

FY 2007
Association Business Plan

Adopted by NACWA' Board of Directors on
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FY 2007 NACWA Association Business Plan

ORGANIZATION OVERVIEW

The Association of Metropolitan Sewerage Agencies (AMSA) was founded in 1969 and incorporated in 1970. In 2005, the Association celebrated its 35th anniversary and became the National Association of Clean Water Agencies (NACWA).

NACWA 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 elected on a regional basis (using U. S. Environmental Protection Agency, 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 three directors. Today, all regions have the maximum of three directors, with the exception of Region 8, which has two. Additionally, by action of the Board in 2005, the composition of the Board of Directors also includes three at-large seats, to which Association members may be appointed by the President, and confirmed by the Board, through a process endorsed by the Board. The maximum number of individuals that may serve on NACWA's Board is thirty-three.

The Association's day-to-day operations are conducted by its National Office. The 20-member National Office staff is led by an Executive Director.

Organization History

From its initial beginnings as a small group of individuals primarily concerned with the federal funding of wastewater facilities, the Association has grown into an organization of nearly 300 clean water 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. Today, NACWA's mission is supported by three categories of Affiliate Members, Public Affiliates, Corporate Affiliates and Legal Affiliates – placing the Association's total membership at 365.

The Association had its beginnings in 1969 when a committee comprised of representatives from 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 the Association, the past 35 years have seen many changes, and much progress. The Association has witnessed the move of its national headquarters from Seattle, Washington to Washington, DC and the transformation of the Federal Water Pollution Control Administration into the U.S. Environmental Protection Agency. The Association has participated actively in more than three and a half 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 significantly expanded the Association's effectiveness and sophistication in its involvement with environmental legislation, regulations and litigation, and enabled it 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 initiatives.

In February of 2005, following a year-long *Strategic Planning Initiative*, the Association voted to change its name – and on May 1, 2005 the Association of Metropolitan Sewerage Agencies (AMSA) became the National Association of Clean Water Agencies (NACWA). Over the course of 35 years, AMSA had established a strong reputation as an organization of informed advocates with an undeniable commitment to clean water. With the conviction that the past would serve as the foundation of the future, the Association celebrated its 35 anniversary in May, 2005 as NACWA – clearly committed to America's waters.

Clean Water Milestones

The following are just some of the key milestones in the Association'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 relocates national headquarters to Washington, DC under contract with consulting firm
- 1976 – AMSA establishes 'Subscriber' Member category (now known as Affiliates) for private organizations that share the goals of the Association
- 1979 – Associate Membership Category established for small wastewater agencies sharing AMSA's goals
- 1980 – AMSA's celebrates its 10th 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 20th 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 25th 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
- 1996 – AMSA publishes its first *Year in Review* report
- 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
- 1997 – AMSA eliminates the Associate Member category, opening up AMSA membership to communities of all sizes
- 1997 – AMSA expands its meetings offerings to include its first *Law Seminar*
- 1997 – AMSA holds first management-themed *Winter Conference*
- 1999 – AMSA gathers water and wastewater associations and a broad-range of stakeholder organizations together to form the *Water Infrastructure Network (WIN)*
- 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 30th anniversary – *Windows on Watersheds* – with 238 Member Agencies
- 2001 – AMSA aggressively enters the security arena, forming its Wastewater Infrastructure Security Task Force (which became its Security & Emergency Preparedness Committee) 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 the Association’s goals
- 2001 – AMSA redesigns its 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*, *VSAT™water/wastewater*, and *VSAT™water*, as well as a website www.VSATusers.net
- 2002 – AMSA forms Wastewater Infrastructure Funding Task Force (later renamed the Clean Water 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 the Association’s financial management from calendar year to Federal fiscal year
- 2003 – AMSA and the Water Environment Research Foundation (WERF) launch *CleanWater Central™*, a centralized Internet database containing detailed technical and research information relevant to clean water facilities
- 2003 – AMSA undertakes an aggressive *Strategic Planning Initiative*
- 2003 – AMSA introduces its *Excellence in Management Recognition Program*
- 2004 – AMSA concludes its 11-month *Strategic Planning Initiative* with the adoption of a new *Strategic Plan*, and the big audacious goal of “When people say, “environmentalist,” they think of us first.”
- 2004 – AMSA successfully transitions to a new membership management database, to streamline data maintenance and offer many benefits to the Association’s members
- 2004 – AMSA renames its Technical Action Fund to the Targeted Action Fund to better capture the true intent and use of the fund, and acknowledge its support of areas outside of the ‘technical’ realm

