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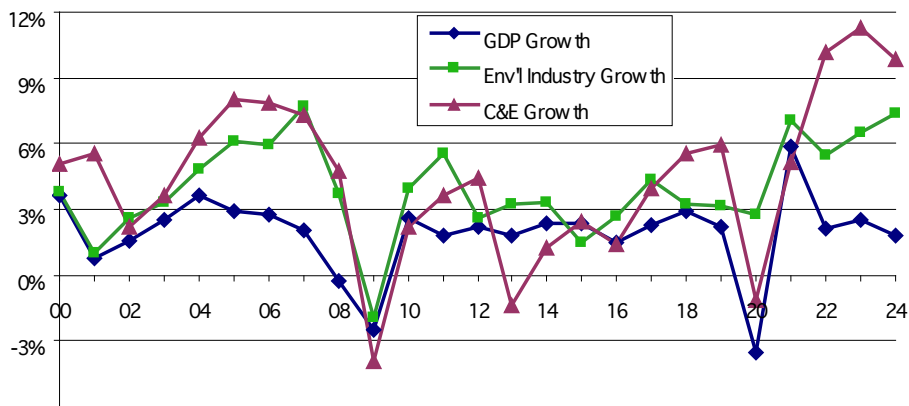
DOUBLE-DIGIT GROWTH FAVORS THE C&E INDUSTRY

Environmental consulting & engineering firms grew more than 10% in 2022 and 2023, and likely will in 2024 when the final tally is complete. These were the first years of consecutive double-digit growth rates since the late 1980s post RCRA and CERCLA era, a more impressive feat now that the U.S. environmental C&E industry will surpass \$50 billion in 2025. Sustaining this growth has been infrastructure funding and domestic energy production which looks sure to continue; voluntary ESG and PFAS and other environmental liability investments that may not be on such firm ground in the short term; and climate risk and energy transition investments that may waver in 2025, but are the foundation of another decade or two of growth for professional services firms focused on energy, climate and the environment.

EBJ's 2023 review of the Environmental Consulting & Engineering industry summarized these and other positive attributes of the C&E business and reminisced that 'the good times are here again', but pondered the question of just how long the good times would last. And with 11% growth in 2023 and tracking on 10% in 2024, the high-growth times are still here. We can define good times for an industry as annual growth rates at or near double digits, although we can't dispute that ready access to capital, resources and talent—as well as progressive government policy, are also be part of the equation in the environmental industry.

But for the purpose of this discussion on the C&E segment of the environmental industry, the most recent sustained stretch of 'good times' we refer to harken back to 2005 to 2009 when annual growth was five or more percentage points higher

Annual Growth in Environmental Consulting & Engineering



Source: Environmental Business Journal's annual models of the U.S. environmental consulting & engineering industry based on revenue information on 600-700 firms each year.

Inside EBJ: Environmental Consulting & Engineering 2024

The U.S. Environmental Consulting & Engineering Industry grew 11% in 2023 and 2024 likely will surpass 10%, but strategic questions remain for executives; EBJ C&E data report and census, end of 2024 forecast survey and executive commentary validate an optimistic outlook, with concerns arising from political change

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than the GDP. Certainly 2022 and 2023 growth of 10% and 11% well exceeds the five percentage point mark, although inflation, billing rate increases, post-covid economic recovery and federal spending from the Recovery Act, the infrastructure bill and other programs are all factors that have contributed to growth—outside of the almost perpetual increased demand for quality professional services.

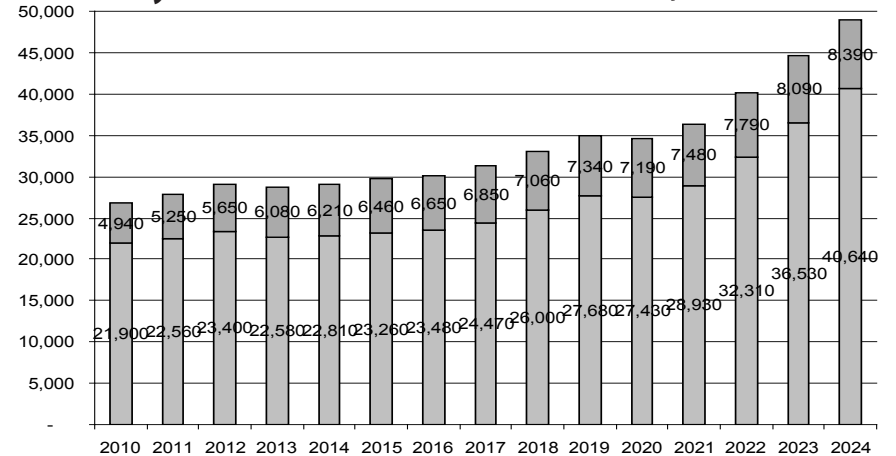
So just how long the good times will last depends on the endurance of these market drivers—and many of them are impermanent—but also on the continued strength of traditional environmental drivers of air & water quality, waste management & resource recovery, and remediation & redevelopment, plus the growing influence of the new drivers of the 2020s: energy transition and climate resilience.

