

Water Industry Pulse



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As we turn the page to yet another year burdened by unpredictable economic conditions, an ever-growing national debt crisis and scarring budget cuts, it is hard to chart a 2012 outlook for the water and wastewater industry. But even these murky conditions cannot prevent us from seeing the dilapidating state of our water infrastructure.

The picture is crystal clear: With much of the existing water infrastructure put in place post-World War II, these dutifully serving out-of-sight, out-of-mind systems are raising their ugly head with leaky pipes, wasting 6 billion gal of treated drinking water daily; water main bursts, opening giant craters and flooding streets; and sanitary sewer overflows, pollut-

ing water supplies at a rate of between 23,000 and 75,000 events annually.

With dwindling funding resources, water infrastructure creeps closer to its expiration date, leaving cities no alternative but to ask taxpayers to shoulder the enormous maintenance and replacement costs.

As we continue to speculate how 2012 will fare as a business year, we turn to the 2011 *Water & Wastes Digest* (WWD) State of the Industry report (see page 9) in hopes that it will shine some light on the uncertain months ahead. The report was conducted online by ABR Research Inc., which surveyed a random sample of 8,765 WWD subscribers. A total of 521 surveys were completed.

Despite prevalent gloom-and-doom forecasts for 2012, more than one-third (35%) of respondents are planning construction of new water/wastewater facilities within the next 24 months. An additional 6% have new construction plans within 36 months. Additionally, more than four in 10 (41%) are planning to upgrade their facilities within the next 24 months, with another 13% planning an upgrade within 36 months.

Municipal water and wastewater budgets are not expected to change much in 2012. More than half (57%) expect no budget changes; 29% expect an increase and 15% expect a decrease, according to survey respondents.

As far as where municipal dollars will be allocated over the next 24 months, surveyed respondents identified sewer/collection systems followed by pipe/distribution system rehab, pumping equipment and monitoring as the critical areas in which the biggest portion of their budgets will be invested.

In another recent WWD survey, also conducted by ABR, approximately 66% of respondents said they expect a good, very good or excellent business year in 2012. This in comparison to 26.4% who rate 2012 as mediocre and 7.5% as poor.

It seems inevitable that this industry will have a bumpy road ahead in 2012. Because municipalities are supported primarily through user charges, shrinking budgets and growing operating costs will continue to test their resilience. Many likely will defer much-needed maintenance due to insufficient funding. As regulatory pressure rises, our outdated and overextended water infrastructure will pressure municipalities to find ways to gain public support to drive water investment and, most of all, reevaluate the true price of water.

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