- 2004 – AMSA expands its categories of Affiliates to include Corporate Affiliates and Legal Affiliates
- 2004 – AMSA plays a prominent role in the creation of the Water Sector Coordinating Council (WSCC) which serves as a policy, strategy and coordination mechanism to reduce vulnerabilities to the nation’s water sector
- 2005 – AMSA changes its name to the National Association of Clean Water Agencies (NACWA) to reflect its member’s clear commitment to America’s waters
- 2005 – NACWA marks its 35th anniversary – and celebrates three and a half decades of commitment to clean water– with 285 Member Agencies
- 2005 – NACWA and the Water Environment Federation join forces to convene the *National Clean Water Policy Forum*, combining the best features of the Association’s National Environmental Policy Forum and WEF’s Washington Briefing.
- 2005 – NACWA’s Wet Weather Issues Committee becomes the Facility & Collection System Committee, as the Committee’s scope is expanded to include both wet and dry weather collection system issues
- 2005 – NACWA successfully culminates nearly a decade of advocacy when the U.S. Environmental Protection Agency (EPA) Pretreatment Streamlining Rule is promulgated.
- 2005 – NACWA’s Clean Water Funding Task Force launches the *Clean Water America* website, www.cleanwateramerica.org, to generate grassroots support for federal clean and safe water funding
- 2005 – NACWA, through its Clean Water Funding Task Force, drafts the *Clean Water Trust Act of 2005* in collaboration with a diverse group of stakeholders
- 2005 – NACWA plays a pivotal role in the introduction of the *Clean Water Trust Act of 2005* (H.R. 4560) in the U.S. House of Representatives.
- 2006 – NACWA demonstrates the effectiveness of collaboration in the area of peak wet weather flows when the Association and the Natural Resources Defense Council (NRDC) successfully negotiate draft guidance, which is accepted and published by EPA.
- 2006 – NACWA joins with the Water Environment Research Foundation to conduct its first web seminar, with use attainment analyses being the focus of the agenda.

Organization Governance Documents

Four governance documents and a series of *Financial Policies* provide structure and direction to NACWA. The Association's governance documents include *Bylaws*, a *Strategic Plan*, *Policies & Procedures of the Board of Directors*, and a *Business Plan*. Of these, only the *Bylaws* require a vote of the membership to amend. The other governance documents may be amended by the Board of Directors. NACWA's *Financial Policies* address a wide range of issues and include separate provisions on investments, procurement standards for federal awards and travel policies and procedures. The following information provides an overview of the Association's key governance documents.

Bylaws

The Association's *Bylaws* were first adopted by the members of the Association at a regular business meeting held in Houston, Texas, October 10, 1979. Over the years they have been updated to incorporate amendments adopted by the membership, most recently in February of 2005. Specifically, NACWA's *Bylaws* legally establish 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

In late 2003, AMSA entered into an aggressive *Strategic Planning Initiative*. The *Initiative* proceeded with the goal of creating clarity regarding how the Association should invest its valuable resources on the identified desires, preferences, and needs of its members and other stakeholder groups. The resulting *Strategic Plan* facilitates a) NACWA's identification of the future needs of members and other identified stakeholders; and, b) NACWA's options for satisfying those needs. The planning process marked a significant juncture in the organization's history. The *Strategic Plan* lays the groundwork for choices that the Association will make for future success. An initial step in the *Plan's* implementation was a change of the Association's name from AMSA to the National Association of Clean Water Agencies (NACWA).

NACWA's *Strategic Plan* is built around a core ideology and envisioned future for the Association, along with the 'big audacious goal' of *When people say "environmentalists", they think of us first*. It identifies outcome-oriented goals, objectives and strategies – as well as 'mega issues' that may challenge the Association in the coming years.

NACWA's core ideology includes both a core purpose and core values as follows:

Core Purpose:

Be the leading advocate for responsible national policies that advance clean water and a healthy environment.

Core Values:

- Scientifically and economically informed environmental policy.
- Visionary and results-oriented leadership embracing innovation and diverse input.
- Environmental stewardship.
- Fiscal responsibility.
- Integrity and credibility in all we do.

- Collaboration as an effective strategy.
- Continuous professional development.

NACWA considers this *Strategic Plan* to be a dynamic document, open to revisions, as appropriate, to achieve Association goals. A review of NACWA's *Strategic Plan* will be undertaken in 2007 by the Association's Board of Directors, under the auspices of its Strategic Planning Committee.

