

customers with groundwater issues. For example, Clayton is designing and installing a number of dual phase soil vapor and groundwater treatment units at different sites. We are in the process of installing and operating five such units at one military base alone. The use of risk assessments and natural degradation are also clear front runners.

EBJ: What are the new cost thresholds? To what extent has the cost of site cleanup come down? Is average project size getting smaller with less regulatory strictness?

TK: It probably is a function of what part of the remediation sector one is in. We focus on those projects up to \$15 million in value. We have seen a significant increase in remediation opportunities in this price range while we understand that larger projects are getting harder to find and more competitive to land. For jobs we pursue, we have found that the amount of money spent per site, on average, is decreasing due to the use of risk assessments, natural degrading and land use restrictions. However, the size of the average Clayton job has been increasing as our capabilities and reputation is becoming known. Contract values well over \$1 million are common now.

EBJ: What government policy would most effectively drive more cleanups or stimulate re-development of contaminated sites?

TK: Adoption of "good science" and some agency leadership by State and Federal agencies would go a long way toward promoting certainty, confidence and risk-taking on the part of industry. In addition it would help if there were a restructuring of liability statutes that narrow the liabilities associated with contamination to those parties who contributed to it, not inherited it.

EBJ: Have you re-focused your strategy or developed a new strategic plan within the past year?

TK: Clayton updates its strategic plan annually and has for the past several years included plans for expanding our remediation practice. Clayton's re-emphasis on remedial construction is proving to be well founded as the road map to the future. Clayton has always been a relationship-oriented company and places high value on our relationships with our clients. On the consulting side, refocusing on responsive service is keeping clients coming back. ■

MARKET DYNAMICS CREATE OPENING FOR NIMBLE NEWCOMER LOCUS TECHNOLOGIES

Q&A With Neno Duplancic, President and CEO

Locus Technologies is a privately owned corporation headquartered in Walnut Creek, Calif. with offices in Mountain View, Newark and Los Angeles, California and a presence in Europe and Asia. Clients are almost exclusively industrial firms and Potential Response Parties (PRP) committees. Dr. Neno Duplancic, president, has more than 19 years of experience as a senior executive in civil engineering and environmental services companies.

EBJ: How do you characterize your mission?

ND: The mission of Locus Technologies is to provide our clients with services that will result in cost reduction of the overall site remedy. We achieve this by deploying the best technical team with experience on similar sites who can design and negotiate the remedy. We focus on negotiating with regulators and on winning a series of defensible technical arguments providing regulators with the necessary backup information to justify their decisions. Locus found that this approach, in most cases, works.

EBJ: How has business been over the last year or 18 months?

ND: The business has been extremely good from our point of view. We launched the new company and built a \$10-million business in less than 18 months. A strong design/build segment fueled our startup. Obviously, for companies that are ready to take some risk (i.e., if you know what you are doing), there are some interesting opportunities.

EBJ: What has been the biggest challenge?

ND: Getting on the bidder's list for jobs that are larger than your company.

EBJ: What revenue has remediation generated in 1997 and 1998, and how does this break down?

ND: In 1997 revenues were \$7 million, growing to \$10 million in 1998. Front-end consulting represents about 40% and back-end construction 60%. All of our work is for the private sector.

EBJ: How much of your remediation revenues are subcontracted?

ND: About 50%. We see more subcontracting for off-the-shelf technologies and items. Specialty technologies will remain in-house (e.g., internet based technologies for monitoring and control of treatment systems).

EBJ: What is driving the remediation market today?

ND: The market is still driven by regulatory enforcement. Only very few companies are proactive and doing remediation without enforcement. Wherever the client manages to negotiate a reduced remedy, they try to implement it quickly to seal the deal. And this is becoming more like a standard. Very few soil contamination jobs go in actual "treatment" or off-site disposal. Containment is becoming the way out for many companies, and most of the jobs are in the waste consolidation/containment/monitoring area. Very few companies are ready to experiment with innovative technologies.

EBJ: What do you see as the growth scenario for the future?

ND: Waste treatment is definitely a no-growth business. Water treatment is definitely a growing business.

EBJ: What contract mechanisms are you favoring today—turnkey, guaranteed closure, master contracts for multiple site management?

ND: All of the above. Usually this is the client's decision, not ours. We do not exclude any project based on the type of the contract.

EBJ: What percentage are a) time & materials b) unit price and c) lump sum?

ND: 40/20/40

EBJ: What are pricing trends for contracts? Down, level or up?

ND: Level to down.

EBJ: How is your company structured?

ND: Our company is organized like a typical Silicon Valley startup and, as such, probably unique in our industry. We are a privately held technology-based company that has distributed ownership.