Energy transition and climate resilience have gradually emerged as legitimate market drivers meriting inclusion on our Environmental Business Journal market driver summary table. Although listed together, we assert here at the end of 2024 that energy transition and climate resilience have distinguished themselves as separate and distinct drivers on the parallel track of climate change. Energy transition can be characterized to include clean or renewable energy and low-carbon or zero-emission energy production, but also greenhouse gas emissions reduction or climate change mitigation.

There may also be new versions of a other terms that rose to prominence in investor circles like clean technology in the 2010s or more recently climate technology, abbreviated as cleantech and climatetech, both of which had their moments in the sun for investors but subsequently under-performed expectations. We can also assert that any such new momentum around investment in energy transition under any name may become increasingly marginalized with the new administration and Congressional cycle starting in 2025 — but we also assert that the role of U.S. federal government policy will be decreasingly influential to the energy transition over time.

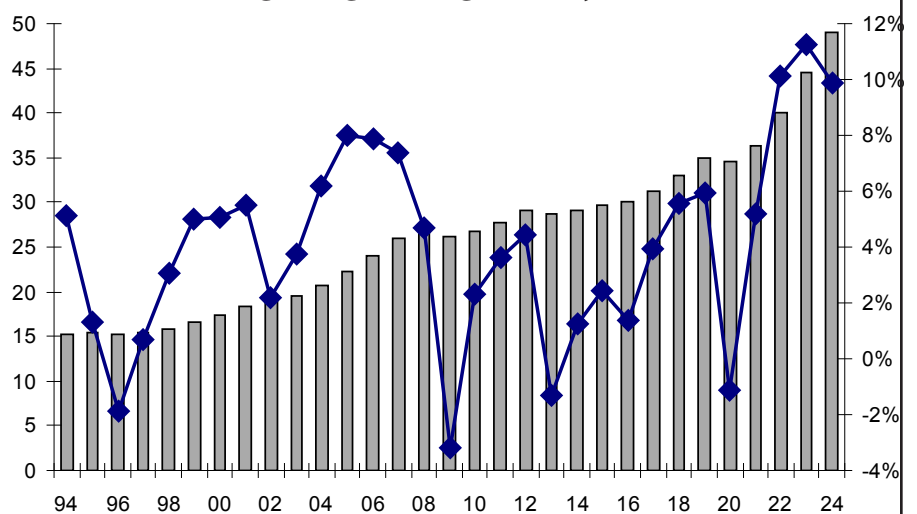
Energy transition, like environmental

Annual Size of the U.S. Environmental Consulting & Engineering Industry & International Revenue Generation, 2000-2024



Source: Environmental Business International, Inc. Annual research on the environmental industry by EBI and EBJ derived from surveys, interviews and compilations of secondary data and published company data.

Annual Growth in & Size in \$Billions of the U.S. Environmental Consulting & Engineering Industry, 1994-2024



Source: Environmental Business International, Inc. Annual research on the environmental industry by EBI and EBJ derived from surveys, interviews and compilations of secondary data.

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LOWENSTEIN SANDLER SEES INCREASED ATTENTION ON CHEMICALS PFAS, CONSUMER PRODUCTS, ESG CLAIMS REOPENERS AND NRDs

Lowenstein Sandler LLP is a national law firm with over 350 lawyers based in New York, Palo Alto, New Jersey, Utah, and Washington, D.C. The firm represents leaders in virtually every sector of the global economy, with particular emphasis on investment funds, life sciences, and technology. Recognized for its entrepreneurial spirit and high standard of client service, the firm is committed to the interests of its clients, colleagues, and communities.

