

# ICMA Budget

## Fiscal Year 2015

July 1, 2014 — June 30, 2015

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## Executive Summary

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### Document Organization

The FY 2015 budget document begins with an executive summary, which includes a budget summary, FY 2015 strategic priorities and metrics, a description of the budgeting process, summary budget by outcome area, budget assumptions, grant-and-contract analysis, risks, and risk mitigation.

The executive summary is followed by financial reserve goals, progress anticipated toward these goals, and a summary of capital investments and depreciation. Next is the summary comparative FY 2015 budget followed by data with key priorities organized by outcome area. The final section provides the FY 2014 – FY 2015 update to the strategic plan adopted in 2008.

### Budget Summary

The ICMA 2015 budget is based on a continued philosophy of responding to changing factors in our environment, while positioning ourselves for the future by investing in areas that will ensure the long-term strength of the association.

Even as the economy experienced a financial crisis, ICMA has enjoyed financial success over the past decade, which enabled us to build net assets with steadfast fiscal discipline. In the 10-year period from FY 2004 to FY 2013, ICMA contributed approximately \$5M to net assets after funding programs, such as the debit card program, investments to jump-start the *Life, Well Run* campaign, and other priorities. Net assets balance at the end of FY 2013 was \$6.3M, exceeding the target of \$5.3M by approximately \$1M.

In FY 2014 and FY 2015, ICMA faces a transition period as we look at revitalizing several business lines that are no longer sustainable in their current model. Challenges include the:

- Uncertainty of a post-Afghanistan funding stream.
- Risks involved in the board-approved new direction of ICMA's performance measurement program.
- Impact of the new business model for ICMA to remain in the public safety management arena.
- Lack of financial sustainability of print publishing.
- Relatively new business model with the Center for Management Strategies now in its second year.
- Impact of the dues recommendations made by the Task Force on Financing ICMA.
- Fundraising for initiatives, such as *Life, Well Run*.
- Positioning ICMA to be relevant to the next generation of members.

At the same time, however, there are several opportunities:

- ICMA's membership revenue is on track to set a record high in FY 2014.
- The once-in-a-lifetime opportunity to generate excitement among ICMA members in celebrating the 100<sup>th</sup> anniversary of the profession and the organization.
- The opportunity to raise awareness of the profession and to attract the next generation of leaders through the momentum gained by the *Life, Well Run* campaign.

- The possibility of scaling performance management and analytics to numerous participants.

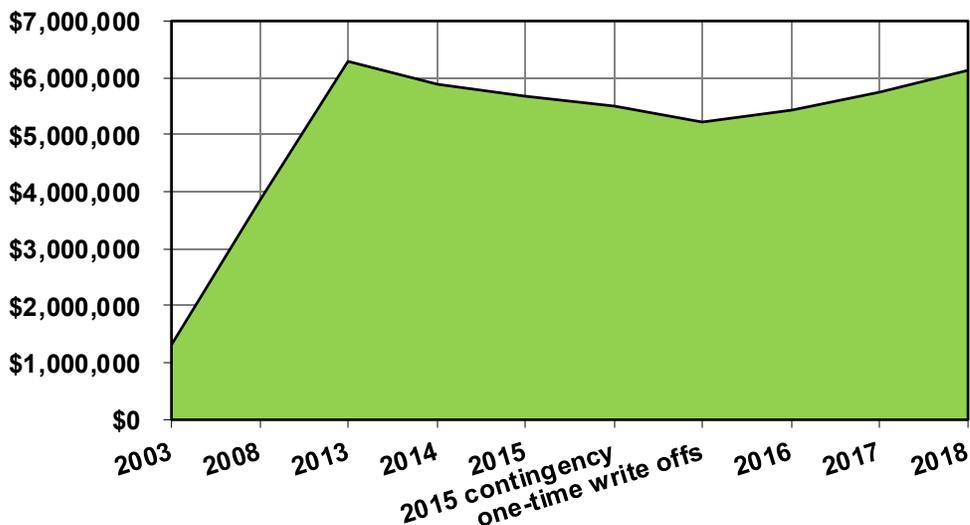
With the return to a more steady state anticipated in FY 2016, FY 2014 and FY 2015 are viewed as transition years as we move from a base of international revenues in the range of \$17M – \$19M over the past few years to a more typical, expected range of \$11M – \$13M.

The FY 2014 budget approved by the board assumed an investment and assessment year and budgeted using \$135,000 from net assets as we continued ongoing services, funded new priorities, responded to changes in the market, and made adjustments in some business lines. During FY 2014, the downward shift in international funding happened more abruptly than planned with the termination of a newly awarded \$15M project in Afghanistan; consequently, the projected use of net assets for FY 2014 is approximately \$400,000.

We approach the FY 2015 budget as a continued transition and investment year as we adjust further to an anticipated new normal with total association annual revenues of \$30M. **The FY 2015 budget proposes using \$200,000 from net assets with revenues of \$30,454,375 and expenses of \$30,654,375.** This includes adding approximately \$205,000 to net assets from operations; investing net \$155,000 in additional bid and proposal costs for future international awards; investing net \$150,000 to roll out the new Center for Performance Analytics product; and spending an additional \$100,000 to implement the recommendations of the 100<sup>th</sup> Anniversary Task Force. **A contingency plan has been developed in the event that some of the anticipated international funding does not come through by the end of the first quarter of FY 2015. In this scenario, the net impact will be a reduction in reserves of an additional \$200,000, totaling \$400,000 in FY 2015.**

The additions to net assets made in FY 2003 – FY 2013 allow us to make the necessary investments in FY 2014 and FY 2015, which in turn can position ICMA to return to profitability in FY 2016 and beyond, so that at the end of FY 2018, net assets balances can reach \$6.3M as shown below:

NET ASSETS BALANCES 2003 - 2018



The FY 2015 budget funds the following:

- Implementing the priorities identified by the board and in the strategic plan.
- Investment in ICMA Insights, the enhanced performance management and analytics product that will be offered in partnership with SAS.
- Continued investment in business development and bids and proposals to attract future international funding.
- One-time expenses related to the 100<sup>th</sup> anniversary celebrations as requested by the task force and approved by the board.
- A shift in focus from print publishing, which is no longer financially viable, to a focus on producing e-pubs so that ICMA can continue to be a thought leader and provide information to members.
- Continued investment in the development and implementation of an association management software, netFORUM.

