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*Association Business Plan*  
*April, 2003 (FINAL DRAFT)*



*AMSA Business Plan  
Table of Contents*

*INTRODUCTION.....1*

*ORGANIZATION OVERVIEW.....2*

*Organization History*

*AMSA Milestones*

*Mission*

*Organization Governance Documents*

*Bylaws*

*Strategic Plan*

*Policies & Procedures of the Board of Directors*

*Human Resources Strategic Plan*

*CORE FUNCTIONS/2003 INITIATIVES.....6*

*Association Management*

*Government & Public Affairs*

*Member & Internal Services*

*Legal Services*

*BUSINESS CLIMATE.....9*

*Association Business Climate*

*Utility Business Climate*

*Affiliate Business Climate*

*KEY BUSINESS PLAN FOCUS FOR 2003 & BEYOND..... 11*

*Enhanced Financial Management*

*Improved Benefits Administration*

*Program/Service Expansion & New Initiatives*

- Improved National Office Data Management*
- Increased Membership Initiatives*
- Population of CleanWater Central Member Database*
- Value-Added Cooperative Agreements with Federal Government*
- Continuing Emphasis on Wastewater Infrastructure Security*
- Increased Prominence and Popularity of Water & Wastewater Leadership Center*
- Focus on Outreach to Statewide Organizations of POTWs*

FINANCIAL MANAGEMENT .....	15
<i>General Fund &amp; Technical Action Fund Budgets</i>	
<i>Financial Planning Process</i>	
<i>Auxiliary Funds Financial Statements &amp; Balance Sheets</i>	
INCOME SOURCES.....	17
<i>Member Dues</i>	
<i>Non-Dues Income</i>	
COMPETITIVE ANALYSIS.....	17
STAFF DEVELOPMENT/SUCCESSION PLANNING .....	18
REVIEW OF BUSINESS PLAN .....	20
APPENDIX A	
<i>AMSA Bylaws</i>	
APPENDIX B	
<i>AMSA Strategic Plan</i>	
APPENDIX C	
<i>AMSA Policies &amp; Procedures of the Board</i>	
APPENDIX D	
<i>AMSA 2003 Organization Chart</i>	
APPENDIX E	
<i>AMSA Dues Schedule</i>	

## *INTRODUCTION*

This draft *Business Plan* represents the first such plan undertaken by the Association of Metropolitan Sewerage Agencies (AMSA). AMSA's first *Business Plan* was developed during a time of some uncertainty. The tragedy of September 11, 2001 – and numerous events which followed – focused attention and resources at all levels of government in new directions. Public wastewater utilities, AMSA's primary membership base, are faced with numerous challenges – and with vision and planning the Association can be poised to help its Member Agencies respond effectively.

While the Association is well-managed through a suite of governance documents and volunteer leadership and staff interaction, the *Plan* is anticipated to serve as guide to allow AMSA to enhance its successful navigation through its own unique competitive environment. When adopted, AMSA's *2003 Business Plan* will provide a comprehensive, cohesive assessment of both where AMSA is – and where it would like to go in the future to ensure its financial and organizational health.



## *Association Business Plan*

### *ORGANIZATION OVERVIEW*

The Association of Metropolitan Sewerage Agencies (AMSA) was founded in 1969 and incorporated in 1970. AMSA is governed by a Board of Directors that is charged with responsibility for the management of the affairs of the association. The Board of Directors is comprised of not less than ten nor more than thirty directors who are elected on a regional basis (using EPA, or any successor agency, federal regions) with the number of directors from each region based upon the number of member agencies in such region according to the following formula: for regions with seven or fewer members, one director; for regions with eight to fourteen members, two directors; and for regions with fifteen or more members, three directors. Today, all but two regions have the maximum of three directors. AMSA's day-to-day operations are conducted by its National Office. The 18-member National Office staff is led by an Executive Director.

### *Organization History*

From its initial beginnings as a small group primarily concerned with the federal funding of wastewater facilities, AMSA has grown into an association of nearly 300 metropolitan agencies, serving the majority of the sewered population nationwide – integrally involved in not just water pollution control, but in every facet of environmental improvement and protection.

AMSA had its beginnings in 1969 when a committee comprised of 15 large sewerage agencies met to share concerns regarding federal directives for water pollution control. One year later that committee became AMSA, an association committed to working toward to common goals of large wastewater agencies throughout the United States and dedicated to keeping its members informed of changes in technology and legislation, and facilitating improved communication among its member agencies.

For AMSA, the past 32 years have seen many changes, and much progress. The Association has witnessed the move of its national headquarters from Seattle, Washington to Washington, DC. They've seen the transformation of the Federal Water Pollution Control Administration into the U.S. Environmental Protection Agency. The Association has participated actively in three decades of federal legislative and regulatory activity that included the 1972 Federal Water Pollution Control Act, as amended over the years, as well as scores of other legislative efforts and their subsequent rules and regulations.

In 1990, AMSA concluded a nearly 15 year period of management by a consulting firm and became a free-standing association. In doing so it faced many challenges and needed to chart a course that would build on the successes of the first two decades of its existence. AMSA was able to meet these challenges and set a course that has allowed the Association to rise in prominence in its relationship to Capitol Hill and the Environmental Protection Agency. This course has significantly expanded AMSA's effectiveness and sophistication in its

involvement with environmental legislation and regulations, and has enabled the association to become a leading voice in environmental issues. In 2000, the Association purchased its own national headquarters, located at 1816 Jefferson Place, NW, Washington, DC, from which it currently conducts all AMSA initiatives.

### *AMSA Milestones*

The following are just some of the key milestones in AMSA's history.