Partner Kegan A. Brown represents clients throughout the full lifecycle of complex environmental and products liability litigations and regulatory matters, with particular expertise on natural resource damages, contaminated sediments, and emerging chemicals of concern such as per- and polyfluoroalkyl substances (PFAS). He also counsels buyers, sellers, lenders, and underwriters on the full spectrum of environmental issues that may affect transactions. Mr. Brown has successfully defended claims in numerous federal and state courts across the country, including the first two natural resource damage actions to ever go to trial in New Jersey (both of which resulted in complete defense verdicts).

EBJ: What emerging trends are you observing in environmental litigation, particularly in relation to toxic torts and product liability cases?

Kegan Brown: There are three notable recent trends for environmental, toxic tort, and products liability litigation.

First, there continues to be intense regulatory attention on, and public scrutiny of, perceived chemicals of emerging concern, such as PFAS, 6PPD, and ethylene oxide, even though the existence of these chemicals, or classes of chemicals, in operations and commerce are not new. Unfortunately, in some situations where scientifically supported risk information is not yet available, there seems to be a trend towards commencing litigation based on the premise that the mere exposure to a particular chemical, in and of itself, reflects an unreasonable risk.

Second, given the ubiquitous nature of many chemicals in the modern world, an individual plaintiff (or putative class of plaintiffs) undoubtedly will have multiple, different chemical exposures and multiple, different risk factors that may, whether in whole or in part, contribute to or cause a potential future medical condition. Traditionally, other chemical exposures and risk factors could make proof of causation more difficult to establish. However, in

recent years, there seems to be greater reliance on medical monitoring as a mechanism to defer proof of causation. Whether medical monitoring is a standalone cause of action or a remedy varies by jurisdiction, but at a macro level, medical monitoring theories appear to be gaining more acceptance by courts.

Third, there has been increased attention to the issue of environmental justice, which evaluates whether environmental impacts are disproportionately occurring in disadvantaged communities. While environmental justice is a laudable goal, cases relying on environmental justice sometimes fail to appreciate the reality that agency action often permitted and authorized certain industrial activities in a given community.

EBJ: Are there specific sectors, such as manufacturing or oil & gas, where there's growing demand for regulatory and litigation support?

Brown: Sectors that manufacture consumer-facing products (e.g., cosmetics, food, etc.) have seen an increase in the need for environmental regulatory support, as companies in these sectors seek to navigate complex environmental reporting/disclosure requirements and achieve their own environmental, social, and governance ("ESG") goals. In recent years,

there have been more consumer fraud claims predicated on a company's general statements about "sustainable," "green," "clean," or "safe" products. It can be very challenging for ESG-forward companies to find the appropriate balance between their sustainability goals and not unduly creating litigation risks through their external statements or marketing.

EBJ: How has the demand for advisory services related to PFAS and natural resource damages evolved over the past few years, and what factors do you think are driving this demand?

Brown: The demand for PFAS expertise has seen exponential growth over the last few years. In almost every regulatory, litigation, or transactional mandate, PFAS are raised as an issue to be considered. This increased attention is being driven by several factors: (1) the general public sentiment that exposure to any PFAS at any level is dangerous, (2) the significant costs involved in investigating and remediating PFAS from the environment, or removing PFAS from current products and business lines, and (3) the substantial settlement values that have been obtained in PFAS litigation to date.

Similarly, more natural resource damage claims are being asserted early, before the remediation of a contamination site is completed and the delta between "remediation" and natural resource "restoration" is better understood. Early natural resource damage claims are inherently uncertain and difficult to value, which often results in protracted litigation. It has become critical for companies to understand how natural resource damage claims are valued and assessed vis-à-vis investigation and remediation costs.

EBJ: In terms of regulatory enforcement, are you seeing any shifts in how federal and state agencies approach environmental compliance, particularly in Superfund-related cases?

Brown: Overall, federal and state agencies are clearly trying to "do more with less." With increasing budget and personnel constraints, agencies are trying to find creative ways to motivate (or compel) private parties to investigate or remediate

contamination, even if the factual and legal bases that a party is responsible for that contamination is very weak. Two avenues that seem to be gaining traction in several jurisdictions are (1) increased permit requirements or conditions to compel private party action, and (2) issuing requests for so-called “voluntary” action that is not required by law, with the tacit implication that if action is not taken during the “voluntary” time period, the agency will perceive the party as non-cooperative and may increase its overall scrutiny on that party’s activities.

