

2016 State of the Industry

Brought to you by Water & Wastes Digest

Water and wastewater professionals are feeling on the upswing going into 2017, according to W&WD's 2016 State of the Industry report.

The survey covers market dynamics, including professional and business demographics, budget and purchasing involvement and expenditures, and importance of industry issues.

Research for this report was conducted by ABR Research Inc., an independent research company specializing in custom research for clients in the business-to-business publishing and marketing industries.

The survey was conducted entirely over the Internet. The margin of error based on the returned surveys is calculated to be no greater than +/- 6.1 percentage points at a confidence level of 95%.

While 2015 saw 32% of respondents' revenues increase, 2016 yielded 34% of respondents with the same good fortune. The portion of respondents who claimed a revenue decrease between 2015 and 2016 is down to just 13% of respondents versus last year's 19%.

There is more confidence in next year panning out to be a good year than was noted in last year's survey: In 2015, 13% of respondents thought their revenue would decrease in 2016; but in this year's survey, just less than 5% of respondents predicted a revenue decrease in 2017.

Similarly, the number of respondents reporting good or very good overall firm health rose between 2015 and 2016, with 75% of respondents claiming good to very good overall firm health, compared with 69% who claimed the same in 2015.

Twenty-six percent of respondents

are planning construction of new water or wastewater facilities within the next 24 months. An additional 8% have new construction plans within 36 months. Forty-one percent are planning to upgrade their facilities. This number is down from last year's 55%.

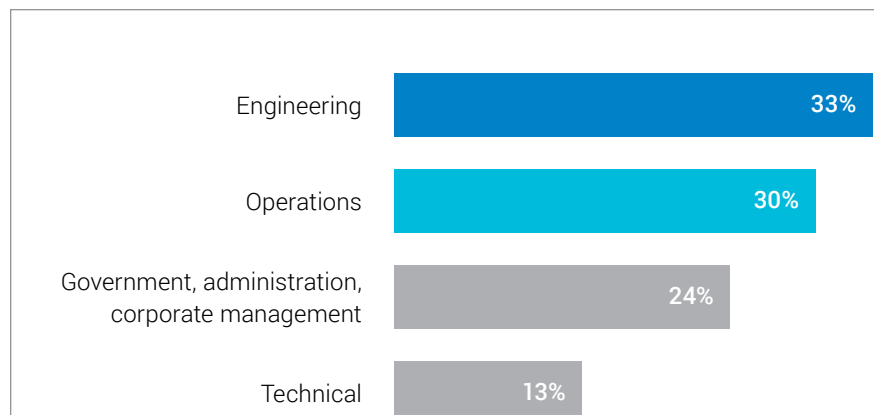
The largest percentage of respondents' budgets will be invested in pipe and distribution over the next 24 months. This will account for 16% of budget expenditure. Sewer and collection and pumping equipment are the next highest expenditures, with 12% of budget allocated for each over the next 24 months.

More than two-thirds (69%) of survey respondents are involved with determining needs, 48% evaluate brands, 59% specify products and vendors, and 43% have authorizing and approval responsibility. Overall, 84% of respondents are involved in the buying process. **w&wd**

Which one of the following best describes your primary job function?

Approximately one in three (33%) of respondents state that their primary job function is operations. An additional 30% have an engineering function, followed by government and corporate management, with 24%, and technical, with 13%, of mentions.

