

Prices for Environmental Services May Increase This Year: Some Things You Should Know

By Stephen E. Fauer

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I predict an industry-wide, across the board price increase in the wake of permanent Licensed Site Remediation Professional (LSRP) licensing.

The first LSRP Licensure Examination will be held on May 14, 2012. Every LSRP is currently operating under a temporary NJDEP license. This exam is a mandatory hurdle for each temporary LSRP. Upon passing the exam, the LSRP is granted a 3-year license.

A temporary LSRP can fail the exam twice and still retain their temporary license. Upon failing the exam a third time, the temporary license is revoked for no less than one year.

The exact nature of the examination questions is not yet known. However the breadth of questions are said to be highly comprehensive, encompassing the New Jersey Technical Requirements for Site Remediation (the administrative bible from which every environmental consultant operates), the Underground Storage Tank laws, vapor intrusion, the Site Remediation Reform Act itself, and literally every other environmental program administered by the NJDEP is fair game. In other words, these items comprise the things that every environmental consultant is supposed to already know in order to undertake work in New Jersey. Ostensibly every temporarily licensed LSRP knows these things and the examination will certify and authenticate each LSRP's expertise.

The exam will follow this approximate outline and will consist of 165 multiple choice questions:

1. Define the Objectives of the Project (3-5%)
2. Information Gathering (25-40%)
3. Perform Initial Analysis (5-10%)
4. Develop Project Plan (10-15%)
5. Perform Site/Remedial Investigation (15-20%)
6. Select Remedial Action (10-15%)
7. Perform Remedial Action (7-12%)
8. Perform Post Closure (3-5%)

I believe that fully licensed LSRP's are going to exert upward pricing pressure for several reasons.

1. Some temporary LSRPs are not going to pass the examination.
2. At the end of the examination process I believe there will be fewer fully licensed LSRPs when compared to the number of temporary LSRPs that currently exist.
3. The examination process conveys a certain cachet, much in the same way that a Professional Engineer (PE) or Certified Industrial Hygienist (CIH) is more highly regarded than a non-licensed engineer or a non-licensed industrial hygienist.
4. The environmental consulting industry has been forced to maintain low pricing in certain service areas for many years. LSRP licensing creates an elite cadre of environmental professionals within our industry. This legitimate opportunity to raise prices, due to market forces, is going to be exploited on an industry-wide basis.

Therefore licensing provides an excellent opportunity to negotiate for some form of price concession in exchange for some form of contractual commitment.