EBJ: How are Superfund and state-equivalent programs evolving, and what challenges do clients face?

Brown: Reopeners of closed sites as a result of periodic remedy reviews are of particular concern to many parties due to the increased attention on chemicals of emerging concern. In some circumstances, contaminated sites that were remediated and closed years ago are now being re-opened to evaluate them for PFAS and other chemicals. Many private parties have a legitimate concern about the lack of true finality of any negotiated resolution with federal and state regulators for contaminated sites. Without a clear understanding of finality, it makes settlement earlier in the contaminated site process more challenging.

EBJ: What are some best practices you recommend to clients in managing liabilities and compliance with Superfund or similar state programs?

Brown: It is important to proactively evaluate your environmental compliance and liability risk profile, identify cost-effective risk mitigation opportunities to reduce those risks, and then implement them. While sometimes clients are hesitant to look inward, ultimately, if there are environmental compliance or liability concerns, the sooner those concerns are identified, addressed, and managed, the sooner the overall exposure can be reduced.

EBJ: How is the growing emphasis on Environmental, Social, and Governance goals affecting the environmental regulatory landscape, and how are you advising clients to align with these goals?

Brown: ESG mandates and priorities tend to encourage more transparency, more disclosure, and more action, all of which are societally positive. However, it is important for companies to ensure that ESG activities are harmonized with an evaluation of legal requirements and liability risks, and that different functions within the organization (i.e., investor relations, legal, operations, communications, marketing, and regulatory affairs) are pursuing and articulating ESG objectives, milestones, and achievements in a consistent manner that avoids inadvertently disseminating incorrect external statements.

EBJ: What is your opinion on the implications of key court cases and their potential as precedents?

EPA versus West Virginia and the ‘Chevron Doctrine’

Brown: In both EPA v. West Virginia (which restricted EPA’s authority to regulate air emissions under the major questions doctrine) and Loper Bright Enterprises v. Raimondo (which overruled Chevron deference), the Supreme Court has reemphasized the importance of ensuring that agencies actually have statutory authority for their actions. As a result, agencies may have a more difficult time creating a legal basis for their own authority, if that basis is predicated on (1) interpreting statutory language that does exist or (2) contending that the lack of statutory language was an obvious gap that Congress intended the agency to address as it sees fit. I expect to see an increase in challenges to how agencies unilaterally have interpreted their own statutory authority moving forward.

PFAS settlements by 3M & DuPont

Brown: The recent public drinking water supply settlements by 3M, DuPont, and others in the aqueous film-forming foam (AFFF) multi-district litigation are likely to serve as a structural blueprint for other PFAS settlements designed to address alleged drinking water impacts. However, these settlements do not cover all environmental resources (i.e., soils, groundwater surface water, sediment), and consequently, PFAS litigation for alleged environmental injuries are likely to

continue in earnest in the coming years. And even for PFAS drinking water cases, depending on the geographic scope and alleged damages for the asserted drinking water impacts, in many cases, there may be sufficient information about other PFAS sources to incentivize parties to continue litigating these claims.

EBJ: How do you see the role of the EPA changing in the second Trump Administration?

Brown: At a high level, my expectation is that EPA will seek to streamline and/or repeal environmental regulations that are viewed as too cumbersome and costly to the business community, including where those regulations negatively impact the ability to develop new pipelines and other infrastructure projects. In addition, to the extent EPA’s funding is decreased by Congress, I would anticipate the agency will focus its enforcement efforts on issues that are viewed as critical, such as addressing significant environmental contamination. That said, regional administrators will play a meaningful role in determining priorities on a region-by-region basis.

EBJ: What was your personal inspiration to become a lawyer and or your areas of specialty?

Brown: I was very fortunate to have a college professor that introduced me to legal concepts and thinking, and I quickly was fascinated by the opportunity to craft legal arguments. Early in my career, I remarked that I liked working through complex statutory language, and shortly thereafter, environmental law, which has no shortage of dense, complicated legislation, became my focus. □

My expectation is that EPA will seek to streamline and/or repeal environmental regulations... {but} regional administrators will play a meaningful role in determining priorities region by region.