Policies & Procedures of the Board of Directors

The *Policies & Procedures of the Board of Directors*, most recently amended in February 2005, provides an operational road map for the Association. NACWA's *Policies & Procedures* contains sections addressing the Board of Directors, Association Management, Standing Committees, Targeted Action Fund Project Evaluation Guidelines, Awards, Meetings & Conferences, Affiliate Participation and the Association Web Site. The ever-evolving nature of this particular governance document ensures its responsiveness to the new choices and challenges faced by NACWA. Amendments to the *Policies & Procedures* are considered first by the Association's Strategic Planning Committee and subsequently by the Board of Directors.

BUSINESS CLIMATE

Association Business Climate

Associations 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. NACWA is no exception.

Associations must work aggressively to ensure their value to existing and potential members. Fortunately, NACWA's structure and organization allow it to respond quickly and effectively to new and evolving initiatives. 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 the thoughtful analysis of the implications of new regulatory, legislative or legal developments to clean water agencies that the Association provides. NACWA'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. NACWA 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, public clean water utilities face significant challenges on a number of fronts. There is continuing attention directed toward optimizing the management of utilities via asset management and environmental management systems. Evaluating, planning for, and funding the rehabilitation and replacement of aging infrastructure are paramount needs that clean water utilities 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 and emergency preparedness and recovery efforts associated with Hurricane Katrina has impacted the members of

many industries, associations and organizations. These present management and financial challenges – for which utilities need support from both NACWA and the federal government.

Without a doubt, the U.S. Environmental Protection Agency and state agencies continue to develop new regulatory requirements that increase clean water utility 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. While some badly needed clarification regarding the regulatory status of peak wet weather flows is anticipated soon – the lack of a federal policy on sanitary sewer overflows is only serving to increase costs to public utilities. In addition, new pollutants are emerging as sources of concern to communities and regulators. These include endocrine disrupters, bacteria, pathogens and nutrients.

The availability of federal funds to finance infrastructure rehabilitation, replacement and improvement is expected to continue to decline due to budgetary priorities associated with defense programs, the war in Iraq and homeland security needs. Federal assistance to the victims of recent hurricanes and to rebuild destroyed coastal communities also will impact the amount of discretionary funds available to appropriate to domestic agencies such as the EPA. The current administration, and its predecessor, has successively requested cuts to the clean water state revolving loan fund program. Utilities that request individual grants for various wastewater projects will continue to face increased competition resulting in fewer grant awards.

Utilities are responding to these reductions by increasing their rates and improving the efficiency of their operations. Each year the Association tracks average residential sewer charges across the nation through the *NACWA Index*. The *Index* showed that the average cost of wastewater services for a single-family residence increased by 6.9% in 2005, more than double the rate of inflation as measured by the Consumer Price Index. For the fourth year in a row, the increase in the nationwide average annual charge has outpaced inflation. This upward trend will likely continue over the next decade as the clean water community works to address the infrastructure funding gap, the rising costs associated with existing requirements, system expansion to facilitate development, and future environmental regulations. As the costs of clean water services rise, they will continue to claim an ever-increasing share of ratepayers' disposable income. Combined with other utility services, such as water and stormwater, the communities NACWA members serve are already beginning to push the limits of their financial capabilities.

Consistently improving utility management and rate increases are key components to solving the growing clean water infrastructure funding gap, and NACWA's *Index* makes it clear that clean water agencies are doing their part. As municipal costs and needs continue to rise, however, it is critical that the federal government also do its share for clean water in America. The disturbing trend of consistently decreasing federal investment in clean water must not be ignored, and the Association will continue to advocate on behalf of a federal re-commitment in this area.

Affiliate Business Climate

NACWA's private Affiliate Membership category is comprised of both public and private entities whose interests are compatible with the *Bylaws* and objectives of the Association. Our Affiliate Members include public systems that convey, but do not treat, wastewater (Public Affiliates); consulting engineering firms and the private entities (Corporate Affiliates); and, law firms (Legal Affiliates). The following information provides a snapshot of the current business climate for these three categories of NACWA affiliates.

Public Affiliates

NACWA's Public Affiliates are public agencies that operate wastewater collection systems but not treatment plants. These entities are facing the need to spend billions, collectively, on their underground collection systems over the next several years. EPA estimates that more than 50,000 communities will need to implement capacity, management, operations and maintenance (C-MOM) programs to control sanitary sewer overflows (SSOs) (*American City & County, 2004*). According to EPA's *Clean Water Needs Survey* (c. 2003), the total modeled SSO needs nationwide are \$88.5 billion (to achieve an ambitious one wet weather SSO per year). Additionally, the Agency estimates that implementation of C-MOM will result in an increase in household wastewater bills in the range of \$75 to \$160 per year (*RJN Group, 2005*). Thus, not only are the Public Affiliates facing the need to significantly increase their rates in the future, but they also are facing a very uncertain regulatory climate. With a national SSO regulation still in the future, Public Affiliates are vulnerable to citizen suits, state-level enforcement, regional audits of their collection systems, and Clean Water Act fines for SSOs of a minimum of \$37,500 per day.