PERCENT OF MENTIONS

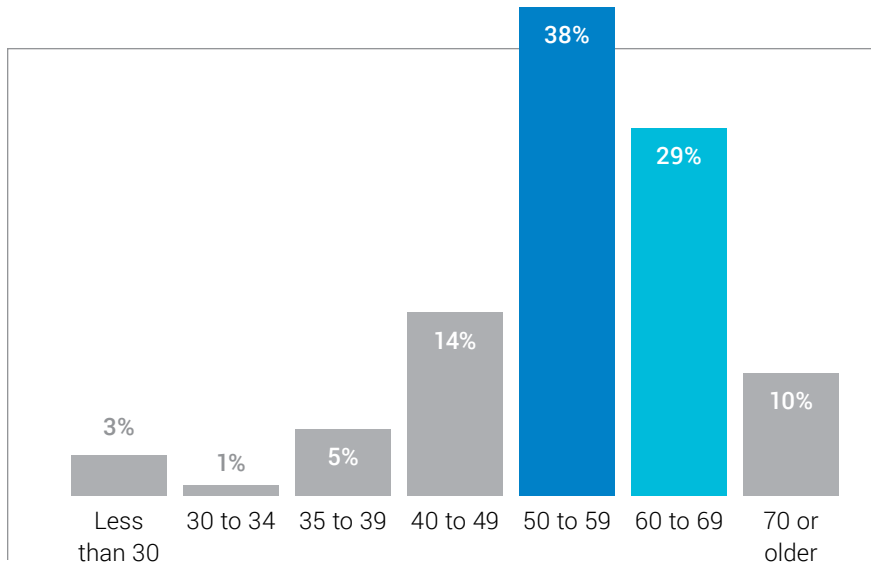


state of the industry

Which of the following ranges does your age fall in?

The average age of respondents is 56. More than one-third (38%) are 60 or older.

PERCENT OF MENTIONS



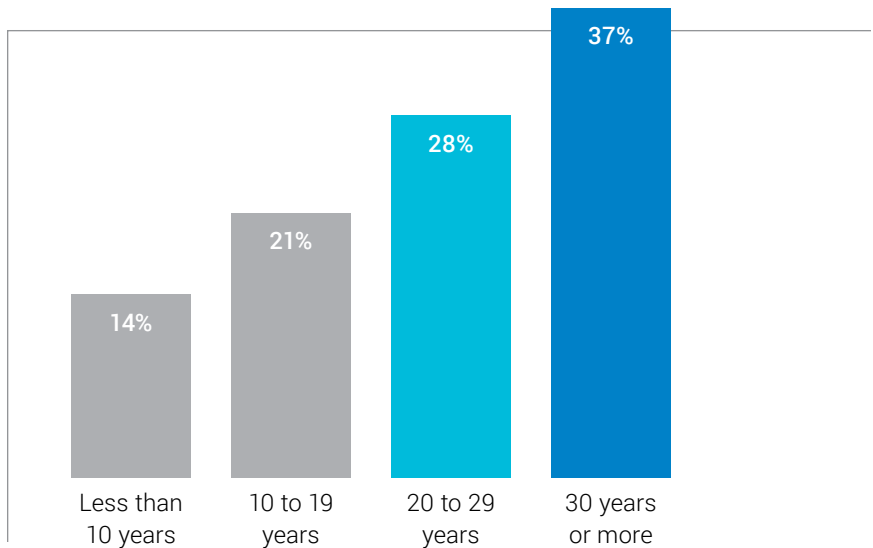
Average age: 56

How many years have you been in the water and wastewater industry?

On average, respondents have been working in the water and wastewater industry for 22 years.

More than one-third (37%) have been in the industry for 30 years or more.

PERCENT OF MENTIONS

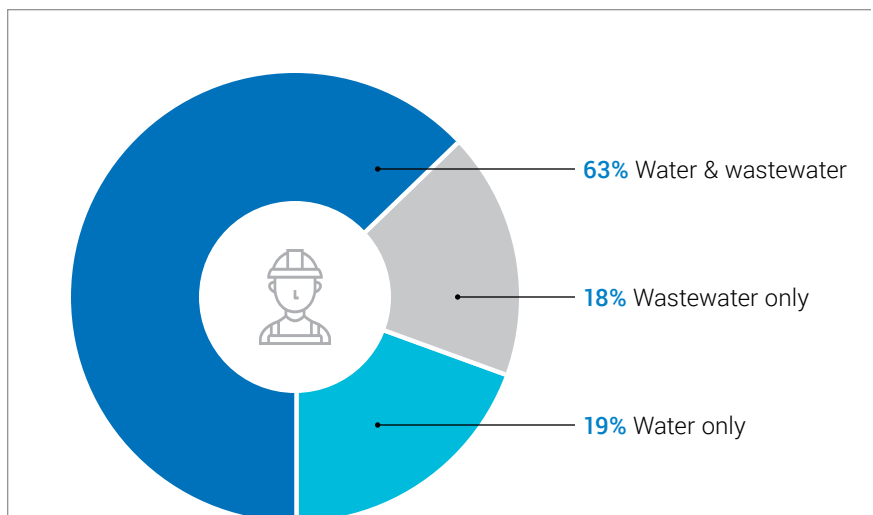


Average years in industry: 22

Which of the following best describes your principal activity?