The purpose of these investments is to position the organization to return to profitability targets in the years FY 2016 and beyond.

There are several initiatives underway, the full impact of which are currently unknown, and therefore, not included in the FY 2015 budget. Decisions made on any of these initiatives during FY 2015 could have an impact on the budgeted resources.

- Task Force on Financing ICMA: The FY 2015 budget assumes member engagement and testing of the dues recommendations made by the Task Force on Financing ICMA. The financial impact of any final decisions made on the dues structure will be reflected in the FY 2016 budget.
- Other board-appointed task forces: The Task Force on Women in the Profession and the Leadership Task Force will make their recommendations to the board at the September 2014 meeting. The full impact on the FY 2015 budget, if any, is currently unknown. \$10,000 has been included in the budget to kick start implementation of any board-approved tactics.
- Impact of implementation of the new association management software: The FY 2015 budget includes resources needed to implement the new software and the depreciation costs related to the software. However, the budget does not assume any efficiencies in operations, which are expected from the new software.

## FY 2015 Strategic Priorities

The following key strategic priorities, as approved by the board in February 2014, are included in the FY 2015 budget. These priorities have a broad impact on the organization and its future. Additionally, each outcome team and program has its own set of priorities and metrics that comprise the operations plan for ICMA. The strategic priorities are distinguished by their impacts across ICMA, the level of effort that they require, or their criticality to members and the organization.

<b>Strategic Plan Priority</b>	<b>FY 2015 Priorities</b>	<b>FY 2015 Metrics</b>
<b>Member Engagement and Support</b>	<p><b>Membership</b></p> <p>Grow membership through national / state / affiliate and international strategies.</p>	<p>Continue personalized recruitment efforts in states and countries.            Implement and market the new department director rate.            Implement member engagement strategies and pilot testing of the recommendations made by the Task Force on Financing ICMA.</p> <p>Achieve membership recruitment goals and dues revenue targets.</p>
<b>Leadership</b>	<p><b>Life, Well Run (LWR)</b></p> <p>Build on the momentum gained in the Life, Well Run campaign to raise awareness of the value of professional local government management. Secure corporate sponsorships to support the campaign. Sustain a base level of staffing from General Fund operations.</p>	<p>Raise \$600,000 in FY 2015 in cash and pledges for the LWR campaign.</p> <p>Develop and implement plan to scale the campaign based on secured funding. Maintain targeted presence and momentum relative to the level of funding. Engage state associations in campaign implementation efforts.</p>
<b>Leadership</b>	<p><b>100<sup>th</sup> Anniversary and Charlotte Conference</b></p> <p>Raise awareness of the value of professional local government management by increasing engagement with ICMA through a cohesive marketing communications plan that includes the 100<sup>th</sup> anniversary and engage members and other audiences in ICMA's anniversary celebration. Secure corporate</p>	<p>Implement plan developed by the 100<sup>th</sup> Anniversary Task Force and approved by the board in November 2013. The board approved the use of \$200,000 from reserves for the Charlotte conference if sponsorships are not available and an additional \$132,000 from reserves for implementation of the 100<sup>th</sup> Anniversary Task Force plan.</p> <p>The FY 2015 budget includes the funding needed for implementation of recommendations made by the 100<sup>th</sup> Anniversary Task Force.</p>

<b>Strategic Plan Priority</b>	<b>FY 2015 Priorities</b>	<b>FY 2015 Metrics</b>
	sponsorship for these events.	
<b>Leadership</b>	<p><b>Board appointed Task Forces</b></p> <p>The board appointed task forces on Women in the Profession, on Leadership, and on Strengthening Inclusiveness within the Profession, will evaluate the composition and the future role of leadership for the local government profession, the “value proposition” of professional management, and the supporting role ICMA must play.</p>	<p>Support the work of the task forces to deliver final reports to the board.</p> <p>Determine impact on programs and budget to implement recommendations of the task forces and present a plan to the board.</p> <p>Implementation costs of any recommendations made by these task forces, which may be approved by the board in excess of \$10,000, are not included in the FY 2015 budget.</p>
<b>Knowledge Sharing</b>	<p><b>Information</b></p> <p>Organize, mine, and disseminate content to provide members with relevant timely information on core topics and hot topics of interest to members. Identify long-term trends and issues affecting local governments and expand funded research initiatives in these areas.</p>	<p>Develop a comprehensive and cohesive plan that includes various delivery mechanisms including the Knowledge Network, articles, case studies, webinars, and e-pubs to disseminate timely and relevant information to members.</p>
<b>Knowledge Sharing</b>	<p><b>Performance Management</b></p> <p>Provide a high-quality, easy-to-use, scalable solution to local governments in the area of performance management and data analytics through a partnership with a renowned software vendor, SAS.</p>	<p>Articulate the value of performance measurement, management, and analytics and encourage participation. Implement the new system for a roll-out early in FY 2015. Market and promote advanced analytics practices. Meet business plan metrics.</p>
<b>Knowledge Sharing</b>	<p><b>Research &amp; Technical Assistance</b></p> <p>Center for Sustainable</p>	<p>Develop a coordinated and sound business plan for delivering services through the various centers and through various funding mechanisms to provide</p>