Corporate Affiliates

An analysis of the ENR's Top 200 Environmental Firms list confirms that engineering and environmental consulting firms show increasing profit levels. In a market that has been pushed by a global economy firms reported \$37.5 billion in total revenues in 2005, an 11.5% increase over the prior year – and more than doubling 2003 levels. Gains were strengthened domestically, as well as overseas, where firms took in \$1.2 billion more than last year, a 28.6% increase. ENR reports that every key environmental market demonstrates “healthy growth”. According to Paul Zofnass, president of EFCG, Inc., 2005 ended up being “. . . about the best year in the past 15 years.” While the outlook for the all of 2006 is strong, developments resulting from uncollected bills, skyrocketing materials prices and growing workforce gaps could play a role.

Legal Affiliates

According to the most recent (July 2005) American Lawyer 200 Survey, five U.S. firms posted gross revenue in excess of \$1 billion in 2004, the largest number ever. Notwithstanding the exceptional performance of some, the business climate for law firms remains highly competitive. Increasingly stronger and larger firms offering unparalleled depth and breadth of services are competing among one another for the attention and business. With the rising costs of legal services, clients once loyal to a single firm are shopping their business. *Hildebrandt, Int'l* (Oct/Nov. 2005), a global professional services management company, notes that technology advances have provided clients with more information about the real cost of legal services. As a result, clients are consolidating their work with firms that will offer favorable fee and rate arrangements in exchange for the business. Similarly, firms are finding that the traditional approach of having a few key

“rainmakers” to bring in business can no longer yield sufficient business to sustain an entire firm. Accordingly, firms are cultivating larger and more constant pipelines of prospective work, and business development has become the responsibility of most lawyers in firm environments. Law firm size generally continues to grow, primarily through firm consolidations. The latest American Lawyer 100 survey (2005) analysis notes, however, that these new “mega-firms” are not necessarily the most profitable.

FINANCIAL MANAGEMENT

NACWA’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 Targeted Action Fund budgets. It also plays a prominent role in the review of the annual audit, along with an appointed Audit Review Committee.

NACWA’s Executive Director is charged with the responsibility for the care and custody of the 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 conducts NACWA’s annual audit.

In FY 2004 the Board further enhanced the Association’s financial management by adopting *Financial Policies, Procurement Standards, and, Travel Policies & Procedures*. A stand-alone *Investment Policy* was added in 2006. Each of these documents is reviewed annually and subsequently endorsed by the Board.

General Fund & Targeted Action Fund Budgets

NACWA’s General Fund budget provides for the annual operating expenses of the Association. In addition to the General Fund, the Association maintains a Targeted Action Fund (TAF). Established eleven years ago to commemorate the Association’s 25th anniversary, NACWA’s “stand alone” Targeted 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. Since its establishment, NACWA’s Targeted Action Fund has provided hundreds of thousands of dollars in support of legislative, regulatory and legal initiatives.

Financial Planning Process

NACWA’s strategic, budgetary, and human resource needs planning processes are coordinated each year to ensure effective overall management of the Association. In general, the Executive Director works closely with the National Office staff to prepare draft General Fund and Targeted Action Fund budgets in a manner consistent with, and supportive of, the Association’s *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 NACWA 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 Targeted Action Fund budgets at the July Board of Directors meeting.

Auxiliary Funds Financial Statements

NACWA 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. The Association also tracks Clean Water Funding Task Force, Water & Wastewater Leadership Center, and Water Infrastructure Network activity on separate monthly “Statement of Activities” financials which are distributed to the Board quarterly.

INCOME SOURCES

NACWA’s income sources fall into two primary categories: 1) Member Dues and 2) Other 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 non-voting Public Affiliates and Corporate or Legal 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. Corporate and Legal Affiliate dues are based on firm revenue and staff size, respectively. Membership dues comprise approximately 80 percent of the Association’s General Fund budget.

The category of other non-dues income includes numerous sources of funds, comprising approximately 20 percent of NACWA’s General Fund budget. Included in this category is income from meetings and conferences, interest income, rental income, publication sales, NACWA’s *CleanWater Marketplace* (which includes income derived from job advertisements and marketplace advertisements). The Association has also raised over \$1 million (from FY 2003-2006) in voluntary contributions to support its Clean Water Funding Task Force.