Almost two-thirds (63%) of respondents state that they are involved in both water and wastewater activities.

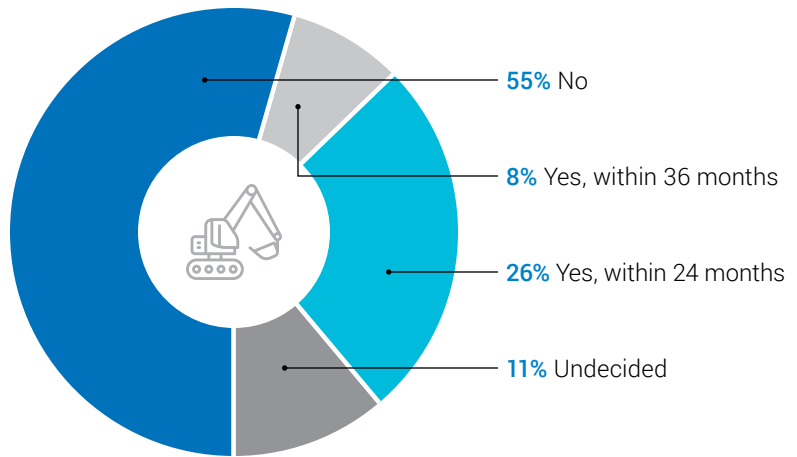
PERCENT OF MENTIONS



Are you planning new construction of water and wastewater facilities?

More than one-quarter (26%) of respondents are planning construction of new water and wastewater facilities within the next 24 months. An additional 8% have new construction plans within the next 36 months.

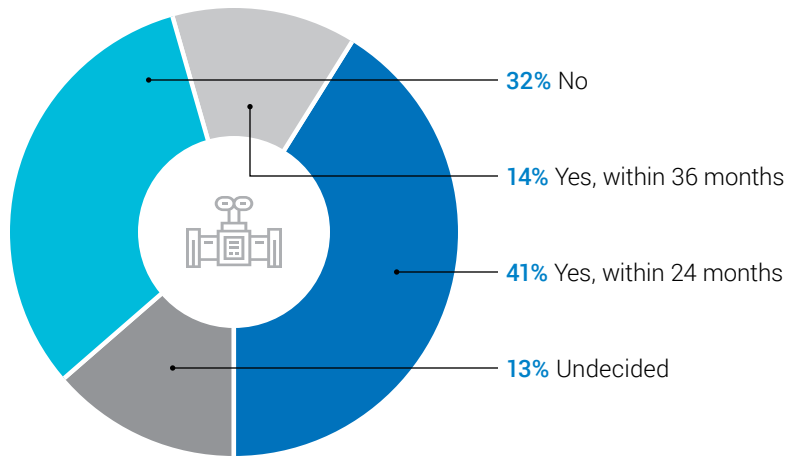
PERCENT OF MENTIONS



Are you planning to upgrade current water and wastewater facilities?

More than half (55%) are planning to upgrade their facilities. Forty-one percent (41%) plan to do so within the next 24 months, with another 14% planning an upgrade within 36 months.