1970 – AMSA incorporated with 22 Member Agencies, establishes headquarters in Seattle, Washington, and adopts membership criteria calling for Member Agencies to serve a population of 250,000 or more

1976 – AMSA's relocates national headquarters to Washington, DC under contract with consulting firm

1976 – AMSA establishes 'Subscriber' Member category ('now know as Affiliates') for private organizations that share the goals of the Association.

1979 – Associate Membership Category established for small wastewater agencies and Subscriber category established for private entities sharing AMSA's goals

1980 – AMSA's celebrates its 10<sup>th</sup> anniversary with 76 Member Agencies

1983 – AMSA honors individual and member agency achievements for the first time with the *National Environmental Achievement Awards Program*

1987 – AMSA published the first of its triennial *Financial Surveys*

1987 – AMSA launches the *Peak Performance Program's Gold & Silver Awards*

1990 – AMSA begins independent operation as a stand-alone association and hires its own professional staff

1990 – AMSA marks its 20<sup>th</sup> anniversary with 111 Member Agencies

1992 – AMSA releases the first *AMSA Index*, an annual publication charting service charge increases as measured against the rate of inflation (reflecting historical data back to 1985)

1992 – AMSA holds first *Pretreatment Coordinators Workshop*

1995 – AMSA establishes a Technical Action Fund, commemorating the Association's 25<sup>th</sup> anniversary, strengthening AMSA's capability to implement its objectives

1996 – AMSA enters the competitiveness arena with its *Evaluating Privatization* checklist, the first of many management-focused initiatives to come

- 1997 – AMSA joins the Water Environment Federation and the U.S. Environmental Protection Agency to form the *National Biosolids Partnership* to advance environmentally sound and accepted biosolids management practices
- 1997 – AMSA’s web presence begins with the launch of *Clean Water on the Web* at [www.amsa-cleanwater.org](http://www.amsa-cleanwater.org)
- 1997 – AMSA eliminates the Associate Member category, opening up AMSA membership to communities of all sizes
- 1997 – AMSA expands its meetings offerings to include first *Law Seminar*
- 1997 – AMSA holds first management-themed *Winter Conference*
- 1999 – AMSA enters joint venture agreement with the Association of Metropolitan Water Agencies (AMWA), the American Water Works Association (AWWA) and the Water Environment Federation (WEF) to develop the *Water & Wastewater Leadership Center* executive education program at the University of North Carolina – Chapel Hill
- 1999 – AMSA incorporates the *Platinum Award* into the *Peak Performance Awards Program*, recognizing member agency facilities that have received *Gold Awards* for five consecutive years
- 1999 – AMSA purchases 1816 Jefferson Place, NW, Washington, DC as its new National Office
- 2000 – AMSA celebrates its 30<sup>th</sup> anniversary – *Windows on Watersheds* – with 238 Member Agencies
- 2001 – AMSA aggressively enters the security arena, forming its Wastewater Infrastructure Security Task Force and playing a prominent role in all aspects of wastewater infrastructure security
- 2001 – AMSA modifies dues schedule to add additional population increments and reduce membership dues for agencies serving less than 50,000 ratepayers
- 2001 – AMSA establishes a Public Affiliate Member category for wastewater conveyance/satellite systems sharing AMSA’s goals
- 2001 – AMSA redesigns the *Clean Water on the Web* site to better serve the Association’s membership
- 2002 – AMSA continues its security initiatives, producing the *Asset Based Vulnerability Checklist for Wastewater Utilities*, the *Legal Issues in a Time of Crisis Checklist*, and a series of CD-ROM vulnerability self assessment tools – *VSAT™wastewater*

(versions 1.0 and 2.0), VSAT™*water/wastewater*, and VSAT™*water*, as well as a website [www.VSATusers.net](http://www.VSATusers.net).

2002 – AMSA forms Wastewater Infrastructure Funding Task Force to generate broad support for the creation of a sustainable source of funding for wastewater infrastructure projects

2002 – AMSA’s Board of Directors takes action to shift financial management from calendar year to Federal fiscal year

### *Mission*

The mission of AMSA is to lead the nation’s publicly owned wastewater management agencies in the development and implementation of scientifically based, technically sound and cost-effective environmental programs for protecting public and ecosystem health.

### *Organization Governance Documents*

Several governance documents provide structure and direction to AMSA. These include Association *Bylaws* (Appendix A), a *Strategic Plan* (Appendix B), and a series of *Policies & Procedures of the Board of Directors* (Appendix C). Of the three, only the *Bylaws* require a vote of the membership to amend. The Association has also developed *Human Resources Strategic Plan* to provide for appropriate staff resources to meet the goals and objectives identified in the *Strategic Plan*.

### *Bylaws*

AMSA’s *Bylaws* were adopted by the members of the Association at a regular business meeting held in Houston, Texas, October 10, 1979. They incorporate amendments adopted by the membership since that time, most recently in May of 2000. Specifically, AMSA’s *Bylaws* set forth the Association’s *Mission Statement* and address such categories as legally establishing the Association’s name, purpose, principal place of business, Board of Directors, Officers, Committees, Staff, Amendments, Membership, and Payments for Services, Funds & Donations.

### *Strategic Plan*

AMSA’s *Strategic Plan* keys off of the Association’s *Mission Statement* as it sets forth a set of Association goals accompanied by objectives to meet the goals. AMSA’s *Strategic Plan* sets forth the following seven goals (emphasis added):

- To effectively represent its members in the ***federal legislative process***
- To effectively represent its members in the ***federal regulatory process***
- To promote and enhance the ***effective management*** of member agencies.
- To effectively represent the environmental ethic and accomplishments of the wastewater community through ***public information and outreach***
- To effectively support its members in ***interactions with regions and states*** in the implementation of national legislative and regulatory initiatives
- To effectively represent its members through the ***judicial process*** in support of AMSA’s mission



- To work actively to *retain existing members* and *recruit new members* in support of its overall mission

Review of AMSA's *Strategic Plan* is undertaken on a regular basis by the Association's Board of Directors, under the auspices of its Strategic Planning Committee. Such a review is being considered for the 2004 fiscal year.

