State of Nebraska

Department of Administrative Service, Materiel Division,
State Purchasing Bureau

Four-Season Municipal Waste Characterization Study

Proposal

RFP 6897 Z1
July 16, 2024

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APPENDICES

1.0 CORPORATE OVERVIEW

1.1 BIDDER IDENTIFICATION AND INFORMATION

Requirement	Response	Clarification
Full company or corporate name	Tetra Tech BAS, Inc.	Tetra Tech BAS is a wholly owned subsidiary of Tetra Tech
Address of the company's headquarters	Tetra Tech BAS: 21700 Copley Drive, Suite 200 Diamond Bar, CA 91765	Tetra Tech: 3475 E. Foothill Blvd. Pasadena, CA 91107
Entity organization (corporation, partnership, proprietorship)	Tetra Tech BAS: Corporation	Tetra Tech: Corporation
State in which the bidder is incorporated or otherwise organized to do business	Tetra Tech BAS: California	Tetra Tech: Delaware
Year in which the bidder first organized to do business	Tetra Tech BAS: 1984	Tetra Tech: 1966
Has the name and form of organization changed since first organized?	Tetra Tech BAS, Inc. is formally known as Bryan A. Stirrat and Associates (BAS)	The Tetra Tech name has remained unchanged since 1966

1.2 FINANCIAL STATEMENTS

A copy of Tetra Tech's most recent audited financial reports and statements is included in Appendix A

Name, address and telephone number of the fiscally responsible representative of the bidder's financial or banking organization	Stacey Rilloraza, Assistant Vice President Wells Fargo 1000 Lakes Drive, Suite 250 | West Covina, CA 91790 (626) 919-6603 | srillora@wellsfargo.com

1.3 CHANGE OF OWNERSHIP

No change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date.

1.4 OFFICE LOCATION

Tetra Tech BAS: 21700 Copley Drive, Suite 200 | Diamond Bar, CA 91765

1.5 RELATIONSHIPS WITH THE STATE

Tetra Tech has not had any dealings with the State of Nebraska over the previous three (3) years.

1.6 BIDDER'S EMPLOYEE RELATIONS TO STATE

To the best of our knowledge, no Tetra Tech employees have been employed by the State of Nebraska within the past six (6) months.

1.7 CONTRACT PERFORMANCE

Neither Tetra Tech nor our subconsultant has had a contract terminated for default during the past five (5) years.

1.8 SUMMARY OF BIDDER'S CORPORATE EXPERIENCE

The Tetra Tech Team has performed both statewide waste characterization studies, and more focused studies for counties and municipalities throughout North America. Table 2.1 lists 18 recent relevant Tetra Tech Team waste characterization projects. Descriptions of several of these projects are provided in this section as well.

TABLE 1.8.1: RELEVANT TETRA TECH TEAM WASTE CHARACTERIZATION EXPERIENCE

Project	***Client***
California SB1383 MRF Waste Characterization Study	Cascadia/Cal Recycle
Colorado Organic Waste Survey	Colorado Department of Public Health
Curb Your Food Waste LA	City of Los Angeles
Denver Food Waste Audit	National Resources Defense Council
Denver Residential Food Waste Audit	City and County of Denver
E. Regional MRF Waste Characterization Study	County of Placer
Generator-Based Food Waste Characterization Study	California Dept. of Res. Recycling & Recovery
Hawaii Statewide Waste Characterization Study	Hawaii Department of Health Services
King Co. Regional Solid Waste Monitoring Program	King County
Long Beach Waste Characterization Public Outreach	Cascadia Consulting
Los Angeles Countywide Waste Characterization Study	County of Los Angeles
NRDC Food Waste Assessments (CO, TN, NY)	National Resources Defense Council
Refuse and Recycling Waste Composition Study	City of Edmonton
Renewable Technologies Implementation Plan	County of Orange
Samana Province Waste System Assessment	USAID
Santa Maria Landfill Waste Composition Study	City of Santa Maria
Statewide Integrated Waste Management Plan	Hawaii State Department of Health
Statewide Solid Waste & Materials Management Plan	Arizona Depart. of Environmental Quality
Transfer Station Waste Characterization Studies	County of San Bernardino
Vancouver Waste Characterization Study	Metro Vancouver
Washington Statewide Recycling Study	Washington Department of Ecology

THREE REFERENCE PROJECTS

1 Curb Your Food Waste LA | City of Los Angeles, California

Time Period	2018 – 2021
Scheduled/Actual Dates	Project was completed as scheduled
Bidder Responsibilities	Prime Consultant
Client Contact	Ronaldo Milo | P: (213) 485-3626 | E: Ronaldo.Milo@lacity.org
Budget	$3,000,000

Tetra Tech supported the Curb Your Food Waste LA Pilot Program for the City of Los Angeles, Bureau of Sanitation. The program targeted 18,000 households in 25 City Council Districts distributed over 25 waste collection routes. The intent of the pilot is to promote food waste reduction, encourage residents to recycle remaining food scraps in their green bin, encourage continued use of home composting and promote access to the City's free composting workshops and related resources.

An extensive door-to-door outreach campaign was conducted which featured 60 staff delivering recycling pails and brochures as well as conducting baseline surveys. Four field studies were conducted to evaluate participation, and characterize wastes in all pilot routes. A final participant behavioral survey was prepared to obtain program feedback and additional information for the roll-out of a citywide program.

Key components of the program include the following:

- Developed a Project Implementation Plan at project outset to clearly define project objectives, inputs, resources, outputs, and outcomes.
- Reviewed geographic, demographic, and environmental justice considerations to inform outreach program.
- Prepared a Communication and Outreach Plan, including program messaging, branding, collateral material, direct engagement based on community-based social marketing, community events, and measurement.
- GIS mapping of the study area was conducted to define location, limits, and individual study points. GIS maps were used to facilitate mailing, distribution of recycling materials, and to pin-point green-bin and black-bin inspections, set-out rate assessments, and waste characterization studies.
- Preparation of multilingual collateral materials.
- Prepared for and conducted 30 community events in 15 Council districts at neighborhood venues, farmers markets, and composting workshops.
- Development of an innovative tablet-based application to help field survey crews gather and upload data, while providing the client with to a cloud-based desktop summary of study data in real time.
- Conducted four field inspections to evaluate set-out rates, and characterize wastes on all pilot routes.
- Prepared and conducted a final participant behavioral survey to obtain program feedback and additional information.
- Reported on study progress through quarterly newsletter.
- Preparation of a comprehensive final report, describing the tasks, data collection methodologies, data analysis, results, and recommendations for city-wide implementation of the food waste prevention and recycling program.

2 Residential Food Waste Audit – Generator Based Waste Characterization, City/County of Denver

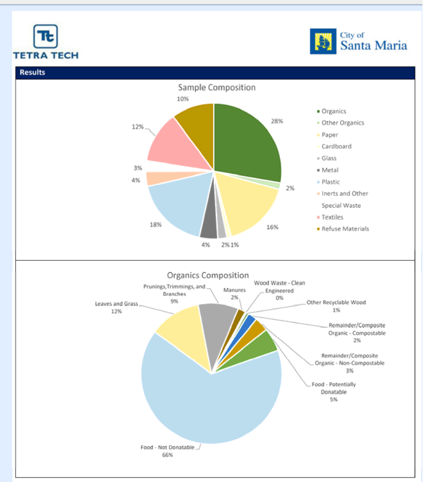
Time Period	2021 – 2024
Scheduled/Actual Dates	Project was completed as scheduled
Bidder Responsibilities	Prime Consultant
Client Contact	Lesly Baesens | P: (720) 865-8951 | E: Lesly.baesens@denvergov.org
Budget	$135,000

Tetra Tech was retained by the City and County of Denver to conduct a comprehensive residential food waste study in the City of Denver. The study aims to determine the composition of food waste from single-family homes. Results from this food waste study will help highlight opportunities for City's policy and program work related to food waste, as well as further future research in consumer behaviors and attitudes.

The scope of work for this research included collecting and characterizing materials found in the trash and SSO streams from 188 single family homes (124 treatment homes and 64 control homes) across two periods (April and May). Each sample was sorted into two food waste categories (i.e., edible and inedible) and one non-food category. A final report was developed summarizing study methodology, results, and sampling data.

3 City of Santa Maria – Santa Maria Regional Landfill Waste Characterization Study

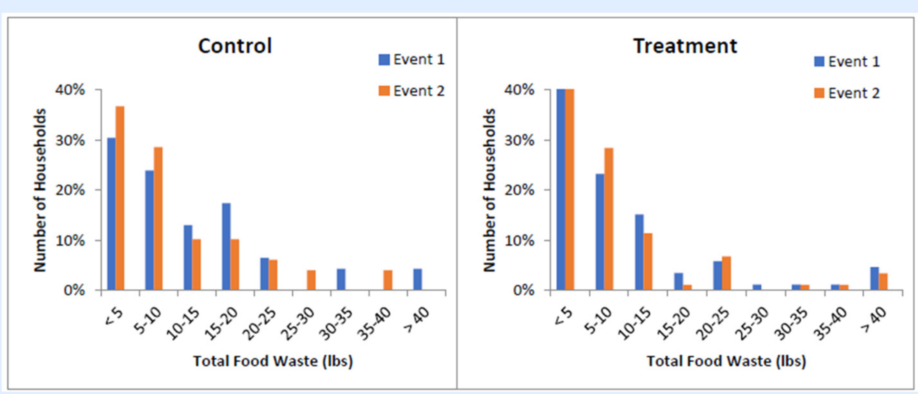
Time Period	2022 – 2024
Scheduled/Actual Dates	Project was completed as scheduled
Bidder Responsibilities	Prime Consultant
Client Contact	Maia Hoffman | P: (805) 925-0951 ext. 1963 | E: mhoffman@cityofsantamaria.org
Budget	$99,256



The City of Santa Maria needed more detailed information on the volumes and types of waste being disposed at their active landfill to help them develop a strategies to address the long-term waste management needs for locally generated waste. The City owns and operates a 247-acre Class III disposal facility. The facility includes a household hazardous waste collection facility, a recycling park, onsite cogeneration plant, and a transfer pad for consolidation of Blue Container (non-organic recyclables) waste stream from the City's three-container waste collection service.

The City asked Tetra Tech to conduct two waste evaluations of the four sectors and associated trash and organic waste stream in the City: single and multi-family residential, commercial, and self-haul. A disposal facility based study was conducted, sampling wastes arriving at the landfill (vehicles delivering single-family residential route loads, commercial route loads, multi-family route loads, and self-haul loads). Organic waste from single-family residential, commercial, and multi-family route loads were also evaluated.

A final composition report was prepared using ArcGIS Survey123 (Smart Form) to generate reports including supporting data collected, photos, data analysis, and summary statistics. The report highlighted the sample composition for each of the sectors and associated streams evaluated. In addition to the sampling composition reports, Tetra Tech is also developing an annual comprehensive composition report to present the total percentage of organic materials for all sampling events.



1.9 SUMMARY OF BIDDER'S PROPOSED PERSONNEL / MANAGEMENT APPROACH

Figure 1.9.1 presents Tetra Tech's proposed organization chart for this project. Our approach to staffing this contract involves (1) drawing on the expertise of specialists from all team members and (2) providing a mix of senior-level personnel providing overall project direction, with mid-, and junior-level staff performing more routine duties. This strategy will enable us to fully meet the requirements of the scope of work with a balance of technical excellence and cost effectiveness.

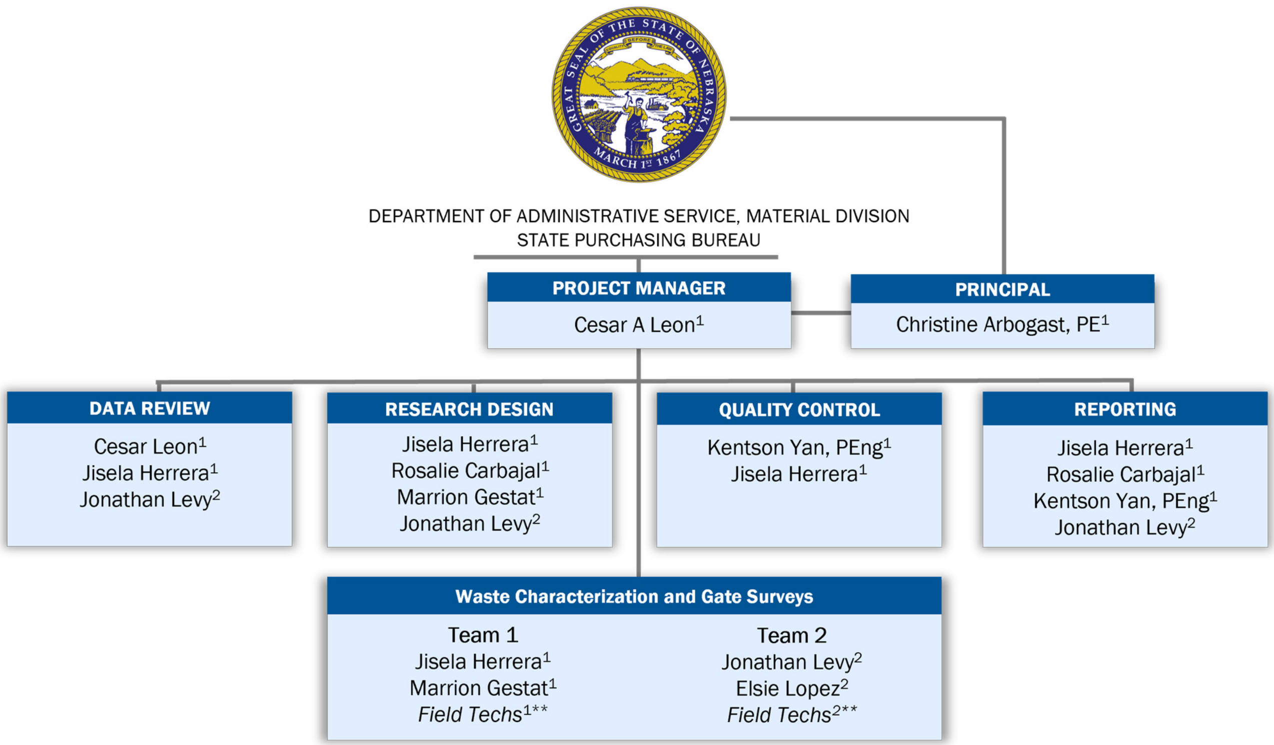
Cesar Leon will be our Project Manager, providing overall technical and administrative oversight of project activities. Cesar has 26 years of waste characterization and solid waste planning experience, including field oversight of waste characterizations, and preparation of final reports, and strategic solid waste planning. He will be supported by a team of Tetra Tech staff providing field waste characterization field activities, data evaluation, and development of process improvement recommendations.

Cesar will be closely supported by Jisela Herrera (Planner, Tetra Tech), and Jonathan Levy (Principal, Zero Waste Pro). Jisela and Jonathan who will assist in data review, development of the project Action Plan, coordination of field studies (Teams 1 and 2), and development of a final report.

Field observations and characterizations will be performed by two coordinated teams. Jisela Herrera (Tetra Tech Solid Waste Planner / 5 years of experience) will be responsible for directing field studies in the Bluff Road, Lexington, Hastings, and Sidney regions. Jonathan Levy (Zero Waste Pro Principal Consultant) will lead the team performing field work in Pheasant Point, Norfolk Area, Valentine, and Chadron regions. Resumes for all proposed Team members are presented in Appendix B.

FIGURE 1.9.1 – TETRA TECH PROJECT TEAM ORGANIZATION

STATE OF NEBRASKA



Team Legend: 1 = Tetra Tech | 2 = Zero Waste Pro

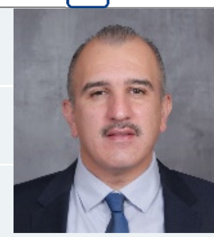
**Field Techs would be a total of seven individuals. Current approach involves the utilization of existing Field Techs from California. To conserve budget and to increase the number of temporary jobs created in Nebraska, the Tetra Tech Team can pursue employment of Field Techs locally.

1.9.1 Experience of Key Project Team Members (Full Resumes Presented in Appendix B)

Cesar Leon

TETRA TECH

Project Role:	Project Manager
Education:	BS, Urban and Regional Planning AS, Architectural Technology
Certifications:	Geographic Information System (GIS) | CADD Architectural Technology

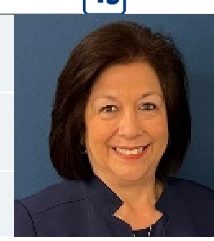


Cesar is a Senior Solid Waste Planner with 24 years of solid waste management planning experience. He participated in waste characterization studies in Denver and New York for the National Resource Defense Council; and prepared zero waste planning, organic waste infrastructure capacity assessment, and organics end market studies for the County of Los Angeles. He recently provided field survey staffing and implementation support for food waste characterization studies including bin digs and waste characterization in New York, Denver, and Nashville, and worked on a Countywide Organics Management Plans for multiple U.S. metropolitan areas. He managed field and office staff for a large residential curb-side recycling pilot program for the City of Los Angeles Curb Your Food Waste LA (CYFWLA). Cesar also has provided support in GIS route mapping, hand-held app development, door-to-door outreach, community event planning, door-to-door surveying, disposal and generator based waste characterization for multiple projects.

Christine Arbogast, P.E.

TETRA TECH

Project Role:	Principal
Education:	BS, Civil Engineering
Registration:	California Registered Civil Engineer *(#42578)*



Ms. Arbogast has 40 years of solid waste management planning and engineering experience. She is co-leader of Tetra Tech's corporate Solid Waste Initiative. She has prepared long-term strategic planning studies for both metropolitan solid waste management agencies, and rural communities throughout the U.S. In recent years, her work has focused on helping public solid waste authorities plan and implement programs to divert organic waste from landfills. This has ranged from initial feasibility assessment of viable alternatives, to the construction level design of advanced organic waste composting facilities. Waste characterization is a central component of these studies, and Christine has provided senior leadership of Tetra Tech teams conducting waste sampling, data collection, and analysis of multiple waste streams. This includes several state-wide studies (California, Hawaii, Arizona) of waste diversion alternatives.

Jisela Herrera

TETRA TECH

Project Role:	Data Review | Action Plan | Field Manager (Team 1) | Reporting
Education:	MS, Business Management / Organizational Development and Change BS, Sustainability Studies, University of California Riverside

Jisela is a Solid Waste Planner with six years of experience in waste characterization and solid waste planning. She has directed field sampling, sorting, health and safety protocols, and worked with coordinating with generators for appropriate data collection. She was a Task leader for a residential food waste prevention (FWP) and food scrap recycling (FSR) pilot program for the City of Los Angeles. Jisela also coordinated and supervised a large-scale residential waste composition study conducted across Los Angeles County (population over 10+ million residents covering 4,700 mi^2). She is also proficient at performing siting analyses for solid waste facilities utilizing GIS mapping software.

Jonathan Levy

ZERO WASTE PRO

Project Role:	Action Plan | Field Services Manager (Team 2)
Education:	B.S. Business Administration – Technology and Operations Management
Certifications:	TRUE Advisor – United States Green Building Council

Jonathan is founder of Zero Waste Pro. He is a waste characterization subject matter expert who has overseen the safe and accurate sorting, analysis and reporting of more than 2,500 samples of waste, recycling and organic materials to comply with franchise hauling agreements, and to identify waste-reduction and diversion opportunities. Jonathan has worked with municipalities, waste haulers, and commercial and institutional generators on waste characterizations and edible food waste studies, has overseen technical assistance at thousands of generators, and assisted with zero waste plans. Jonathan's firm is described in Section 1.10.

Marrion Gestat

TETRA TECH

Project Role:	Data Review | Planning | Field Services | Reporting
Education:	B.A., Environmental Studies California State University

Marrion is a Solid Waste Planner with specialized experience in environmental and solid waste management projects. Her responsibilities include conducting waste characterization and waste composition studies involving oversight of sampling crews, and collection, processing and reporting of sampling data. Marrion also assists solid waste system owners in residential food waste reduction, recycling, and implementation of back-yard composting programs, and has worked with multi-disciplined teams in outreach and data collection utilizing geographic information systems (GIS)-based applications.

Rosalie Carbajal

Project Role:	Research Design | Reporting
Education:	M.S., Geographic Information Science, California State University Northridge B.A., Liberal Studies, Minor in Sustainability, Minor in Applied Anthropology, California State University Northridge

Ms. Carbajal is a GIS Analyst with experience in environmental and solid waste management projects including Geographic Information Science (GIS) mapping and analysis. Ms. Carbajal also helps local communities address their food waste management and waste diversion needs through residential food waste reduction programs, recycling, and the implementation of back-yard composting programs. She has worked with multi-disciplined teams in outreach and data collection utilizing GIS-based applications.

Kentson Yan, PEng

Project Role:	Quality Control | Reporting
Education:	M.Sc. Environmental Engineering, University of Alberta B.Eng. Chemical Engineering, Ryerson University
Certifications:	Member, Association of Professional Engineers and Geoscientists of Alberta (APEGA), Professional Engineer

Kentson is a Project Engineer for the Solid Waste Management Practice. He primarily focuses on solid waste planning for municipalities, commercial businesses, and private organizations, where he has led numerous projects related to expanding existing waste processing and recycling systems. He has extensive experience conducting multi-sector multi-season waste composition studies including food waste and extended producer responsibility studies.

Kentson has developed specialized expertise in data collection and analysis in the waste management sector. He has designed and implemented multiple waste monitoring programs across Canada and the United States in the residential, commercial, and industrial sectors. His experience includes developing a representative and statistically valid sampling plan, sample collection procedures, locating waste management deficiencies, and characterizing of waste based on standard material categories. He also brings experience in using advanced statistical and modelling tools to analyze collected waste composition data to provide clients with waste flow projections and future scenario development.

1.10 SUBCONTRACTORS

ZERO WASTE PRO

Name, Address, and Telephone Number	Jonathan Levy Zero Waste Pro LLC Solid Waste, Recycling &Supply Chain Consultants 213-293-4962 zerowastepro.com Pasadena, CA
Specific Tasks	Field Work | Waste Characterization
Percentage of Performance Hours	41 Percent
Total Percentage	38 Percent
Company Description	Zero Waste Pro is a full-service environmental consulting firm focused on helping businesses and organizations meet the requirements of emerging local regulatory requirements governing solid waste management. The firm provides waste system characterization, planning, and compliance services, tailored to assisting municipalities and waste haulers in navigating the challenges of waste diversion programs. The firm has directed waste evaluations to provide insight into a jurisdiction's waste generation, identify inefficiencies, and highlight areas of non-compliance in the community. These assessments are powerful tools that allow jurisdictions to effectively create tailored waste management strategies which not only foster regulatory compliance, but also enhances credibility and communication between communities and legislators.

2.0 TECHNICAL APPROACH

2.1 UNDERSTANDING OF THE PROJECT REQUIREMENTS

NDEE has released a Request for Proposals to plan and implement a statewide WCS to characterize residential, commercial, and mixed municipal solid waste (MSW) that is disposed. The study will determine the percentages, by weight and/or volume, in the proposed list of material categories and subcategories listed in Attachment A of the Project RFP.

Tetra Tech understands that NDEE wishes to conduct four waste characterization study events at eight municipal landfills in Nebraska to determine the type and percentages of materials disposed. The study aims to replicate the same data collection and methodologies employed in the state-wide waste characterization study performed in 2009. The scope presented below is to assist NDEE by conducting four waste evaluations of the residential, commercial, and mixed waste streams. As described throughout this proposal, Tetra Tech staff are experienced and qualified solid waste planners who have successfully performed waste evaluation services.

2.2 PROPOSED DEVELOPMENT APPROACH

The project team will develop a draft Action Plan detailing the collection and sorting methodology for the waste characterization study for approval by NDEE. The study activities include pre-sorting location assessment to determine logistics; waste hauler interview to determine origin of waste to be sampled; waste sorting activities; and data analysis. The Action Plan will follow the protocol established in the QAPP for sampling and sorting the waste for approval by NDEE. The Action Plan will also include a detailed overview of the proposed sorting schedule, sites, and number of samples by site, sample size, health and safety plan, list of supplies, and reporting approach (i.e., sample summary statistics report template and interim and final report). Transfer and disposal site areas to be included in this study include Pheasant Point Landfill, Bluff Road Landfill, Norfolk Area Solid Waste Transfer Station, City of Hastings Landfill, Lexington Area Solid Waste Agency's landfill, Chadron Transfer Station, Sidney Landfill, and Valentine Landfill. Waste sector (generator) categories to be evaluated on this study include residential waste, commercial waste, and mixed waste. The Action Plan will be submitted for NDEE's review. Feedback received from NDEE on the draft Action Plan will be incorporated into the final Action Plan for NDEE's approval.

2.3 TECHNICAL CONSIDERATIONS

Tetra Tech has conducted several waste characterizations to support jurisdictions throughout the U.S. with program implementation and regulatory compliance, and has implemented innovative solutions through the development smart forms using ArcGIS Survey123 to facilitate the data collection and reporting process as presented in the figure below. The solution is configured using ArcGIS Field Apps to collect data and ArcGIS Enterprise to graphically display it using Dashboards, web maps, and mobile map applications.

Daily and cumulative summary statistics reports (feature reports) are autogenerated to PDF or word file outputs with associated record photos. These automated processes increase efficiency and accurately collect and manage comprehensive data. Data collection systems are automated and updated in real-time, thereby minimizing labor, increasing study productivity, and reducing the time it takes to analyze and approve data.

MORE ACCURATE THAN PAPER FORMS

The collected data provides jurisdictions with information that can be used in planning how to reduce waste, set up recycling programs to increase diversion (i.e., outreach and education), track program success, and conserve money and resources.

2.4 DETAILED PROJECT WORK PLAN

The methodology employed will be used to determine the breakdown of waste received. The waste evaluation will be weight-based and inclusive of the finalized list of material categories. Waste evaluations will be completed for MSW loads from randomly selected collection trucks as their contents are unloaded at authorized facilities. The samples will be representative of a typical operating day and selected at random from various times during the operating day. The project team will sort through the samples and record the weight of that material. The project team will weigh and record the pre-sorted sample weight and sorted categories of each sample into a data collection application using a tablet (i.e., customized “Smart Form” utilizing ArcGIS Survey 123). Photos will be taken and automatically associated to each of the samples and sorted categories. Each sample will be labeled with a sample ID tag and will be included in the photos provided to NDEE.

Gate Surveys. Gate surveys will be completed for collection trucks as they arrive at the selected facilities to determine qualification of the load for sampling. Vehicles will be selected randomly for sampling. The gate surveyor will interview each collection truck driver as they arrive to the facility to identify generating sectors and origin. The information will be recorded into an NDEE-approved data collection application using a tablet (i.e., customized “Smart Form” configured by Tetra Tech utilizing ArcGIS Survey 123). Photos of each collection truck will be taken. The data collected during gate surveys shall include, at a minimum, the net weight of the load, sectors, estimated proportion of each sector or waste type in the load, and the origin of the load. The type of vehicle and self-haul loads will be identified and recorded. This information shall be documented on a smart form developed by Tetra Tech and approved by NDEE.

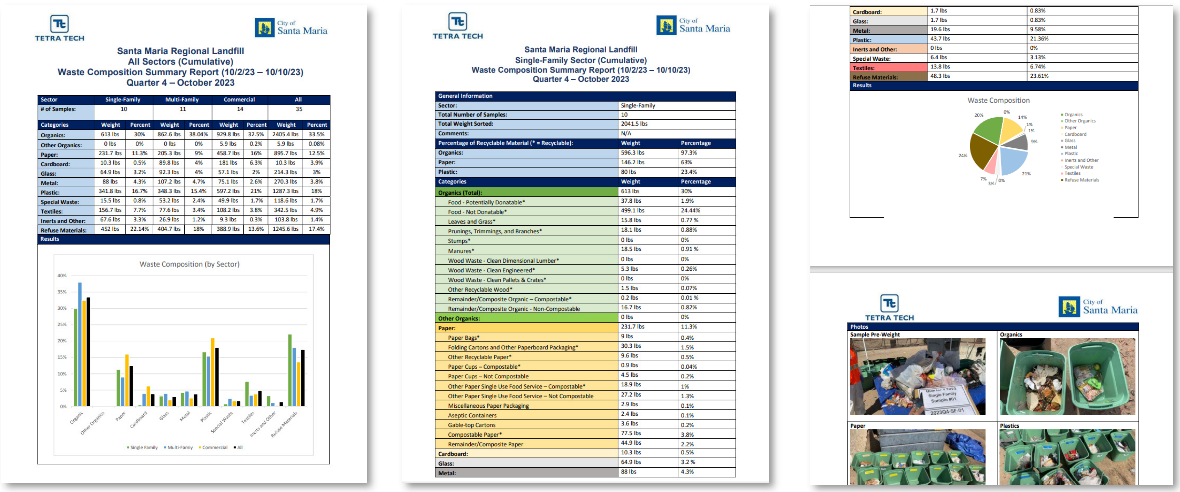
Waste Characterizations. Upon approval from NDEE on the sampling protocol, Tetra Tech will evaluate the residential, commercial, and mixed waste streams. Each sample size will be at least 200 lbs. The samples will be representative of a typical operating day and selected at random from various times during the operating day. The project team sort through the samples into 40 categories in order to replicate and make comparisons with the 2009 waste characterization study. The project team will weigh and record the pre-weight and sorted categories of each sample into a data collection application using a tablet (i.e., utilization of customized “Smart Form” utilizing ArcGIS Survey 123). Photos will be taken and automatically associated to each of the samples and sorted categories. Each sample will be labeled with a sample ID tag and will be included in the photos provided to NDEE.

Waste evaluations will be completed for samples that come from collection trucks, as their contents are unloaded at authorized facilities. With assistance from facility staff, the project team will work and coordinate with the facility operators to establish a location where the contents of the loads can be characterized, schedule an appropriate time for waste evaluations, and final disposal of the waste being evaluated. Waste evaluations would be conducted beginning February 2025, with three subsequent field events occurring on a quarterly basis (see project schedule).

The project team will consist of two field teams (Tetra Tech and Zero Waste Pro). With two team of two to four field technicians (inclusive of a lead auditor/supervisor) and one gate surveyor (assistant lead) we estimate completing the evaluation of four to seven samples each day at each solid waste facility (see table below).

Site	# of Days	Samples/Day	Samples/Event	Total # of Samples (4 Events)	# of Sorting Days per Team per Event	Team Lead
Pheasant Point	5	7	35	140	10	Zero Waste Pro
Norfolk Area	2	7	14	56		
Valentine	1	4	4	16		
Chadron	2	5	10	40		
Bluff Road	5	7	35	140	10	Tetra Tech
Lexington	2	7	14	56		
Hastings	2	5	10	40		
Sidney	1	4	4	16		
Total:	20	46	126	504		

Upon completing each field event, Tetra Tech will electronically submit an interim report Solid Waste Characterization Study report to NDEE within one (1) month of conducting each waste characterization event. The project team will incorporate NDEE's comments and revisions and electronically submit a draft and final report.



The WCS reporting will include a predefined Sample report template approved by NDEE (see image examples above). The project team will be using ArcGIS Survey123 (Smart Form) to generate the report results, which will include all the data collected, photos, data analysis, and summary statistics. The report will highlight the sample composition by each of the categories evaluated.

In addition to the reporting for each event, Tetra Tech will also prepare a final report outline for NDEE's approval. Each dataset will be statistically to determine the mean, 90% confidence intervals, and standard deviation for individual material categories by site, generator types, and any other categories as determined by NDEE. Upon receiving approval and upon completion of the data analysis, Tetra Tech will prepare a draft final report that describes the purpose, study methodology, and sampling plan that summarizes the essential composition findings for each waste sector. The draft final report shall contain, at a minimum, the following elements:

- An executive summary providing key findings in standard solid waste industry terminology.
- Introduction and background for the study, including goals and objectives.
- A description of the methodology, data collection, and analytical techniques used.
- A summary of the samples characterized.
- Material composition profiles
- Results of the types and estimated quantities of materials (in tonnages) in the waste stream and a statistical evaluation of data for various categories, including a summary of statistical models used.
- A summary of findings, conclusions, and supporting documentation (charts, tables, forms, questionnaires, etc.)
- Glossary/Definitions section
- Raw data in Excel format

2.5 DELIVERABLES AND DUE DATES

As further detailed in the project schedule (see Appendix D), the following deliverables will be completed for the tasks listed below (see specific due dates in the proposed project schedule).

Task 1. Data Review, Kick-off Meeting, & Pre-Sort Workshop - Deliverables:

- Data Review
- Kick-off Meeting
- Pre-Sort Workshop
- Project Schedule

Task 2. Action Plan - Deliverables:

- Data Collection Smart Forms, Dashboard, and Feature Report Templates
- Draft Action Plan
- Site Visit to Disposal Facilities to Secure Access
- Final Action Plan

Task 3. Waste Characterization Study (WCS) and Gate Survey (GS) - Deliverables:

- Safety/WCS Methodology Refresher Training
- Kick-Off Meeting (Events 1 to 4)
- Field Work – WCS and GS (Events 1 to 4)
- Reporting (Events 1 to 4)

Task 4. Statewide WCS and GS Report - Deliverables:

- Draft analysis and electronic data file
- Draft Statewide WCS and GS Report
- Final Statewide WCS & GS Report
- Presentation to Nebraska NDEE and Stakeholders

Task 5. Project Administration - Deliverables:

- Project Administration

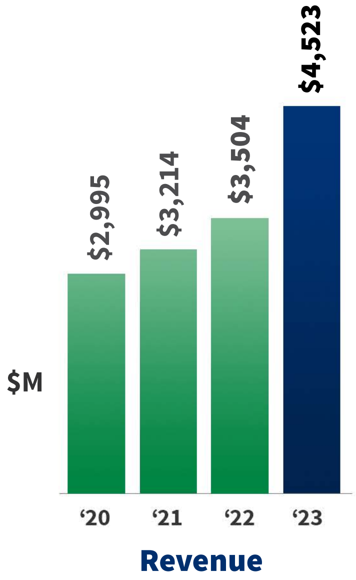
APPENDIX A: FINANCIALS

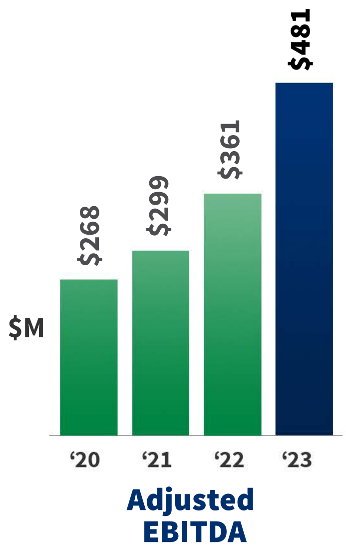
TETRA TECH

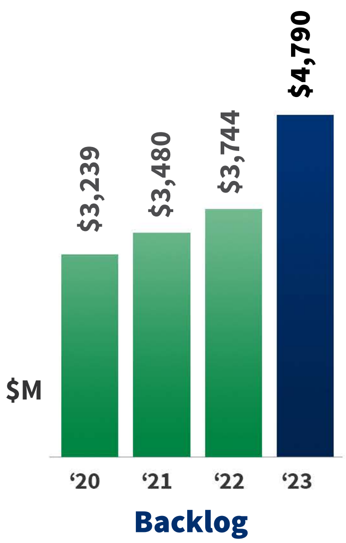
2023 Annual Report

Water
Environment
Sustainable Infrastructure

Leading with Science®







Dear Shareholders:

We began fiscal year 2023 with the most ambitious financial and strategic goals in the Company's history. I am pleased to share with you that we ended the year by exceeding our goals and delivering record highs for all key financial metrics that we track, driven by double-digit growth across our markets. Tetra Tech's revenue increased 29%, net revenue increased 32%, and adjusted EBITDA increased 33% from the prior year. In January of 2023, RPS Group joined us, bringing 5,000 staff with highly complementary capabilities and a significant expansion of our European and Australian operations. In 2023 we also initiated a high-end software subscription practice that builds on our 50 years of digital experience.

Our excellent performance in 2023 is the result of a decade of strategic focus on providing high-end water, environment, and sustainable infrastructure services for our clients. Today, Tetra Tech has become a global company with an industry-leading reputation, $5 billion in annual revenue, and double-digit growth rates. Throughout this evolution, Tetra Tech's combination of technical expertise, digital capabilities, and disciplined execution have given us an enduring competitive advantage.

Our strong cash generation and capital allocation strategy provides long-term compounding benefit to our shareholders. In 2023 our days sales outstanding improved by an additional 7 days, to a record low 54 days, which is a remarkable 30% below the industry average. This contributed to an all-time-high cash generation from operations of $368 million. In the past three years, we have returned $398 million to our shareholders through dividends and buybacks and generated a 70% shareholder return over the same time frame. The new credit structure we put in place in 2023 has also reduced future annual interest payments by approximately $20 million per year, while enhancing our ability to access additional capital for strategic investments.

Tetra Tech's expertise and focus is directly aligned with our clients' spending priorities for climate change mitigation and adaptation, reliable and safe water supplies, environmental restoration and biodiversity protection, and support for the clean energy transition. We are entering 2024 with a record high backlog of $4.79 billion, up $1 billion from last year; $25 billion in contract capacity; more than 20,000 clients; and significantly broadened access to key addressable markets in the United States, Canada, Europe, and Australia.

During 2023 we were awarded multiple contracts by large government agencies such as the U.S. Agency for International Development, U.S. Environmental Protection Agency, and the U.S. Army Corps of Engineers (USACE). The scope of these contracts includes improving water efficiency and conservation in Jordan, accelerating environmental cleanup in the Great Lakes region, and restoring and protecting watersheds and water bodies throughout the United States. We were selected by the USACE for a $200 million contract under the Infrastructure Investment and Jobs Act to modernize inland navigation and restore aquatic ecosystems. We also further enhanced our water practice in the United Kingdom with the new award of a $76 million Scottish Water contract to develop digital solutions and optimize water systems.

Tetra Tech is differentiated by our *Leading with Science®* approach combining practical expertise, advanced analytics, and artificial intelligence to address our public and private sector clients' complex challenges worldwide. In 2023 *Engineering News-Record* ranked Tetra Tech #1 in Water for the 20th consecutive year and #1 in Environment for the 15th consecutive year.

Investor's Business Daily recognized Tetra Tech as the #1 firm for Human Capital in November 2023. Our extraordinary workforce is how we achieve the insight, analysis, and solutions that drive our business, and what makes Tetra Tech unique in the industry.

We attract individuals who want a career at Tetra Tech, from top entry-level university recruits to industry-leading experts, resulting in our low turnover rate of 7% and internal staff advancement into leadership roles. We believe in diversity in all aspects of our work and that inclusive teams are more engaged, creative, and successful. Tetra Tech values our diverse employee-led resource groups and our company-wide collaboration teams that reflect the spirit of engagement, innovation, and entrepreneurship throughout the Company. We value making a positive difference through the work we do, as evidenced by our aspiration to improve the lives of a billion people by 2030. Through our work, we have improved 545 million lives to date.

As we look to the future, we see strong alignment between Tetra Tech's services and our clients' funding priorities for climate change, water resilience, biodiversity and ecosystem protection, and the global clean energy transition. Our strategy for the next decade builds on our past success by focusing on three growth areas: continued leadership as the premier water, environment, and sustainable infrastructure consultancy; the addition of recurring revenue streams from our suite of data analytics solutions; and the maturing of our clean energy transition practice.

In 2023 we launched our subscription services practice, offering software that monetizes our intellectual property, adds to our customer base, and creates new recurring revenue streams. For decades we have led in the development of predictive models, often referred to as digital twins, for the management of ecosystems, watersheds, and water facilities. Today, our subscription solutions such as FusionMap™ and OceansMap™ can be broadly applied to optimize water management, decarbonize buildings, assess damages from natural disasters, and enhance coastal ecosystems.

Tetra Tech's clean energy practice provides our clients with high-end consulting ranging from early-stage energy transition planning for utilities and development agencies to comprehensive environmental permitting services for new sources of renewable energy, and the interconnection of power transmission systems. The RPS Group acquisition significantly expanded our energy transition capabilities and propelled Tetra Tech to a global leadership role in offshore wind by combining our dominant position in the United States with the market leading RPS practice in the United Kingdom and Australia.

In this next wave of technological advancement, Tetra Tech's industry-leading expertise in water and environment coupled with our digital acumen will enable us to deliver higher margins fueled by operational efficiency, technical innovation, and subscription revenues. Tetra Tech is unwavering in our focus on shareholder return, disciplined performance, and an entrepreneurial culture. On behalf of Tetra Tech, I thank you for your continued confidence and support.

Sincerely,

Dan Batrack, Chairman and CEO

#1 in Water
20 consecutive years by ENGINEERING NEWS-RECORD

#1 in Environment
15 consecutive years by ENGINEERING NEWS-RECORD

#1 in Human Capital
for human resources, H&S, and productivity

Investor's Business Daily 2023 BEST ESG COMPANIES

545M Lives Improved
One Billion People Challenge by 2030

WATER
ENVIRONMENT
SUSTAINABLE INFRASTRUCTURE

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended October 1, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number 0-19655

TETRA TECH, INC.

(Exact name of registrant as specified in its charter)

Delaware	**95-4148514**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3475 East Foothill Boulevard, Pasadena, California 91107
(Address of principal executive offices) (Zip Code)

(626) 351-4664
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	TTEK	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates on April 2, 2023, was $7.7 billion (based upon the closing price of a share of registrant's common stock as reported by the Nasdaq National Market on that date).

On November 8, 2023, 53,247,668 shares of the registrant's common stock were outstanding.

DOCUMENT INCORPORATED BY REFERENCE

Portions of registrant's Proxy Statement for its 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this report where indicated.

TABLE OF CONTENTS

This Annual Report on Form 10-K ("Report"), including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "estimates," "seeks," "continues," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict, including those identified below under "Risk Factors," and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

PART I

Item 1. Business

General

Tetra Tech, Inc. ("Tetra Tech") is a leading global provider of high-end consulting and engineering services that focuses on water, environment, sustainable infrastructure, renewable energy and international development. We are a global company that is *Leading with Science®* to provide innovative solutions for our public and private clients. We typically begin at the earliest stage of a project by identifying technical solutions and developing execution plans tailored to our clients' needs and resources.

Tetra Tech is *Leading with Science®* to provide sustainable and resilient solutions to our clients' most complex needs. *Engineering News-Record* ("ENR"), the engineering industry's leading magazine, has ranked Tetra Tech #1 in Water for 20 years in a row. In 2023, we were also ranked #1 in environmental management, wind power, hydro plants, water treatment/desalination and green government offices. ENR also ranked Tetra Tech in the top 10 in numerous categories, including dams and reservoirs, marine and port facilities, power, solar power, solid waste, environmental science, chemical and soil remediation, hazardous waste and site assessment and compliance.

Our reputation for high-end consulting and engineering services and our ability to develop solutions for water and environmental management has supported our growth for more than 50 years. Our market leading climate mitigation and adaptation services are solving our clients' most complex challenges related to coastal flooding, water security, energy transition and biodiversity protection. Today, we are proud to be making a difference in people’s lives worldwide through our high-end consulting, engineering and technology service offerings. In fiscal 2023, we worked on over 100,000 projects, in more than 100 countries on all seven continents, with a talent force of 27,000 associates. We are *Leading with Science®* throughout our operations, with domain experts across multiple disciplines supported by our advanced analytics, artificial intelligence ("AI"), machine learning and digital technology solutions. Our ability to provide innovation and first-of-kind solutions is enhanced by partnerships with our forward-thinking clients. We are diverse, equitable and inclusive, embracing the breadth of experience across our talented workforce worldwide with a culture of innovation and entrepreneurship. We are disciplined in our business, and focused on delivering value to customers and high performance for our shareholders. In supporting our clients, we seek to add value and provide long-term sustainable consulting, engineering and technology solutions.

By combining ingenuity and practical experience, we have helped to advance sustainability by managing water, protecting the environment, providing renewable energy, restoring ecosystems and creating green solutions for our cities and communities. Our mission is to be the world's leading consulting and engineering firm solving global challenges in water and the environment that make a positive difference in people's lives worldwide.

The following core principles form the underpinning of how we work together to serve our clients:

- *Service.* We put our clients first. We listen closely to better understand our clients' needs and deliver smart, cost-effective solutions that meet their needs.
- *Value.* We solve our clients' problems as if they were our own. We develop and implement sustainable solutions that are innovative, efficient and practical.
- *Excellence.* We bring superior technical capability, disciplined project management and excellence in safety and quality to all of our services.
- *Opportunity.* Our people are our number one asset. Opportunity means new technical challenges that provide advancement within our company, encourage an inclusive and diverse workforce and ensure a safe workplace.

We have a strong project management culture that enables us to deliver on more than 100,000 projects per fiscal year. Our client-focused project management is supported by strong fiscal management and financial tools. We use a disciplined approach to monitoring, managing and improving our return on investment in each of our business areas through our efforts to negotiate appropriate contract terms, manage our contract performance to minimize schedule delays and cost overruns and promptly bill and collect accounts receivable.

We have built a broad client and contract base by proactively understanding our clients' priorities and demonstrating a long track record of successful performance that results in repeat business and limits competition. We believe that proximity to our clients is also instrumental to integrating global experience and resources with an understanding of our local clients' needs. Over the past year, we worked in more than 100 countries, helping our clients address complex water, environment, renewable energy and related sustainable infrastructure needs.

Throughout our history, we have supported both public and private clients, many for multiple decades of continuous contracts and repeat business. Long-term relationships provide us with institutional knowledge of our clients' programs, past projects and internal resources. Institutional knowledge is often a significant factor in winning competitive proposals and providing cost-effective solutions tailored to our clients' needs.

We are often at the leading edge of new challenges where we are delivering one-of-a-kind solutions. These might be a new water treatment technology, a unique solution to addressing new regulatory requirements, a new system for automated assessment of infrastructure assets or a digital twin for real time management of water treatment systems.

We combine interdisciplinary capabilities, technical resources and institutional knowledge to implement complex projects that are at the leading edge of policy and technology development.

***Leading with Science*®**

At Tetra Tech, we provide value-generating solutions by combining operational expertise, science and technology. By *Leading with Science*® and leveraging our collective technology including advanced data analytics and digital technologies, we create transformational solutions for our clients.

Tetra Tech's proprietary technologies and solutions, referred to collectively as the Tetra Tech Delta, differentiate us in the market and provide us with a competitive advantage. We create customized solutions; from smart data collection and advanced analytics that support decision making to AI enabled solutions for asset management. Our Tetra Tech Delta technologies are drawn from our decades of operational experience and a reservoir of technical applications that are shared throughout our company as well as select solutions that are sold externally as software subscriptions. Our high-end teams connect interdisciplinary experts from across our company's 27,000 staff worldwide. Tetra Tech mobilizes teams that include analysts, statisticians, digital engineers and industry experts who effectively implement value-generating and pragmatic solutions for our clients.

These advanced analytical solutions enable us to provide clients with real-time reporting, automated and remote data collection and dashboards for tracking and communicating results. Tetra Tech Delta is continually expanding and includes cutting-edge tools on interpretive analysis, modeling of physical systems, forecasting and scenario analysis, optimization and operations research. Subscription solutions provide our clients with extended capabilities for large scale data management, spatial data interpretation, and ability to build and utilize digital twins for land, coastal and structural assets.

Leading with Science® also means fully leveraging the collective expertise provided by our global workforce of 27,000 associates. We actively share information, ideas and resources across our global operations through our network structure, guided subject matter teams and project team building. We use company-wide virtual events to engage Tetra Tech experts world-wide to solve client challenges and identify the best ideas for further development. We also proactively share emerging technology and new ideas through our knowledge transfer system, Tetra Tech Technology Transfer ("T4"). T4 facilitates our innovation culture through webcasts, blogs, multi-media and social media across our global operations. Our Tetra Tech Academy provides a full suite of training resources including project management, leadership development, and broad technical skills. Academy curriculum is provided through online training, virtual workshops and in-person events.

Reportable Segments

We manage our operations under two reportable segments. Our Government Services Group ("GSG") reportable segment primarily includes activities with U.S. government clients (federal, state and local) and all activities with development agencies worldwide. Our Commercial/International Services Group ("CIG") reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies. These reportable segments allow us to capitalize on our growing market opportunities and enhance the development of high-end consulting and technical solutions to meet our growing client demand.

The following table presents the percentage of our revenue by reportable segment:

	Fiscal Year		
Reportable Segment	**2023**	**2022**	**2021**
GSG	47.7%	52.0%	55.2%
CIG	53.6	49.6	46.7
Inter-segment elimination	(1.3)	(1.6)	(1.9)
	100.0%	**100.0%**	**100.0%**

For additional information regarding our reportable segments, see Note 18, "Reportable Segments" of the "Notes to Consolidated Financial Statements" included in Item 8. For more information on risks related to our business, reportable segments and geographic regions, including risks related to foreign operations, see Item 1A, “Risk Factors” of this report.

Government Services Group

GSG provides high-end consulting and engineering services primarily to U.S. government clients (federal, state and local) and international development agencies worldwide. GSG supports U.S. government civilian and defense agencies with services in water, environment, sustainable infrastructure, information technology and disaster management. GSG also provides engineering design services for U.S. based federal and municipal clients, especially in water infrastructure, flood protection and solid waste. GSG also leads our support for development agencies worldwide, especially in the United States, the United Kingdom and Australia.

GSG provides consulting and engineering services for a broad range of water, environment and sustainable infrastructure-related needs primarily for U.S. government clients. The primary GSG markets include water resources analysis and water management, environmental monitoring, data analytics, government consulting, waste management and a broad range of civil infrastructure master planning and resilient engineering design for facilities, transportation and local development projects. GSG's services span from early data collection and monitoring, to data analysis and information management, to science and engineering applied research, to engineering design, to project management and operations and maintenance.

GSG provides our clients with sustainable solutions that optimize their water management and environmental programs to address regulatory requirements, improve operational efficiencies and manage assets. Our services advance sustainability and resiliency through the "greening" of infrastructure, design of energy efficiency and resource conservation programs, innovation in the capture and sequestration of carbon, development of disaster preparedness and response plans and improvement in water and land resource management practices. We provide climate change and energy management consulting, and greenhouse gas ("GHG") inventory assessment, certification, reduction and management services. GSG also provides planning, architectural and sustainable engineering services for U.S. federal, state and local government facilities. We support government agencies with related sustainable infrastructure needs, asset management for military housing and educational, institutional and research facilities.

