now the Encinitas Community Park was formerly 43 acres of flower greenhouses with operations

dating back to the 1920s. Organo-chlorine pesticide use at the facility over the years generated contamination throughout the site, presenting a daunting cleanup project in terms of size and scope.

Working with the city, SCS came up with a design that involved containing on site 47,000 cubic yards of pesticide-contaminated soil, as opposed to digging it up and hauling it away—an expensive alternative that simply transfers the problem to another community. "We saved the city about \$5 million and got the community what it wanted," says Johnson.

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SCS has mastered the art of soil recycling and developing designs involving on-site containment, he stresses. "There are a lot of situations where you can leave the contamination in place—not necessarily where the release occurred, but put it in an appropriate place on the site where it can be contained and controlled. Then you create institutional controls to restrict the land use. That's the cutting edge of remediation, and that's where we're headed, and where we need to go."

Johnson does see growing demand for sustainable remediation, but "I wouldn't say that market is mature." A cleanup firm may not necessarily be shut out of the market if it doesn't have a "green" story to tell, he observes, but "we find it helpful to have that kind of creative thinking at our disposal. And it's helpful to our client. You start the discussion with costs and saving dollars, and then you think about the greenhouse gas issues, and it's a win-win, and maybe a win-win-win. Clients will increasingly expect that kind of thinking."

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INTEGRATED WITH THE REAL ESTATE MARKET

As a company with a strong focus on the voluntary cleanup and brownfields redevelopment markets, SCS's remediation business is "very integrated with the real estate market," Johnson points out. "As the real estate tide is rising, so goes remediation." In 2014, the real estate market showed dramatic improvement in the "smile" states, as he puts it, from the Pacific Northwest down to California, around to the Southwest, Texas, and Florida, and on up the East Coast. The push for dense, multifamily housing in places where there is little greenfield space left, like the San Francisco Bay area, Los Angeles, and San Diego, is a big driver.

Other traditional cleanup segments, however, have passed their prime or have seen policy changes that have eroded the business. SCS had done a significant amount of work related to cleaning up leaking underground storage tank (LUST) sites, for example, but a new low-threat closure policy in California has effectively shut the market down there, Johnson observes. The policy has moved the response to many LUST sites away from aggressive cleanup and more towards solutions like monitored natural attenuation.

Perhaps counter-balancing that disappearance of the LUST market on the voluntary cleanup side, according to Johnson, is the growing amount of work involved in dealing with the issues at dry-cleaning properties and other sites, such as aero-

space and electronics plants, where chlorinated solvents were used to clean parts. Chlorinated solvents can create extensive contamination that's challenging and expensive to clean up, to say the least, but the properties themselves present strong attributes for eventual redevelopment, so owners and developers have shown strong interest in moving those kinds of sites forward.

Success in the remediation market, for SCS and others, will mean effectively responding to cost pressures. "There's an awful lot of cost competition out there," says Johnson, "There's a fair amount of hard-bid work, and the assumption is that all of the competing firms are qualified, so you are competing on cost. In this regard, it's harder in 2015 than it was in 2013, because the construction markets are changing. We're seeing people develop capacity for these projects again—capacity that wasn't there in 2008 when some firms got out of the business due to the recession."

SCS is seeing a growing amount of design-build work displace a bit of the hard-bid work, but "if you are looking at remediation as a construction project, hard-bid still rules the day," Johnson concludes. "For those projects, we have to pick our shots carefully and identify some edge on how to run it." □

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