<b>Strategic Plan Priority</b>	<b>FY 2015 Priorities</b>	<b>FY 2015 Metrics</b>
	<p>Communities</p> <p>Center for Management Strategies</p> <p>Research in collaboration with the Alliance for Innovation and the Local Government Research Collaborative (LGRC)</p>	<p>services in an effective and efficient manner ensuring that budget targets are met.</p> <p>Restructure internally around the areas of federal funding, direct technical assistance to local governments, and royalty agreements to maximize skill sets of staff to deliver on various topic areas.</p> <p>Develop a process to identify and vet qualified technical assistance partners to provide a suite of services on essential management responsibilities including citizen engagement, strategic planning, budgeting and resource allocations, organization culture and continuous improvement, performance management, and council-manager relations.</p>
<b>Knowledge Sharing</b>	<p><b>International Programs</b></p> <p>Diversify international programs both in terms of funders and regions. Define the new post-Afghanistan funding reality.</p>	<p>Sustain funding of international programs at \$13.5M. Have a contingency plan in place for funding reductions below this level.</p> <p>Develop and implement the business plan for the ICMA China Center.</p>
<b>Organizational Stewardship</b>	<p><b>Financial Results</b></p> <p>Set realistic net asset targets based on funding scenarios and priorities. Meet targeted contribution to net assets so ICMA can reach its reserve targets to ensure resiliency and sustainability.</p>	<p>Maintain net assets balance of at least \$5M at the end of FY 2015 as we transition from international revenues of over \$19M to approximately \$13M. Get back to a position of adding at least 1% of revenues to net assets from base operations in future years.</p>
<b>Organizational Stewardship</b>	<p><b>Association Management Software (AMS)</b></p> <p>Successfully implement the conversion to the new AMS, netFORUM.</p>	<p>Expect implementation November 2014. Implement on schedule and within budget. Gain process efficiencies.</p>

### **FY 2015 Budgeting Process**

ICMA is organized internally around priority outcomes to achieve the objectives in the 2008 strategic plan. Staff teams are organic and are adjusted periodically in keeping with a commitment to continuous improvement and in recognition of a changing environment. Team

budgets were developed to achieve the strategies related to each area to accomplish the following:

- Increase membership through recruitment, retention, and services and be the comprehensive source for professional development and the first resource for information (*Membership, Professional Development, and Information*).
- Offer research, information, and services that members and their jurisdictions value domestically (*Research and Technical Assistance*).
- Further the ICMA mission worldwide by assisting local governments in developing and transitioning countries (*International Programs*).
- Increase the perceived value of the profession and ICMA's visibility as a valued brand (*Brand Management, Marketing and Communications*).
- Provide needed organizational support so that other teams can accomplish their goals (*Executive Office, Finance, Facilities, Office Services, Human Resources, and Information Technology*).

The following table shows the FY 2015 expected financial results by outcome area.

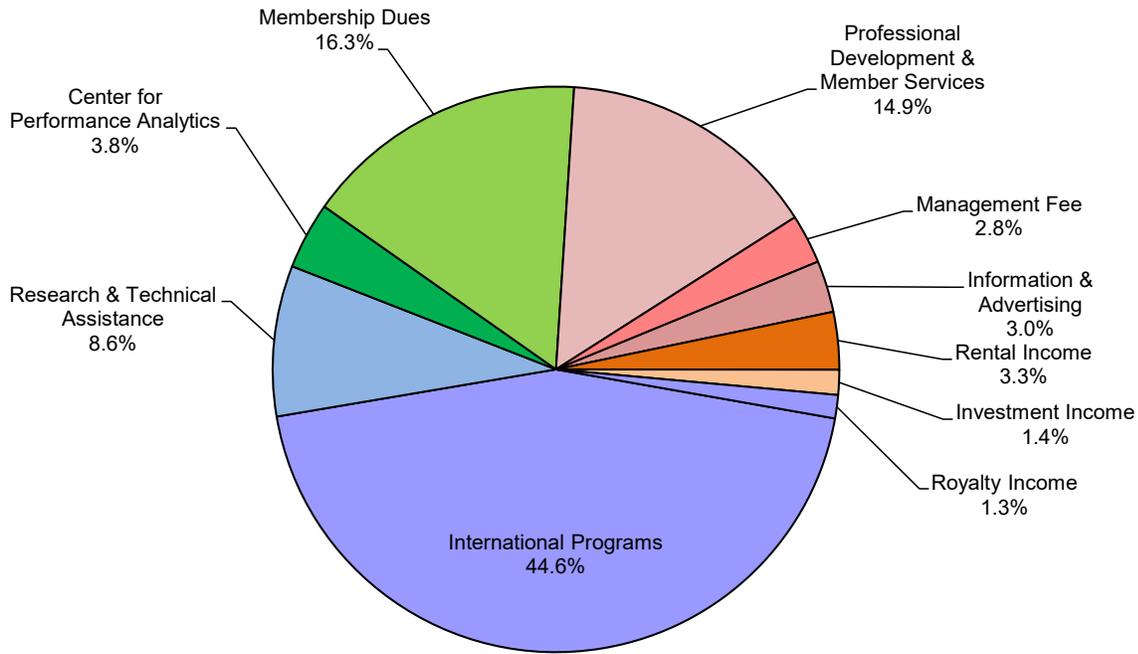
<b>FY 2015 Budgeted Results by Outcome</b>	Revenues	Labor, Fringe, & Other Direct Costs	Net Contribution from Operations	Additional Investments	Net Contribution after Investments
Member Dues	\$ 4,950,000	-	4,950,000	-	4,950,000
Member Renewal & Services	582,200	2,825,875	(2,243,675)	-	(2,243,675)
Professional Development	3,968,101	2,645,833	1,322,268	-	1,322,268
Information & Publishing	755,460	1,250,852	(495,392)	-	(495,392)
Marketing & Communications	144,134	903,267	(759,133)	100,000	(859,133)
Research & Technical Assistance	2,622,000	2,311,945	310,055	-	310,055
Performance Management & Analytics	1,165,625	1,164,644	981	150,000	(149,019)
International Programs	13,568,150	12,212,118	1,356,031	155,000	1,201,031
Organizational Support	132,000	5,476,734	(5,344,734)	-	(5,344,734)
Other	2,566,705	1,458,106	1,108,600	-	1,108,600
<b>Net Contribution to / (use from) Reserves</b>	<b>\$ 30,454,375</b>	<b>30,249,375</b>	<b>205,000</b>	<b>405,000</b>	<b>(200,000)</b>