Many government organizations face complex problems due to increased demand and competition for water and natural resources, newly understood threats to human health and the environment, aging infrastructure and demand for new and more resilient infrastructure. Our integrated water management services support government agencies responsible for managing water supplies, wastewater treatment, storm water management and flood protection. We help our clients develop more resilient water supplies and more sustainable management of water resources, while addressing a wide range of local and national government requirements and policies. Fluctuations in weather patterns and extreme events, such as prolonged droughts and more frequent flooding, are increasing concerns over the reliability of water supplies, the need to protect coastal areas and flood mitigation and adaptation in metropolitan areas. We provide smart water infrastructure solutions that integrate water modeling, instrumentation and controls and real-time controls to create flexible water systems that respond to changing conditions, optimize use of existing infrastructure and provide clients with the ability to monitor and manage their water infrastructure more efficiently. We provide operational technology for secure management of water treatment and wastewater systems, including cybersecurity assessments and digital twin solutions.

We also support government agencies in the full range of disaster response and community resilience services including monitoring and environmental response, damage assessment and program management services and resilient engineering design and mitigation planning. We have a full suite of Tetra Tech Delta technology and specialized procedures that support our disaster response, planning and management support services. These tools and procedures address disaster management and community resilience data management needs, including information technology systems, portals, dashboards, data management, data analytics and statistical analysis.

GSG provides a wide range of consulting and engineering services for solid waste management, including landfill design and management, and recycling facility design throughout the United States; providing design, project management and maintenance services to manage solid and hazardous waste; as well as innovative renewable energy projects such as solar energy-generating landfill caps; and providing full-service solutions for gas-to-energy facilities to efficiently use landfill methane gas.

We provide high-end advanced analytics and information technology ("IT") consulting and support to various federal clients including AI applications, machine learning, modernization of IT systems and cloud migration. We design solutions to manage and analyze data for major federal agency programs including data related to health, security, environment and water programs. We provide technical support for the Federal Aviation Administration to optimize the U.S. airspace system and support related aviation systems integration for the U.S. and other countries' metropolitan airports. We provide specialized modeling and data analytics for airspace acoustic analysis. Our aviation airspace services include data management, data processing, communications and outreach and systems development; and providing systems analysis and information management.

We support governments in implementing international development programs for developing nations to help them address numerous challenges, including access to potable water and adapting to the threats of climate change. Our international development services include supporting donor agencies to develop safe and reliable water supplies and sanitation services, support the eradication of poverty, improve livelihoods, promote democracy and increase economic growth. Our programs span planning, designing, implementing, researching and monitoring projects and leverage advanced technology to collect, manage and provide analytics for our clients. Key areas of focus include climate change, agriculture and rural development, governance and institutional development, natural resources and the environment, infrastructure, economic growth, energy, rule of law and justice systems, land tenure and property rights and training and consulting for public-private partnerships. Our projects also include building capacity and strengthening institutions in areas such as global health, energy sector reform, utility management, education, food security and local governance.

Commercial/International Services Group

CIG primarily provides high-end consulting and engineering services to U.S. commercial clients, and international clients inclusive of the commercial and government sectors. CIG supports commercial clients worldwide in renewable energy, industrial, high-performance buildings and aerospace markets. CIG also provides sustainable infrastructure and related environmental, engineering, and project management services to commercial and local government clients across Canada, in Asia Pacific (primarily Australia and New Zealand), Europe, the United Kingdom, as well as Brazil and Chile.

CIG provides consulting and engineering services worldwide for a broad range of water, environment and sustainable infrastructure-related needs in both developed and emerging economies. The primary markets for CIG's services include natural resources, energy and utilities, as well as sustainable infrastructure master planning and engineering design for facilities, transportation and local development projects. CIG's services span from early data collection and monitoring to data analysis and information management, to feasibility studies and assessments, to science and engineering applied research, to engineering design, to project management and operations and maintenance.

CIG's environmental services include cleanup and beneficial reuse of sites contaminated with hazardous materials, toxic chemicals and oil and petroleum products, which cover all phases of the remedial planning process, starting with disaster response and initial site assessment through removal actions, remedial design and implementation oversight; and supporting both commercial and government clients in planning and implementing remedial activities at numerous sites around the world, and providing a broad range of environmental analysis and planning services.

CIG also supports commercial clients by providing design services to renovate, upgrade and modernize industrial water supplies, and address industrial water treatment and water reuse needs; and provides plant engineering, project execution and program management services for industrial water treatment projects throughout the world.

CIG provides planning, architectural and sustainable engineering services for commercial and government facilities. We provide high-end design of sustainable energy, water and GHG decarbonization solutions including civil, electrical, mechanical, structural and hydraulic engineering for buildings, campuses and surrounding developments. We provide high-end services in addressing indoor health and associated assessment, consulting and retrofits of buildings to address indoor air quality and safety. We also provide engineering services for a wide range of clients with specialized needs, such as data centers, advanced manufacturing, security systems, training and audiovisual facilities, clean rooms, laboratories, medical facilities and disaster preparedness facilities.

CIG's international services, especially in Canada, Europe, the United Kingdom, and Asia Pacific, include high-end analytical, engineering, architecture, geotechnical, project management and advisory services for infrastructure projects, including early project planning, rail and roadway monitoring and asset management services, collection of condition data, optimization of upgrades and long-term planning for expansion; multi-modal design services for commuter railway stations, airport expansions, bridges and major highways and ports and harbors; and designing resilient solutions to repair, replace and upgrade older transportation infrastructure.

CIG provides infrastructure design services in extreme and remote areas by using specialized techniques that are adapted to local resources, while minimizing environmental impacts, and considering potential climate change impacts. These include providing consulting, geotechnical and design services to owners of transportation, natural resources, energy and community infrastructure in areas of permafrost or extreme climate regions.

CIG's energy services include support for electric power utilities and independent power producers worldwide, ranging from macro-level planning and management advisory services to project-specific environmental, engineering, project management and operational services, and advising on energy security and the design and implementation of smart grids, both domestically and internationally, including increasing utility automation, information and operational technologies and critical infrastructure security. For utilities and governmental regulatory agencies, our services include policy and regulatory development, utility management, performance improvement and asset management and evaluation. For developers and owners of renewable energy resources such as solar grid and off-grid, on-shore and off-shore wind, biogas and biomass, tidal, hydropower, conventional power generation facilities, micro-grid and battery or alternative storage facilities, as well as transmission and distribution assets, our services include environmental, electrical, mechanical and civil engineering, procurement, operations and maintenance and regulatory support for all project phases.

CIG supports industrial clients globally. Our services include environmental permitting support, siting studies, strategic planning and analyses; design of site civil works; water management; biological and cultural assessments, and site investigations; and hazardous waste site remediation.

CIG also provides environmental remediation and reconstruction services to evaluate and restore lands to beneficial use, remediating, and restoring contaminated facilities in the U.S. and around the world; managing large, complex sediment remediation programs that help restore rivers and coastal waters to beneficial use; and supporting utilities in the U.S. in implementing restoration and environmental management programs.

Project Examples

Project examples are provided on our company website located at tetratech.com, including expert interviews, in-depth articles and project profiles that demonstrate our services across water, environment, sustainable infrastructure, renewable energy and international development.

Clients

We provide services to a diverse base of U.S. federal government, U.S. state and local government, U.S. commercial and international clients. The following table presents the percentage of our revenue by client sector:

	Fiscal Year		
Client Sector	**2023**	**2022**	**2021**
U.S. federal government [(1)]	30.7%	30.4%	33.6%
U.S. state and local government	13.4	17.2	16.7
U.S. commercial	19.2	21.4	19.9
International [(2)]	36.7	31.0	29.8
	100.0%	**100.0%**	**100.0%**

(1) Includes revenue generated under U.S. federal government contracts performed outside the United States.
(2) Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.

U.S. federal government agencies are significant clients. The U.S. Agency for International Development accounted for 12.2%, 11.0% and 11.7% of our revenue in fiscal 2023, 2022 and 2021, respectively. The Department of Defense ("DoD") accounted for 8.9%, 9.7% and 11.2% of our revenue in fiscal 2023, 2022 and 2021, respectively. We typically support multiple programs within a single U.S. federal government agency, both domestically and internationally. We also assist U.S. state and local government clients in various jurisdictions across the United States. Our international clients are primarily focused in Canada, Australia, Europe and the United Kingdom, and consist of a relatively equal sized mix of government and commercial clients. Our U.S. commercial clients include companies in the chemical, energy, pharmaceutical, retail, aerospace and automotive industries. No single client, except for the U.S. federal government clients, accounted for more than 10% of our revenue in fiscal 2023.

Contracts

Our services are performed under three principal types of contracts with our clients: fixed-price, time-and-materials and cost-plus. The following table presents the percentage of our revenue by contract type:

	Fiscal Year		
Contract Type	**2023**	**2022**	**2021**
Fixed-price	36.3%	37.6%	37.1%
Time-and-materials	48.0	46.7	46.4
Cost-plus	15.7	15.7	16.5
	100.0%	**100.0%**	**100.0%**

Under a fixed-price contract, clients agree to pay a specified price for our performance of the entire contract or a specified portion of the contract. Some fixed-price contracts can include date-certain and/or performance obligations. Fixed-price contracts carry certain inherent risks, including risks of losses from underestimating costs, delays in project completion, problems with new technologies, price increases for materials and economic and other changes that may occur over the contract period. Consequently, the profitability of fixed-price contracts may vary substantially. Under time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and paid for other expenses. Profitability on these contracts is driven by billable headcount and cost control. Many of our time-and-materials contracts are subject to maximum contract values and, accordingly, revenue related to these contracts is recognized as if these contracts were fixed-price contracts. Under our cost-plus contracts, some of which are subject to a contract ceiling amount, we are reimbursed for allowable costs and fees, which may be fixed or performance-based. If our costs exceed the contract ceiling or are not allowable, we may not be able to obtain full reimbursement. Further, the amount of the fee received for a cost-plus award fee contract partially depends upon the client's discretionary periodic assessment of our performance on that contract.

Some contracts with the U.S. federal government are subject to annual funding approval. U.S. federal government agencies may impose spending restrictions that limit the continued funding of our existing contracts and may limit our ability to obtain additional contracts. These limitations, if significant, could have a material adverse effect on us. All contracts with the U.S. federal government may be terminated by the government at any time, with or without cause.

U.S. federal government agencies have formal policies against continuing or awarding contracts that would create actual or potential conflicts of interest with other activities of a contractor. These policies may prevent us from bidding for or performing government contracts resulting from or related to certain work we have performed. In addition, services performed for a commercial or government sector client may create conflicts of interest that preclude or limit our ability to obtain work for a private organization. We attempt to identify actual or potential conflicts of interest and to minimize the possibility that such conflicts could affect our work under current contracts or our ability to compete for future contracts. We have, on occasion, declined to bid on a project because of an existing or potential conflict of interest.

Some of our operating units have contracts with the U.S. federal government that are subject to audit by the government, primarily the Defense Contract Audit Agency ("DCAA"). The DCAA generally seeks to (i) identify and evaluate all activities that contribute to, or have an impact on, proposed or incurred costs of government contracts; (ii) evaluate a contractor's policies, procedures, controls and performance; and (iii) prevent or avoid wasteful, careless and inefficient production or service. To accomplish this, the DCAA examines our internal control systems, management policies and financial capability; evaluates the accuracy, reliability and reasonableness of our cost representations and records; and assesses our compliance with Cost Accounting Standards ("CAS") and defective-pricing clauses found within the Federal Acquisition Regulation ("FAR"). The DCAA also performs an annual review of our overhead rates and assists in the establishment of our final rates. This review focuses on the allowability of cost items and the applicability of CAS. The DCAA also audits cost-based contracts, including the close-out of those contracts.

The DCAA reviews all types of U.S. federal government proposals, including those of award, administration, modification and re-pricing. The DCAA considers our cost accounting system, estimating methods and procedures and specific proposal requirements. Operational audits are also performed by the DCAA. A review of our operations at every major organizational level is conducted during the proposal review period. During the course of its audit, the U.S. federal government may disallow certain costs if it determines that we accounted for such costs in a manner inconsistent with CAS. Under a government contract, only those costs that are reasonable, allocable and allowable are recoverable. A disallowance of costs by the U.S. federal government could have a material adverse effect on our financial results.

In accordance with our corporate policies, we maintain controls to minimize any occurrence of fraud or other unlawful activities that could result in severe legal remedies, including the payment of damages and/or penalties, criminal and civil sanctions and debarment. In addition, we maintain preventative audit programs and mitigation measures to ensure that appropriate control systems are in place.

We provide services under contracts, purchase orders or retainer letters. Our policy requires that all contracts must be in writing. We bill our clients in accordance with the contract terms and periodically based on costs incurred, on either an hourly-fee basis or on a percentage-of-completion basis, as the project progresses. Most of our agreements permit our clients to terminate the agreements without cause upon payment of fees and expenses through the date of the termination. Generally, our contracts do not require that we provide performance bonds. If required, a performance bond, issued by a surety company, guarantees a contractor's performance under the contract. If the contractor defaults under the contract, the surety will, at its discretion, complete the job or pay the client the amount of the bond. If the contractor does not have a performance bond and defaults in the performance of a contract, the contractor is responsible for all damages resulting from the breach of contract. These damages include the cost of completion, together with possible consequential damages such as lost profits.

Growth Strategy

Our management team establishes Tetra Tech's overall business strategy. Our strategic plan defines and guides our investment in marketing and business development to leverage our differentiators and target priority programs and growth markets. We maintain centralized business development resources to develop our corporate branding and marketing materials, support proposal preparation and planning, conduct market research and manage promotional and professional activities, including appearances at trade shows, advertising and public relations.

We have established company-wide growth initiatives that reinforce internal coordination, track the development of new programs, identify and coordinate collective resources for major bids and help us build interdisciplinary teams and provide innovative solutions for major pursuits. Our growth initiatives provide a forum for cross-sector collaboration, access to technical solutions and the development of interdisciplinary solutions. We continuously identify new markets that are consistent with our strategic plan and service offerings, and we leverage our full-service capabilities and internal coordination structure to develop and implement strategies to research, anticipate and position us for future procurements and emerging programs. Our Tetra Tech Delta program facilitates access and exchange of technology solutions across our company, through the use of internal training, inventories and facilitated virtual networking events.

Business development activities are implemented by our technical and professional management staff throughout Tetra Tech with the support of company-wide resources and expertise. Our project managers and technical staff have the best understanding of our clients' needs and the effect of client-specific issues, local laws and regulations and procurement procedures. Our professional staff members hold frequent meetings with existing and potential clients; give presentations to civic and professional organizations and present seminars on research and technical applications. Effective development of business is facilitated by each staff member's access to all of our service offerings including our Tetra Tech Delta technology resources. Our strong internal networking programs help our professional staff members to pursue new opportunities and build multi-disciplinary teams for both existing and new clients. These networks also facilitate our ability to provide services throughout the project life cycle from the early studies to operations and maintenance. Networking is further supported by our enterprise-wide knowledge management systems which include skills search tools, business development tracking and collaboration tools.

To support our growth plans, we actively attract, recruit, engage and retain key hires. Our combination of high-end science, technology resources and consulting culture coupled with practical applications provides challenging and rewarding opportunities for our workforce, thereby enhancing our ability to recruit and retain top quality talent. Our internal networking programs, leadership training, entrepreneurial environment, focus on *Leading with Science®* and global project portfolio help to attract and retain highly qualified individuals.

Our strategic growth plans are augmented by our selective investment in acquisitions aligned with our business. Acquisitions advance our strategy by adding new technologies, broadening our service offerings, adding contract capacity and expanding our geographic presence. Our long-established experience in identifying and integrating acquisitions strengthens our ability to integrate and rapidly leverage the resources of the acquired companies post-acquisition.

Sustainability Program

Sustainability is an integral part of our global business, rooted in our internal culture and extending throughout our projects around the world. For more than 50 years, we have leveraged cutting-edge expertise and the latest technology to deliver more sustainable solutions to clients and continually improve the way we do business.

Through our Sustainability Program, we monitor environmental, social and governance ("ESG") metrics, including human capital elements. We continue to enhance the sustainability of our daily practices, reduce our GHG emissions, and provide an exceptional working environment for our employees across our global operations. As a signatory of the United Nations ("UN") Global Compact on human rights, labor, environment and anti-corruption, we embrace the UN Global Compact's Ten Principles as part of the strategy, culture and daily operations of our company.

We actively engage with our stakeholders, internally and externally, to encourage input on the materiality of various ESG issues to Tetra Tech and incorporate input into our strategic planning and sustainability reporting. Our annual sustainability reporting and key metrics are aligned with the priorities we have set on human capital, professional development, health & safety, and ethics. We report on human capital metrics, including gender balance, racial and ethnic diversity in our workforce, employee engagement and professional development. We have supplier programs that integrate and emphasize sustainability in the procurement of goods and services and subcontracting for our projects. We have reported annually on GHG emissions for more than a decade, significantly reducing our emissions from program inception. In 2021, we expanded our reporting and set new goals for scope 1, 2, and 3 emissions. Based on input from stakeholders and in recognition of the importance of the project work we perform each year, in 2021 we also initiated our Billion People Challenge, with the overarching goal to improve the lives of one billion people by 2030. The Billion People Challenge progress is calculated each year based on our annual project impact analysis in five categories that are closely aligned with the Global Reporting Initiative standards and the UN Sustainable Development Goals.

Our Sustainability Program is led by our Chief Sustainability Officer, who has been appointed by our Board of Directors and is supported by corporate and operations representatives through our Sustainability Council. We continuously review sustainability-related policies and practices, integrate input from stakeholders, and assess the results of our efforts in order to make future improvements. Tetra Tech's Board of Directors Strategic Planning and Enterprise Risk Committee reviews and approves the Sustainability Program and evaluates our progress in achieving the goals and objectives outlined in our plan. As part of our membership in the UN Global Compact, we annually report on the Communication on Progress using Tetra Tech's Sustainability Report.

Acquisitions and Divestitures

Acquisitions. We continuously evaluate the marketplace for acquisition opportunities to further our strategic growth plans. Due to our reputation, size, financial resources, geographic presence and range of services, we have numerous opportunities to acquire privately and publicly held companies or selected portions of such companies. We evaluate an acquisition opportunity based on its ability to strengthen our leadership in the markets we serve, the technologies and solutions they provide and the additional new geographies and clients they bring. Also, during our evaluation, we examine an acquisition's ability to drive organic growth, its accretive effect on long-term earnings and its ability to generate return on investment. Generally, we proceed with an acquisition if we believe that it will strategically expand our service offerings, improve our long-term financial performance and increase shareholder returns.

We view acquisitions as a key component in the execution of our growth strategy, and we intend to use cash, debt or equity, as we deem appropriate, to fund acquisitions. We may acquire other businesses that we believe are synergistic and will ultimately increase our revenue and net income, strengthen our ability to achieve our strategic goals, provide critical mass with existing clients and further expand our lines of service. We typically pay a purchase price that results in the recognition of goodwill, generally representing the intangible value of a successful business with an assembled workforce specialized in our areas of interest. Acquisitions are inherently risky, and no assurance can be given that our previous or future acquisitions will be successful or will not have a material adverse effect on our financial position, results of operations or cash flows. All acquisitions require the approval of our Board of Directors.

On January 23, 2023, we completed the acquisition of RPS Group plc ("RPS"), a publicly traded company on the London Stock Exchange in an all-cash transaction totaling $784 million. We funded the RPS acquisition with debt, net of $109 million in proceeds from a foreign exchange forward contract that we entered into at the same time we made the formal offer to acquire RPS on September 23, 2022.

RPS employs approximately 5,000 associates in the United Kingdom, Europe, Asia Pacific and North America, delivering high-end solutions, especially in energy transformation, water and program management for government and commercial clients. In fiscal 2023, RPS contributed revenue of approximately $600 million to our consolidated results. RPS contributed $5.0 million to our consolidated operating income in fiscal 2023, which includes $26.8 million of intangible amortization. Substantially all of RPS is included in our CIG segment.

In fiscal 2023, we also acquired Amyx, Inc. (“Amyx”), an enterprise technology services, cybersecurity and management consulting firm based in Reston, Virginia. With over 500 employees, Amyx provides application modernization, cybersecurity, systems engineering, financial management and program management support on over 30 Federal Government programs. Amyx is included in our GSG segment.

For detailed information regarding acquisitions, see Note 5, "Acquisitions" of the "Notes to Consolidated Financial Statements" included in Item 8.

Divestitures. We regularly review and evaluate our existing operations to determine whether our business model should change through the divestiture of certain businesses. Accordingly, from time to time, we may divest or wind-down certain non-core businesses and reallocate our resources to businesses that better align with our long-term strategic direction. We did not divest of any businesses in fiscal 2023.

Competition

The market for our services is generally competitive. We often compete with many other firms ranging from small regional firms to large international firms.

We perform a broad spectrum of consulting, engineering and technical services across the water, environment, sustainable infrastructure, renewable energy and international development markets. Our competition varies and is a function of the business areas in which, and the client sectors for which, we perform our services. The number of competitors for any procurement can vary widely, depending upon technical qualifications, the relative value of the project, geographic location, the financial terms and risks associated with the work and any restrictions placed upon competition by the client. Historically, clients have chosen among competing firms by weighing the quality, innovation and timeliness of the firm's service versus its cost to determine which firm offers the best value.

Our competitors vary depending on end markets and clients, and often we may only compete with a portion of a firm. We believe that our principal competitors include the following firms, in alphabetical order: AECOM; Arcadis NV; AtkinsRéalis; Black & Veatch Corporation; Booz Allen Hamilton; Brown & Caldwell; CDM Smith Inc.; Chemonics International, Inc.; Exponent, Inc.; GHD; ICF International, Inc.; Jacobs Solutions, Inc.; Leidos, Inc.; SAIC; Stantec Inc.; TRC Companies, Inc.; Weston Solutions, Inc.; and WSP Global Inc.

Backlog

We include in our backlog only those contracts for which funding has been provided and work authorization has been received. We estimate that approximately two-thirds of our backlog at the end of fiscal 2023 will be recognized as revenue in fiscal 2024, as work is being performed. However, we cannot guarantee that the revenue projected in our backlog will be realized or, if realized, will result in profits. In addition, project cancellations or scope adjustments may occur with respect to contracts reflected in our backlog. For example, certain of our contracts with the U.S. federal government and other clients are terminable at the discretion of the client, with or without cause. These types of backlog reductions could adversely affect our revenue and margins. Accordingly, our backlog as of any particular date is an uncertain indicator of our future earnings.

Our backlog at fiscal 2023 year-end was $4.8 billion, an increase of $1.0 billion, or 27.9%, compared to fiscal 2022 year-end. Of this amount, GSG and CIG reported $2.7 billion and $2.1 billion of backlog, respectively, at fiscal 2023 year-end.

Regulations

We engage in various service activities that are subject to government oversight, including environmental laws and regulations, general government procurement laws and regulations and other regulations and requirements imposed by the specific government agencies with which we conduct business.

Environmental. A significant portion of our business involves the planning, design and program management of pollution control facilities, as well as the assessment and management of remediation activities at hazardous waste sites, U.S. Superfund sites and military bases. In addition, we contract with U.S. federal government entities to destroy hazardous materials. These activities require us to manage, handle, remove, treat, transport and dispose of toxic or hazardous substances.

Some environmental laws, such as the U.S. Superfund law and similar state, provincial and local statutes, can impose liability for the entire cost of clean-up for contaminated facilities or sites upon present and former owners and operators, as well as generators, transporters and persons arranging for the treatment or disposal of such substances. In addition, while we strive to handle hazardous and toxic substances with care and in accordance with safe methods, the possibility of accidents, leaks, spills and events of force majeure always exist. Humans exposed to these materials, including workers or subcontractors engaged in the transportation and disposal of hazardous materials and persons in affected areas, may be injured or become ill. This could result in lawsuits that expose us to liability and substantial damage awards. Liabilities for contamination or human exposure to hazardous or toxic materials, or a failure to comply with applicable regulations, could result in substantial costs, including clean-up costs, fines, civil or criminal sanctions, third party claims for property damage or personal injury or the cessation of remediation activities.

Certain of our business operations are covered by U.S. Public Law 85-804, which provides for government indemnification against claims and damages arising out of unusually hazardous activities performed at the request of the government. Due to changes in public policies and law, however, government indemnification may not be available in the case of any future claims or liabilities relating to other hazardous activities that we perform.

Government Procurement. The services we provide to the U.S. federal government are subject to the FAR and other rules and regulations applicable to government contracts. These rules and regulations:

- require certification and disclosure of all cost and pricing data in connection with the contract negotiations under certain contract types;

- impose accounting rules that define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based government contracts; and
- restrict the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

In addition, services provided to the DoD and U.S. federal civil agencies are monitored by the Defense Contract Management Agency and audited by the DCAA. Our government clients can also terminate any of their contracts, and many of our government contracts are subject to renewal or extension annually. Further, the services we provide to state and local government clients are subject to various government rules and regulations.

Seasonality

We experience seasonal trends in our business. Our revenue and operating income are typically lower in the first half of our fiscal year, primarily due to the Thanksgiving (in the U.S. and Canada), Christmas and New Year's holidays. Many of our clients' employees, as well as our own employees, take vacations during these holiday periods. Further, seasonal inclement weather conditions occasionally cause some of our offices to close temporarily or may hamper our project field work in the northern hemisphere's temperate and arctic regions. These occurrences result in fewer billable hours worked on projects and, correspondingly, less revenue recognized.

Climate Risk Assessment

We assess the impact of climate on our operations and business periodically, as part of our Board of Directors' Strategic Planning and Enterprise Risk Committee meetings. Climate risk is a consideration in business continuity planning and operational security in regions that may experience climate-related disruptions due to extreme weather, fires, or flooding. In some cases, we may be working in regions that also experience socio-political impacts and security disruptions due to the impacts of extreme weather or prolonged drought conditions. As a professional services company, our workforce is highly mobile, able to work remotely, and can in most cases quickly adapt to changes in local conditions. We have business continuity planning and processes in place to address any acute impact to locally affected operations and have the ability to rapidly move to remote and flexible working arrangements while restoring or relocating affected operations. We maintain a strong information technology infrastructure to facilitate remote working and provide virtual access to systems. Our enterprise and project data is accessible through cloud-based systems, reducing the risk of localized disruptions of data access and computer systems. Our offices are typically leased, so we are not at significant risk of physical building assets being impacted. Select project activities can be impacted by climate related events; however, these are addressed through our extensive project risk management process. Climate-related disruptions do, in many cases, result in increased opportunity for project work for Tetra Tech. We provide post-disaster response services and may have additional demand for our expertise if there is an increase in the frequency in climate related events. Furthermore, our business includes providing a wide range of water, environment and sustainable infrastructure services, many of which are increased by the longer-term impacts associated with drought, water scarcity, heat, flooding and fire risk.

Risk Management and Insurance

Our business activities could expose us to potential risk and liability under various laws and under workplace health and safety regulations. In addition, we occasionally assume liability by contract under indemnification agreements. We cannot predict the magnitude of such potential liabilities. Our Office of Risk Management reviews and oversees the risk profile of our operations, and reports to our Board of Directors.

We maintain a comprehensive general liability insurance policy with an umbrella policy that covers losses beyond the general liability limits. We also maintain professional errors and omissions liability and contractor's pollution liability insurance policies. We believe that both policies provide adequate coverage for our business. When we perform higher-risk work, we obtain, if available, the necessary types of insurance coverage for such activities, as is typically required by our clients.

We obtain insurance coverage through a broker that is experienced in our industry. The broker and our risk manager regularly review the adequacy of our insurance coverage. Because there are various exclusions and retentions under our policies, or an insurance carrier may become insolvent, there can be no assurance that all potential liabilities will be covered by our insurance policies or paid by our carrier.

We evaluate the risk associated with insurance claims. If we determine that a loss is probable and reasonably estimable, we establish an appropriate reserve. A reserve is not established if we determine that a claim has no merit or is not probable or reasonably estimable. Our historic levels of insurance coverage and reserves have been adequate. However, partially or completely uninsured claims, if successful and of significant magnitude, could have a material adverse effect on our business.

Human Capital Management

Employees. At fiscal 2023 year-end, we had approximately 27,000 staff worldwide. A large percentage of our employees have technical and professional backgrounds and undergraduate and/or advanced degrees, including the employees of recently acquired companies. Our professional staff includes archaeologists, architects, biologists, chemical engineers, chemists, civil engineers, data scientists, computer scientists, economists, electrical engineers, environmental engineers, environmental scientists, geologists, hydrogeologists, mechanical engineers, software engineers, oceanographers, project managers and toxicologists. We consider the current relationships with our employees to be favorable. We are not aware of any employment circumstances that are likely to disrupt work at any of our facilities. See Part I, Item 1A, "Risk Factors" for a discussion of the risks related to the loss of key personnel or our inability to attract and retain qualified personnel.

Health and Safety. Tetra Tech is committed to providing and maintaining a healthy and safe work environment for our associates. We provide training to all associates to improve their understanding of behaviors that can be perceived as discriminatory, exclusionary and/or harassing, and provide safe avenues for associates to report such behaviors.

Diversity, Equity and Inclusion. Tetra Tech brings together engineers and technical specialists from all backgrounds to solve our clients' most challenging problems. Our Diversity, Equity and Inclusion ("DEI") Policy guides the Board of Directors, management, associates, subcontractors and partners in developing an inclusive culture. Our Diversity, Equity and Inclusion Council monitors Tetra Tech's diversity, equity and inclusion practices and makes recommendations to the Board of Directors and Chief Executive Officer for any changes or improvements to our program.

Tetra Tech values diversity, equity and inclusion and undertakes various efforts throughout its operations to promote these initiatives. Our current efforts are focused on these primary areas:

- *Equal employment opportunity.* Tetra Tech ensures that our practices and processes attract a diverse range of candidates, and those candidates are recruited, hired, assigned, developed and promoted based on merit and their alignment to our values.
- *Enhancing learning and development opportunities.* Our Employee Resource Groups ("ERGs") co-sponsor training, mentorship and life skills development opportunities for the entire Tetra Tech community. The DEI program leverages and further extends the impact of our professional development and Tetra Tech Academy Learning and Development resources. Education assistance is offered to financially support associates who seek to expand their knowledge and skill base.

As part of Tetra Tech's commitment to a culture of inclusion, our ERG Program broadens and enhances company-wide interaction opportunities for our employees. Tetra Tech's ERGs are open to all associates and involve activities for both employees whose background is the focus of the ERG and those who are supportive of the group (also known as allies). These global networks build on and coordinate with the many local networks that are already active throughout our operations and include groups focused on the experiences of Black, Latino, Pan-Asian, Women, Veterans, Disabled and LGBTQIA+ employees and emerging professionals.

Professional Development. Tetra Tech invests in the professional development of our employees. All employees can access training and technical exchange, and skill development through our Tetra Tech Academy Learning and Development Program and customized Learning Management System, providing professional development opportunities throughout our employees' careers. Technology skills development includes access to a series of live webcasts and recorded technology transfer sessions. Company-wide networking events provide interactive skills development activities. We also offer professional development programs through our Leadership Academy for Emerging Professionals, Project Management training, and Fearless Entrepreneur program. Tetra Tech's Project Management Training Program is available to all employees and is focused on professional development, techniques for managing high-end projects and how to employ enterprise systems, dashboards and proprietary technology tools. The Project Management training provides employees with access to a full curriculum, where attendees progress through three development tiers. Tetra Tech's Project Excellence Steering Committee sponsors the development and implementation of our comprehensive Project Management Training Program. In addition, we provide comprehensive Health & Safety training, specialized environmental compliance and safety training, and support employees with required external certifications and training. Tetra Tech also provides employees with financial support in the pursuit of academic degrees and continuous learning.

Executive Officers of the Registrant

The following table shows the name, age and position of each of our executive officers as of November 22, 2023:

Name	Age	Position
Dan L. Batrack	65	Chairman and Chief Executive Officer Mr. Batrack joined our predecessor in 1980 and was named Chairman in January 2008. He has served as our Chief Executive Officer and a director since November 2005, and as our President from October 2008 to September 2019. Mr. Batrack has served in numerous capacities over the last 40 years, including arctic research scientist, deep water oceanographic hydrographer, coastal hydrodynamic modeler, environmental data analyst, project and program manager, President of the Engineering Division, and in 2004 he was appointed Chief Operating Officer. He has managed complex programs for many small and Fortune 500 clients, both in the United States and internationally. Mr. Batrack holds a B.A. degree in Business Administration from the University of Washington.
Jill Hudkins	52	President Ms. Hudkins was appointed President in October 2022. Ms. Hudkins has been with us for over 25 years in increasingly responsible positions. She served as President of the Resilient & Sustainable Infrastructure Division from October 2021 to October 2022, President of the IEW Operating Unit from April 2021 to October 2022 and Vice President and Growth Initiatives Program Leader from October 2019 to October 2022. Prior to this, Ms. Hudkins served as Vice President and One Water Leader from May 2015 to October 2019. She is a registered Professional Engineer and is a nationally recognized expert in high-end innovative water treatment solutions. Ms. Hudkins holds a master's degree in Civil and Environmental Engineering from the Massachusetts Institute of Technology, and a bachelor's degree in Civil and Environmental Engineering from Duke University.
Steven M. Burdick	59	Executive Vice President, Chief Financial Officer Mr. Burdick has served as our Executive Vice President, Chief Financial Officer since April 2011. He served as our Senior Vice President, Corporate Controller and Chief Accounting Officer from January 2004 to March 2011. Mr. Burdick joined us in April 2003 as Vice President, Management Audit. Previously, Mr. Burdick served in senior financial and executive positions with Aura Systems, Inc., TRW Ventures, and Ernst & Young LLP. Mr. Burdick holds a B.S. degree in Business Administration from Santa Clara University and is a Certified Public Accountant.

Name	Age	Position
Leslie Shoemaker	66	Executive Vice President, Chief Sustainability and Leadership Development Officer Dr. Shoemaker was appointed Executive Vice President, Chief Sustainability and Leadership Development Officer in October 2022 after serving as Tetra Tech's President since September 2019. Dr. Shoemaker joined us in 1991, and has served in various management capacities, including project and program manager, water resources manager and business group president. From 2005 to 2015, she led our strategic planning, business development and company-wide collaboration programs. Her technical expertise is in the management of large-scale watershed and master planning studies, development of modeling tools and application of optimization tools for decision making. Since the inception of our sustainability program in 2010, she has served as Chief Sustainability Officer leading the formation and evolution of the program. Dr. Shoemaker has facilitated leadership development for Tetra Tech's Leadership Academy program. Dr. Shoemaker holds a B.A. in Mathematics from Hamilton College, a Master of Engineering from Cornell University and a Ph.D. in Agricultural Engineering from the University of Maryland. She was inducted into the United States' National Academy of Engineers in 2022.
Roger R. Argus	62	Senior Vice President, President of GSG and CIG Mr. Argus is a chemical engineer with 38 years of experience, including 30 years with us in operational leadership, program and project management and quality assurance for projects encompassing a broad spectrum of environmental, engineering, information technology and disaster management services. Mr. Argus has also been responsible for managing multidisciplinary contracts and projects in support of the U.S. federal government (i.e., U.S. Navy, the U.S. Army Corps of Engineers and the Environmental Protection Agency), state and municipal agencies and private clients nationwide. The scope of his technical experience includes planning and directing environmental programs, developing data acquisition, management and analytics solutions, fund research and development support for innovative environmental technologies and waste treatment systems, municipal resiliency and sustainability programs. Mr. Argus holds a B.S. in Chemical Engineering from California State University, Long Beach.
Brian N. Carter	56	Senior Vice President, Corporate Controller and Chief Accounting Officer Mr. Carter joined us as Vice President, Corporate Controller and Chief Accounting Officer in June 2011 and was appointed Senior Vice President in October 2012. Previously, Mr. Carter served in finance and auditing positions in private industry and with Ernst & Young LLP. Mr. Carter holds a B.S. in Business Administration from Miami University and is a Certified Public Accountant.
Preston Hopson	47	Senior Vice President, General Counsel and Secretary Mr. Hopson was appointed Senior Vice President, General Counsel and Secretary to the Board of Directors in January 2018. He also is responsible for the global Human Resources function and serves as the Chief Ethics and Compliance Officer. Previously, Mr. Hopson served as Vice President, Assistant General Counsel and Assistant Corporate Secretary at AECOM. Prior to this, he was a corporate and securities lawyer at O’Melveny & Myers LLP and also worked at the U.S. Court of Appeals. Mr. Hopson holds B.A. and J.D. degrees from Yale University.

Available Information

Our internet website address is www.tetratech.com. We made available, free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports through the "Investor Relations" portion of our website, under the heading "SEC Filings" filed under "Financial Information." These reports are available on our website as soon as reasonably practicable after we electronically file them with the Securities and Exchange Commission ("SEC"). These reports, and any amendments to them, are also available at the Internet website of the SEC, https://www.sec.gov. Also available on our website are our Corporate Governance Policies, Board Committees, Corporate Code of Conduct and Finance Code of Professional Conduct.

Item 1A. Risk Factors

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. Additional risks we do not yet know of or that we currently think are immaterial may also affect our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected.

Risks Related to Our Business and Operations

If we fail to complete a project in a timely manner, miss a required performance standard or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.

Our engagements often involve large-scale, complex projects. The quality of our performance on such projects depends in large part upon our ability to manage the relationship with our clients and our ability to effectively manage the project and deploy appropriate resources, including third-party contractors and our own personnel, in a timely manner. We may commit to a client that we will complete a project by a scheduled date. We may also commit that a project, when completed, will achieve specified performance standards. If the project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. The uncertainty of the timing of a project can present difficulties in planning the amount of personnel needed for the project. If the project is delayed or canceled, we may bear the cost of an underutilized workforce that was dedicated to fulfilling the project. In addition, performance of projects can be affected by a number of factors beyond our control, including unavoidable delays from government inaction, public opposition, inability to obtain financing, weather conditions, unavailability of materials, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards and labor disruptions. To the extent these events occur, the total costs of the project could exceed our estimates, and we could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate our overall profitability. Further, any defects or errors, or failures to meet our clients' expectations, could result in claims for damages against us. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation and client base.

Demand for our services is cyclical and vulnerable to economic downturns. If economic growth slows, government fiscal conditions worsen or client spending declines, then our revenue, profits and financial condition may deteriorate.

Demand for our services is cyclical, and vulnerable to economic downturns and reductions in government and private industry spending. Such downturns or reductions may result in clients delaying, curtailing or canceling proposed and existing projects. Our business traditionally lags the overall recovery in the economy; therefore, our business may not recover immediately when the economy improves. If economic growth slows, government fiscal conditions worsen or client spending declines, then our revenue, profits and overall financial condition may deteriorate. Our government clients may face budget deficits that prohibit them from funding new or existing projects. In addition, our existing and potential clients may either postpone entering into new contracts or request price concessions. Difficult financing and economic conditions may cause some of our clients to demand better pricing terms or delay payments for services we perform, thereby increasing the average number of days our receivables are outstanding and the potential of increased credit losses of uncollectible invoices. Further, these conditions may result in the inability of some of our clients to pay us for services that we have already performed. If we are not able to reduce our costs quickly enough to respond to the revenue decline from these clients, our operating results may be adversely affected. Accordingly, these factors affect our ability to forecast our future revenue and earnings from business areas that may be adversely impacted by market conditions. Any of these factors could adversely affect the demand for our services, which could have a material adverse effect on our business, results of operations and financial condition.

Our industry is highly competitive, and we may be unable to compete effectively, which could result in reduced revenue, profitability and market share.

We are engaged in a highly competitive business. The markets that we serve are highly fragmented and we compete with many regional, national and international companies. Certain of these competitors have greater financial and other resources than we do. Others are smaller and more specialized and concentrate their resources in particular areas of expertise. The extent of our competition varies according to certain markets and geographic area. In addition, the technical and professional aspects of some of our services generally do not require large upfront capital expenditures and provide limited barriers against new competitors.

The degree and type of competition that we face is also influenced by the type and scope of a particular project. Our clients make competitive determinations based upon qualifications, experience, performance, reputation, technology, customer relationships and ability to provide the relevant services in a timely, safe and cost-efficient manner. This competitive environment could force us to make price concessions or otherwise reduce prices for our services. If we are unable to maintain our competitiveness and win bids for future projects, our market share, revenue and profits will decline.

Our international operations expose us to legal, political and economic risks in different countries as well as currency exchange rate fluctuations that could harm our business and financial results.

In fiscal 2023, we generated 36.7% of our revenue from our international operations, primarily in Canada, Australia, Europe, the United Kingdom and from international clients for work that is performed by our domestic operations. International business is subject to a variety of risks, including: imposition of governmental controls and changes in laws, regulations or policies; lack of developed legal systems to enforce contractual rights; greater risk of uncollectible accounts and longer collection cycles; currency exchange rate fluctuations, devaluations and other conversion restrictions; uncertain and changing tax rules, regulations and rates; the potential for civil unrest, acts of terrorism, force majeure, war or other armed conflict and greater physical security risks, which may cause us to have to leave a country quickly; logistical and communication challenges; changes in regulatory practices, including trade policies, tariffs and taxes; changes in labor conditions; general economic, political and financial conditions in foreign markets; and exposure to civil or criminal liability under the U.S. Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act, the Canadian Corruption of Foreign Public Officials Act, the Brazilian Clean Companies Act, the anti-boycott rules, trade and export control regulations as well as other international regulations.

International risks and violations of international regulations may significantly reduce our revenue and profits, and subject us to criminal or civil enforcement actions, including fines, suspensions or disqualification from future U.S. federal procurement contracting. Although we have policies and procedures to monitor legal and regulatory compliance, our employees, subcontractors and agents could take actions that violate these requirements. As a result, our international risk exposure may be more or less than the percentage of revenue attributed to our international operations.

Continuing worldwide political, social and economic uncertainties may adversely affect our revenue and profitability.

The last several years have been periodically marked by political, social and economic concerns, including decreased consumer confidence, the lingering effects of international conflicts, higher energy costs and inflation, and the global coronavirus disease 2019 ("COVID-19") pandemic. Ongoing instability and current conflicts in global markets, including Eastern Europe, the Middle East and Asia, and the potential for other conflicts and future terrorist activities and other recent geopolitical events throughout the world, including the recent state of war between Israel and Hamas and the related risk of a larger regional conflict, have created and may continue to create economic and political uncertainties and impacts. This instability can make it extremely difficult for our clients, our vendors and us to accurately forecast and plan future business activities, and could cause constrained spending on our services, delays and a lengthening of our business development efforts, the demand for more favorable pricing or other terms and/or difficulty in collection of our accounts receivable. Our government clients may face budget deficits that prohibit them from funding proposed and existing projects. Further, ongoing economic instability in the global markets could limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing business conditions or new opportunities. If economic conditions remain uncertain or weaken, or government spending is reduced, our revenue and profitability could be adversely affected.

Our backlog is subject to cancellation, unexpected adjustments and changing economic conditions and is an uncertain indicator of future operating results.

Our backlog at fiscal 2023 year-end was $4.8 billion, an increase of $1.0 billion, or 27.9%, compared to fiscal 2022 year-end. We include in backlog only those contracts for which funding has been provided and work authorizations have been received. We cannot guarantee that the revenue projected in our backlog will be realized or, if realized, will result in profits. In addition, project delays, suspensions, terminations, cancellations, reductions in scope, or other adjustments do occur from time to time in our industry due to considerations beyond our control and may have a material impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability. For example, certain of our contracts with the U.S. federal government and other clients are terminable at the discretion of the client, with or without cause. These types of backlog reductions could adversely affect our revenue and margins. As a result of these factors, our backlog as of any particular date is an uncertain indicator of our future earnings.

The loss of key personnel or our inability to attract and retain qualified personnel could impair our ability to provide services to our clients and otherwise conduct our business effectively.

As primarily a professional and technical services company, we are labor-intensive and, therefore, our ability to attract, retain and expand our senior management and our professional and technical staff is an important factor in determining our future success. The market for qualified scientists and engineers is competitive and, from time to time, it may be difficult to attract and retain qualified individuals with the required expertise within the timeframe demanded by our clients. For example, some of our U.S. government contracts may require us to employ only individuals who have particular government security clearance levels. In addition, if we are unable to retain executives and other key personnel, the roles and responsibilities of those employees will need to be filled, which may require that we devote time and resources to identify, hire and integrate new employees. The loss of the services of any of these key personnel could adversely affect our business. Our failure to attract and retain key individuals could impair our ability to provide services to our clients and conduct our business effectively.

If our contractors and subcontractors fail to satisfy their obligations to us or other parties, or if we are unable to maintain these relationships, our revenue, profitability and growth prospects could be adversely affected.

We depend on contractors and subcontractors in conducting our business. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, client concerns about the subcontractor or our failure to extend existing task orders or issue new task orders under a subcontract. In addition, if a subcontractor fails to deliver on a timely basis the agreed-upon supplies, fails to perform the agreed-upon services or goes out of business, then we may be required to purchase the services or supplies from another source at a higher price, and our ability to fulfill our obligations as a prime contractor may be jeopardized. This may reduce the profit to be realized or result in a loss on a project for which the services or supplies are needed.

We also rely on relationships with other contractors when we act as their subcontractor or joint venture partner. The absence of qualified subcontractors with which we have a satisfactory relationship could adversely affect the quality of our service and our ability to perform under some of our contracts. Our future revenue and growth prospects could be adversely affected if other contractors eliminate or reduce their subcontracts or teaming arrangement relationships with us, or if a government agency terminates or reduces these other contractors' programs, does not award them new contracts, or refuses to pay under a contract.

Our failure to meet contractual schedule or performance requirements that we have guaranteed could adversely affect our operating results.

In certain circumstances, we can incur liquidated or other damages if we do not achieve project completion by a scheduled date. If we or an entity for which we have provided a guarantee subsequently fails to complete the project as scheduled and the matter cannot be satisfactorily resolved with the client, we may be responsible for cost impacts to the client resulting from any delay or the cost to complete the project. Our costs generally increase from schedule delays and/or could exceed our projections and the anticipated revenue for a particular project. In addition, project performance can be affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. As a result, material performance problems for existing and future contracts could cause actual results of operations to differ from those anticipated by us and could cause us to suffer damage to our reputation within our industry and client base.

Our failure to implement and comply with our safety program could adversely affect our operating results or financial condition.

Our project sites often put our employees and others in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials. On some project sites, we may be responsible for safety, and, accordingly, we have an obligation to implement effective safety procedures. Our safety program is a fundamental element of our overall approach to risk management, and the implementation of the safety program is a significant issue in our dealings with our clients. We maintain an enterprise-wide group of health and safety professionals to help ensure that the services we provide are delivered safely and in accordance with standard work processes. Unsafe job sites and office environments have the potential to increase employee turnover, increase the cost of a project to our clients, expose us to types and levels of risk that are fundamentally unacceptable and raise our operating costs. The implementation of our safety processes and procedures are monitored by various agencies, including the U.S. Mine Safety and Health Administration ("MSHA"), and rating bureaus and may be evaluated by certain clients in cases in which safety requirements have been established in our contracts. Our failure to meet these requirements or our failure to properly implement and comply with our safety program could result in reduced profitability, the loss of projects or clients or potential litigation, and could have a material adverse effect on our business, operating results or financial condition.

Our business activities may require our employees to travel to and work in countries where there are high security risks, which may result in employee death or injury, repatriation costs or other unforeseen costs.

Certain of our contracts require our employees travel to and work in high-risk countries that are undergoing political, social and economic upheavals resulting from war, civil unrest, criminal activity, acts of terrorism or public health crises. As a result, we risk loss of or injury to our employees and may be subject to costs related to employee death or injury, repatriation or other unforeseen circumstances. We may choose or be forced to leave a country with little or no warning due to physical security risks.

Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.

Our services involve significant risks of professional and other liabilities, which may substantially exceed the fees that we derive from our services. We maintain insurance coverage from third-party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. From time to time, we assume liabilities as a result of indemnification provisions contained in our service contracts. We cannot predict the magnitude of these potential liabilities.

We are liable to pay such liabilities from our assets if and when the aggregate settlement or judgment amount exceeds our insurance policy limits. Further, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our liquidity.

If any of our third-party insurers fail, suddenly cancel our coverage, or otherwise are unable to provide us with adequate insurance coverage, then our overall risk exposure and our operational expenses would increase and the management of our business operations would be disrupted. In addition, if we expand into new markets, we may not be able to obtain insurance coverage for these new activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. There can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

Our inability to obtain adequate bonding could have a material adverse effect on our future revenue and business prospects.

Certain clients require bid bonds, and performance and payment bonds. These bonds indemnify the client should we fail to perform our obligations under a contract. If a bond is required for a certain project and we are unable to obtain an appropriate bond, we cannot pursue that project. In some instances, we are required to co-venture with a small or disadvantaged business to pursue certain government contracts. In connection with these ventures, we are sometimes required to utilize our bonding capacity to cover all of the obligations under the contract with the client. We have a bonding facility but, as is typically the case, the issuance of bonds under that facility is at the surety’s sole discretion. Moreover, bonding may be more difficult to obtain or may only be available at significant additional cost. There can be no assurance that bonds will continue to be available to us on reasonable terms. Additionally, even if we continue to access bonding capacity to sufficiently bond future work, we may be required to post collateral to secure bonds, which would decrease the liquidity available for other purposes. Our inability to obtain adequate bonding and, as a result, to bid on new work could have a material adverse effect on our future revenue and business prospects.

We may be precluded from providing certain services due to conflict of interest issues.

Many of our clients are concerned about potential or actual conflicts of interest in retaining management consultants. Many commercial and government clients have formal policies against continuing or awarding contracts that would create actual or potential conflicts of interest with other activities of a contractor. These policies may prevent us from bidding for or performing contracts resulting from or relating to certain work we have performed. We have, on occasion, declined to bid on projects due to conflict of interest issues. If we fail to address actual or potential conflicts properly, or even if we simply fail to recognize a perceived conflict, we may be in violation of our existing contracts, may otherwise incur liability, and may lose future business for not preventing the conflict from arising, and our reputation may suffer.

Our actual business and financial results could differ from the estimates and assumptions that we use to prepare our consolidated financial statements, which may significantly reduce or eliminate our profits.

