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## DRAFT ASSOCIATION OF CLEAN WATER ADMINISTRATORS' STRATEGIC PLAN: FY2014 to FY2017

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### **Why a Strategic Plan Now**

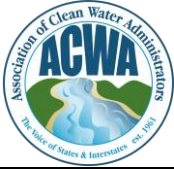
As Steven H. Gunderson, Colorado, began his 2012-2013 term as President of the Association of Clean Water Administrators (ACWA), he spoke on the state of the Association at the Business Meeting during ACWA's 51<sup>st</sup> Annual Meeting in Park City, Utah. Gunderson highlighted the significant changes experienced by the Association in recent years. From 2005 to mid-2010, the Association – then known as the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) – experienced significant financial difficulties including an internal embezzlement, the unexpected and rapid departure of the two top and longest serving senior executives, a reduction in force to three full time staff, a move to a much smaller and less professional office space, and a complete cessation of federal funds. In these difficult times, the Association's Board of Directors and remaining staff, with outside advisors, oversaw a long and difficult process of clearing the financial cloud, and stabilizing the organization, all while maintaining baseline operations.

By mid-2010, the strain resulting from the fraud and its chain reaction was largely stemmed, and the Association was ready to resume full-scale operations. In October 2010, under 2010-2011 President Andy Fisk, Maine, and 2009-2010 President Ellen Gilinsky, Virginia, the organization recruited and retained a new Executive Director and General Counsel. Under this new leadership, the National Office created a new and improved website, instituted a weekly newsletter, reinstated an annual report to the membership, and commenced an organizational rebranding effort surrounding the 50<sup>th</sup> Anniversary Annual Meeting. The Association reengaged on top water quality issues working with partners across the nation's capital and in particular with the U.S. Environmental Protection Agency (EPA). 2011-2012 President Walt Baker, Utah, oversaw a reorganization of the Committees, Task Forces, and Workgroups to improve their functionality, implemented the Association's new name and logo, and worked closely with the National Office to secure new EPA Office of Water financial support. The EPA Cooperative Agreement came into force in March 2012, facilitating the retention of two junior staff members, and bringing the full-time staff up to five. ACWA continued to thrive, forging new relationships with federal agencies beyond EPA, Congressional committees, and related clean water organizations, and delivering on its longstanding mission as the "voice of states and interstates."

President Gunderson noted during his report in Park City that while the Association is documenting new successes – as evidenced by the Fiscal Year Annual Reports<sup>1</sup> – serious challenges still remain. Dues revenue has remained relatively flat over the last decade, and even with the current federal funding support, the existing operation of five full time staff and related overhead cannot be sustained. FY2012 closed with a deficit of \$18,222 despite reducing operational costs to a minimum and seeking non-dues sources of revenue from a diversified investment plan, a growing Subscriber base, and the implementation of conference sponsorships. Existing staff is spread thin covering a multitude of regulatory and policy issues. Coordination with other D.C.-based and national groups on topics brings efficiencies; however, some duplication of effort still exists. In short, President Gunderson highlighted that the time is right for a strategic plan that reflects ACWA's resources, capabilities, mission, projected growth, strengths, and areas for improvement, and that focuses on building a stable and sustainable organization.

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<sup>1</sup> ACWA's 2013 Annual Report is available at <http://www.acwa-us.org>.



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In Fall 2012, the Executive Committee of President Gunderson, Past-President Baker, Vice President Shellie Chard-McClary (OK), and Treasurer Martha Clark Mettler (IN), took time on weekly calls to reflect with National Office senior staff on strategic planning approaches that would be cost-effective, efficient, and results-oriented. ACWA retained Ross Strategic, an organization with significant expertise working with non-profits, EPA, and the water sector to assist ACWA with this strategic planning effort. The hallmarks of the effort are openness, transparency, high quality work, and efficiency.

