



PIPE REPORT

A/C Pipe Producers Association

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1976—The Care and Feeding of A Recovery

The event was the 36th Building Products Executive Conference and a record-setting crowd packed into Washington's Statler Hilton to hear McGraw-Hill Chief Economist, George A. Christie, deliver the 1976 Dodge Sweet's Construction Outlook. There were no "good news—bad news" jokes although all the elements were there.

The good news was that the eighteen-month downward slide in construction activity has "bottomed out" and a positive turnaround has begun. The bad news was that the recovery appears to be a fragile one and in Christie's words "... without proper care and feeding, it could collapse."

The overall tone of the predictions, however, was optimistic. In comparing post-recession 1971 with post-recession 1976, Christie carefully noted the Dodge Index of Construction Contracts is presently at the same phase in the upswing cycle as it was in mid-1970. Thus, "... industry is again in the position to catch the construction market in a strong rebound."

Whether or not the 1975 upturn will be the harbinger of peak construction for 1976-77 that 1970 was for 1971-73, remains to be seen. While historically similar, today's outcome may differ for several reasons. Firstly, the downward construction cycle of 1970 ran for approximately three quarters, while the '75 downturn went for six. Secondly, the peak to trough decline in 1970 was about 25% in real terms. The 1975 decline was more than 40%. Thirdly, the current cycle has been and will continue to be affected by the "energy crisis."

Lastly and most importantly, President Ford's national economic policy will have far-ranging implications on the extent and rate of recovery. The Administration's primary concern has been in fighting inflation, not recession. Unfortunately, "tight money" follows on the coattails of such anti-inflation strategy. Christie commented that "... unless there is some relaxation of present monetary tightness, much of the potential for expansion of the construction industry in the year or two ahead will not be realized."

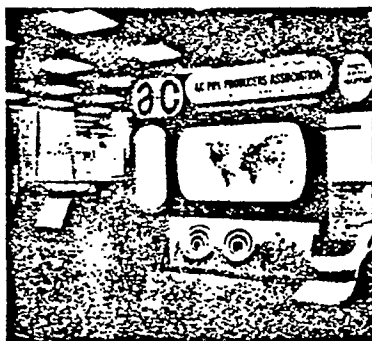
Simply stated, construction cannot proceed without capital.

But it is a political fact, not an economic one, that may well dictate stimulation of the economy... 1976 is an election year and politicians may not want to go before the voters holding the proverbial empty bag.

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AACPP to Exhibit in Miami

Following in the footsteps of 1974's record turnout, the A/C Pipe Producers Association will again exhibit at the 1975 Annual Congress of Cities Exposition in Miami, November 30-December 2, 1975. The Exposition is sponsored by the National League of Cities, the "national action arm of the nation's cities." Its 15,000 members include state municipal leagues, cities with a population of over 30,000, the ten largest cities in each state and all state capitals.



A major objective of NLC is to assist policy leaders—mayors, councilmen, city managers and engineers—to do their jobs better and more efficiently. Last year a post-exhibition survey showed that 95% of the convention delegates attended the exhibit hall and 70% visited three or more times. Furthermore, two-thirds of the municipal officials actually followed up by forwarding information or recommending purchases to others in city hall.

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Asbestos in Water—Where Are We?

Though less publicized in 1975 than in 1974, the asbestos in drinking water question continues to be a focal point for Association activity. The absence of conclusive data to prove or disprove the carcinogenicity of ingested asbestos still fans the flames of the controversy.

But AACPP, in liaison with the federal regulatory community, is taking tangible, positive steps towards resolution of the problem. Let's review exactly what is being done.

EPA Pipe Test Loop

One of the recommendations to come out of the AWWA "Study of the Problem of Asbestos in Water," underwritten by AACPP, was to determine how much, if any, asbestos fiber was added to water as it passed through A/C pipe. In early 1975, the Environmental Protection Agency Laboratory in Cincinnati began a controlled experiment to determine the effects of water aggressiveness, velocity and elapsed time on the release of asbestos from A/C pipe. Through two separate 90-foot loops of 4- and 6-inch CL 150 A/C pipe, pre-filtered water of known pH and hardness is being circulated at 3.8 feet per second, 2.6 miles per hour, 433 miles per week.

Water is being intermittently sampled and analyzed by electron microscopy to determine if asbestos fibers are released. If so, quantity and fiber size distribution by length and type are determined. After each six month run, the pipe is tapped to see if this causes a large release of fibers. As presently planned, the study will run 54 months, although it could be shortened if samples show no change.