To prepare consolidated financial statements in conformity with generally accepted accounting principles in the U.S. ("U.S. GAAP"), management is required to make estimates and assumptions as of the date of the consolidated financial statements. These estimates and assumptions affect the reported values of assets, liabilities, revenue and expenses as well as disclosures of contingent assets and liabilities. For example, we typically recognize revenue over the life of a contract based on the proportion of costs incurred to date compared to the total costs estimated to be incurred for the entire project. Areas requiring significant estimates by our management include: the application of the percentage-of-completion method of accounting and revenue recognition on contracts, change orders and contract claims, including related unbilled accounts receivable; unbilled accounts receivable, including amounts related to requests for equitable adjustment to contracts that provide for price redetermination, primarily with the U.S. federal government. These amounts are recorded only when they can be reliably estimated and realization is probable; provisions for uncollectible receivables, client claims and recoveries of costs from subcontractors, vendors and others; provisions for income taxes, research and development tax credits, valuation allowances and unrecognized tax benefits; and value of goodwill and recoverability of intangible assets.

Our actual business and financial results could differ from those estimates, which may significantly reduce or eliminate our profits.

Our profitability could suffer if we are not able to maintain adequate utilization of our workforce.

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. The rate at which we utilize our workforce is affected by a number of factors, including: our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees; our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and operating units; and our ability to manage attrition.

If we over-utilize our workforce, our employees may become disengaged, which could impact employee attrition. If we under-utilize our workforce, our profit margin and profitability could suffer.

Our use of the percentage-of-completion method of revenue recognition could result in a reduction or reversal of previously recorded revenue and profits.

We account for most of our contracts on the percentage-of-completion method of revenue recognition. Generally, our use of this method results in recognition of revenue and profit ratably over the life of the contract, based on the proportion of costs incurred to date to total costs expected to be incurred for the entire project. The effects of revisions to estimated revenue and costs, including the achievement of award fees and the impact of change orders and claims, are recorded when the amounts are known and can be reasonably estimated. Such revisions could occur in any period and their effects could be material. Although we have historically made reasonably reliable estimates of the progress towards completion of long-term contracts, the uncertainties inherent in the estimating process make it possible for actual costs to vary materially from estimates, including reductions or reversals of previously recorded revenue and profit.

If we are unable to accurately estimate and control our contract costs, then we may incur losses on our contracts, which could decrease our operating margins and reduce our profits. Specifically, our fixed-price contracts could increase the unpredictability of our earnings.

It is important for us to accurately estimate and control our contract costs so that we can maintain positive operating margins and profitability. We generally enter into three principal types of contracts with our clients: fixed-price, time-and-materials and cost-plus.

The U.S. federal government and certain other clients have increased the use of fixed-priced contracts. Under fixed-price contracts, we receive a fixed price irrespective of the actual costs we incur and, consequently, we are exposed to a number of risks. We realize a profit on fixed-price contracts only if we can control our costs and prevent cost over-runs on our contracts. Fixed-price contracts require cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, costs and availability of labor, equipment and materials and other exigencies. We could experience cost over-runs if these estimates are originally inaccurate as a result of errors or ambiguities in the contract specifications or become inaccurate as a result of a change in circumstances following the submission of the estimate due to, among other things, unanticipated technical or equipment problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather delays, changes in the costs of raw materials or the inability of our vendors or subcontractors to perform their obligations. If cost overruns occur, we could experience reduced profits or, in some cases, a loss for that project. If a project is significant, or if there are one or more common issues that impact multiple projects, costs overruns could increase the unpredictability of our earnings, as well as have a material adverse impact on our business and earnings.

Under our time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and paid for other expenses. Profitability on these contracts is driven by billable headcount and cost control. Many of our time-and-materials contracts are subject to maximum contract values and, accordingly, revenue relating to these contracts is recognized as if these contracts were fixed-price contracts. Under our cost-plus contracts, some of which are subject to contract ceiling amounts, we are reimbursed for allowable costs and fees, which may be fixed or performance-based. If our costs exceed the contract ceiling or are not allowable under the provisions of the contract or any applicable regulations, we may not be able to obtain reimbursement for all of the costs we incur.

Profitability on our contracts is driven by billable headcount and our ability to manage our subcontractors, vendors and material suppliers. If we are unable to accurately estimate and manage our costs, we may incur losses on our contracts, which could decrease our operating margins and significantly reduce or eliminate our profits. Certain of our contracts require us to satisfy specific design, engineering, procurement or construction milestones in order to receive payment for the work completed or equipment or supplies procured prior to achievement of the applicable milestone. As a result, under these types of arrangements, we may incur significant costs or perform significant amounts of services prior to receipt of payment. If a client determines not to proceed with the completion of the project or if the client defaults on its payment obligations, we may face difficulties in collecting payment of amounts due to us for the costs previously incurred or for the amounts previously expended to purchase equipment or supplies.

Accounting for a contract requires judgments relative to assessing the contract's estimated risks, revenue, costs and other technical issues. Due to the size and nature of many of our contracts, the estimation of overall risk, revenue and cost at completion is complicated and subject to many variables. Changes in underlying assumptions, circumstances or estimates may also adversely affect future period financial performance. If we are unable to accurately estimate the overall revenue or costs on a contract, then we may experience a lower profit or incur a loss on the contract.

Cyber security incidents affecting our systems and information technology could adversely impact our ability to operate and we could experience adverse consequences resulting from such compromises, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.

We face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, organized cyber-attacks and other security problems and system disruptions, including possible unauthorized access to our and our clients' proprietary or classified information. We rely on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on our information systems. In addition, we rely on the security of third-party service providers, vendors and cloud services providers to protect confidential data. In the ordinary course of business, we have been targeted by malicious cyber-attacks. A user who circumvents security measures could misappropriate confidential or proprietary information, including information regarding us, our personnel and/or our clients or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches.

We also rely in part on third-party software and information technology vendors to run our critical accounting, project management and financial information systems. Our software and information technology vendors may decide to discontinue further development, integration or long-term software and hardware support for our information systems, in which case we may need to abandon one or more of our current information systems and migrate some or all of our accounting, project management and financial information to other systems, thus increasing our operational expense, as well as disrupting the management of our business operations.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. Vulnerabilities in our systems pose material risks to our business. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. Any of these events could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Our Clients

We derive a substantial amount of our revenue from U.S. federal, state and local government agencies, and any disruption in government funding or in our relationship with those agencies could adversely affect our business.

In fiscal 2023, we generated 44.1% of our revenue from contracts with U.S. federal, and state and local government agencies. A significant amount of this revenue is derived under multi-year contracts, many of which are appropriated on an annual basis. As a result, at the beginning of a project, the related contract may be only partially funded, and additional funding is normally committed only as appropriations are made in each subsequent year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by numerous factors as noted below. Our backlog includes only the projects that have funding appropriated.

The demand for our U.S. government-related services is generally driven by the level of government program funding. A significant reduction in federal government spending, the absence of a bipartisan agreement on the federal government budget, a partial or full federal government shutdown or a change in budgetary priorities could reduce demand for our services, cancel or delay federal projects, result in the closure of federal facilities and significant personnel reductions and have a material and adverse impact on our business, financial condition, results of operations and cash flows.

There are several additional factors that could materially affect our U.S. government contracting business, which could cause U.S. government agencies to delay or cancel programs, to reduce their orders under existing contracts, to exercise their rights to terminate contracts or not to exercise contract options for renewals or extensions. Such factors, which include the following, could have a material adverse effect on our revenue or the timing of contract payments from U.S. government agencies: the failure of the U.S. government to complete its budget and appropriations process before its fiscal year-end; changes in and delays or cancellations of government programs, procurements, requirements or appropriations; budget constraints or policy changes resulting in delay or curtailment of expenditures related to the services we provide; and re-competes of government contracts.

Our failure to win new contracts and renew existing contracts with private and public sector clients could adversely affect our profitability.

Our business depends on our ability to win new contracts and renew existing contracts with private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which is affected by a number of factors. These factors include market conditions, financing arrangements, required governmental approvals, client relationships and our professional reputation. If we are not able to replace the revenue from expiring contracts, either through follow-on contracts or new contracts, our business, results of operations and financial condition may be adversely affected. If negative market conditions continue to persist, or if we fail to secure adequate financial arrangements or the required government approval, we may not be able to pursue certain projects, which could adversely affect our profitability.

Our inability to win or renew U.S. government contracts during regulated procurement processes could harm our operations and significantly reduce or eliminate our profits.

U.S. government contracts are awarded through a regulated procurement process. The U.S. federal government has increasingly relied upon multi-year contracts with pre-established terms and conditions, such as indefinite delivery/indefinite quantity ("IDIQ") contracts, which generally require those contractors who have previously been awarded the IDIQ to engage in an additional competitive bidding process before a task order is issued. As a result, new work awards tend to be smaller and of shorter duration, since the orders represent individual tasks rather than large, programmatic assignments. In addition, we believe that there has been an increase in the award of federal contracts based on a low-price, technically acceptable criteria emphasizing price over qualitative factors, such as past performance. As a result, pricing pressure may reduce our profit margins on future federal contracts. Moreover, even if we are qualified to work on a government contract, we may not be awarded the contract because of existing government policies designed to protect small businesses and under-represented minority contractors. Our inability to win or renew government contracts during regulated procurement processes could harm our operations and significantly reduce or eliminate our profits.

Each year, client funding for some of our U.S. government contracts may rely on government appropriations or public-supported financing. If adequate public funding is delayed or is not available, then our profits and revenue could decline.

A substantial portion of our revenue is derived from contracts with agencies and departments of federal, state and local governments. Each year, client funding for some of our U.S. government contracts may directly or indirectly rely on government appropriations or public-supported financing. Legislatures may appropriate funds for a given project on a year-by-year basis, even though the project may take more than one year to perform. In addition, public-supported financing such as U.S. state and local municipal bonds may be only partially raised to support existing projects. Similarly, an economic downturn may make it more difficult for governments to fund projects. In addition to the state of the economy and competing political priorities, public funds and the timing of payment of these funds may be influenced by, among other things, curtailments in the use of government contracting firms, increases in raw material costs, delays associated with insufficient numbers of government staff to oversee contracts, budget constraints, the timing and amount of tax receipts and the overall level of government expenditures. If adequate funding is not available or is delayed, then our profits and revenue could decline.

If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital, or continue our business operations.

We depend on the timely collection of our receivables to generate cash flow, provide working capital, and continue our business operations. If the U.S. government or any other client or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of invoices for any reason, our business and financial condition may be materially and adversely affected. Clients may delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget, lack of revised or final settled billing rates as a result of open audit years, as a result of audit findings by government regulatory agencies or for a variety of other reasons.

Certain contracts may give clients the right to modify, delay, curtail, renegotiate or terminate existing contracts at their convenience at any time prior to their completion, which may result in a decline in our profits and revenue.

Certain projects in which we participate as a contractor or subcontractor may extend for several years. Generally, government contracts include the right to modify, delay, curtail, renegotiate or terminate contracts and subcontracts at the government's convenience any time prior to their completion. Any decision by a client to modify, delay, curtail, renegotiate or terminate our contracts at their convenience may result in a decline in our profits and revenue. If one of these clients terminates their contract for convenience, we may only be able to bill the client for work completed prior to the termination, plus any commitments and settlement expenses such client agrees to pay, but not for any work not yet performed.

Our revenue and growth prospects may be harmed if we or our employees are unable to obtain government granted eligibility or other qualifications we and they need to perform services for our customers.

A number of government programs require contractors to have certain kinds of government granted eligibility, such as security clearance credentials. Depending on the project, eligibility can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain the necessary eligibility, we may not be able to win new business, and our existing customers could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue or profit anticipated from such contract.

Risks Related to Our Indebtedness

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our convertible notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders, which may impact our ability to execute on our current or future business strategies.

If we do not generate sufficient cash flow from operations or otherwise, we may need additional financing to execute on our current or future business strategies, including developing new or enhancing existing service lines, expanding our business geographically, enhancing our operating infrastructure, acquiring complementary businesses, or otherwise responding to competitive pressures. We cannot assure that additional financing will be available to us on favorable terms, or at all. Furthermore, if we raise additional funds through the issuance of convertible debt or equity securities, the percentage ownership of our stockholders could be significantly diluted, and these newly issued securities may have rights, preferences or privileges senior to those of existing stockholders. If adequate funds are not available or are not available on acceptable terms, if and when needed, our ability to fund our operations, meet obligations in the normal course of business, take advantage of strategic business opportunities, or otherwise respond to competitive pressures would be significantly limited.

Restrictive covenants in our credit agreement may restrict our ability to pursue certain business strategies.

Our credit agreement limits or restricts our ability to, among other things: incur additional indebtedness; create liens securing debt or other encumbrances on our assets; make loans or advances; pay dividends or make distributions to our stockholders; purchase or redeem our stock; repay indebtedness that is junior to indebtedness under our credit agreement; acquire the assets of, or merge or consolidate with, other companies; and sell, lease or otherwise dispose of assets.

Our credit agreement also requires that we maintain certain financial ratios, which we may not be able to achieve. The covenants may impair our ability to finance future operations or capital needs or to engage in other favorable business activities. Failing to comply with these covenants could result in an event of default under the Credit Agreement, which could result in us being required to repay the amounts outstanding prior to maturity. These prepayment obligations could have an adverse effect on our business, results of operations and financial condition.

Furthermore, if we are unable to repay the amounts due and payable under the Credit Agreement, the lenders could proceed against the collateral granted to them to secure that indebtedness. In the event the lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

We may not have the ability to raise the funds necessary to settle conversions of our convertible notes or to repurchase our convertible notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of our convertible notes.

Holders of our convertible notes have the right, subject to certain conditions and limited exceptions, to require us to repurchase all or a portion of their convertible notes upon the occurrence of a fundamental change (as defined in the indenture governing the convertible notes) at a fundamental change repurchase price equal to 100% of the principal amount of the convertible notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, upon any conversion of our convertible notes, we will be required to make cash payments for each $1,000 in principal amount of our convertible notes converted of at least the lesser of $1,000 and the sum of the daily conversion values indenture governing our convertible notes. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of our convertible notes surrendered therefor or pay cash with respect to our convertible notes being converted. In addition, our ability to repurchase our convertible notes or to pay cash upon conversions of our convertible notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase our convertible notes at a time when the repurchase is required by the indenture governing our convertible notes or to pay any cash payable on future conversions of our convertible notes as required by the indenture governing our convertible notes would constitute a default under the indenture governing our convertible notes. A default under the indenture governing our convertible notes or the fundamental change itself could also lead to a default under agreements governing our indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase our convertible notes or make cash payments upon conversions thereof.

The conditional conversion feature of our convertible notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of our convertible notes is triggered, holders of our convertible notes will be entitled to convert their notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we would be required to settle any converted principal amount of such notes through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of our convertible notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Changes in the accounting method for convertible debt securities that may be settled in cash, such as our convertible notes, could have a material effect on our reported financial results.

The accounting method for reflecting our convertible notes on our balance sheet, accruing interest expense for our convertible notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

In August 2020, the Financial Accounting Standards Board published Accounting Standards Update (“ASU”) 2020-06 (“ASU 2020-06”), which simplified certain of the accounting standards that apply to convertible notes. ASU 2020-06 eliminated the cash conversion and beneficial conversion feature modes used to separately account for embedded conversion features as a component of equity. Instead, an entity would account for convertible debt or convertible preferred stock securities as a single unit of account, unless the conversion feature requires bifurcation and recognition as derivatives. Additionally, the guidance requires entities to use the “if-converted” method for all convertible instruments in the diluted earnings per share calculation and to include the effect of potential share settlement for instruments that may be settled in cash or shares. We adopted ASU 2020-06 in the first quarter of fiscal year 2020.

In accordance with ASU 2020-06, our convertible notes are reflected as a liability on our balance sheets, with the initial carrying amount equal to the principal amount of the convertible notes, net of issuance costs. The issuance costs were treated as contra debt for accounting purposes, which will be amortized into interest expense over the term of our convertible notes. As a result of this amortization, the interest expense that we expect to recognize for our convertible notes for accounting purposes will be greater than the cash interest payments we will pay on our convertible notes.

In addition, the shares of our common stock underlying our convertible notes will be reflected in our diluted earnings per share using the “if converted” method, in accordance with ASU 2020-06. Under the “if converted” method, diluted earnings per share would generally be calculated assuming that all our convertible notes were converted solely into shares of our common stock at the beginning of the reporting period, unless the result would be anti-dilutive. However, for convertible notes in which the principal amount must be settled in cash and the conversion spread value in shares or cash upon conversions (such as our convertible notes), the “if converted” method requires that interest expense is not adjusted in the numerator and the denominator only includes the net number of incremental shares that would be issued upon conversion. The application of the if-converted method may reduce our reported diluted earnings per share, to the extent the price of our common stock exceeds the conversion price. Accounting standards may change in the future in a manner that may adversely affect our diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of our convertible notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of our convertible notes as a current, rather than a long-term, liability. This reclassification could be required even if no holders convert their notes and could materially reduce our reported working capital.

Conversion of our convertible notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of our convertible notes may dilute the ownership interests of our stockholders. Upon conversion of our convertible notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of our convertible notes being converted. If we elect to settle the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of our convertible notes being converted in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of our convertible notes may encourage short selling by market participants because the conversion of our convertible notes could be used to satisfy short positions, or anticipated conversion of our convertible notes into shares of our common stock could depress the price of our common stock.

The capped call transactions may affect the value of our common stock.

In connection with the pricing of our convertible notes, we entered into privately negotiated capped call transactions with the option counterparties. The capped call transactions cover, subject to customary adjustments substantially similar to those applicable to our convertible notes, the number of shares of our common stock initially underlying our convertible notes. The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of our convertible notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes (if and when we elect to settle the conversion spread value in cash), as the case may be, with such reduction and/or offset subject to a cap.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of our convertible notes and prior to the maturity of our convertible notes (and are likely to do so during any observation period related to a conversion of our convertible notes or, to the extent we exercise the relevant election under the capped call transactions, following any repurchase or redemption of our convertible notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

In addition, if any such capped call transactions fail to become effective, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock.

We are subject to counterparty risk with respect to the capped call transactions.

The option counterparties are financial institutions, and we are subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties is not secured by any collateral.

If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transaction with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Risks Related to Growth and Acquisitions

If we are not able to successfully manage our growth strategy, our business and results of operations may be adversely affected.

Our expected future growth presents numerous managerial, administrative, operational and other challenges. Our ability to manage the growth of our operations will require us to continue to improve our management information systems and our other internal systems and controls. In addition, our growth will increase our need to attract, develop, motivate and retain both our management and professional employees. The inability to effectively manage our growth or the inability of our employees to achieve anticipated performance could have a material adverse effect on our business.

We have made and expect to continue to make acquisitions. Acquisitions could disrupt our operations and adversely impact our business and operating results. Our failure to conduct due diligence effectively or our inability to successfully integrate acquisitions could impede us from realizing all of the benefits of the acquisitions, which could weaken our results of operations.

A key part of our growth strategy is to acquire other companies that complement our lines of business or that broaden our technical capabilities and geographic presence. However, our ability to make acquisitions is restricted under our credit agreement. Acquisitions involve certain known and unknown risks that could cause our actual growth or operating results to differ from our expectations or the expectations of securities analysts. For example: we may not be able to identify suitable acquisition candidates or to acquire additional companies on acceptable terms; we have completed and we will continue to pursue international acquisitions, which inherently pose more risk than domestic acquisitions; we compete with others to acquire companies, which may result in decreased availability of, or increased price for, suitable acquisition candidates; and we may not be able to obtain the necessary financing, on favorable terms or at all, to finance any of our potential acquisitions.

If we fail to conduct due diligence on our potential targets effectively, we may, for example, not identify problems at target companies, or fail to recognize incompatibilities or other obstacles to successful integration. The integration process may disrupt our business and, if implemented ineffectively, may preclude realization of the full benefits expected by us and could harm our results of operations.

Further, acquisitions may cause us to: issue common stock that would dilute our current stockholders' ownership percentage; use a substantial portion of our cash resources; increase our interest expense, leverage and debt service requirements (if we incur additional debt to fund an acquisition); or record goodwill and non-amortizable intangible assets that are subject to impairment testing and potential impairment charges.

If our goodwill or other intangible assets become impaired, then our profits may be significantly reduced.

Because we have historically acquired a significant number of companies, goodwill and other intangible assets represent a substantial portion of our assets. As of October 1, 2023, our goodwill was $1.9 billion and other intangible assets were $173.9 million. We are required to perform a goodwill impairment test for potential impairment at least on an annual basis. We also assess the recoverability of the unamortized balance of our intangible assets when indications of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to our overall operations. The goodwill impairment test requires us to determine the fair value of our reporting units, which are the components one level below our reportable segments. In determining fair value, we make significant judgments and estimates, including assumptions about our strategic plans with regard to our operations. We also analyze current economic indicators and market valuations to help determine fair value. To the extent economic conditions that would impact the future operations of our reporting units change, our goodwill may be deemed to be impaired, and we would be required to record a non-cash charge that could result in a material adverse effect on our financial position or results of operations. We had no goodwill impairment in fiscal 2023, 2022 or 2021.

Risks Related to Our Legal and Regulatory Environment

As a U.S. government contractor, we must comply with various procurement laws and regulations and are subject to regular government audits; a violation of any of these laws and regulations or the failure to pass a government audit could result in sanctions, contract termination, forfeiture of profit, harm to our reputation or loss of our status as an eligible government contractor and could reduce our profits and revenue.

We must comply with and are affected by U.S. federal, state, local and foreign laws and regulations relating to the formation, administration and performance of government contracts. For example, we must comply with FAR, the Truth in Negotiations Act, CAS, the American Recovery and Reinvestment Act of 2009, the Services Contract Act, the DoD security regulations as well as many other rules and regulations. In addition, we must comply with other government regulations related to employment practices, environmental protection, health and safety, tax, accounting, anti-fraud measures as well as many other regulations in order to maintain our government contractor status. These laws and regulations affect how we do business with our clients and, in some instances, impose additional costs on our business operations. Although we take precautions to prevent and deter fraud, misconduct and non-compliance, we face the risk that our employees or outside partners may engage in misconduct, fraud or other improper activities. U.S. government agencies, such as the DCAA, routinely audit and investigate government contractors. These government agencies review and audit a government contractor's performance under its contracts and cost structure, and evaluate compliance with applicable laws, regulations and standards. In addition, during the course of its audits, the DCAA may question our incurred project costs. If the DCAA believes we have accounted for such costs in a manner inconsistent with the requirements for FAR or CAS, the DCAA auditor may recommend to our U.S. government corporate administrative contracting officer that such costs be disallowed. Historically, we have not experienced significant disallowed costs as a result of government audits. However, we can provide no assurance that the DCAA or other government audits will not result in material disallowances for incurred costs in the future. In addition, U.S. government contracts are subject to various other requirements relating to the formation, administration, performance and accounting for these contracts. We may also be subject to *qui tam* litigation brought by private individuals on behalf of the U.S. government under the Federal Civil False Claims Act, which could include claims for treble damages. For example, as discussed elsewhere in this report, on January 14, 2019, the Civil Division of the United States Attorney's Office filed complaints in intervention in three qui tam actions filed against our subsidiary, Tetra Tech EC, Inc., in the U.S. District Court for the Northern District of California. U.S.

government contract violations could result in the imposition of civil and criminal penalties or sanctions, contract termination, forfeiture of profit and/or suspension of payment, any of which could make us lose our status as an eligible government contractor. We could also suffer serious harm to our reputation. Any interruption or termination of our U.S. government contractor status could reduce our profits and revenue significantly.

Legal proceedings, investigations and disputes could result in substantial monetary penalties and damages, especially if such penalties and damages exceed or are excluded from existing insurance coverage.

We engage in consulting, engineering, program management and technical services that can result in substantial injury or damages that may expose us to legal proceedings, investigations and disputes. For example, in the ordinary course of our business, we may be involved in legal disputes regarding personal injury claims, employee or labor disputes, professional liability claims and general commercial disputes involving project cost overruns and liquidated damages as well as other claims. In addition, in the ordinary course of our business, we frequently make professional judgments and recommendations about environmental and engineering conditions of project sites for our clients, and we may be deemed to be responsible for these judgments and recommendations if they are later determined to be inaccurate. Any unfavorable legal ruling against us could result in substantial monetary damages or even criminal violations. We maintain insurance coverage as part of our overall legal and risk management strategy to minimize our potential liabilities; however, insurance coverage contains exclusions and other limitations that may not cover our potential liabilities. Generally, our insurance program covers workers' compensation and employer's liability, general liability, automobile liability, professional errors and omissions liability, property and contractor's pollution liability (in addition to other policies for specific projects). Our insurance program includes deductibles or self-insured retentions for each covered claim that may increase over time. In addition, our insurance policies contain exclusions that insurance providers may use to deny or restrict coverage. Excess liability and professional liability insurance policies provide for coverage on a "claims-made" basis, covering only claims actually made and reported during the policy period currently in effect. If we sustain liabilities that exceed or that are excluded from our insurance coverage, or for which we are not insured, it could have a material adverse impact on our financial condition, results of operations and cash flows.

We could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws.

The FCPA and similar anti-bribery laws generally prohibit companies and their intermediaries from making direct or indirect improper payments to foreign government officials for the purpose of obtaining or retaining business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. The U.K. Bribery Act of 2010 prohibits both domestic and international bribery, as well as bribery across both private and public sectors. In addition, an organization that "fails to prevent bribery" by anyone associated with the organization can be charged under the U.K. Bribery Act unless the organization can establish the defense of having implemented "adequate procedures" to prevent bribery. Improper payments are also prohibited under the Canadian Corruption of Foreign Public Officials Act and the Brazilian Clean Companies Act. Local business practices in many countries outside the United States create a greater risk of government corruption than that found in the United States and other more developed countries. Our policies mandate compliance with anti-bribery laws, and we have established policies and procedures designed to monitor compliance with anti-bribery law requirements; however, we cannot ensure that our policies and procedures will prevent potential reckless or criminal acts committed by individual employees, agents or partners. If we are found to be liable for anti-bribery law violations, we could suffer from criminal or civil penalties or other sanctions that could have a material adverse effect on our business.

We could be adversely impacted if we fail to comply with domestic and international export control and sanctions laws.

To the extent we export technical services, data and products outside of the United States, we are subject to U.S. and international laws and regulations governing international trade and exports, including but not limited to the International Traffic in Arms Regulations, the Export Administration Regulations and trade sanctions. These laws and regulations may restrict or prohibit altogether the sale or supply of certain of our services to certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions, unless there are license exceptions that apply or specific licenses are obtained. A failure to comply with these laws and regulations could result in civil or criminal sanctions, including the imposition of fines, the denial of export privileges and suspension or debarment from participation in U.S. government contracts, which could have a material adverse effect on our business.

New legal requirements could adversely affect our operating results.

Our business and results of operations could be adversely affected by the passage of climate change, defense, environmental, infrastructure and other legislation, policies and regulations. Growing concerns about climate change may result in the imposition of additional environmental regulations. For example, legislation, international protocols, regulation or other restrictions on emissions could increase the costs of projects for our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services. In addition, relaxation or repeal of laws and regulations, or changes in governmental policies regarding environmental, defense, infrastructure or other industries we serve could result in a decline in demand for our services, which could in turn negatively impact our revenues. We cannot predict when or whether any of these various proposals may be enacted or what their effect will be on us or on our customers.

We may be subject to liabilities under environmental laws and regulations.

Our services are subject to numerous U.S. and international environmental protection laws and regulations that are complex and stringent. For example, we must comply with a number of U.S. federal government laws that strictly regulate the handling, removal, treatment, transportation and disposal of toxic and hazardous substances. Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA"), and comparable state laws, we may be required to investigate and remediate regulated hazardous materials. CERCLA and comparable state laws typically impose strict, joint and several liabilities without regard to whether a company knew of or caused the release of hazardous substances. The liability for the entire cost of clean-up could be imposed upon any responsible party. Other principal U.S. federal environmental, health and safety laws affecting us include, but are not limited to, the Resource Conservation and Recovery Act, National Environmental Policy Act, the Clean Air Act, the Occupational Safety and Health Act, the Federal Mine Safety and Health Act of 1977 (the "Mine Act"), the Toxic Substances Control Act and the Superfund Amendments and Reauthorization Act. Our business operations may also be subject to similar state and international laws relating to environmental protection. Further, past business practices at companies that we have acquired may also expose us to future unknown environmental liabilities. Liabilities related to environmental contamination or human exposure to hazardous substances, or a failure to comply with applicable regulations, could result in substantial costs to us, including clean-up costs, fines, civil or criminal sanctions, and third-party claims for property damage or personal injury or cessation of remediation activities. Our continuing work in the areas governed by these laws and regulations exposes us to the risk of substantial liability.

Uncertainties in the interpretation and application of existing, new and proposed tax laws and regulations could materially affect our tax obligations and effective tax rate.

The tax regimes to which we are subject or under which we operate are unsettled and may be subject to significant change. The issuance of additional guidance related to existing or future tax laws, or changes to tax laws, tax treaties or regulations proposed or implemented by the current or a future U.S. presidential administration, Congress, or taxing authorities in other jurisdictions, including jurisdictions outside of the United States, could materially affect our tax obligations and effective tax rate. To the extent that such changes have a negative impact on us, including as a result of related uncertainty, these changes may adversely impact our business, financial condition, results of operations, and cash flows.

The amount of taxes we pay in different jurisdictions depends on the application of the tax laws of various jurisdictions, including the United States, to our international business activities, the relative amounts of income before taxes in the various jurisdictions in which we operate, new or revised tax laws, or interpretations of tax laws and policies, the outcome of current and future tax audits, examinations or administrative appeals, our ability to realize our deferred tax assets, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency. Similarly, a taxing authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions.

Employee, agent or partner misconduct, or our failure to comply with anti-bribery and other laws or regulations, could harm our reputation, reduce our revenue and profits and subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations or other improper activities by one of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with government procurement regulations, regulations regarding the protection of classified information, regulations prohibiting bribery and other foreign corrupt practices, regulations regarding the pricing of labor and other costs in government contracts, regulations on lobbying or similar activities, regulations pertaining to the internal controls over financial reporting, environmental laws and any other applicable laws or regulations. Our policies mandate compliance with these regulations and laws, and we take precautions to prevent and detect misconduct. However, since our internal controls are subject to inherent limitations, including human error, it is possible that these controls could be intentionally circumvented or become inadequate because of changed conditions. As a result, we cannot assure that our controls will protect us from reckless or criminal acts committed by our employees, agents or partners. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines and penalties, loss of security clearances and suspension or debarment from contracting, any or all of which could harm our reputation, reduce our revenue and profits and subject us to criminal and civil enforcement actions.

If our reports and opinions are not in compliance with professional standards and other regulations, we could be subject to monetary damages and penalties.

We issue reports and opinions to clients based on our professional engineering expertise, as well as our other professional credentials. Our reports and opinions may need to comply with professional standards, licensing requirements, securities regulations and other laws and rules governing the performance of professional services in the jurisdiction in which the services are performed. In addition, the reports and other work product we produce for clients sometimes include projections, forecasts and other forward-looking statements. Such information by its nature is subject to numerous risks and uncertainties, any of which could cause the information produced by us to ultimately prove inaccurate. While we include appropriate disclaimers in the reports that we prepare for our clients, once we produce such written work product, we do not always have the ability to control the manner in which our clients use such information. As a result, if our clients reproduce such information to solicit funds from investors for projects without appropriate disclaimers or the information proves to be incorrect, or if our clients reproduce such information for potential investors in a misleading or incomplete manner, our clients or such investors may threaten to or file suit against us for, among other things, securities law violations.

We have only a limited ability to protect our intellectual property rights, and our failure to protect our intellectual property rights could adversely affect our competitive position.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. Trade secrets are generally difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or the infringement of our patents and copyrights. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain or enforce our intellectual property rights may adversely limit our competitive position.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business, financial condition and operating results.

In recent years, there has been significant litigation involving intellectual property rights in technology industries. We may face from time to time, allegations that we or a supplier or customer have violated the rights of third parties, including patent, trademark and other intellectual property rights. If, with respect to any claim against us for violation of third-party intellectual property rights, we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non-infringing intellectual property or otherwise alter our business practices on a timely or cost-efficient basis, our business, financial condition or results of operations may be adversely affected.

Any infringement, misappropriation or related claims, whether or not meritorious, are time consuming, divert technical and management personnel and are costly to resolve. As a result of any such dispute, we may have to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing products or services or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

We develop, install and maintain information technology systems for ourselves, as well as for customers. Client contracts for the performance of information technology services, as well as various privacy and securities laws, require us to manage and protect sensitive and confidential information, including federal and other government information, from disclosure. We also need to protect our own internal trade secrets and other business confidential information, as well as personal data of our employees and contractors, from disclosure.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA"), (collectively, "CCPA") applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to $7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels.

Outside the United States, an increasing number of laws, regulations, and industry standards govern data privacy and security. For example, the European Union's General Data Protection Regulation ("EU GDPR"), the United Kingdom's GDPR, and Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or "LGPD") (Law No. 13,709/2018) impose strict requirements for processing personal data. For example, the EU GDPR extends the scope of the European Union data protection laws to all companies processing data of European Union residents, regardless of the company's location.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the United Kingdom ("UK") have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it generally believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws.

Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK's standard contractual clauses, the UK's International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework (which allows for transfers for relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States.

If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions (such as Europe) at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups.

General Risk Factors

We may not be able to continue, or may elect to discontinue, paying dividends which may adversely affect our stock price.

Current dividends may not be indicative of future dividends, and our ability to continue to pay or increase dividends to our stockholders is subject to our board of director's discretion and depends on: our ability to comply with covenants imposed by our financing agreements that limit our ability to pay dividends and make certain restricted payments; difficulties in raising additional capital; our ability to re-finance our long-term debt before it matures; principal repayments and other capital needs; our results of operations and general business conditions; legal restrictions on the payment of dividends and other factors that our board of directors deems relevant. In the future we may elect not to pay dividends, be unable to pay dividends or maintain or increase our current level of dividends, which may negatively affect our stock price.

Delaware law and our organizational documents may impede or discourage a merger, takeover or other business combination with us even if the business combination would have been in the short-term best interests of our stockholders.

We are a Delaware corporation and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our stockholders. In addition, our Board of Directors has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock, which could be used defensively if a takeover is threatened. These features, as well as provisions in our certificate of incorporation and bylaws, such as those relating to advance notice of certain stockholder proposals and nominations, could impede a merger, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer for our common stock, even if the business combination would have been in the best interests of our current stockholders.

Item 1B Unresolved Staff Comments

None.

Item 2. Properties

At fiscal 2023 year-end, we leased approximately 550 operating facilities in domestic and foreign locations. Our significant lease agreements expire at various dates through 2032. We believe that our current facilities are adequate for the operation of our business, and that suitable additional space in various local markets is available to accommodate any needs that may arise.

The following table summarizes our ten most significant leased properties by location based on annual rental expenses (listed alphabetically, except for our corporate headquarters):

Location	Description	Reportable Segment
Pasadena, CA	Corporate Headquarters	Corporate
Arlington, VA	Office Building	GSG
Boston, MA	Office Building	GSG / CIG
Irvine, CA	Office Building	GSG / CIG
London, United Kingdom	Office Building	GSG / CIG
Melbourne, Australia	Office Building	CIG
New York, NY	Office Building	GSG /CIG
Orlando, FL	Office Building	GSG / CIG
Pittsburgh, PA	Office Building	GSG / CIG
Portland, OR	Office Building	GSG / CIG

Item 3. Legal Proceedings

For a description of our material pending legal and regulatory proceedings and settlements, see Note 17, "Commitments and Contingencies" of the "Notes to Consolidated Financial Statements" included in Item 8.

Item 4. Mine Safety Disclosures

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Mine Act by MSHA. We do not act as the owner of any mines, but we may act as a mining operator as defined under the Mine Act where we may be an independent contractor performing services or construction at such mine. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

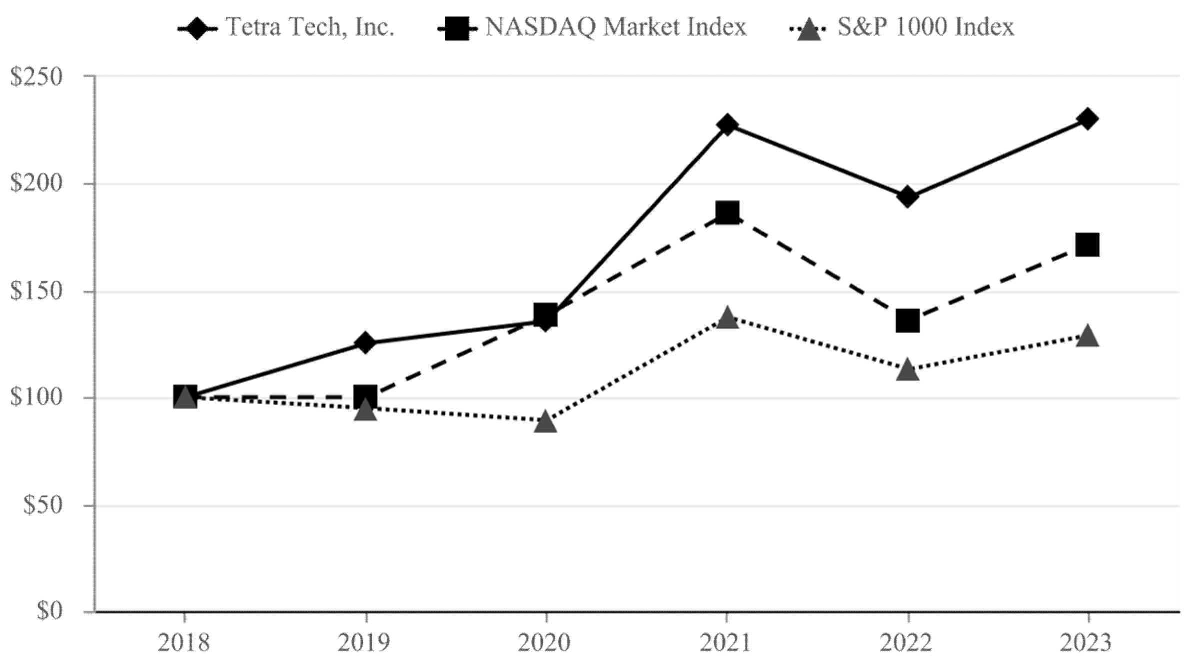
Our common stock is traded on the NASDAQ Global Select Market under the symbol TTEK. There were approximately 1,088 stockholders of record at October 1, 2023.

Stock-Based Compensation

For information regarding our stock-based compensation, see Note 11, "Stockholders' Equity and Stock Compensation Plans" of the "Notes to Consolidated Financial Statements" included in Item 8.

Performance Graph

The following graph shows a comparison of our cumulative total returns with those of the NASDAQ Market Index and the Standard & Poor's ("S&P") 1000 Index. At this time, we do not have a comparable peer group due to the combination of our differentiated high-end consulting services and our end-markets. Thus, we have selected the S&P 1000 Index. The graph assumes that the value of an investment in our common stock and in each such index was $100 on September 30, 2018, and that all dividends have been reinvested. Dividends declared and paid in fiscal 2023 totaled $0.98 per share. We declared and paid dividends in the first and second quarters totaling $0.46 per share ($0.23 each quarter) on our common stock and paid dividends in the third and fourth quarters totaling $0.52 per share ($0.26 each quarter) on our common stock. We declared and paid dividends totaling $0.86, $0.74, $0.64 and $0.54 per share in fiscal 2022, 2021, 2020 and 2019, respectively. The comparison in the graph below is based on historical data and is not intended to forecast the possible future performance of our common stock.



ASSUMES $100 INVESTED ON SEPTEMBER 30, 2018
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDED OCTOBER 1, 2023

	2018	2019	2020	2021	2022	2023
Tetra Tech, Inc.	$ 100.00	$ 125.39	$ 135.75	$ 227.19	$ 193.42	$ 230.26
NASDAQ Market Index	100.00	99.77	138.47	186.08	136.12	171.65
S&P 1000 Index	100.00	94.85	89.34	137.53	113.09	128.76

The performance graph above and related text are being furnished solely to accompany this annual report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Exchange Act, and are not to be incorporated by reference into any of our filings with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Stock Repurchase Program

On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to $400 million of our common stock. In fiscal 2023, we did not repurchase any shares of our common stock. In fiscal 2022, we repurchased and settled 1,341,679 shares with an average price of $149.07 per share for a total cost of $200.0 million. At October 1, 2023, we had a remaining balance of $347.8 million under our stock repurchase program.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with Part I of this report, as well as our consolidated financial statements and accompanying notes in Item 8. The following analysis contains forward-looking statements about our future results of operations and expectations. Our actual results and the timing of events could differ materially from those described herein. See Part 1, Item 1A, "Risk Factors" for a discussion of the risks, assumptions and uncertainties affecting these statements.

OVERVIEW OF RESULTS AND BUSINESS TRENDS

General. In fiscal 2023, our revenue increased 29.1% compared to fiscal 2022. This growth includes approximately $600 million from the acquisition of RPS Group plc ("RPS"), which was completed in the second quarter of fiscal 2023. Excluding RPS, our revenue increased 12.0% in fiscal 2023 compared to last year. This year-over-year growth reflects increased activity in our U.S. Federal, U.S. Commercial and International client sectors.

U.S. Federal Government. Our U.S. federal government revenue increased 30.3% in fiscal 2023 compared to fiscal 2022. This increase was primarily due to more international development and broad-based increases across civilian agencies. During periods of economic volatility, our U.S. federal government business has historically been the most stable and predictable. We expect our U.S. federal government revenue to continue to grow in fiscal 2024. Approximately $1 trillion in new U.S. federal funding passed in 2021 through the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and the CHIPS and Science Act. Each of these programs include substantial planned investments in our key end markets including water, environment and sustainable infrastructure over the next five to ten years.

U.S. State and Local Government. Our U.S. state and local government revenue increased 0.6% in fiscal 2023 compared to fiscal 2022, which includes lower disaster response activity. Excluding disaster response and the contribution from RPS, our state and local government revenue increased 14.9% in fiscal 2023 compared to last year. The increase reflects continued broad-based growth in our U.S. state and local government infrastructure business, particularly with increased revenue from municipal water infrastructure work, including digital water projects. Most of our work for the U.S. state and local governments relates to critical water and environmental programs, which we expect to continue to grow in fiscal 2024.

U.S. Commercial. Our U.S. commercial revenue increased 16.1% in fiscal 2023 compared to fiscal 2022. Excluding the contribution from RPS, our U.S. commercial revenue increased 8.2% in fiscal 2023 compared to last year. This increase was primarily due to more activity on clean energy and environmental programs, including meeting net zero carbon goals and designing high performance buildings. We expect growth in our U.S. commercial work to continue in fiscal 2024.

International. Our international revenue increased 52.5% in fiscal 2023 compared to fiscal 2022. Excluding the contribution from RPS, our international revenue increased 10.2%, on a constant currency basis, compared to last year. This revenue growth reflects government stimulus spending on infrastructure and commercial activities related to an increased focus on sustainability. We expect growth in our international work to continue in fiscal 2024.

RESULTS OF OPERATIONS

Fiscal 2023 Compared to Fiscal 2022

Consolidated Results of Operations

	Fiscal Year Ended			
	October 1, 2023	October 2, 2022	Change $	Change %
	($ in thousands, except per share data)			
Revenue	$ 4,522,550	$ 3,504,048	$ 1,018,502	29.1%
Subcontractor costs	(771,461)	(668,468)	(102,993)	(15.4)
Revenue, net of subcontractor costs [(1)]	3,751,089	2,835,580	915,509	32.3
Other costs of revenue	(3,026,060)	(2,260,021)	(766,039)	(33.9)
Gross profit	725,029	575,559	149,470	26.0
Selling, general and administrative expenses	(305,107)	(234,784)	(70,323)	(30.0)
Acquisition and integration expenses	(33,169)	—	(33,169)	NM
Right-of-use operating lease asset impairment	(16,385)	—	(16,385)	NM
Contingent consideration – fair value adjustments	(12,255)	(329)	(11,926)	NM
Income from operations	358,113	340,446	17,667	5.2
Interest expense – net	(46,537)	(11,584)	(34,953)	(301.7)
Other non-operating income	89,402	19,904	69,498	349.2
Income before income tax expense	400,978	348,766	52,212	15.0
Income tax expense	(127,526)	(85,602)	(41,924)	(49.0)
Net income	273,452	263,164	10,288	3.9
Net income attributable to noncontrolling interests	(32)	(39)	7	17.9
Net income attributable to Tetra Tech	$ 273,420	$ 263,125	$ 10,295	3.9
Diluted earnings per share	$ 5.10	$ 4.86	$ 0.24	4.9%

(1) We believe that the presentation of "Revenue, net of subcontractor costs", which is a non-U.S. GAAP financial measure, enhances investors' ability to analyze our business trends and performance because it substantially measures the work performed by our employees. In the course of providing services, we routinely subcontract various services and, under certain international development programs, issue grants. Generally, these subcontractor costs and grants are passed through to our clients and, in accordance with U.S. GAAP and industry practice, are included in our revenue when it is our contractual responsibility to procure or manage these activities. Because subcontractor services can vary significantly from project to project and period to period, changes in revenue may not necessarily be indicative of our business trends. Accordingly, we segregate subcontractor costs from revenue to promote a better understanding of our business by evaluating revenue exclusive of costs associated with external service providers.
NM = not meaningful

In fiscal 2023, revenue and revenue, net of subcontractor costs, increased $1.02 billion, or 29.1%, and $915.5 million, or 32.3%, respectively, compared to fiscal 2022. Excluding the contribution from RPS, our revenue increased 12.0% in fiscal 2023 compared to last year. Our GSG segment's revenue and revenue, net of subcontractor costs, increased $338.0 million, or 18.6%, and $299.0 million, or 22.4%, respectively, in fiscal 2023 compared to the prior year. Our CIG segment's revenue increased $686.2 million, or 39.5%, and revenue, net of subcontractor costs, increased $616.5 million, or 41.1% in fiscal 2023 compared to fiscal 2022. Excluding the contribution from RPS, our CIG segment's revenue increased approximately 6.7% in fiscal 2023 compared to fiscal 2022 (9.5% on a constant currency basis). The fiscal 2023 results for GSG and CIG segments are described below under "Government Services Group" and "Commercial/International Services Group", respectively.

The following table reconciles our reported results to non-U.S. GAAP adjusted results, which exclude acquisition and integration costs related to the RPS acquisition and related lease impairment charge in fiscal 2023, adjustments to contingent consideration liabilities, and a non-operating benefit from Employee Retention Credits ("ERC's") received in fiscal 2022. Our adjusted earnings per share ("EPS") for fiscal 2023 also excludes non-operating gains on a foreign exchange contract of $89.4 million and non-recurring tax expense items. The foreign exchange gain is reported as "Other non-operating income" in our consolidated statements of income. The effective tax rates applied to the adjustments to EPS to arrive at adjusted EPS average 26% for both fiscal 2023 and 2022. We applied the relevant marginal statutory tax rate based on the nature of the adjustments and the tax jurisdiction in which it occurred. Both EPS and adjusted EPS were calculated using diluted weighted-average common shares outstanding for the respective periods as reflected in our consolidated statements of income.

	Fiscal Year Ended			
	October 1, 2023	October 2, 2022	Change	
			$	%
	($ in thousands, except per share data)			
Income from operations	$ 358,113	$ 340,446	$ 17,667	5.2%
Employee retention credits	—	(6,486)	6,486	NM
Acquisition & integration expenses	33,169	—	33,169	NM
Right-of-use operating lease asset impairment	16,385	—	16,385	NM
Earn-out adjustments	12,255	—	12,255	NM
Adjusted income from operations [(1)]	**$ 419,922**	**$ 333,960**	**$ 85,962**	**25.7%**
EPS	$ 5.10	$ 4.86	$ 0.24	4.9%
Employee retention credits	—	(0.08)	0.08	NM
Acquisition & integration expenses	0.56	—	0.56	NM
Right-of-use operating lease asset impairment	0.22	—	0.22	NM
Earn-out adjustments	0.19	—	0.19	NM
Foreign exchange forward contract gain	(1.24)	(0.28)	(0.96)	NM
Non-recurring tax items	0.38	—	0.38	NM
Adjusted EPS [(1)]	**$ 5.21**	**$ 4.50**	**$ 0.71**	**15.8%**

NM = not meaningful
(1) Non-U.S. GAAP financial measure

Operating income increased $17.7 million, or 5.2%, in fiscal 2023 compared to last year. The fiscal 2023 results include $33.2 million of acquisition and integration expenses (primarily investment banking, legal and other professional fees) for the RPS acquisition and a related $16.4 million of right-of-use ("ROU") lease asset impairment expense. The fiscal 2023 results also include losses of $12.3 million, related to changes in the estimated fair value of contingent earn-out liabilities. The fiscal 2022 results include the benefit of ERC's totaling $6.5 million, which represents reimbursement from the U.S. federal government under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") for the costs that we incurred during fiscal 2020 to address the COVID-19 pandemic. These amounts were recognized in fiscal 2022 when the funds were received due to the uncertainty related to the computation of qualifying amounts and delayed processing times for our application. These amounts were primarily reflected as a reduction to "Other costs of revenue" in our consolidated statement of income and an increase to "Net cash provided by operating activities" in our consolidated statement of cash flows for fiscal 2022, consistent with the presentation of the related costs recognized in fiscal 2020.

Excluding the acquisition and integration expenses, ROU asset impairment, earn-out losses and the ERC's, our adjusted operating income increased $86.0 million, or 25.7% in fiscal 2023 compared to fiscal 2022. These increases reflect improved results in both GSG and CIG segments, which are described below under "Government Services Group" and "Commercial/International Group", respectively.

Our net interest expense was $46.5 million and $11.6 million in fiscal 2023 and 2022, respectively. Net interest expense in fiscal 2023 included $2.7 million of additional expense for the write-off of previously deferred debt origination fees due to the cancellation of the bridge loan facility that we entered to support our offer to acquire RPS, which was replaced with an amendment to our existing debt facility and $1.1 million of additional expense for the write-off of previously deferred debt origination fees due to the repayment and cancellation of RPS' debt facilities. Excluding these write-offs, our interest expense increased $31.2 million in fiscal 2023 compared to last year primarily due to the additional borrowings to fund the RPS acquisition.

Other non-operating income of $89.4 million in fiscal 2023, reflect gains on a foreign exchange forward contract integrated with the RPS acquisition. Although an effective economic hedge of our foreign exchange risk related to this transaction, the forward contract did not qualify for hedge accounting. As a result, the forward contract was marked-to-market with changes in fair value recognized in earnings each period. The forward contract was settled on January 23, 2023, together with the closing of the RPS acquisition, with a cumulative cash gain of approximately $109 million.