### **Methodology**

Members, Affiliates, and Committee, Task Force, and Work Group leaders had the opportunity to complete an electronic survey from November 2012 to January 2013. The survey, with a 65 percent response rate, covered a wide range of topics regarding ACWA's positioning, financing, issue coverage, value, opportunities, and future.<sup>2</sup> Next, in January 2013 Ross Strategic interviewed all members of the Board of Directors, the Officers, and nine external stakeholders,<sup>3</sup> seeking additional information on topics raised during the survey effort. The survey and interviews yielded perspectives from 60 individuals representing approximately 50 different organizations. Ross Strategic noted "tremendous consistency in the information collected" and "no obvious response bias."

On February 24, 2013, the Board of Directors held a half-day strategic planning session with 100 percent Board representation.<sup>4</sup> Ross Strategic facilitated the session and moderated discussion. ACWA thanks the leaders who participated in the strategic planning meeting: Steve Gunderson (CO) (President), Shellie Chard-McClary (OK) (Vice President), Martha Clark Mettler (IN) (Treasurer), Walt Baker (UT) (Past President), Harry Stewart (NH) (R.1), Leslie McGeorge (NJ) (R.2), Collin Burrell (DC) (R.3), Drew Bartlett (FL) (R.4), Bill Creal (MI) (R.5), Todd Chenoweth (TX) (R.6), Pat Rice (NE) (R.7), Kent Woodmansey (SD) (R.8), Mike Fulton (AZ) (R.9), Sharon Morgan (AK) (R.10), Carlton Haywood (ICPRB) (Interstates). Also in attendance: Marcia Willhite (IL) and George Elmaraghy (OH).

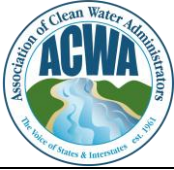
The results of the Board's discussions and actions, both substantive and fiscal, are reflected in this Plan. Following the February 2013 meeting, staff prepared a draft Plan for Board Review. After Board edits were made, this Plan was made available to ACWA Members and Affiliates for comment. Member comments were incorporated and the Plan was finalized at the August 2013 Board of Directors meeting.

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<sup>2</sup> This Plan's cover graphic is a word cloud generated at Tagexdo.com; the larger the word the more frequently it was used by survey respondents.

<sup>3</sup> Senior officer at the US Environmental Protection Agency (EPA); US House Committee staff; US Senate Committee staff; Officer at Environmental Council of the States (ECOS); Officer at Association of State Drinking Water Administrators (ASDWA); Officer of Groundwater Protection Council (GWPC); Executive Director of Council of Infrastructure Financing Authorities; one Legal Subscriber; and staff of Natural Resources Defense Council (NRDC).

<sup>4</sup> Either the Board member or a proxy for the Board member was present.



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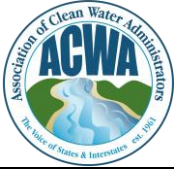
### **Strategic Plan Goals:**

The process described above led to three strategic goals for ACWA for FY2014 – FY2017.

- GOAL 1:** Continue to serve as the “Voice of States and Interstates.”
- GOAL 2:** Offer the highest quality member services while maintaining a cost-effective approach by enhancing partnerships, leveraging resources, and prioritizing areas where ACWA provides the greatest *value*.
- GOAL 3:** By the start of FY2016, develop a fully sustainable operational budget.

An update on Strategic Plan accomplishments will be made to the membership in the Annual Report.

The supporting facts for each goal, as well as goal implementation steps, follow.

