e-news August 2009

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NOWRA *e-News* - August 2009

Thank you to all who contributed stories and ideas. This member communication belongs to each of us, so keep the news and ideas coming.

Where is the Economy?

*Paradigm: [par-uh-dahym,-dÄ«m]–noun. 1. A **philosophical or theoretical framework of any kind***
Paradigm Thinking: An exercise that requires the ability to see from various perspectives.

What happens when we operate outside our areas of expertise?

- **We enter unfamiliar territory, we see many new things, and we process them differently.**
- **Reading as much information as possible that is outside our areas of expertise helps us to see things in a new way.**
- **It is human nature to see the world through filters (mental maps).**

With that preface out of the way, we offer the latest review of current economic conditions. Many reports say that we are past the worst; and that conditions are slowly improving. Others contend, *what recovery*? In order to satisfy both the half-empty and the half-full crowds, we offer the following two views on the economy.

Reason for Optimism?

Leading Economic Indicators: Required in any move from recession to recovery is an improving trend line in the Conference Board's Leading Economic Index (LEI). The LEI index has historically been very accurate in its ability to forecast recoveries, and it has been on the rise for the last 3 months running. On top of that, it is the first time this has happened in over 5 years, so there is reason for hope.

New Jobs: As a lagging indicator, it would not be surprising if new jobs figures continue to fall or lag before moving into positive territory. And that may not take place until Q-1 or Q-2 in 2010 as firms slowly regain confidence and begin the rehiring process.

Gross Domestic Product: Many experts believe that the second-half of 2009 could deliver a real gross domestic product (GDP) growth in a range of 1 to 2 percent. Those same economists extrapolate that into a 2010 forecast in the 2 to 3 percent real GDP growth range. In fact, that appears to agree with Federal Reserve forecasts.

Speed of Recovery: Although we have seen material improvement in the credit markets in recent months, the fact remains that banks have tightened their lending standards and consumer and business loans are more difficult to arrange in today's marketplace. Economic improvement process may be gradual.

Inflation: It is probably a bit early to worry about inflation, but stimulus spending and monetizing of the debt remain issues that may change that going forward.

Consumer Spending/Savings: This is a bizarre mixed bag, because an increase in savings translates into reduced demand for consumer goods, and that is where we now. Savings rates that havetracked close to or even below zero for years are now in the 7 percent range.

That can be good news or bad, depending on your perspective. It is bad news for the economy if people are not spending every penny they have, and/or debt spending with credit cards. But it is good news for individuals as they drive down debt by paying off bills or simply not increasing their debt. Current Government stimulus spending has only been about 10 percent spent as a result.

Housing: There are some good signs in the housing sector as the inventory of unsold homes declined in June from a 9.8-month supply in May to a 9.4-month supply. At the same time, prices continue to make housing much more affordable. On top of that, new home sales rose 11 percent in June the 3rd increase in a row.

It is also worth noting that continued low interest rates appear to be enhancing the sale of existing units. Reports from Atlanta and Phoenix have prospects bidding for foreclosures, a potentially positive sign in clearing the existing inventories.

Recovery, What Recovery? A View from Another Perspective

Bord na Mona
336-547-9338
http://www.bnm-usa.com

Infiltrator Systems, Inc.
860-577-7106
http://www.infiltratorsystems.com

Premier Tech Environment
418-867-8883
http://www.premiertech.com

Ring Industrial Group
800-649-0253
http://www.ringindustrial.com

Zoeller Pump Company
800-928-7867
http://www.zoeller.com

SILVER BUSINESS BENEFIT MEMBERS

Delta Environmental Products
225-665-6162
http://www.deltaenvironmental.com

Salcor Inc.
760-731-0745
jscruver@aol.com

Wieser Concrete Products, Inc.
800-325-8456
http://www.wieserconcrete.com

Xerxes Company
952-887-1831
http://www.xerxescorp.com

BRONZE BUSINESS BENEFIT MEMBERS

Okay, so much for the glass being half-full. There are other voices saying that things are not getting better. Indeed, they may be getting worse.

Wall Street Perspective: Bear market rallies can inspire people to unwarranted optimism and this bear market rally has been no different. Desperate to find anything positive, economists have been focusing on the second derivative (change in the rate of descent) of economic data since February…looking for evidence that our downturn is "less bad" than the previous month. The mainstream media now reports economic data along with the question of what it means to the economic recovery. At the risk of being obtuse, when did this so-called recovery start?

It is a politico/media construct that some might call a con game. It is nothing more than wishful thinking on the part of our political and financial leaders as well as blatantly obvious attempts to hide the true extent of the problem hoping that confident consumers will fix everything.

