



For Immediate Release (July 26, 2010)

Contact: John McKeon, jmckeon@cmaanet.org
703-677-3361

Owners, Service Providers Focus on “Number One Issue” at CMAA Water Summit

“Water is the number one issue on the planet,” said Bob Bailey, president of the Water Business Group at CH2M HILL.

“This is about the American economy,” noted Robert Glennon, University of Arizona law professor and author of *Unquenchable: America’s Water Crisis and What to Do About It*. “We may fret about running out of oil, but water lubricates the American economy just as much.”

These experts and dozens of others gathered recently in Kansas City, MO, for the second Water/Wastewater Summit presented by the Construction Management Association of America.

The Summit’s mission was to explore how leading water and sewer system owners nationwide are meeting demands of regulatory compliance, demand growth, and stringent budgets.

Keynote speaker Glennon created the context for the program with a description of the many regions of the country where water supplies have simply run out – where crops have withered, rivers and streams have run dry, and the groundwater table continues to decline dramatically.

Compounding these problems is population growth, he added. “There will be 420 million of us by 2050,” he said, and our patterns of internal migration mean that “people are moving to where the water isn’t.”

National energy policy, Glennon said, “has developed in total disregard of its implications for water policy.” For example, the federal government continues to provide incentives to develop ethanol fuels, but it takes 2,500 gallons of water to grow enough corn for a single gallon of ethanol.

Glennon called for “a new approach” to water management, based on three points:

1. New, waterless ways of dealing with human waste.
2. Re-examination of how water use is priced.
3. A new era of water reallocation, including a demand offset system.

An audio recording of Glennon’s presentation is available at www.cmaanet.org/glennon.

Regulatory Compliance Shaping Market

A panel of owners of major municipal water/wastewater systems described how they are working to deliver billions of dollars in new construction in the coming years. They particularly stressed their agencies' need, in many cases, to comply with consent decrees mandating major new construction to meet clean water regulations.

James Parrot, executive director, Metropolitan Sewer District of Greater Cincinnati, said his agency will spend \$3.5 billion over the next 10 years "just for consent decree work." This is quadruple the agency's previous spending levels, he said, and has presented a "culture shock. We tried to make incremental change, but we should have slashed and burned." To counter a high degree of internal resistance, the agency has changed its organizational structure to explore new options in project delivery.

The San Francisco Public Utilities Commission will be spending as much as \$7.5 billion over the next 40 years, said Greg Mayer, operations and maintenance liaison at SFPUC's Sewer System Improvement Program.

Several of the owners focused on the need to be open to flexible ways of sharing project risk. "We don't expect anyone to take all of the risk. It just doesn't make sense," said Catherine Gerali, district manager, Denver Metro Wastewater Reclamation District. In a separate panel of service provider organizations, CDM Chairman and CEO Dick Fox urged that "we must come to some agreement on rational limits on liability. Transfer of risk without limit on liability is betting the firm, and we won't do it."

Changing Project Delivery

Alternative project delivery methods were also high on the agenda for Water Summit speakers. The traditional design-bid-build process commonly used in the water industry "is part of the problem," said Fox. "It takes five to 12 years to deliver a capital project in the public sector."

Dan McCarthy, president of the Water Division of Black & Veatch, agreed that "The water industry needs radical change in how it delivers its projects." Anxiety about risk sharing often stands in the way, however. "In the United States we are a little frightened by alliancing. We need to do a better job of educating both our internal teams and owners to understand risk."

Martin Dorward, senior vice president of Program Management, AECOM Water, noted a greater "focus on talent" in the water industry, leading to "more and more emphasis on certification," including the Certified Construction Manager credential administered by the Construction Manager Certification Institute.

Although construction in the water industry has slowed in 2009-2010, Dorward said "water investment drivers are there for a recovery. There is a pent-up demand for new spending. We hope owners realize that this is the new normal, and start to move projects."

In addition to three plenary sessions, the CMAA Water Summit included a dozen breakouts focusing on actual projects and technology implementations, plus a closing Town Hall discussion.

The Summit program was compiled with the guidance of a Leadership Group of executives from AECOM, Black & Veatch, CDM, CH2M HILL, HDR Inc., Heery International, HNTB Corporation, Jacobs, and Parsons.

CMAA is North America's only organization dedicated exclusively to the interests of the professional Construction and Program management industry. On behalf of its 25 regional chapters and more than 6,000 public and private firms and individuals throughout the nation, CMAA promotes the Construction Management industry and provides professional resources, advocacy, professional development, certification, and business opportunities to its members. CMAA's national headquarters is located in McLean, Va. The Association's website is www.cmaanet.org.

####