#### *Policies & Procedures of the Board of Directors*

The *Policies & Procedures of AMSA's Board of Directors*, most recently amended in September 2001, provides an operational road map for the Association. AMSA's *Policies & Procedures* sections addressing the Board of Directors, Special Committees, Awards, Meetings & Conferences, Affiliate Participation and Fees, and Association Management (including a policy on investments, reserves, mailing list rental, establishment of legislative and regulatory priorities, membership surveys, employee compensation, and conflict of interest). Also included are policies addressing entering into litigation, electronic communications, AMSA's web site, and procurement. The ever-evolving nature of this particular governance document ensures its responsiveness to the new choices and challenges faced by AMSA. Amendments to the *Policies & Procedures* are considered first by the Association's Strategic Planning Committee and subsequently by the Board of Directors.

#### *Human Resources Strategic Plan*

AMSA's *Human Resources Strategic Plan* is linked directly to the *Strategic Plan* and the overall achievement of Association's goals. AMSA has implemented Phases A & B of its *Human Resources Strategic Plan*. Projections for the 2003 and 2004 phases of the Association's *Human Resources Strategic Plan* identified improving the financial management capabilities of the Association as an increasing need. The growth of AMSA's membership (and, in turn, its budget), the increased complexity of its reporting and the added challenges presented by management of federal cooperative agreements made the need for greater in-house expertise in the financial management arena clearly evident. The Association's 2003 budget created the position of 'Controller' to meet this need. It is anticipated that the National Office staff will review AMSA's *Human Resources Strategic Plan* during FY 2004, in connection with associated strategic planning activities undertaken by the Association's leadership.

#### *CORE FUNCTIONS/2003 INITIATIVES*

AMSA's core activities, and its staff, are organized around three key areas – ***Government & Public Affairs, Member & Internal Services, and Legal Affairs***. With these three areas as the foundation, the Association operates primarily through staff teams comprised of individuals representing multiple core functions. This approach allows the integration of both knowledge of issues and expertise to ensure that the Association's overall advocacy agenda is best achieved.

## *Government & Public Affairs*

AMSA's Government & Public Affairs function takes the lead on both legislative and regulatory issues and outreach for the Association. Through its Government Affairs function, AMSA implements all federal government liaison and lobbying activities by establishing and maintaining a strong relationship with the Administration, Members of Congress, and key policy and program officials in federal departments and agencies. The function provides for the analyzing and monitoring of legislative, policy and program activities, creating networks with similarly situated stakeholders – especially local government organizations – and communicating legislative developments to members. Within its Government Affairs function, AMSA also works to analyze legislative trends and influence legislators and Administration officials to make AMSA's priorities their own.

AMSA's Public Affairs function is integral to both the Association's government affairs initiatives – as well as member services efforts. The Association's communications and public affairs staff works closely within the government and public affairs arena to educate both elected officials and the public – and to develop grassroots support for AMSA's priority issues, considered key to the Association's ultimate success on behalf of its members.

AMSA is currently involved in an even broader array of regulatory and legislative initiatives than previous years aimed at advancing critical issues for wastewater agencies. Among the highest priority of these activities are:

- ***SSOs and Blending*** – Ensuring the issuance of reasonable and cost-effective sanitary sewer overflow (SSO) proposed regulations and blending guidance, and a Report to Congress which reflects accurate information on the environmental and public health impacts of overflows.
- ***Infrastructure Security & Funding*** – Broadening the base of grassroots and Congressional support for and securing the introduction of legislation establishing a long-term funding source for water and wastewater infrastructure, protecting the interests of POTWs in the passage of new laws governing infrastructure security, and enhancing the tools available to wastewater agencies for securing their facilities.
- ***Watershed Rule (Total Maximum Daily Loads)*** – Influencing the outcome of the Watershed Rule to better reflect the need for a more equitable allocation of pollutant reduction requirements among impairment sources (taking into consideration effluent reuse), an improved system of listing based on adequate and accurate information, and flexible policies relating to TMDL development which support adaptive implementation.
- ***Biosolids Management*** – Ensuring a variety of viable biosolids management option for the POTW community and shaping the future direction of the Federal biosolids program through input on EPA's response to the National Research Council's Report on the land application of biosolids and continued participation in the National Biosolids Partnership.

- ***Whole Effluent Toxicity*** – Pursuing a new dialogue with the Agency on potential approaches for minimizing the impact of the recently finalized whole effluent toxicity (WET) test methods, including possible regulatory changes to the methods and new, more reasonable guidance on implementation. Consideration will be given to the need for litigation in areas where more significant flaws in the methods still exist.

### *Member & Internal Services*

AMSA's Member & Internal Services function encompasses three areas critical to the overall achievement of the Association's goals and objectives. This function implements Association initiatives related to information technology including AMSA's web site; the *CleanWater Central* database; the *VSAT™users* web site; and, internet-based training. Marketing and membership development activities, critical to the Association's future are also conducted within this function, as is the planning of all meetings and conferences.