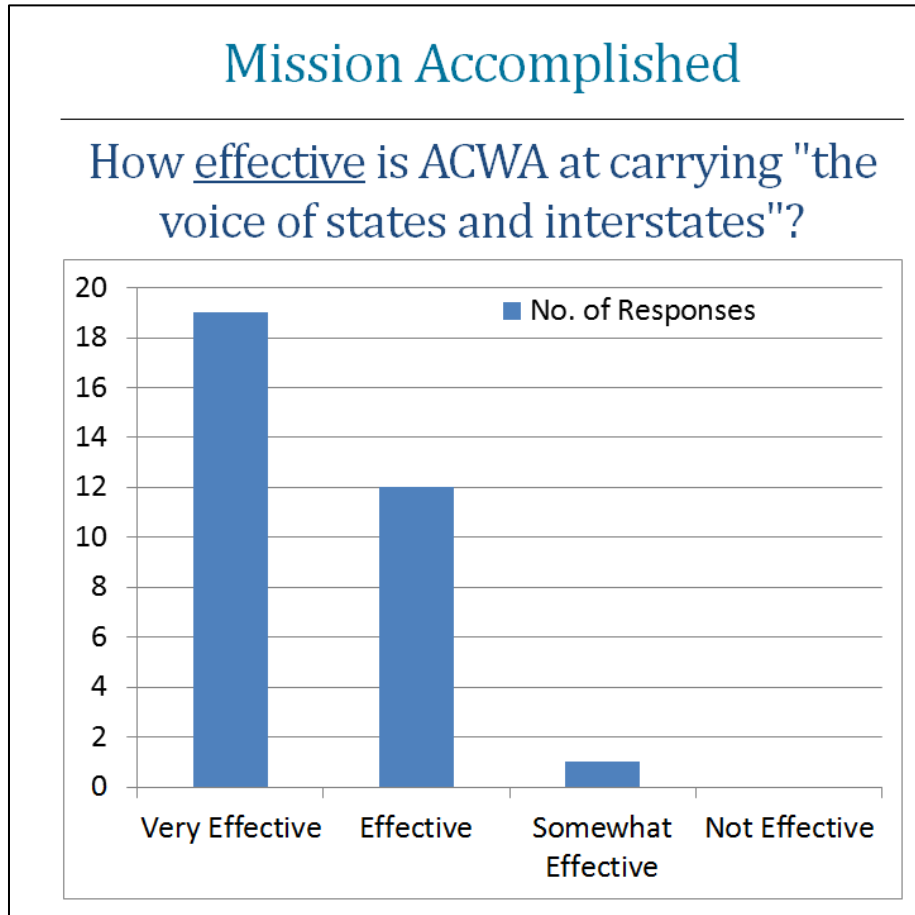


# DRAFT ASSOCIATION OF CLEAN WATER ADMINISTRATORS' STRATEGIC PLAN: FY2014 to FY2017

## **GOAL 1: Continue to Serve as the “Voice of States and Interstates.”**

The Survey confirmed that ACWA is accomplishing its longstanding mission of being the “voice of states and interstates” on water quality issues, as shown in Figure 1.

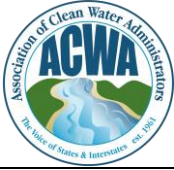
**Figure 1.**



### **Next Steps to Implement Goal 1:**

ACWA will continue to excel in its role as the “voice of states and interstates” through:

- Continued and increased collaboration with peer agencies and third party groups sharing similar interests;
- Enhancing our presence on Capitol Hill in an educational role consistent with the Association’s 501(c)(3) tax exempt status;
- Proactive and responsive engagement with US EPA on topics of importance to members; and
- Proactive dissemination of news and information, and syntheses of issues, practices, and perspectives, on topics of importance to members.



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Figure 2 provides a graphical array by Ross Strategic showing various roles that ACWA takes when serving as the “voice of states and interstates,” as a function of the formality of the required engagement. For example, a more formal engagement might be appropriate when ACWA is asked to provide the perspective and synthesis of positions of the states and the interstates on an EPA proposed rule. At the other end of the spectrum, a less formal engagement but appropriate and value-added role for ACWA is enabling innovation and best practices transfer.