The startup of the loop provided an interesting anecdote when the first highly aggressive water attacked all the metallic components of the system and plated them out on the interior walls of the A/C pipe. The unspoken message in this case was eminently clear: such a water is too aggressive for any distribution system and the

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VIEWPOINT

Confidence, Cannibalism and Cast Iron

In a matter of days the A/C Pipe Producers Association will convene its regular Fall Meeting. If the meeting runs true to form, there will be much discussion and speculation about what 1976 holds in store for the industry. There is, of course, the economy: Will construction activity rebound in the second quarter as predicted? Then too, there is the continuing asbestos and health controversy: Is progress being made in resolving the ingestion question? Also, there is the persistent request for "high industry visibility": When will the Association mount a hardhitting promotional campaign? Other agenda topics range from recent court interpretations of restrictive specifications and the renewed importance of salesmanship, to better defining what the real role of the Association should be and how its activities can be of maximum benefit to the industry as a whole.

Often overlooked in the midst of the chaos created by immediate problems, but of no less concern, is the real and often unspoken need to restore industry's confidence . . . confidence in itself, its people, its product, its future. The sackcloth and ashes attitude which shrouds today's real issues and saps both individual and corporate initiative must be dispelled . . . can be dispelled. The remedy is not all that difficult: one dose of pride in past accomplishments and continuing doses of increased sales and profits.

Whatever else may come out of the meeting deliberations, one fact ought

to be quite clear: 1976 will be a pivotal year for the industry. Pivotal in the truest sense. A turnabout year . . . for the economy, the health issue, the acuity of the industry, the effectiveness of the Association. It must be a year which is characterized by a total industry commitment, not partisan disinterest, nor shortsighted cannibalism. A year when the admonition "lead, follow, or get the hell out of the way" must be the way of doing business, not just an off the cuff quip. A year when leadership must not be exercised by demand and command, but distinguished by a universal attitude of what can I do to help? . . . at all levels of management, in all companies.

The realities of the marketplace make one other fact equally evident. Even if the economy recovered overnight and the health issue was resolved the following day, industry's potential for growth, both over the short and the long run, depends primarily on one factor: its ability to seriously penetrate competitive pipe markets, ipso facto cast iron. For as Jack McDuff so succinctly put it at the Association's Annual Meeting . . . "They are the real enemy." Given the present fiscal climate in municipalities in the United States, there has never been a more opportune time to put "price and pride together again."

In the final analysis all of the fancy rhetoric in the world will never sell a foot of pipe. Aggressive, knowledgeable, enthusiastic salesmanship will!

Connecticut, New York Fund Public Works Projects

New York and Connecticut have initiated major environmental public works programs to spur employment in the hard-hit building and construction trades.

The \$2.7 billion effort in New York, funded from the Pure Waters and Environmental Quality Bond Issues plus federal water pollution allotments, will result in construction of 202 sewerage projects during the next five years. Under the program, 114 sewage treatment plants and 91 interceptor systems will be constructed. By the end of 1975, the state would initiate \$1.1 billion in new project contracts

while \$1.6 billion would be earmarked for 1976.

On a somewhat smaller scale, \$15 million in bond funds was provided by the Connecticut Legislature. The funds would be used for more broad-based public works such as road repair and park improvement, as well as the construction or repair of public sewers. Labor market areas with 7% or more unemployment (March, 1975) would be eligible. The Commissioners of Commerce and Labor will select projects from candidates submitted no later than October 1, 1975.

In the Industry

Atlas Asbestos Company President George Barge announced the appointment of Nelson Bain as Vice President of Marketing.

Mr. Bain joined Atlas in 1970 and was previously the company's General Sales Manager. Prior to joining Atlas, he was President of Asbestos Erectors of Canada Limited. Mr. Bain succeeds Leonard Falle who as Vice President will assume other corporate responsibilities.

Atlas operates plants in Montreal and Mission, British Columbia, and produces asbestos-cement water pipe, sewer pipe and building materials as well as high temperature insulation and reinforced plastic sheeting.

Meetings and Conventions

November 4-5, 1975

AACPP Fall Meeting
Twin Bridges Marriott
Washington, D.C.

November 4-7, 1975

ASCE National Convention and Exhibition
Denver Hilton Hotel
Denver, Colorado

November 30-December 2, 1975

Annual Congress of Cities and Exposition
Hotel Fontainebleau
Miami Beach, Florida

December 4-5, 1975

Pollution Engineering and Equipment Exposition and Conference
International Hotel
Los Angeles, California

December 7-9, 1975

AWWA Water Quality Technology Conference
Sheraton Biltmore Hotel
Atlanta, Georgia

March 30-April 1, 1976

WWEMA Industrial Pollution Conference and Exposition
Shamrock Hilton
Houston, Texas

April 28-May 2, 1976

NUCA Annual Convention
Washington, D.C.