The FY 2015 budget proposes using \$200,000 from net assets with revenues of \$30,454,375 and expenses of \$30,654,375.

This includes adding approximately \$205,000 to net assets from operations; investing net \$155,000 in additional bid and proposal costs for future international awards; investing net \$150,000 to roll out the new Center for Performance Analytics product; and spending an additional \$100,000 to implement the recommendations of the 100<sup>th</sup> Anniversary Task Force. A contingency plan has been developed in the event some of the anticipated international funding does not come through by the end of the first quarter of FY 2015. In this scenario, the net impact will be a reduction in reserves of an additional \$200,000, totaling \$400,000 in FY 2015.

The following pie charts show FY 2015 budgeted sources of revenue and the allocation of these revenues to the priority outcomes:

**FY 2015 Budgeted Sources of ICMA Revenue**



**FY 2015 Allocation of ICMA Resources to Outcomes**



Note: Organizational Support costs include labor, fringe, rent expense, and other direct expenses related to executive office, finance, human resources, information technology, facilities, and office administration.

**Budget Assumptions**

The FY 2015 budget includes the following assumptions:

**Revenue Estimates**

-  ○ **Membership dues** are budgeted to increase from FY 2014 budget by 1.3% to reflect the actual results of FY 2014. With the implementation of the state-by-state strategies, dues revenue in FY 2014 is projected to set an ICMA record of \$4,950,000. The FY 2015 budget assumes dues revenues to be the same as the FY 2014 projection.
-  ○ **Annual conference** attendance in Charlotte is budgeted at approximately 95% of the attendance in Boston, where the actual registrations were higher than the FY 2014 budget by over \$350,000. Given the location and the 100<sup>th</sup> anniversary celebrations, we anticipate attendance at 95% of the higher-than-expected attendance at Boston.
-  ○ **Other professional development offerings** have higher budgeted revenues, reflecting the success of such offerings as the Effective Supervisory Practices webinar series and implementation of the new business plan, which adds such online events as ethics webinars and new custom on-site training.
-  ○ **Information revenues** are budgeted to be lower than FY 2014 since we will be discontinuing the development and sales of books, except for the five to seven top-selling titles, along with a focus on e-pubs.
-  ○ **Ad revenues** are budgeted to be higher since we have entered into an agreement with an ad rep firm, the Townsend Group, in the last quarter of FY 2014 to sell ad space for *PM* magazine and the website.
-  ○ **Research & Technical Assistance** revenues are budgeted lower than FY 2014 reflecting the revised business model with the Center for Public Safety Management. In this model, ICMA will get a royalty payment based on gross receipts of the center.
-  ○ **Center for Performance Analytics** revenues are budgeted assuming we attract approximately 350 participants in FY 2015.
-  ○ **International Program** revenues are budgeted at \$13.5M compared to \$18.9M budgeted in FY 2014 and \$15M projected for FY 2014. This assumes that we will generate an additional \$7.5M from new awards during FY 2015. A contingency plan is in place in the event international revenues are in the \$11M range, which will be implemented in the second quarter of FY 2015 if needed.
-  ○ **Other revenues** are budgeted to be flat. Royalty payments from ICMA-RC and the reimbursements from the Center for State and Local Government Excellence are expected to increase, while the investment income from the Real Estate Investment Trust (REIT) dividend income is expected to decrease.

New Center
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## Expense Estimates

While the FY 2015 budget has reduced overall expenses significantly in response to reduced international funding, the reductions were made primarily in the international funded programs and in general support services. The budget was prepared with the intention of isolating the impact of reduced funding from member services. In fact, the proposed budget includes investments:

- To increase membership recruitment and retention. The budget includes having three regional directors based in the West Coast, Midwest, and Southeast regions as this strategy has proven to be successful in member engagement, recruitment, and retention. Additional member benefit offerings, such as member web events, are being explored.