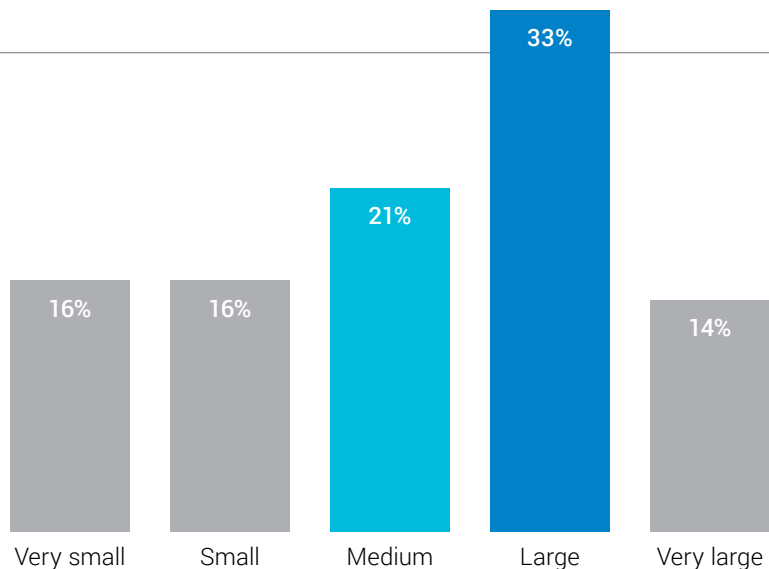
PERCENT OF MENTIONS



What size system does your facility serve?

The system size served by respondents' facilities is spread out fairly evenly, from very small to very large.

PERCENT OF MENTIONS

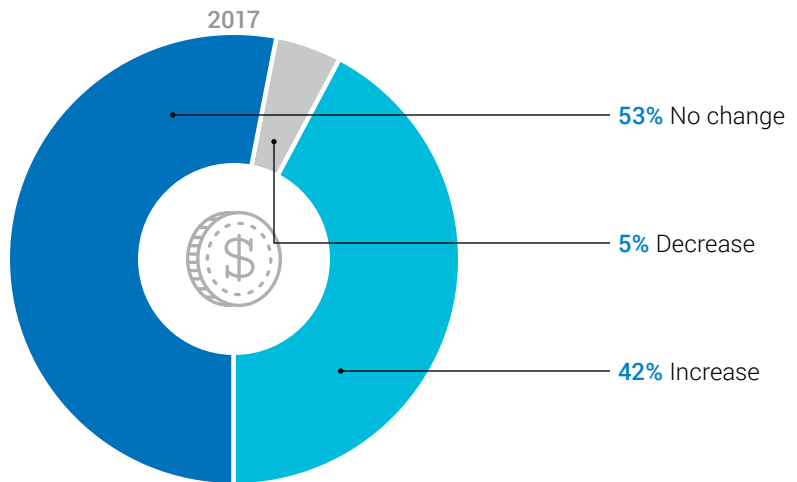
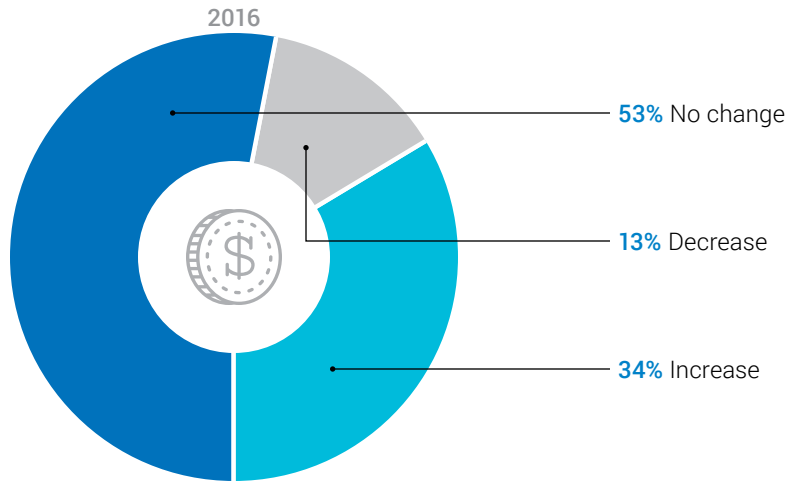


How has your organization's revenue changed in 2016 compared to last year, and how do you expect it to change in 2017?

More than one-third (34%) of respondents reported an increase in revenue this year compared to 2015.