**Figure 2.**

### How ACWA Fulfills Its Mission

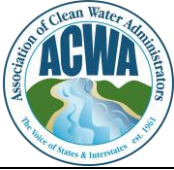
Integrative Role: Formal Voice of States and Interstates

Collaborative Role: Leadership Opportunity to Frame/Lead Conversations on Emerging Issues

Consultative Role: Membership Need and Demand for Compilation of Information

Informative Role: Innovation Transfer

ACWA will look for opportunities across all these roles to provide value to its members and to fulfill its mission as the voice of the states and the interstates. ACWA also will seek cost-effective ways to serve as the voice of the states and interstates, as well as to prioritize issues. Cost-effectiveness and issue prioritization are important parts of Goals 2 and 3, and are discussed *infra*.



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## **GOAL 2: Offer the highest quality member services while maintaining a cost-effective approach by enhancing partnerships, leveraging resources, and prioritizing areas where ACWA provides the greatest *value*.**

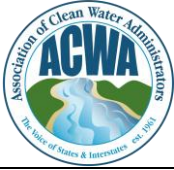
The Survey confirmed the membership is generally satisfied with ACWA’s portfolio of services, as shown in Figure 3. Products and services not listed in Figure 3, but also valued, are collaboration with federal and other stakeholders; webinars, substantive reports and studies; awards, recognition, and professional networking and development; accessibility, expertise, and credibility; and member services such as billing, registration, information requests, recruitment, and Board support.

Regarding ACWA’s operations, the Survey confirmed that most respondents feel “very informed” or “informed” regarding what is going on at the Association. Respondents’ impression of state environmental directors’/commissioners’/secretaries’ perception of ACWA is that of a valuable “forum to facilitate interaction with Federal Government and promote state perspectives” and a “conduit for state staff to engage in important water issues with other states, regions, and EPA headquarters.” Respondents note that ACWA is a “valuable source of information and a facilitator of communication and collaboration” for state staff, a “source of timely information,” and “an important resource.”

**Figure 3.**

## Member Satisfaction

	Very Useful	Useful	Somewhat Useful	Not Useful	Unknown
<b>Website</b>	12.5% (4)	<b>65.6% (21)</b>	21.9% (7)	0.0% (0)	0.0% (0)
<b>Membership Login Portal</b>	16.1% (5)	<b>51.6% (16)</b>	22.6% (7)	3.2% (1)	6.5% (2)
<b>Distribution of News &amp; Developments</b>	<b>64.5% (20)</b>	35.5% (11)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Weekly Wrap</b>	40.6% (13)	<b>56.3% (18)</b>	3.1% (1)	0.0% (0)	0.0% (0)
<b>Conference Calls</b>	<b>50.0% (16)</b>	31.3% (10)	18.8% (6)	0.0% (0)	0.0% (0)
<b>Annual &amp; Mid-Year Meetings</b>	<b>62.5% (20)</b>	21.9% (7)	9.4% (3)	3.1% (1)	3.1% (1)
<b>Annual Report</b>	6.5% (2)	<b>41.9% (13)</b>	35.5% (11)	6.5% (2)	9.7% (3)
<b>Advocacy and Letters</b>	<b>59.4% (19)</b>	34.4% (11)	3.1% (1)	0.0% (0)	3.1% (1)
<b>Committees, Workgroups, and Task Forces</b>	43.8% (14)	<b>50.0% (16)</b>	6.3% (2)	0.0% (0)	0.0% (0)