- *Information Technology*  
AMSA's information technology function is responsible for the coordination, implementation, and general operation and maintenance of the Association's information systems. In 2003, AMSA will continue to expand upon the *Clean Water on the Web* site with the addition of new sections and information to complement the Association's initiatives and member needs. Additionally, the National Office is working to improve the Association's data management functionality with the implementation of a new association management system (AMS). It is anticipated that the AMS selection process will be completed and implementation will have begun by the end of 2003. Budget implications are among the chief considerations as this process moves forward and will be evaluated carefully as proposals are considered.
- *Marketing and Membership Development and Retention*  
AMSA's marketing and membership functions set annual goals for achievement in these two key areas of the Association's business. In 2003, the National Office is focusing on several membership initiatives, including: continuing to grow AMSA's Public Wastewater Treatment Agency membership; broadening outreach and the membership base of Public Affiliate Members (conveyance systems); and expanding outreach and the Association's visibility at the state and regional level. Additionally, the National Office is working to expand publication marketing efforts to maximize on revenue.
- *Meetings and Conferences*  
AMSA's meetings and conference function is responsible for the Association's aggressive annual conference calendar. AMSA's 2003 conference calendar is comprised of five annual conferences and workshops, including, AMSA's Winter Conference, the National Environmental Policy Forum & Annual Meeting, the 2003 Summer Conference, the Developments in Clean Water Law Seminar and the joint AMSA/EPA Pretreatment Coordinators Workshop. This year, the National

Office staff is working to solidify deadlines for key conference tasks and minimize waste at conference events. Overall, the National Office is working to maximize attendees' experience at the Association's conferences – whether they attend one conference a year, or all five meetings annually.

### *Legal Services*

AMSA's legal services to members were enhanced significantly in 2001 with the addition of the position of General Counsel to the National Office staff. Since the incorporation of this position, AMSA has achieved significant legal victories in a number of important arenas, including biosolids, permitting, and total maximum daily loads (TMDLs). Additionally, AMSA has become more involved in cases that will greatly impact the nation's clean water future. These efforts add critical legal support to AMSA's regulatory and legislative advocacy efforts, and cover the gamut of AMSA's priority issues, from TMDLs to Clean Air Act biosolids incineration cases, and National Pollutant Discharge Elimination System (NPDES) permitting issues. AMSA has increased its litigation leveraging opportunities by forging new relationships with outside law firms and trade associations with compatible goals and interests. The Association has also instituted a number of important new initiatives to facilitate the exchange of legal information between AMSA and member attorneys and managers. Existing ventures, like AMSA's annual *Law Seminar* have continued to be improved and enhanced. These initiatives ensure that the Association and its members have the latest and best legal information available.

## *BUSINESS CLIMATE*

### *Association Business Climate*

Association's today face a complex array of challenges. As industries, professionals and the causes they serve confront rapid and unpredictable change, associations must adapt quickly in order to remain viable and effective. AMSA is no exception.

Associations must work aggressively to ensure their value to existing and potential members. Fortunately, AMSA's structure and organization allow it to respond quickly and effectively to new and evolving initiatives, most recently epitomized by the Association's efforts in the security arena.

It must be acknowledged that considerable information relevant to many of the Association's priorities is available, free of charge, via the Internet. What is not so readily available is thoughtful analysis of the implications of new regulatory, legislative or legal developments to publicly owned treatment works (POTWs). AMSA's staff continues to focus its energies and attention on shaping a knowledge-based organization and providing intelligent analysis and summary information, thus helping its members identify and distill information that is relevant and of value to their utilities. AMSA will be focused on maximizing cost-effective options for members, including increased use of conference calls and Internet-based resources. The provision of new, value-added services is also essential to the success of an association in retaining and attracting membership.

### *Utility Business Climate*

Today, publicly owned treatment works (POTWs) face significant challenges on a number of fronts. There is continuing attention directed toward optimizing the management of utilities and the viability of privatization and public-private partnerships for the provision of water and wastewater services. Evaluating, planning for, and funding the rehabilitation and replacement of aging infrastructure are paramount needs that POTWs cannot address alone. At the same time, the state of the economy and budgetary impacts resulting from the emphasis on increased assessment and enhancement of security has impacted the members of many industries, associations and organizations. These present both management and financial challenges – for which utilities need support from both AMSA and the federal government.

Without a doubt, the U.S. Environmental Protection Agency, Regions and state regulatory agencies continue to develop new regulatory requirements that increase POTW compliance and monitoring costs. These regulatory mandates are coupled with a steady stream of enforcement efforts from the federal, state and citizen levels. In particular, attention is being focused on wet weather overflows. The ongoing pressure to reduce and essentially eliminate sewer overflows will be at the forefront of enforcement and legal actions – and emerging regulatory requirements – for several years in to the future.

In addition, new pollutants in effluent are emerging as sources of concern to communities and regulators. These include endocrine disrupters, bacteria, pathogens and nutrients. Furthermore, whole effluent toxicity requirements may gain prominence as a way to ensure that POTWs address the collective effects of a variety of pollutants in their effluent.

Utilities will also be affected by the shift in legislative priorities post-9/11/01. It is likely that – for the foreseeable future – programs that fund defense, military and homeland security will receive increased appropriations. For the most part, these funds will be taken out of the federal budgets of domestic departments and agencies. Municipalities and utilities that receive funding through Congressional earmarks can expect increased competition in 2003 for fiscal 2004 appropriations, resulting in fewer projects being funded at lower amounts. Additionally, with fewer federal dollars flowing to the states, state budgets will be stressed. Undoubtedly, competition for available taxpayer dollars will increase. All of these factors point to the need to ensure the elimination of overlapping services.

### *Affiliate Business Climate*

AMSA's private Affiliate Membership category is comprised of private entities whose interests are compatible with the *Bylaws* and objectives of the Association. The majority of AMSA's private Affiliates come from the consulting engineering community (30+). We also count several law firms, and a variety of other interests among our Affiliate members. For the purposes of this business plan, the following assessment relates specifically to the consulting engineering community. AMSA's total private Affiliate roster includes 50 members.

