



## Environment

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September 14, 2009

### Environmental firms look at how recession has changed their field

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The past year hasn't been easy for those in the architecture, engineering and construction industries, and the big question is what will next year bring.

Environmental firms work across different markets and get involved at different stages.

To gauge what next year will be like, the Seattle Daily Journal of Commerce spoke with representatives of several local environmental firms to see how they are faring.

Here's what they said:

#### Aspect Consulting

Tim Flynn, president and co-founder of Aspect Consulting, is feeling more optimistic about the economy and the work his firm has lined up. That's not to say Aspect didn't feel pain at the end of 2008 and the beginning of 2009. Clients were hesitant to spend, some projects got delayed and the company became cautious. But Flynn said things are getting back on track.

"As it turned out, the second and third quarter have been very strong," he said. "It's turned out to be a good year."

Flynn has one area of concern: the public sector.

"My sense is beyond the stimulus, I think there's going to be a decline of public sector dollars into 2010 and 2011... just due to the drop in the tax base," he said. "There's a softening out there, particularly for firms that are heavily dependent on those public sector dollars."

The market for watershed planning, he said, has also taken a significant hit, though it won't be felt by the environmental community until next year.

Weathering this storm requires flexibility. Aspect talked with staff, looked at cash management and make some internal changes. Flynn said it also worked with clients that were having difficulties, and in some cases has accepted delayed payment for its work.

Aspect, which has three offices in the Puget Sound area and one in Wenatchee, did not lay off any employees, he said. It recently hired two new engineers, and may hire more.

The strongest areas in the second and third quarters have been brownfields, site remediation and

environmental work. Some of that work is funded by insurance companies, and some is funded by private developers under agreed orders with environmental agencies.

“Our backlog looks very good,” Flynn said. “What’s interesting is we actually are seeing some of the private sector development work coming back online and that has also spurred a lot of our geotechnical work.”

Flynn said much of that work is on well located former industrial sites. “I think there’s an awareness that things... will turn around and some of these projects are finally to the point where there’s some market value, assuming these sites can be cleaned up.”

## Herrera

Carol Slaughterbeck, COO at Herrera Environmental Consultants, said the market now is mixed. “In past downturns, we’ve seen the number of opportunities that are even available to pursue drop substantially,” she said. “We at Herrera have not really seen that this time.”

Opportunities are there but they tend to be smaller, and more competition means teams have to work harder.

“Yes, you have to work even harder to get the same amount of work. We’re definitely holding our own but we’re not growing.”

Slaughterbeck, who is vice chair on the board of directors for the American Council of Engineering Companies of Washington, said firms have cut training, travel and discretionary expenses to a minimum.



**Slaughterbeck**

Herrera did some layoffs at the beginning of the year but is looking to hire in core areas such as stormwater and restoration services. But hiring will be done differently. A few years ago, she said, the environmental industry was booming and if you found a qualified person, you hired them even if there was not a project for them to work on immediately. Now, she said, Herrera is making sure the work is there before hiring.

Core areas like stormwater and water quality, NPDES permits, restoration and low impact development remain strong. Weaker sectors include environmental permitting and the natural resources work that goes along with it.

The number of multi-year infrastructure project has also slowed, which will affect the sector for the next few years, causing a slowdown. But after a lag, Slaughterbeck said, there is often a boom as agencies gear up to do work they have delayed.

Slaughterbeck said everyone — consultants and their clients — must take a hard look at what they’re getting paid and what they are spending. This will continue, she said, and could be a good thing for the industry in general.

One silver lining: prices for office space. Herrera’s lease is up at the end of the year and it is negotiating a great deal for its space. “We’re seeing deals that nobody would have dreamed of years ago and that’s a huge cost to us so we’re going to be able to reduce that.”

## Hart Crowser

Michael Bailey, CEO of Hart Crowser, says times may be tough now but population growth and infrastructure needs will help keep firms busy. “I do believe this recession

is temporary. I think we're going to grow our way out of it.”

The region is set to see another 1.7 million people by 2040, and they will need more highways, mass transit and water. All of those are opportunities for environmental firms, and Bailey said water is going to be a big one. Stormwater, water pollution prevention and natural resource work related to aquatic biology will see particular growth, he said. “I think anything related to water resources is going to grow,” he said. “I think that's the next front in the sustainable area.”

Hart Crowser is moving into these sectors. “For a firm like us, it represents a good area to expand in,” he said. “Anything to make watersheds more productive or to reduce adverse impacts to watersheds, I think that's a good area for our company.”



**Bailey**

Bailey said about six months ago Hart Crowser began to see a slowdown in commercial development, office and manufacturing work so the firm shifted toward transportation.

“We have done that deliberately.” The firm is also doing a lot of design/build work.

The company is not growing this year. Bailey said it will probably stay level with last year, though it's been tough. “You've got to run a little harder just to stay in place.”

Hart Crowser has not had layoffs but has opted not to replace people who leave. “We haven't had a lot of room to keep people that we're not able to keep busy.”

The company is recruiting for key positions like senior water resource engineers and senior environmental engineers.

Bailey said clients want more, which can create opportunities. “As cities and the ports and other entities have to tighten their belts and be more fiscally conscious, it doesn't mean that they're not spending. It means there's a need for environmental consultants to try to find a way to help them do things more cost effectively.”

Bailey isn't sure what the next year is going to look like.

“I wish I knew,” he said. “I don't have a crystal ball.”

## **EnviroIssues**

EnviroIssues is in a unique position for an environmental firm because it manages the public side of projects. The company handles public involvement, communications, meetings and community relations for public agencies and private projects. As long as projects continue, EnviroIssues will have work to do.

Still, Amy Grotefendt, a company principal, says her firm has felt the pinch. Public agencies have issued fewer requests for proposals over the past year because they're dealing with a lower tax base, and they are also doing more public involvement work in-house. This is the biggest area where EnviroIssues has seen a change.

Agencies are also exploring non-traditional forms of reaching out to the public that are more cost effective, such as using social media or information booths at public events like fairs.

“I think we will continue over the next year or two to get more interest from our clients in doing

things more cost effectively,” she said. “I don't think this will be a short term interest from them.”

Recently, EnviroIssues has seen RFPs pick up. Her firm is going to make two new hires in the near future for entry level positions in response to the work. These, Grotefendt said, will be the first new hires of the year. She said her firm has had no layoffs. It did not grow in the past year but it did not shrink either.

Grotefendt sees energy as the strongest area of growth. EnviroIssues is working on transmission line projects in Idaho, Wyoming and possibly Oregon. “I think it's just an overall growing field.”

EnviroIssues also sees growth in Puget Sound cleanup work and transportation.

Grotefendt is optimistic about the future but said the recession has made it harder to know what kind of work to prepare for.

“It is definitely harder to predict than it was two years ago,” she said. “You could look a year ahead and know where you were going to be.”

Another effect of the recession is more attention to details. EnviroIssues often will partner with environmental consultants to do public work. Because there is so much more competition for jobs, Grotefendt said firms are doing more research and investigations into projects to sharpen their responses to RFPs.

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