IMPACT THROUGH ADVOCACY
RETURN ON INVESTMENT
A HEALTHY ENVIRONMENT

NACWA
BY THE NUMBERS

2014/15
YEAR AT A GLANCE
IMPACT THROUGH ADVOCACY
RETURN ON INVESTMENT
A HEALTHY ENVIRONMENT

BY THE NUMBERS

2014/15
YEAR AT A GLANCE
Serving Public Utilities of All Sizes

Member Agencies by Service Area Population

- Population 0-149,999: 119
- Population 150,000-599,999: 105
- Population 600,000-1,249,999 Million: 30
- Population 1.25-6 Million+: 22
It was an honor to serve as your president during this transitional year for the Association. I am grateful to my Board colleagues, all of you and to the NACWA staff for their hard work to ensure that Association has an effective and productive future. We started the year with a renewed focus on communication, deliberation, and engagement at the Board level. There was greater discussion of strategic issues, and we engaged not only our traditional friends and colleagues, but also non-traditional partners, and even some ‘strangers’, in our in advocacy, outreach, and programming.

Collaboration has been chief among our priorities, and you could see collaboration at work during Water Week 2015 and the evolution toward the Water Resources Utility of the Future with our partners the Water Environment Federation (WEF), the Water Environment Research Foundation (WERF) and WateReuse. Collaboration was also evident as we worked with organizations and entities across the sector in the Value of Water Coalition, and countless other advocacy-related partnerships and alliances.

We continue to focus on advocacy for our members, and are maintaining our commitment to providing exceptional return on investment to a diverse membership of agencies of all sizes throughout the nation. Bringing the Association to its members through engagement at the national, state, and local levels is an example of this focus and commitment.

NACWA’s staff and Board demonstrated strong leadership during the retirement of NACWA’s long-time Executive Director, Ken Kirk, and the welcoming of Adam Krantz as the Association’s new Chief Executive Officer. I especially want to recognize NACWA’s staff for being characteristically professional and effective throughout the transition process, and look forward to great things to come from them and our members!

Clearly, we have much to be proud of as you’ll see in the pages which follow. In 2015-2016, the important work of the Association and its members will continue under the exceptional leadership of Adel Hagekhalil, our new President. I know that NACWA will seize every opportunity to represent our interests in the year ahead and beyond.

Karen Pallansch
Chief Executive Officer
Alexandria Renew Enterprises, VA
NACWA ensured the critical waste treatment system exemption was maintained in the controversial final U.S. Environmental Protection Agency (EPA)/U.S. Army Corps of Engineers (ACOE) Clean Water Rule (formerly known as Waters of the United States), published in June 2015. The Association also secured exemptions for stormwater and water recycling structures—including green infrastructure—ensuring existing and future conveyances and structures do not become jurisdictional waterbodies, so as not to compromise the operation and environmental benefit incurred. Every clean water and drinking water facility, municipal separate storm sewer system (MS4), and water reuse facility indirectly benefits from these exemptions. The impact of clearly defining the point of compliance in some of these systems is staggering.

NACWA submitted comments on the U.S. Environmental Protection Agency’s (EPA) proposed dental amalgam separator rule urging the Agency to not go forward with a rule at all. The proposal would require that all dental offices dealing with mercury amalgam fillings have separators installed and follow best management practices. Clean water agencies would be responsible for overseeing the dental offices and ensuring that all requirements were met. With over 100,000 dental offices in the U.S., this would create a huge administrative burden for utilities, with little or no environmental benefit. NACWA’s comments showed that EPA’s cost-benefit analysis of the rule was flawed, underestimating the costs, and overestimating the amount of mercury that would be kept out of the nation’s waters. EPA has recognized that the burden placed on utilities by the rule is too high and has requested additional data from NACWA to further analyze the rule and its impacts.

Protecting Your Interests & Your Bottom Line

**CLEAN WATER RULE**

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**DENTAL AMALGAM SEPARATOR RULE**

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**THE NUMBER OF FACILITIES AND PERMIT HOLDERS THAT BENEFIT FROM EXEMPTIONS IN THE CLEAN WATER RULE**

23,000

**INITIAL COSTS TO IMPLEMENT PROPOSED DENTAL AMALGAM RULE – WITH LITTLE OR NO ENVIRONMENTAL BENEFIT.**

$24 MILLION
NACWA has been an active advocate for the clean water community on the issue of water quality and human health criteria revision and development by the U.S. Environmental Protection Agency (EPA). In many cases, EPA’s non-binding ‘criteria recommendations’—developed without consideration of costs or other economic impacts—become the default for state standards whether or not they are achievable. The Association has raised significant concerns, both with the Agency and the White House Office of Management & Budget, documenting that such actions have major cost implications for the clean water community.

