

August 21, 2001

Dear Valued Colleague and Stakeholder:

I am writing to ask for your help in updating the Strategic Plan for the Municipal Support Division (MSD) of the U.S. Environmental Protection Agency. We need you to help us assure that the Fiscal Year 2002 Plan points the way toward a future that will benefit you and the environment.

Our draft 2002 Plan continues two overarching goals from our 2001 Plan to address fundamental challenges for modern water and wastewater treatment: *Close The Funding Gap*, and *Improve Infrastructure Performance*. For 2002 we propose a new, third goal: *Expand Our Influence*. This expresses our desire to do a better job of finding out whether what we do meets the needs of our customers. *Expand Our Influence* also describes a new effort to find, and bring forward, best practices in the public and private sectors for the work we do in financial management, technical assistance and technology development.

We intend our 2002 Strategic Plan to summarize what we intend to accomplish. We will fill in the details through the work plans that MSD's branches and teams prepare. Although not specifically included in the Plan, we also intend to keep making continuous internal improvements in the support we provide to division employees, and in our day-to-day work processes.

My staff and I will be grateful for your comments on the draft 2002 Plan. Please address them to me or to any member of the MSD Management Team. You will find our addresses listed on the last page of the draft Plan, and you will also find mine below. You may provide comments in any format you wish. In order for us to give them thoughtful consideration, please make sure that they reach us by close-of-business on Friday, September 14, 2001.

Thank you for helping us to bring closer MSD's vision in which *All Communities Manage Water Resources Effectively to Achieve Environmental and Health Goals*.

Sincerely,

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Municipal Support Division Strategic Plan

Our Vision

All Communities Manage Water Resources Effectively to Achieve Environmental and Health Goals.

Our Mission

To provide, stimulate and transfer information, financial resources and technical assistance through partnerships with States, Territories and Tribes, local governments, national organizations, the private sector and other stakeholders to address high priority public health and water quality issues.

Our Strategy

Close The Funding Gap

Prevent major national infrastructure deterioration.

Improve Infrastructure Performance

Transform the way wastewater treatment systems are managed.

Expand Our Influence

Support innovation and efficiency through evaluation, benchmarking, and partnering.

Introduction

The Environmental Protection Agency's (EPA) major goals and priorities for clean water are stated in the Agency's Strategic Plan (<http://www.epa.gov/ocfopage/plan/plan.htm>.) EPA's strategy is to pursue the highest priority point source and nonpoint source pollution problems as identified on a watershed basis. Watershed-based management seeks to address high-priority public health and water quality challenges, reducing risks from the discharge of

inadequately treated wastewater and other pollutants into our water bodies in the most cost-effective ways possible. There is clear recognition that management of pollution from nonpoint sources is increasingly important and that pollutant loadings from municipal point sources must continue to be reduced.

The role of the Municipal Support Division (MSD) is to provide financial and technical assistance to facilitate the effective management of point and nonpoint sources of water pollution including municipal and sub-municipal



wastewater, storm water discharges, and overflows from combined sewers and sanitary sewers during wet weather. MSD also addresses the financing and implementation of point and nonpoint source pollution controls, and the protection of sources of drinking water.

We will also address the safe management of wastewater treatment residuals called biosolids, and the conservation, recycling and reuse or effective use of water resources, including conservation, recycling and reuse of water and treated wastewater through support of both conventional and innovative technologies.

centralized systems as well as on-site and decentralized systems. We encourage water conservation. We assist Tribes and Special Needs communities from the U.S.-Mexico border to Alaska.

MSD recognizes that success in achieving our policy mission depends on our skill in supporting the needs and development of our work force, improving the efficiency and effectiveness of our internal business processes, and understanding and working to meet the needs of our customers. The division's managers will set explicit, internal goals with staff input, and track their achievement throughout the year.

Our Current State

MSD's career environmental and financial professionals have extensive training and experience in municipal wastewater treatment technology and finance, policy and regulation development, grant management, water resource management, performance management and outreach.

We are responsible for the management of the \$34 billion Clean Water State Revolving Fund (CWSRF) program and the financial management of the newer \$4 billion Drinking Water State Revolving Fund (DWSRF.) We are developing and preparing to implement three new, multi-million dollar infrastructure grant programs added by Congress during Fiscal Year 2001. We oversee billions of dollars in special Congressional appropriations for wastewater and drinking water infrastructure projects, and we help assure fiscal responsibility during the conclusion of the construction grant program authorized under Title II of the Clean Water Act, the nation's second largest public works program. We help municipalities and others to explore improved ways of managing wastewater and the residuals from its treatment in traditional

MSD's Role for the Future

We envision a future state in which we are viewed by the Agency and its stakeholders as a national center of excellence that contributes to and participates in partnerships that help communities with watershed-based water resources management.