Association of Asbestos-Cement Pipe Producers

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President: W. R. Blankenship (Certain-teed Products Corporation)

Vice President: H. Taylor (The Flintkote Company)
Secretary: R. W. Smith (Johns-Manville Sales Corporation)

Treasurer: I. L. Taylor (Cement Asbestos Products Company)

Executive Director: Joseph C. Jackson

Associate Director and Editor: John F. Welch



Members of AACPP's Sewer Pipe Task Group listen to Dr. Reynold Watkins (r.) explain the operation of a soil load cell. Shown are (l. to r.) Frank Duffy (Flintkote), Bill Perrell (CAPCO), Ed Spinzig (Johns-Manville), Al Leff (Certain-teed).

Sewer Pipe Research Nears Completion

Utah State University, under a grant from the A/C Pipe Producers Association, is completing research on the structural performance of buried asbestos-cement pipe. The test program, conducted by Dr. Reynold Watkins and Dr. Al Moser of the Engineering Experiment Station, will evaluate load factors as a function of A/C pipe

stiffness and bedding conditions.

Several classes and diameters of A/C non-pressure pipe were tested to failure in "soil load cell" and actual embankment conditions to substantiate performance trends discovered in previous research. The "soil load cell" reproduces a trench burial condition by applying earth loads hydraul-

ically to the buried pipe.

The results of the Utah State work will be evaluated by AACPP's Sewer Pipe Task Group chaired by Mr. Al Leff of Certain-teed Products Corporation. Other members include Frank Duffy (Flintkote), Bill Perrell (CAPCO), Ed Spinzig (Johns-Manville) and Hugh Fraser (Canadian Johns-Manville).

Asbestos (contd. from pg. 1)

real answer is, therefore, in treatment. In selecting and classifying the nine test waters, EPA utilized the Modified Langlier Index method developed by AACPP.

The pipe loop study is well underway and the Association hopes to be able to report soon on interim results.

In another phase of the project, EPA is sampling cities where source waters low in asbestos are distributed through A/C pipe prior to use. Analyses of the source and tap waters will demonstrate if fiber content increases as it passes through the pipe. Sample sites include cities in Florida, Connecticut, Washington, Texas and Ohio. Preliminary results indicate that for waters where the Modified Langlier Indices falls within the guidelines recommended by the industry and now included in AWWA Specifications C-400 and C-402, asbestos fiber contribution is "not statistically significant" or "below detectable limits."

Nationwide Asbestos Sampling Program

A nationwide sampling program, scheduled for 1976 completion, is also in progress to determine the environmental background levels of asbestos resulting from discharge sources. Over sixty sites, including major city water supplies, natural sites of asbestos rock formations, asbestos mining

and manufacturing operations, are being sampled and analyzed for asbestos fiber content.

NIEHS Feeding Study

In an effort to define the carcinogenicity of orally ingested asbestos, the National Institute of Environmental Health Sciences (NIEHS) recently contracted with Hazleton Laboratories of Vienna, Virginia, and Illinois Institute of Technology to conduct an extensive four-year feeding study. For a lifetime, thousands of rats and hamsters will be fed asbestos. The incidence of tumors will then be compared against a control group and third group fed a known carcinogen.

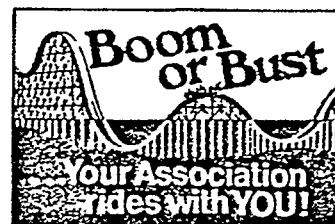
Whether or not this study will truly answer the asbestos ingestion question remains to be seen. Dr. Paul Kotin, Chairman of AACPP's Medical Advisory Committee, points out that the project involves a single, high dose level of asbestos. Such an approach ignores what is called a "dose-response relationship"—that is, how much orally ingested asbestos is required to induce a tumor: a boxcar or a teaspoon? The Association is of the opinion that NIEHS is taking the boxcar approach and the multi-million dollar research may well raise more questions than it answers. Nonetheless, even at the high ingestion levels

planned, the possibility exists that the results will be negative.

EPA Epidemiology Study

With information supplied by AACPP, its member companies and salesmen, EPA's Water Supply Research Laboratory in Cincinnati is researching the incidence and distribution of gastrointestinal (GI) cancers in the State of Connecticut which was chosen for its excellent "tumor registry." The study will compare cancer frequency in cities using A/C distribution systems versus those without A/C.

It is obvious that any one or all of these studies could have significant impact on the A/C pipe industry. However altruistic it may sound, the A/C Pipe Industry through AACPP is firmly committed to governmental cooperation and candor. Unlike our cities, it is our belief that it is more important to supply the answer, than to just raise the question.



1976—The Care and Feeding of A Recovery (contd. from pg. 1)

Residential Building

Like other recoveries, the 1975 turnaround started with an increase in single family housing starts. By the Third Quarter, one-family starts were at an annualized 900,000 unit mark. Further growth appears to hinge on the continued availability of mortgage money in the face of a late 1975-early 1976 "credit crunch."