EPA continues its push for nutrient criteria, with numeric values for nitrogen and phosphorus in all 50 states. NACWA met with EPA on several occasions to seek changes to EPA training materials regarding permit limits for nutrients based on narrative criteria translations and continues to seek rational approaches to establishing criteria and permit limits. To achieve even ‘modest’ levels of nutrient reduction at all publicly owned treatment works (POTWs) would cost $300+ billion nationwide, yet most criteria, when in place, seek controls closer to the limits of technology, which would dramatically increase that figure.

The Agency’s revised ammonia criteria will be difficult, if not impossible, for some utilities to meet. In some parts of the country, compliance with the criteria will not restore water quality or habitat. For one community of 8,000 in Missouri, cost estimates range from $25-$50 million to comply with new criteria—with no guarantee that the reduction in ammonia will bring back the freshwater mussels the criteria are designed to protect. National estimates are not yet available, but the impact will be felt greater by smaller treatment plants. NACWA, together with the Water Environment Federation (WEF), the Water Environment Research Foundation (WERF), and the Association of Clean Water Administrators (ACWA), convened an Ammonia Criteria Workshop to explore more rational implementation of the revised ammonia criteria. Discussions with state water regulators continue.

EPA is working to develop virus-based criteria for the protection of public health. This will likely have impacts on treatment plant disinfection practices, combined sewer overflow (CSO) controls, stormwater, and every other aspect of wastewater treatment involving pathogens. NACWA has worked to mobilize the clean water community on the issue, engaging WERF—which has set aside funding for work in this area—and WEF—which has formed a task force to engage technical experts from around the country. The Association is also working with WERF to conduct an expert review of EPA’s research on the issue. One NACWA member has estimated a cost of $5-$10 million per treatment plant to address disinfection issues, not to mention cost impacts for CSO controls, stormwater, etc.—putting nationwide costs just to address treatment plant disinfection at $80-$160 billion—all with no demonstrated improvement to public health.
In 2014-2015 NACWA built on its strong support for integrated planning (IP), continuing to host IP Workshops and leading advocacy efforts backing this critical framework that provides utilities with a more viable and flexible approach for prioritizing their Clean Water Act obligations and investments. These efforts culminated in the April bipartisan introduction of HR 1705, the Clean Water Affordability Act. Key provisions of the legislation include codification of integrated planning; extended National Pollutant Discharge Elimination System permit terms; revision of the U.S. Environmental Protection Agency’s (EPA) Financial Capability Guidance; and, the Community Wet Weather Sustainability Act (reflecting NACWA’s wet weather proposal). The Association is working with its members in pursuit of companion legislation in the Senate and has held briefings on the Hill in anticipation of Senate introduction later this year.

Integrated planning efforts were also bolstered in the House of Representatives’ Appropriations package for the FY 2016 EPA budget, which includes supportive language for the Agency’s $13 million budget request to help communities develop integrated plans to guide their clean water investments toward projects with the greatest water quality benefit at the most affordable price for their ratepayers. NACWA and water sector organizations have also begun exploring the potential for a national subsidy program to support low income populations, thus giving utilities more flexibility to raise rates where needed to address infrastructure challenges.
The latter part of the year found NACWA advocating aggressively on behalf of its Great Lakes Member Agencies with regard to legislation that would undoubtedly set a significant national precedent. The Senate Appropriations Committee’s proposed FY16 funding package for the U.S. Environmental Protection Agency (EPA) includes a provision that would ban all sewer overflows, and the use of blending, for any clean water utility discharging to the Great Lakes or their tributaries. No similar provision is contained in the House of Representatives proposal. In July, NACWA’s Board of Directors approved a resolution expressing strong opposition to the language. The resolution calls on Congress to work with the Association on policies that would better address the water quality challenges the Great Lakes face. The resolution also notes that the proposed legislation would force communities to spend significant municipal resources without any scientific basis of environmental benefit, while ignoring other pressing water quality challenges and undermining over 20 years of progress in improving the Great Lakes.