MSD's Water Alliances for Voluntary Efficiency (WAVE) program is saving 900 million gallons of water, 216 billion BTUs of energy, and \$6.7 million in water and energy costs each year. Potential savings are 32 billion

To continue our progress toward our future state, MSD is taking stock of emerging challenges in water quality. This Strategic Plan requires that we address what we believe to be our new challenges and responsibilities:



- *Providing incentives for the public and private sectors to invest in improved management, maintenance and rehabilitation of existing collection and treatment systems, and to construct new systems.*
- *Stimulating an atmosphere in which the public and private sectors are willing to invest in research and development leading to improved collection and treatment technologies and reducing the cost of currently available technologies.*

MSD will continue its strong focus on program areas that have resulted in tremendous improvements in water quality and public health during the last 28 years, including:

- *Improving wastewater collection and treatment system performance.*
- *Improving nonpoint source controls and restoration.*
- *Improving the management and performance of on-site and decentralized wastewater treatment systems.*
- *Addressing emerging water scarcity issues.*

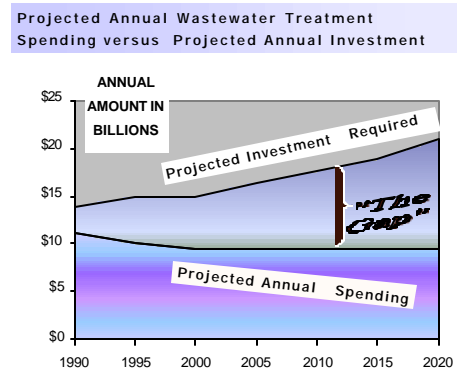
Last year the 48 states funded under MSD's Operator Training Program helped 915 wastewater treatment plants achieve and maintain safe, effective

Fulfilling Our Role

MSD plans to meet these key, high-priority national water quality challenges through: closing the funding gap, working to improve infrastructure performance, and expanding our influence. We will address each in detail.

Closing the Funding Gap

If the municipal wastewater management sector is to improve upon gains made to date and prevent further major national infrastructure deterioration, it must identify ways to fund more effective maintenance and rehabilitation of existing facilities as well as the construction of new facilities.



America's population grows the next 20 years, the nation will have to significantly increase spending simply to provide the level of pollutant removal being provided in the year 2000. Much more will be needed to fund replacement of deteriorating infrastructures.

Federal government funding for all categories of infrastructure has been essentially stable between \$40 and \$50 billion per year. However, annual Federal expenditures in current dollars for water and wastewater have declined from nearly \$10 billion in 1980, to about \$2.5 billion today.

The national investment in water and wastewater capital has remained flat for many years but, as the infrastructure ages, operation and maintenance costs are rising sharply. Neither the Federal government or any other single stakeholder by itself has the resources to satisfy capital investment needs.

A national dialogue is needed, the purpose of which will be to reach consensus on the appropriate roles of all the relevant stakeholders (the Federal government, States, Territories and Tribes, local governments, and the private sector) in providing the necessary investments.

MSD will continue to provide leadership in preparing for and supporting the dialogue, emphasizing approaches that can extend infrastructure life and reduce costs to taxpayers including asset management, improved efficiency, technological innovations, research, and user fees that encourage conservation.

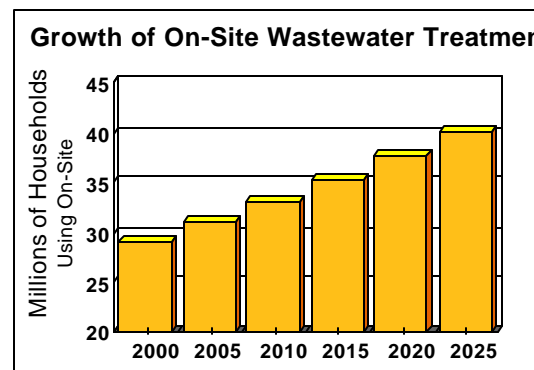
Working to Improve Infrastructure Performance

In order to maintain the pollution loading reductions we have achieved, the municipal wastewater management sector must develop new/different technologies to increase pollutant removal and/or lower the cost of known technologies to transform the way systems are managed because of:

- **Population Growth:** By 2010, the population served by wastewater collection and treatment systems is expected to increase by some 30 million people, increasing pollutant loadings. If current levels of treatment are not increased, by 2016 wastewater treatment plants will discharge about as much total biochemical oxygen demanding pollution as they did in 1972, before the nation adopted the

landmark secondary treatment standard.