After two years of double-digit profit margins, architecture, engineering, planning and environmental consulting firms saw their profits shrink by up to two percentage points in the 2002 fiscal year. Results from ZweigWhite's *2002 Financial Performance Survey of A/E/P & Environmental Consulting Firms* ([www.zweigwhite.com](http://www.zweigwhite.com)) show the economic downfall of 2001 clearly had an effect on the industry. However, the fact that 2002 may not have been the profitable year many consulting engineering firms had hoped for – it was a relatively good year. With no new infusions of federal funds into the public sector, fiscal year 2003 is anticipated to be a modest growth year, as firms work to leverage market share from their competitors and focus new levels of attention on identifying funding sources and support their clients in their effort to secure available funds.

### *KEY BUSINESS PLAN FOCUS FOR 2003*

AMSA's business strategy for the coming year focuses on numerous critical improvements to internal operations and external effectiveness. Each of these planned actions will serve to support and enhance AMSA's advocacy work in the legislative, regulatory and legal arenas.

#### *Enhanced Financial Management*

Recent years have seen both AMSA's budget and financial reporting requirements grow in size and complexity. The increased level of federally-funded projects under AMSA's direction also requires an increased level of monitoring and auditing, which the Association cannot currently accomplish in-house. The addition of a Controller to AMSA's staff in December 2002 began a process which will enable the Association to track and report financial information more efficiently, institute longer term budget cycles, conduct routine, required audits on government grants and cooperative agreements, and make recommendations on budget related issues. While FY 2003 will surely be a transitional year, it is anticipated that the need for outside accounting services (and their associated costs), with the exception of the annual audit, will ultimately be reduced significantly in future years.

#### *Improved Benefits Administration*

During 2003 AMSA will consolidate and improve its benefits administration function through outsourcing. Effective January 1, 2003 *Smart HR* assumed payroll and benefits administration functions. Enhanced services provided as part of the package include annual 'shopping' of our benefits package to ensure cost-effectiveness; advocacy on behalf of AMSA employees specific to claims questions or disputes; periodic review of AMSA's *Employee Handbook* to ensure compliance with existing and emerging laws and regulations; and, employee training opportunities focusing on supervisory skills, motivation, problem solving and conflict resolution.

#### *Program/Service Expansions & New Initiatives*

##### *Improved National Office Data Management*

Numerous deficiencies have been noted in AMSA's current internal database system (installed in 1995). These process deficiencies, combined with the discontinuation of technical support (without purchase of an upgrade) by the database vendor, have resulted in the need to proceed with a process to upgrade and improve the Association's data

management capabilities. The National Office is currently in the process of working with a consultant to quantify AMSA's existing and future data management needs, review alternative database systems relative to those needs and, subsequently, develop a request for proposal to be forward to a group of pre-qualified vendors. AMSA's plans for 2003 call for the implementation of this needed data management upgrade.

#### *Increased Membership Initiatives*

During 2003 AMSA plans to focus its sights on an ongoing increase in its existing membership base of 280 Member Agencies – and what is hoped to be significant new growth in the Public Affiliate membership category. Outreach was recently initiated to conveyance/satellite systems. Early efforts to communicate the value of membership in AMSA has these systems face the challenges presented by infrastructure funding, security and emergency preparedness, asset management and sanitary sewer overflow regulations and capacity, management and operations programs have already garnered six new public Affiliates in this membership category that has 12 members overall. Additional targeted outreach is planned for 2003 and is contained in a *Membership Development & Retention Strategy* which identifies the following goals and provides detailed objectives to support them:

*Grow AMSA's Public Agency Membership by 20 New Members in FY 2003 (308 public agency members by September 30, 2003);*

*Grow AMSA's Public Affiliate Membership by 15 New Public Affiliate Members in FY 2003 (27 Public Affiliate Members September 30, 2003);*

*Grow AMSA's Private Affiliate Members by 5 New Private Affiliate Members in FY 2003 (53 Private Affiliate Members by September 30, 2003); and,*

*Maintain AMSA's Exceptional Retention Rate (Maintain current 98% retention rate).*

#### *Population of CleanWater Central Member Database*

In 1999, the Association of Metropolitan Sewerage Agencies (AMSA) and the Water Environment Research Foundation (WERF) formed a partnership to fund and develop a centralized Internet database containing detailed technical and research information relevant to wastewater facilities. The intent was to build a fully searchable database providing researchers and public wastewater utilities easy access to a range of valuable information on treatment processes, collection systems, and equipment used at facilities within the AMSA and WERF memberships. Queries on these data would help AMSA and WERF identify trends, forecast research needs for the future, and assist in targeted regulatory and legislative efforts. In addition, the database was also intended to ease the gathering of future technical and research data via the use of online surveys. This powerful searchable database is *CleanWater Central*.

*CleanWater Central* was initially populated with data from a portion of AMSA's 1999 *Financial Survey* and a subset of utility research abstracts from WERF's NetWERF project. The AMSA/WERF *CleanWater Central* database was launched online in February 2000;

however, a series of unanticipated circumstances prohibited the full potential of the database from being realized.

In 2002 both AMSA and WERF leadership recommitted themselves to making *CleanWater Central* a valuable tool for many wastewater utilities, and for the two organizations in their regulatory, legislative, and research missions. In late 2002 the Association and WERF secured the services of a contractor and initiated work to ready the AMSA/WERF *CleanWater Central* database for a mid-2003 release as a new service to its members. This effort is taking place under the oversight of a Project Advisory Committee comprised of the following individuals: George Barnes, City of Atlanta Department of Public Works, GA; Paul Causey, Delta Diablo Sanitation District, CA; Brian Crewdson, Anchorage Water & Wastewater Utility, AK; Steve Hayashi, Union Sanitary District, CA; Ray Orvin, Western Carolina Regional Sewer Authority, SC; Jon Schellpfeffer, Madison Metropolitan Sewerage District, WI; and Michael Sweeney, Louisville & Jefferson County Metropolitan Sewer District, KY. Initially, the Project Advisory Committee will focus its sights on the development of policies and levels of participation relative to the database.