The effective tax rates for fiscal 2023 and 2022 were 31.8% and 24.5%, respectively. Income tax expense in fiscal 2023 included non-operating income tax expenses totaling $20.6 million to (i) increase the tax liability for uncertain tax positions related to certain U.S. tax credits and an intercompany financing transaction, (ii) to recognize the tax liability for foreign earnings, primarily in the U.K. and Australia, that are no longer indefinitely reinvested. In addition, income tax expense was reduced by $4.6 million and $10.3 million of excess tax benefits on share-based payments in fiscal 2023 and 2022, respectively. Excluding the impact of the non-operating tax expenses in fiscal 2023 and the excess tax benefits on share-based payments in both years, our effective tax rates in fiscal 2023 and 2022 were 27.8% and 27.5%.

Our EPS was $5.10 in fiscal 2023, compared to $4.86 in fiscal 2022. Excluding the aforementioned non-operating items (including the foreign exchange gain and the non-operating tax items, which are both reported outside of operating income), our adjusted EPS was $5.21 in fiscal 2023, compared to $4.50 in fiscal 2022, an increase of 15.8%. For fiscal 2023, we estimate that RPS increased our adjusted EPS by $0.07 before intangible amortization, which reduced our EPS by $0.37. Excluding RPS, our adjusted EPS was $5.51 in fiscal 2023 representing an increase of 22.4%, compared to fiscal 2022.

Segment Results of Operations

Government Services Group ("GSG")

	Fiscal Year Ended			
	October 1, 2023	October 2, 2022	Change $	Change %
	($ in thousands)			
Revenue	$ 2,158,889	$ 1,820,868	$ 338,021	18.6%
Subcontractor costs	(523,449)	(484,412)	(39,037)	(8.1)
Revenue, net of subcontractor costs	**$ 1,635,440**	**$ 1,336,456**	**$ 298,984**	**22.4**
Income from operations	**$ 231,762**	**$ 198,448**	**$ 33,314**	**16.8%**

Revenue and revenue, net of subcontractor costs, increased $338.0 million, or 18.6%, and increased $299.0 million, or 22.4%, respectively, in fiscal 2023 compared to fiscal 2022. This increase includes approximately $70 million in revenue in the second quarter of fiscal 2023 related to a distinct international development funded energy program in Ukraine. In addition, the increases reflect higher U.S. state and local government activities related to digital water and U.S. federal programs, partially offset by lower disaster response revenue.

Operating income increased $33.3 million in fiscal 2023 compared to fiscal 2022. The increase in operating income is consistent with the revenue increase noted above. The fiscal 2023 results were reduced by $6.8 million of the aforementioned lease impairment charge and the fiscal 2022 results included $4.4 million of the aforementioned ERC's. Our operating margin, based on revenue, net of subcontractor costs, was 14.2% in fiscal 2023 compared to 14.8% last year. Excluding the lease impairment charge in fiscal 2023 and last year's ERC's, our operating margin increased to 14.6% in fiscal 2023 from 14.5% in fiscal 2022.

Commercial/International Services Group ("CIG")

	Fiscal Year Ended			
	October 1, 2023	October 2, 2022	Change $	Change %
	($ in thousands)			
Revenue	$ 2,424,649	$ 1,738,436	$ 686,213	39.5%
Subcontractor costs	(309,000)	(239,312)	(69,688)	(29.1)
Revenue, net of subcontractor costs	**$ 2,115,649**	**$ 1,499,124**	**$ 616,525**	**41.1**
Income from operations	**$ 243,750**	**$ 194,142**	**$ 49,608**	**25.6%**

Revenue and revenue, net of subcontractor costs, increased $686.2 million, or 39.5%, and increased $616.5 million, or 41.1%, respectively, in fiscal 2023 compared to fiscal 2022. The RPS acquisition contributed approximately $570 million to revenue growth in fiscal 2023. The remaining revenue growth in fiscal 2023 primarily reflects increased activity on high performance buildings, clean energy and international infrastructure.

Operating income increased $49.6 million in fiscal 2023 compared to fiscal 2022. The RPS acquisition contributed approximately $34 million to operating income in fiscal 2023. Conversely, the fiscal 2023 results were reduced by $8.3 million of the aforementioned lease impairment charge. The fiscal 2022 operating income included $1.9 million of the aforementioned ERC's. Our operating margin, based on revenue, net of subcontractor costs, was 11.5% in fiscal 2023 compared to 13.0% in fiscal 2022. Excluding the lease impairment and RPS in fiscal 2023 and the ERC's in fiscal 2022, our operating margin was

13.3% in fiscal 2023 compared to 12.8% in fiscal 2022. The improved operating margin was primarily due to our increased focus on high-end consulting services, project execution and higher labor utilization.

Fiscal 2022 Compared to Fiscal 2021

Consolidated Results of Operations

	Fiscal Year Ended			
	October 2, 2022	October 3, 2021	Change $	Change %
	($ in thousands, except per share data)			
Revenue	$ 3,504,048	$ 3,213,513	$ 290,535	9.0%
Subcontractor costs	(668,468)	(661,341)	(7,127)	(1.1)
Revenue, net of subcontractor costs [(1)]	2,835,580	2,552,172	283,408	11.1
Other costs of revenue	(2,260,021)	(2,053,772)	(206,249)	(10.0)
Gross profit	575,559	498,400	77,159	15.5
Selling, general and administrative expenses	(234,784)	(222,972)	(11,812)	(5.3)
Contingent consideration – fair value adjustments	(329)	3,273	(3,602)	(110.1)
Income from operations	340,446	278,701	61,745	22.2
Interest expense – net	(11,584)	(11,831)	247	2.1
Other income	19,904	—	19,904	NM
Income before income tax expense	348,766	266,870	81,896	30.7
Income tax expense	(85,602)	(34,039)	(51,563)	(151.5)
Net income	263,164	232,831	30,333	13.0
Net income attributable to noncontrolling interests	(39)	(21)	(18)	(85.7)
Net income attributable to Tetra Tech	$ 263,125	$ 232,810	$ 30,315	13.0
Diluted earnings per share	$ 4.86	$ 4.26	$ 0.60	14.1%

(1) We believe that the presentation of "Revenue, net of subcontractor costs", which is a non-U.S. GAAP financial measure, enhances investors' ability to analyze our business trends and performance because it substantially measures the work performed by our employees. In the course of providing services, we routinely subcontract various services and, under certain international development programs, issue grants. Generally, these subcontractor costs and grants are passed through to our clients and, in accordance with U.S. GAAP and industry practice, are included in our revenue when it is our contractual responsibility to procure or manage these activities. Because subcontractor services can vary significantly from project to project and period to period, changes in revenue may not necessarily be indicative of our business trends. Accordingly, we segregate subcontractor costs from revenue to promote a better understanding of our business by evaluating revenue exclusive of costs associated with external service providers.
NM = not meaningful

In fiscal 2022, revenue and revenue, net of subcontractor costs, increased $290.5 million, or 9.0%, and $283.4 million, or 11.1%, respectively, compared to fiscal 2021. Excluding the contributions from acquisitions, which did not have comparable revenue in fiscal 2021, our revenue increased 4.1% in fiscal 2022 compared to fiscal 2021. Our GSG segment's revenue and revenue, net of subcontractor costs, increased $48.0 million, or 2.7%, and $70.7 million, or 5.6%, respectively, in fiscal 2022 compared to the prior year. Our CIG segment's revenue increased $238.4 million, or 15.9%, and revenue, net of subcontractor costs, increased $213.3 million, or 16.6% in fiscal 2022 compared to fiscal 2021. The fiscal 2022 results for GSG and CIG segments are described below under "Government Services Group" and "Commercial/International Services Group", respectively.

The following table reconciles our reported results to non-U.S. GAAP adjusted results, which exclude a non-operating benefit from ERC's received in fiscal 2022 and gains from adjustments to contingent consideration liabilities in fiscal 2021. Our adjusted EPS for fiscal 2022 also excludes a non-operating $19.9 million unrealized gain on the aforementioned foreign exchange contract that served as an economic hedge related to our acquisition of RPS. This gain is reported as "Other non-operating income" in our Consolidated Statement of Income for fiscal 2022. Our adjusted EPS for fiscal 2021 also excludes non-recurring tax items. The effective tax rates applied to the adjustments to EPS to arrive at adjusted EPS average 26% and 25% for fiscal 2022 and 2021, respectively. We applied the relevant marginal statutory tax rate based on the nature of the adjustments and the tax jurisdiction in which it occurred. Both EPS and adjusted EPS were calculated using diluted weighted-average common shares outstanding for the respective periods as reflected in our consolidated statements of income.

	Fiscal Year Ended			
	October 2, 2022	October 3, 2021	Change $	Change %
	($ in thousands, except per share data)			
Income from operations	$ 340,446	$ 278,701	$ 61,745	22.2%
Earn-out adjustments	—	(3,273)	3,273	NM
Employee Retention Credits	(6,486)	—	(6,486)	NM
Adjusted income from operations [(1)]	**$ 333,960**	**$ 275,428**	**$ 58,532**	**21.3%**
EPS	$ 4.86	$ 4.26	$ 0.60	14.1%
Earn-out adjustments	—	(0.04)	0.04	NM
Employee Retention Credits	(0.08)	—	(0.08)	NM
Other income	(0.28)	—	(0.28)	NM
Non-recurring tax benefits	—	(0.43)	0.43	NM
Adjusted EPS [(1)]	**$ 4.50**	**$ 3.79**	**$ 0.71**	**18.7%**

NM = not meaningful

(1) Non-U.S. GAAP financial measure

Operating income increased $61.7 million, or 22.2%, in fiscal 2022 compared to fiscal 2021. The fiscal 2022 results included the benefit of ERC's totaling $6.5 million. Excluding the ERC's and the contributions from acquisitions, which did not have comparable results in fiscal 2021, our adjusted operating income increased $31.5 million, or 11.5% in fiscal 2022 compared to fiscal 2021. These increases reflect improved results in both GSG and CIG segments, which are described below under "Government Services Group" and "Commercial/International Services Group", respectively.

Our net interest expense was $11.6 million and $11.8 million in fiscal 2022 and 2021, respectively. The decrease primarily reflects lower average year-over-year borrowings, partially offset by higher borrowing rates.

The effective tax rates for fiscal 2022 and 2021 were 24.5% and 12.8%, respectively. The fiscal 2021 effective tax rate reflects a non-recurring net tax benefit of $21.6 million, primarily consisting of a valuation allowance in the United Kingdom that was released due to sufficient sustainable profitability being achieved in fiscal 2021. The valuation allowance was primarily related to net operating loss carry-forwards. In fiscal 2021, we repatriated approximately $80 million from Canada and recognized a related tax expense of $5.6 million. Also, income tax expense was reduced by $10.3 million and $12.9 million of excess tax benefits on share-based payments in fiscal 2022 and 2021, respectively. Excluding the impact of the fiscal 2021 valuation allowance benefit, the fiscal 2021 Canadian repatriation and the excess tax benefits on share-based payments in both fiscal years, our effective tax rates for fiscal 2022 and 2021 were 27.5% and 25.7%, respectively.

Our EPS was $4.86 in fiscal 2022, compared to $4.26 in fiscal 2021. Excluding the aforementioned non-operating and non-recurring items, our adjusted EPS was $4.50 in fiscal 2022, compared to $3.79 the prior year, an increase of 18.7%.

Segment Results of Operations

Government Services Group ("GSG")

	Fiscal Year Ended			
	October 2, 2022	**October 3, 2021**	**Change**	
			$	**%**
	($ in thousands)			
Revenue	$ 1,820,868	$ 1,772,905	$ 47,963	2.7%
Subcontractor costs	(484,412)	(507,132)	22,720	4.5
Revenue, net of subcontractor costs	**$ 1,336,456**	**$ 1,265,773**	**$ 70,683**	**5.6**
Income from operations	**$ 198,448**	**$ 174,755**	**$ 23,693**	**13.6%**

Revenue and revenue, net of subcontractor costs, increased $48.0 million, or 2.7%, and increased $70.7 million, or 5.6%, respectively, in fiscal 2022 compared to fiscal 2021. The increases primarily reflect higher U.S. state and local government activities related to water and environmental programs and disaster response projects.

Operating income increased $23.7 million in fiscal 2022 compared to fiscal 2021. The fiscal 2022 results included $4.4 million of the aforementioned ERC's. Excluding this benefit, operating income increased 11.0% in fiscal 2022 compared the previous year. Our operating margin, based on revenue, net of subcontractor costs, improved to 14.8% in fiscal 2022 compared to 13.8% in fiscal 2021. Excluding the ERC's, our operating margin was 14.5% in fiscal 2022. The improved operating margin in fiscal 2022 was primarily due to our increased focus on high-end consulting services, including digital water, and improved labor utilization.

Commercial/International Services Group ("CIG")

	Fiscal Year Ended			
	October 2, 2022	**October 3, 2021**	**Change**	
			$	**%**
	($ in thousands)			
Revenue	$ 1,738,436	$ 1,500,074	$ 238,362	15.9%
Subcontractor costs	(239,312)	(214,263)	(25,049)	(11.7)
Revenue, net of subcontractor costs	**$ 1,499,124**	**$ 1,285,811**	**$ 213,313**	**16.6**
Income from operations	**$ 194,142**	**$ 152,262**	**$ 41,880**	**27.5%**

Revenue and revenue, net of subcontractor costs, increased $238.4 million, or 15.9%, and increased $213.3 million, or 16.6%, respectively, in fiscal 2022 compared to fiscal 2021. The revenue growth primarily reflects increased activity on commercial environmental programs, including meeting net zero carbon goals and high performance buildings. These increases were also due to the international government stimulus spending on infrastructure. Additionally, the fiscal 2022 revenue included contributions from acquisitions, which did not have comparable revenue in fiscal 2021.

Operating income increased $41.9 million in fiscal 2022 compared to fiscal 2021. The fiscal 2022 operating income included $1.9 million of the aforementioned ERC's. Excluding this benefit, operating income increased 26.2% in fiscal 2022 compared the prior fiscal year. Our operating margin, based on revenue, net of subcontractor costs, improved to 13.0% in fiscal 2022 compared to 11.8% in fiscal 2021. Excluding the ERC's, our operating margin was 12.8% for fiscal 2022. The improved operating margin was primarily due to our increased focus on high-end consulting services, project execution and labor utilization.

Remediation and Construction Management ("RCM")

RCM's projects were substantially complete at the end of fiscal 2018. In May 2022, we received a cash settlement for the last $11 million RCM claim. This settlement resulted in an immaterial gain in the third quarter of fiscal 2022. There were no significant operating activities in RCM for fiscal 2022 and 2021.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Capital Requirements. As of October 1, 2023, we had $168.8 million of cash and cash equivalents and access to an additional $800 million of borrowing available under our credit facility. We generated $368.5 million of cash from operations in fiscal 2023. Our primary sources of liquidity are cash flows from operations and borrowings under our credit facilities. Our primary uses of cash are to fund working capital, cash dividends, capital expenditures and repayment of debt, as well as to fund acquisitions and earn-out obligations from prior acquisitions. We believe that our existing cash and cash equivalents, operating cash flows and borrowing capacity under our credit agreement as amended for the RPS acquisition in the second quarter of fiscal 2023, as described below, will be sufficient to meet our capital requirements for at least the next 12 months.

On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to $400 million of our common stock. In fiscal 2023, we did not repurchase any shares of our common stock. At fiscal 2023 year-end, we had a remaining balance of $347.8 million under our stock repurchase program. We declared and paid common stock dividends totaling $52.1 million, or $0.98 per share, in fiscal 2023 compared to $46.1 million, or $0.86 per share, in fiscal 2022.

Subsequent Events. On November 13, 2023, our Board of Directors declared a quarterly cash dividend of $0.26 per share payable on December 13, 2023 to stockholders of record as of the close of business on November 30, 2023.

Cash and Cash Equivalents. As of October 1, 2023, cash and cash equivalents were $168.8 million, a decrease of $16.3 million compared to the fiscal 2022 year-end.

Operating Activities. Cash provided by operating activities increased 9.6% from $336.2 million in fiscal 2022 to $368.5 million in fiscal 2023. The increase primarily reflects improved working capital, partially offset by approximately $37.0 million of additional payments made in fiscal 2023 for the RPS acquisition, primarily related to the acquisition and integration costs.

Investing Activities. Net cash used in investing activities was $771.2 million in fiscal 2023, an increase of $715.5 million compared to fiscal 2022. The increase was primarily due to the RPS acquisition in the second quarter of fiscal 2023.

Financing Activities. In fiscal 2023, net cash provided by financing activities was $382.4 million compared to net cash used in financing activities of $249.6 million in fiscal 2022. The financing activities in fiscal 2023 primarily consisted of additional borrowings to fund the RPS acquisition.

Debt Financing. On October 26, 2022, we entered into a Third Amended and Restated Credit Agreement that provides for an additional $500 million senior secured term loan facility (the "New Term Loan Facility") increasing our total borrowing capacity to $1.55 billion. On January 23, 2023, we drew the entire amount of the New Term Loan Facility to partially finance the RPS acquisition. The New Term Loan Facility is not subject to any amortization payments of principal and matures on the third anniversary of the RPS acquisition closing date.

On February 18, 2022, we entered into Amendment No. 2 to our Second Amended and Restated Credit Agreement (“Amended Credit Agreement”) with a total borrowing capacity of $1.05 billion that will mature in February 2027. The Amended Credit Agreement is a $750 million senior secured, five-year facility that provides for a $250 million term loan facility (the “Amended Term Loan Facility”) and a $500 million revolving credit facility (the “Amended Revolving Credit Facility”). In addition, the Amended Credit Agreement includes a $300 million accordion feature that allows us to increase the Amended Credit Agreement to $1.05 billion subject to lender approval. The Amended Credit Agreement provides for, among other things, (i) refinance indebtedness under our Credit Agreement dated as of July 30, 2018; (ii) finance open market repurchases of common stock, acquisitions and cash dividends and distributions; and (iii) utilize the proceeds for working capital, capital expenditures and other general corporate purposes. The Amended Credit Agreement provides for a reduction in the interest grid for meeting certain sustainability targets related to the (i) reduction of greenhouse gas emissions through the Company’s projects and operational sustainability initiatives and (ii) improvement of peoples’ lives as a result of the Company’s projects that provide environmental, social and governance benefits. The Amended Revolving Credit Facility includes a $100 million sublimit for the issuance of standby letters of credit, a $20 million sublimit for swingline loans and a $300 million sublimit for multicurrency borrowings and letters of credit.

The entire Amended Term Loan Facility was drawn on February 18, 2022. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a benchmark rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank’s prime rate or the Secured Overnight Financing Rate ("SOFR") rate plus 1.00%, plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. The Amended Credit Agreement expires on February 18, 2027, or earlier at our discretion upon payment in full of loans and other obligations.

On August 22, 2023, we issued $575.0 million in convertible notes that bear interest at 2.25% per annum payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2024 with a maturity date of August 15, 2028 (the "Convertible Notes"). As of October 1, 2023, $560.8 million of the Convertible Notes was included in long-term debt in our consolidated balance sheets, which is net of $14.2 million of unamortized debt issuance costs. The net proceeds from the Convertible Notes were $560.5 million, $51.8 million of which were used to purchase related capped call transactions on the issue date. The remaining proceeds were used to prepay and terminate the $234.4 million outstanding under the Amended Term Loan Facility, to prepay $89.4 million outstanding under the New Term Loan Facility and to pay down borrowings of $185.0 million under the Amended Revolving Credit Facility. See Note 9, "Long-Term Debt" of the "Notes to Consolidated Financial Statements" in Item 8 for further discussion).

At fiscal 2023 year-end, we had $320 million in outstanding borrowings under the Amended Credit Agreement, which was all under the New Term Loan Facility, and no borrowings under the Amended Revolving Credit Facility. The weighted-average interest rate of the outstanding borrowings during fiscal 2023 was 5.71%. In addition, we had $0.7 million in standby letters of credit under the Amended Credit Agreement. Our year-to-date weighted-average interest rate on borrowings outstanding during fiscal 2023 under the Amended Credit Agreement, including the effects of interest rate swap agreements described in Note 14, “Derivative Financial Instruments” of the "Notes to Consolidated Financial Statements" included in Item 8, was 5.37%. At October 1, 2023, we had $499.3 million of available credit under the Amended Revolving Credit Facility, all of which could be borrowed without a violation of our debt covenants. Commitment fees related to our revolving credit facilities were $0.6 million for fiscal year 2023 and $0.7 million each year for fiscal 2022 and 2021, respectively.

The Amended Credit Agreement contains certain affirmative and restrictive covenants, and customary events of default. The financial covenants provide for a maximum Consolidated Leverage Ratio of 3.25 to 1.00 (total funded debt/EBITDA, as defined in the Amended Credit Agreement) and a minimum Consolidated Interest Coverage Ratio of 3.00 to 1.00 (EBITDA/Consolidated Interest Charges, as defined in the Amended Credit Agreement). Our obligations under the Amended Credit Agreement are guaranteed by certain of our domestic subsidiaries and are secured by first priority liens on (i) the equity interests of certain of our subsidiaries, including those subsidiaries that are guarantors or borrowers under the Amended Credit Agreement, and (ii) the accounts receivable, general intangibles and intercompany loans, and those of our subsidiaries that are guarantors or borrowers. At October 1, 2023, we were in compliance with these covenants with a consolidated leverage ratio of 1.79x and a consolidated interest coverage ratio of 9.84x.

In addition to the Amended Credit Agreement, we maintain other credit facilities, which may be used for short-term cash advances and bank guarantees. At October 1, 2023, there were no outstanding borrowings under these facilities, and the aggregate amount of standby letters of credit outstanding was $54.9 million. As of October 1, 2023, we had no bank overdrafts related to our disbursement bank accounts.

Inflation. We believe our operations have not been, and, in the foreseeable future, are not expected to be, materially adversely affected by inflation or changing prices due to the average duration of our projects and our ability to negotiate prices as contracts end and new contracts begin.

Dividends. Our Board of Directors has authorized the following dividends:

	Dividend Per Share	Record Date	Total Maximum Payment (in thousands)	Payment Date
November 7, 2022	$ 0.23	November 21, 2022	$ 12,186	December 9, 2022
January 30, 2023	$ 0.23	February 13, 2023	$ 12,242	February 24, 2023
May 8, 2023	$ 0.26	May 24, 2023	$ 13,840	June 6, 2023
August 7, 2023	$ 0.26	August 23, 2023	$ 13,845	September 6, 2023
November 13, 2023	$ 0.26	November 30, 2023	N/A	December 13, 2023

Income Taxes

We evaluate the realizability of our deferred tax assets by assessing the valuation allowance and adjust the allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The ability or failure to achieve the forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets. Based on future operating results in certain jurisdictions, it is unlikely that the current valuation allowance positions of those jurisdictions could be adjusted in the next 12 months.

At the end of fiscal 2023 and 2022, the liability for income taxes associated with uncertain tax positions was $62.0 million and $10.6 million, respectively.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions may not significantly decrease within the next 12 months. These liabilities represent our current estimates of the additional tax liabilities that we may be assessed when the related audits are concluded. If these audits are resolved in a manner more unfavorable than our current expectations, our additional tax liabilities could be materially higher than the amounts currently recorded resulting in additional tax expense.

Off-Balance Sheet Arrangements

In the ordinary course of business, we may use off-balance sheet arrangements if we believe that such arrangements would be an efficient way to lower our cost of capital or help us manage the overall risks of our business operations. We do not believe that such arrangements have had a material adverse effect on our financial position or our results of operations.

The following is a summary of our off-balance sheet arrangements:

- Letters of credit and bank guarantees are used primarily to support project performance and insurance programs. We are required to reimburse the issuers of letters of credit and bank guarantees for any payments they make under the outstanding letters of credit or bank guarantees. Our Amended Credit Agreement and additional letter of credit facilities cover the issuance of our standby letters of credit and bank guarantees and are critical for our normal operations. If we default on the Amended Credit Agreement or additional credit facilities, our inability to issue or renew standby letters of credit and bank guarantees would impair our ability to maintain normal operations. At fiscal 2023 year-end, we had $0.7 million in standby letters of credit outstanding under our Amended Credit Agreement and $54.9 million in standby letters of credit outstanding under our additional letter of credit facilities.

- From time to time, we provide guarantees and indemnifications related to our services. If our services under a guaranteed or indemnified project are later determined to have resulted in a material defect or other material deficiency, then we may be responsible for monetary damages or other legal remedies. When sufficient information about claims on guaranteed or indemnified projects is available and monetary damages or other costs or losses are determined to be probable, we recognize such guaranteed losses.

- In the ordinary course of business, we enter into various agreements as part of certain unconsolidated subsidiaries, joint ventures and other jointly executed contracts where we are jointly and severally liable. We enter into these agreements primarily to support the project execution commitments of these entities. The potential payment amount of an outstanding performance guarantee is typically the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts. However, we are not able to estimate other amounts that may be required to be paid in excess of estimated costs to complete contracts and, accordingly, the total potential payment amount under our outstanding performance guarantees cannot be estimated. For cost-plus contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed under the contract. For lump sum or fixed-price contracts, this amount is the cost to complete the contracted work less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors, for claims.

- In the ordinary course of business, our clients may request that we obtain surety bonds in connection with contract performance obligations that are not required to be recorded in our consolidated balance sheets. We are obligated to reimburse the issuer of our surety bonds for any payments made thereunder. Each of our commitments under performance bonds generally ends concurrently with the expiration of our related contractual obligation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions in the application of certain accounting policies that affect amounts reported in our consolidated financial statements and accompanying footnotes included in Item 8 of this report. In order to understand better the changes that may occur to our financial condition, results of operations and cash flows, readers should be aware of the critical accounting policies we apply and estimates we use in preparing our consolidated financial statements. Although such estimates and assumptions are based on management's best knowledge of current events and actions we may undertake in the future, actual results could differ materially from those estimates.

Our significant accounting policies are described in the "Notes to Consolidated Financial Statements" included in Item 8. Highlighted below are the accounting policies that management considers most critical to investors' understanding of our financial results and condition, and that require complex judgments by management.

Revenue Recognition and Contract Costs

To determine the proper revenue recognition method for contracts under ASC 606, we evaluate whether multiple contracts should be combined and accounted for as a single contract and whether the combined or single contract should be accounted for as having more than one performance obligation. The decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations may impact the amount of revenue recorded in a given period. Contracts are considered to have a single performance obligation if the promises are not separately identifiable from other promises in the contracts.

At contract inception, we assess the goods or services promised in a contract and identify, as a separate performance obligation, each distinct promise to transfer goods or services to the customer. The identified performance obligations represent the "units of account" for purposes of determining revenue recognition. In order to properly identify separate performance obligations, we apply judgment in determining whether each good or service provided is: (a) capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) distinct within the context of the contract, whereby the transfer of the good or service to the customer is separately identifiable from other promises in the contract.

Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided or significant interdependencies in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

We account for contract modifications as a separate contract when the modification results in the promise to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the stand-alone selling price of the additional goods or services included in the modification.

The transaction price represents the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to our customers. The consideration promised within a contract may include fixed amounts, variable amounts or both. The nature of our contracts gives rise to several types of variable consideration, including claims, award fee incentives, fiscal funding clauses and liquidated damages. We recognize revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur. We estimate the amount of revenue to be recognized on variable consideration using either the expected value or the most likely amount method, whichever is expected to better predict the amount of consideration to be received. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client.

For contracts with multiple performance obligations, we allocate the transaction price to each performance obligation using a best estimate of the standalone selling price of each distinct good or service in the contract. The standalone selling price is typically determined using the estimated cost of the contract plus a margin approach. For contracts containing variable consideration, we allocate the variability to a specific performance obligation within the contract if such variability relates specifically to our efforts to satisfy the performance obligation or transfer the distinct good or service, and the allocation depicts the amount of consideration to which we expect to be entitled.

We recognize revenue over time as the related performance obligation is satisfied by transferring control of a promised good or service to our customers. Progress toward complete satisfaction of the performance obligation is primarily measured using a cost-to-cost measure of progress method. The cost input is based primarily on contract cost incurred to date compared to total estimated contract cost. This measure includes forecasts based on the best information available and reflects our judgment to faithfully depict the value of the services transferred to the customer. For certain on-call engineering or consulting and similar contracts, we recognize revenue in the amount which we have the right to invoice the customer if that amount corresponds directly with the value of our performance completed to date.

Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost measure of progress method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs indicates a loss, a provision for the entire estimated loss on the contract is made in the period in which the loss becomes evident.

Contract Types

Our services are performed under three principal types of contracts: fixed-price, time-and-materials and cost-plus. Customer payments on contracts are typically due within 60 days of billing, depending on the contract.

Fixed-Price. Under fixed-price contracts, clients pay us an agreed fixed-amount negotiated in advance for a specified scope of work.

Time-and-Materials. Under time-and-materials contracts, we negotiate hourly billing rates and charge our clients based on the actual time that we spend on a project. In addition, clients reimburse us for our actual out-of-pocket costs for materials and other direct incidental expenditures that we incur in connection with our performance under the contract. Most of our time-and-material contracts are subject to maximum contract values, and also may include annual billing rate adjustment provisions.

Cost-Plus. Under cost-plus contracts, we are reimbursed for allowed or otherwise defined costs incurred plus a negotiated fee. The contracts may also include incentives for various performance criteria, including quality, timeliness, ingenuity, safety and cost-effectiveness. In addition, our costs are generally subject to review by our clients and regulatory audit agencies, and such reviews could result in costs being disputed as non-reimbursable under the terms of the contract.

Goodwill and Intangibles

The cost of an acquired company is assigned to the tangible and intangible assets purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets and liabilities acquired requires us to make estimates and use valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of net tangible and intangible assets acquired is allocated to goodwill. Goodwill typically represents the value paid for the assembled workforce and enhancement of our service offerings.

Identifiable intangible assets primarily include backlog, client relations and trade names. The costs of these intangible assets are amortized over their contractual or economic lives, which range from one to twelve years. We assess the recoverability of the unamortized balance of our intangible assets when indicators of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to our overall operations. Should the review indicate that the carrying value is not fully recoverable, the excess of the carrying value over the fair value of the intangible assets would be recognized as an impairment loss.

Estimated fair value measurements for intangible assets are made using Level 3 inputs including discounted cash flow techniques. Fair value is estimated using a multi-period excess earnings method for backlog and client relations and a relief from royalty method for trade names. The significant assumptions used in estimating fair value of backlog and client relations include (i) the estimated life the asset will contribute to cash flows, such as remaining contractual terms, (ii) revenue growth rates and EBITDA margins, (iii) attrition rate of customers, and (iv) the estimated discount rates that reflect the level of risk associated with receiving future cash flows. The significant assumptions used in estimating fair value of trade names include the royalty rates and discount rates.

We perform our annual goodwill impairment review at the beginning of our fiscal fourth quarter. In addition, we regularly evaluate whether events and circumstances have occurred that may indicate a potential change in recoverability of goodwill. We perform interim goodwill impairment reviews between our annual reviews if certain events and circumstances have occurred, including a deterioration in general economic conditions, an increased competitive environment, a change in management, key personnel, strategy or customers, negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods (see Note 6, "Goodwill and Intangible Assets" of the "Notes to Consolidated Financial Statements" in Item 8 for further discussion).

We believe the methodology that we use to review impairment of goodwill, which includes a significant amount of judgment and estimates, provides us with a reasonable basis to determine whether impairment has occurred. However, many of the factors employed in determining whether our goodwill is impaired are outside of our control, and it is reasonably likely that assumptions and estimates will change in future periods. These changes could result in future impairments.

The goodwill impairment review involves the determination of the fair value of our reporting units, which for us are the components one level below our reportable segments. This process requires us to make significant judgments and estimates, including assumptions about our strategic plans with regard to our operations as well as the interpretation of current economic indicators and market valuations. Furthermore, the development of the present value of future cash flow projections includes assumptions and estimates derived from a review of our expected revenue growth rates, operating profit margins, business plans, discount rates and terminal growth rates. We also make certain assumptions about future market conditions, market prices, interest rates and changes in business strategies. Changes in assumptions or estimates could materially affect the determination of the fair value of a reporting unit. This could eliminate the excess of fair value over carrying value of a reporting unit entirely and, in some cases, result in impairment. Such changes in assumptions could be caused by a loss of one or more significant contracts, reductions in government or commercial client spending or a decline in the demand for our services due to changing economic conditions. In the event that we determine that our goodwill is impaired, we would be required to record a non-cash charge that could result in a material adverse effect on our results of operations or financial position.

We use two methods to determine the fair value of our reporting units: (i) the Income Approach and (ii) the Market Approach. While each of these approaches is initially considered in the valuation of the business enterprises, the nature and characteristics of the reporting units indicate which approach is most applicable. The Income Approach utilizes the discounted cash flow method, which focuses on the expected cash flow of the reporting unit. In applying this approach, the cash flow available for distribution is calculated for a finite period of years. Cash flow available for distribution is defined, for purposes of this analysis, as the amount of cash that could be distributed as a dividend without impairing the future profitability or operations of the reporting unit. The cash flow available for distribution and the terminal value (the value of the reporting unit at the end of the estimation period) are then discounted to present value to derive an indication of the value of the business enterprise. The Market Approach is comprised of the guideline company method and the similar transactions method. The guideline company method focuses on comparing the reporting unit to select reasonably similar (or "guideline") publicly traded companies. Under this method, valuation multiples are (i) derived from the operating data of selected guideline companies; (ii) evaluated and adjusted based on the strengths and weaknesses of the reporting units relative to the selected guideline companies; and (iii) applied to the operating data of the reporting unit to arrive at an indication of value. In the similar transactions method, consideration is given to prices paid in recent transactions that have occurred in the reporting unit's industry or in related industries. For our annual impairment analysis, we weighted the Income Approach and the Market Approach at 70% and 30%, respectively. The Income Approach was given a higher weight because it has the most direct correlation to the specific economics of the reporting unit, as compared to the Market Approach, which is based on multiples of broad-based (i.e., less comparable) companies. Our last review at July 3, 2023 (i.e., the first day of our fourth quarter in fiscal 2023), indicated that we had no impairment of goodwill, and all of our reporting units had estimated fair values that were in excess of their carrying values, including goodwill. We had no reporting units that had estimated fair values that exceeded their carrying values by less than 45%.

Contingent Consideration

Certain of our acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future operating income thresholds. The contingent earn-out arrangements are based upon our valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent earn-out payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability in "Estimated contingent earn-out liabilities" and "Long-term estimated contingent earn-out liabilities" on the consolidated balance sheets. We consider several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former shareholders of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of our other key employees. The contingent earn-out payments are not affected by employment termination.

We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy (See Note 2, "Basis of Presentation and Preparation – Fair Value of Financial Instruments" of the "Notes to Consolidated Financial Statements" included in Item 8). We use a probability weighted discounted income approach as a valuation technique to convert future estimated cash flows to a single present value amount. The significant unobservable inputs used in the fair value measurements are operating income projections over the earn-out period (generally two or three years), and the probability outcome percentages we assign to each scenario. Significant increases or decreases to either of these inputs in isolation would result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. The amount paid that is less than or equal to the liability on the acquisition date is reflected as cash used in financing activities in our consolidated statements of cash flows. Any amount paid in excess of the liability on the acquisition date is reflected as cash used in operating activities in our consolidated statements of cash flows.

We review and re-assess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from the initial estimates. Changes in the estimated fair value of our contingent earn-out liabilities related to the time component of the present value calculation are reported in interest expense. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in operating income.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting standards and the effect they could have on the consolidated financial statements, see Note 2, "Basis of Presentation and Preparation" of the "Notes to Consolidated Financial Statements" included in Item 8.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We do not enter into derivative financial instruments for trading or speculation purposes. In the normal course of business, we have exposure to both interest rate risk and foreign currency transaction and translation risk, primarily related to the Canadian and Australian dollars, the Euro, and the British Pound.

We are exposed to interest rate risk under our Amended Credit Agreement. We can borrow, at our option, under both the Amended Term Loan Facility and Amended Revolving Credit Facility. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a Eurocurrency rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank's prime rate or the SOFR rate plus 1.00%) plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. Borrowings at the base rate have no designated term and may be repaid without penalty any time prior to the Facility's maturity date. Borrowings at a SOFR rate have a term no less than 30 days and no greater than 180 days and may be prepaid without penalty. Typically, at the end of such term, such borrowings may be rolled over at our discretion into either a borrowing at the base rate or a borrowing at a SOFR rate with similar terms, not to exceed the maturity date of the Facility. The Facility matures on February 18, 2027. At October 1, 2023, we had $320 million in outstanding borrowings under the Amended Credit Agreement, which was all under the New Term Loan Facility, and no borrowings under the Amended Revolving Credit Facility. The year-to-date weighted-average interest rate of the outstanding borrowings during fiscal 2023 was 5.71%.

In August 2018, we entered into five interest rate swap agreements with five banks to fix the variable interest rate on $250 million of our Amended Term Loan Facility. The objective of these interest rate swaps was to eliminate the variability of our cash flows on the amount of interest expense we pay under our Credit Agreement. The five swaps expired on July 31, 2023. Our year-to-date average effective interest rate on borrowings outstanding under the Credit Agreement, including the effects of interest rate swap agreements, at October 1, 2023, was 5.37%. For more information, see Note 14, "Derivative Financial Instruments" of the "Notes to Consolidated Financial Statements" in Item 8.

The majority of our transactions are in U.S. dollars; however, some of our subsidiaries conduct business in foreign currencies, primarily the Canadian and Australian dollars, the Euro, and British Pound. Therefore, we are subject to currency exposure and volatility because of currency fluctuations. We attempt to minimize our exposure to these fluctuations by matching revenue and expenses in the same currency for our contracts. We reported $0.1 million of foreign currency gains in fiscal 2023 and $0.2 million of foreign currency losses in fiscal 2022 in "Selling, general and administrative expenses" on our consolidated statements of income.

We have foreign currency exchange rate exposure in our results of operations and equity primarily because of the currency translation related to our foreign subsidiaries where the local currency is the functional currency. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions will result in reduced revenue, operating expenses, assets and liabilities. Similarly, our revenue, operating expenses, assets and liabilities will increase if the U.S. dollar weakens against foreign currencies. For fiscal 2023 and 2022, 36.7% and 31.0% of our consolidated revenue, respectively, was generated by our international business. For fiscal 2023, the effect of foreign exchange rate translation on the consolidated balance sheets was an increase in equity of $12.6 million compared to a decrease in equity of $94.9 million in fiscal 2022. These amounts were recognized as an adjustment to equity through other comprehensive income.

In the fourth quarter of fiscal 2022, we entered into a forward contract to acquire GBP 714.0 million at a rate of 1.0852 for a total of USD 774.8 million that was integrated with our plan to acquire RPS. This contract matured on December 30, 2022. On December 28, 2022, we entered into an extension of the integrated forward contract to acquire GBP 714.0 million at a rate of 1.086 for a total of USD 775.4 million, extending the maturity date to January 23, 2023, the closing date of the RPS acquisition. Although an effective economic hedge of our foreign exchange risk related to this transaction, the forward contract did not qualify for hedge accounting. As a result, the forward contract was marked-to-market with changes in fair value recognized in earnings each period. The intrinsic value of the forward contract was immaterial at inception as the GBP/USD spot and forward exchange rates were essentially the same. The fair value of the forward contract at October 2, 2022 was $19.9 million, and an unrealized gain of the same amount was recognized in our fourth quarter of fiscal 2022 results. On January 23, 2023, the forward contract was settled for cash proceeds of $109.3 million and we recognized additional gains of $89.4 million in fiscal 2023. All gains related to this transaction were reported in "Other non-operating income" on our consolidated income statements for the respective periods.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tetra Tech, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Tetra Tech, Inc. and its subsidiaries (the "Company") as of October 1, 2023 and October 2, 2022, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended October 1, 2023, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of October 1, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 1, 2023 and October 2, 2022, and the results of its operations and its cash flows for each of the three years in the period ended October 1, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 1, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition - Determination of Total Estimated Contract Cost for Fixed-price Contracts

As described in Note 3 to the consolidated financial statements, $1.64 billion of the Company’s total revenues for the year ended October 1, 2023 was generated from fixed-price contracts. As disclosed by management, under fixed-price contracts, the Company's clients pay an agreed fixed-amount negotiated in advance for a specified scope of work. Revenue is recognized over time as the related performance obligation is satisfied by transferring control of a promised good or service to the Company's customers. Progress toward complete satisfaction of the performance obligation is primarily measured using a cost-to-cost measure of progress method. The cost input is based primarily on contract cost incurred to date compared to total estimated contract cost. This measure includes forecasts based on the best information available and reflects management's judgment to faithfully depict the value of the services transferred to the customer. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost measure of progress method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. As a result, the Company recognized net favorable revenue and operating income adjustments of $11.0 million for the year ended October 1, 2023. Changes in revenue and cost estimates could also result in a projected loss, determined at the contract level, which would be recorded immediately in earnings. The anticipated losses and estimated cost to complete the related contracts was $8.5 million and approximately $68 million, respectively, as of October 1, 2023.

The principal considerations for our determination that performing procedures relating to revenue recognition - determination of total estimated contract cost for fixed-price contracts is a critical audit matter are (i) the significant judgment by management in developing the estimate of total contract cost for fixed-price contracts; and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating audit evidence related to management’s estimate of total contract costs for fixed-price contracts with cumulative catch-up adjustments, anticipated losses or claims.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the total estimated contract cost for fixed-price contracts. These procedures also included, among others, (i) evaluating and testing management’s process for developing the estimate of total contract cost for a sample of contracts with cumulative catch-up adjustments, anticipated losses or claims, which included evaluating the contract terms and other documents that support those estimates, and testing of underlying contract costs; (ii) assessing management's ability to reasonably estimate total contract costs by performing a comparison of the total estimated contract cost as compared with prior period estimates, including evaluating the timely identification of circumstances that may warrant a modification to the total estimated contract cost; and (iii) evaluating, for certain contracts, management’s methodologies and assessing the consistency of management’s approach over the life of the contract.

Acquisition of RPS Group plc – Valuation of Certain Client Relations and Trade Name

As described in Note 5 to the consolidated financial statements, the Company completed its acquisition of RPS Group plc (“RPS”) on January 23, 2023 for a total purchase price of approximately $784 million. Of the total acquired intangible assets of $174.1 million, certain client relations and a trade name represent the majority. Fair value was estimated by management using a multi-period excess earnings method for client relations and a relief from royalty method for trade names. Management’s significant assumptions used in estimating fair value of client relations include (i) the estimated life the asset will contribute to cash flows, such as remaining contractual terms, (ii) revenue growth rates and EBITDA margins, (iii) attrition rate of customers, and (iv) the estimated discount rates that reflect the level of risk associated with receiving future cash flows. The significant assumptions used in estimating fair value of trade name include the royalty rates and discount rates.

The principal considerations for our determination that performing procedures relating to the valuation of certain client relations and trade name in the acquisition of RPS Group plc is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of certain client relations and trade name acquired, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to estimated life, revenue growth rates, customer attrition rates, EBITDA margins and discount rates for certain client relations and a royalty rate and discount rate for a trade name, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management’s valuation of certain client relations and trade name acquired. These procedures also included, among others, (i) reading the purchase agreement; (ii) testing management’s process for developing the fair value estimate of certain client relations and trade name acquired; (iii) evaluating the appropriateness of the multi-period excess earnings and relief from royalty methods used by management; (iv) testing the completeness and accuracy of the underlying data used in the multi-period excess earnings and relief from royalty methods; and (v) evaluating the reasonableness of the significant assumptions used by management related to the estimated life, revenue growth rates, customer attrition rates, EBITDA margins and discount rates for certain client relations and the royalty rate and discount rate for a trade name. Evaluating management’s assumptions related to the estimated life, revenue growth rates, customer attrition rates and EBITDA margins for client relations involved considering (i) the current and past performance of RPS; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the multi-period excess earnings and relief from royalty methods and (ii) the reasonableness of the discount rate assumption for certain client relations and trade name, as well as, the royalty rate for a trade name.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
November 22, 2023

We have served as the Company’s auditor since 2004.

Tetra Tech, Inc.
Consolidated Balance Sheets
(in thousands, except par value)

ASSETS	October 1, 2023	October 2, 2022
Current assets:		
Cash and cash equivalents	$ 168,831	$ 185,094
Accounts receivable, net	974,535	755,112
Contract assets	113,939	92,405
Prepaid expenses and other current assets	89,096	115,400
Income taxes receivable	9,623	10,205
Total current assets	1,356,024	1,158,216
Property and equipment, net	74,832	32,316
Right-of-use assets, operating leases	175,932	182,319
Goodwill	1,880,244	1,110,412
Intangible assets, net	173,936	29,163
Deferred tax assets	89,002	47,804
Other non-current assets	70,507	62,546
Total assets	$ 3,820,477	$ 2,622,776
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 173,271	$ 147,436
Accrued compensation	302,755	237,669
Contract liabilities	335,044	241,340
Short-term lease liabilities, operating leases	65,005	57,865
Current portion of long-term debt	—	12,504
Current contingent earn-out liabilities	51,108	28,797
Other current liabilities	280,959	190,406
Total current liabilities	1,208,142	916,017
Deferred tax liabilities	14,256	15,161
Long-term debt	879,529	246,250
Long-term lease liabilities, operating leases	144,685	146,285
Non-current contingent earn-out liabilities	22,314	36,769
Other non-current liabilities	148,045	79,157
Commitments and contingencies (Note 17)		
Equity:		
Preferred stock – Authorized, 2,000 shares of $0.01 par value; no shares issued and outstanding at October 1, 2023 and October 2, 2022	—	—
Common stock – Authorized, 150,000 shares of $0.01 par value; issued and outstanding, 53,248 and 52,981 shares at October 1, 2023 and October 2, 2022, respectively	532	530
Additional paid-in capital	—	—
Accumulated other comprehensive loss	(195,295)	(208,144)
Retained earnings	1,598,196	1,390,701
Tetra Tech stockholders' equity	1,403,433	1,183,087
Noncontrolling interests	73	50
Total stockholders' equity	1,403,506	1,183,137
Total liabilities and stockholders' equity	$ 3,820,477	$ 2,622,776

See accompanying Notes to Consolidated Financial Statements.

Tetra Tech, Inc.
Consolidated Statements of Income
(in thousands, except per share data)

	Fiscal Year Ended		
	October 1, 2023	**October 2, 2022**	**October 3, 2021**
Revenue	$ 4,522,550	$ 3,504,048	$ 3,213,513
Subcontractor costs	(771,461)	(668,468)	(661,341)
Other costs of revenue	(3,026,060)	(2,260,021)	(2,053,772)
Gross profit	725,029	575,559	498,400
Selling, general and administrative expenses	(305,107)	(234,784)	(222,972)
Acquisition and integration expenses	(33,169)	—	—
Right-of-use operating lease asset impairment	(16,385)	—	—
Contingent consideration – fair value adjustments	(12,255)	(329)	3,273
Income from operations	358,113	340,446	278,701
Interest income	5,898	1,780	917
Interest expense	(52,435)	(13,364)	(12,748)
Other non-operating income	89,402	19,904	—
Income before income tax expense	400,978	348,766	266,870
Income tax expense	(127,526)	(85,602)	(34,039)
Net income	273,452	263,164	232,831
Net income attributable to noncontrolling interests	(32)	(39)	(21)
Net income attributable to Tetra Tech	$ 273,420	$ 263,125	$ 232,810
Earnings per share attributable to Tetra Tech:			
Basic	$ 5.14	$ 4.91	$ 4.31
Diluted	$ 5.10	$ 4.86	$ 4.26
Weighted-average common shares outstanding:			
Basic	53,203	53,620	54,078
Diluted	53,637	54,163	54,675

See accompanying Notes to Consolidated Financial Statements.

Tetra Tech, Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Fiscal Year Ended		
	October 1, 2023	**October 2, 2022**	**October 3, 2021**
Net income	$ 273,452	$ 263,164	$ 232,831
Other comprehensive income, net of tax			
Foreign currency translation adjustments, net of tax	12,622	(94,933)	30,644
(Loss) gain on cash flow hedge valuations, net of tax	(2,412)	11,806	6,117
Net pension adjustments	2,638	—	—
Other comprehensive income (loss), net of tax	12,848	(83,127)	36,761
Comprehensive income, net of tax	$ 286,300	$ 180,037	$ 269,592
Comprehensive income attributable to noncontrolling interests, net of tax	31	28	24
Comprehensive income attributable to Tetra Tech, net of tax	$ 286,269	$ 180,009	$ 269,568

See accompanying Notes to Consolidated Financial Statements.

Tetra Tech, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Cash flows from operating activities:			
Net income	$ 273,452	$ 263,164	$ 232,831
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	61,206	27,033	23,805
Amortization of stock-based awards	28,607	26,227	23,067
Deferred income taxes	(21,204)	2,175	(38,494)
Fair value adjustments to contingent consideration	12,255	329	(3,273)
Right-of-use operating lease asset impairment	16,385	—	—
Fair value adjustment to foreign currency forward contract	(89,402)	(19,904)	—
Other non-cash items	975	(1,245)	(496)
Changes in operating assets and liabilities, net of effects of business acquisitions:			
Accounts receivable and contract assets	(19,783)	(89,781)	13,301
Prepaid expenses and other assets	78,686	69,697	(582)
Accounts payable	(19,214)	17,099	13,551
Accrued compensation	37,094	27,458	5,425
Contract liabilities	44,152	55,915	13,407
Income taxes receivable/payable	40,527	14,627	13,090
Other liabilities	(75,273)	(56,606)	8,740
Net cash provided by operating activities	368,463	336,188	304,372
Cash flows from investing activities:			
Payments for business acquisitions, net of cash acquired	(854,319)	(49,124)	(84,911)
Settlement of foreign currency forward contract	109,306	—	—
Capital expenditures	(26,901)	(10,582)	(8,573)
Proceeds from sales of assets	715	3,966	492
Net cash used in investing activities	(771,199)	(55,740)	(92,992)
Cash flows from financing activities:			
Proceeds from borrowings	994,859	161,456	370,222
Repayments on long-term debt	(1,026,051)	(117,080)	(414,308)
Proceeds from issuance of convertible notes	575,000	—	—
Payments of debt issuance costs	(14,451)	—	—
Capped call transactions	(51,750)	—	—
Repurchases of common stock	—	(200,000)	(60,000)
Taxes paid on vested restricted stock	(16,833)	(25,223)	(17,630)
Payments of contingent earn-out liabilities	(21,328)	(20,124)	(20,251)
Stock options exercised	626	1,806	11,250
Bank overdrafts	—	—	(36,627)
Dividends paid	(52,113)	(46,099)	(40,041)
Principal payments on finance leases	(5,579)	(4,344)	(2,714)
Net cash provided by (used in) financing activities	382,380	(249,608)	(210,099)
Effect of exchange rate changes on cash and cash equivalents	4,093	(12,314)	7,772
Net (decrease) increase in cash and cash equivalents	(16,263)	18,526	9,053
Cash and cash equivalents at beginning of year	185,094	166,568	157,515
Cash and cash equivalents at end of year	$ 168,831	$ 185,094	$ 166,568
Supplemental information:			
Cash paid during the year for:			
Interest	$ 47,367	$ 13,378	$ 10,330
Income taxes, net of refunds received of $2.2 million, $4.8 million and $2.1 million	$ 93,176	$ 70,799	$ 59,111

See accompanying Notes to Consolidated Financial Statements.