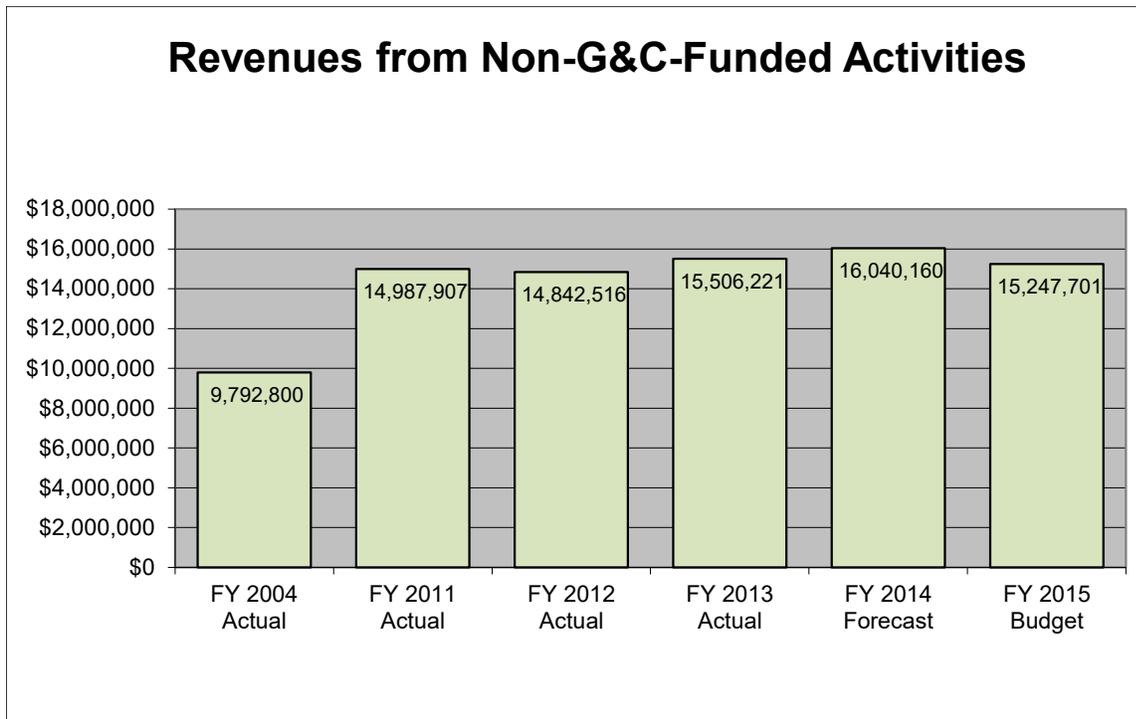
- To develop and promote new professional development offerings.
- Related to the 100<sup>th</sup> anniversary conference to implement recommendations of the Task Force.
- Needed for the successful roll out of the new Performance Management & Analytics product, ICMA Insights, offered in partnership with SAS.
- For expenses needed to transition out of print publishing as we continue fulfilling orders to exhaust current inventory for select titles.
- To continue at the FY 2013 levels for international business development and bid and proposal activities to maintain a pipeline of funding for the future.
- To implement the new association management software to make processes more efficient and to enhance the customer experience.
- In a digital strategy to expand our web presence.
- In staff through professional development and training, maintained at approximately \$1,000 per staff.
- Of an average 1.50% increase in labor costs, which will be distributed as a combination of base pay increases, bonuses, and/or contributions toward health premiums.

### **Federal and Foundation Funded Grant-and-Contract (G&C) Analysis**

Federal- and foundation-funded grant-and-contract (G&C) technical assistance activities (included under International and under Research & Technical Assistance Programs) have contributed significantly to ICMA's mission and finances since 1990. Though G&C funding is expected to be greatly reduced from the high levels in the past three years, it remains the largest source of revenue in this budget at approximately 50% of total revenues. While providing benefits to ICMA, these sources come with higher risks, such as the uncertainty of obtaining projected funding; the delay in award of proposals, which leads to downtime between projects and/or to staff reductions; the ability to spend available funding on hand without interruptions; the challenges of working in high-risk countries, such as Afghanistan; and funders imposing heavy compliance requirements and restrictions on indirect cost recovery.

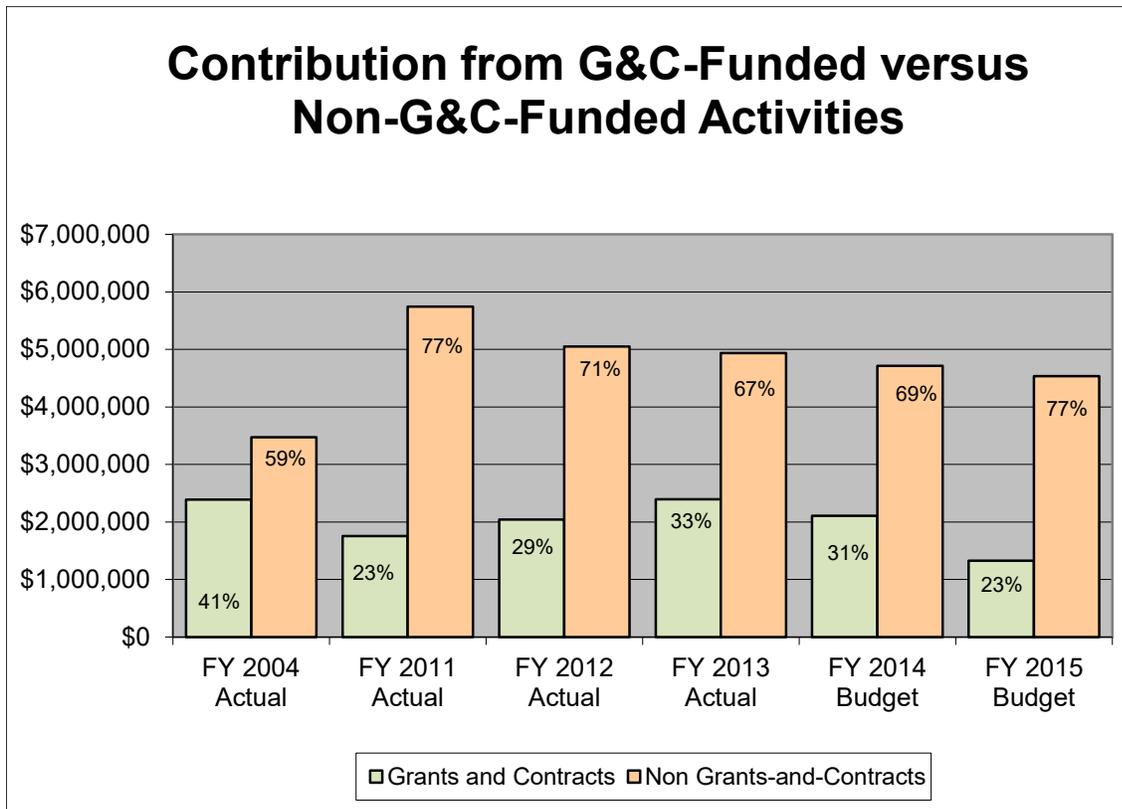
Since FY 2004, ICMA has been focused on reducing its reliance on grants and contracts by successfully pursuing such strategies as ensuring a higher contribution from the annual conference; attracting sponsorships; offering new professional development products; trying other business models, such as the Center for Public Safety Management and Center for Management Strategies; providing management services to the Center for State and Local Government Excellence for a fee; and generating cash from the headquarters building by converting ownership to a REIT structure, all with a goal of increasing the contribution from non-G&C-funded activities.