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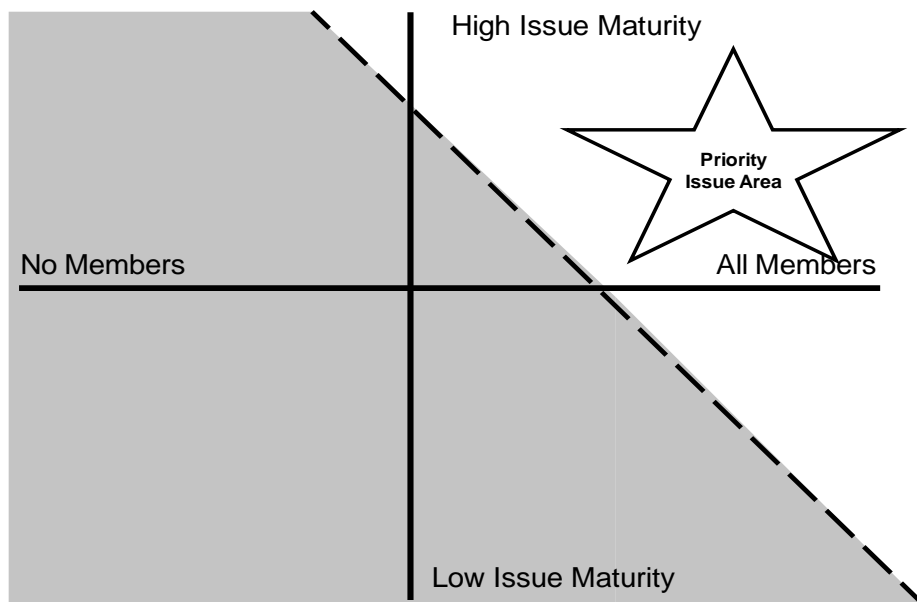
## Next Steps to Implement Goal 2:

Goal 1 confirms that ACWA will maximize its role as the “voice of states and interstates.” To do this, the Association must continue to prioritize, offer value-added products and services, and continually seek leveraging and partnership opportunities which maximize the return on dues investment to states/interstates, affiliates, and subscribers. To accomplish this, ACWA will:

- Regularly evaluate existing services in the regulatory, policy, legislative, and legal arenas to ensure they are cost-effective and value added;
- Explore possible additional Association services, subject to available resources;<sup>5</sup>
- Prioritize resources based on degree of issue maturity and impact to members—for example, an issue with high issue maturity or major impact to a large number of members will demand more attention than issues that are of lower maturity and minimal impact to a few members (Figure 4 provides a visual representation of this process);

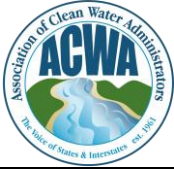
Figure 4.

## Issue Prioritization Framework



<sup>5</sup> Survey respondents indicated interest in the following services: Issue Specific Meetings (e.g., CAFO Roundtable), Technical Services & Training, Technical Reports (e.g., Bioassessment Report), Regional Meetings, Becoming a “One Stop Shop” for all water issues, Data Collection and Trends Analysis, and State Staff Skills Training.