This year, as beneficial water reuse gained attention from policy-makers and more NACWA Member Agencies embraced water reuse and recycling at their facilities, the Association convened a Water Reuse Workgroup. The Workgroup has been a vital component in NACWA’s efforts to further the Utility of the Future as the U.S. Environmental Protection Agency (EPA) explores the possibility of national reuse policies and Congress drafts bills in response to the worsening western drought. A survey of over 250 utilities found 92 entities in 14 states developing recycled water projects with an estimated $6.4 billion in project cost. Nationally, $2.8 billion in funding is needed to move projects forward. NACWA has voiced strong support for bills that include funding for water reuse as a component of any drought response, secured allies in Congress who share this belief, and is seen as an integral participant in the reuse policy arena.

$16.5 billion
ESTIMATED COMPLIANCE COSTS FOR THE NORTHEAST OHIO REGIONAL SEWER DISTRICT ALONE TO COMPLY WITH PROPOSED LEGISLATION. NATIONAL ESTIMATES ARE STAGGERING.
Legal Advocacy Reaps Huge Dividends

**PRESERVING THE WATERSHED APPROACH**

NACWA played a major role in the July 2015 decision by the U.S. Court of Appeals for the Third Circuit in *American Farm Bureau, et al v. U.S. Environmental Protection Agency (EPA)*, where the court upheld the Agency’s final total maximum daily load (TMDL) for the Chesapeake Bay and its holistic watershed approach requiring pollution reduction from all sources of impairment, including nonpoint sources. The decision reaffirmed the authority of the TMDL program to include both point and nonpoint sources, providing shared responsibility for reducing water quality impairments and preserving the watershed approach. Had the decision gone the other way, wastewater facilities and municipal separate storm sewer systems (MS4s) could be required to comply with federal numeric nutrient criteria, or make additional reductions, due to lack of nonpoint source controls—potentially costing hundreds of millions to billions of dollars. NACWA also continued its active role in nutrient litigation involving the Mississippi River Basin to prevent imposition of federal numeric nutrient criteria.

**DEFENDING BIOSOLIDS LAND APPLICATION**

NACWA aggressively defended biosolids land application practices in court, helping overturn a land application ban in Washington State and actively participated in litigation over a similar ban in Pennsylvania. NACWA’s role in *State of Washington v. Wahkiakum County* provided an important national perspective on the role of land application, and helped secure a court decision which will provide strong legal precedent for utilities nationwide to push back against similar local land application bans that prevent beneficial reuse and contribute to landfill volume. Unquestionably, NACWA’s actions to protect biosolids land application in the courts have saved communities tens of thousands of dollars at the local level—and likely in the hundreds of millions of dollars nationally.

**PROTECTING MUNICIPAL STORMWATER UTILITIES**

NACWA played a role in two key litigation victories that preserve the “maximum extent practicable” (MEP) standard for municipal separate storm sewer system (MS4) permits, defeating attempts by activist groups to require strict compliance with water quality standards and add substantial costs to stormwater compliance programs. The legal wins in *Maryland Department of the Environment v. Anacostia Riverkeeper* and *Natural Resources Defense Council v. New York State Department of Environmental Conservation* will not only help MS4 programs in Maryland and New York, but create strong case law to help defend against other state and national efforts to impose unnecessary and costly requirements on MS4 utilities. Changes to the MEP standard to require strict compliance with water quality standards—including use of numeric effluent limits—would impose hundreds of millions of dollars of additional costs on municipal stormwater utilities. NACWA’s aggressive legal advocacy on behalf of the 40% of its Member Agencies that protect water quality through stormwater services—and the resulting “wins” in court—are critical to avoid these unsustainable costs.
$100 MILLION+