More than four in 10 (42%) are expecting an increase in revenue next year over 2016 numbers.

PERCENT OF MENTIONS

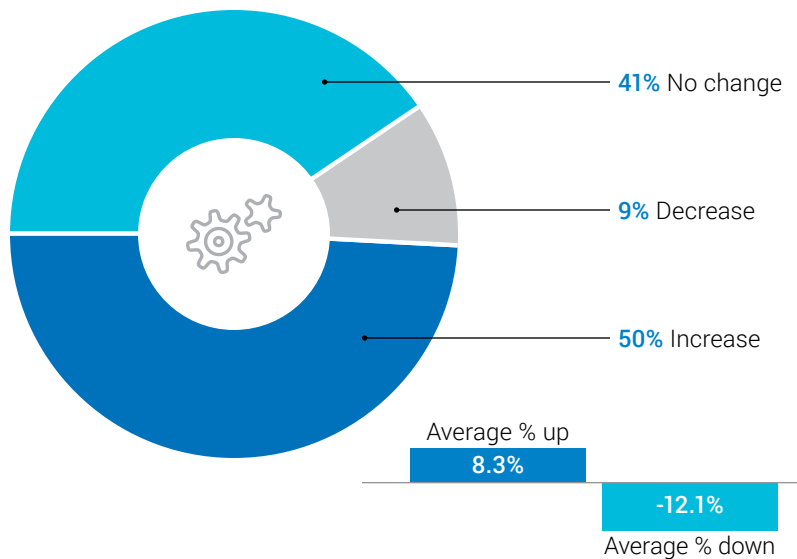


How has your total operating cost changed from 2015 to 2016?

Almost half (49%) stated that their operating costs have increased when comparing 2015 to 2016. Ten percent stated that their operating costs decreased and 41% said they were unchanged.

Of those who stated an increase, the average was 8%, and of those with a decrease, the average was 12%.

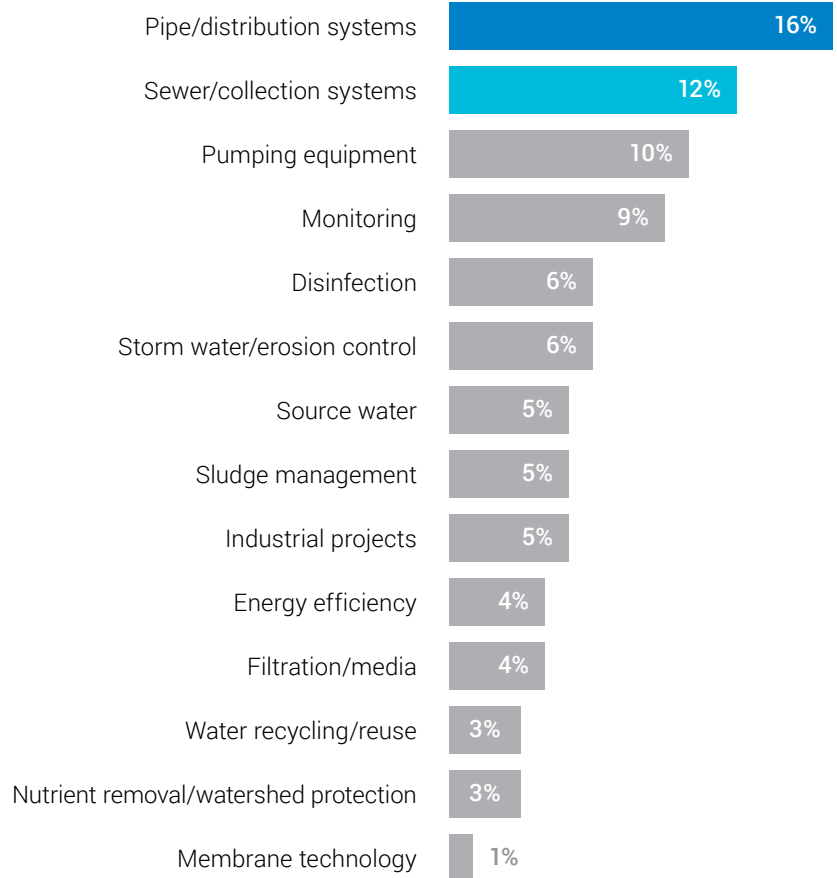
PERCENT OF MENTIONS



What percentage of your budget over the next 24 months will be invested in the following services and/or projects?