- **Aging Infrastructure:** Many wastewater treatment and collection systems are decades old and may be reaching the point at which major rehabilitation or replacement is necessary.
- **Increasing Regulation:** As water quality goals require more stringent controls, dischargers will be required to invest in higher levels of treatment.
- **On-site systems:** many inadequately managed on-site and decentralized wastewater treatment systems are creating health and water quality problems for the 25% of the population who do not use centralized systems.



These pressures will lead people to seek more efficient and cheaper ways of accomplishing the same or higher levels of wastewater treatment to improve public health and water quality, and water use efficiencies on a watershed basis. The pressures will also lead people to better anticipate future infrastructure needs for new and replacement infrastructure, and to find the most cost-effective solutions for its short and long-term operation and maintenance.

Expand Our Influence



MSD will expand our influence by supporting innovation and efficiency through evaluation,

Through EPA, nearly 500 wastewater treatment and drinking water facilities have been built on Federal Indian Reservations and in Alaska native and rural villages to protect tribal health and some of

benchmarking, and partnering with other EPA Headquarters Offices, the ten EPA Regional Offices, other Federal and international government agencies and local governments, States, Territories, Tribes, national organizations, non-governmental organizations, educational concerns and other institutions. Our aim will be to develop information and programs, deliver technical and financial assistance to communities, our ultimate customers.

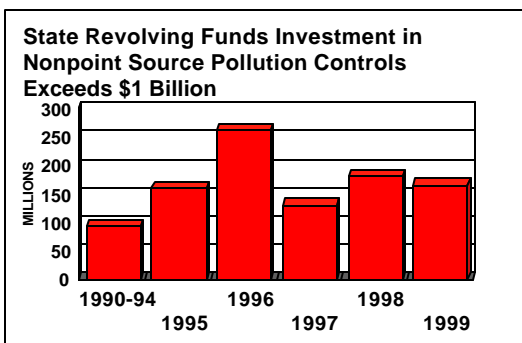
Our Strategic Goals

The Agency's goals and priorities for clean water are stated in the Agency's Strategic Plan. MSD's Strategic Goals will contribute directly to the achievement of the Agency's goals.

Goal 1 - Close The Gap

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infrastructure financing programs and partnerships to meet priority community water resource infrastructure needs.

Objectives

1.1 Assure that Federal funds and the funds they leverage are used to meet the most important environmental needs on a watershed basis.

1.2 Assure that Federal funds are managed according to the highest standards of fiduciary responsibility.

1.3 Assure that the Agency has the best information available to quantitatively assess the amount and value of long-term water and wastewater infrastructure replacement and maintenance needs.

1.4 Provide expert advice for the development of new financial assistance programs and instruments.

1.5 Engage our partners in developing and implementing innovative solutions for closing the gap.

1.6 Determine how well the informational and technical assistance products we offer meet our customers' needs.

Goal 2 - Improve Infrastructure Performance

Develop and disseminate information on community water resource infrastructure management.

MSD has developed about 100 fact sheets to help municipalities improve wastewater treatment effectiveness and manage wet weather pollution from storm drains and overflowing sewers.

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3.2 Evaluate available systems for sharing of program knowledge and information and create additional opportunities.

3.3 Consider and demonstrate adaptation of services and service provision systems from other public works fields.

3.4 Encourage increased support by and cooperation with other service providers with similar goals and objectives.

3.5 Provide opportunities for feedback from partners and recipients of the provision of services, with a commitment to offering appropriate recognition and follow-up action.

Objectives

2.1 Institutionalize financial, economic and engineering management practices to provide required service in the most cost-effective manner.

2.2 Foster the development of new and innovative technologies for water resource infrastructure management, including resource preservation and recovery.

2.3 Foster improved management of decentralized and on-site systems.

2.4 Provide technical support for the development of water policies, guidance and regulations.

2.5 Determine how well the technical support products we offer meet our customers' needs.

Goal 3 - Expand Our Influence

Support innovation and efficiency through evaluation, benchmarking, and partnering.

Objectives

3.1 Support innovation in provision of program services toward greater efficiency and economy of resource use.

Thank you for reading the MSD Strategic Plan. We welcome your comments and suggestions.

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