#### *Value-Added Cooperative Agreements with Federal Government*

As a result of AMSA's increasingly prominent role as the organization representing publicly owned wastewater utilities, the association is – more and more – being sought after to manage and administer projects supported by federal funds. When there is a need to reach the POTW community, or to seek out its expertise in developing new information or initiatives, AMSA has become the “go to” organization. While the Association welcomes the opportunity to work collaboratively with the federal government on projects deemed to be of considerable importance to its membership, AMSA does not aggressively seek federally-funded projects as a supplement to its operating budget.

The Association is currently involved (as either a party to a cooperative agreement or a “contractor”) in multiple joint initiatives with the U.S. Environmental Protection Agency, with funding levels totaling well over \$1 million. These activities are carefully evaluated to ensure that they offer a considerable benefit to the membership, as they directly impact both staff utilization and financial management functions.

AMSA recently participated in a Post-Award Review conducted by the U.S. Environmental Protection Agency's Grants Administration Division. While the results of the review were positive, EPA did express a concern that AMSA was not sufficiently compensating itself for project management and administrative functions. Efforts will be made in 2003 to review project funding with the goal of reallocating funds to ensure that the Association is fully compensated for its time and expenses while facilitating these valuable membership initiatives. Such an approach will ensure that AMSA resources will not be utilized in carrying out tasks contained in cooperative agreements with the federal government.

Looking ahead to 2003, in late December 2002 AMSA submitted four *Initial Proposals for Federal Assistance* as solicited by the U.S. Environmental Protection Agency in the Federal Register under the Clean Water Act Section 104(b)(3). In addition to requesting a continuation of funding to plan and administer the *2003 AMSA/EPA Pretreatment*



*Coordinators' Workshop*, AMSA also requested funding for the following three potential projects: *Decontamination Wastewater Acceptance and Treatment – A Wastewater Utility Planning Tool* (Funding Requested: \$115,000); *Management of Peak Wet Weather Flows at Publicly Owned Treatment Works and in Sanitary Sewer Collection Systems – Wet Weather Survey and Peak Flow Capacity Evaluation Framework* (Funding Requested: \$100,000); and, *An Asset Management Tool Kit for Elected Officials* (Funding Requested: \$90,000). AMSA's will learn the U.S. Environmental Protection Agency's (EPA) disposition toward the projects in February 2003. There is also the potential for additional funding to be available directly from the EPA Water Security Task Force for continuing infrastructure security related initiatives.

#### *Continuing Emphasis on Wastewater Infrastructure Security*

Since the fall of 2001, AMSA has played a prominent role in all aspects of wastewater infrastructure security, producing numerous tools to support wastewater and water supply utilities in their efforts to ensure the security of not only their physical plants, but also their information technology, employees, customers, and knowledge base. The results of AMSA's efforts in 2002 produced the *Asset Based Vulnerability Checklist for Wastewater Utilities*, the *Legal Issues in a Time of Crisis Checklist*, and a series of CD-ROM vulnerability self assessment tools – *VSAT™wastewater* (versions 1.0 and 2.0), *VSAT™water/wastewater*, and *VSAT™water*, as well as a website [www.VSATusers.net](http://www.VSATusers.net). In 2003 AMSA plans continuation of user support and enhancement of the *VSAT™* web site, along with the exploration of additional tools in support of utility security. Legislative advocacy to secure funds to both support individual utilities in their security efforts and ensure the continued evolution of the *VSAT™* software tools is a high priority and expected to see considerable activity early in the year.

#### *Increased Prominence and Popularity of Water & Wastewater Leadership Center*

The joint venture *Water and Wastewater Leadership Center*, a joint venture of AMSA, the Association of Metropolitan Water Agencies (AMWA), the American Water Works Association (AWWA), and the Water Environment Federation (WEF), offers a customized curriculum to prepare and develop leaders and management executives for the nation's public water and wastewater utilities. The first session of the *Leadership Center* was held in March 2001, and 16 enthusiastic water and wastewater utility leaders were in attendance for the intense two-week residential session. Through increased promotion and excellent testimonials from 2001 "inaugural" alumni the second two-week session, held April 21 – May 3, 2002, enjoyed attendance of 28 — a significant increase. The momentum for the *Center* continues to build, and it is anticipated that the 2003 session, to be held March 30 – April 11, 2003, will be a full class (maximum 30 participants).

As the awareness of the *Leadership Center* builds, the Joint Venture Management Group (comprised of the executive staff leadership of AMSA, AMWA, AWWA and WEF) continues to both increase and streamline its outreach promoting the *Center's* offerings. In an effort to continue to ensure continuous improvement of the *Center's* curriculum, the Joint Venture Management Group created a *Leadership Center Curriculum Committee* in early 2003 with the charge of evaluating participant feedback and providing recommendations for curriculum improvements.

### *Focus on Outreach to Statewide Organizations of POTWs*

In 2003 and into the future, AMSA will be focusing a significant portion of its membership outreach strategy on state-level organizations.

In January 2003, the National Office exhibited at the New England Water Environment Federation Annual Conference in Boston, Mass. AMSA's 2002-2003 President, Paul Pinault, keynoted the conference, which provided a highly visible platform for AMSA and its priority issues. The goal of AMSA's presence at NEWEA is to promote AMSA's programs and initiatives and expand upon our membership base in the region. The National Office is in the process of identifying additional outreach opportunities at the state and regional level.

### *FINANCIAL MANAGEMENT*

AMSA's Board of Directors oversees the financial management of the Association through its Budget & Audit Committee. Chaired by the Association's Treasurer, the Committee reviews the development, and oversees the management, of the Association General Fund and Technical Action Fund budgets. It also plays a prominent role in the review of the annual audit of the Association.

