

# Toxic Chic

*How some companies are cleaning up in New Jersey.*

By Bill Glovin

**T**he cracked and broken road leading up to the federal Superfund site in South Kearny makes the nearby New Jersey Turnpike look like Rodeo Drive. From the parking lot's twisted metal fence to the bordering Passaic River, it's *Twilight Zone* New Jersey. The handful of men in white safety suits who mill about resemble astronauts who've just landed on an alien planet. In a sense, they have. Spread over the site's fifteen acres are warning signs, rotting tanks, buildings sealed with cinder blocks, and greenish lagoons. On a bright, sunny day, the landscape is eerily gray.

Filling in for the voice of Rod Serling are Frank A. McBride and Tim White of OHM Corporation, one of the few hazardous-waste contracting companies in the state capable of tackling a job of this magnitude. Their firm seems to work all the biggies: the 1981 Chemical Control Fire in Elizabeth, the 1988 Gallob Chemical Laboratory explosion that led to the evacuation of most of Berkeley Heights, and, most recently, last January's Exxon oil spill in the Arthur Kill. While their men work, McBride and White take turns describing what is officially "the Syncon Resins Remedial Action Project." In plain English, it's an environmental nightmare: PCBs, arsenic, lead, asbestos.

"This plant would purchase resins that didn't meet specifications from manufacturing facilities and recycle them," says White, the senior project manager, from a safe distance away. "If they were able to make the resins meet specifications, they would sell them to companies that manufactured products like paint and varnishes." And if not?

Early in 1981, just before they went bankrupt, the plant's owners were accused of dumping their unsold resins into the Passaic River. Soon after the site was abandoned, the state declared it a public health hazard and called in OHM to conduct the \$14 million cleanup that's still going on.

It wasn't too many years ago that a company such as OHM was a curiosity. But today, given New Jersey's environmental awareness and regulatory climate, the company is just one of a growing number operating in the Garden State: cleaning up physically and financially.

Since 1986, the nation's hazardous-waste industry has grown by 20 percent a year; stock in environmental cleanup companies has grown faster than in any other industry, and the state's

Department of Environmental Protection (DEP)—with 3,900 employees—has almost doubled in size. The agency, which manages about \$500 million in state and federal funds, has 524 employees assigned to hazardous waste and mitigation.

Through the eighties, New Jersey's environmental problems helped to make it an unfortunate trendsetter: king of the Superfund sites and home to pioneering state legislation such as the Environmental Cleanup Responsibility Act (ECRA) and the Spill Fund Program. The state has also attained the reputation as the nation's most active marketplace for hazardous-waste companies.

According to the DEP, there are now some 106 cases on the agency's priority status report, many of which will require multimillion-dollar cleanups and need to be maintained in some capacity for years. Because of the environmental pot of gold in New Jersey, almost all the nation's major hazardous-waste contractors and engineering consulting firms have set up shop here, with Trenton and Princeton the most popular addresses. Hundreds of companies, including heavyweight contractors such as Chem-Waste Management of Chicago, and Stout of Hatfield, Pennsylvania, as well as large local engineering-consulting firms, such as Malcolm-Pirine of Paramus and Foster Wheeler of Clinton, are now doing an active business. All compete for public and private-sector jobs.

The demand for environmental lawyers and companies that plan and build incinerators and resource recovery facilities is also skyrocketing. There are already 787 attorneys in the New Jersey Bar Association's environmental law section.

"The [cleanup] industry has grown at 20 to 22 percent for the last several years, which is well in excess of the norm," says James Van Alen, vice president of research for the Philadelphia investment firm Janney Montgomery Scott. "Since we're going into a recession in the Northeast, things may slow a bit, but new legislation still seems to be creating new areas for companies to move into." So forget about founding that S&L; invest in a safety suit instead.

"This state's environmental problems and density make it very attractive from our perspective," says McBride, who is in charge of OHM operations from Virginia to Maine. "Right now we have 30 jobs going on around the state. About 70 percent are from private clients; the rest are government and emergency response projects."



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The cost of environmental cleanup, for all concerned, is staggering. Because of equipment and manpower, 85 percent of the total cost of the cleanup phase goes to the contractor. Built into OHM's Syncon fee, for example, is the cost of a special excavator needed to reach 40 feet into nearby lagoons. The machine will be needed for at least a month and costs about \$20,000 a week to lease. Disposing of the Syncon waste, which will be shipped to landfills in South Carolina, Alabama, and Ohio, will cost \$1.5 million, or about \$250 a ton. By the time Syncon is complete, some 75 OHM employees will have worked on the project, a water treatment system will be in place to operate for 30 years, and taxpayers will have paid \$23 million to complete all phases.