Tetra Tech, Inc.
Consolidated Statements of Equity
Fiscal Years Ended October 3, 2021, October 2, 2022, and October 1, 2023
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Tetra Tech Equity	Non-Controlling Interests	Total Equity
	Shares	Amount						
BALANCE AT SEPTEMBER 27, 2020	53,797	$ 538	$ —	$ (161,786)	$ 1,198,567	$ 1,037,319	$ 54	$ 1,037,373
Comprehensive income, net of tax:								
Net income					232,810	232,810	21	232,831
Foreign currency translation adjustments				30,641		30,641	3	30,644
Gain on cash flow hedge valuations				6,117		6,117		6,117
Comprehensive income, net of tax						269,568	24	269,592
Distributions paid to noncontrolling interests							(25)	(25)
Cash dividends of $0.74 per common share					(40,041)	(40,041)		(40,041)
Stock-based compensation			23,067			23,067		23,067
Restricted & performance shares released	215	3	(17,633)			(17,630)		(17,630)
Stock options exercised	324	3	11,247			11,250		11,250
Shares issued for Employee Stock Purchase Plan	124	1	10,704			10,705		10,705
Stock repurchases	(479)	(5)	(27,385)		$ (32,610)	(60,000)		(60,000)
BALANCE AT OCTOBER 3, 2021	53,981	540	—	(125,028)	1,358,726	1,234,238	53	1,234,291
Comprehensive income, net of tax:								
Net income					263,125	263,125	39	263,164
Foreign currency translation adjustments				(94,922)		(94,922)	(11)	(94,933)
Gain on cash flow hedge valuations				11,806		11,806		11,806
Comprehensive income, net of tax						180,009	28	180,037
Distributions paid to noncontrolling interests							(31)	(31)
Cash dividends of $0.86 per common share					(46,099)	(46,099)		(46,099)
Stock-based compensation			26,227			26,227		26,227
Restricted & performance shares released	190	2	(25,225)			(25,223)		(25,223)
Stock options exercised	46	—	1,806			1,806		1,806
Shares issued for Employee Stock Purchase Plan	106	1	12,128			12,129		12,129
Stock repurchases	(1,342)	(13)	(14,936)		(185,051)	(200,000)		(200,000)
BALANCE AT OCTOBER 2, 2022	52,981	530	—	(208,144)	1,390,701	1,183,087	50	1,183,137
Comprehensive income, net of tax:								
Net income					273,420	273,420	32	273,452

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Tetra Tech Equity	Non-Controlling Interests	Total Equity
	Shares	Amount						
Foreign currency translation adjustments				12,623		12,623	(1)	12,622
Pension				2,638		2,638		2,638
Gain on cash flow hedge valuations				(2,412)		(2,412)		(2,412)
Comprehensive income, net of tax						286,269	31	286,300
Distributions paid to noncontrolling interests							(8)	(8)
Cash dividends of $0.98 per common share					(52,113)	(52,113)		(52,113)
Stock-based compensation			28,607			28,607		28,607
Restricted & performance shares released	149	1	(16,834)			(16,833)		(16,833)
Stock options exercised	19	—	626			626		626
Shares issued for Employee Stock Purchase Plan	99	1	12,627			12,628		12,628
Reclassification of APIC			26,724		(26,724)	—		—
Capped call transactions			(51,750)		12,912	(38,838)		(38,838)
BALANCE AT OCTOBER 1, 2023	53,248	$ 532	$ —	$ (195,295)	$ 1,598,196	$ 1,403,433	$ 73	$ 1,403,506

See accompanying Notes to Consolidated Financial Statements.

Tetra Tech, Inc.

Notes to Consolidated Financial Statements

1. Description of Business

We are a leading global provider of high-end consulting and engineering services that focuses on water, environment, sustainable infrastructure, renewable energy and international development. We are a global company that is *Leading with Science®* to provide innovative solutions for our public and private clients. We typically begin at the earliest stage of a project by identifying technical solutions and developing execution plans tailored to our clients' needs and resources. Our solutions may span the entire life cycle of high-end consulting and engineering projects and include applied science, data analysis, research, engineering, design, project management and operations and maintenance.

We manage our business under two reportable segments. Our Government Services Group ("GSG") reportable segment primarily includes activities with U.S. government clients (federal, state and local) and all activities with development agencies worldwide. Our Commercial/International Services Group ("CIG") reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies.

2. Basis of Presentation and Preparation

Principles of Consolidation and Presentation. The consolidated financial statements include our accounts and those of joint ventures of which we are the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year. We report results of operations based on 52 or 53-week periods ending on the Sunday nearest September 30. Fiscal years 2023, 2022 and 2021 contained 52, 52 and 53 weeks, respectively.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect the amounts reported in our consolidated financial statements and accompanying notes. Although such estimates and assumptions are based on management's best knowledge of current events and actions we may take in the future, actual results could differ materially from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include highly liquid investments with original maturities of 90 days or less. Occasionally, we have bank overdrafts, which occur when a bank honors disbursements in excess of funds on deposit in our bank accounts. We classify bank overdrafts as short-term borrowings on our consolidated balance sheets, and report the change in overdrafts as a financing activity in our consolidated statements of cash flows.

Insurance Matters, Litigation and Contingencies. In the normal course of business, we are subject to certain contractual guarantees and litigation. In addition, we maintain insurance coverage for various aspects of our business and operations. We record in our consolidated balance sheets amounts representing our estimated liability for these legal and insurance obligations. Any adjustments to these liabilities are recorded in our consolidated statements of income.

Accounts Receivable – Net. Net accounts receivable consists of billed and unbilled accounts receivable, and allowances for doubtful accounts. Billed accounts receivable represent amounts billed to clients that have not been collected. Unbilled accounts receivable, which represent an unconditional right to payment subject only to the passage of time, include unbilled amounts typically resulting from revenue recognized but not yet billed pursuant to contract terms or billed after the period end date. Substantially all of our unbilled receivables at our fiscal 2023 year-end are expected to be billed and collected within 12 months. Unbilled accounts receivable also include amounts related to requests for equitable adjustment to contracts that provide for price redetermination. These amounts are recorded only when they can be reliably estimated, and realization is probable. The allowance for doubtful accounts represents amounts that are expected to become uncollectible or unrealizable in the future. We determine an estimated allowance for uncollectible accounts based on management's consideration of trends in the actual and forecasted credit quality of our clients, including delinquency and payment history; type of client, such as a government agency or a commercial sector client; and general economic and industry conditions that may affect our clients' ability to pay.

Contract Assets and Contract Liabilities. Contract assets represent revenue recognized in excess of the amounts for which we have the contractual right to bill our customers. Contract retentions, included in contract assets, represent amounts withheld by clients until certain conditions are met or the project is completed, which may extend beyond one year. Contract liabilities represent the amount of cash collected from clients and billings to clients on contracts in advance of work performed and revenue recognized. The majority of these amounts are expected be earned within 12 months and are classified as current liabilities.

Prepaid and other current assets. Prepaid assets consist primarily of payments for insurance and software costs and are amortized over the estimated period of benefit. Other current assets include primarily sales/services and use tax receivables from our U.S and foreign operations.

Property and Equipment. Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from our consolidated balance sheets and any resulting gain or loss is reflected in our consolidated statements of income. Expenditures for maintenance and repairs are expensed as incurred. Generally, estimated useful lives range from three to seven years for equipment, furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the lease term. Assets held for sale are measured at the lower of carrying amount (i.e., net book value) and fair value less cost to sell, and are reported within "Prepaid expenses and other current assets" on our consolidated balance sheets. Once assets are classified as held for sale, they are no longer depreciated.

Long-Lived Assets. We evaluate the recoverability of our long-lived assets when the facts and circumstances suggest that the assets may be impaired. This assessment is performed based on the estimated undiscounted cash flows compared to the carrying value of the assets. If the future cash flows (undiscounted and without interest charges) are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

Leases. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, and current and long-term operating lease liabilities in the consolidated balance sheets. Our finance leases are reported in "Other long-term assets", "Other current liabilities" and "Other long-term liabilities" on our consolidated balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, incremental borrowing rates are used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset at the commencement date also includes any lease payments made to the lessor at or before the commencement date and initial direct costs less lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

We recognize a liability for contract termination costs associated with an exit activity for costs that will continue to be incurred under a lease for its remaining term without economic benefit to us, initially measured at its fair value at the cease-use date. The fair value is determined based on the remaining lease rentals, adjusted for the effects of any prepaid or deferred items recognized under the lease, and reduced by estimated sublease rentals.

Business Combinations. The cost of an acquired company is assigned to the tangible and intangible assets purchased and the liabilities assumed based on their fair values at the date of acquisition. The determination of fair values of these assets and liabilities requires us to make estimates and use valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of net tangible and intangible assets acquired is allocated to goodwill. Goodwill typically represents the value paid for the assembled workforce and enhancement of our service offerings. Transaction costs associated with business combinations are expensed as incurred.

Goodwill and Intangible Assets. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a business acquisition. Following an acquisition, we perform an analysis to value the acquired company's tangible and identifiable intangible assets and liabilities. With respect to identifiable intangible assets, we consider backlog, non-compete agreements, client relations, trade names, patents and other assets. We amortize our intangible assets based on the period over which the contractual or economic benefits of the intangible assets are expected to be realized. We assess the recoverability of the unamortized balance of our intangible assets when indicators of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to our overall operations. Should the review indicate that the carrying value is not fully recoverable, the excess of the carrying value over the fair value of the intangible assets would be recognized as an impairment loss.

We test our goodwill for impairment on an annual basis, and more frequently when an event occurs, or circumstances indicate that the carrying value of the asset may not be recoverable. We believe the methodology that we use to review impairment of goodwill, which includes a significant amount of judgment and estimates, provides us with a reasonable basis to determine whether impairment has occurred. However, many of the factors employed in determining whether our goodwill is impaired are outside of our control and it is reasonably likely that assumptions and estimates will change in future periods. These changes could result in future impairments.

We perform our annual goodwill impairment review at the beginning of our fiscal fourth quarter. Our last annual review was performed at July 3, 2023 (i.e., the first day of our fiscal fourth quarter). In addition, we regularly evaluate whether events and circumstances have occurred that may indicate a potential change in recoverability of goodwill. We perform interim goodwill impairment reviews between our annual reviews if certain events and circumstances have occurred, including a deterioration in general economic conditions, an increased competitive environment, a change in management, key personnel, strategy or customers, negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods. We assess goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. Our operating segments are the same as our reportable segments and our reporting units for goodwill impairment testing are the components one level below our reportable segments. These components constitute a business for which discrete financial information is available and where segment management regularly reviews the operating results of that component. We aggregate components within an operating segment that have similar economic characteristics.

The impairment test for goodwill involves the comparison of the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. We estimate the fair value of reporting units based on a comparison and weighting of the income approach, specifically the discounted cash flow method and the market approach, which estimates the fair value of our reporting units based upon comparable market prices and recent transactions and also validates the reasonableness of the multiples from the income approach. The development of the present value of future cash flow projections includes assumptions and estimates derived from a review of our expected revenue growth rates, operating profit margins, discount rates and the terminal growth rate. If the fair value of a reporting unit exceeds its carrying amount, the goodwill of that reporting unit is not considered impaired. However, if its carrying value exceeds its fair value, our goodwill is impaired, and we are required to record a non-cash charge that could have a material adverse effect on our consolidated financial statements. An impairment loss recognized, if any, should not exceed the total amount of goodwill allocated to the reporting unit.

Contingent Consideration. Most of our acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future operating income thresholds. The contingent earn-out arrangements are based upon our valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent earn-out payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability in "Current contingent earn-out liabilities" and "Long-term contingent earn-out liabilities" on the consolidated balance sheets. We consider several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former owners of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of our other key employees. The contingent earn-out payments are not affected by employment termination.

We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. We use a probability weighted discounted income approach as a valuation technique to convert future estimated cash flows to a single present value amount. The significant unobservable inputs used in the fair value measurements are operating income projections over the earn-out period (generally three or five years) and the probability outcome percentages we assign to each scenario. Significant increases or decreases to either of these inputs in isolation would result in a significantly higher or lower liability, with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. The amount paid that is less than or equal to the contingent earn-out liability on the acquisition date is reflected as cash used in financing activities in our consolidated statements of cash flows. Any amount paid in excess of the contingent earn-out liability on the acquisition date is reflected as cash used in operating activities in our consolidated statements of cash flows.

We review and reassess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from the initial estimates. Changes in the estimated fair value of our contingent earn-out liabilities related to the time component of the present value calculation are reported in interest expense. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in operating income.

Other current liabilities. Other current liabilities consist primarily of accrued insurance, contingent liabilities, sales/services and use taxes due to our U.S. and foreign operations, other tax accruals and accrued professional fees.

Fair Value of Financial Instruments. We determine the fair values of our financial instruments, including short-term investments, debt instruments, derivative instruments and pension plan assets based on inputs or assumptions that market participants would use in pricing an asset or a liability. We categorize our instruments using a valuation hierarchy for disclosure of the inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair values based on their short-term nature. The carrying amounts of our revolving credit facility approximates fair value because the interest rates are based upon variable reference rates. Certain other assets and liabilities, such as contingent earn-out liabilities and amounts related to cash-flow hedges, are required to be carried in our consolidated financial statements at fair value.

Our fair value measurement methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Although we believe our valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine fair value could result in a different fair value measurement at the reporting date.

Derivative Financial Instruments. We account for our derivative instruments as either assets or liabilities and carry them at fair value. For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income in stockholders' equity and reclassified into income in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument, if any, is recognized in current income. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions.

The net gain or loss on the effective portion of a derivative instrument that is designated as an economic hedge of the foreign currency translation exposure generated by the re-measurement of certain assets and liabilities denominated in a non-functional currency in a foreign operation is reported in the same manner as a foreign currency translation adjustment. Accordingly, any gains or losses related to these derivative instruments are recognized in current income. Derivatives that do not qualify as hedges are adjusted to fair value through current income.

Deferred Compensation. We maintain a non-qualified defined contribution supplemental retirement plan for certain key employees and non-employee directors that is accounted for in accordance with applicable authoritative guidance on accounting for deferred compensation arrangements where amounts earned are held in a rabbi trust and invested. Employee deferrals are deposited into a rabbi trust, and the funds are generally invested in individual variable life insurance contracts that we own and are specifically designed to informally fund savings plans of this nature. Our consolidated balance sheets reflect our investment in variable life insurance contracts in "Other long-term assets." Our obligation to participating employees is reflected in "Other long-term liabilities." The net gains and losses related to the deferred compensation plan are reported as part of “Selling, general and administrative expenses” in our consolidated statements of income.

Pension Plan. We assumed a defined benefit pension plan from an acquisition. We calculate the market-related value of assets, which is used to determine the return-on-assets component of annual pension expense and the cumulative net unrecognized gain or loss subject to amortization. This calculation reflects our anticipated long-term rate of return and amortization of the difference between the actual return (including capital, dividends, and interest) and the expected return. Cumulative net unrecognized gains or losses that exceed 10% of the greater of the projected benefit obligation or the fair market-related value of plan assets are subject to amortization.

Income Taxes. We file a consolidated U.S. federal income tax return. In addition, we file other returns that are required in the states, foreign jurisdictions and other jurisdictions in which we do business. We account for certain income and expense items differently for financial reporting and income tax purposes. Deferred tax assets and liabilities are computed for the difference between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to reverse. In determining the need for a valuation allowance, management reviews both positive and negative evidence, including current and historical results of operations, future income projections, scheduled reversals of deferred tax amounts, availability of carrybacks and potential tax planning strategies. Based on our assessment, we have concluded that a portion of the deferred tax assets will not be realized.

According to the authoritative guidance on accounting for uncertainty in income taxes, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. This guidance also addresses de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and disclosure requirements for uncertain tax positions.

Concentration of Credit Risk. Financial instruments that subject us to credit risk consist primarily of cash and cash equivalents and net accounts receivable. In the event that we have surplus cash, we place our temporary cash investments with lower risk financial institutions and, by policy, limit the amount of investment exposure to any one financial institution. Approximately 22% of accounts receivable were due from various agencies of the U.S. federal government at fiscal 2023 year-end. The remaining accounts receivable are generally diversified due to the large number of organizations comprising our client base and their geographic dispersion. We perform ongoing credit evaluations of our clients and maintain an allowance for potential credit losses. Approximately 31%, 13%, 19% and 37% of our fiscal 2023 revenue was generated from our U.S. federal government, U.S. state and local government, U.S. commercial and international clients, respectively.

Foreign Currency Translation. We determine the functional currency of our foreign operating units based upon the primary currency in which they operate. These operating units maintain their accounting records in their local currency, primarily Canadian and Australian dollars, the Euros and British pounds. Where the functional currency is not the U.S. dollar, translation of assets and liabilities to U.S. dollars is based on exchange rates at the balance sheet date. Translation of revenue and expenses to U.S. dollars is based on the average rate during the period. Translation gains or losses are reported as a component of other comprehensive income. Gains or losses from foreign currency transactions are included in income from operations.

Reclassifications. Certain reclassifications were made to the prior fiscal years to conform to the current-year presentation.

Recently Issued Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board issued ASU 2021-10, Government Assistance (Topic 832), which requires annual disclosures for transactions with a government authority that are accounted for by applying a grant or contribution model by analogy, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. ASU 2021-10 was effective for us beginning in the first quarter of fiscal 2023. In fiscal 2020, the Canadian federal government implemented the Canadian Emergency Wage Subsidy ("CEWS") program in response to the negative impact of the coronavirus disease 2019 pandemic on businesses operating in Canada. Some of our Canadian legal entities qualified for and applied for these CEWS cash benefits to partially offset the impacts of revenue reductions and on-going staffing costs. The $21.0 million total received was initially recorded in "Other current liabilities" until all potential amendments to the qualification criteria, including some that were proposed with retroactive application, were finalized in fiscal 2022. As there are no further contingencies, the amounts received will be distributed to all Canadian employees. We expect to distribute approximately $10 million in the next twelve months. Accordingly, this amount is included in "Accrued compensation" on our consolidated balance sheet as of October 1, 2023. The remaining $11.0 million, which we expect to distribute beyond one year, is reported in "Other long-term liabilities". We do not expect there will be any related impact on our operating income, and we have no outstanding applications for further government assistance.

3. Revenue and Contract Balances

We recognize revenue over time as the related performance obligation is satisfied by transferring control of a promised good or service to our customers. Progress toward complete satisfaction of the performance obligation is primarily measured using a cost-to-cost measure of progress method. The cost input is based primarily on contract cost incurred to date compared to total estimated contract cost. This measure includes forecasts based on the best information available and reflects our judgement to faithfully depict the value of the services transferred to the customer. For certain on-call engineering or consulting and similar contracts, we recognize revenue in the amount which we have the right to invoice the customer if that amount corresponds directly with the value of our performance completed to date.

Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near term. For those performance obligations for which revenue is recognized using a cost-to-cost measure of progress method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs indicates a loss, a provision for the entire estimated loss on the contract is made in the period in which the loss becomes evident.

Disaggregation of Revenue

We disaggregate revenue by client sector and contract type, as we believe it best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. The following tables present revenue disaggregated by client sector and contract type (in thousands):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Client Sector:			
U.S. federal government (1)	$ 1,387,101	$ 1,064,347	$ 1,081,608
U.S. state and local government	607,074	603,286	536,309
U.S. commercial	869,460	748,953	638,169
International (2)	1,658,915	1,087,462	957,427
Total	**$ 4,522,550**	**$ 3,504,048**	**$ 3,213,513**
Contract Type:			
Fixed-price	$ 1,643,849	$ 1,317,993	$ 1,191,244
Time-and-materials	2,166,671	1,637,019	1,492,813
Cost-plus	712,030	549,036	529,456
Total	**$ 4,522,550**	**$ 3,504,048**	**$ 3,213,513**

(1) Includes revenue generated under U.S. federal government contracts performed outside the United States.
(2) Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.

Other than the U.S. federal government, no single client accounted for more than 10% of our revenue for fiscal 2023 and 2022.

Contract Assets and Contract Liabilities

We invoice customers based on the contractual terms of each contract. However, the timing of revenue recognition may differ from the timing of invoice issuance.

Contract assets represent revenue recognized in excess of the amounts for which we have the contractual right to bill our customers. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones or completion of a contract. In addition, many of our time and materials arrangements are billed in arrears pursuant to contract terms that are standard within the industry, resulting in contract assets and/or unbilled receivables being recorded, as revenue is recognized in advance of billings. Contract retentions, included in contract assets, represent amounts withheld by clients until certain conditions are met or the project is completed, which may extend beyond one year.

Contract liabilities consist of billings in excess of revenue recognized. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation and increase as billings in advance of revenue recognition occur. Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. There were no substantial non-current contract assets or liabilities for the periods presented. Net contract assets/liabilities consisted of the following (in thousands):

	Balance at	
	October 1, 2023	October 2, 2022
Contract assets (1)	$ 113,939	$ 92,405
Contract liabilities	335,044	241,340
Net contract liabilities	**$ (221,105)**	**$ (148,935)**

(1) Includes $6.8 million and $23.3 million of contract retentions at fiscal 2023 and 2022 year-ends, respectively.

In fiscal 2023, we recognized revenue of approximately $164 million from amounts included in the contract liability balance at the end of fiscal 2022, compared to approximately $125 million in fiscal 2022.

We recognize revenue primarily using the cost-to-cost measure of progress method to estimate progress towards completion. Changes in those estimates could result in the recognition of cumulative catch-up adjustments to the contract's inception-to-date revenue, costs and profit in the period in which such changes are made. As a result, in fiscal 2023, we recognized net favorable revenue and operating income adjustments of $11.0 million. The corresponding net revenue and operating income adjustments were immaterial for fiscal 2022.

Changes in revenue and cost estimates could also result in a projected loss, determined at the contract level, which would be recorded immediately in earnings. As of October 1, 2023 and October 2, 2022, our consolidated balance sheets included liabilities for anticipated losses of $8.5 million and $10.0 million, respectively. The estimated cost to complete these related contracts at the end of fiscal 2023 and 2022 was approximately $68 million and $80 million, respectively.

Accounts Receivable, Net

Net accounts receivable consisted of the following (in thousands):

	Balance at	
	October 1, 2023	October 2, 2022
Billed	$ 672,712	$ 491,700
Unbilled	306,788	267,161
Total accounts receivable	**979,500**	**758,861**
Allowance for doubtful accounts	(4,965)	(3,749)
Total accounts receivable, net	**$ 974,535**	**$ 755,112**

Billed accounts receivable represent amounts billed to clients that have not been collected. Unbilled accounts receivable, which represent an unconditional right to payment subject only to the passage of time, include unbilled amounts typically resulting from revenue recognized but not yet billed pursuant to contract terms or billed after the period end date. Substantially all of our unbilled receivables at fiscal 2023 year-end are expected to be billed and collected within 12 months. The allowance for doubtful accounts represents amounts that are expected to become uncollectible or unrealizable in the future. We determine an estimated allowance for uncollectible accounts based on management's consideration of trends in the actual and forecasted credit quality of our clients, including delinquency and payment history; type of client, such as a government agency or a commercial sector client; and general economic and industry conditions, which may affect our clients' ability to pay.

Other than the U.S. federal government, no single client accounted for more than 10% of our accounts receivable at fiscal 2023 and 2022 year-ends.

Remaining Unsatisfied Performance Obligations (“RUPOs”)

Our RUPOs represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. We had $4.8 billion of RUPOs as of October 1, 2023. RUPOs increase with awards from new contracts or additions to existing contracts and decrease as work is performed and revenue is recognized on existing contracts. RUPOs may also decrease when projects are canceled or modified in scope. We include a contract within our RUPOs when the contract is awarded and an agreement on contract terms has been reached.

We expect to satisfy our RUPOs as of fiscal 2023 year-end over the following periods (in thousands):

	Amount
Within 12 months	$ 3,103,466
Beyond	1,651,611
Total	**$ 4,755,077**

Although RUPOs reflect business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. RUPOs are adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency exchange fluctuations and project deferrals, as appropriate. Our operations and maintenance contracts can generally be terminated by the clients without a substantive financial penalty. Therefore, the remaining performance obligations on such contracts are limited to the notice period required for the termination (usually 30, 60 or 90 days).

4. Stock Repurchase and Dividends

On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to $400 million of our common stock. In fiscal 2023, we did not repurchase any shares of our common stock. We repurchased and settled 1,341,679 shares with an average price of $149.07 per share for a total cost of $200.0 million in fiscal

2022, and 479,369 shares with an average price of $125.16 per share for a total cost of $60.0 million in fiscal 2021, in the open market. As of October 1, 2023, we had a remaining balance of $347.8 million under our repurchase program.

The following table presents dividends declared and paid in fiscal 2023, 2022 and 2021:

Declare Date	Dividend Paid Per Share		Record Date	Payment Date	Dividends Paid (in thousands)	
November 7, 2022	$	0.23	November 21, 2022	December 9, 2022	$	12,186
January 30, 2023	$	0.23	February 13, 2023	February 24, 2023		12,242
May 8, 2023	$	0.26	May 24, 2023	June 6, 2023		13,840
August 7, 2023	$	0.26	August 23, 2023	September 6, 2023		13,845
Total dividends paid as of October 1, 2023					**$**	**52,113**
November 15, 2021	$	0.20	December 2, 2021	December 20, 2021	$	10,793
January 31, 2022	$	0.20	February 11, 2022	February 25, 2022		10,769
May 2, 2022	$	0.23	May 13, 2022	May 27, 2022		12,311
August 1, 2022	$	0.23	August 12, 2022	August 26, 2022		12,226
Total dividends paid as of October 2, 2022					**$**	**46,099**
November 9, 2020	$	0.17	November 30, 2020	December 11, 2020	$	9,198
January 25, 2021	$	0.17	February 10, 2021	February 26, 2021		9,212
April 26, 2021	$	0.20	May 12, 2021	May 28, 2021		10,831
July 26, 2021	$	0.20	August 20, 2021	September 3, 2021		10,800
Total dividends paid as of October 3, 2021					**$**	**40,041**

Subsequent Events. On November 13, 2023, our Board of Directors declared a quarterly cash dividend of $0.26 per share payable on December 13, 2023 to stockholders of record as of the close of business on November 30, 2023.

5. Acquisitions

On September 23, 2022, we made an all-cash offer to acquire all of the outstanding shares of RPS Group plc ("RPS"), a publicly traded company on the London Stock Exchange for 222 pence per share, through a scheme of arrangement, which was unanimously recommended by RPS' Board of Directors. On November 3, 2022, RPS' shareholders approved the scheme of arrangement. On January 19, 2023, the court-sanctioned scheme of arrangement to purchase RPS was approved, and we completed the acquisition on January 23, 2023. RPS employs approximately 5,000 associates in the United Kingdom, Europe, Asia Pacific and North America, delivering high-end solutions, especially in energy transformation, water and program management for government and commercial clients. Substantially all of RPS is included in our CIG segment.

The total purchase price of RPS was approximately £633 million ($784 million). In connection with the transaction, we incurred acquisition and integration costs of $33.2 million, primarily for professional fees, substantially all of which were paid as of fiscal 2023 year-end. On January 23, 2023, we also settled a foreign exchange forward contract that was integral to our plan to finance the RPS acquisition. The cash gain of $109.3 million did not qualify for hedge accounting. As a result, the gain was recognized as non-operating income over the life of the contract and not included in the purchase price allocation below. However, the cash proceeds of $109.3 million economically reduced the purchase price for the shares of RPS to approximately $675 million. This forward contract is explained further in Note 14, "Derivative Financial Instruments".

The table below represents the preliminary purchase price allocation for RPS based on estimates, assumptions, valuations and other analyses as of January 23, 2023, that has not been finalized in order to make a definitive allocation. The purchase consideration, excluding the aforementioned forward contract gain, is allocated to the tangible and intangible assets, and liabilities of RPS based on their estimated fair values, with any excess purchase consideration allocated to goodwill as follows (in thousands):

		Amount
Cash and cash equivalents	$	32,093
Accounts receivable and contract assets		202,303
Prepaid expenses and other current assets		45,999
Income taxes receivables		1,999
Property and equipment		38,435
Right-of-use assets, operating leases		40,179
Intangible assets		174,094
Deferred income taxes		36,388
Other long-term assets		1,061
Total assets acquired		**572,551**
Account Payable	$	(44,376)
Accrued compensation		(19,073)
Contract liabilities		(46,287)
Income tax payable		(7,083)
Short-term lease liabilities, operating leases		(13,477)
Other current liabilities		(135,474)
Current portion of long-term debt		(91,973)
Long-term lease liabilities, operating leases		(26,702)
Other long-term liabilities		(18,571)
Deferred tax liabilities		(41,613)
Total liabilities assumed		**(444,629)**
Fair value of net assets acquired		**127,922**
Goodwill		656,287
Total purchase consideration	**$**	**784,209**

The following table summarizes the estimated fair values that were assigned to intangible assets at the acquisition date:

		Fair Value (in thousands)	Weighted-Average Estimated Useful Life (in years)
Backlog	$	27,880	1.6
Trade names		27,260	3.0
Client relations		118,954	11.1
Total intangible assets acquired	**$**	**174,094**	**8.3**

Estimated fair value measurements for the intangible assets related to the RPS acquisition were made using Level 3 inputs including discounted cash flow techniques. Fair value was estimated using a multi-period excess earnings method for backlog and client relations and a relief from royalty method for trade names. The significant assumptions used in estimating fair value of backlog and client relations include (i) the estimated life the asset will contribute to cash flows, such as remaining contractual terms, (ii) revenue growth rates and EBITDA margins, (iii) attrition rate of customers, and (iv) the estimated discount rates that reflect the level of risk associated with receiving future cash flows. The significant assumptions used in estimating fair value of trade names include the royalty rates and discount rates.

Supplemental Pro Forma Information (Unaudited)

Following are the supplemental consolidated financial results of Tetra Tech and RPS on an unaudited pro forma basis, as if the RPS acquisition had been consummated as of the beginning of fiscal 2022 (in thousands):

	Fiscal Year Ended			
	October 1, 2023		October 2, 2022	
Revenue	$	4,780,404	$	4,271,580
Net income including noncontrolling interests	$	223,857	$	152,964

Our fiscal 2023 consolidated results reflect RPS' contribution of revenue of approximately $600 million, with net income, including interest expense, of $3.6 million, or $0.07 per share, before the related intangible amortization of $26.8 million.

In fiscal 2023, we also acquired Amyx, Inc. (“Amyx”), an enterprise technology services, cybersecurity and management consulting firm based in Reston, Virginia. With over 500 employees, Amyx provides application modernization, cybersecurity, systems engineering, financial management and program management support on over 30 Federal Government programs. Amyx is included in our Government Services Group ("GSG") segment. The total fair value of the purchase price of Amyx was $120.9 million, comprised of a $100.0 million payable in a promissory note issued to the sellers (paid subsequent to closing), $8.7 million of payables related to estimated post-closing adjustments, and $12.2 million for the estimated fair value of contingent earn-out obligations, with a maximum of $25.0 million, based upon the achievement of specified operating income targets in each of the three years following the acquisition date. Amyx was not considered significant to our consolidated financial statements.

In fiscal 2022, we acquired The Integration Group of America ("TIGA"), Piteau Associates (“PAE”) and two other financially immaterial acquisitions. TIGA is based in Spring, Texas and is an industry leader in process automation and system integration solutions, including customized software and platform (SaaS/PaaS) applications, advanced data analytics, cloud data integration and platform virtualization. PAE is based in Vancouver, British Columbia and is a global leader in sustainable natural resource analytics including hydrologic numerical modeling and dewatering system design. PAE is part of our CIG segment, and TIGA and other financially immaterial acquisitions are part of our GSG segment. The total fair value of the purchase price for all four acquisitions was $88.3 million. This amount is comprised of $44.0 million in initial cash payments made to the sellers, $2.5 million of receivables (net) related to estimated post-closing adjustments for the net assets acquired, $15.5 million payable in a promissory note issued to the sellers along with related transaction expenses of the sellers (which were subsequently paid in July 2022) and $31.3 million for the estimated fair value of contingent earn-out obligations, with a maximum of $47.0 million, based upon the achievement of specified operating income targets in each of the three to five years following the acquisitions. These acquisitions were not considered significant, individually or in the aggregate, to our consolidated financial statements.

The majority of the goodwill from the fiscal 2023 acquisitions is not deductible for tax purposes, while the majority of the goodwill from the fiscal 2022 acquisitions is deductible for tax purposes. The results of fiscal 2022 and 2023 acquisitions were included in our consolidated financial statements beginning on the respective closing dates.

Goodwill additions resulting from the fiscal 2023 business combinations are primarily attributable to the significant technical expertise residing in embedded workforces that are sought out by clients, synergies expected to arise after the acquisitions in the areas of enterprise technology services, data management, energy transformation, water, program management, and data analytics and the long-standing reputations of RPS and Amyx. These acquisitions further expand and complement our market-leading positions in water, renewable energy and sustainable infrastructure; enhanced by a combined suite of differentiated data analytics and digital technologies, and expansion into existing and new geographies. The fiscal 2022 goodwill additions are primarily attributable to the significant technical expertise residing in embedded workforces that are sought out by clients, long-term management experience, the industry reputations and the synergies expected to arise after the acquisitions in the areas of data management, digitization, modeling, water and natural resources. In addition, these acquired capabilities, when combined with our existing global consulting and engineering business, result in opportunities that allow us to provide services under contracts that could not have been pursued individually by either us or the acquired companies. The results of these acquisitions were included in our consolidated financial statements from their respective closing dates.

Intangible assets with finite lives arise from business acquisitions and are amortized based on the period over which the contractual or economic benefit of the intangible assets are expected to be realized or on a straight-line basis over the useful lives of the underlying assets, ranging from one to twelve years. These consist of client relations, backlog and trade names. For detailed information regarding our intangible assets, see Note 6, “Goodwill and Intangible Assets”.

Most of our acquisition agreements include contingent earn-out agreements, which are generally based on the achievement of future operating income thresholds. The contingent earn-out arrangements are based on our valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved. The fair values of any earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent earn-out payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability in “Current contingent earn-out liabilities” and “Non-current contingent earn-out liabilities” on the consolidated balance sheets. We consider several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former owners of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of our other key employees. The contingent earn-out payments are not affected by employment termination.

We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. We use a probability-weighted discounted income approach as a valuation technique to convert future estimated cash flows to a single present value amount. The significant unobservable inputs used in the fair value measurements are operating income projections over the earn-out period (generally three or five years) and the probability outcome percentages we assign to each scenario. Significant increases or decreases to either of these inputs in isolation would result in a significantly higher or lower liability, with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. The amount paid that is less than or equal to the contingent earn-out liability on the acquisition date is reflected as cash used in financing activities in our consolidated statements of cash flows. Any amount paid in excess of the contingent earn-out liability on the acquisition date is reflected as cash used in operating activities in our consolidated statements of cash flows.

We review and reassess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from the initial estimates. Changes in the estimated fair value of our contingent earn-out liabilities related to the time component of the present value calculation are reported in interest expense. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in operating income. In each quarter during fiscal 2023, we evaluated our estimates for contingent consideration liabilities for the remaining earn-out periods for each individual acquisition, which included a review of their financial results to-date, the status of ongoing projects in their RUPOs and the inventory of prospective new contract awards.

In fiscal 2023, we recorded adjustments to our contingent earn-out liabilities and reported a net loss to operating income of $12.3 million. The net loss primarily resulted from increased valuations of the contingent consideration liabilities for our prior acquisitions of Segue Technologies, Inc., Hoare Lea, LLP ("HLE"), TIGA and PAE, reflecting their financial performance that exceeded our previous expectations. These increases were partially offset by a decreased valuation of the contingent consideration for Amyx, which has the forecasted revenue becoming realized later than originally anticipated.

In fiscal 2022, total adjustments to our contingent earn-out liabilities in operating income were immaterial.

In fiscal 2021, we recorded adjustments to our contingent earn-out liabilities and reported a net gain in operating income of $3.3 million. These adjustments resulted from the updated valuations of the contingent consideration liabilities, which reflect updated projections of acquired companies' financial performance during their respective earn-out periods.

At October 1, 2023, there was a total potential maximum of $113.8 million of outstanding contingent consideration related to acquisitions. Of this amount, $73.4 million was estimated as the fair value and accrued on our consolidated balance sheet.

The following table summarizes the changes in the carrying value of estimated contingent earn-out liabilities (in thousands):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Beginning balance	$ 65,566	$ 59,297	$ 32,617
Acquisition date fair value of contingent earn-out liabilities	12,248	31,341	50,235
Change in fair value of contingent earn-out liabilities	2,480	2,184	992
Re-measurement of contingent earn-out liabilities	12,255	329	(3,273)
Foreign exchange impact	2,201	(7,152)	(596)
Earn-out payments:			
Reported as cash used in operating activities	—	(310)	(427)
Reported as cash used in financing activities	(21,328)	(20,123)	(20,251)
Ending balance	**$ 73,422**	**$ 65,566**	**$ 59,297**

6. Goodwill and Intangible Assets

The following table summarizes the changes in the carrying value of goodwill (in thousands):

	GSG	CIG	Total
Balance at October 3, 2021	**$ 538,433**	**$ 570,145**	**$ 1,108,578**
Goodwill reallocation	(51,497)	51,497	—
Acquisitions	42,365	26,318	68,683
Translation and other	(10,199)	(56,650)	(66,849)
Balance at October 2, 2022	**519,102**	**591,310**	**1,110,412**
Acquisitions	138,380	621,496	759,876
Translation and other	2,460	7,496	9,956
Balance at October 1, 2023	**$ 659,942**	**$ 1,220,302**	**$ 1,880,244**

Our goodwill balances reflect the goodwill reallocation related to the creation of our new High Performance Buildings division on the first day of fiscal 2022, which included a transfer of some related operations in our GSG reportable segment to our CIG reportable segment. The foreign currency translation adjustments resulted from our foreign subsidiaries with functional currencies that are different than our reporting currency. The fiscal 2023 goodwill amounts are presented net of reductions from historical impairment adjustments and fiscal 2023 goodwill additions relate to our fiscal 2023 acquisitions. The purchase price allocations for our fiscal 2023 acquisitions are preliminary and subject to adjustment based upon the final determinations of the net assets acquired and information to perform the final valuations.

We perform our annual goodwill impairment review at the beginning of our fiscal fourth quarter. Our last review at July 3, 2023 (i.e., the first day of our fourth quarter in fiscal 2023) indicated that we had no impairment of goodwill, and all of our reporting units had estimated fair values that were in excess of their carrying values, including goodwill. As of July 3, 2023, and after the reallocation of goodwill on the first day of fiscal 2023, we had no reporting units that had estimated fair values that exceeded their carrying values by less than 45%.

We also regularly evaluate whether events and circumstances have occurred that may indicate a potential change in the recoverability of goodwill. We perform interim goodwill impairment reviews between our annual reviews if certain events and circumstances have occurred, such as a deterioration in general economic conditions; an increase in the competitive environment; a change in management, key personnel, strategy or customers; negative or declining cash flows; or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods. Although we believe that our estimates of fair value for these reporting units are reasonable, if financial performance for these reporting units falls significantly below our expectations or market prices for similar business decline, the goodwill for these reporting units could become impaired.

The gross amounts of goodwill for GSG were $677.6 million and $536.8 million at fiscal 2023 and 2022 year-ends, respectively, excluding accumulated impairment of $17.7 million for each period. The gross amounts of goodwill for CIG were $1,341.8 million and $712.8 million at fiscal 2023 and 2022 year-ends, respectively, excluding accumulated impairment of $121.5 million for each period.

The following table presents the gross amount and accumulated amortization of our acquired identifiable intangible assets with finite useful lives included in "Intangible assets, net" on the consolidated balance sheets ($ in thousands):

	Fiscal Year Ended						
	October 1, 2023				October 2, 2022		
	Weighted-Average Remaining Life (in years)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Client relations	9.4	$ 169,217	$ (36,072)	$ 133,145	$ 41,676	$ (21,092)	$ 20,584
Backlog	0.9	63,825	(47,802)	16,023	33,286	(29,990)	3,296
Trade names	2.4	37,411	(12,643)	24,768	12,711	(7,428)	5,283
Total		**$ 270,453**	**$ (96,517)**	**$ 173,936**	**$ 87,673**	**$ (58,510)**	**$ 29,163**

Amortization expense for the identifiable intangible assets for fiscal 2023, 2022 and 2021 was $41.2 million, $13.2 million and $11.5 million, respectively. Foreign currency translation adjustments reduced net identifiable intangible assets by $0.2 million and $5.3 million in fiscal 2023 and 2022, respectively.

Estimated amortization expense for the succeeding five fiscal years and beyond is as follows (in thousands):

	Amount
2024	$ 42,180
2025	28,032
2026	19,922
2027	13,861
2028	13,352
Beyond	56,589
Total	**$ 173,936**

7. Property and Equipment

Property and equipment consisted of the following (in thousands):

	Fiscal Year Ended	
	October 1, 2023	October 2, 2022
Equipment, furniture and fixtures	$ 132,744	$ 96,710
Leasehold improvements	44,733	32,428
Total property and equipment	**177,477**	**129,138**
Accumulated depreciation	(102,645)	(96,822)
Property and equipment, net	**$ 74,832**	**$ 32,316**

The depreciation expense related to property and equipment was $20.0 million, $13.9 million and $12.3 million for fiscal 2023, 2022 and 2021, respectively. The increases in property and equipment from October 2, 2022 to October 1, 2023 are primarily due to the RPS acquisition.

8. Income Taxes

Income before income taxes, by geographic area, was as follows (in thousands):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Income before income taxes:			
United States	$ 287,295	$ 262,428	$ 211,222
Foreign	113,683	86,338	55,648
Total income before income taxes	**$ 400,978**	**$ 348,766**	**$ 266,870**

Income tax expense consisted of the following (in thousands):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Current:			
Federal	$ 110,371	$ 47,447	$ 41,056
State	16,025	9,613	9,893
Foreign	28,970	26,332	18,887
Total current income tax expense	**155,366**	**83,392**	**69,836**
Deferred:			
Federal	(18,062)	(424)	(6,034)
State	(4,976)	(382)	(2,060)
Foreign	(4,802)	3,016	(27,703)
Total deferred income tax (benefit) expense	**(27,840)**	**2,210**	**(35,797)**
Total income tax expense	**$ 127,526**	**$ 85,602**	**$ 34,039**

Total income tax expense was different from the amount computed by applying the U.S. federal statutory rate to pre-tax income as follows:

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Tax at federal statutory rate	21.0%	21.0%	21.0%
State taxes, net of federal benefit	2.2	2.1	2.3
Research and Development ("R&D") credits	(0.5)	(1.0)	(2.6)
Tax differential on foreign earnings	1.5	1.0	0.9
Non-taxable foreign interest income	—	—	(1.0)
Stock compensation	(0.4)	(2.0)	(3.3)
Valuation allowance	—	0.2	(9.3)
Change in uncertain tax positions	11.6	(1.1)	1.7
Return to provision	1.1	1.4	(3.7)
Disallowed officer compensation	1.2	1.9	2.0
Cash repatriation	—	0.1	2.1
Unremitted earnings	0.2	(0.2)	1.0
Hedging gain	(5.7)	—	—
Global intangible low-taxed income	0.5	—	—
Deferred tax adjustments	(1.0)	0.1	0.8
Other	0.1	1.0	0.9
Total income tax expense	**31.8%**	**24.5%**	**12.8%**

The effective tax rates for fiscal 2023, 2022 and 2021 were 31.8%, 24.5% and 12.8%, respectively. The fiscal 2023 income tax expense included non-operating income tax expenses totaling $20.6 million to (i) increase the tax liability for uncertain tax positions related to certain U.S. tax credits and an intercompany financing transaction, (ii) to recognize the tax liability for foreign earnings, primarily in the U.K. and Australia, that are no longer indefinitely reinvested. The fiscal 2021 effective tax rate reflects a non-recurring net tax benefit of $21.6 million, consisting of a valuation allowance in the United Kingdom that was released due to sufficient positive evidence being obtained in fiscal 2021. The valuation allowance was primarily related to net operating loss carry-forwards. We evaluated the positive evidence against any negative evidence and determined that it was more likely than not that the deferred tax assets would be realized. The primary factors used to assess the likelihood of realization were the past performance of the related entity and our forecast of future taxable income. In fiscal 2021, we repatriated approximately $80 million from Canada and recognized a related tax expense of $5.6 million. At that time, we also determined that our remaining undistributed earnings in Canada of approximately $20.1 million were no longer being indefinitely reinvested and recorded an additional deferred tax liability/expense of $3.1 million. Also, income tax expense was reduced by $4.6 million, $10.3 million and $12.9 million of excess tax benefits on share-based payments in fiscal 2023, 2022 and 2021, respectively.

Excluding the impact of increasing the tax liability for uncertain tax positions, the valuation allowance release, the foreign earnings repatriation and the excess tax benefits on share-based payments our effective tax rates in fiscal 2023, 2022 and 2021 were 27.8%, 27.5% and 25.7% respectively.

We are currently under examination by the Internal Revenue Service for fiscal years from 2018 to 2021, and the Canada Revenue Agency for fiscal 2011 through 2016. We are also subject to various other state audits.

Temporary differences comprising the net deferred income tax asset shown on the accompanying consolidated balance sheets were as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	October 2, 2022
Deferred Tax Assets:		
State taxes	$ 2,686	$ 1,238
Reserves and contingent liabilities	2,849	5,023
Accounts receivable including the allowance for doubtful accounts	5,323	4,986
Accrued liabilities	64,155	35,973
Lease liabilities, operating leases	53,437	49,618
Stock-based compensation	1,900	2,925
Unbilled revenue	3,090	4,885
Loss and other carry-forwards	62,777	41,648
Property and equipment	552	—
Capitalized research and development	17,778	—
Capped call transactions	12,696	—
Valuation allowance	(11,663)	(12,286)
Total deferred tax assets	**215,580**	**134,010**
Deferred Tax Liabilities:		
Prepaid expense	(2,703)	(6,065)
Right-of-use assets, operating leases	(53,437)	(49,618)
Intangibles	(83,242)	(42,863)
Undistributed earnings	(1,453)	(2,200)
Property and equipment	—	(621)
Total deferred tax liabilities	**(140,835)**	**(101,367)**
Net deferred tax assets	**$ 74,745**	**$ 32,643**

Our foreign earnings are not considered indefinitely reinvested and any potential tax liability that would be incurred upon repatriation is recognized currently with the related income.

At October 1, 2023, we had available unused federal net operating loss (“NOL”) carry forwards of $37.5 million that has no expiration date; state net operating loss carry forwards of $26.0 million that expire at various dates from 2024 to 2037; and available foreign NOL carry forwards of $170.8 million, of which $21.1 million expire at various dates from 2024 to 2043, and $149.7 million have no expiration date. In addition, we had foreign capital loss carryforwards of $18.4 million, foreign corporate interest restriction allowances of $6.2 million, and foreign research and development credits of $4.5 million that do not have expiration dates. We have performed an assessment of positive and negative evidence regarding the realization of the deferred tax assets. This assessment included the evaluation of scheduled reversals of deferred tax liabilities, availability of carrybacks, cumulative losses in recent years, estimates of projected future taxable income and tax planning strategies. Although realization is not assured, based on our assessment, we have concluded that it is more likely than not that the assets will be realized except for the deferred tax assets related to certain loss carry-forwards for which a valuation allowance of $11.7 million has been provided.

At October 1, 2023, we had $53.6 million of unrecognized tax benefits, all of which, if recognized, would affect our effective tax rate. It is reasonably possible that the amount of the unrecognized tax benefits with respect to certain of our unrecognized tax positions may not significantly decrease in the next 12 months. These changes would be the result of ongoing examinations. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Beginning balance	$ 8,908	$ 12,899	$ 9,228
Acquisition of RPS Group	6,012	—	—
Additions for current fiscal year tax positions	27,272	—	2,171
Additions for prior fiscal year tax positions	14,602	—	1,500
Reductions for prior fiscal year tax positions	(1,358)	(3,014)	—
Settlements	(1,817)	(977)	—
Ending balance	**$ 53,619**	**$ 8,908**	**$ 12,899**

We recognize potential interest and penalties related to unrecognized tax benefits in income tax expense. During fiscal 2023, 2022 and 2021, we accrued additional interest and penalties of $4.6 million, $0.5 million and $0.8 million, respectively, and recorded reductions in accrued interest and penalties of $2.0 million, $0.4 million and $0, respectively, as a result of audit settlements and other prior-year adjustments. The amount of interest and penalties accrued at October 1, 2023, October 2, 2022 and October 3, 2021 was $8.0 million, $5.3 million and $5.2 million, respectively.

9. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	Fiscal Year Ended	
	October 1, 2023	October 2, 2022
Credit facilities	$ 320,000	$ 258,754
Convertible notes	575,000	—
Debt issuance costs and discount	(15,471)	—
Less: Current portion of long-term debt	—	(12,504)
Long-term debt	**$ 879,529**	**$ 246,250**

On August 22, 2023, we issued $575.0 million in convertible notes that bear interest at a rate of 2.25% per annum payable in arrears on February 15 and August 15 of each year, beginning on February 15, 2024 and mature on August 15, 2028, unless converted, redeemed or repurchased (the "Convertible Notes"). Prior to May 15, 2028, the Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

The initial conversion rate applicable to the Convertible Notes is 5.0855 shares of our common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial price of approximately $196.64 per share of our common stock, subject to adjustment if certain events occur. Upon conversion, we will pay cash up to the aggregate principal amount of the Convertible Notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted. In addition, upon the occurrence of a "fundamental change" as defined in the indenture governing the Convertible Notes, holders may require us to repurchase for cash all or any portion of their Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased plus any accrued and unpaid interest. If certain corporate events occur prior to the maturity date of the Convertible Notes or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such event or notice of redemption.