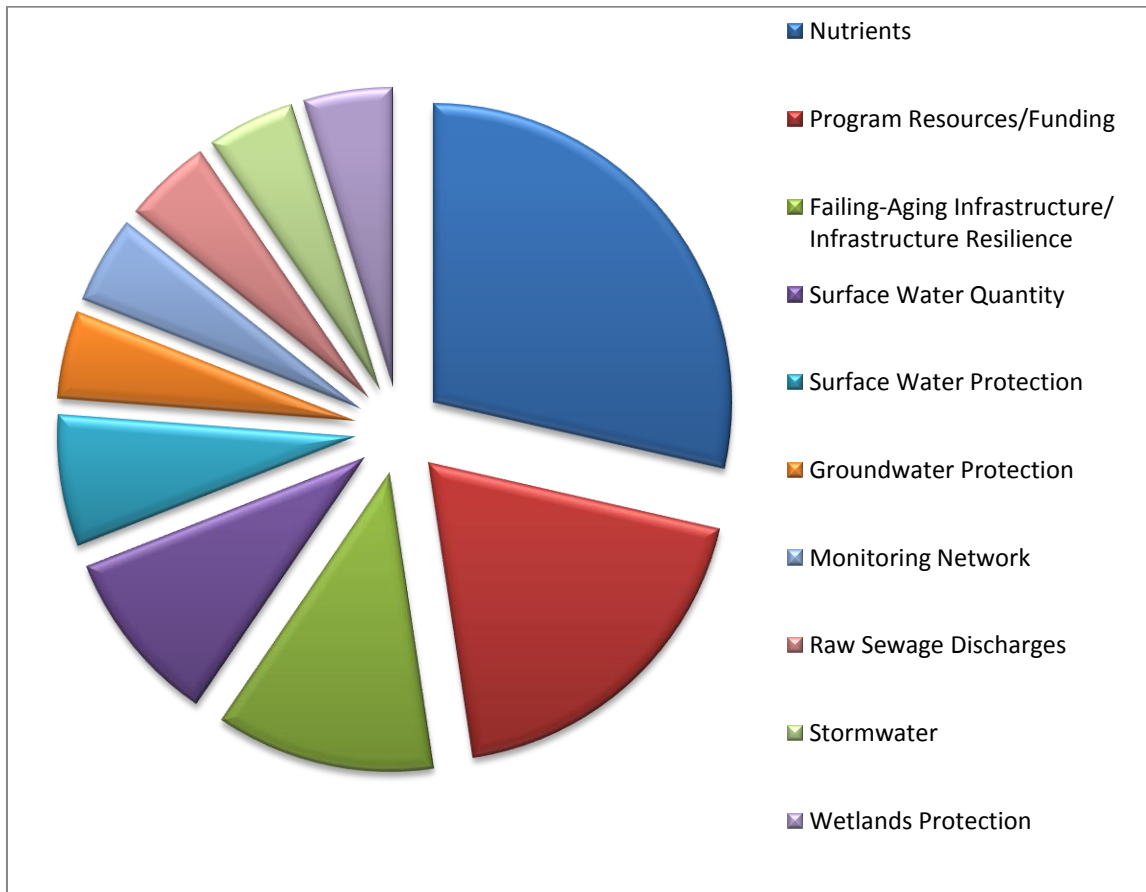


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- Ensure emerging issues are integrated into ACWA services (Figure 5 provides Survey results regarding top future issues-with nutrients, program resources and funding, and failing-aging infrastructure being the top three);

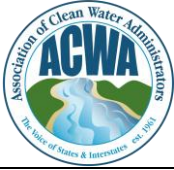
Figure 5.

### Most Important Issues Over the Next Few Years



- Proactively seek partnerships with other state organizations, other clean water stakeholders, governmental, and non-governmental entities that allow ACWA to deliver the maximum member service for the least cost;
- Ensure ACWA’s Committee, Task Force, and Work Group structure is maximizing cost-effectiveness, reflecting priority, delivering member value, and supporting ACWA’s role as the “voice of states and interstates”; and
- Explore reorganization of current structure (Appendix A) in consultation with leadership.<sup>6</sup>

<sup>6</sup> Possible alternatives discussed included incorporating “briefing committees” to handle hot topics; applying a standing and ad hoc committee structure; retiring less active groups; and restructuring existing groups.



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### **Goal 3: By the start of FY2016, develop a fully sustainable operational budget.**

Delivery on Goal 1 and Goal 2 requires resources. Maintaining and growing resources is the Association's most challenging area. A fully sustainable operational budget is one where regular and recurring revenues:

- sufficiently fund ACWA's general operational expenses;
- support organizational growth necessary to serve the membership; and
- allow regular deposits to the Operating Reserve to build a six-month reserve.<sup>7</sup>

The Board discussed ACWA's current fiscal situation, which includes inadequate office space; a declining EPA cooperative agreement; a small staff strained to deliver member services; and break even or deficit budgets. To provide immediate fiscal stability, the Board made the decision to raise state/interstate/affiliate and legal subscriber dues 9% in FY2014, and another 9% in FY2015.<sup>8</sup> See Figure 6. The dues increase:

1. Balances the operating budget in the face of declining cooperative agreement revenue;<sup>9</sup>
2. Allows junior salary adjustments to be competitive in the DC non-profit marketplace;
3. Supports existing high quality member support and services; and
4. Facilitates a move to adequate office space in FY2015.