"Sure, this is a bad site," says McBride, gesturing toward the Syncon property as he tosses another watermelon Jolly Rancher candy into his mouth. "But it's really not that much different from what you'll find up and down the Turnpike."

Another business phenomenon spawned by the state's environmental problems is the "revolving door" that's taking former DEP officials into private business after they leave government. One of them is Marwan M. Sadat, who is a busy man these days.

"The meeting with this client was supposed to last an hour," Sadat says apologetically as he walks into his Princeton office 45 minutes late for an interview. "Instead, it ended up taking three."

The 56-year-old Sadat, founder and president of Sadat Associates Inc., is the former head of the DEP's Hazardous Waste Mitigation Administration. He once adorned the cover of *Engineering News-Record*, the Bible of national engineering publications, as its 1986 "Man of the Year." Four years later, he is still considered a regulatory pioneer and one of the country's most respected environmental engineers. But after serving under seven DEP commissioners in eleven years, Sadat decided to become, as he puts it, "the master of my own destiny." He seems to have picked a good time: In each of its first three years of operation, Sadat Associates has doubled its revenues and has grown from 3 to 40 employees. In 1990, the firm expects to gross \$3 million.

New legislation is keeping him busy. Besides the controversial ECRA program, which requires that industrial property be environmentally clean before it is sold or transferred, there's this year's Clean Water Act, as well as new federal and state measures regarding underground storage tanks. The latter alone are expected to involve capital expenditures by New Jersey businesses in the neighborhood of \$2 billion.

"It's been a tremendous boon to everyone in our industry, especially entrepreneurs," Sadat admits. "These new regulations are being taken very seriously. The penalty for a couple of violations five years ago might



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And there are more bills on the horizon: the Hazardous Elimination Through Local Participation (HELP) Act, the Criminal Penalties bill, the Toxic Packaging Reduction Act, and the Pollution Prevention Act.

There is, however, a fly in the toxic ointment for the cleanup companies: finding the right employees.

"The work requires highly qualified people, and the schools are simply not turning out environmental engineers, toxicologists, chemists, and hydro-geologists fast enough," says Fred C. Hart, executive vice president of McLaren-Hart of Sacramento, California, a company working on several New Jersey projects. "Ideally, people entering the field should have master's degrees, but they're being hired on the bachelor's level or from other comparable professions and asked to learn the work."

Last July, Hart sold his \$35 million Warren-based engineering-consulting company, Hart Environmental Management Corporation, to pharmaceutical giant Sandoz. The company then folded Hart's business into McLaren, which has 17 offices across the country, while retaining Hart's Warren and Pennsauken offices. Hart says the move was necessitated by trends in the industry.

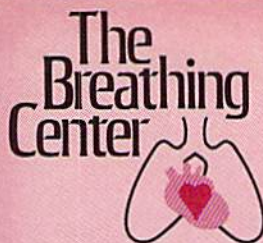
"These days, projects tend to be bigger, and while there is a niche for a small specialist, most industrial clients want large, well-financed companies with proven track records."

While Marwan Sadat's company is unusual, in that he can hand a reporter a 90-page promotional book outlining the firm's projects and the names of clients, Hart's is more typical: It is reluctant to reveal names. Although cleanups are often a matter of public record, discretion is still the industry's unwritten law.

But it's no secret that in the years ahead, the state's businesses, whether they like it or not, will have to conform even more to environmental regulations. After a decade of cleaning up Superfund sites and sopping up oil-spills from the Kill Van Kull, New Jerseyans are demanding a healthier quality of life and more accountability on the part of public officials. And while that may mean more companies will choose to leave the state, it also means that the environmental cleanup industry will continue to boom.

"I can already name off the top of my head more than 100 competitors working in this state, and I know that's not nearly everyone," says OHM's McBride. "The cost of doing business will mean that on most levels only the 'big boys' are going to compete. But new players will always be out there. Will they come to New Jersey? Take a good, hard look around. That's all you need to do." ■

*Bill Glavin, the former managing editor of New Jersey Success, wrote about banker Aristides Georgantas in September.*



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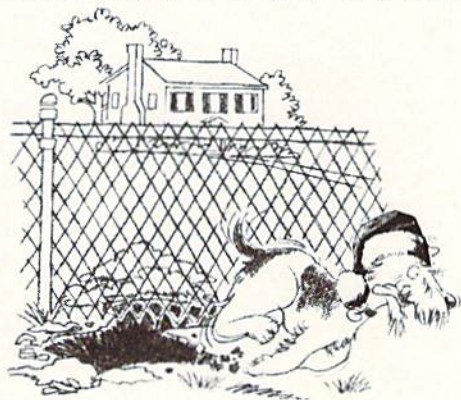
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