We will not be able to redeem the Convertible Notes prior to August 20, 2026. On or after August 20, 2026, we have the option to redeem for cash all or any portion of the Convertible Notes if the last reported sale price of our common stock is equal to or greater than 130% of the conversion price for a specified period of time at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus any accrued but unpaid interest. In addition, as described in the indenture governing the Convertible Notes, certain events of default including, but not limited to, bankruptcy, insolvency or reorganization, may result in the Convertible Notes becoming due and payable immediately.

Our net proceeds from the offering were approximately $560.5 million after deducting the initial purchasers' discounts and commissions and offering expenses. We used approximately $51.8 million of the net proceeds to pay the cost of the capped call transactions described below. We used the remaining net proceeds to repay all $185.0 million principal amount outstanding under our revolving credit facility, the remaining $234.4 million principal amount outstanding under our senior secured term loan due 2027 and approximately $89.4 million principal amount outstanding under our senior secured term loan due 2026.

The Convertible Notes were recorded as a single unit within "Long-term debt" in our fiscal 2023 year-end consolidated balance sheet as the conversion option within the Convertible Notes was not a derivative that would require bifurcation and the Convertible Notes did not involve a substantial premium. Transaction costs to issue the Convertible Notes were recorded as direct deductions from the related debt liabilities and amortized to interest expense using the effective interest method over the terms of the Convertible Notes. Debt issuance costs for the Convertible Notes have been amortized to interest expense over the terms of the Convertible Notes at an effective annual interest rate of 2.79%.

The net carrying amount of the Convertible Notes was as follows (in thousands):

	Balance at October 1, 2023
Principal	$ 575,000
Unamortized discount and issuance costs	(14,158)
Net carrying amount	**$ 560,842**

The following table sets forth the interest expense recognized related to the Convertible Notes (in thousands):

	Balance at October 1, 2023
Interest expense	$ 1,438
Amortization of discount and issuance costs	292
Total interest expense	**$ 1,730**

Concurrent with the offering of the Convertible Notes, in August 2023, we entered into capped call transactions (the "Capped Call Transactions"). The Capped Call Transactions are expected generally to reduce the potential dilution our common stock upon conversion of the Convertible Notes and/or offset any cash payments we elect to make in excess of the principal amount of converted Convertible Notes, as the case may be. If, however, the market price per share of our common stock, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions, there would nevertheless be dilution and/or there would not be an offset of such cash payments, in each case, to the extent that such market price exceeds the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions is initially $259.56 per share, which represents a premium of 65% over the last reported sale price of our common stock of $157.31 per share on the NASDAQ Global Select Market on August 17, 2023, and is subject to certain adjustments under the terms of the Capped Call Transactions. We recorded the Capped Call Transactions as separate transactions from the issuance of the Convertible Notes. The cost of $51.8 million incurred to purchase the Capped Call Transactions was recorded as a reduction to additional paid-in capital (net of $12.9 million in deferred taxes) on our consolidated balance sheet as of fiscal 2023 year-end.

On October 26, 2022, we entered into a Third Amended and Restated Credit Agreement that provides for an additional $500 million senior secured term loan facility (the "New Term Loan Facility") increasing our total borrowing capacity to $1.55 billion. The New Term Loan Facility will mature in January 2026. On January 23, 2023, we drew the entire amount of the New Term Loan Facility to partially finance the RPS acquisition. The New Term Loan Facility is not subject to any amortization payments of principal and matures on the third anniversary of the RPS acquisition closing date in January 2026.

On February 18, 2022, we entered into Amendment No. 2 to our Second Amended and Restated Credit Agreement (“Amended Credit Agreement”) with a total borrowing capacity of $1.05 billion that will mature in February 2027. The Amended Credit Agreement is a $750 million senior secured, five-year facility that provides for a $250 million term loan facility (the “Amended Term Loan Facility”) and a $500 million revolving credit facility (the “Amended Revolving Credit Facility”). In addition, the Amended Credit Agreement includes a $300 million accordion feature that allows us to increase the Amended Credit Agreement to $1.05 billion subject to lender approval. The Amended Credit Agreement provides for, among other things, (i) refinance indebtedness under our Credit Agreement dated as of July 30, 2018; (ii) finance open market repurchases of common stock, acquisitions and cash dividends and distributions; and (iii) utilize the proceeds for working capital, capital expenditures and other general corporate purposes. The Amended Credit Agreement provides for a reduction in the interest grid for meeting certain sustainability targets related to the (i) reduction of greenhouse gas emissions through the Company’s projects and operational sustainability initiatives and (ii) improvement of peoples’ lives as a result of the Company’s projects that provide environmental, social and governance benefits. The Amended Revolving Credit Facility includes a $100 million sublimit for the issuance of standby letters of credit, a $20 million sublimit for swingline loans and a $300 million sublimit for multicurrency borrowings and letters of credit.

The entire Amended Term Loan Facility was drawn on February 18, 2022. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a benchmark rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank's prime rate or the Secured Overnight Financing Rate ("SOFR") rate plus 1.00%, plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. The Amended Credit Agreement expires in February 2027, or earlier at our discretion upon payment in full of loans and other obligations.

At fiscal 2023 year-end, we had $320 million in outstanding borrowings under the Amended Credit Agreement, which was all under the New Term Loan Facility, and no borrowings under the Amended Revolving Credit Facility. The weighted-average interest rate of the outstanding borrowings during fiscal 2023 was 5.71%. In addition, we had $0.7 million in standby letters of credit under the Amended Credit Agreement. Our year-to-date weighted-average interest rate on borrowings outstanding during fiscal 2022 under the Amended Credit Agreement, including the effects of interest rate swap agreements described in Note 14, "Derivative Financial Instruments" of the "Notes to Consolidated Financial Statements" included in Item 8, was 5.37%. At October 1, 2023, we had $499.3 million of available credit under the Amended Revolving Credit Facility, all of which could be borrowed without a violation of our debt covenants.

The Amended Credit Agreement contains certain affirmative and restrictive covenants, and customary events of default. The financial covenants provide for a maximum Consolidated Leverage Ratio of 3.25 to 1.00 (total funded debt/EBITDA, as defined in the Amended Credit Agreement) and a minimum Consolidated Interest Coverage Ratio of 3.00 to 1.00 (EBITDA/Consolidated Interest Charges, as defined in the Amended Credit Agreement). Our obligations under the Amended Credit Agreement are guaranteed by certain of our domestic subsidiaries and are secured by first priority liens on (i) the equity interests of certain of our subsidiaries, including those subsidiaries that are guarantors or borrowers under the Amended Credit Agreement, and (ii) the accounts receivable, general intangibles and intercompany loans, and those of our subsidiaries that are guarantors or borrowers. At fiscal 2023 year-end, we were in compliance with these covenants with a consolidated leverage ratio of 1.79x and a consolidated interest coverage ratio of 9.84x.

In addition to the Amended Credit Agreement, we maintain other credit facilities, which may be used for short-term cash advances and bank guarantees. At fiscal 2023 year-end, there were no outstanding borrowings under these facilities and the aggregate amount of standby letters of credit outstanding was $54.9 million. As of October 1, 2023 we had no bank overdrafts related to our disbursement bank accounts.

The following table presents scheduled maturities of our long-term debt (in thousands):

	Amount
2026	320,000
2028	575,000
Total	$ 895,000

10. Leases

Our operating leases are primarily for corporate and project office spaces. To a much lesser extent, we have operating leases for vehicles and equipment. Our operating leases have remaining lease terms of one month to ten years, some of which may include options to extend the leases for up to five years.

We determine if an arrangement is a lease at inception. Operating leases are included in "Right-of-use assets, operating leases", "Short-term lease liabilities, operating leases" and "Long-term lease liabilities, operating leases" in the consolidated balance sheets. Our finance leases are primarily for certain IT equipment. Our finance leases are immaterial.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, incremental borrowing rates are used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset at the commencement date also includes any lease payments made to the lessor at or before the commencement date and initial direct costs less lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

In fiscal 2023, we exited certain lease arrangements as a result of the RPS acquisition and its subsequent integration. Accordingly, we evaluated the ongoing value of the ROU assets associated with the discontinued lease agreements. Based on this evaluation, we determined that some long-lived assets were no longer recoverable and were in fact impaired. Fair value was based on expected future cash flows using Level 3 inputs under Accounting Standards Codification Topic 820, Fair Value Measurement ("ASC 820"). The cash flows are those expected to be generated by the market participants, discounted at a real estate-based rate of interest. As a result of our evaluation, we recorded a $16.4 million non-cash charge related to the ROU operating lease asset impairment which was reported in our fiscal 2023 statement of income, and a corresponding decrease to our ROU assets operating leases on our consolidated balance sheet as of fiscal 2023 year-end.

The components of lease costs are as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	**October 2, 2022**
Operating lease cost	$ 93,674	$ 86,725
Sublease income	(740)	(150)
Total lease cost	**$ 92,934**	**$ 86,575**

Supplemental cash flow information related to leases is as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	**October 2, 2022**
Operating cash flows for operating leases	$ 78,268	$ 71,365
Right-of-use assets obtained in exchange for new operating lease liabilities	70,552	44,096

Supplemental balance sheet and other information related to leases are as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	October 2, 2022
Operating leases:		
Right-of-use assets	$ 175,932	$ 182,319
Lease liabilities:		
Current	65,005	57,865
Non-current	144,685	146,285
Total operating lease liabilities	**$ 209,690**	**$ 204,150**
Weighted-average remaining lease term:		
Operating leases	5 years	5 years
Weighted-average discount rate:		
Operating leases	3.0 %	2.2 %

As of fiscal 2023 year-end, we had $8.3 million of operating leases that have not yet commenced.

A maturity analysis of the future undiscounted cash flows associated with our operating lease liabilities as of fiscal 2023 year-end is as follows (in thousands):

	Amount
2024	$ 69,562
2025	53,685
2026	36,013
2027	24,904
2028	16,545
Beyond	25,671
Total lease payments	**226,380**
Less: imputed interest	(16,690)
Total present value of lease liabilities	**$ 209,690**

11. Stockholders' Equity and Stock Compensation Plans

At fiscal 2023 year-end, we had the following stock-based compensation plans:

- *2015 Equity Incentive Plan ("2015 EIP").* Key employees and non-employee directors may be granted equity awards, including stock options, performance share units ("PSUs") and RSUs. Shares issued with respect to awards granted under the 2015 EIP other than stock options or stock appreciation rights, which are referred to as "full value awards", are counted against the 2015 EIP's aggregate share limit as three shares for every share or unit actually issued. No awards have been made under the 2015 Equity Incentive Plan since the adoption of the 2018 Equity Incentive Plan on March 8, 2018 as described below.

- *2018 Equity Incentive Plan ("2018 EIP").* Key employees and non-employee directors may be granted equity awards, including stock options, PSUs and RSUs. Shares issued with respect to awards granted under the 2018 EIP other than stock options or stock appreciation rights, which are referred to as "full value awards", are counted against the 2018 EIP's aggregate share limit as one share for every share or unit issued. At fiscal 2023 year-end, there were 2.7 million shares available for future awards pursuant to the 2018 EIP.

- *Employee Stock Purchase Plan ("ESPP").* Purchase rights to purchase common stock are granted to our eligible full and part-time employees, and shares of common stock are issued upon exercise of the purchase rights. An aggregate of 282,350 shares may be issued pursuant to such exercise. The maximum amount that an employee can contribute during a purchase right period is $5,000. The exercise price of a purchase right is the lesser of 100% of the fair market value of a share of common stock on the first day of the purchase right period (the business day preceding January 1) or 85% of the fair market value on the last day of the purchase right period (December 15, or the business day preceding December 15 if December 15 is not a business day).

The following table presents our stock-based compensation and related income tax benefits (in thousands):

	Fiscal Year Ended		
	October 1, 2023	**October 2, 2022**	**October 3, 2021**
Total stock-based compensation	$ 28,607	$ 26,227	$ 23,067
Income tax benefit related to stock-based compensation	(5,779)	(5,377)	(4,910)
Stock-based compensation, net of tax benefit	**$ 22,828**	**$ 20,850**	**$ 18,157**

We recognize the fair value of our stock-based awards as compensation expense on a straight-line basis over the requisite service period in which the award vests. Most of these amounts were included in selling, general and administrative expenses on our consolidated statements of income.

Stock Options

The following table presents our stock option activity for fiscal 2023 year-end:

	Number of Options (in thousands)	**Weighted-Average Exercise Price per Share**	**Weighted-Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value (in thousands)**
Outstanding on October 2, 2022	168	$ 38.62		
Exercised	(20)	32.30		
Forfeited	—	—		
Outstanding on October 1, 2023	148	$ 39.45	3.20	$ 16,708
Vested or expected to vest on October 1, 2023	148	$ 39.45	3.20	$ 16,708
Exercisable on October 1, 2023	148	$ 39.45	3.20	$ 16,708

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between our closing stock price on the last trading day of fiscal 2023 and the exercise price, times the number of shares) that would have been received by the in-the-money option holders if they had exercised their options on October 1, 2023. This amount will change based on the fair market value of our stock.

No stock options were granted in fiscal 2023, 2022 and 2021. The aggregate intrinsic value of options exercised during fiscal 2023, 2022 and 2021 was $2.5 million, $5.7 million and $29.4 million, respectively.

Net cash proceeds from the exercise of stock options were $0.6 million, $1.8 million and $11.3 million for fiscal 2023, 2022 and 2021, respectively. Our policy is to issue shares from our authorized shares upon the exercise of stock options. The actual income tax benefit realized from exercises of nonqualified stock options for fiscal 2023, 2022 and 2021 was $0.6 million, $1.3 million and $6.7 million, respectively.

RSU and PSU

RSU awards are granted to our key employee and non-employee directors. The fair value of the RSU was determined at the date of grant using the market price of the underlying common stock as of the date of grant. All of the RSUs have time-based vesting over a four-year period, except that RSUs awarded to directors vest after one year. The total compensation cost of the awards is then amortized over their applicable vesting period on a straight-line basis.

PSU awards are granted to our executive officers and non-employee directors. All of the PSUs are performance-based and vest, if at all, after the conclusion of the three-year performance period. The number of PSUs that ultimately vest is based 50% on growth in our EPS and 50% on our relative total shareholder return over the vesting period. For these performance-based awards, our expected performance is reviewed to estimate the percentage of shares that will vest. The total compensation cost of the awards is then amortized over their applicable vesting period on a straight-line basis.

A summary of the RSU and PSU activity under our stock plans is as follows:

	RSU		PSU	
	Number of Shares (in thousands)	**Weighted-Average Grant Date Fair Value per Share**	**Number of Shares (in thousands)**	**Weighted-Average Grant Date Fair Value per Share**
Nonvested balance at September 27, 2020	**444**	**$ 63.93**	**355**	**$ 64.83**
Granted	118	122.02	58	153.03
Vested	(167)	59.64	(193)	57.40
Adjustment [(1)]	—	—	99	57.40
Forfeited	(14)	77.74	(1)	74.05
Nonvested balance at October 3, 2021	**381**	**83.30**	**318**	**82.96**
Granted	78	184.61	42	247.16
Vested	(147)	77.47	(176)	80.17
Adjustment [(1)]	—	—	88	80.63
Forfeited	(13)	109.01	—	—
Nonvested balance at October 2, 2022	**299**	**111.40**	**272**	**109.23**
Granted	105	156.33	56	195.50
Vested	(119)	104.05	(138)	99.85
Adjustment [(1)]	—	—	69	99.85
Forfeited	(16)	140.01	(9)	193.69
Nonvested balance at October 1, 2023	**269**	**$ 130.58**	**250**	**$ 128.21**

[(1)] Fiscal 2021 includes a payout adjustment of 99,214 PSUs due to the actual performance level achieved for PSUs granted in fiscal 2018 that vested during fiscal 2021. Fiscal 2022 includes a payout adjustment of 88,198 PSUs due to the actual performance level achieved for PSUs granted in fiscal 2019 that vested during fiscal 2022. Fiscal 2023 includes a payout adjustment of 68,792 PSUs due to the actual performance level achieved for PSUs granted in fiscal 2020 that vested during fiscal 2023.

In fiscal 2023, 2022 and 2021, we awarded 105,082, 77,844 and 117,934 shares of RSUs, respectively, to our key employees and non-employee directors. The weighted-average grant-date fair value of RSUs granted during fiscal 2023, 2022 and 2021 was $156.33, $184.61 and $122.02, respectively. At fiscal 2023 year-end, there were 269,424 RSUs outstanding. RSU forfeitures result from employment terminations prior to vesting. Forfeited shares return to the pool of authorized shares available for award. We use historical data as a basis to estimate the probability of forfeitures related to RSUs and the ESPP Plan.

In fiscal 2023, 2022 and 2021, we awarded 56,214, 41,734 and 57,542 shares of PSUs, respectively, to our executive officers and non-employee directors. The weighted-average grant-date fair value of PSUs granted in fiscal 2023, 2022 and 2021 was $195.50, $247.16 and $153.03, respectively. At fiscal 2023 year-end, there were 249,880 PSUs outstanding.

The stock-based compensation expense related to RSUs and PSUs for fiscal 2023, 2022 and 2021 was $26.2 million, $23.9 million and $20.9 million, respectively, and was included in total stock-based compensation expense. The actual income tax benefit realized from RSUs and PSUs for fiscal 2023, 2022 and 2021 was $4.0 million, $9.1 million and $6.2 million, respectively. At fiscal 2023 year-end, there was $38.8 million of unrecognized stock-based compensation costs related to nonvested RSUs and PSUs that will be substantially recognized by fiscal 2026 year-end.

ESPP

The following table summarizes shares purchased, weighted-average purchase price, and cash received for shares purchased under the ESPP (in thousands, except for purchase price):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Shares purchased	98	106	124
Weighted-average purchase price per share	$ 128.29	$ 114.17	$ 86.16
Cash received from exercise of purchase rights	$ 12,628	$ 12,129	$ 10,705

The grant date fair value of each award granted under the ESPP was estimated using the Black-Scholes option pricing model with the following assumptions:

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Dividend yield	0.7%	1.0%	1.0%
Expected stock price volatility	38.0%	32.2%	47.9%
Risk-free rate of return, annual	4.7%	0.4%	0.1%
Expected life (in years)	1	1	1

For fiscal 2023, 2022 and 2021, we based our expected stock price volatility on historical volatility behavior and current implied volatility behavior. The risk-free rate of return was based on constant maturity rates provided by the U.S. Treasury. The expected life was based on the ESPP terms and conditions.

Stock-based compensation expense for fiscal 2023, 2022 and 2021 included $2.4 million, $2.3 million and $2.0 million, respectively, related to the ESPP. The unrecognized stock-based compensation costs for awards granted under the ESPP at fiscal 2023 and 2022 year-ends were $0.6 million and $0.6 million, respectively. At fiscal 2023 year-end, ESPP participants had accumulated $12 million to purchase our common stock.

12. Retirement Plans

We have defined contribution plans in various countries where we have employees. This primarily includes 401(k) plans in the United States. For fiscal 2023, 2022 and 2021, employer contributions to the U.S. plans were $31.6 million, $29.3 million and $26.9 million, respectively.

Additionally, we have established a non-qualified deferred compensation plan for certain key employees and non-employee directors. These eligible employees and non-employee directors may elect to defer the receipt of salary, incentive payments, restricted stock, PSU and RSU awards and non-employee director fees. The plan is accounted for in accordance with applicable authoritative guidance on accounting for deferred compensation arrangements where amounts earned are held in a rabbi trust and invested. Employee deferrals are deposited into a rabbi trust, and the funds are generally invested in individual variable life insurance contracts that we own and are specifically designed to informally fund savings plans of this nature. At fiscal 2023 and 2022 year-ends, the consolidated balance sheets reflect assets of $43.5 million and $36.7 million, respectively, related to the deferred compensation plan in "Other long-term assets," and liabilities of $43.4 million and $36.3 million, respectively, related to the deferred compensation plan in "Other long-term liabilities." The net gains and losses related to the deferred compensation plan are reported as part of "Selling, general and administrative expenses" in our consolidated statements of income. These related net gains and losses were immaterial for fiscal 2023, 2022 and 2021.

In connection with the acquisition of HLE in fiscal 2021, we assumed a defined benefit pension plan (the "Plan"), which HLE operates for all qualifying employees. The assets of the Plan are held in a separate trustee administered fund. The Plan was closed to new entrants in August 2003, except for current employees who had not attained the age of 24 at that date. The Plan was closed to future accrual on December 31, 2009. Under the agreed schedule of contributions, HLE will make no further contributions, and is to pay the expenses of administering the plan.

The change in the defined benefit obligation, the change in fair value of plan assets and the amounts recognized in the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income and the Consolidated Statements of Shareholders' Equity for fiscal 2023 and fiscal 2022 were immaterial.

The Plan's funded status was as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	**October 2, 2022**
Fair value of plan assets	$ 39,572	$ 36,250
Benefit obligation	(35,303)	(33,006)
Net surplus	$ 4,269	$ 3,244

The net surplus is reflected in other long-term assets on our consolidated balance sheets as of fiscal 2023 and 2022 year-ends. The plan is closed to new participants and to future benefit accrual. The benefits paid in fiscal 2023 and 2022 were $1.3 million and $1.0 million, respectively.

The fair values of the plan assets are substantially categorized within Level 2 of the fair value hierarchy. The fair values of the plan assets by major asset categories were as follows (in thousands):

	Fiscal Year Ended	
	October 1, 2023	**October 2, 2022**
Equities	$ 2,213	$ 8,390
Mutual funds	20,458	20,886
Liability driven investment funds	13,807	6,484
Bonds	2,354	—
Cash/other	740	490
Fair value of plan assets	**$ 39,572**	**$ 36,250**

We seek a competitive rate of return relative to an appropriate level of risk depending on the funded status and obligations of each plan and typically employ both active and passive investment management strategies. The risk in our practices includes diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. The target asset allocation selected for each plan reflects a risk/return profile that we believe is appropriate relative to each plan's liability structure and return goals.

Principal assumptions used for the benefit obligation in the valuation are as follows:

	Fiscal Year Ended	
	October 1, 2023	October 2, 2022
Discount rate	5.35 %	4.75 %
Rate of inflation	2.80% to 3.35%	2.95% to 3.55%

13. Earnings per Share

The following table sets forth the number of weighted-average shares used to compute basic and diluted EPS (in thousands, except per share data):

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Net income attributable to Tetra Tech	$ 273,420	$ 263,125	$ 232,810
Weighted-average common shares outstanding – basic	53,203	53,620	54,078
Effect of diluted stock options and unvested restricted stock	434	543	597
Weighted-average common stock outstanding – diluted	53,637	54,163	54,675
Earnings per share attributable to Tetra Tech:			
Basic	$ 5.14	$ 4.91	$ 4.31
Diluted	$ 5.10	$ 4.86	$ 4.26

For fiscal 2023, 2022 and 2021, no options were excluded from the calculation of dilutive potential common shares. The Convertible Notes had no impact on the calculation of dilutive potential common shares in fiscal 2023, as the price of our common stock did not exceed the conversion price. The Capped Call Transactions are excluded from the calculation of dilutive potential common shares as their effect is anti-dilutive.

14. Derivative Financial Instruments

We use certain interest rate derivative contracts to hedge interest rate exposures on our variable rate debt. Also, we may enter into foreign currency derivative contracts with financial institutions to reduce the risk that cash flows and earnings could adversely be affected by foreign currency exchange rate fluctuations. Our hedging program is not designated for trading or speculative purposes.

We recognize derivative instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value. We record changes in the fair value (i.e., gains or losses) of the derivatives that have been designated as cash flow hedges in our consolidated balance sheets as accumulated other comprehensive income, and in our consolidated statements of income for those derivatives designated as fair value hedges. Our derivative contracts are categorized within Level 2 of the fair value hierarchy.

In the fourth quarter of fiscal 2022, we entered into a forward contract to acquire GBP 714.0 million at a rate of 1.0852 for a total of USD 774.8 million that was integrated with our plan to acquire RPS. This contract matured on December 30, 2022. On December 28, 2022, we entered into an extension of the integrated forward contract to acquire GBP 714.0 million at a rate of 1.086 for a total of USD 775.4 million, extending the maturity date to January 23, 2023, the closing date of the RPS acquisition. Although an effective economic hedge of our foreign exchange risk related to this transaction, the forward contract did not qualify for hedge accounting. As a result, the forward contract was marked-to-market with changes in fair value recognized in earnings each period. The intrinsic value of the forward contract was immaterial at inception as the GBP/USD spot and forward exchange rates were essentially the same. The fair value of the forward contract at October 2, 2022 was $19.9 million, and an unrealized gain of the same amount was recognized in our fourth quarter of fiscal 2022 results. On January 23, 2023, the forward contract was settled at the fair value of $109.3 million. We recognized additional gains of $68.0 million and $21.4 million in the first and second quarters of fiscal 2023, respectively. All gains related to this transaction were reported in “Other non-operating income" on our consolidated income statements for the respective periods.

In fiscal 2018, we entered into five interest rate swap agreements that we designated as cash flow hedges to fix the interest rates on the borrowings under our term loan facility. The five swaps expired on July 31, 2023. At fiscal 2022 year-end, the fair value of the effective portion of our interest rate swap agreements designated as cash flow hedges before tax effect was an unrealized gain of $2.4 million, which was reported in "Other non-current assets" on our consolidated balance sheet.

Additionally, the related loss of $2.4 million, a gain of $11.8 million and a gain of $6.1 million for fiscal year ended 2023, 2022 and 2021, respectively, were recognized and reported on our consolidated statements of comprehensive income. There were no other derivative instruments that were not designated as hedging instruments for fiscal 2023, 2022 and 2021.

15. Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

The accumulated balances and reporting period activities for fiscal 2023, 2022 and 2021 related to reclassifications out of accumulated other comprehensive income are summarized as follows (in thousands):

	Foreign Currency Translation Adjustments	Gain (Loss) on Derivative Instruments	Net Pension Adjustments	Accumulated Other Comprehensive Income (Loss)
Balances at September 27, 2020	**$ (146,275)**	**$ (15,511)**	**$ —**	**$ (161,786)**
Other comprehensive income before reclassifications	30,641	12,175	—	42,816
Amounts reclassified from accumulated other comprehensive income				
Interest rate contracts, net of tax [(1)]	—	(6,058)	—	(6,058)
Net current-period other comprehensive income	**30,641**	**6,117**	**—**	**36,758**
Balances at October 3, 2021	**$ (115,634)**	**$ (9,394)**	**$ —**	**$ (125,028)**
Other comprehensive income before reclassifications	(94,922)	15,937	—	(78,985)
Amounts reclassified from accumulated other comprehensive income				
Interest rate contracts, net of tax [(1)]	—	(4,131)	—	(4,131)
Net current-period other comprehensive (loss) income	**(94,922)**	**11,806**	**—**	**(83,116)**
Balances at October 2, 2022	**$ (210,556)**	**$ 2,412**	**$ —**	**$ (208,144)**
Other comprehensive income before reclassifications	12,623	(5,192)	2,638	10,069
Amounts reclassified from accumulated other comprehensive income				
Interest rate contracts, net of tax [(1)]	—	2,780	—	2,780
Net current-period other comprehensive income (loss)	**12,623**	**(2,412)**	**2,638**	**12,849**
Balances at October 1, 2023	**$ (197,933)**	**$ —**	**$ 2,638**	**$ (195,295)**

(1) This accumulated other comprehensive component is reclassified to "Interest expense" in our consolidated statements of income. See Note 14, "Derivative Financial Instruments", for more information.

16. Fair Value Measurements

Derivative Instruments. Our derivative instruments are categorized within Level 2 of the fair value hierarchy. For additional information about our derivative financial instruments (see Note 2, "Basis of Presentation and Preparation" and Note 14, "Derivative Financial Instruments").

Contingent Consideration. We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. (see Note 2, "Basis of Presentation and Preparation" and Note 5, "Acquisitions" for further information).

Debt. The fair value of long-term debt was determined using the present value of future cash flows based on the borrowing rates currently available for debt with similar terms and maturities (Level 2 measurement). The carrying value of our long-term debt approximated fair value at the end of our fiscal 2023 and 2022. At fiscal 2023 year-end, we had borrowings of $320 million outstanding under our Amended Credit Agreement and $575 million outstanding under our Convertible Senior Notes, which were used to fund our business acquisitions, working capital needs, dividends, capital expenditures and contingent earn-outs (see Note 9, "Long-Term Debt**").**

Defined Benefit Pension Plan. The fair values of the plan assets are primarily categorized within Level 2 of the fair value hierarchy. For additional information about our defined benefit pension plan (see Note 12, "Retirement Plans**").**

17. Commitments and Contingencies

We are subject to certain claims and lawsuits typically filed against the consulting and engineering profession, alleging primarily professional errors or omissions. We carry professional liability insurance, subject to certain deductibles and policy limits, against such claims. However, in some actions, parties are seeking damages that exceed our insurance coverage or for which we are not insured. While management does not believe that the resolution of these claims will have a material adverse effect, individually or in aggregate, on our financial position, results of operations or cash flows, management acknowledges the uncertainty surrounding the ultimate resolution of these matters.

On July 15, 2019, following an initial January 14, 2019 filing, the Civil Division of the United States Attorney's Office filed an amended complaint in intervention in three qui tam actions filed against our subsidiary, Tetra Tech EC, Inc. ("TtEC"), in the U.S. District Court for the Northern District of California. The complaint alleges False Claims Act violations and breach of contract related to TtEC's contracts to perform environmental remediation services at the former Hunters Point Naval Shipyard in San Francisco, California. TtEC disputes the claims and will defend this matter vigorously. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any

18. Reportable Segments

We manage our operations under two reportable segments. Our GSG reportable segment primarily includes activities with U.S. government clients (federal, state and local) and all activities with development agencies worldwide. Our CIG reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies.

Our reportable segments are described as follows:

GSG: GSG provides high-end consulting and engineering services primarily to U.S. government clients (federal, state and local) and development agencies worldwide. GSG supports U.S. government civilian and defense agencies with services in water, environment, sustainable infrastructure, information technology and disaster management. GSG also provides engineering design services for U.S. based federal and municipal clients, especially in water infrastructure, flood protection and solid waste. GSG also leads our support for development agencies worldwide, especially in the United States, United Kingdom and Australia.

CIG: CIG primarily provides high-end consulting and engineering services to U.S. commercial clients, and international clients inclusive of the commercial and government sectors. CIG supports commercial clients across the Fortune 500, renewable energy, industrial, high performance buildings and aerospace markets. CIG also provides sustainable infrastructure and related environmental, engineering and project management services to commercial and local government clients across Canada, in Asia Pacific (primarily Australia and New Zealand), the United Kingdom, as well as Brazil and Chile.

Management evaluates the performance of these reportable segments based upon their respective segment operating income before the effect of amortization expense related to acquisitions, and other unallocated corporate expenses. We account for inter-segment revenues and transfers as if they were to third parties; that is, by applying a negotiated fee onto the costs of the services performed. All significant intercompany balances and transactions are eliminated in consolidation. In fiscal 2023, our Corporate segment operating losses included $33.2 million of acquisition and integration expenses as described in Note 5, "Acquisitions". We also recorded a $16.4 million ($6.8 million in GSG, $8.3 million in CIG and $1.3 million in Corporate) of a non-cash impairment charge related to our ROU operating lease assets in fiscal 2023 (see Note 10, "Leases" for more information.)

The following tables present summarized financial information of our reportable segments (in thousands):

Reportable Segments

	Fiscal Year Ended		
	October 1, 2023	October 2, 2022	October 3, 2021
Revenue			
GSG	$ 2,158,889	$ 1,820,868	$ 1,772,905
CIG	2,424,649	1,738,436	1,500,074
Elimination of inter-segment revenue	(60,988)	(55,256)	(59,466)
Total revenue	**$ 4,522,550**	**$ 3,504,048**	**$ 3,213,513**
Income from operations			
GSG	$ 231,762	$ 198,448	$ 174,755
CIG	243,750	194,142	152,262
Corporate [1]	(117,399)	(52,144)	(48,316)
Total income from operations	**$ 358,113**	**$ 340,446**	**$ 278,701**

[1] Includes goodwill and intangible assets impairment charges, amortization of intangibles, other costs and other income not allocable to segments. The intangible asset amortization expense for fiscal 2023, 2022 and 2021 was $41.2 million, $13.2 million and $11.5 million, respectively. Additionally, Corporate results included (loss) income for fair value adjustments to contingent consideration liabilities of $(12.3) million, $(0.3) million and $3.3 million for fiscal 2023, 2022 and 2021, respectively. See Note 6 - "Goodwill and Intangible Assets" for more information.

	Balance at	
	October 1, 2023	October 2, 2022
Total Assets		
GSG	$ 543,066	$ 558,764
CIG	994,470	688,640
Corporate [1]	2,282,941	1,375,372
Total assets	**$ 3,820,477**	**$ 2,622,776**

[1] Corporate assets consist of intercompany eliminations and assets not allocated to our reportable segments including goodwill, intangible assets, deferred income taxes and certain other assets.

Geographic Information

	Fiscal Year Ended		
Revenue:	October 1, 2023	October 2, 2022	October 3, 2021
United States	$ 2,863,635	$ 2,416,586	$ 2,256,086
Foreign countries [1]	1,658,915	1,087,462	957,427
Total	**$ 4,522,550**	**$ 3,504,048**	**$ 3,213,513**

	Balance at	
Long-lived assets [2]:	October 1, 2023	October 2, 2022
United States	$ 159,856	$ 199,875
Foreign countries [1]	160,174	77,305
Total	**$ 320,030**	**$ 277,180**

(1) Includes revenue and long-lived assets from our foreign operations, primarily in Canada, Australia and the United Kingdom, and revenue generated from non-U.S. clients.
(2) Excludes goodwill, intangible assets and deferred income taxes.

19. Related Party Transactions

We often provide services to unconsolidated joint ventures. Our revenue related to services we provided to unconsolidated joint ventures for fiscal 2023, 2022 and 2021 was $83.1 million, $96.0 million and $95.5 million, respectively. Our related reimbursable costs for fiscal 2023, 2022 and 2021 were $78.5 million, $91.7 million and $92.4 million, respectively. Our consolidated balance sheets also included the following amounts related to these services (in thousands):

	Balance at	
	October 1, 2023	October 2, 2022
Accounts receivable, net	$ 19,944	$ 16,818
Contract assets	2,723	2,935
Contract liabilities	3,158	3,464

20. Quarterly Financial Information – Unaudited

In the opinion of management, the following unaudited quarterly data for the fiscal 2023 and 2022 reflect all adjustments necessary for a fair statement of the results of operations (in thousands, except per share data).

In the fourth quarter of fiscal 2022 and in the first and second quarters of fiscal 2023, we recognized a $19.9 million, $68.0 million and $21.4 million, respectively, of unrealized gain on a foreign currency forward contract related to the planned acquisition of RPS. We also recorded a $16.4 million of a non-cash impairment charge related to our ROU operating lease assets in the fourth quarter of fiscal 2023 (see Note 10, "Leases" for more information). Additionally, we incurred $33.2 million of acquisition and integration expenses in fiscal 2023 (largely comprised of $19.9 million in the second quarter and $7.3 million in fourth quarter) as described in Note 5, "Acquisitions".

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year 2023				
Revenue	$ 894,766	$ 1,158,226	$ 1,208,947	$ 1,260,611
Income from operations	92,050	61,011	97,675	107,377
Net income attributable to Tetra Tech	116,706	42,830	60,235	53,649
Earnings per share attributable to Tetra Tech:				
Basic	$ 2.20	$ 0.80	$ 1.13	$ 1.01
Diluted	$ 2.18	$ 0.80	$ 1.12	$ 1.00
Weighted-average common shares outstanding:				
Basic	53,069	53,227	53,231	53,247
Diluted	53,529	53,627	53,653	53,702
Fiscal Year 2022				
Revenue	$ 858,510	$ 852,744	$ 890,231	$ 902,562
Income from operations	87,220	74,520	83,905	94,802
Net income attributable to Tetra Tech	68,489	53,040	58,650	82,947
Earnings per share attributable to Tetra Tech:				
Basic	$ 1.27	$ 0.99	$ 1.10	$ 1.56
Diluted	$ 1.25	$ 0.98	$ 1.09	$ 1.55
Weighted-average common shares outstanding:				
Basic	53,937	53,834	53,507	53,148
Diluted	54,577	54,346	54,006	53,667

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures and changes in internal control over financial reporting

At October 1, 2023, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Consistent with the guidance issued by the Securities and Exchange Commission Staff, the evaluation excluded Amyx, which we acquired on January 3, 2023, and RPS, which we acquired on January 23, 2023. Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officer and effected by our Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Internal controls include those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even effective internal control over financial reporting can only provide reasonable assurance of achieving their control objectives.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting at October 1, 2023, based on the criteria in *Internal Control – Integrated Framework* (2013) issued by the COSO. Based upon this assessment, management has concluded that our internal control over financial reporting was effective at October 1, 2023.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued a report on our internal control over financial reporting. This report, dated November 22, 2023, appears on pages 49-51 of this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended October 1, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item relating to our directors and nominees, regarding compliance with Section 16(a) of the Exchange Act, and regarding our Audit Committee is included under the captions "Item No. 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated by reference.

Pursuant to General Instruction G (3) of Form 10-K, the information required by this item relating to our executive officers is included under the caption "Executive Officers of the Registrant" in Part I of this Report.

We have adopted a code of ethics that applies to our principal executive officer and all members of our finance department, including our principal financial officer and principal accounting officer. This code of ethics, entitled "Finance

Code of Professional Conduct," is posted on our website. The Internet address for our website is www.tetratech.com, and the code of ethics may be found through a link to the Investor Relations section of our website.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K for any amendment to, or waiver from, a provision of this code of ethics by posting any such information on our website, at the address and location specified above.

Item 11. Executive Compensation

The information required by this item is included under the captions "Item No. 1 – Election of Directors" and "Executive Compensation Tables" in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management, and securities authorized for issuance under equity compensation plans, is included under the caption "Security Ownership of Management and Significant Stockholders" in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item relating to review, approval or ratification of transactions with related persons is included under the caption "Related Person Transactions," and the information required by this item relating to director independence is included under the caption "Item No. 1 – Election of Directors," in each case in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item is included under the caption "Item No. 4 – Ratification of Independent Registered Public Accounting Firm" in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Tetra Tech, Inc.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

For the Fiscal Years Ended
October 3, 2021, October 2, 2022 and October 1, 2023
(in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions [2]	Other [3]	Balance at End of Period
Allowance for doubtful accounts [1]:					
Fiscal 2021	$ 7,147	$ (4,130)	$ 195	1,140	$ 4,352
Fiscal 2022	4,352	(73)	(400)	(130)	3,749
Fiscal 2023	3,749	813	(137)	540	4,965
Income tax valuation allowance:					
Fiscal 2021	$ 24,395	$ 13,698	$ (26,059)	$ 1,006	$ 13,040
Fiscal 2022	13,040	—	(162)	(592)	12,286
Fiscal 2023	12,286	—	(127)	(496)	11,663

(1) Reflects updated presentation of allowance for doubtful accounts to include expected credit losses in anticipation of our adoption of ASU 2016-13 in the first quarter of fiscal 2021.

(2) Primarily represents write-offs of uncollectible amounts, net of recoveries for the allowance for doubtful accounts. The income tax valuation amount represents the release of a valuation allowance in the United Kingdom in fiscal 2021.

(3) Includes losses in foreign jurisdictions, currency adjustments and valuation allowance adjustments related to net operating loss carry-forwards.

INDEX TO EXHIBITS

2.1 Rule 2.7 Announcement, dated as of September 23, 2022 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated September 26, 2022).

2.2 Cooperation Agreement, dated as of September 23, 2022 (incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K dated September 26, 2022).

3.1 Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated February 26, 2009).

3.2 Bylaws of the Company (amended and restated as of November 7, 2022) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated November 10, 2022).

4.1 Indenture, dated as of August 22, 2023, by and between Tetra Tech, Inc. and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 22, 2023).

4.2 Form of Global Note, representing Tetra Tech, Inc.'s 2.25% Convertible Senior Notes due 2028 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated August 22, 2023).

4.3 Description of Capital Stock (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K dated August 22, 2023).

10.1 Bridge Credit Agreement dated as of September 23, 2022 among Tetra Tech, Inc., the lenders party thereto and BofA Securities, Inc., as sole leader arranger and sole bookrunner (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 26, 2022)

10.2 Third Amended and Restated Credit Agreement dated as of October 26, 2022 among Tetra Tech, Inc., Tetra Tech Canada Holding Corporation, Tetra Tech UK Holdings Limited, Tetra Tech Coffey Pty., Ltd., the subsidiary guarantors and the lenders party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 28, 2022).

10.3 Amendment No. 1 to Third Amended and Restated Credit Agreement dated as of August 4, 2023 among Tetra Tech, Inc., Tetra Tech Canada Holding Corporation, Tetra Tech UK Holdings Limited, Tetra Tech Coffey Pty Ltd, the subsidiary guarantors and the lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 22, 2023).

10.4 Amendment No. 2 to Third Amended and Restated Credit Agreement dated as of August 17, 2023 among Tetra Tech, Inc., Tetra Tech Canada Holding Corporation, Tetra Tech UK Holdings Limited, Tetra Tech Coffey Pty Ltd, the subsidiary guarantors and the lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated August 22, 2023).

10.5 Form of Confirmation for Capped Call Transactions (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 22, 2023).

10.6 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012).

10.7 2005 Equity Incentive Plan (as amended through November 7, 2011) (incorporated by reference to the Company's Proxy Statement for its 2012 Annual Meeting of Stockholders held on February 28, 2012).*

10.8 First Amendment to the 2005 Equity Incentive Plan (as amended through November 7, 2011) (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2013).*

10.9 2015 Equity Incentive Plan (incorporated by reference to the Company's Proxy Statement for its 2015 Annual Meeting of Stockholders held on March 5, 2015).*

10.10 2018 Equity Incentive Plan (incorporated by reference to the Company's Proxy Statement for its 2018 Annual Meeting of Stockholders held on March 8, 2018).*

10.11 Form of Indemnity Agreement entered into between the Company and each of its directors and executive officers (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2004).*

10.12 Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2020).*

10.13 Change of Control Severance Plan effective March 26, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 9, 2018).*

10.14 Executive Compensation Plan (as amended and restated November 14, 2013) (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2013).*

21. Subsidiaries of the Company.+

23 Consent of Independent Registered Public Accounting Firm (PricewaterhouseCoopers LLP).+

24. Power of Attorney (included on page 94 of this Annual Report on Form 10-K).

31.1 Chief Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a).+

31.2 Chief Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a).+

32.1 Certification of Chief Executive Officer pursuant to Section 1350.+

32.2 Certification of Chief Financial Officer pursuant to Section 1350.+

95. Mine Safety Disclosures.+

101 The following financial information from our Company's Annual Report on Form 10-K, for the period ended October 1, 2023, formatted in Inline eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statement of Comprehensive Income, (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements.+(1)

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* Indicates a management contract or compensatory arrangement.

\+ Filed herewith.

(1) Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of the section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filings.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

TETRA TECH, INC.

By: /s/ DAN L. BATRACK

Date: November 22, 2023

Dan L. Batrack
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dan L. Batrack and Steven M. Burdick, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAN L. BATRACK Dan L. Batrack	Chairman and Chief Executive Officer (Principal Executive Officer)	November 22, 2023
/s/ STEVEN M. BURDICK Steven M. Burdick	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	November 22, 2023
/s/ BRIAN N. CARTER Brian N. Carter	Senior Vice President, Corporate Controller (Principal Accounting Officer)	November 22, 2023
/s/ GARY R. BIRKENBEUEL Gary R. Birkenbeuel	Director	November 22, 2023
/s/ PRASHANT GANDHI Prashant Gandhi	Director	November 22, 2023
/s/ JOANNE M. MAGUIRE Joanne M. Maguire	Director	November 22, 2023
/s/ CHRISTIANA OBIAYA Christiana Obiaya	Director	November 22, 2023
/s/ KIMBERLY E. RITRIEVI Kimberly E. Ritrievi	Director	November 22, 2023
/s/ J. KENNETH THOMPSON J. Kenneth Thompson	Director	November 22, 2023
/s/ KIRSTEN M. VOLPI Kirsten M. Volpi	Director	November 22, 2023

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COMPANY INFORMATION

BOARD OF DIRECTORS

Dan L. Batrack
Chairman and Chief Executive Officer, Tetra Tech, Inc.

Gary R. Birkenbeuel
Retired Regional Assurance Managing Partner, Ernst & Young LLP

Prashant Gandhi
Chief Business Officer, Melio Payments

Joanne M. Maguire
Retired Executive Vice President, Lockheed Martin Space

Christie Obiaya
Chief Executive Officer, Heliogen

Kimberly E. Ritrievi
President, The Ritrievi Group LLC

J. Kenneth Thompson
President and Chief Executive Officer, Pacific Star Energy, LLC

Kirsten M. Volpi
Executive Vice President, COO, CFO, and Treasurer, Colorado School of Mines

CHAIRMAN EMERITUS

Li-San Hwang
Former Chairman and Chief Executive Officer, Tetra Tech, Inc.