AMSA's Executive Director is charged with the responsibility for the care and custody of the general funds, securities, properties, and assets of the Association. Historically, the Executive Director is supported in these activities by administrative staff and through the services of an outside accounting firm that, in addition to conducting AMSA's annual audit, provided routine financial management guidance and support. Internal financial controls addressing the handling of cash receipts, billing and accounts receivable, cash disbursements, reconciliation of cash accounts, monthly reports are in place and are anticipated to be updated during the coming year. The 2003 addition of the position of Controller to the National Office staff will allow the Association to respond effectively to the increased complexity of reporting requirements and the added challenges presented by management of federal cooperative agreements.

In October of 2002, AMSA's Board of Directors took action adopting the federal fiscal year (October 1 – September 30) as the Association's budget year. Conversion from calendar year budget to a fiscal year budget is complete. The conversion has placed AMSA on a stronger financial footing and will afford additional benefits as well with regard to overall financial management.

### *General Fund & Technical Action Fund Budgets*

AMSA's General Fund budget provides for the annual operating expenses of the Association. The General Fund provides nearly \$2.7 million to cover administration, professional fees and an array of other expenses associated with the operation of AMSA.

In addition to the General Fund, the Association maintains a Technical Action Fund (TAF). Established seven years ago to commemorate AMSA's 25<sup>th</sup> anniversary, AMSA's "stand alone" Technical Action Fund strengthens the Association's capability to implement its short and long-term objectives. The TAF has provided dedicated funds to gather and analyze data, initiate litigation, bolster advocacy work, and secure the services of consultants having expertise beyond that which the National Office can offer. These funds are dedicated to projects and activities that impact pending legislation and anticipated or proposed regulations and policy initiatives, as identified by the Association's committees.

A TAF funding strategy, recommended by a special task force and approved by the Board in 2001, has proven its value by bolstering AMSA's ability to represent the interests of its members before Congress and federal agencies and in the courts. Since its establishment, AMSA's Technical Action Fund has provided hundreds of thousands of dollars in support of legislative, regulatory and legal initiatives. The 2003 TAF budget provides over \$600,000 for these important Association initiatives.

#### *Financial Planning Process*

AMSA's strategic planning, budgetary planning and human resource needs planning processes are coordinated each year to ensure effective overall management of the Association. In general, the Executive Director prepares draft General Fund and Technical Action Fund budgets in a manner consistent with, and supportive of, the Association's *Strategic Plan* and *Human Resources Strategic Plan* in the weeks preceding the May Board of Directors meeting. The proposed preliminary budgets are considered by relevant Board Committees and reviewed by the Board of Directors and adopted in preliminary form by the Board in May. The AMSA National Office staff forwards the preliminary budgets and other information on relevant Board actions to the membership for review and comment in June and the Board approves final General Fund and Technical Action Fund budgets at the July Board of Directors meeting.

#### *Auxiliary Funds Financial Statements & Balance Sheet*

AMSA plans for the sustained ownership and operation of its National Office headquarters through a *Reserve Replacement Plan*. The *Reserve Replacement Plan* lets the Association consider significant building related repair and replacement needs twenty years into the future. Funds to support this effort are segregated and reported to the Board on a Reserve Replacement Balance Sheet. The Association also tracks federal funding associated with cooperative agreements and contractor relationships in a separate Grant Fund Financial Statement & Balance Sheet.

## **INCOME SOURCES**

AMSA's income sources fall into two primary categories: 1) Member Dues and 2) Non-Dues Income. Member dues include funds paid by Member Agencies (defined as publicly owned wastewater treatment agencies each acting through its designated representative who

shall be a full-time staff member, or an elected or appointed official, of the agency represented), and nonvoting Public Affiliates and Private Affiliates (defined as any public or private organization whose interests are compatible with the bylaws and objectives of the association). Dues paid by Member Agencies and Public Affiliates are established on separate schedules based upon service area population (Appendix E). Private Affiliate dues increased from \$4,000 to \$5,000 with the adoption of AMSA's 2003 General Fund budget. Membership dues comprise approximately 75 percent of the Association's General Fund budget.

The category of non-dues income includes numerous sources of funds, comprising approximately 25 percent of AMSA's General Fund budget. Included in this category is income from meetings and conferences, publication sales, AMSA's *CleanWater Marketplace* (which included income derived from job advertisements, marketplace advertisements and mailing list rentals). Additional non-dues revenues are acquired by the Association in the form of voluntary contributions from individual member agencies. Most recently, AMSA has raised over half a million dollars via this mechanism to support the efforts of its Wastewater Infrastructure Funding Task Force.

The Association also receives funds associated with the administrative management of cooperative agreements and service contracts secured through the U.S. Environmental Protection Agency. This is a new and evolving source of income for the Association that carries with it additional demands on accounting processes and staff resources.

### *COMPETITIVE ANALYSIS*

AMSA continues to maintain a unique niche on the national level among the organizations that count public wastewater utilities among their membership. The Association's position as the sole national organization representing the interests of publicly owned treatment works, and its prominent role in the federal legislative and regulatory advocacy arena, make AMSA unique among its peers.

Common members do exist between the 501(c)6 trade association, Association of Metropolitan Water Agencies (which includes among its members numerous AMSA Member Agencies responsible for both drinking water and wastewater services), the 501(c)3 technical and educational organization, Water Environment Federation (whose membership includes individuals employed by AMSA Member Agencies and Affiliates) and, the 501(c)3 research organization, the Water Environment Research Foundation (which includes within its membership both AMSA Member Agencies and Affiliates).