Multi-family housing starts hit bottom in February and have been stagnant since. However, a three to six month lag between recovery in one-family construction and apartment building is "normal." Compared with the 1970 apartment boom, construction costs have increased 50%, short-term interest rates 50%, and long-term rates 30%. These and a 60% boost in fuel and electricity rates weighed against a 25% increase in rental rates, obviously tilt the profitability scales in an unfavorable direction.

Christie concluded that 1976 residential building would be approximately 1,025,000 single-family homes and 500,000 apartments. This total will not match in numbers the 2.1 million mark of 1971, but will cost 15% more.

Non-building Construction

"Energy" and "public works" were the two big words in non-building construction statistics. \$2 billion of Trans-Alaska Pipeline construction and \$6 billion worth of electric power plant contracts made 1975 a banner year for utilities.

Though stimulated by the release of several billion dollars of Nixon-impounded pollution control funds, the full potential of sewer and water facilities construction has not been realized. Christie noted. In most states, the complex EPA planning and bidding procedures have been hindered and "strong use in contracting is bound to follow" in 1976.

1976 In A Nutshell

Christie summarized by saying that the 1975 turnaround is underway and will accelerate as the economy reacts and industry goes through a "brief period of inventory build-up." The recovery may lag somewhat in the last quarter of 1975 and the first quarter of 1976. This "flat spot," the result of completed inventory adjustment and tight money high interest, should be followed by a sound 15% increase in overall construction activity in 1976.

And McGraw-Hill isn't the only one optimistic about next year. Engineering News Record prognostications see an 18% increase in construction activity.

What About Pipe?

McGraw-Hill estimates that the value of 1975 sewer and water construction contracts will be \$6.7 billion. This is a preliminary estimate based on eight months of actual figures and four months predicted. The 1976 forecast is \$7.5 billion, a 12% increase over 1975. More housing starts, the continued availability of Federal Water Pollution Control Act and Safe Drinking Water Act funds and a growing confidence that the recession is behind us all indicate that 1976 will be somewhat better than 1975. Penetration of competitive pipe markets, as much as the overall economic/construction climate, may well dictate whether or not 1976 will be a banner year... or just a modest one.

Miami (contd. from pg. 1)

The AACPP Exhibit received considerable attention in 1974 and an unprecedented amount of literature was distributed. Since less than 3% of the city officials at NLC attended other public works or water conventions, the Association feels strongly that participation in the Annual Congress of Cities can create an "A/C awareness" in the minds of the important municipal decision makers... the decision makers that answer to the taxpayer... the decision makers that face fiscal constraints... the decision makers that should need A/C pipe.

Fiber Hike Planned

In the wake of a 40% wage settlement ending a seven-month strike in the asbestos mining industry, several Canadian asbestos producers announced increases in the price of asbestos fiber.

Canadian Johns-Manville Co., Asbestos Corporation, Lake Asbestos of Quebec, Ltd., United Asbestos Corp. and Cassier Asbestos Corp. have either put into effect or are considering 7-15% price increases by the first of the year. The move is considered by many as a "catch-up" to higher prices previously set by Canadian asbestos firms who were not affected by the strike.

The Canadian Anti-inflation Board said that the price hike will be studied to insure that they comply with the government's price guidelines. If not, the companies could be forced to roll back the increases.

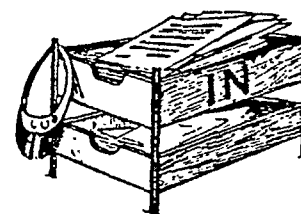
OSHA Proposes New Asbestos Standard

The Occupational Safety and Health Administration (OSHA) has proposed that the standard for occupational exposure to asbestos be lowered to 0.5 fibers/cubic centimeter for an 8-hour time weighted average. The present standard is 5 fibers/cc, time weighted average. A reduction to 2 fibers/cc would have become effective July 1, 1976.

The proposed standard would apply to all workplaces where occupational exposure to asbestos is present except the construction industry for which a separate revision will be promulgated. The Association is reviewing the proposed regulations and considering what courses of action to take before the deadline for comments.

Cities Survey Completed

The Association, with the cooperation of its member companies, has finally completed its survey of U.S. cities whose population exceeds 1,000 which specify, purchase or have in service A/C water pipe. The survey results will be used to launch a highly visible promotional campaign in early 1976. In addition, a cities directory is being prepared for distribution to member company sales personnel. The directory will include the complete survey results and be accompanied by interpretive analyses. Target date for completion of the directory is January 1, 1976.



Letters to the Editor

Let us hear from you! The AACPP Staff will welcome your suggestions and constructive criticism on the content, impact and timeliness of the PIPE REPORT.