COMPETITIVE ANALYSIS

NACWA continues to maintain a unique niche on the national level among the organizations that count public clean water utilities among their membership. The Association’s position as the national organization representing solely the interests of publicly owned treatment works, and its prominent role in the federal legislative, regulatory, and legal advocacy arena, make NACWA 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 NACWA Member Agencies responsible for both drinking water and wastewater services), the 501(c)3 technical and educational organization, Water Environment Federation (whose membership includes, among others, individuals employed by NACWA Member Agencies and Affiliates) and, the 501(c)3

research organization, the Water Environment Research Foundation (which includes within its membership both NACWA Member Agencies and Affiliates).

With the goals of improving effectiveness and eliminating duplication of effort and member services, NACWA, the Water Environment Federation (WEF) and the Water Environment Research Foundation (WERF) formed a Task Force in the spring of 2001 which resulted in a final report and series of recommendations on a Strategic Alliance among the three organizations. In May of FY 2005, the Association made a commitment to further strengthen the Strategic Alliance among NACWA, WEF, and WERF. In the time since, numerous collaborative efforts have been undertaken including, but not limited to, the combining of NACWA's *National Environmental Policy Forum* and WEF's *Washington Briefing* into a single joint meeting for the clean water community – the *National Clean Water Policy Forum*.

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.

NACWA's Board of Directors recognizes that leadership transition is an integral process that begins long before the outgoing leader departs. With the retirement of the Association's Executive Director anticipated within the next five years, the Association has an excellent opportunity to move forward with a new understanding of the complexities, challenges and changes the organization must address. Additionally, demographic trends point toward 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 increased 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.

NACWA's 20-member staff brings critical expertise and experience to bear on behalf of the Association's membership. The growth of NACWA's staff – from five in 1990 to 20 in 2006 – 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 NACWA's competitive edge.

NACWA actively supports professional development and training in all areas of association management, as well as in individual areas of technical expertise. Through membership in the American Society of Association Executives (ASAE) and the Center for Association Leadership NACWA accesses a wide array of education and training opportunities. Specifically, ASAE offers a voluntary certification through the Certified Association Executive (CAE) program. NACWA's Executive Director and Deputy Executive Director have achieved CAE certification. 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*).

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. As the referenced professional development initiatives have served the Association well, a structured system for succession planning is not currently in place. Such a planning effort may warrant the consideration of the Strategic Planning Committee or the Board of Directors in the future.

KEY MANAGEMENT FOCUS FOR FY2007

NACWA's management strategy for the coming fiscal year focuses on improvements to both internal operations and external effectiveness as described in the paragraphs which follow. Each of these overarching initiatives will serve to support and enhance NACWA's advocacy work in the legislative, regulatory and legal arenas.

Continue to Add Focus to the Strategic Direction of the Association

NACWA considers its *Strategic Plan* to be a dynamic document, open to revisions, as appropriate, to achieve Association goals. During FY 2007 NACWA's Strategic Planning Committee will undertake the first review of the Association's current *Strategic Plan* since its initial adoption in September of 2004. This process is anticipated to begin in January 2007, as a workgroup of the Strategic Planning Committee initiates the review. The process will conclude in May 2007 with the adoption of an updated *Strategic Plan* by the Board of Directors. This review of the *Strategic Plan* will provide a mechanism through which Association leaders can thoughtfully focus the strategic direction of the Association.

Heighten Awareness of NACWA's Value to Utilities within States & Regions

NACWA is keenly aware of the need to make certain its public agency members across the country perceive its relevance to their daily work. At times, the legislative, regulatory and legal deliberations in Washington can seem a world away to Association members, making it difficult

for them to assign tangible value to membership in NACWA. The fact is, however, that NACWA's reach extends far beyond Washington's beltway. While the connection between the Association's advocacy work on behalf of public utilities and life "back home" may not always be readily apparent to members, it clearly exists. Efforts in FY 2007 will focus on making that connection more evident to the Association's membership.

Improve Data Content and Expand Use of *CleanWater Central* Database

In 1999, 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. Queries on these data would assist in identifying trends, forecasting research needs for the future, and targeting regulatory and legislative efforts. In addition, the database would facilitate the collection of data via the use of online surveys. This powerful searchable database exists today and is known as *CleanWater Central*. In FY 2007 NACWA will continue to aggressively work with WERF to achieve the common goal of establishing the *CleanWater Central* database as the data source for the clean water community.