If accurate, this is a dangerous ploy because the U.S. government has spent considerable time and resources on what would equate to a public relations campaign to give the impression things are improving instead of attacking the problem head on.

New Jobs: There is no promise that a recovery will include job recovery. In fact, companies that downsize often discover new efficiencies that either displace workers or at least reshuffle the job market. Witness the latest unemployment numbers that are reversing an early downward trend. Many forecasts predict that Americans may be in for a long and painful wait as they try to get back to work. Some estimates say that it may be 2014 before unemployment rates settle back into the 5 percent "normal" range.

Why the lag? Hiring is expensive and companies want to see a steady and prolonged increase in orders before pulling the trigger on new hires. But that's not all. What has changed? In large measure, it is the evolving nature of U.S. recessions. While past economic downturns were mainly cyclical…that is, demand dropped for whatever reason, manufacturing backed off and lay off workers, only to reenergize when better times returned, that is not the case today.

For example, in 1991, many jobs were shipped overseas. In the recession of 2001, Internet companies vanished altogether. While it is impossible to predict what will happen after this recession, millions of jobs are likely to disappear in sectors such as construction, finance and automaking. It's sad, but more than likely true. That takes us to the bottom line: The time required for new jobs to be created, and for workers to be adequately educated (reeducated) to fill them will increase, and that adds pain to a painful time.

GDP Growth: It is very possible that real GDP growth rate in the U.S. will remain below its long-term 3 to 3.5 percent annual growth potential for an extended period. It should come as no surprise that retail sales excluding gasoline and autos have declined for the past four months, even though taxes were reduced in April and consumers have seen an increase in their cash flow since then.

Other Economic Data:

July New Residential Construction: The U.S. Census Bureau and the Department of Housing and Urban Development jointly announced the following new residential construction statistics for July 2009:

Building Permits: Privately owned housing units authorized by building

<u>**permits in July were at a seasonally adjusted annual rate of 560,000. This is 1.8 percent below the revised June rate of 570,000 and is 39.4 percent below the July 2008 estimate of 924,000. Single-family authorizations in July were at a rate of 458,000; this is 5.8 percent above the revised June figure of 433,000.**</u>

<u>**Housing Starts: Privately owned housing starts in July were at a seasonally adjusted annual rate of 581,000. This is 1.0 percent below the revised June estimate of 587,000 and is 37.7 percent below the July 2008 rate of 933,000. Single-family housing starts in July were at a rate of 490,000; this is 1.7 percent above the revised June figure of 482,000.**</u>

<u>**Housing Completions: Privately owned housing completions in July were at a seasonally adjusted annual rate of 802,000. This is 0.9 percent below the revised June estimate of 809,000 and is 26.4 percent below the July 2008 rate of 1,089,000. Single-family housing completions in July were at a rate of 491,000; this is 4.1 percent below the revised June figure of 512,000. The July rate for units in buildings with five units or more was 297,000.**</u>

In essence, the economy reflects a *paradigm-thinking* model to understand its cumulative impact, and is vitally important for prolonged success. Only when we take a step back and take a longer look, will we be able to to maintain a competitive edge as a major organization over the long term.

We want to hear from you and your thoughts…

Compiled and edited by Mike Stoll, NOWRA Marketing and Communications Committee Chair. This economic report does not necessarily reflect the views of NOWRA, its officers or members.

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We *Are* Listening - Some Thoughts from John Thomas

As you know, NOWRA suspended its contract with BTF Enterprises, the Association Management firm in the spring of 2009 in a move to manage costs for the Association and to refocus on its core issues. In April, NOWRA entered into a contract with WOSSA to help with limited administrative support services contract. The scope of the contract was limited to maintenance of the I4A membership database, Affiliate support for member lists and utilization of member based communication and NOWRA "Happenings" through the updates on the I4A email Blasts.

The original NOWRA/WOSSA support services contract that began in May of this year is due to expire at the end of August but WOSSA will continue to provide limited administrative support for NOWRA into September and then transition these needs as NOWRA continues to define its future plans and develops some important relationships that are expect in the Fall. We don't know what the immediate future holds, but the one thing that we all agree on is the need for a national presence that represents our interests in the decentralized arena…so hang in there and keep listening for what is next and how we can support NOWRA.

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Get *PUMP*ed for the NOWRA Roe-D-Hoe! - Installer Academy Update

As we have been reporting, NOWRA is teaming with COLE Publishing at the 2010 Pumper Show to hold our 5th Annual Installer Academy. The show is February 22 - 27, 2010 in Louisville, KY. The Installer Academy will be held prior to the show on February 22 & 23.