The largest percentage of respondents' budgets will be invested in pipe and distribution over the next 24 months. This will account for 16% of budget expenditure. Sewer and collection systems and pumping equipment are the next highest expenditures, with 12% and 10%, respectively, allocated for each over the next 24 months.

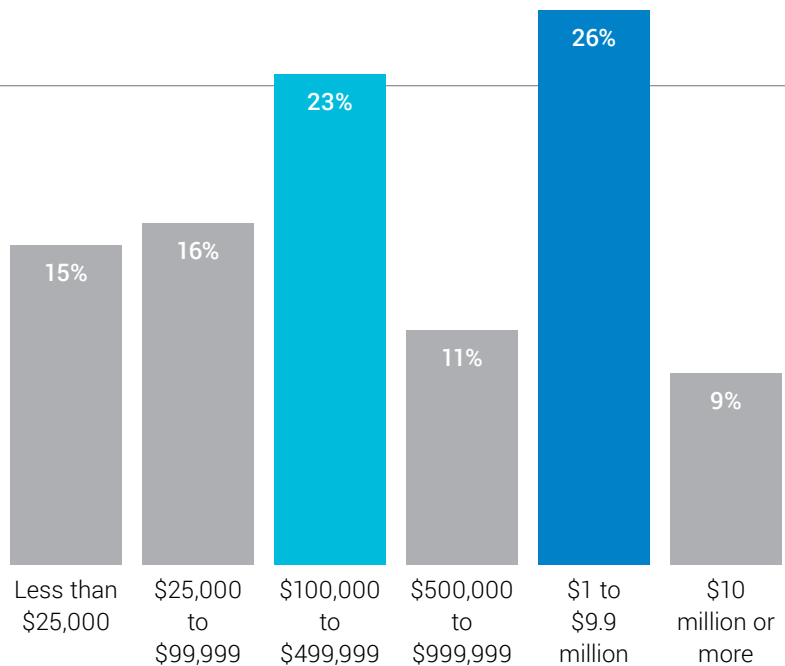
AVERAGE PERCENT



What is your company's approximate yearly budget on water-related products and/or services?

The average budget for water-related products and services is currently \$2.5 million.