CORPORATE LEADERSHIP

Dan L. Batrack
Chairman and Chief Executive Officer

Jill M. Hudkins
President

Steven M. Burdick
Executive Vice President, Chief Financial Officer

Leslie L. Shoemaker
Executive Vice President, Chief Sustainability and Leadership Development Officer

William R. Brownlie
Senior Vice President, Chief Engineer

Brian N. Carter
Senior Vice President, Corporate Controller and Chief Accounting Officer

Craig L. Christensen
Senior Vice President, Chief Information Officer

Preston Hopson
Senior Vice President, General Counsel and Secretary

Richard A. Lemmon
Senior Vice President, Corporate Administration

Brendan M. O'Rourke
Senior Vice President, Enterprise Risk Management

OPERATIONAL LEADERSHIP

Roger R. Argus
President, Government Services Group and Commercial/ International Group

Stuart W. Fowler
President, High Performance Buildings Division

Craig Hatch
President, Europe and UK Division

Olivier H. Jeannot
President, Federal Information Technology Division

Thomas Reilly
President, Global Development Services Division

Lauren Springer
President, U.S. Infrastructure Division

Meegan Sullivan
President, Asia Pacific Division

Bernard Teufele
President, Environment/Geotech Division

Jeremy B. Travis
President, U.S. Government Division

Jonathan S. Weiss
President, Energy Engineering Division

TETRA TECH

CORPORATE HEADQUARTERS

Tetra Tech, Inc.
3475 East Foothill Boulevard
Pasadena, California 91107-6024 USA

Telephone: +1 (626) 351-4664
Fax: +1 (626) 351-5291
tetratech.com

SHAREHOLDER INQUIRIES

Telephone: +1 (626) 470-2844
Email: investor.relations@tetratech.com

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, Kentucky 40233-5000

Telephone: +1 (800) 962-4284

STOCK LISTING

The Company's common stock is traded on the NASDAQ Global Select Market (Symbol: TTEK)

TETRA TECH

Unaudited Investors Report			2023							2024		
($ in Thousands, Except Per Share Data)	2021 (6)	2022	1st Qtr	2nd Qtr	6 mos	3rd Qtr	9 mos	4th Qtr	Total	1st Qtr	2nd Qtr	6 mos
REVENUE	**3,212,899**	**3,504,048**	**894,766**	**1,158,226**	**2,052,991**	**1,208,947**	**3,261,938**	**1,260,612**	**4,522,550**	**1,228,267**	**1,251,616**	**2,479,883**
REVENUE, NET OF SUBCONTRACTOR COSTS ["Net Revenue" (1)]												
Government Services Group (GSG)	1,265,772	1,336,456	353,047	435,550	788,596	390,216	1,178,812	456,628	1,635,440	442,700	466,497	909,197
Commercial / International Services Group (CIG)	1,285,811	1,499,124	383,515	534,015	917,530	597,344	1,514,874	600,775	2,115,649	572,469	586,130	1,158,599
NET REVENUE (1)	**2,551,583**	**2,835,580**	**736,562**	**969,565**	**1,706,126**	**987,560**	**2,693,686**	**1,057,403**	**3,751,089**	**1,015,169**	**1,052,627**	**2,067,796**
OTHER COSTS OF REVENUE - ADJUSTED (1) (2) (3)	**2,053,194**	**2,266,381**	**583,316**	**798,718**	**1,382,035**	**798,714**	**2,180,749**	**845,311**	**3,026,060**	**824,671**	**845,132**	**1,669,803**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - ADJUSTED (1) (2)	**222,961**	**235,239**	**56,502**	**82,348**	**138,848**	**89,064**	**227,912**	**77,195**	**305,107**	**79,417**	**89,812**	**169,229**
ACQUISITION AND INTEGRATION EXPENSES (7)	**-**	**-**	**3,761**	**19,944**	**23,705**	**2,107**	**25,812**	**23,742**	**49,554**	**-**	**-**	**-**
PURCHASE ACCOUNTING / NON-CORE DISPOSITIONS (GAINS)	**(3,273)**	**-**	**933**	**7,544**	**8,477**	**-**	**8,477**	**3,778**	**12,255**	**-**	**-**	**-**
INCOME FROM OPERATIONS, AS REPORTED	**278,701**	**340,446**	**92,050**	**61,011**	**153,061**	**97,675**	**250,736**	**107,377**	**358,113**	**111,081**	**117,683**	**228,764**
INCOME FROM OPERATIONS - ADJUSTED (1) (2) (3)	**275,428**	**333,960**	**96,744**	**88,499**	**185,243**	**99,782**	**285,025**	**134,897**	**419,922**	**111,081**	**117,683**	**228,764**
GSG	174,755	194,037	60,347	52,210	112,557	54,496	167,053	71,501	238,553	63,127	64,007	127,134
CIG	150,292	192,197	50,108	52,518	102,626	69,572	172,199	79,853	252,052	71,401	75,955	147,356
Corporate	(49,619)	(52,274)	(13,711)	(16,229)	(29,940)	(24,286)	(54,227)	(16,457)	(70,683)	(23,447)	(22,279)	(45,726)
OPERATING MARGIN [% of Net Revenue] (1) (2) (3)	**10.8%**	**11.8%**	**13.1%**	**9.1%**	**10.9%**	**10.1%**	**10.6%**	**12.8%**	**11.2%**	**10.9%**	**11.2%**	**11.1%**
GSG	13.8%	14.5%	17.1%	12.0%	14.3%	14.0%	14.2%	15.7%	14.6%	14.3%	13.7%	14.0%
CIG	11.7%	12.8%	13.1%	9.8%	11.2%	11.6%	11.4%	13.3%	11.9%	12.5%	13.0%	12.7%
Interest Expense (4)	11,831	11,584	5,372	13,323	18,695	14,869	33,563	12,973	46,536	9,578	9,883	19,461
Other non-operating Income (FX Hedge Gain)	-	19,904	67,995	21,407	89,402	-	89,402	-	89,402	-	-	-
INCOME BEFORE INCOME TAX EXPENSE	**266,870**	**348,766**	**154,673**	**69,095**	**223,768**	**82,806**	**306,576**	**94,404**	**400,979**	**101,503**	**107,800**	**209,303**
Income Tax Expense	34,039	85,602	37,958	26,254	64,212	22,568	86,781	40,745	127,526	26,523	31,341	57,864
NET INCOME ATTRIBUTABLE TO TETRA TECH	**232,810**	**263,125**	**116,706**	**42,830**	**159,536**	**60,235**	**219,771**	**53,649**	**273,420**	**74,972**	**76,446**	**151,418**
DILUTED AVERAGE SHARES	**54,675**	**54,163**	**53,529**	**53,627**	**53,595**	**53,653**	**53,615**	**53,702**	**53,637**	**53,738**	**53,875**	**53,825**
DILUTED EPS ATTRIBUTABLE TO TETRA TECH, AS REPORTED	**$ 4.26**	**$ 4.86**	**$ 2.18**	**$ 0.80**	**$ 2.98**	**$ 1.12**	**$ 4.10**	**$ 1.00**	**$ 5.10**	**$ 1.40**	**$ 1.42**	**$ 2.81**
ADJUSTED DILUTED EPS (1) (2) (3) (5)	**$ 3.79**	**$ 4.50**	**$ 1.34**	**$ 1.06**	**$ 2.40**	**$ 1.15**	**$ 3.55**	**$ 1.66**	**$ 5.21**	**$ 1.40**	**$ 1.42**	**$ 2.81**
ADJUSTED EBITDA (1) (2) (3)	**299,212**	**360,954**	**103,351**	**105,409**	**208,760**	**119,463**	**328,223**	**152,873**	**481,096**	**130,557**	**135,401**	**265,958**
ADJUSTED EBITDA MARGIN [% of Net Revenue] (1) (2) (3)	**11.7%**	**12.7%**	**14.0%**	**10.9%**	**12.2%**	**12.1%**	**12.2%**	**14.5%**	**12.8%**	**12.9%**	**12.9%**	**12.9%**
DAYS IN SALES OUTSTANDING (1)	**63.3**	**61.1**	**61.3**	**59.4**	**59.4**	**58.4**	**58.4**	**54.4**	**54.4**	**55.3**	**55.3**	**55.3**
CASH FLOW FROM OPERATIONS	**304,372**	**336,188**	**25,191**	**87,932**	**113,123**	**132,930**	**246,053**	**122,410**	**368,463**	**9,246**	**102,935**	**112,181**
CAPITAL EXPENDITURES	**8,573**	**10,582**	**4,996**	**5,298**	**10,294**	**7,027**	**17,322**	**9,580**	**26,901**	**3,456**	**4,007**	**7,463**
Y/Y NET REVENUE GROWTH % (1)	**8.6%**	**11.1%**	**8.4%**	**38.6%**	**23.7%**	**37.1%**	**28.3%**	**43.6%**	**32.3%**	**37.8%**	**8.6%**	**21.2%**
GSG	13.3%	5.6%	7.9%	29.1%	18.7%	16.3%	17.9%	35.7%	22.4%	25.4%	7.1%	15.3%
CIG	4.4%	16.6%	8.9%	47.5%	28.4%	55.2%	37.8%	50.3%	41.1%	49.3%	9.8%	26.3%
NET REVENUE % BY CLIENT TYPE (1)												
International	32%	34%	31%	38%	35%	43%	38%	40%	39%	40%	41%	40%
U.S. Commercial	22%	21%	24%	19%	21%	20%	21%	19%	20%	19%	17%	18%
U.S. Federal Government	30%	28%	28%	31%	30%	25%	28%	29%	28%	30%	31%	31%
U.S. State & Local Government	16%	17%	17%	12%	14%	12%	13%	12%	13%	11%	11%	11%
NET REVENUE % BY CONTRACT TYPE (1)												
Fixed-Price	37%	38%	38%	36%	37%	38%	37%	36%	37%	39%	37%	38%
Time-and-Materials	49%	48%	47%	47%	47%	50%	48%	49%	49%	45%	47%	46%
Cost-Plus	14%	14%	15%	17%	16%	12%	15%	15%	14%	16%	16%	16%
BACKLOG (1)	3,480,254	3,744,133	3,814,258	4,274,660	4,274,660	4,386,343	4,386,343	4,790,442	4,790,442	4,736,507	4,739,481	4,739,481

(1) Non-GAAP financial measure
(2) Excludes purchase accounting and non-core dispositions, and acquisition and integration expenses
(3) Excludes non-recurring COVID-19 related costs / benefits
(4) Includes write-off of deferred debt origination fees of $2.7M in Q1-23 and $1.1M in Q2-23
(5) Excludes non-recurring tax items, FX hedge gain and write-off of deferred debt origination fees
(6) FY21 contained one extra week (53 total)
(7) Includes lease impairment charge of $16.4M in Q4-23

Tetra Tech, Inc.
Regulation G Information
March 31, 2024

Reconciliation of Revenue to Revenue, Net of Subcontractor Costs ("Net Revenue")
(in millions)

			2023							2024		
	2021	2022	1st Qtr	2nd Qtr	6 Mos	3rd Qtr	9 Mos	4th Qtr	Total	1st Qtr	2nd Qtr	6 mos
Consolidated												
Revenue	3,213.5	3,504.0	894.8	1,158.2	2,053.0	1,208.9	3,261.9	1,260.6	4,522.6	1,228.3	1,251.6	2,479.9
Subcontractor Costs	(661.3)	(668.5)	(158.2)	(188.7)	(346.9)	(221.4)	(568.3)	(203.2)	(771.5)	(213.1)	(199.0)	(412.1)
Net Revenue	2,551.6	2,835.5	736.6	969.5	1,706.1	987.5	2,693.6	1,057.4	3,751.1	1,015.2	1,052.6	2,067.8
GSG Segment												
Revenue	1,772.9	1,820.9	471.1	563.3	1,034.3	531.0	1,565.4	593.5	2,158.9	575.0	597.1	1,172.2
Subcontractor Costs	(507.1)	(484.4)	(118.0)	(127.7)	(245.7)	(140.8)	(386.6)	(136.9)	(523.4)	(132.3)	(130.6)	(263.0)
Net Revenue	1,265.8	1,336.5	353.1	435.6	788.6	390.2	1,178.8	456.6	1,635.5	442.7	466.5	909.2
CIG Segment												
Revenue	1,500.1	1,738.4	439.6	610.4	1,049.9	691.4	1,741.3	683.3	2,424.6	669.1	671.2	1,340.3
Subcontractor Costs	(214.3)	(239.3)	(56.0)	(76.4)	(132.4)	(94.0)	(226.4)	(82.6)	(309.0)	(96.6)	(85.1)	(181.7)
Net Revenue	1,285.8	1,499.1	383.6	534.0	917.5	597.4	1,514.9	600.7	2,115.6	572.5	586.1	1,158.6

Reconciliation of Net Income Attributable to Tetra Tech to Adjusted EBITDA
(in thousands)

			2023							2024		
	2021	2022	1st Qtr	2nd Qtr	6 Mos	3rd Qtr	9 Mos	4th Qtr	Total	1st Qtr	2nd Qtr	6 mos
Net Income Attributable to Tetra Tech	232,810	263,125	116,706	42,830	159,536	60,235	219,771	53,649	273,420	74,972	76,446	151,418
Income Tax Expense	34,039	85,602	37,958	26,254	64,212	22,568	86,780	40,745	127,526	26,523	31,341	57,864
Interest Expense[1]	11,831	11,584	5,372	13,323	18,695	14,869	33,564	12,973	46,537	9,578	9,883	19,461
Depreciation	12,337	13,859	3,178	4,849	8,027	5,624	13,651	6,330	19,980	6,951	5,637	12,588
Amortization	11,468	13,174	3,438	12,072	15,510	14,060	29,570	11,656	41,226	12,533	12,094	24,627
FX Hedge Gain	-	(19,904)	(67,995)	(21,407)	(89,402)	-	(89,402)	-	(89,402)	-	-	-
EBITDA	302,485	367,440	98,657	77,921	176,578	117,356	293,934	125,353	419,287	130,557	135,401	265,958
Contingent Consideration	(3,273)	-	933	7,544	8,477	-	8,477	3,778	12,255	-	-	-
Acquisition & Integration Expenses[2]	-	-	3,761	19,944	23,705	2,107	25,812	23,742	49,554	-	-	-
COVID-19 Credits	-	(6,486)	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**299,212**	**360,954**	**103,351**	**105,409**	**208,760**	**119,463**	**328,223**	**152,873**	**481,096**	**130,557**	**135,401**	**265,958**

[1] Includes write-off of deferred debt origination fees of $2.7M in Q1-23 and $1.1M in Q2-23

[2] Includes lease impairment charge of $16.4M in Q4-23

Tetra Tech, Inc
Balance Sheet - Unaudited
(unaudited - in thousands, except par value)

	March 31, 2024	October 1, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 210,294	$ 168,831
Accounts receivable, net	1,037,883	974,535
Contract assets	102,991	113,939
Prepaid expenses and other current assets	128,753	98,719
Total current assets	1,479,921	1,356,024
Property and equipment, net	72,897	74,832
Right-of-use assets, operating leases	181,948	175,932
Goodwill	1,977,688	1,880,244
Intangible assets, net	175,611	173,936
Deferred tax assets	87,561	89,002
Other non-current assets	94,948	70,507
Total assets	**$ 4,070,574**	**$ 3,820,477**
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 215,644	$ 173,271
Accrued compensation	251,035	302,755
Contract liabilities	373,682	335,044
Short-term lease liabilities, operating leases	70,793	65,005
Current contingent earn-out liabilities	46,959	51,108
Other current liabilities	235,821	280,959
Total current liabilities	1,193,934	1,208,142
Deferred tax liabilities	17,647	14,256
Long-term debt	951,031	879,529
Long-term lease liabilities, operating leases	139,364	144,685
Non-current contingent earn-out liabilities	27,620	22,314
Other non-current liabilities	156,128	148,045
Equity:		
Preferred stock - authorized, 2,000 shares of $0.01 par value; no shares issued and outstanding at March 31, 2024 and October 1, 2023	-	-
Common stock - authorized, 150,000 shares of $0.01 par value; issued and outstanding, 53,497 and 53,248 shares at March 31, 2024 and October 1, 2023, respectively	535	532
Additional paid-in capital	18,972	-
Accumulated other comprehensive loss	(156,546)	(195,295)
Retained earnings	1,721,833	1,598,196
Tetra Tech stockholders' equity	1,584,794	1,403,433
Noncontrolling interests	56	73
Total stockholders' equity	1,584,850	1,403,506
Total liabilities and stockholders' equity	**$ 4,070,574**	**$ 3,820,477**

Tetra Tech, Inc
Consolidated Statements of Income
(unaudited - in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Revenue	$1,251,616	$1,158,226	$2,479,883	$2,052,991
Subcontractor costs	(198,989)	(188,661)	(412,087)	(346,865)
Other costs of revenue	(845,132)	(798,719)	(1,669,803)	(1,382,035)
Gross profit	207,495	170,846	397,993	324,091
Selling, general and administrative expenses	(89,812)	(82,347)	(169,229)	(138,848)
Acquisition and Integration expenses	-	(19,944)	-	(23,705)
Contingent consideration - fair value adjustments	-	(7,544)	-	(8,477)
Income from operations	117,683	61,011	228,764	153,061
Interest expense, net	(9,883)	(13,323)	(19,461)	(18,695)
Other non-operating income	-	21,407	-	89,402
Income before income tax expense	107,800	69,095	209,303	223,768
Income tax expense	(31,341)	(26,254)	(57,864)	(64,212)
Net income	76,459	42,841	151,439	159,556
Net income attributable to noncontrolling interests	(13)	(11)	(21)	(20)
Net income attributable to Tetra Tech	$ 76,446	$ 42,830	$ 151,418	$ 159,536
Earnings per share attributable to Tetra Tech:				
Basic	$ 1.43	$ 0.80	$ 2.83	$ 3.00
Diluted	$ 1.42	$ 0.80	$ 2.81	$ 2.98
Weighted-average common shares outstanding:				
Basic	53,484	53,227	53,419	53,165
Diluted	53,875	53,627	53,825	53,595

Tetra Tech, Inc.
Consolidated Statements of Cash Flows
(unaudited - in thousands)

	Six Months Ended	
	March 31, 2024	**April 2, 2023**
Cash flows from operating activities:		
Net income	$ 151,439	$ 159,556
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,215	23,537
Amortization of stock-based awards	15,617	14,602
Deferred income taxes	(8,049)	20,978
Fair value adjustments to foreign currency forward contract	-	(89,402)
Fair value adjustments to contingent consideration	-	8,477
Other non-cash items	1,032	(884)
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Accounts receivable and contract assets	(23,195)	(36,545)
Prepaid expenses and other assets	(33,412)	(20,461)
Accounts payable	36,406	43,169
Accrued compensation	(74,291)	(42,872)
Contract liabilities	34,801	29,037
Income taxes receivable/payable	(18,556)	3,190
Other liabilities	(6,826)	741
Net cash provided by operating activities	**112,181**	**113,123**
Cash flows from investing activities:		
Payments for business acquisitions, net of cash acquired	(71,796)	(854,319)
Settlement of foreign currency forward contract	-	109,306
Capital expenditures	(7,463)	(10,294)
Proceeds from sale of assets	98	88
Net cash used in investing activities	**(79,161)**	**(755,219)**
Cash flows from financing activities:		
Proceeds from borrowings	180,000	975,889
Repayments on long-term debt	(110,000)	(249,667)
Shares repurchased for tax withholdings on share-based awards	(12,781)	(16,680)
Payments of contingent earn-out liabilities	(22,112)	(2,000)
Stock options exercised	1,462	91
Dividends paid	(27,781)	(24,428)
Principal payments on finance leases	(3,155)	(2,714)
Net cash provided by financing activities	**5,633**	**680,491**
Effect of exchange rate changes on cash and cash equivalents	2,810	7,899
Net increase in cash and cash equivalents	41,463	46,294
Cash and cash equivalents at beginning of period	168,831	185,094
Cash and cash equivalents at end of period	**$ 210,294**	**$ 231,388**
Supplemental information:		
Cash paid during the period for:		
Interest	$ 23,532	$ 18,791
Income taxes, net of refunds received of $2.4 million and $1.2 million	$ 84,916	$ 40,107

APPENDIX B: RESUMES

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:	Tetra Tech BAS, Inc.		
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:	✓	Subcontractor Staff:	
The following information requested pertains to the individual being proposes for this project.			
Name:	**Christine Arbogast, PE**	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager		
Years in Classification:	40	Years with Firm:	35

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE
Information shall include a summary of the proposed individual's professional experience.

Ms. Arbogast has 40 years of planning, permitting, and civil engineering experience in environmental and solid resource management projects. She has directed long-term strategic planning studies for some of the largest public solid waste management agencies in the US. Ms. Arbogast works closely with solid waste system owners, operators, regulators and stakeholder groups during the development of resource management strategies. She has managed the development and permitting of expansion and master development plans, as well as landfill closure plans, for small- and large-scale solid waste management facilities. She also manages large multi-discipline on-call solid waste and resource management services contracts which include a wide range of services in support of traditional solid waste facility development as well as infrastructure support facilities. This has involved the coordination of strategic plans, stakeholder engagement, engineering, design, regulatory and resource agency permitting, biological mitigation plans, and geotechnical / hydrogeological studies. Ms. Arbogast has recently assisted solid waste system owners and operators in developing organics management infrastructure, waste diversion and optimization studies, and has directed multi-disciplined teams in planning and designing active end-uses at former landfills. Ms. Arbogast also leads Tetra Tech's Solid Waste western US operations and it's largest solid waste office in the US.

RELEVANT EXPERIENCE
Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

SOLID WASTE PLANNING

Food Waste Prevention (FWP) and Food Scraps Recycling (FSR) Pilot Program, Los Angeles, California. Project Manager on a $3 million pilot study of 19,000 single-family households located within 15 City Council districts, distributed among 25 waste collection routes. The program's goal is to pilot a full-scale food waste prevention and food scraps recycling program to address SB 1383 requirements. Project tasks include providing public education and outreach; conducting behavioral surveys; designing, procuring, and deploying food scrap recycling pails; and conducting green bin and black bin set-out rates, curbside inspections, and waste characterizations. The bilingual collateral developed for the program includes brochures, door hangers, cart tags, contamination tags, roll-up banners, newsletters, Frequently Asked Questions, and flyers. *Client: City of Los Angeles, Bureau of Sanitation.*

Organics Management Infrastructure Feasibility Study, Orange County, California. Project Manager for a high-level technology assessment of potential organic waste processing facilities that could be developed at County or Orange landfill disposal facilities to support County jurisdictions in their efforts to comply with SB 1383 requirements. The study evaluates the viability of siting, designing, and permitting source-separated organics processing and anaerobic digestion (AD) facilities at the Prima Deshecha, Frank R. Bowerman, and Olinda Alpha landfills. The study will serve as a near-term plan for developing regional organics processing capacity beyond the County's current composting system. *Client: OC Waste & Recycling.*

Long-Term Waste Disposal Options Study, King County, Washington. Project Manager for a study providing information to stakeholders in the metropolitan Seattle area (County, cities, haulers, residents) on potential long term disposal options that can be pursued after that anticipated closure of the County's Cedar Hills Regional Landfill. Waste export, waste-to-energy, gasification, pyrolysis and other alternative disposal methods are being reviewed and analyzed. Comparative analysis is being conducted to determine how each disposal option achieves established goals for specific decision-making criteria identified for the study and for each tonnage scenario. *Client: King County.*

Integrated Solid Waste Master Plan, Anchorage, Alaska. Project Manager for the development of an integrated solid waste master plan (ISWMP) which reviewed short- and long-term strategies to improve the efficiency of the Municipality of Anchorage's waste collection, transfer and disposal operations. A benchmarking study was conducted to compare solid waste management programs and facilities to industry standards for comparable municipalities. Strategies were developed to optimize capacity through system and facility enhancements. These included landfill improvements, recycling, landfill gas to energy, transfer station development (short-term); landfill expansion, waste diversion (medium-term); and alternative technologies, and increased diversion (long-term). *Client: Municipality of Anchorage.*

Bainbridge Island Waste Management Evaluation, Bainbridge Island, Washington. Project Manager for an evaluation of current waste management practices and identification of alternative approaches to help the City meet its Climate Action goals, and identify opportunities to optimize solid waste services. This included a review of the existing system, and identification of options to contracting solid waste services, enhancing diversion programs, and the potential for facility improvements or new facilities. *Client: City of Bainbridge Island.*

Roadmap to a Sustainable Solid Waste Future, Los Angeles, California. Project Manager on Task Order for technical support during development of a general framework of strategies and initiatives to reduce reliance on landfills in Los Angeles County. Initiatives include a mix of upstream and downstream activities such as organic waste management, waste prevention and source reduction, local green business and market development, conversion technologies, and product stewardship. Four specific initiatives were proposed: institutionalizing waste prevention and source reduction in unincorporated County communities, encouraging extended producer and manufacturer responsibility, recovering organics to the highest and best uses, and institutionalizing sustainability practices in County waste collection contracts and programs. *Client: Los Angeles County Department of Public Works.*

Organics Waste Management Plan (OMP) Development, Los Angeles, California. Project Manager on a Task Order for a study to assess organic waste generation, in-County organic waste processing capacity, and identification of options on how shortfalls can be addressed. The OMP presents guidelines and procedures that can be implemented to reach the County's waste diversion mandates and program goals. The OMP also includes an evaluation of options to encourage the development of local organic waste recycling programs and support diversion facilities, including composting, anaerobic digestion, and chipping/grinding operations. The goal of the study is to outline a plan that will help businesses in the unincorporated communities of the County to comply with AB 1826 requirements for recycling of organic wastes. *Client: Los Angeles County Department of Public Works.*

Zero Waste Research, Planning, and Related Services, Los Angeles County, California. Project Manager on a contract to assist the County of Los Angeles and potential project developers in advanced solid waste research and planning and development and/or implementation of policies and programs to achieve zero waste by furthering necessary waste prevention, reuse, recycling, composting, and/or conversion technology infrastructure in the County. Recent Task Orders have involved research into funding and markets for emerging waste processing and conversion technologies, feasibility studies, and support of solid waste policy development and program Implementation. *Client: Los Angeles County Department of Public Works.*

Solid Waste Renewable Technologies Implementation Plan, Orange County, California. Project Manager for a study evaluating opportunities to address projected declines in waste disposal with new revenue generating technologies (solar arrays on closed landfills, landfill gas to energy / CNG / RNG) and diversified services to address regulatory drivers for organics diversion from landfills (anaerobic digestion, composting). This has included review of existing agreements with private energy developers at County landfills, and exploring new arrangements to help the client diversify its solid waste and landfill gas management portfolios. Waste characterization studies were conducted at the County's three landfills to analyze the types and quantities of organic materials being received in comparison to total waste volumes; and to quantify current food waste and green waste volumes. The study is analyzing technologies that transform MSW into fuels or energy; technologies that maximize use of landfill gas or produce renewable gas products such as renewable natural gas, liquefied natural gas, or compressed natural gas; revenue generating renewable energy solar projects and technologies that produce compost, fertilizer, and other by-products. The overall project includes a review of available background information, analysis of industry trends and local renewable technology projects, a siting analysis, economic modeling, financial resources / funding opportunities analysis, and preparation of a Renewable Technologies Implementation Plan. *Client: Los Angeles County Department of Public Works.*

Long Term Resource Management Options Strategic Plan, San Diego, California. Project Director for a strategic planning study to identify feasible long-term waste management options for the City of San Diego. The study evaluated opportunities for promoting Zero Waste philosophies and programs, and the feasibility of activities, programs, facilities and technologies that can be implemented to support the City's Resource Management Program. The study evaluated various best practices for Zero Waste Programs, resource recovery opportunities at the City's landfill (including landfill reclamation), material recovery facilities, and optimization of landfill resources for potential implementation by the City. *Client: City of San Diego.*

Regional Landfill Options for Orange County (RELOOC) Study, Orange County, California. Project Manager for a long-term strategic plan for a metropolitan waste disposal system. The objective of the project was to evaluate and recommend solid waste disposal options and/or conversion technologies to meet the long-term regional solid disposal capacity requirements of the County of Orange for a 40-year planning horizon. This large planning study involved coordination with a Stakeholder Steering Committee and implementation support for near-term strategies. *Client: County of Orange, OC Waste & Recycling.*

Solid Waste Planning Study, San Bernardino County, California. Project Manager for the Norcal Strategic Implementation Plan to consolidate the solid waste management system and regionalize facilities (landfills, material recovery facilities, and transfer stations). Responsible for the development of expansion plans and associated costs for ten landfills, and for the review and development of closure/post closure costs for 38 active and inactive landfill sites in San Bernardino County, California. *Client: San Bernardino County Solid Waste Management Division.*

Mid-Valley Sanitary Landfill Environmental Protection Project, San Bernardino County, California. Project Manager for project involving excavation and relocation of waste from unlined waste disposal units, mining, and sale of underlying aggregate, and re-disposal of waste in lined cells. Responsibilities included oversight of engineering analysis, permitting, and planning activities. *Client: San Bernardino County Solid Waste Management Division.*

El Dorado County Solid Waste Management Plan, El Dorado County, California. Task Manager for evaluation of options to design and site an Eco Park facility and rural bin sites; potential for a conversion technology facility and potential re-opening of the only landfill in the County in addition to recommended waste diversion and recycling programs. The project won the California Conference of Directors of Environmental Health (CCDEH) 2012 Excellence in Environmental Health Award for outstanding achievements in solid waste planning. *Client: County of El Dorado.*

Master Plan of Sustainable Opportunities, Paso Robles, California. Project Manager for the development of a sustainable solid waste opportunities master plan. This included an evaluation of zero waste programs, zero waste infrastructure, landfill optimization, evaluation of greenhouse gas emissions, conversion technologies, and renewable energy potential at the City's landfill. *Client: City of Pasadena.*

Integrated Waste Management and Recycling Plan Development, Edwards Air Force Base, Kern County, California, US Air Force. Principal Engineer for a comprehensive study to evaluate solid waste management options for a large military base. This included suggested improvements to existing waste diversion programs, on-Base organics management options, and co-digestion at main base wastewater treatment plant. Additional strategies examined included waste-to-energy, as well as operational, and closure alternatives at the Base's active landfill. *Client: US Air Force.*

EDUCATION *Information required shall include institution name, city, state, degree and/or achievement and date completed/received.*
B.S., Civil Engineering, California State Polytechnic University, Pomona, 1984 Graduate Level Courses in Solid Waste Management, Hazardous Waste Management, Chemical and Biological Processes, University of Southern California

CERTIFICATIONS *Information required shall include type of certification and date completed/received.*
Registered Civil Engineer, California (#42578), 1986

REFERENCES A minimum of three (3) references are required.	
Reference #1:	
Name:	Ron Milo, City of Los Angeles
Title:	LA Sanitation and Environment | Solid Resources Support Services Division
Phone Number:	213-485-3568
Email Address:	ronaldo.milo@lacity.org
Reference #2:	
Name:	David Tieu, OC Waste & Recycling
Title:	Senior Civil Engineer
Phone Number:	949-551-7102
Email Address:	david.tieu@ocwr.ocgov.com
Reference #3:	
Name:	Kawsar Vazifdar, Los Angeles County Public Works
Title:	Civil Engineer
Phone Number:	626-458-3514
Email Address:	kvazifdar@dpw.lacounty.gov

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:	Tetra Tech BAS, Inc.		
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:	✓	Subcontractor Staff:	
The following information requested pertains to the individual being proposes for this project.			
Name:	**Rosalie Carbajal**	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager		
Years in Classification:	5	Years with Firm:	2

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE
Information shall include a summary of the proposed individual's professional experience.

Ms. Carbajal is a GIS Analyst with experience in environmental and solid waste management projects including Geographic Information Science (GIS) mapping and analysis. Ms. Carbajal also helps local communities address their food waste management and waste diversion needs through residential food waste reduction programs, recycling, and the implementation of back-yard composting programs. She has worked with multi-disciplined teams in outreach and data collection utilizing GIS-based applications.

RELEVANT EXPERIENCE
Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Orange County Waste & Recycling, Landfill Gas Emissions Monitoring, Orange County, CA. Utilized data collected from a Phantom DG1310 drone with a Pergam Lasor Falcon methane sensor to illustrate methane concentrations over two Orange County landfills: Prima Deshecha and Coyote Canyon. After an orthophoto for each landfill was mapped, the Inverse Distance Weighted (IDW) spatial analyst tool in ArcGIS Pro was used to show high instances of methane emissions, joined with weather data to show wind direction and speed as another layer for analysis. In addition, surface emissions monitoring data collected by hand was mapped for comparison purposes. Both landfill maps were uploaded to a web map application on ArcGIS Online for interactive use with tools to measure, swipe, print, and draw.

City and County of Denver Single-Family Residential Food Waste Audit, Denver, CO. Responsible for the development of smart forms for a generator-based waste characterization study of the single-family residential trash and organics disposal(waste) stream in selected neighborhoods in Denver, Colorado. Project tasks include developing two separate smart forms utilizing ArcGIS Survey123 for waste sample collection and waste characterization study. Feature reports were generated to highlight the overall waste composition of sorted material, showing the total percentage of edible, inedible, and non-food materials for the two sampling events using the sample data collected, photos, data analysis, and summary statistics. Data was visualized on an interactive ArcGIS dashboard to show the comparison of the two sorting events.

Clean Cities, Blue Ocean, U.S. Agency for International Development (USAID). USAID's global flagship program for combating ocean plastic pollution, Clean Cities, Blue Ocean (CCBO), works to improve local solid waste management systems across ten countries in more than 25 cities throughout Asia, Pacific Islands, Latin America, and the Caribbean. Responsible for managing the program's Solid Waste Management Information System (or SWIMS), a cloud-based mapping system that enables geographic data to be collected, compiled, analyzed, visualized, and shared for decision-making. Utilizes ArcGIS Field Apps and drones to collect data, and ArcGIS Online to graphically display it using dashboards, web maps, and mobile map apps.

Transfer Station Waste Characterization Studies, County of San Bernardino County Solid Waste Management Division. Conducting waste characterization smart form development for waste composition studies at nine County of San Bernardino transfer stations. The studies are being performed to comply with SB1383 regulations related to methane emission reduction targets and organic waste recycling. Results of the study will be used to determine the transfer stations' amount of targeted SB 1383 materials in the disposal stream, as well as the "incompatible material" portion of the recovered organic material stream. Waste evaluations are weight-based and are sorted into organic and non-organic categories. Waste evaluations are being completed for samples taken from collection trucks, as their contents are unloaded at authorized disposal facilities including the Barstow, Landers, San Timoteo, and Victorville Landfills. Project tasks include coordinating with the client project manager and site operators (Athens Services) to ensure minimal disruption to day-to-day operations at each site, as well as reviewing collection schedules, facility hours, and overall logistics requirements to ensure that sorting schedules are efficiently implemented for the duration of the study.

Waste Composition Study at the Santa Maria Regional Landfill, City of Santa Maria, CA. Responsible for the development of a customized smart form application for data collection utilizing ArcGIS Survey 123. Project tasks include conducting two waste evaluations of four sectors and associated trash and organic waste stream(s) (i.e., single and multi-family residential, commercial, and self-haul) as applicable.

Zero Waste Research, Single Use Plastic Outreach Collateral, Los Angeles County Public Works, Los Angeles, CA. Responsible for developing three pieces of collateral associated with single-use accessories and standard condiments at food facilities (full-service restaurants). Tasks include developing outreach materials in response to State law AB-1276 (Single-Use Foodware Accessories and Standard Condiments), and a new Los Angeles County Ordinance amending Title 12 requirements (Reduction of Waste from Single-Use Articles and Expanded Polystyrene Products). Collateral material includes in-depth fact sheets for cities, brochures targeting food service retailers, and posters/cards for consumers.

Center for Geospatial Science and Technology, Northridge, CA. GIS Analyst responsible for updating the National Hydrography Dataset for California for the United States Geological Survey. Duties included utilizing aerial imagery and topographic map interpretation for hydro interpretation, web-mapping, programming, raster analysis, and report writing. Worked in a team environment to ensure the data was updated to highest quality standards.

California University of Northridge Institute for Sustainability, Northridge, CA. Ran campaigns and events related to sustainability and conservation issues at California State University, Northridge (CSUN). Informed and connected with the public through a sustainability webpage and various social media outlets about campus sustainability efforts, events, and news. Also organized and compiled data from CSUN departments to better understand sustainable practices and classes. CSUN received a Gold Rating from the Association for the Advancement of Sustainability in Higher Education (AASHE) in 2019.

Woodcraft Rangers, Los Angeles, CA. Site Coordinator and primary point of contact for program logistics. Responsibilities included training and organizational programs that identified and addressed the professional needs of the agency and school administration. Also utilized organizational skills to manage complex schedules and appointment calendars, make off-site arrangements, and coordinate team meetings and events. Additional duties included facilitating meetings with stakeholders and organizing events in collaboration with community partners, as well as developing and cultivating positive relationships with students, administration, staff, teachers, parents, and community stakeholders through effective communication.

Boo Ku Cc, Inc., Los Angeles, CA. Organizational Development Analyst responsible for training and organizational programs that identified and addressed the professional needs of employees and departments. Piloted a new training program that decreased the high turnover rate and improved tacit knowledge management. Also recommended new approaches, policies, and procedures to effect continual improvement including developing a Performance Evaluation Form, as well as a variety of reports on key metrics to support business strategies. Additional duties included training management on corporate-related objectives; and instructing management on how to utilize performance reviews to maintain the overall health of the company.

Eau de Nil Marketing, Los Angeles, CA. Inventory Manager responsible for development, implementation, and refining processes to ensure control of all facility inventories. Worked with procurement, sourcing, customer service, operations, and finance functions to ensure the organization effectively managed inventory and reduced

variances. Duties also included performing weekly cycle counts and reconciliations, and leading investigations to determine root cause and action items associated with variances. Also assisted in development of business processes to ensure compliance with company policies centered on inventory, as well as developing and reporting on key performance indicators to drive continuous improvement of inventory controls.
EDUCATION *Information required shall include institution name, city, state, degree and/or achievement and date completed/received.*
M.S., Geographic Information Science, California State University Northridge, 2022 B.A., Liberal Studies, Minor in Sustainability, Minor in Applied Anthropology, California State University Northridge, 2019
CERTIFICATIONS *Information required shall include type of certification and date completed/received.*
ArcGIS Pro, ArcMap, ArcGIS Online programs, ESRI, QGIS, Python, HTML, JavaScript, R, SQL, MySQL, PostgreSQL, PgAdmin, Visual Studio Code, and R Studio Adobe Illustrator, Adobe Photoshop, Google Suite, Microsoft Teams, Word, Excel, PowerPoint, and Outlook
REFERENCES A minimum of three (3) references are required.

Reference #1:	
Name:	Ron Milo, City of Los Angeles
Title:	LA Sanitation and Environment | Solid Resources Support Services Division
Phone Number:	213-485-3568
Email Address:	ronaldo.milo@lacity.org
Reference #2:	
Name:	Maia Hoffman, City of Santa Maria
Title:	Regulatory Compliance Supervisor
Phone Number:	(805) 925-0951 ext. 1963
Email Address:	mhoffman@cityofsantamaria.org
Reference #3:	
Name:	Lesly Baesens, Denver Department of Public Healthy & Environment | City and County of Denver
Title:	Food Resiliency & Waste Program Administrator
Phone Number:	(720) 865-8951
Email Address:	Lesly.Baesens@denvergov.org

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:	Tetra Tech BAS, Inc.		
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:	✓	Subcontractor Staff:	
The following information requested pertains to the individual being proposes for this project.			
Name:	**Marrion Gestat**	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager		
Years in Classification:	4	Years with Firm:	2

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE
Information shall include a summary of the proposed individual's professional experience.

Ms. Gestat is a Solid Waste Planner with experience in environmental and solid waste management projects. Responsibilities include conducting waste characterization and waste composition studies. Ms. Gestat also assists solid waste system owners in residential food waste reduction, recycling, and implementation of back-yard composting programs, and has worked with multi-disciplined teams in outreach and data collection utilizing geographic information systems (GIS)-based applications.

RELEVANT EXPERIENCE
Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Waste Composition Study at the Santa Maria Regional Landfill, City of Santa Maria, CA. Responsible for developing strategies to address the long-term solid waste management needs for waste generated in the City. Project tasks include conducting two waste evaluations of four sectors and associated trash and organic waste stream(s) (i.e., single and multi-family residential, commercial, and self-haul) as applicable.

Transfer Station Waste Characterization Studies, County of San Bernardino County Solid Waste Management Division. Conducting waste composition studies at nine County of San Bernardino transfer stations. The studies are being performed to comply with newly promulgated SB1383 regulations related to methane emission reduction targets and organic waste recycling. The results of the study will be used to determine the transfer stations' amount of targeted SB 1383 materials in the disposal stream, as well as the "incompatible material" portion of the recovered organic material stream. Waste evaluations are weight-based and are sorted into organic and non-organic categories. Waste evaluations are being completed for samples taken from collection trucks, as their contents are unloaded at authorized disposal facilities including the Barstow, Landers, San Timoteo, and Victorville Landfills. Project tasks include coordinating with the client project manager and the site operators (Athens Services) to ensure minimal disruption to day to day activities at each site, as well as reviewing collection schedules, facility hours, and overall logistics requirements to ensure that sorting schedules are efficiently implemented for the duration of the study.

Transfer Processing Report for Transfer Station / Materials Recovery Facilities, Athens Services, City of Industry, CA. Providing regulatory compliance services for Athens' Material Recovery Facilities (MRF). The currently permitted area encompasses 14.3 acres and includes material recovery, material storage, transfer facility, and other ancillary activities. Duties include revising the MRF's Transfer Processing Report (TPR) in response to comments from the Los Angeles County Department of Public Health, acting as the local enforcement agency (LEA) for the MRF.

Transfer Processing Report for Downey Area Recycling (DART) Materials Recovery Facilities and Transfer Station, Athens Services, Downey, CA. Providing regulatory compliance services for Athens Services' Downey Area Recycling and Transfer (DART MRF/TS). Duties include obtaining the necessary regulatory approvals to obtain a Transfer/Processing Report (TPR) Amendment approval. The purpose of the Solid Waste Facility Permit (SWFP) Revision application package is primarily to document in the TPR proposed minor changes in the operation (transfer of operations) of the subject facility since the last permit issuance and/or since the last five-year permit review. The currently permitted area encompasses 6.2 acres and includes material recovery, material storage, transfer facility, and other ancillary activities.

Zero Waste Representative, Universal Waste Systems (UWS). Managed over 500 commercial accounts within the RecycLA program for North East Los Angeles (NELA). Duties included conducting waste characterization audits for city reports, enforcing and educating accounts on implementation of current Los Angeles City and California State mandatory recycling laws such as SB 1383 and AB 341, as well as optimization of waste diversion to meet RecycLA program goals. Enforcement processes required site visits to audit commercial accounts' current waste streams for proper use of trash, recycling, or organics diversion to prevent contamination, while also verifying status of compliance for SB 1383 if applicable. Educational outreach and distribution of educational resources were conducted at several accounts ranging from restaurants, schools, farmer's markets, community events, and other commercial facilities.

3 Bin System Integration at Echo Park and LA River Farmer's Market / Sustainable Economic Enterprise of Los Angeles (SEELA). Established proper waste disposal processes at two of SEELA's farmer's market by coordinating with market managers and maintenance staff. Duties included set up and waste audits of trash, recycling, and compostable food waste throughout market events. Waste generators included produce vendors and event attendees. A collaboration with local vendor: LA Compost was established to integrate organic waste diversion on a local scale.

Transfer Station Waste Characterization Studies, Santa Fe Springs (SFS). Conducted seasonal waste characterization sorts every 3 months for various cities within NELA RecycLA zones as well as site certification sorts for the SFS facility. Samples were collected from NELA commercial accounts ranging from Chinatown, El Sereno, Highland Park, Eagle Rock, Atwater Village, Silverlake, Echo Park, and Hollywood. Data results are used by the city of LA to help in developing approaches to enhance recycling standards and requirements.

Food Waste Diversion Coordinator. Developed and implemented a plan of action for food waste generators in the Chinatown zone. Food waste generators included: wholesale accounts, restaurants, and schools. Action plans required generators to start organics recycling services with UWS, donate compostable food waste to a local garden, or donate edible foods to a UWS food rescue partner. These partners included: Hollywood Food Coalition, Food Forward, and St. Francis Center.

EDUCATION

Information required shall include institution name, city, state, degree and/or achievement and date completed/received.

B.A., Environmental Studies, California State University, Monterey Bay

CERTIFICATIONS

Information required shall include type of certification and date completed/received.

REFERENCES A minimum of three (3) references are required.	
Reference #1:	
Name:	Ron Milo, City of Los Angeles
Title:	LA Sanitation and Environment | Solid Resources Support Services Division
Phone Number:	213-485-3568
Email Address:	ronaldo.milo@lacity.org
Reference #2:	
Name:	Maia Hoffman, City of Santa Maria
Title:	Regulatory Compliance Supervisor
Phone Number:	(805) 925-0951 ext. 1963
Email Address:	mhoffman@cityofsantamaria.org
Reference #3:	
Name:	Lesly Baesens, Denver Department of Public Healthy & Environment | City and County of Denver
Title:	Food Resiliency & Waste Program Administrator
Phone Number:	(720) 865-8951
Email Address:	Lesly.Baesens@denvergov.org

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:	Tetra Tech BAS, Inc.		
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:	✓	Subcontractor Staff:	
The following information requested pertains to the individual being proposes for this project.			
Name:	**Jisela Herrera**	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager		
Years in Classification:	6	Years with Firm:	6

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE
Information shall include a summary of the proposed individual's professional experience.

Ms. Herrera is a Solid Waste Planner with experience in environmental and waste management projects. She provides regulatory/planning services such as permitting, siting, operations, and environmental compliance for solid waste facilities. This includes conceptual design, report preparation, operational review, and permit application packages for submittal to public and private sector clients, as well as regulatory agencies. She is also proficient at performing siting analyses for solid waste facilities utilizing GIS mapping software.

RELEVANT EXPERIENCE
Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Waste Characterization Study, City of Santa Monica. Task Leader for a waste characterization study for the City of Santa Monica. The study area features restaurants, businesses, and grocery stores throughout the City. Tasks include developing a food waste diversion program framework, conducting quarterly audits, and data reporting and analyzing for food waste diversion. The objectives of the waste characterizations included evaluating organic waste generation, characterizing the composition of organic waste collected, and identifying changes in organic waste generation.

Residential Food Waste Prevention and Food Scrap Recycling Program, City of Los Angeles. Task leader for a residential food waste prevention (FWP) and food scrap recycling (FSR) pilot program for the City of Los Angeles. The study area features up to 18,000 single-family households located within 15 City Council districts, distributed among 25 waste collection routes. Tasks include public education and outreach; conducting behavioral surveys; designing, procuring, and deploying food scrap recycling kitchen pails; and conducting green-bin and black-bin set out rates, curbside inspections, and waste characterizations. Geographical, demographic, and environmental justice information was reviewed for pilot areas. This included GIS mapping of the study area to define location, boundaries, and number of homes. The maps were used to facilitate mailing, distribution of kitchen pail, green-bin and black-bin, inspections, set-out rates, waste characterization studies. The final report will provide important documentation of the participation rate, achieved food waste diversion rate, benefits, and challenges that can be expected in the Citywide program.

Commercial Generator-based Waste Characterization Study, CalRecycle. Project Coordinator responsible for recruiting businesses to obtain accurate and representative data related to edible and inedible food waste (potentially donatable and not donatable) from commercial generators across California. The project includes securing sampling nodes and coordinating with sampling nodes staff to establish individual sorting areas, identifying and recruiting generator sites, coordinating field work with the generators, scheduling sampling of disposal bins and organics bins (i.e. yard waste bin, food waste bin, or yard/food waste combination bin), on-site visually assessing possible food waste in generator recycling bins, performing all fieldwork, and conducting surveys.

Waste Composition Study, Los Angeles County. Coordinated and supervised a large-scale residential waste composition study conducted across Los Angeles County (population over 10+ million residents covering 4,700 mi2). This study consisted of the collection and sorting of over 1,600 residential trash, recycling, and organic samples.

Waste Characterization Study, National Natural Resources Defense Council, City of Denver. Coordinated and supervised a large-scale residential waste composition study conducted across the City of Denver. This study consisted of the collection and sorting of over residential trash and organic samples.

Transfer Station Feasibility Analysis, Cities of Coachella/Indio. Providing support for the Coachella/Indio Transfer Station Feasibility Analysis through researching and reviewing regulations, environmental reports, General Plans, zoning codes, local land use permits and existing technical reports.

Transfer Station Feasibility Analysis, City of Ontario. Providing support for the City of Ontario Transfer Station Feasibility Analysis through researching and reviewing regulations, environmental reports, General Plans, zoning codes, local land use permits and existing technical reports.

California Waste Services. Five-year plan and permit revision for California Waste Services.

EDUCATION

Information required shall include institution name, city, state, degree and/or achievement and date completed/received.

M.S., Business Management / Organizational Development and Change
B.S., Sustainability Studies, University of California Riverside

CERTIFICATIONS

Information required shall include type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required.

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Title:	LA Sanitation and Environment | Solid Resources Support Services Division
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Reference #2:	
Name:	Maia Hoffman, City of Santa Maria
Title:	Regulatory Compliance Supervisor
Phone Number:	(805) 925-0951 ext. 1963

Email Address:	mhoffman@cityofsantamaria.org
Reference #3:	
Name:	Lesly Baesens, Denver Department of Public Healthy & Environment | City and County of Denver
Title:	Food Resiliency & Waste Program Administrator
Phone Number:	(720) 865-8951
Email Address:	Lesly.Baesens@denvergov.org

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:	Tetra Tech BAS, Inc.		
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:	✓	Subcontractor Staff:	
The following information requested pertains to the individual being proposes for this project.			
Name:	**Cesar Leon**	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager		
Years in Classification:	26	Years with Firm:	23

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE
Information shall include a summary of the proposed individual's professional experience.

Mr. Leon is a Solid Waste Planner with 23 years of experience in environmental and solid waste management projects. He has managed long-term strategic planning studies for public solid waste management agencies throughout California. Mr. Leon works closely with solid waste management system owners, operators, regulators and stakeholder groups during the development of transfer, recycling, and organic waste management strategies. He provides regulatory/planning services such as design, siting, permitting, operations, and environmental compliance for solid waste facilities. This includes general and conceptual design, report preparation, operational review, material throughput calculations, and permit application packages for submittal to public and private sector clients, as well as regulatory agencies. Mr. Leon is also experienced in addressing land use issues, including the preparation of entitlement applications submitted to various planning and building departments. He also manages large multi-discipline on-call solid waste and resource management services contracts which include a wide range of services in support of traditional solid waste facility development as well as infrastructure support facilities. Mr. Leon has special expertise in Aesthetics impact analyses for CEQA compliance documents including the preparation of Visual Simulations. Mr. Leon has assisted solid waste system owners in residential food waste reduction, recycling, and back-yard composting implementation programs, and has directed multi-disciplined teams in outreach and data collection utilizing geographic information systems (GIS)-based applications.

RELEVANT EXPERIENCE
Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

WASTE CHARACTERIZATION STUDIES

Food Waste Assessment Studies, Denver and New York. Provided field technical support on a program to assess food waste handling practices in the residential and institutional, commercial, and industrial (ICI) sectors in two metropolitan cities. Assisted in recruitment of residential and ICI participants. For the residential sector, performed outreach to residential participants, participated in collection of food waste diaries and waste samples, and data compilation. *(Client: National Resource Defense Council | Dates 2016 – 2017)*

Residential Food Waste Prevention and Food Scrap Recycling Pilot Program, City of Los Angeles, Bureau of Sanitation. Provided technical/field assistance on a program to engage residents in food waste prevention and provide the public with practical tools to facilitate food recycling. Included stakeholder engagement and public outreach, procurement and distribution of kitchen pails, field inspections to evaluate set-out rates, characterization of wastes on all pilot routes, and gathering and evaluation of data concerning program participation, and preparation of a final report. *(Client: City of Los Angeles Bureau of Sanitation | Dates 2018 – 2020)*

Waste Composition Study, Eastern Regional Material Recovery Facility (MRF), Truckee, California. Project Manager on a study to quantify and characterize organic material types being recovered and removed from the mixed waste organic stream at a MRF. Information was used to determine if the facility is achieving "High Diversion Facility" organic waste recovery rates required by SB 1383. This included development of sampling protocols; field sampling; and data collection, analysis, compilation, and reporting. Tetra Tech recommended an appropriate sampling and observation methodology, identified representative waste stream(s) to sample, and provided other pertinent details appropriate for the level of effort required to achieve the County's goals. *(Client: County of Placer | Dates: 2021 – 2022)*

Waste Composition Study, Santa Maria Regional Landfill, Santa Maria, California. Project Manager directing two waste evaluations of four sectors and associated trash and organic waste streams (single and multi-family residential, commercial, and self-haul) accepted at the Santa Maria Regional Landfill. Sampling was conducted during two, two-week periods, three months apart. A Final Comprehensive Report was repaired providing field observations, findings, and results; a list of unexpected materials encountered; and data concerning materials that could be targeted for potential new program initiatives. *(Client: City of Santa Maria | Dates: 2022 – 2023)*

Waste Composition Study, Hawaii Department of Environmental Health. Project Manager for the development of a statewide solid waste characterization study. Data obtained during the study will help guide future State planning activities, and provide local counties throughout Hawaii with relevant data needed to inform their solid waste management activities. Two sorting events are being conducted involving a team of five sorters per site (including a lead auditor/supervisor), supported by field services staff from a subconsultant. ArcGIS Survey123 (Smart Form) is being used to generate final report results, which will include all the data collected, photos, data analysis, and summary statistics.