In support of the outstanding training programs presented at Pumper, NOWRA has secured several onsite educators and professionals to share their valuable knowledge and experience in design, installation, inspection and O & M of onsite systems, as well as practical skills needed to do your job and run a successful business. In fact, over 30 individual classes have already been set and 12 instructors are already developing materials for the 2010 academy. There will also be manufacturer-training rooms for those who want "hands-on" instruction on the latest products/technologies.

So, get *PUMP*ed-up for the ever-famous (or, should we say *infamous?*) Backhoe Roe-D-Hoe and be part of the festivities during the Pumper Show exhibit hours. Thanks to COLE, the event will be held indoors and will surely be a real crowd-pleaser. If you think you are one of the best, there will not ever be a better place to prove it than at the show in Louisville.

The agenda and program descriptions are posted at www.nowra.org/academy.html. Check backs often as more details and registration information is made available.

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Onsite Journal & *e-News* Editions now Online

Looking for the latest NOWRA-onsite industry news? Want to stay-up-to-date on tools you can use to make your onsite installer/service business more effective? **If so, visit the NOWRA web site and view or download the current or any past editions of NOWRA's publication, the *Onsite Journal*, dating back to 2003 as well as past editions of *e-News*. Sign up for NOWRA: *e-News*, NOWRA's new free monthly e-newsletter or read past issues of both publications.**

The NOWRA *e-News* is our new form of communication to our membership to keep members up to date with the news in the industry, trends in the housing/construction onsite market, US EPA MOU partner news, etc. The *e-News* brings news, tips, and resources directly to our members' inboxes. Help NOWRA spread the word! If you know of anyone not receiving the NOWRA e-News, please forward this on and have him or her request to join our mailing list.

Topics include (but are not limited to):

- **Important NOWRA-related organizational news**
- **Tips on technology, marketing, industry, insurance, and more**
- **NOWRA Membership services to help your business**
- **Organizational events calendar**
- **Hand-picked links to helpful Web sites**

We draw on our extensive networks, experience, and resources to bring you mission-critical information to make your business a success. Both publications (NOWRA *e-News* and the Onsite Journal) can be viewed by members and non-members at the NOWRA web site under the Publications tab on the left hand menu.
Issues of OSJ dating back to 2003 along with the *e-News* editions can be found under the 'Publications' tab at www.nowra.org.

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Special Edition of Onsite Journal

We know that the NOWRA Onsite Journal is an important communication tool for our members, both as an educational and informative magazine as well as an important place for our advertisers to reach members.

While recent economic struggles have made its ongoing publication difficult, we are pleased to announce that a special edition of the Onsite Journal is being developed and will arrive in October. This issue of the Onsite Journal will arrive inside the Onsite Installer magazine, thanks to our partners at COLE Publishing. It will also be sent to COLE's ~20,000 readership list, as well as the NOWRA membership. Don't miss your opportunity to be seen – take a few minutes and update your profile on NOWRA's Septic Locator.

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WEF's Cities of the Future 2010

Cities of the Future 2010 **will be held from March 7-10, 2010 in Boston, MA at the Boston Marriott Cambridge. The Water Environment Federation and the International Water Association, in cooperation with the New England Water Environment Association and the Water Environment Research Foundation are sponsoring this event. NOWRA is pleased to support the event as a cooperating organization.**
To learn more about this conference, please visit:
http://www.wef.org/ConferencesTraining/ConferencesEvents/CitiesoftheFuture/

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2010 Board of Directors

In accordance with NOWRA bylaws, an election will be held to fill positions on the NOWRA Board of Directors for members whose term is expiring. In the September/October election, there are two (2) positions on the NOWRA Board of Directors to be filled. The position categories include:

- **Regulator**
- **Manufacturer/Supplier**

An election ballot and candidate profiles are posted on the website. The election runs through October 31, 2009 and we encourage each member to exercise their right as a member to vote. For more information and to obtain your ballot, visit http://www.nowra.org/bylaws.html. Only current NOWRA members in good standing are eligible to vote.

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Update Your Septic Locator Info Now

Septic Locator is the premier site for people looking for onsite services and as a member of NOWRA; your company listing is free. We even have ways to

upgrade your membership, making this the best advertising vehicle for you and your company. Take a minute and check your information by visiting www.septiclocator.com

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Call for Volunteers

Our committees are always looking for fresh talent and new ideas. If you would like to dedicate some time to helping out, we encourage you to check out the NOWRA Committee page at http://www.nowra.org/committees.html.

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About NOWRA

The National Onsite Wastewater Recycling Association (NOWRA) is the largest organization within the U.S. dedicated solely to educating and representing members within the onsite and decentralized industry. NOWRA has Affiliates, with constituent local groups throughout the U.S. and Canada.

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