PERCENT OF MENTIONS

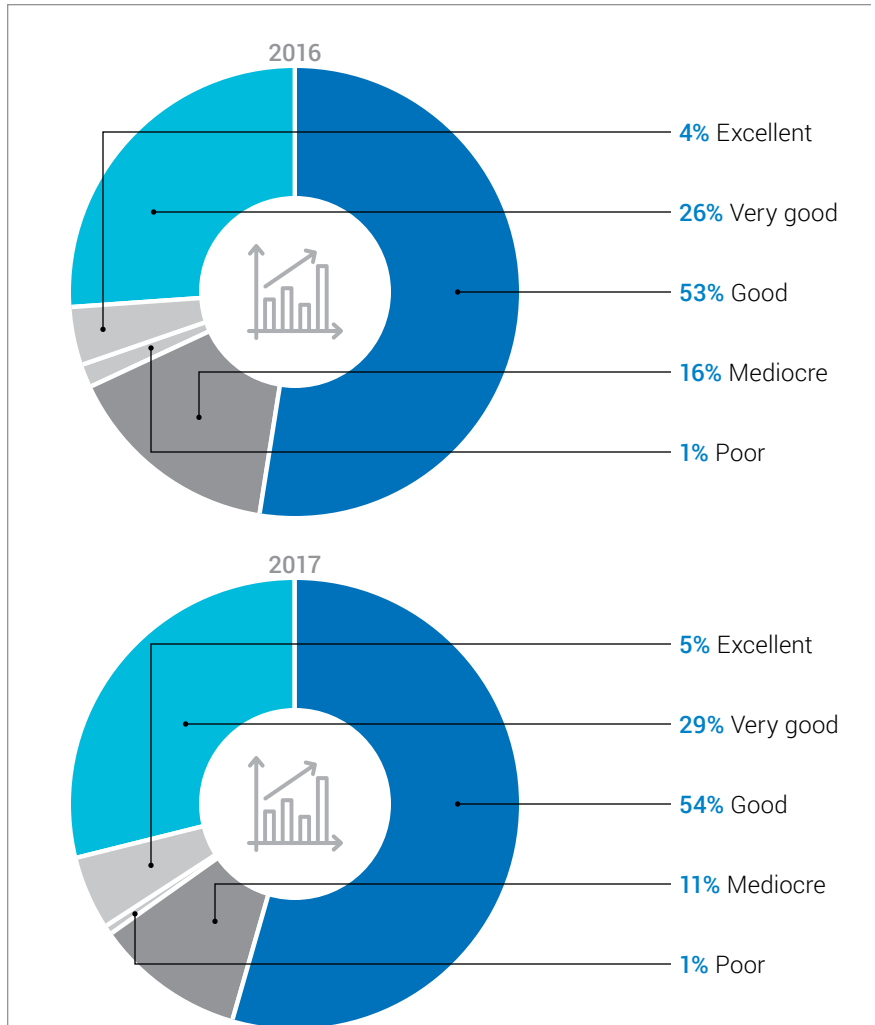


Average annual budget: \$2.5 million

How do you rate this year (2016) and what do you expect to rate next year (2017) as a business year for your company?

More than eight in 10 (83%) rated this year good or better. Even more rated next year in a positive light with 88% expecting it to be good or better and 5% stated it will be excellent.

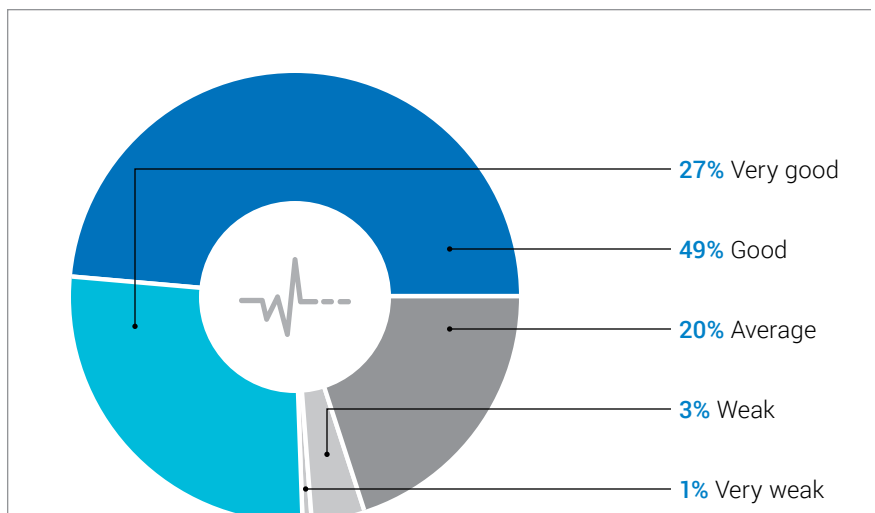
PERCENT OF MENTIONS



How would you rate the overall health of your firm today?

More than three-quarters (76%) of respondents rated the health of their firms good to very good. Just 4% thought current firm health was weak or very weak.