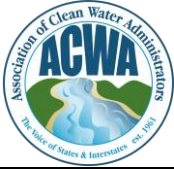
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<sup>7</sup> ACWA's current Investment Policy sets a goal of accumulating a six-month reserve (approximately \$400K) by the end of FY2016.

<sup>8</sup> ACWA FY2014 = 7/1/13 to 6/30/14; ACWA FY2015 = 7/1/14 to 6/30/15.

<sup>9</sup> There are no planned additions to or subtractions from the Operating Reserve in FY2014 or FY2015.

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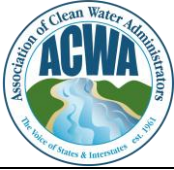
**Figure 6.**

<b>Dues Structure FY2013 - FY2015</b>				
	<b>Number of Entities</b>	<b>2013 Dues Rates</b>	<b>2014 Dues Rates</b>	<b>2015 Dues Rates</b>
<b>States</b>				
Tier 1	16	\$8,551	\$9,320	\$10,159
Tier 2	19	\$10,737	\$11,703	\$12,756
Tier 3	6	\$13,152	\$14,335	\$15,625
Tier 4	9	\$19,794	\$21,575	\$23,517
<b>Territories</b>				
Tier 5	1	\$5,395	\$5,880	\$6,409
<b>Interstates</b>				
Tier 5	6	\$5,395	\$5,880	\$6,409
<b>Affiliates</b>				
Tier 6	5	\$3,000	\$3,270	\$3,564
<b>Subscribers</b>				
Tier 7	19	\$2,000	\$2,180	\$2,376

<u><b>Tier 1 States</b></u>		<u><b>Tier 2 States</b></u>		<u><b>Tier 3 States</b></u>	<u><b>Tier 4 States</b></u>
Alaska	North Dakota	Alabama	Minnesota	Georgia	California
Delaware	Rhode Island	Arizona	Mississippi	Indiana	Florida
Hawaii	South Dakota	Arkansas	Montana	Massachusetts	Illinois
Idaho	Utah	Colorado	Oklahoma	Missouri	Michigan
Maine	Vermont	Connecticut	Oregon	North Carolina	New Jersey
Nebraska	West Virginia	Iowa	South Carolina	Virginia	New York
Nevada	Wyoming	Kansas	Tennessee		Ohio
New Hampshire		Kentucky	Washington		Pennsylvania
New Mexico		Louisiana	Wisconsin		Texas
		Maryland			

**Next Steps to Implement Goal 3:**

- Develop detailed forecasts of ACWA revenue and expenditures to plan fully operational budgets through FY2017. For example:
  - Assess/validate mid- and long-term sustainability of the budget under the existing assumptions of expenditures and revenues



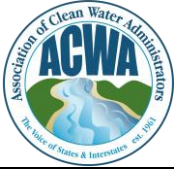
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- Reassess the current dues structure to ensure long term stability and to better allocate the cost of operating the organization across all members, while acknowledging the historical distinctions between small, medium, and large states. Considerations include:
  - Number of tiers, number of states per tier, and dues rate per tier
  - Possible reduction of differential between tiers
  - Automatic, annual cost of inflation updates to the dues
  - Incentives to pay and protocols for non-payment
  - Evaluate subscriber and affiliate membership structures
  - Sensitivity to dues increases in among some members
  
- Consider organizational structures that reduce overhead costs, such as:
  - Shared services or physical space
  - Strategic alliances, Memoranda of Agreement, or other business structures with outside organizations or entities that can promote efficiency, cost-savings, and enhanced effectiveness
  
- Aggressively explore additional sources of federal and private grant funding, including:
  - Renewal and enhancement of EPA cooperative agreement
  - Non-EPA federal funding
  - Fee for services revenue stream for nonmembers (information compilation services, survey services, peer review services, mailing list distribution services)
  - New membership categories (e.g., specialty memberships/single issue forums)
  - Reevaluate existing subscriber and affiliate program

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**APPENDIX A:  
ACWA COMMITTEE ORGANIZATIONAL CHART**



Officers & Board of Directors