The concept of a broad, technical survey with a level of detail similar to NACWA's Financial Survey continues to factor heavily in the future of the database, and will likely be initiated in FY 2007. A regular survey conducted every few years alternating with the NACWA Financial Survey is currently viewed as the most effective way to both update and further populate the database. Marketing of the database will also play a critical role in our FY 2007 efforts as we work to increase the water sector's understanding of the depth and breadth of data accessible through *CleanWater Central*.

Ensure Sustainable Support for the General Fund & Targeted Action Fund

In preparation for our FY 2007 budget process – NACWA gave serious consideration to future funding challenges facing both the General Fund and Targeted Action Fund (TAF). Initially through the Association's Budget & Audit Committee, and subsequently through its Board, the Association evaluated dues levels and considered a five-year financial planning horizon in an effort to enhance the Association's financial management and ensure our ability to achieve our collective goals. Efforts in FY 2007 will build on that process and ensure that the Association is both responsive to members and has the resources necessary to achieve its strategic goals.

Ensure Evolution of NACWA/WEF/WERF Strategic Alliance Provides Clear Value to Members

In May of FY 2005, the Association made a commitment to further strengthen the strategic alliance among the three national organizations serving the clean water community – NACWA, the Water Environment Federation (WEF), and the Water Environment Research Foundation (WERF). As this Strategic Alliance matures, the Association believes it is of paramount importance to ensure that this evolving collaborative relationship provides clear value to members. Whether it is through the elimination of duplicative services or the provision of enhanced offerings through collaboration, NACWA will work in FY 2007 to ensure the Alliance reaps clear benefits to the members of all three organizations.

Strengthen Collaborative Alliances with Stakeholder Organizations

FY 2007 will find NACWA actively engaged in strengthening collaborative alliances with stakeholder organizations to enhance our ability to advocate on behalf of our member's interests. While FY 2006 saw the Association make significant strides in its relationships with the national environmental activist community, as evidenced by our collaboration on a peak wet weather flows policy, NACWA will expand these alliances to include a broader range of interests and organizations. Our efforts on issues like infrastructure funding, chemical security and the farm bill will likely benefit from alliances between NACWA and groups in the conservation, agriculture, and industry arenas – as well as watershed coalitions at the state and regional levels.

Enhance NACWA's Marketing & Membership Development/Retention Capabilities

A minor reorganization of NACWA's staff has provided the Association with additional fire power in the areas of marketing and membership development. For the first time in the Association's history each of these important revenue generating functions will receive the full-time attention of an individual staff member. We look forward to demonstrating, in a tangible way, the benefits of this added level of attention to these key functions.

FY 2007 GOALS, OBJECTIVES & STRATEGIES

This section of the *Association Business Plan* incorporates key goals, objectives and strategies from NACWA's *Strategic Plan* and translates them into actions for the coming fiscal year.

LEGISLATIVE/REGULATORY ADVOCACY

NACWA Goal:

NACWA's members and staff have committed, through collaborative advocacy efforts, to ensure that clean water policies, laws, and regulations are funded and based on valid science, economic feasibility, public health, and environmental benefit.

Deliberations among association leaders and members – in the context of strategic planning – have identified objectives that are critical to achieving this goal. They include 1) increasing opportunities to work with other clean water, environmental, and public health partners; 2) increasing sustainable sources of infrastructure; 3) increasing NACWA's visibility and access to regulators and legislators; 4) Increasing the level of political involvement among members and ratepayers; and, 5) emphasizing the importance of rigorous science and sound economic analysis in laws, policies, and regulations.

Specifically NACWA is committed to:

Increasing opportunities to work with other clean water, environmental, and public health partners through:

- Establishing a network with state and regional organizations to formally communicate legislative, regulatory and legal issues.
- Establishing member grassroots action networks.

Increasing sustainable sources of infrastructure funding through:

- Identifying realistic revenue sources (federal, state, and local).
- Identifying and recruiting member and congressional champions.

- Strengthening coalitions in support of drafted legislation.

Increasing visibility and access to regulators and legislators through:

- Aligning members with issues and key legislators.
- Establishing a strategy to target Administration.

Increasing the level of political involvement of members and ratepayers through:

- Informing members and ratepayers on clean water issues.

Emphasizing the importance of rigorous science and sound economic analysis in laws, policies, and regulations through:

- Utilizing member experts in NACWA activities at federal, state and local levels.
- Utilizing the TAF and rapid response fund to obtain outside expertise.