PERCENT OF MENTIONS



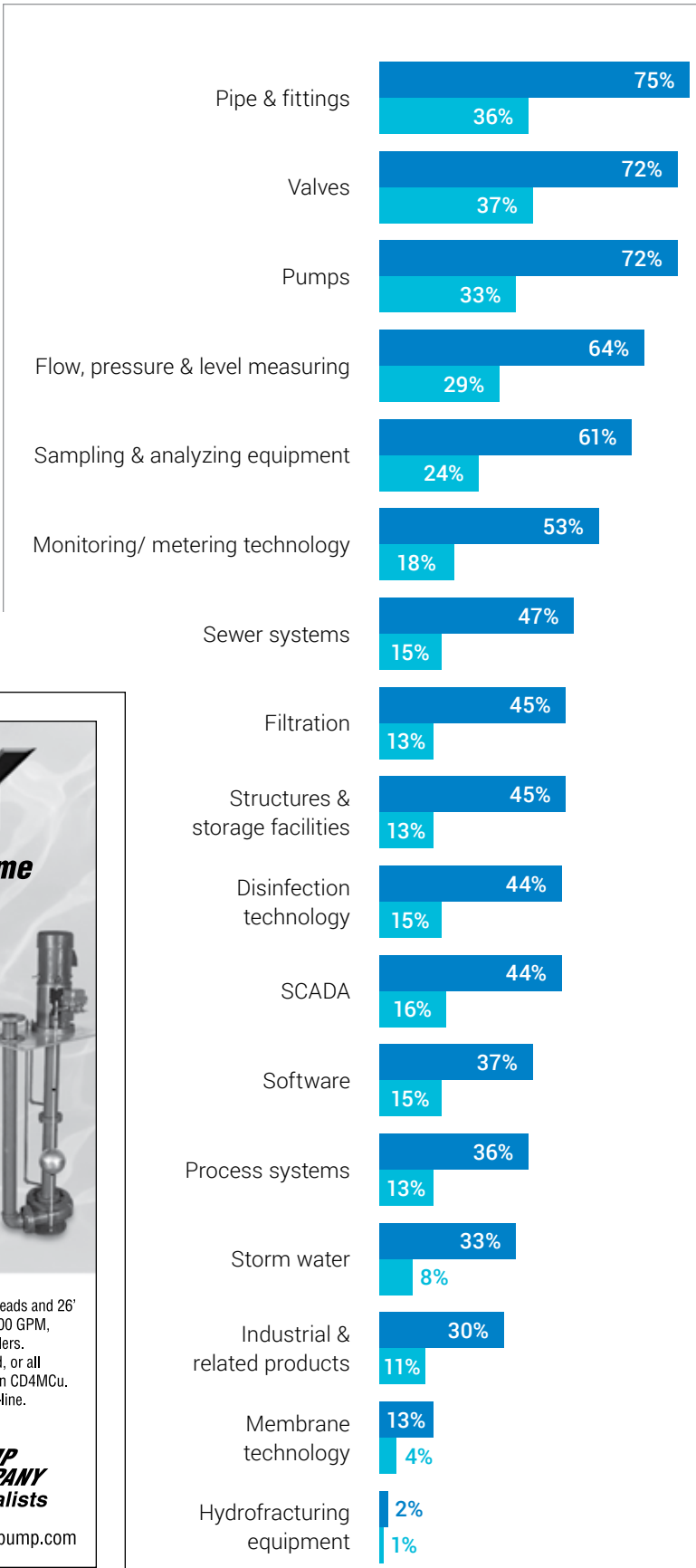
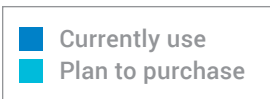
Which of the following product categories do you currently use/specify and which do you plan to purchase within the next 24 months?

Three-quarters (75%) of respondents currently use pipe and fittings.

More than two-thirds (67%) currently use valves and pumps, both with 72% of mentions, followed by flow and pressure level equipment (64%) and sampling/analyzing equipment (61%).

More than one-third plan to purchase pipe and fittings, valves, and pumps within the next 24 months.

PERCENT OF MENTIONS



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Please rate how important each of the following topics will be in the coming year to your plant/facility. (1 to 10 rating, 1=not at all important, 10=very important)

From a list of 22 industry topics, state and federal regulations and compliance were the highest rated in importance. State regulations received an average rating of 8.3, and federal regulations received an average rating of 8.2. The next most important topic was funding, with a rating of 7.7. Maintenance and upgrades received a rating of 7.5, followed by infrastructure management, with an average rating of 7.1.

AVERAGE OF MENTIONS



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