Cost to 7,251 Phase I & II Stormwater Communities if numeric limits were not successfully addressed by NACWA
NACWA, and a growing list of collaborators, continued to explore the opportunities and challenges represented by the fundamental shift in the way America’s clean water utilities define their role in society. No longer managers of waste, today’s utilities find themselves front and center as managers of valuable resources. Energy and materials recovery and reuse; water reuse; green infrastructure—and a new openness on the part of clean water utilities to partner with developers of technology, design engineers, and the public and private finance community—are the hallmarks of the Water Resources Utility of the Future (UOTF). The past year saw NACWA engaged not only in documenting developments in the UOTF arena—but also in serious exploration of the broader concept of the Industry of the Future. In July, the Association—along with its partners the Water Environment Federation (WEF), the Water Environment Research Foundation (WERF), and WaterReuse—released the executive summary of the first Utility of the Future Annual Report. The report offers an overview of the exciting new developments in the UOTF arena and characterizes the chain of actors involved in adopting and implementing UOTF-style projects as an ‘innovation ecosystem’ comprised of technology developers, consulting engineers and scientists, state and local government, the finance community, and professional organizations. NACWA’s engagement in this arena includes the continuing work exemplified by the UOTF Annual Report; the formation of an Industry of the Future Workgroup to share broadly, with utilities of all sizes, innovative—but attainable—practices; and the continuation of the Congressional Clean Water Caucus to provide a platform for Members of Congress to highlight clean water technology and innovation.
WASTEWATER IS A RENEWABLE RESOURCE. EMBEDDED WITHIN THIS RESOURCE IS AN ABUNDANCE OF ENERGY—INCLUDING THERMAL, CHEMICAL, AND HYDRAULIC.
NACWA continued its Toilets Are Not Trash Cans! campaign with a focus on wipes, which cause problems in sewers and treatment plants. The Association began working with the wipes industry and other clean water associations to develop new flushability guidelines—and encourage technological advances to increase the dispersability of wipes—ensuring that the “flushable” label guarantees safety for the entire treatment process. The collaborating organizations—NACWA; the Water Environment Federation (WEF); the American Public Works Association (APWA); the Canadian Water & Wastewater Association (CWWA); the Water Services Association of Australia (WSAA); and, INDA (the trade association of the nonwoven fabrics industry)—also began a product stewardship initiative to address labeling of non-flushable wipes and consumer education on what to flush. The goal of this initiative is to have wipes manufacturers take more responsibility for how their products are disposed. Public education may be expanded to cover products other than wipes that are commonly flushed. The wipes issue has continued to be in the media spotlight, with NACWA and its members featured on TV shows, including segments on The Dr. Oz Show and MSNBC’s All In With Chris Hayes. Major newspapers, including The New York Times and The Guardian, as well as local papers, have also covered the issue.
NACWA formed the National Stormwater Advocacy Network (NSAN) comprised of nearly 20 state and regional-level organizations active in local advocacy that sought additional opportunities to provide feedback on national policy-making on stormwater-related issues. The NSAN provides a forum for communication between the state and regional groups, while also allowing more engagement on national advocacy with NACWA’s Stormwater Management Committee as they work with Congress and the U.S. Environmental Protection Agency (EPA) in Washington, DC. The NSAN will help unify the national message while strengthening NACWA’s position as a leader in policy-making.

NACWA has been a champion of green infrastructure (GI) since the mid-2000’s, pioneering the position that it is an effective tool to help manage wet weather and achieve water quality and quantity goals. In the fall, NACWA and over 30 other water sector organizations and federal agencies, launched the Green Infrastructure (GI) Collaborative, a network to help communities implement green infrastructure. The Collaborative represents both the evolution of the 2007 Statement of Intent on GI and a response to feedback from President Obama’s State, Local, & Tribal Leaders Task Force on Climate Preparedness & Resilience. It addresses Member Agency priorities by providing federal funding assistance; technical assistance to create integrated green stormwater management plans; and, a platform for conducting research on increasing affordability and effectiveness, sharing best practices, and developing actionable planning tools. NACWA’s members were among the first to pick up the banner of GI and broadly implement it on a city-wide basis. After many years of advocacy, GI is quickly becoming universally accepted.
This year NACWA released an updated Wet Weather Consent Decree Handbook and an improved Consent Decree e-Library, providing members with the most comprehensive set of resources on municipal wet weather enforcement issues. These tools offer Association members unparalleled information, analysis, and strategies on wet weather enforcement issues including negotiation, renegotiation, implementation, and modification of wet weather enforcement orders and decrees. Whether currently negotiating an enforcement order, anticipating an enforcement action, or considering modification of an existing order, the Handbook and e-Library provide invaluable assistance to the municipal clean water community.

NACWA’s white paper, Navigating Litigation Floodwaters: Legal Considerations for Funding Municipal Stormwater Programs is a robust tool that ensures the legal viability of municipal stormwater fee programs. The paper includes an overview of the types of issues impacting stormwater funding programs, analyzes and discusses key trends that are emerging based on the outcome of key cases, and outlines important legal facts that utilities should consider when establishing fee programs. In an environment of increasing regulatory requirements in both complexity and cost, this publication will help stormwater utilities create fee programs that achieve the needed level of revenue and avoid potentially costly litigation.