With the goals of improving effectiveness and eliminating duplication of effort and member services, AMSA, the Water Environment Federation (WEF) and the Water Environment Research Foundation (WERF) formed a Task Force in the spring of 2001 to examine if it was advisable for the three organizations to form a strategic alliance. The Task Force met three times (April, May and June – 2001), and on July 6, 2001 issued a final report and series of recommendations. The final report was subsequently endorsed by the Board of Directors of each organization.

The report confirmed the fact that the three organizations collaborate on a wide range of issues and acknowledged that while limited areas of duplication may exist, organizational priorities and objectives differ as to specific constituencies. The report concluded that some initial improvements in the processes of coordination were the most constructive steps to take in the short run.

It was recommended that the three organizations identify one or more shared priorities for action, such as increased federal funding for water and wastewater infrastructure or creating a Clean Water Act for the 21<sup>st</sup> century, and put significant effort into achieving those goals. It was believed that such an effort must command meaningful resource commitments by the three organizations. Further, the three organizations agreed to actively promote and support each other and make a concerted effort to fully understand – and actively promote – each other and their respective agendas.

Before the Task Force was disbanded, a Strategic Alliance Advisory Council was formed (comprised of two board members from each organization) to review strategic solutions and other recommendations proposed by the executive directors of the three organizations -- and serve as oversight as these solutions are implemented. The following individuals were named to the Advisory Council in the summer of 2001:

AMSA representatives – James Canaday, Alexandria Sanitation Authority, VA and Marian Orfeo, Massachusetts Water Resources Authority, MA

WEF representatives – Greg Cargill, Parsons Engineering, IL and Billy Turner, Columbus Water Works, GA

WERF representatives – Thomas R. Morgan, Montgomery Water Works & Sanitary Sewer Board and Dick Kuchenrither, Black & Veatch

A meeting of the Advisory Council at *WEFTEC 2002* resulted in a commitment to meet to explore a future course of action.

### *STAFF DEVELOPMENT/SUCCESSION PLANNING*

Succession planning is an ongoing process of systematically identifying, assessing and developing talent to ensure leadership continuity for all key positions in an organization. Succession planning does not exist in isolation. It must be integrated with the organization's strategic objectives and should reflect the way the organization needs to evolve in order to achieve its strategic goals.

AMSA's Board of Directors recognizes that leadership transition is an integral process that begins long before the outgoing leader departs. It presents a remarkable opportunity to move forward with a new understanding of the complexities, challenges and changes the organization must address. Additionally, demographic trends point toward leaner times and the increasing importance of making the investment to grow talent from within.

Between 1996 and 2006, the number of people between the ages of 55 and 64 in the United States will increase by 54 percent, while those between ages 25 and 34 will experience a net decrease of 8.8 percent. At the same time heightened competition for good talent makes general staff retention an additional concern of organizations. Organizations that don't invest in the development of their employees as a retention tool are finding themselves at risk of high turnover rates and lost organizational knowledge and experience. Taken together, these trends indicate the growing importance of succession planning as an intentional activity to be undertaken at all levels, not just that of top management.

AMSA's 18-member staff brings critical expertise and experience to bear on behalf of the Association's membership. Collectively, AMSA's National Office staff possesses prior experience working at and with all levels of government – and at publicly owned treatment works (POTWs). The growth of AMSA's staff – from five in 1990 to 18 in 2003 – has afforded considerable opportunity for competent National Office staff members to grow and develop professionally through internal promotions supplemented with additional training and education in key areas deemed relevant to their positions. Special attention is paid to recruiting, hiring and retaining staff with high levels of technical expertise to ensure AMSA's competitive edge. Opportunities for cross-training will also be explored in the coming months. A copy of the Association's *2003 Organization Chart* is provided as Appendix D.

AMSA actively supports professional development and training in all areas of association management through membership in the American Society of Association Executives (ASAE) and the Greater Washington Society of Association Executives (GWSAE). Both of these organizations offer a wide array of education and training opportunities, and staff is encouraged to access appropriate professional development opportunities. Specifically, ASAE offers a voluntary certification through the Certified Association Executive (CAE) program. AMSA's Executive Director achieved CAE certification in 1996. The Association's Deputy Executive Director is preparing to take the certification exam in 2003. The certification is designed to elevate professional standards, enhance individual performance, and designate those who demonstrate knowledge essential to the practice of association management. A significant amount of job experience and broad-based, association management continuing education or professional development is required to qualify for the examination. The CAE examination tests the five 'domains' of knowledge inherent to the practice of association management (categorized as *Governance & Structure; Leadership Processes; Management & Administration; Internal & External Relations; and Programs & Services*).

As the referenced professional development initiatives have served the Association well, a structured system for succession planning is not currently in place. Succession planning has been defined as "A defined program that an organization systemizes to ensure leadership continuity for all key positions by developing activities that will build personnel talent from within". A succession plan can establish a strategy for existing resources/personnel, justify new resources, make it easier to contend with changes, and present alternatives in a new environment. It also provides direction for long-range planning, defines goals, prepares individuals for achievement, provides development programs to ensure growth and

continuity, and helps assess organization functions and results. This being said, the development of a comprehensive succession plan for AMSA would be a significant undertaking and has not currently been identified as a priority by the Strategic Planning Committee or the Board of Directors.

#### *REVIEW OF BUSINESS PLAN*

This *Business Plan* is slated for final consideration and adoption by AMSA's Board of Directors in May of 2003. It will next be reviewed and revised, as appropriate, during the weeks spanning July - September of 2004, with initial consideration of an updated *Plan* by AMSA's Board of Directors taking place at the Summer Conference, and final approval occurring at the Fall Board of Directors Meeting. Thereafter the plan will be revisited annually during the same time frame (July – September) under the oversight and direction of AMSA's Strategic Planning Committee.