Revenue from non-G&C-funded activities includes income from membership dues, annual conference and other professional development offerings, Job Center, publishing, survey research, performance management, strategic partnerships, sponsorships, advertising, technical assistance activities provided directly to local governments, subtenant rent, and the management services fee for the Center for State and Local Government Excellence, as well as royalty income, REIT dividend income, and other investment income.



As evidenced in the chart above, the focus in increasing non-G&C revenues has been successful as revenues from these areas increased from a base of less than \$10M in FY 2004 to a projected \$16M in FY 2014 and a budgeted \$15.2M in FY 2015. The FY 2015 budgeted revenue from these sources is lower than the FY 2014 projections because of reduced revenues resulting from the change in the business model in the Center for Public Safety Management and in publishing.

The FY 2015 budget projects the contribution from non-G&C-funded activities toward covering general support costs and net assets to be at 77%, up from 59% in FY 2004. The general support costs in the context of measuring contributions include general ICMA-wide marketing, brand management, communications, digital strategy, the executive office, human resources, information technology, finance, facilities, and office administration.



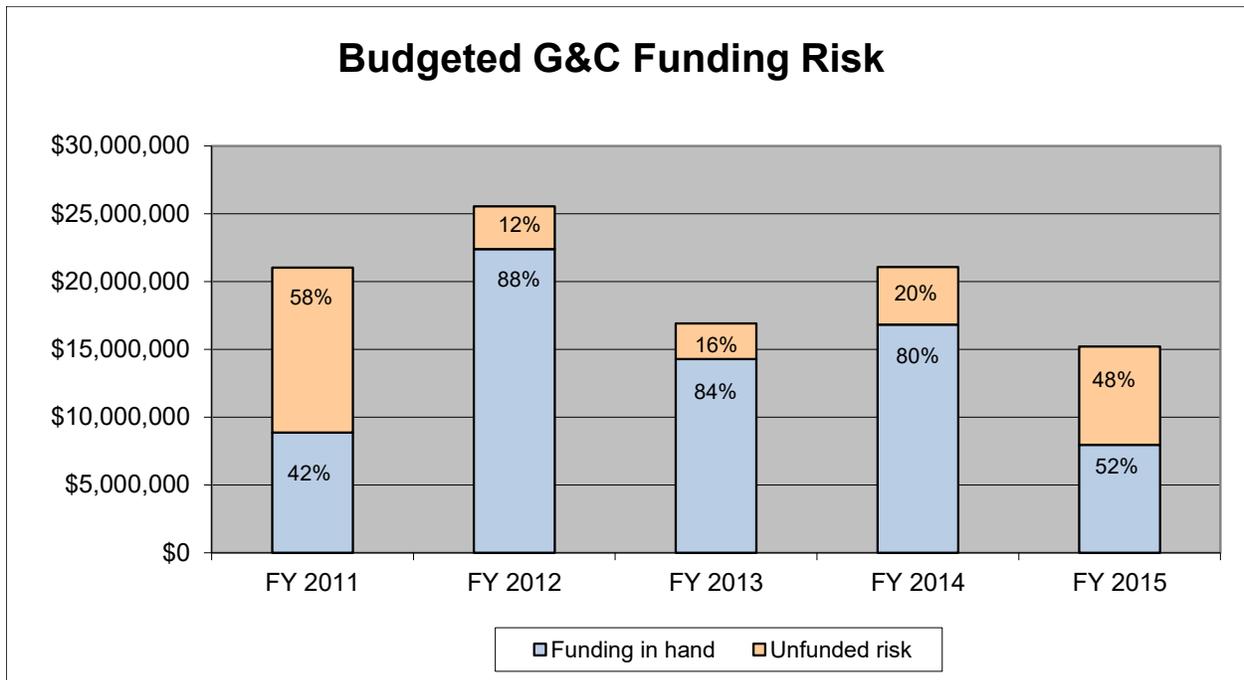
## Risks

Risks inherent in the FY 2015 budget that might affect actual results include:

- Continued heavy reliance on funding from one primary source, USAID, for work in highly volatile countries could be rapidly influenced by changing political environments and other factors as evidenced in FY 2014 by the sudden loss of a major award. The FY 2015 budget includes international awards in hand of approximately \$6.5M, of which approximately \$1M is from a project in Afghanistan. In addition, \$4M of the \$7M in anticipated funding or 57% is expected from outstanding proposals for new projects in Afghanistan. Any change in the political environment in Afghanistan could affect our ability to do work on these projects and to recognize revenue. This is the single largest risk in the budget.
- The Charlotte conference is budgeted to attract 95% of the attendance at the Boston conference. Boston was a very attractive location but we anticipate the excitement around the 100<sup>th</sup> anniversary will generate attendance at budgeted levels in Charlotte.
- Local governments' restrictions or freezes on discretionary spending might adversely affect membership dues, professional development participation, and participation in direct technical assistance activities. A 5% reduction in these areas would reduce revenues by \$550,000 without an appreciable reduction in related expenses.
- While there is huge potential surrounding the new performance management and analytics product soon to be offered in partnership with SAS, there is the risk that the product will not be delivered on time and will not meet customer expectations.
- The amount of unfunded G&C funding included in the budget—\$7,253,000 (48% of total budgeted G&C funding and 24% of total association revenue)—is higher than normal. Each year we budget approximately 20% of G&C revenue as unfunded but since the awards are in 3-5 year cycles, the unfunded percentage increases cyclically as projects

end, with the last high unfunded percentage at 58% in FY 2011. The unfunded amount is based on our average win rate applied to outstanding or pending proposals and reflects the anticipated return on the investments made in business development and bid and proposal activities.

The chart below shows the history of unfunded amounts included in the budgets for both domestic and international grants and contracts. Actual G&C revenues have ranged from 77% to 113% of budgeted revenues over the past 3 years.



### Risk Mitigation

We are presenting a cautiously optimistic budget for FY 2015 assuming the use of \$200,000 from net assets, as we adapt to a reduction in international funding from a high of \$19M to a budgeted \$13.5M. Since there is a high degree of uncertainty surrounding the unfunded amounts included in the budget, we have prepared a contingency plan to be implemented in the second quarter of FY 2015 if funding assumptions do not materialize. This contingency plan assumes a further reduction in net assets of \$200,000. In the other areas of ICMA, each outcome team is tasked with developing key metrics of success, trigger points to measure progress, and contingency plans in the event that any of the revenue assumptions significantly change. ICMA’s leadership team tracks leading indicators on the various business lines looking for early warning signs, and if assumptions do not hold true, will implement corrective action.

There continue to be additional risks associated with accounting controls in the international field offices. Home office finance staff now review all backup documentation provided by the field and also make field office visits as needed to mitigate this risk. Two major Afghanistan projects are currently under audit with a high likelihood of other major Afghanistan projects being audited in the future.

## Financial Goals

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### Net Assets

Net assets represent the accumulated earnings of an organization, and are increased or decreased as a result of annual operating surpluses or deficits. It is a measure of an organization's long-term financial stability and capacity and is calculated as assets less liabilities. The median net assets balance of nonprofit organizations, as reported by the American Society of Association Executives, is approximately 50% of the average operating budget.

ICMA's net assets balance was \$1,309,352 at the end of FY 2003 when the board began setting net assets goals and interim targets in 5-year increments. In FY 2004, the board set a net assets target of \$2.6M to be achieved by FY 2008, and then in FY 2009 set a target of \$5.3M to be achieved by FY 2013. During this 10-year period from FY 2004 to FY 2013, significant progress was made toward our net assets goal by contributing approximately \$5M to net assets despite the impact of the economic downturn and after funding priorities including the Life, Well Run start-up costs and the membership debit card program. With these additions, the net assets balance at 06/30/2013 was \$6,291,566, exceeding the target of \$5.3M by approximately \$1M.

Based on this performance, the board in FY 2013 set the next net assets target to be achieved by FY 2018 at \$7,625,000. This assumed a steady state of operations and assumed adding approximately 1% of revenues or \$300,000 each year to net assets. However, as ICMA transitions from an international funding stream of over \$19M in FY 2012 to approximately \$15M in FY 2014, with a further reduction in FY 2015 of \$11M – \$13.5M, FY 2014 and FY 2015 will be used as transition and investment years to help us manage to a new steady state of revenues and to make the necessary investments before we return to profitability in FY 2016 and beyond. Besides responding to the impact of reduced international funding, ICMA has at the same time had to reinvent and make necessary changes to several other business models, including performance measurement, publishing, and the Center for Public Safety Management, while continuing to invest in member benefits and services and raise awareness of the profession through the Life, Well Run campaign. The better-than-budgeted contributions to net assets over the past few years provides an opportunity to respond thoughtfully to the reduced funding while positioning ICMA for the future.

To minimize the impact of the abrupt termination of a major Afghanistan program in the third quarter of FY 2014, and to maintain the momentum in making changes in several business lines and in the implementation of the new association management software, we anticipate using up to \$400,000 from net assets in FY 2014. In FY 2015 we anticipate using an additional \$200,000 – \$400,000 from net assets depending on the level of international funding (anticipated between \$11M and \$13.5M) to fund continued investments in bid and proposal activities to generate future international awards, investments in the new Center for Performance Analytics product offered in partnership with SAS, and to implement the recommendations of the 100<sup>th</sup> Anniversary Task Force.