Planned FY 2007 Actions Include:

- 1) Aggressively pursue reintroduction of the Clean Water Trust Act in the House of Representatives and introduction of the legislation in the Senate;
- 2) Build broad-based support for fair and equitable revenue sources and broaden the coalition in support of a clean water trust fund;
- 3) Pursue significant growth in the grassroots/organizational support base on behalf of federal funding via the *Clean Water America* website;
- 4) Aggressively pursue finalization of a national Peak Wet Weather Flows policy by the U.S. Environmental Protection Agency (EPA);
- 5) Aggressively pursue a national policy on Sanitary Sewer Overflows (SSOs);
- 6) Advocate in Congress and before key federal agencies on behalf of wastewater security legislation and emergency preparedness policies that meet the needs clean water agencies;
- 7) Actively engage in deliberations concerning the 2007 Farm Bill;
- 8) Identify and engage in key litigation that supports NACWA's advocacy efforts;
- 9) Create forums for NACWA member agencies with combined systems to discuss Combined Sewer Overflow (CSO) Policy implementation challenges;
- 10) Evaluate opportunities to advance sustainable watershed concepts including "green" infrastructure, watershed permitting, effective approaches to stormwater management and other initiatives;
- 11) Obtain a commitment from EPA to work closely with NACWA to set a viable timetable to update the 50 POTW study;
- 12) Work through state and regional organizations to establish a national network of clean water utilities - with identified liaisons - to support advocacy initiatives and continued outreach;

- 13) Ensure effective implementation of the Pretreatment Streamlining rule, saving NACWA members significant resources;
- 14) Ensure sustainability of the National Biosolids Partnership;
- 15) Develop and/or enhance relationships with existing and new leaders of key Congressional committees;
- 16) Continue dialogue on interplay between relevant statutes including the Clean Water Act, the Safe Drinking Water Act and the Endangered Species Act; and,
- 17) Pursue changes to EPA's long-standing procedures for conducting financial capability assessments.

VALID SCIENCE

NACWA Goal:

NACWA's members and staff have committed to ensure that member-identified research priorities are recognized as national priorities for funding.

Deliberations among association leaders and members – in the context of strategic planning – have identified objectives that are critical to achieving this goal. They include 1) promoting increased funding for clean water research; 2) increasing the use of independent peer reviewed research to support NACWA's regulatory and legislative agenda; 3) increasing NACWA's influence in establishing the research agenda of the U.S. Environmental Protection Agency (EPA), Water Environment Research Foundation (WERF), the National Science Foundation (NSF), and other research organizations; 4) increasing the effectiveness of NACWA's Targeted Action Fund; 5) increasing the connection between research and the regulatory driver; 6) increasing the participation of NACWA members in federally-driven clean water research and demonstration projects; and 7) increasing the practical application and communication of research results to policy-makers, members, managers and the public.

Specifically, NACWA is committed to:

Promoting increased funding for clean water related research.

Increasing the use of independent peer reviewed research to support NACWA's regulatory and legislative agenda.

Increasing NACWA's influence in setting the research agenda of the EPA, WERF, NSF and other research organizations through:

- Organizing a high-profile forum for clean water agency professionals to create an industry-wide research agenda.

Increasing the effectiveness of Targeted Action Funds (TAF) through:

- Ensuring future TAF projects are evaluated against established considerations and/or guidelines.
- Actively showcasing TAF projects, outcomes, and applicability.

Increase the connection between research and the regulatory driver through:

- Creating a plan to better interpret and communicate the results of new studies and research to policymakers.
- Creating a process for bringing scientific experts to the regulatory, legislative, and policy process.

Increasing participation of NACWA members in federally-driven clean water research and demonstration projects.

Increasing the practical application and communication of the research results to policy makers, members, managers, and the public through:

- Creating a plan to better interpret and communicate the results of new studies and research to policymakers.

Planned FY 2007 Actions Include:

- 1) Ensure that NACWA member agencies that are Water Environment Research Foundation (WERF) utility subscribers are fully engaged in developing and prioritizing the Foundation's research agenda;
- 2) Collaborate effectively on science issues in the context of the NACWA/Water Environment Federation (WEF)/WERF Strategic Alliance;
- 3) Review and analyze existing research used in the development of criteria, regulation and guidance to ensure that the science used as their basis is valid; and,
- 4) Explore new partnerships with EPA's Office of Research & Development, academic and science-based institutions, and other organizations that may further NACWA-identify priorities.

PUBLIC EDUCATION & OUTREACH

NACWA Goal:

NACWA's members and staff have committed to promote public understanding of the environmental services and benefits – and their relative costs – provided by clean water agencies within their communities.

Deliberations among association leaders and members – in the context of strategic planning – have identified objectives that are critical to achieving this goal. They include 1) improving NACWA member understanding of current public opinion and the need for public education regarding clean water agencies; 2) increasing member training in public education and awareness techniques; and, 3) increasing public education opportunities within local communities.