STRATEGIC SOLID WASTE PLANNING

Statewide Integrated Waste Management Plan Update, Hawai'i State Department of Health (DOH). Project Manager assisting the DOH in convening a state task force to review critical solid waste topics of concern. Potential waste streams solutions being investigated include Extended Producer Responsibility (EPR), government programs and subsidies, Government regulations and/or prohibitions, free market solutions, and revision of existing statutes and program/personnel adjustments as identified by DOH. *(Hawai'i State Department of Health | Dates: 2023 – 2024)*

Roadmap to a Sustainable Solid Waste Future, Los Angeles, California. Providing planning and technical support during development of a planning document evaluating strategies and initiatives to reduce reliance on landfills. Initiatives include a mix of upstream and downstream activities such as organic waste management, waste prevention and source reduction, local green business and market development, conversion technologies, and product stewardship. Four specific initiatives were proposed: institutionalizing waste prevention and source reduction in unincorporated communities, encouraging extended producer and manufacturer responsibility, recovering organics to the highest and best uses, and institutionalizing sustainability practices in County waste collection contracts and programs. *(Client: Los Angeles County Department of Public Works | Dates 2013 – 2016)*

Los Angeles County Countywide Siting Element (CSE) Revision, Los Angeles County Department of Public Works. Assistant Project Manager for update of a planning document presenting the long-term strategy that communities within Los Angeles County will employ to handle wastes remaining after recycling, composting, and diversion activities. Managing assistance of multi-discipline consulting team responsible for development of an Environmental Document and approval from various agencies, public outreach, document preparation and publishing, and on-call solid waste consulting services including emission modeling, engineering analysis, solid waste and land use planning, and regulatory compliance services. *(Client: Los Angeles County Department of Public Works | Dates 2013 – 2020)*

San Diego Long-Term Resource Management Options (LRMO) Strategic Plan, City of San Diego, Environmental Services Division. Provided technical and planning support. Overall project elements included evaluation of zero waste programs, zero waste infrastructure, conversion technologies, waste-to-energy, landfill optimization, and in-County and out-of-County landfill disposal options, including rail haul. Participated in development of draft and final LRMO report. This included preparation of responses to stakeholder comments and coordination of report production. *(Client: City of San Diego | Dates: 2007 - 2010)*

Master Plan of Sustainable Solid Waste Opportunities, City of Paso Robles, California. Provided planning support during development of a master plan level review of programs, practices, operations, and infrastructure that could be applied to improve sustainability of the City of Paso Robles' solid waste system. Project elements included an evaluation of zero waste programs, zero waste infrastructure, and landfill optimization. The report also evaluated current greenhouse gas emissions, conversion technology program feasibility, and renewable energy potential at the City's landfill. *(Client: City of Paso Robles | Dates: 2009)*

Solid Waste and Recycling Sustainability Study, Los Angeles Metropolitan Transportation Authority (METRO). Providing planning support on an assessment of programs to improve the sustainability of METRO'S solid waste management practices in its transportation system, facilities, and support infrastructure. The project includes evaluations of Metro's current waste management structure, programs, procedures, infrastructure, and initiatives. *(Client: METRO | Dates: 2015 – 2016)*

ORGANICS MANAGEMENT PLANNING

Organics Waste Management Plan (OMP) Development, Los Angeles County Department of Public Works. Providing technical support on a study to assess organic waste generation, in-County organic waste processing capacity, and identification of options on how shortfalls can be addressed. The OMP presents guidelines and procedures that can be implemented to reach the County's waste diversion mandates and program goals. The OMP also includes an evaluation of options to encourage the development of local organic waste recycling programs and support diversion facilities, including composting, anaerobic digestion, and chipping/grinding operations. The goal of the study is to outline a plan that will help businesses in the unincorporated communities of the County to comply with AB 1826 requirements for recycling of organic wastes. *(Client: Los Angeles County Department of Public Works | Dates 2015 – 2016)*

San Bernardino Countywide Organics Management Plan, County of San Bernardino, Solid Waste Management Division. Provided planning and technical support during the development of a Plan to assist the County of San Bernardino in its AB 1826 reporting requirements. The Plan will identify and determine if there is adequate organic waste processing infrastructure and processing capacity to meet the demand for projected organic waste flows. A facilities evaluation is also being conducted to identify existing and planned organic waste processing capacity within San Bernardino County and adjacent counties. *(Client: San Bernardino County Solid Waste Management Division | Dates: 2017)*

Regional Organic Waste Market Study, Confidential Client. Provided technical support on a study for a waste management firm that wished to expand its organics processing operations. This included a study of six regional wastesheds that could conceivably support investment in organics processing infrastructure. Issues investigated included the availability of qualified organic waste within a reasonable radius of the proposed facility, presence or absence of interim transload / transfer infrastructure, economically-viable markets for digestate material, and local tipping fee economics supporting organics processing.

SOLID WASTE FACILITY SITING STUDIES

Site Selection and Evaluation for a New Transfer Station, Joint Powers Authority Coachella/Indio Waste Transfer Station (JPA) Providing planning and technical support to identify preliminary new location(s) using geographic information system (GIS) for the Coachella/Indio Transfer Station. The project includes identifying permitting requirements for the site, identifying ways to increase waste flow, and identifying corresponding benchmarks needed to operate a new facility at the recommended location. The project also includes providing support in developing project financing options, bond planning and assistance and identifying grant opportunities.

El Dorado County Solid Waste Strategic Plan and EcoPark Siting Study, County of El Dorado. Provided technical and planning support on the Siting Analysis for a Material Recovery Facility (ECOPark). The utilization of Geographic Information Systems (GIS) was employed in the siting of the proposed ECOPark, with available data from the County, local Cities, Census Data, ESRI, and Cal-Atlas Geospatial Clearinghouse. Eight sites were carried through the primary ranking criteria then ranked based upon the secondary criteria discussed above. The conceptual design was based on peak tonnages expected for the facility through 2030. The design was developed with the vision that the potential transfer station / material recovery would have a dynamic source separation system that will be flexible enough to handle new products (i.e., plastics, textiles, and food waste), and can address future changes in solid waste management practices. *(County of El Dorado | Dates: 2011 – 2012)*

Waste Conversion Facility Siting Study, County of Orange, OC Waste & Recycling. Project Manager overseeing permitting and planning feasibility study for OC Waste & Recycling Conversion Technology (CT) Facility Siting analysis. A two-phase approach was used to evaluate candidate sites. Phase I featured review of current regulatory permitting documents, local general plans and zoning ordinances at the candidate sites to identify possible constraints to siting a conversion technology facility in the respective host city. Phase II screening involved evaluation of existing infrastructure, ancillary facilities, landfill gas agreements, and loss of "fillable" landfill airspace. *(Client: Clements Environmental | Dates: 2009)*

Site Selection and Evaluation for a New Transfer Station, Joint Powers Authority Coachella/Indio Waste Transfer Station (JPA) Providing planning and technical support to identify preliminary new location(s) using geographic information system (GIS) for the Coachella/Indio Transfer Station. The project includes identifying permitting requirements for the site, identifying ways to increase waste flow, and identifying corresponding benchmarks needed to operate a new facility at the recommended location. The project also includes providing support in developing project financing options, bond planning and assistance and identifying grant opportunities. *(Client: City of Indio | Dates: 2020)*

GIS MAPPING AND MOBILE APPLICATIONS

Yuba-Sutter Regional Waste Management Authority TS/MRF Siting Analysis. Performed a siting analysis which began with the identification of land use criteria for the development of a solid waste facility. During the primary site selection process, a Geographical Information System (GIS) thematic cartography methodology was utilized in identifying the potential area for a potential TS/MRF facility with available data from Yuba and Sutter Counties, Census Data, ESRI, and Cal-Atlas Geospatial Clearinghouse. A series of maps were developed identifying the multiple rounds of parcels that met the selected criteria. The criteria included: land use designation, parcel size, current land use, proximity to rivers and creeks, proximity to Holocene fault, proximity to major road/highway, fire hazard, and flooding potential.

El Dorado County EcoPark Siting Analysis, County of El Dorado. Performed siting analysis which began with the identification of land use criteria for the development of an EcoPark to serve El Dorado County West Slope. During the primary site selection process, a Geographical Information System (GIS) thematic cartography methodology was utilized in identifying the potential area for a potential EcoPark. A series of maps were developed identifying the multiple rounds of parcels that met the selected criteria.

EDUCATION

Information required shall include institution name, city, state, degree and/or achievement and date completed/received.

B.S., Urban and Regional Planning, California State Polytechnic University, Pomona, CA 2008
A.S., Architectural Technology, Mt. San Antonio College, Walnut, CA 1997

CERTIFICATIONS

Information required shall include type of certification and date completed/received.

Remote Pilot License, Federal Aviation Authority – Small UAS Rule (Part 107)
Geographic Information System (GIS)
CADD Architectural Technology

REFERENCES

A minimum of three (3) references are required.

Reference #1:	
Name:	Ron Milo, City of Los Angeles
Title:	LA Sanitation and Environment | Solid Resources Support Services Division

Phone Number:	213-485-3568
Email Address:	ronaldo.milo@lacity.org
Reference #2:	
Name:	Maia Hoffman, City of Santa Maria
Title:	Regulatory Compliance Supervisor
Phone Number:	(805) 925-0951 ext. 1963
Email Address:	mhoffman@cityofsantamaria.org
Reference #3:	
Name:	Lesly Baesens, Denver Department of Public Healthy & Environment | City and County of Denver
Title:	Food Resiliency & Waste Program Administrator
Phone Number:	(720) 865-8951
Email Address:	Lesly.Baesens@denvergov.org

PROPOSED STAFF RESUME

A resume must be completed for all key proposed prime contractor staff and proposed subcontractor staff.

Name of Company Submitting Proposal:			
Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff			
Contractor Staff:		Subcontractor Staff:	X
The following information requested pertains to the individual being proposes for this project.			
Name:	Jonathan Levy	Key Personnel: (Yes or No)	Yes
Individual's Title:	Project Manager / Field Lead		
Years in Classification:	18	Years with Firm:	1

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information shall include a summary of the proposed individual's professional experience.

Mr. Levy is the Founder and Principal Consultant at Zero Waste Pro. His career began as an industrial engineer at a UPS distribution center where he managed a team of five supervisors, a trainer, and 45 hourly employees, who loaded packages into trailers; and worked on process improvement and package-flow optimization. It was through that experience that he learned the importance of creating a proper job setup for repetitive tasks, documenting standard operating procedures, and measuring baseline data to set goals and track performance.

In 2013 Mr. Levy shifted focus to the end of the supply chain – the point of disposal. From that perspective he utilized waste characterization, outreach, and disposal data to assist clients to make upstream changes to root out wasted materials and processes, leading to both direct and indirect savings.

Mr. Levy is a subject-matter expert in California's complex regulatory climate. As an independent consultant he has assisted waste haulers and jurisdictions throughout California by providing gap analyses and strategies to comply with regulations such as SB 1383, which set aggressive targets to reduce organic waste to landfill.

RELEVANT EXPERIENCE

Information required shall include timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Edible Food Characterization – Department of Public Health and Environment, City of Denver 02/2024 – 04/2024
Field Lead | As a subcontractor to Tetra Tech, Mr. Levy was responsible for all in-field aspects of the project. He recruited and trained a team of waste sorters to accurately identify target households, safely remove materials from their landfill carts, label and transport them to a transfer station. Once at the facility, one-by-one each sample was pre-weighed, displayed on a sorting table, and separated into the required categories. Once all materials were sorted, each category was weighed and photographed. Special attention given to observations of excessive food waste.

Waste Generation and Composition Study – Public Utilities, City of San Luis Obispo, 06/2023 – 01/2024
Assistant Project Manager | As a subcontractor to ReCREATE Waste Collaborative, Mr. Levy performed site assessments at city facilities to assess the effectiveness of existing waste management and recycling programs and practices, and to recommend future waste diversion activities. Additionally, a waste characterization was performed on the materials generated at all city facilities. Mr. Levy was responsible for analyzing the results, collating them with the site assessment findings in a final report.

Two Season Waste Characterization – recycLA Services Providers, City of Los Angeles – 07/2018 – 06/2023
Project Manager | As subcontractor to four waste haulers who held City of Los Angeles exclusive commercial franchises, Mr. Levy oversaw a two season waste characterization of landfill, recycling and organics hauling routes, which totaled more than 700

samples per year. Mr. Levy was responsible for all aspects of the studies, including: identification of routes to be sampled, scheduling and coordination with each hauler and facility, extraction of sample slices, sorting, photographing, weighing and documenting each sample. At the completion of each season, the franchise haulers were provided with franchise-specific reports containing the composition of each route, including strategies for reducing contamination and increasing diversion for each stream.

EDUCATION

Information required shall include institution name, city, state, degree and/or achievement and date completed/received.

Bachelor of Science, Business Administration – Technology and Operations Management, California State Polytechnic University, Pomona (2006)

CERTIFICATIONS

Information required shall include type of certification and date completed/received.

TRUE Advisor, Green Building Certification, Inc. (2016)
Certified Sustainable Resource Management Professional, San Jose State University (2017)

REFERENCES

A minimum of three (3) references are required.

Reference #1:	
Name:	*Gabriel Silva*
Title:	*Environmental Programs Manager*
Phone Number:	*626-744-4148*
Email Address:	*gsilva@cityofpasadena.net*
Reference #2:	
Name:	*Meg Buckingham*
Title:	*Solid Waste and Recycling Program Manager*
Phone Number:	*805-783-7850*
Email Address:	*mbuckingham@slocity.org*
Reference #3:	
Name:	*Gerry Villalobos*
Title:	*Environmental Specialist II, REHS-L.A. Sanitation & Environment Solid Resources Citywide Recycling Division (SRCRD)*
Phone Number:	*213-485-4221*
Email Address:	*gerardo.villalobos@lacity.org*

APPENDIX C: REQUIRED FORMS

- Form A – Bidder Proposal Point of Contact and Contractual Services Form
- Terms and Conditions – Sections II thru VI

Form A
Bidder Proposal Point of Contact
Request for Proposal Number 6897 Z1

Form A should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Tetra Tech BAS, Inc.
Bidder Address:	21700 Copley Drive, Suite 200 Diamond Bar, CA 91765
Contact Person & Title:	Cesar Leon, Solid Waste Planning Director
E-mail Address:	Cesar.Leon@tetratech.com
Telephone Number (Office):	(909) 860-7777
Telephone Number (Cellular):	(626) 437-9327
Fax Number:	(909) 860-8017

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Tetra Tech BAS, Inc.
Bidder Address:	21700 Copley Drive, Suite 200 Diamond Bar, CA 91765
Contact Person & Title:	Cesar Leon, Solid Waste Planning Director
E-mail Address:	Cesar.Leon@tetratech.com
Telephone Number (Office):	(909) 860-7777
Telephone Number (Cellular):	(626) 437-9327
Fax Number:	(909) 860-8017

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Request for Proposal and agrees to the terms and conditions unless otherwise indicated in writing, certifies that contractor maintains a drug free workplace, and certifies that bidder is not owned by the Chinese Communist Party.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

_____ NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

_____ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. § 71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED MANUALLY IN INK OR BY DOCUSIGN

BIDDER:	**Tetra Tech BAS, Inc.**
COMPLETE ADDRESS:	**21700 Copley Drive, Suite 200 Diamond Bar, CA 91765**
TELEPHONE NUMBER:	**(909) 860-7777**
FAX NUMBER:	**(909) 860-8017**
DATE:	**July 16, 2024**
SIGNATURE:	
TYPED NAME & TITLE OF SIGNER:	**Jeffrey M. Williams Vice President / Chief Financial Officer**

II. TERMS AND CONDITIONS

Bidders should complete Sections II thru Error! Reference source not found. **as part of their proposal**. Bidder is expected to read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the Request for Proposal, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this Request for Proposal. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this Request for Proposal.

The bidders should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control,
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together,
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

1. The contract resulting from this Request for Proposal shall incorporate the following documents:

a. Request for Proposal, including any attachments and addenda;
b. Amendments to the Request for Proposal;
c. Questions and Answers;
d. Bidder's properly submitted proposal, including any terms and conditions or agreements submitted by the bidder; and
e. Amendments and Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment or Addendum to the executed Contract with the most recent dated amendment or addendum having the highest priority, 2) Amendments to the Request for Proposal, 3) Questions and Answers, 4) the original Request for Proposal document and any Addenda or attachments, and 5) the Contractor's submitted Proposal, including any terms and conditions or agreements that are accepted by the State.

Unless otherwise specifically agreed to in writing by the State, the State's standard terms and conditions, as executed by the State, shall always control over any terms and conditions or agreements submitted or included by the Contractor.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B. NOTIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Bidder and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally; electronically, return receipt requested; or mailed, return receipt requested. All notices, requests, or communications shall be deemed effective upon receipt.

Either party may change its address for notification purposes by giving notice of the change and setting forth the new address and an effective date.

C. BUYER'S REPRESENTATIVE

The State reserves the right to appoint a Buyer's Representative to manage or assist the Buyer in managing the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the bidder will be provided a copy of the appointment document and is expected to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D. GOVERNING LAW (Nonnegotiable)

Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state, and federal laws, ordinances, rules, orders, and regulations.

E. DISCOUNTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Prices quoted shall be inclusive of ALL trade discounts. Cash discount terms of less than thirty (30) days will not be considered as part of the proposal. Cash discount periods will be computed from the date of receipt of a properly executed claim voucher or the date of completion of delivery of all items in a satisfactory condition, whichever is later.

F. PRICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the bidder, F.O.B. destination named in the Request for Proposal. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

All prices, costs, and terms and conditions submitted in the proposal shall remain fixed and valid commencing on the opening date of the proposal until the contract terminates or expires.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

The State will be given full proportionate benefit of any decreases for the term of the contract.

G. BEGINNING OF WORK & SUSPENSION OF SERVICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful Contractor. The Contractor will be notified in writing when work may begin.

The State may, at any time and without advance notice, require the Contractor to suspend any or all performance or deliverables provided under this Contract. In the event of such suspension, the Contract Manager or POC, or their designee, will issue a written order to stop work. The written order will specify which activities are to be immediately suspended and the reason(s) for the suspension. Upon receipt of such order, the Contractor shall immediately comply with its terms and take all necessary steps to mitigate and eliminate the incurrence of costs allocable to the work affected by the order during the period of suspension. The suspended performance or deliverables may only resume when the State provides the Contractor with written notice that such performance or deliverables may resume, in whole or in part.

H. AMENDMENT

This Contract may be amended in writing, within scope, upon the agreement of both parties.

I. CHANGE ORDERS OR SUBSTITUTIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the Request for Proposal. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

*****Contractor will not substitute any item that has been awarded without prior written approval of NDEE*****

J. RECORD OF VENDOR PERFORMANCE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The State may document the vendor's performance, which may include, but is not limited to, the customer service provided by the vendor, the ability of the vendor, the skill of the vendor, and any instance(s) of products or services delivered or performed which fail to meet the terms of the purchase order, contract, and/or Request for Proposal specifications. In addition to other remedies and options available to the State, the State may issue one or more notices to the vendor outlining any issues the State has regarding the vendor's performance for a specific contract ("Vendor Performance Notice"). The State may also document the Vendor's performance in a report, which may or may not be provided to the vendor ("Vendor Improvement Request"). The Vendor shall respond to any Vendor Performance Notice or Vendor Improvement Request in accordance with such notice or request. At the sole discretion of the State, such Vendor Performance Notices and Vendor Improvement Requests may be placed in the State's records regarding the vendor and may be considered by the State and held against the vendor in any future contract or award opportunity.

K. CORRECTIVE ACTION PLAN

If Contractor is failing to meet the Scope of Work, in whole or in part, the State may require the Contractor to complete a corrective action plan ("CAP"). The State will identify issues with the Contractor's performance and will set a deadline for the CAP to be provided. The Contractor must provide a written response to each identified issue and what steps the Contractor will take to resolve each issue, including the timeline(s) for resolution. If the Contractor fails to adequately provide the CAP in accordance with this section, fails to adequately resolve the issues described in the CAP, or fails to resolve the issues described in the CAP by the relevant deadline, the State may withhold payments and exercise any legal remedy available.

L. NOTICE OF POTENTIAL CONTRACTOR BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

M. BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by email to the contractor's point of contact with acknowledgement from the contractor, Certified Mail - Return Receipt Requested, or in person with proof of delivery. Allowing time to cure a failure or breach of contract does not waive the right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

N. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

O. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

P. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

1. **GENERAL**
The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, Subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. **INTELLECTUAL PROPERTY**
The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, Subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this Request for Proposal.

3. **PERSONNEL**
The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or

any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and their employees, provided by the Contractor.

4. **SELF-INSURANCE**
The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01. If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,239.01 to 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (Neb. Rev. Stat. § 81-8,294), Tort (Neb. Rev. Stat. § 81-8,209), and Contract Claim Acts (Neb. Rev. Stat. § 81-8,302), as outlined in state law and accepts liability under this agreement only to the extent provided by law.

5. **ALL REMEDIES AT LAW**
Nothing in this agreement shall be construed as an indemnification by one Party of the other for liabilities of a Party or third parties for property loss or damage or death or personal injury arising out of and during the performance of this contract. Any liabilities or claims for property loss or damages or for death or personal injury by a Party or its agents, employees, contractors or assigns or by third persons, shall be determined according to applicable law.

6. The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

Q. ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
[signature]			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

R. ASSIGNMENT, SALE, OR MERGER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
[signature]			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

S. CONTRACTING WITH OTHER NEBRASKA POLITICAL SUBDIVISIONS OF THE STATE OR ANOTHER STATE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor may, but shall not be required to, allow agencies, as defined in Neb. Rev. Stat. § 81-145(3), to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

T. FORCE MAJEURE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event") that was not foreseeable at the time the Contract was executed. The Party so affected shall immediately make a written request for relief to the other Party and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

U. CONFIDENTIALITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

V. EARLY TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract, in whole or in part, at any time.

2. The State, in its sole discretion, may terminate the contract, in whole or in part, for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination, the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract, in whole or in part, immediately for the following reasons:

a. if directed to do so by statute,
b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business,
c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court,
d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders,
e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor,
f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code,
g. Contractor intentionally discloses confidential information,
h. Contractor has or announces it will discontinue support of the deliverable; and,
i. In the event funding is no longer available.

W. CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State,
2. Transfer ownership and title to all completed or partially completed deliverables to the State,

3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures,

4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract,

5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract,

6. Return or vacate any state owned real or personal property; and,

7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

III. CONTRACTOR DUTIES

A. INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
JP			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the bidder's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1. Any and all pay, benefits, and employment taxes and/or other payroll withholding,
2. Any and all vehicles used by the Contractor's employees, including all insurance required by state law,
3. Damages incurred by Contractor's employees within the scope of their duties under the contract,
4. Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law,
5. Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6. All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees).

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor employee.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.

The Contractor shall include a similar provision, for the protection of the State, in the contract with any Subcontractor engaged to perform work on this contract.

B. EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at https://das.nebraska.gov/materiel/docs/pdf/Individual%20or%20Sole%20Proprietor%20United%20States%20Attestation%20Form%20English%20and%20Spanish.pdf

2. The completed United States Attestation Form should be submitted with the Request for Proposal response.

3. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

4. The Contractor understands and agrees that lawful presence in the United States is required, and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. § 4-108.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Nonnegotiable)

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their Subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §§ 48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for goods and services to be covered by any contract resulting from this Request for Proposal.

D. COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor’s intellectual property or proprietary information unless expressly required to do so by this contract.

E. PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

F. OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

G. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor,
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor’s Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within (one) (1) year of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and (one) (1) year following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1. WORKERS' COMPENSATION INSURANCE

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory**. **The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Medical Payments	$10,000 any one person
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual	Included
XCU Liability (Explosion, Collapse, and Underground Damage)	Included
Independent Contractors	Included
Abuse & Molestation	Included
WORKER'S COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
Motor Carrier Act Endorsement	Where Applicable
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
PROFESSIONAL LIABILITY	
All Other Professional Liability (Errors & Omissions)	$1,000,000 Per Claim / Aggregate
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3rd Party Fidelity	$1,000,000
MANDATORY COI SUBROGATION WAIVER LANGUAGE	
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."	
MANDATORY COI LIABILITY WAIVER LANGUAGE	
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."	

3. EVIDENCE OF COVERAGE

The Contractor shall furnish the Contract Manager, via email, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

Nebraska Department of Environment and Energy
Attn: NDEE c/o Douglas Barry
RFP # 6897 Z1
email: douglas.barry@nebraska.gov

Nebraska Department of Environment and Energy
245 Fallbrook Avenue, Suite 100
Lincoln, NE 68521

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4. DEVIATIONS

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

H. ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

I. CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this Request for Proposal or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

J. SITE RULES AND REGULATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor shall use its best efforts to ensure that its employees, agents, and Subcontractors comply with site rules and regulations while on State premises. If the Contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to in writing between the State and the Contractor.

K. ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

L. DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided upon request to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a disaster.

M. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Contractor certifies it maintains a drug free workplace environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

N. WARRANTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this Agreement. For any breach of this warranty, the Contractor shall, for a period of ninety (90) days from performance of the service, perform the services again, at no cost to the State, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse the State all fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

O. TIME IS OF THE ESSENCE

Time is of the essence with respect to Contractor’s performance and deliverables pursuant to this Contract.

IV. PAYMENT

A. PROHIBITION AGAINST ADVANCE PAYMENT (Nonnegotiable)

Pursuant to Neb. Rev. Stat. § 81-2403, "[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency."

B. TAXES (Nonnegotiable)

The State is not required to pay taxes and assumes no such liability as a result of this Request for Proposal. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor.

C. INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. Invoices shall be submitted no more than monthly to ndee.accounting@nebraska.gov. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract. **The State shall have forty-five (45) calendar days to pay after a valid and accurate invoice is received by the State.**

D. INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or Subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

E. PAYMENT (Nonnegotiable)

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. § 81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F. LATE PAYMENT (Nonnegotiable)

The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §§ 81-2401 through 81-2408).

G. SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Nonnegotiable)

The State's obligation to pay amounts due on the Contract for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

H. RIGHT TO AUDIT (First Paragraph is Nonnegotiable)

The State shall have the right to audit the Contractor's performance of this contract upon a thirty (30) days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. (Neb. Rev. Stat. § 84-304 et seq.) The State may audit, and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information. The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
[initials]			

The Parties shall pay their own costs of the audit unless the audit finds a previously undisclosed overpayment by the State. If a previously undisclosed overpayment exceeds three percent (3%) of the total contract billings, or if fraud, material misrepresentations, or non-performance is discovered on the part of the Contractor, the Contractor shall reimburse the State for the total costs of the audit. Overpayments and audit costs owed to the State shall be paid within ninety (90) days of written notice of the claim. The Contractor agrees to correct any material weaknesses or condition found as a result of the audit.

V. PROJECT DESCRIPTION AND SCOPE OF WORK

The bidder should provide the following information in response to this Request for Proposal.

A. PROJECT OVERVIEW

EPA's Solid Waste Infrastructure for Recycling (SWIFR) grants for states and territories will fund activities that support long-term planning and data collection needs to demonstrate progress toward the National Recycling Goal and Food Loss and Waste Reduction Goal and advance a Circular Economy for materials, as well as support the state-led implementation of plans to advance post-consumer materials management.

The Nebraska Department of Environment and Energy (NDEE) will contract with a vendor to conduct a State-wide Waste Characterization Study to meet the efforts of the SWIFR grant. The vendor will determine the characteristics of Nebraska's solid waste stream by performing four seasonal field sorting events of eight of the 22 municipal landfills in the state. The eight landfills will represent large urban, small urban, large rural, or small rural landfills. The study will attempt to replicate the same data collection and methodologies employed in the state-wide waste characterization study performed in 2009. Link: 2009 Waste Characterization Study

B. PROJECT ENVIRONMENT

In 2007 NDEE determined that a waste characterization study would be most beneficial to solid waste management professionals in Nebraska instead of an update of the state-wide solid waste management plan and initiated the process of hiring a contractor to perform the study. The study was completed in 2009 and focused on establishing a baseline of waste going into municipal landfills in the state. This study will build off the 2009 study and quantify how solid waste streams have changed and provide data and analysis to help decision makers manage waste streams and recycling initiatives into the future.

C. PROJECT REQUIREMENTS

Contractor will perform all asks described below in the timelines indicated.

Tasks	Task Milestone Date
Task 1: Pre-sort Workshop **Description**: With Contractor principals, sort host facility representative(s) and NDEE representation attending in person or virtually. Contractor will present the waste sort approach, schedule and expectations.	September 2024
Task 2: Review Previous Waste Sort Methodology **Description:** Contractor will review methodology of previous Nebraska waste sorts to help ensure comparability with the 2024-25 Waste Characterization Study, to the greatest extent possible.	September 2024
Task 3: Develop 2024-25 Nebraska Statewide Waste Characterization Study Methodology **Description:** Contractor shall develop an industry accepted methodology to obtain data critical to the Study including but not limited to: customized sampling plan, including a visual C&D load sampling plan resulting in data most useful to the NDEE and Nebraskans.	October 2024
Task 4: Conduct Waste Sorts **Description:** Contractor will provide field supervisors and sort crew. Field supervisors will oversee all aspects of load selection, visual and manual material sorting including counts of deposit and non-deposit PET, glass and metal beverage containers, and data recording at each sort location.	Winter 2024 - Fall 2025
Task 5: Quarterly Reporting **Description:** Provide a brief (1 page maximum) overall project status report following each season's Sort and Characterization activity.	March 2025 June 2025 September 2025 December 2025
Task 6: Data Analysis **Description:** Sort data will be analyzed to determine the estimated weight and mean percent associated with each material sorted.	April 2026

Task 7: Final Report Completion **Description:** A comprehensive report will be prepared including, at a minimum, an executive summary, introduction and background for the study, discussions of the methodology used, a summary of the sampling and sorting plan, data collection and analytical techniques used, equipment and calibration, a summary of the number of samples characterized, waste composition profiles for the state as a whole and for each sort host facility, a summary of findings, conclusions, supporting documentation including composition, a comparison with previous waste sort studies and identification and recommendations of potential landfill diversion opportunities.	No later than June 2026
Task 8: Presentation of Study Results **Description:** Develop a PowerPoint and present study results and study-based recommendations at an in-statewide conference or through a virtual meeting at NDEE's choosing. An electronic copy of the presentation shall be provided to the Department for review and approval no later than two weeks prior to the presentation.	No later than September 2026

D. SCOPE OF WORK

The objective of this project is to conduct a four-season waste composition study to evaluate the characteristics of Nebraska's solid waste stream including an analysis and comparison to the 2009 waste characterization study. Contractor will complete the following general activities:

1. Conduct a new waste characterization study and quantify the results in a comprehensive report,
2. Provide comparisons of the new study to the results of the 2009 Waste Characterization Study and evaluate trends,
3. Quantify the impact of existing recycling programs,
4. Identify opportunities to increase waste diversion,
5. Develop recommendations regarding programs and policies leading to a reduction of solid waste land filled and increased marketability of recyclable materials, and
6. Present results at a professional solid waste management conference.

E. TECHNICAL REQUIREMENTS

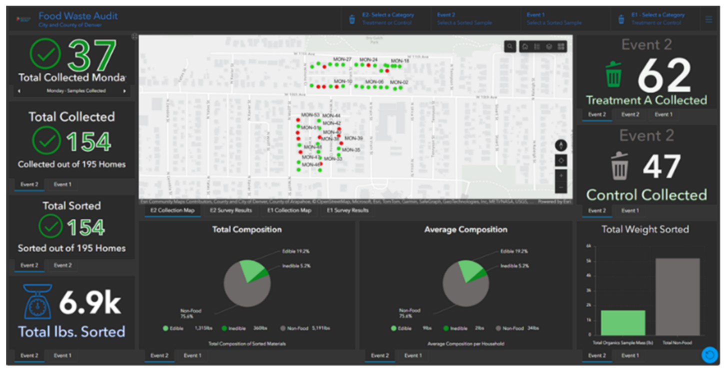
Technical Requirements
Req 1: Contractor Work Plan **Description**: Vendor shall describe in detail their plan to design and conduct Nebraska's 2024 – 2025 waste characterization study based on the 2009 Waste Characterization Study.
Bidder Response: In accordance with the QAPP and upon approval from NDEE on the action plan, the project team will perform hand sorts for truck hauled waste and gate surveys (GS). Four events are being proposed with the expectation that they would occur in February 2025 (Event 1), May 2025 (Event 2), September 2025 (Event 3), and November 2025 (Event 4; Project Schedule). With a team of four to five field technicians (inclusive of a lead auditor/supervisor) and one gate surveyor (assistant lead) we estimate completing the evaluation of four to seven samples each day at each site (one to five sorting days per event). The project team will develop a draft Action Plan detailing the collection and sorting methodology for the waste characterization study for approval by NDEE. The study activities include pre-sorting location assessment to determine logistics; waste hauler interview to determine origin of waste to be sampled; waste sorting activities; and data analysis. The Action Plan will follow the protocol established in the QAPP for sampling and sorting the waste for approval by NDEE. The Action Plan will also include a detailed overview of the proposed sorting schedule, sites, and number of samples by site, sample size, health and safety plan, list of supplies, and reporting approach (i.e., sample summary statistics report template and interim and final report). Transfer and disposal site areas to be included in this study include Pheasant Point Landfill, Bluff Road Landfill, Norfolk Area Solid Waste Transfer Station, City of Hastings Landfill, Lexington Area Solid Waste Agency's landfill, Chadron Transfer Station, Sidney Landfill, and Valentine Landfill. Waste sector (generator) categories to be evaluated on this study include residential waste, commercial waste, and mixed waste. As presented in Table 1, the project team will be comprised of two field teams. The field teams will be present for one to five sorting days at each solid waste facility. The Tetra Tech and Zero Waste Pro field teams will conduct waste characterizations at four solid waste facilities each, for a total of 10 sorting days per event for each team. The Action Plan will be submitted for NDEE's review. Feedback received from NDEE on the draft Action Plan will be incorporated into the final Action Plan for NDEE's approval. Tetra Tech will also develop a "Smart Form"

utilizing ArcGIS Survey 123 and a dashboard to collect and present/visualize the waste characterization study data in real-time. Prior to the commencement of the field work, the project team will conduct site visits to each of the facilities identified for the study. The intent of the site visits is to engage with site operators and secure access to the facilities as the project team understands the importance of collaboration to ensure successful project implementation. The site visits would include a review of:

- Site Layout and Sorting Area
- Site Contacts
- Initial review of individual operations
- Determine potential waste evaluation sorting areas, restrooms, and assess safety conditions
- An overview Site Plan will be prepared for each site reflecting the items above as applicable

Req 2: Equipment and Software
Description: Contractor should provide details on the equipment, calibration, and software they will use to complete the tasks listed in the Deliverables.

Bidder Response: The project team will record all data into a data collection application using a tablet (i.e., customized "Smart Form" utilizing ArcGIS Survey 123). All collected data will be stored on a secure cloud server. At the end of each workday, the field lead will conduct a quality review of the collected data to resolve any anomalies if needed. The collected data will be viewable in an interactive dashboard (see dashboard image), which will provide a statistical summary of the field work (i.e., a breakdown of the waste composition by material categories and number of samples sorted by site/region).



Req 3: Staffing
Description: Contractor shall describe in detail their staffing plan to conduct Nebraska's 2024 – 2025 waste characterization study.

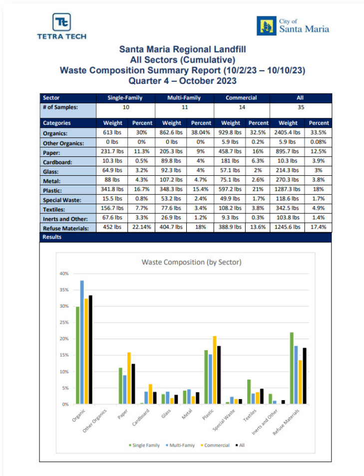
Bidder Response: The project team will consist of two field teams (Tetra Tech and Zero Waste Pro). With two teams of two to four field technicians (inclusive of a lead auditor/supervisor) and one gate surveyor (assistant lead) we estimate completing the evaluation of four to seven samples each day at each solid waste facility (see table below).

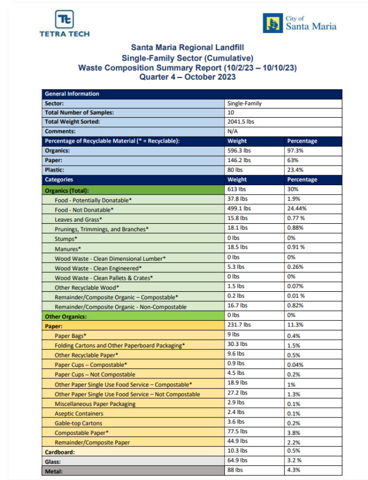
Site	# of Days	Samples/ Day	Samples /Event	Total # of Samples (4 Events)	# of Sorting Days per Team per Event	Team Lead
Pheasant Point	5	7	35	140	10	Zero Waste Pro
Norfolk Area	2	7	14	56		
Valentine	1	4	4	16		
Chadron	2	5	10	40		
Bluff Road	5	7	35	140	10	Tetra Tech
Lexington	2	7	14	56		
Hastings	2	5	10	40		
Sidney	1	4	4	16		
Total:	**20**	**46**	**126**	**504**		

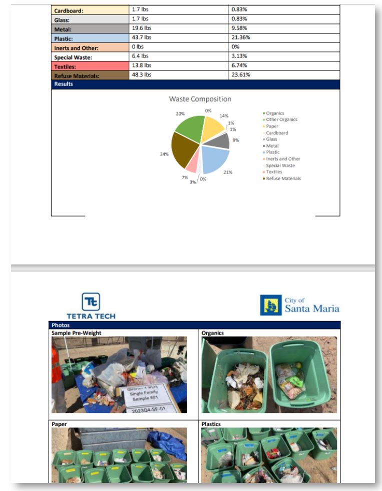
Req 4: Technical Documents
Description: Contractor should detail their approach to compiling and writing technical documents and reports.

Bidder Response: The project team will electronically submit an interim report Solid Waste Characterization Study report to NDEE within one (1) month of conducting each waste characterization event. The project team will incorporate NDEE's comments and revisions and electronically submit a draft and final report.

The WCS reporting will include a predefined Sample report template approved by NDEE (see images above). The project team will be using ArcGIS Survey123 (Smart Form) to generate the report results, which will include all the data collected, photos, data analysis, and summary statistics. The report will highlight the sample composition by each of the categories evaluated.







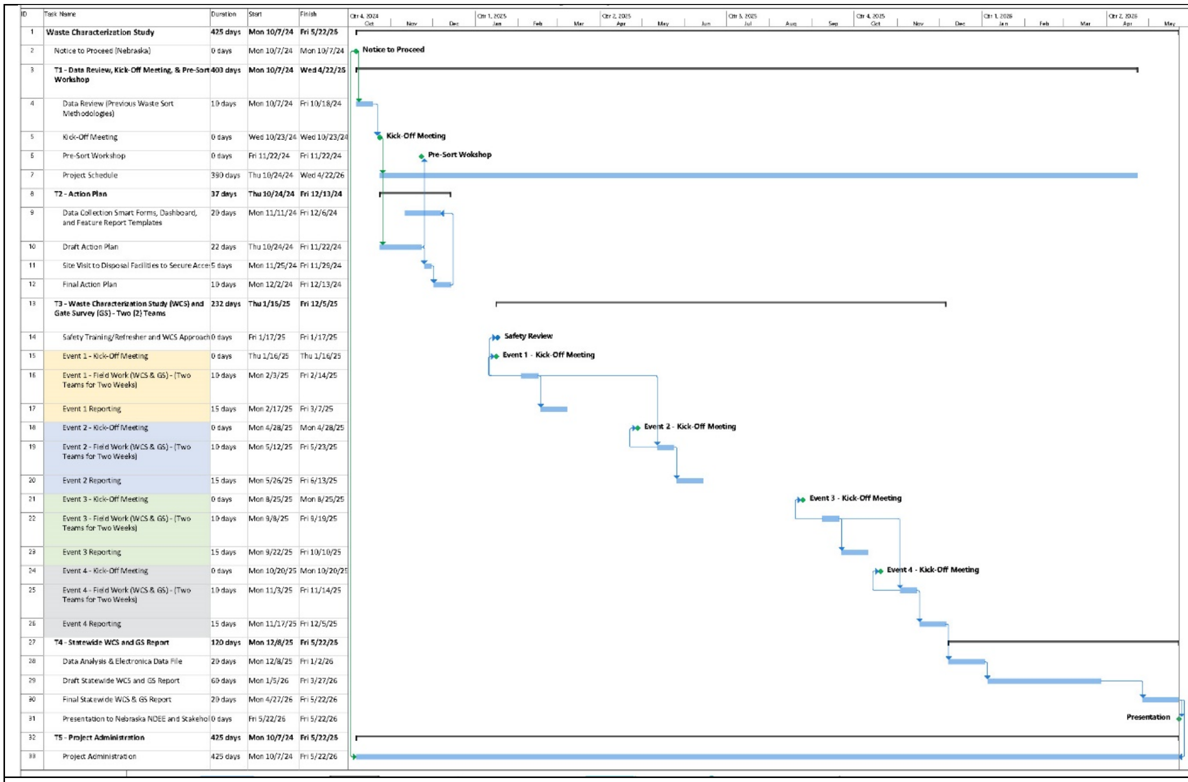
In addition to the reporting for each event, Tetra Tech will also prepare a final report outline for NDEE's approval. Each dataset will be statistically to determine the mean, 90% confidence intervals, and standard deviation for individual material categories by site, generator types, and any other categories as determined by NDEE. Upon receiving approval and upon completion of the data analysis, Tetra Tech will prepare a draft final report that describes the purpose, study methodology, and sampling plan that summarizes the essential composition findings for each waste sector. The draft final report shall contain, at a minimum, the following elements:

- An executive summary providing key findings in standard solid waste industry terminology.
- Introduction and background for the study, including goals and objectives.
- A description of the methodology, data collection, and analytical techniques used.
- A summary of the samples characterized.
- Material composition profiles
- Results of the types and estimated quantities of materials (in tonnages) in the waste stream and a statistical evaluation of data for various categories, including a summary of statistical models used.
- A summary of findings, conclusions, and supporting documentation (charts, tables, forms, questionnaires, etc.)
- Glossary/Definitions section
- Raw data in Excel format

After receiving input, comments, and requests for changes on the draft report from NDEE, Tetra Tech will develop the final report with all appendices for review and approval by NDEE. The final report shall be delivered in an electronic format. The document shall be formatted for easy navigation and access. The project team will present the final report to NDEE, in person, with virtual capabilities.

Req 5: Timeline
Description: Contractor should detail their plan and approach to meet the timeline described in the Deliverables.

Bidder Response: The estimated schedule for this Scope of Work is approximately 19 months (see Appendix D - Project Schedule) to conduct a Solid Waste Characterization Study and Report for NDEE.



ID	Task Name	Duration	Start	Finish
1	**Waste Characterization Study**	**425 days**	**Mon 10/7/24**	**Fri 5/22/26**
2	Notice to Proceed (Nebraska)	0 days	Mon 10/7/24	Mon 10/7/24
3	**T1 - Data Review, Kick-Off Meeting, & Pre-Sort Workshop**	**403 days**	**Mon 10/7/24**	**Wed 4/22/26**
4	Data Review (Previous Waste Sort Methodologies)	10 days	Mon 10/7/24	Fri 10/18/24
5	Kick-Off Meeting	0 days	Wed 10/23/24	Wed 10/23/24
6	Pre-Sort Workshop	0 days	Fri 11/22/24	Fri 11/22/24
7	Project Schedule	390 days	Thu 10/24/24	Wed 4/22/26
8	**T2 - Action Plan**	**37 days**	**Thu 10/24/24**	**Fri 12/13/24**
9	Data Collection Smart Forms, Dashboard, and Feature Report Templates	20 days	Mon 11/11/24	Fri 12/6/24
10	Draft Action Plan	22 days	Thu 10/24/24	Fri 11/22/24
11	Site Visit to Disposal Facilities to Secure Acce	5 days	Mon 11/25/24	Fri 11/29/24
12	Final Action Plan	10 days	Mon 12/2/24	Fri 12/13/24
13	**T3 - Waste Characterization Study (WCS) and Gate Survey (GS) - Two (2) Teams**	**232 days**	**Thu 1/16/25**	**Fri 12/5/25**
14	Safety Training/Refresher and WCS Approach	0 days	Fri 1/17/25	Fri 1/17/25
15	Event 1 - Kick-Off Meeting	0 days	Thu 1/16/25	Thu 1/16/25
16	Event 1 - Field Work (WCS & GS) - (Two Teams for Two Weeks)	10 days	Mon 2/3/25	Fri 2/14/25
17	Event 1 Reporting	15 days	Mon 2/17/25	Fri 3/7/25
18	Event 2 - Kick-Off Meeting	0 days	Mon 4/28/25	Mon 4/28/25
19	Event 2 - Field Work (WCS & GS) - (Two Teams for Two Weeks)	10 days	Mon 5/12/25	Fri 5/23/25
20	Event 2 Reporting	15 days	Mon 5/26/25	Fri 6/13/25
21	Event 3 - Kick-Off Meeting	0 days	Mon 8/25/25	Mon 8/25/25
22	Event 3 - Field Work (WCS & GS) - (Two Teams for Two Weeks)	10 days	Mon 9/8/25	Fri 9/19/25
23	Event 3 Reporting	15 days	Mon 9/22/25	Fri 10/10/25
24	Event 4 - Kick-Off Meeting	0 days	Mon 10/20/25	Mon 10/20/25
25	Event 4 - Field Work (WCS & GS) - (Two Teams for Two Weeks)	10 days	Mon 11/3/25	Fri 11/14/25
26	Event 4 Reporting	15 days	Mon 11/17/25	Fri 12/5/25
27	**T4 - Statewide WCS and GS Report**	**120 days**	**Mon 12/8/25**	**Fri 5/22/26**
28	Data Analysis & Electronica Data File	20 days	Mon 12/8/25	Fri 1/2/26
29	Draft Statewide WCS and GS Report	60 days	Mon 1/5/26	Fri 3/27/26
30	Final Statewide WCS & GS Report	20 days	Mon 4/27/26	Fri 5/22/26
31	Presentation to Nebraska NDEE and Stakehol	0 days	Fri 5/22/26	Fri 5/22/26
32	**T5 - Project Administration**	**425 days**	**Mon 10/7/24**	**Fri 5/22/26**
33	Project Administration	425 days	Mon 10/7/24	Fri 5/22/26

Req 6: Training
Description: Contractor should detail their plan and approach to training and managing staff to conduct waste sorting and characterization of waste.

Bidder Response: Prior to the commencement of the field work, a two-day training will be conducted with the project team to discuss health and safety as well as the sample collection and sorting methodology. The project team will prepare a Health and Safety Plan that outlines the project team's and NDEE's requirements. Acknowledgement of having reviewed the Health and Safety plan will be made and training provided for all field staff. The Health and Safety Plan will be on-site during all phases of field data collection activities and shall be reviewed by the project manager to all field staff at the beginning of each field data collection event. The project team will provide all personnel training records to NDEE.

Req 7: Quality Assurance
Description: Contractor should detail their plan and approach to following the Quality Assurance Project Plan (QAPP) developed for this project. See Attachment A

Bidder Response: The project team will review the QAPP and ensure to follow the protocols identified in the Plan. The action plan to be developed for the study will reflect the QAPP.

F. OUTPUTS AND OUTCOMES

Minimum metrics required to be reported from this study include:

1. Tons of MSW/C&D collected, recycled, composted, or managed via other management pathways in the state.
2. Tons of MSW/C&D generated per material type and source in the state as a result of the grant (e.g., plastic and food waste).
3. GHGs reduced (in MTCO2e) from collection, recycling, composting, or management via other management pathways in the state.

G. DELIVERABLES

See Cost Proposal

APPENDIX D: PROPOSED PROJECT SCHEDULE

State of Nebraska, Department of Environment and Energy (NDEE)

NEBRASKA STATE-WIDE WASTE CHARACTERIZATION STUDY

Figure 1 - Project Schedule

ID	Task Name	Duration	Start	Finish
1	**Waste Characterization Study**	**425 days**	**Mon 10/7/24**	**Fri 5/22/26**
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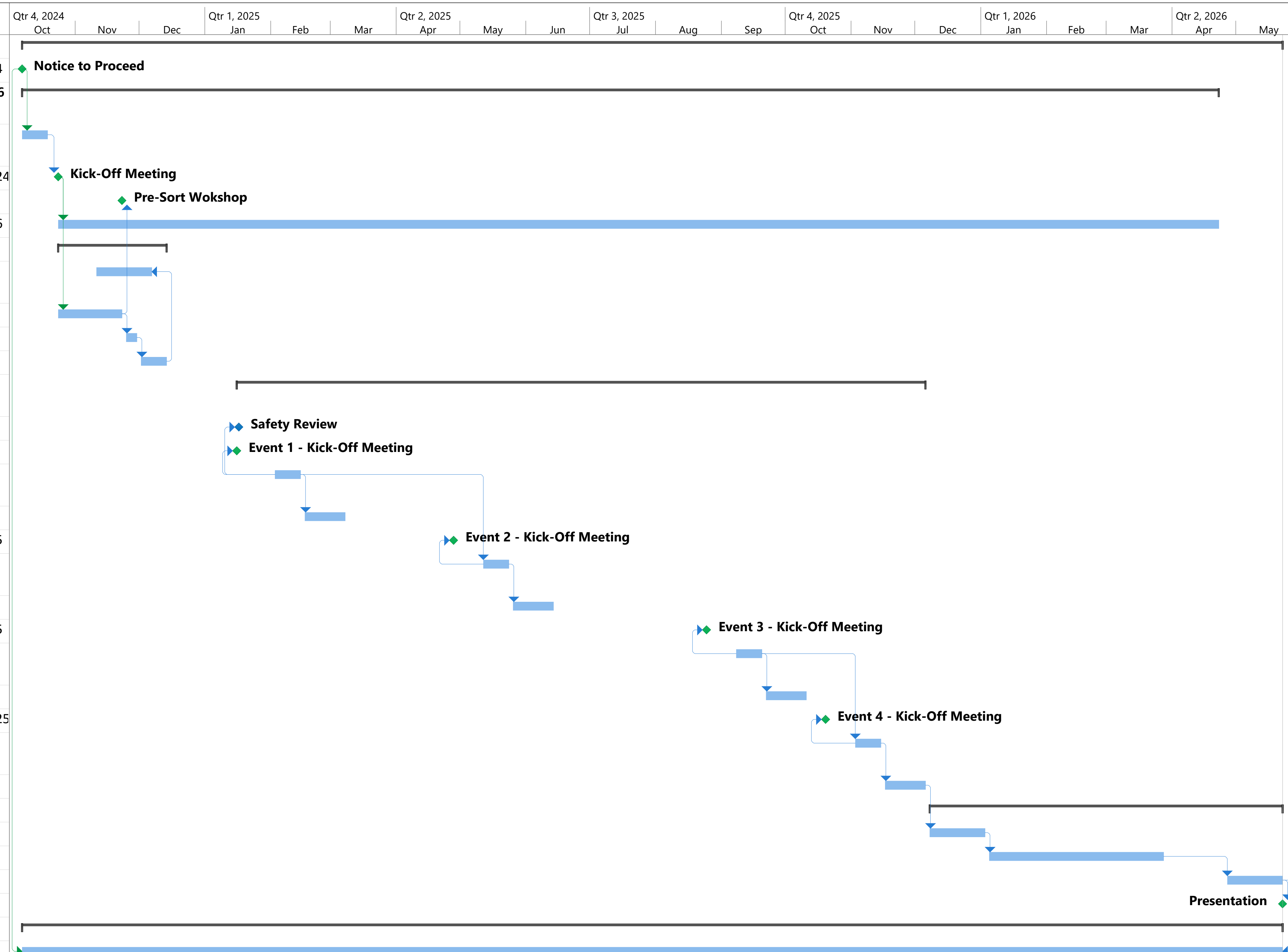

Project: Project Schedule_04132
Date: Tue 7/16/24

Task		Summary		Inactive Milestone		Duration-only		Start-only		External Milestone		Manual Progress	
Split		Project Summary		Inactive Summary		Manual Summary Rollup		Finish-only		Deadline			
Milestone		Inactive Task		Manual Task		Manual Summary		External Tasks		Progress			