Key Resources Add Value, Provide Return on Investment

CONSENT DECREES HANDBOOK

AVOIDED COSTS FROM NEGOTIATING MORE FAVORABLE CONSENT DECREES INFORMED BY NACWA’S CONSENT DEGREE HANDBOOK.

STORMWATER WHITE PAPER

$1+ MILLION ADDITIONAL UTILITY REVENUE POSSIBLE FROM WELL-STRUCTURED STORMWATER FEE PROGRAMS NATIONWIDE.
The Association’s Targeted Action Fund (TAF) plays a critical role in accomplishing NACWA’s strategic objectives. In 2014-2015, the Fund supported numerous key Association initiatives and programs—bolstering the effectiveness of NACWA’s advocacy agenda, maximizing the ability of Member Agencies to collectively conduct and complete initiatives they have identified as critical, and offering an incredible return on investment by saving clean water agencies millions of dollars annually in cost savings and avoided costs.

**OFFERING AN INCREDIBLE RETURN ON INVESTMENT BY SAVING CLEAN WATER AGENCIES MILLIONS OF DOLLARS ANNUALLY IN COST SAVINGS AND AVOIDED COSTS.**
Since 1992, the Association has conducted its Cost of Clean Water Index annually to track average annual single-family residential service charge increases as measured against the rate of inflation. With the wide variety of rate structures at the local level, the average annual single family residential charge for sewer services provides a unique and consistent benchmark that serves as an important resource for utilities. The 2014 NACWA Index, released in May 2015, documented that the average cost of wastewater services rose 4.1 percent in 2014, more than double the rate of inflation as measured by the Consumer Price Index (CPI). The national average amount that a single-family residence pays for wastewater collection and treatment is now $448 per year, up from $435 in 2013. The national average annual charge tells an important story, but it also masks some of the acute challenges faced by individual communities, in some cases with annual service charges exceeding $1,000. The Cost of Clean Water Index Report features national and regional data, including maximum reported charge values for each U.S. Environmental Protection Agency (EPA) Region in supplemental data tables, providing a more detailed picture.

As a complement to the NACWA Index, the Association conducts a triennial financial survey to provide clean water agencies, government officials, and the public important insights into the financing and management of clean water utilities. The resulting report is recognized as the most comprehensive resource currently available for this type of information. In July, NACWA released the final survey report, Opportunities & Challenges in Clean Water Utility Financing & Management. The report provides a complete picture of how clean water utilities balance providing an increasing array of environmental services while responsibly managing their community’s resources. It features detailed analyses and trend information and includes a data spreadsheet with all survey responses to allow for more in-depth analysis and utility-to-utility comparison. All these invaluable resources—the report, detailed data spreadsheet, and an Executive Highlights summary—are provided as a benefit of Association membership.
2014 REGIONAL AVERAGE ANNUAL CHARGE

Source: NACWA's Cost of Clean Water Index

113 MILLION
POPULATION SERVED

183
UTILITY RESPONDENTS

$448
AVERAGE NATIONAL ANNUAL SEWER SERVICE CHARGE

4.1%
INCREASE IN SEWER CHARGES FROM 2013-2014
NACWA’s Member Agencies are at the top of their game. Throughout the year the Association recognizes individuals, utilities, and facilities and celebrates their commitment to innovation, exceptional utility management, and our nation’s waters. National Environmental Achievement Awards recognize outstanding contributions to environmental protection. Excellence in Management recognition acknowledges sustainable, successful utilities. And NACWA’s Peak Performance Awards honor top performing Member Agency facilities. Whatever the honor, well-deserved recognition acknowledges a job well done, and inspires others to view today’s challenges as opportunities to find new and innovative ways to provide leadership.

482 PEAK PERFORMING FACILITIES NATIONWIDE RECOGNIZED IN 2015
EXCEPTIONAL RETURN ON INVESTMENT RETAINS MEMBERS

YEARS AS ASSOCIATION MEMBERS

- **<5 YEARS**
  - 41 MEMBER AGENCIES
- **5-10 YEARS**
  - 26 MEMBER AGENCIES
- **11-15 YEARS**
  - 36 MEMBER AGENCIES
- **16-24 YEARS**
  - 69 MEMBER AGENCIES
- **>25 YEARS**
  - 102 MEMBER AGENCIES