Specifically, NACWA is committed to:

Improving NACWA member understanding of current public opinion through:

- Researching current member agency programs and assessing public opinion. (how, cost, outcome, method of communication, lessons learned, etc.).
- Improving NACWA member understanding of the need for public education regarding clean water agencies.

- Developing an outreach program to communicate the main points of NACWA's *Strategic Plan* with the goal of obtaining a shared vision and plan of action.
- Increasing NACWA member training in how to foster public education and awareness.
- Increasing public education opportunities within local communities.

Planned FY 2007 Actions Include:

- 1) Review and implement, as appropriate, the recommendations contained in the FY 2006 NACWA *Public Relations White Paper*;
- 2) Continue to ensure that key tenets of the *Strategic Plan* are evident in all Association initiatives;
- 3) Expand participation in, and activities of, NACWA's Communications & Public Affairs Committee;
- 4) Explore viability of a specialized NACWA web seminar for public education/public affairs staff of clean water agencies;
- 5) Expand and enhance the public relations section of NACWA's website to ensure consistency of member agency-National office messages and information-sharing among members; and,
- 6) Improve press coordination between member agencies and NACWA National Office, using the Communications & Public Affairs Committee.

UTILITY MANAGEMENT

NACWA Goal:

NACWA's members and staff have committed to support member agency implementation of improved utility management practices by providing high quality information and education.

Deliberations among association leaders and members – in the context of strategic planning – have identified objectives that are critical to achieving this goal. They include 1) improving NACWA's understanding of member information and education needs; and, 2) increasing the relevance and accessibility of educational and informational offerings.

Specifically, NACWA is committed to:

Improving NACWA's understanding of member information and education needs through:

- Identifying relevant existing programs, underway within NACWA and offered by others.
- Identifying new and emerging management challenges and trends facing clean water agencies.

Increasing relevance and accessibility of educational and informational offerings.

Planned FY 2007 Actions Include:

- 1) Pursue Targeted Action Funding to conduct technical survey to expand data content in, and increase member use of the *CleanWater Central* database;
- 2) Conduct a feasibility study with regard to a National Institute for Utility Management in collaboration with WEF and WERF;
- 3) Conduct an assessment of available training for mid-level clean water utility managers in collaboration with WEF;
- 4) Complete, and distribute widely, the publication resulting from a collaborative project to assist utility leaders in understanding and addressing asset management;
- 5) Advocate clean water utility interest in review of final draft ISO standard for wastewater management services;
- 6) Promote the attributes of an effectively managed utility through ongoing collaborative work with other water sector organizations;
- 7) Convene compelling 2007 Winter Conference, focusing on critical management challenges facing utilities; and,
- 8) Collect, analyze and publish data for the *2007 NACWA Index*.

MEMBER SERVICES

NACWA Goal:

NACWA's members and staff have committed to broaden NACWA's industry representation and member participation.

Deliberations among association leaders and members – in the context of strategic planning – have identified objectives that are critical to achieving this goal. They include 1) increasing the number of states and congressional districts represented in NACWA's membership; 2) increasing the number of small and medium-sized utility members; 3) increasing participation through traditional and non-traditional sources; and 4) increasing participation focusing on non-active members, staff of active members and new career professionals.

Specifically, NACWA is committed to:

Increasing the number of states and congressional districts represented in NACWA's membership through:

- Establishing relationships with regional/state organizations to expand and retain utility membership.

Increasing the number of small and medium-sized utility members.

Increasing participation through traditional and non-traditional sources through:

- Investigating methods and costs to provide multimedia/video teleconferencing for conferences and committee meetings. (Distance learning – non-traditional)

- Assessing conference(s) schedule such as start day and number of days and cost to encourage participation.
- Increasing participation focusing on non-active members, staff of active members and new career professionals.

Planned FY 2007 Actions Include:

- 1) Develop and implement an aggressive membership development strategy for FY 2007;
- 2) Meet with vendors and explore opportunities for web seminars, distance learning and other information delivery options;
- 3) Evaluate the most effective process(es) through which NACWA's Standing Committees may conduct their business; and,
- 4) Explore options to increase the participation of non-active members, staff of active members and new career professionals in the Association.

REVIEW OF BUSINESS PLAN

This *Business Plan* was adopted by NACWA's Board of Directors in September of 2006 and covers the Association's priorities for FY 2007. NACWA's *Association Business Plan* will be revisited annually during the period from July – September under the oversight and direction of the Association's Strategic Planning Committee. Initial Board of Directors consideration of an updated *Plan* will take place at the Summer Conference, with final approval occurring at the Fall Board of Directors Meeting.