These investments in FY 2014 and FY 2015 are made to enable us to return to profitability in FY 2016 and beyond, so that the net assets balance at the end of FY 2018 will be at \$6.3M after funding the transition, the investments mentioned above, and the one-time write off costs of print inventory and the old CPM software, as shown in the table below:

Fiscal Year/Description	Net addition to / (use of)	Net Assets
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	reserves	Balance
FY 2013 balance		\$6,291,566
FY 2014 forecast	(391,566)	\$5,900,000
FY 2015 budget from operations	205,000	\$6,105,000
FY 2015 additional investments**	(405,000)	\$5,700,000
FY 2015 contingency plan	(200,000)	\$5,500,000
One time write off CPM old software and inventory	(250,000)	\$5,250,000
FY 2016 projected	250,000	\$5,500,000
FY 2017 projected	350,000	\$5,850,000
FY 2018 projected	450,000	\$6,300,000

\*\* FY 2015 additional investments include an additional \$155,000 investment in bid and proposal (b&p) activities to maintain total b&p investments at \$1.2M to generate future international awards; \$150,000 net investment in the new Center for Performance Analytics; and \$100,000 expenses to implement the recommendations of the 100<sup>th</sup> Anniversary Task Force.

Net assets are being built to help ICMA manage these transitions and to make investments in the future as necessary. The net assets target will be reviewed and adjusted annually based on actual performance. The overall net asset targets are further divided into separate buckets to ensure that reserves are set up for different kinds of risks.

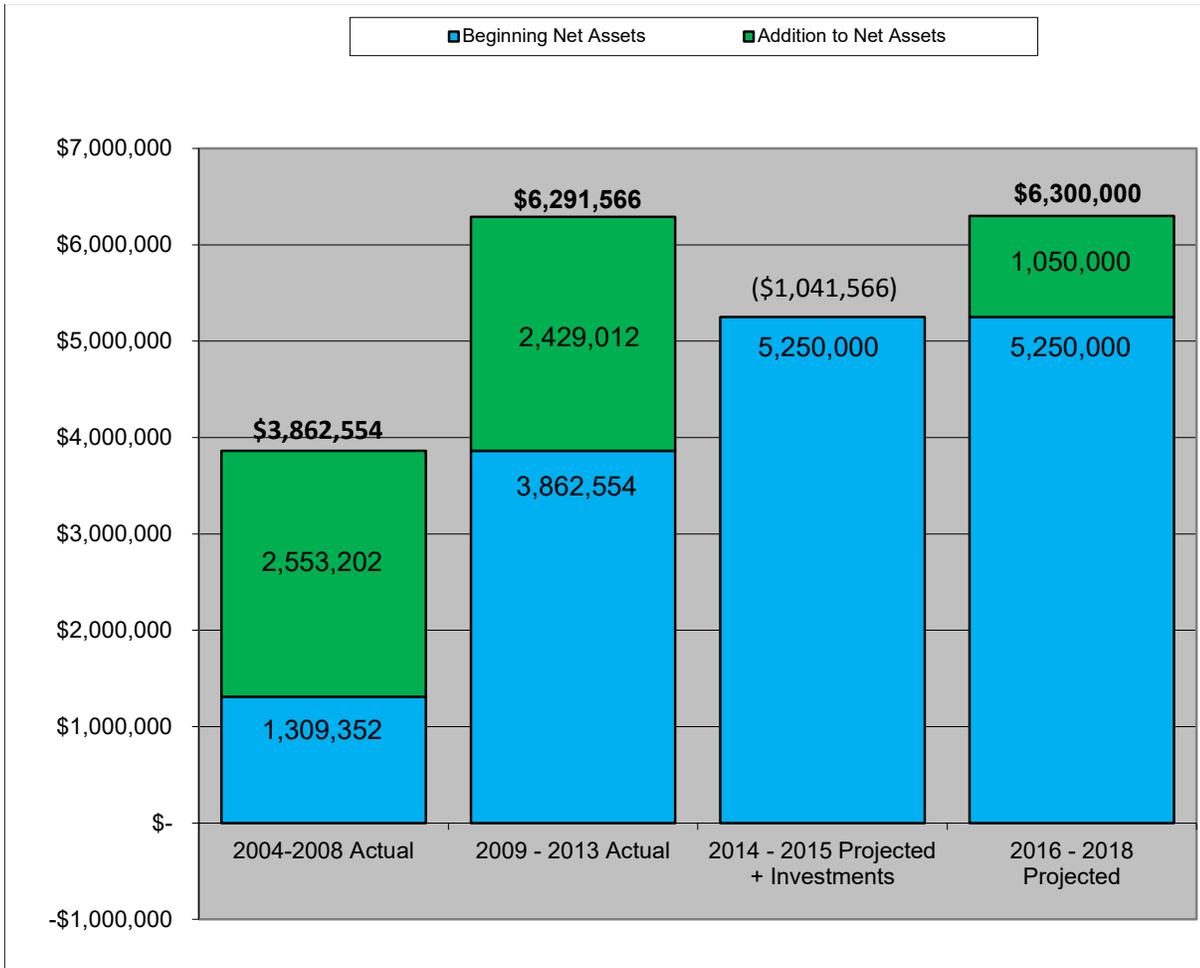
The table below shows the overall net assets goal and the incremental target for FY 2018:

Composition of Net Assets (NA) (based on FY 2015 budget)	Net Assets Goal	FY 2013 NA Balance	FY 2018 NA Target
Non-G&C expenses (6 months)	\$9,439,000	\$4,785,566	\$4,793,000
G&C labor + fringe (3 months)	489,000	238,000	238,000
G&C non-labor expenses (1/2 month)	409,000	-	-
Economic fluctuation reserve (2% of revenues)	609,000	296,000	296,000
High risk award contingency (3% of award)	2,000,000	972,000	973,000
<b>TOTAL</b>	<b>\$12,946,000</b>	<b>6,291,566</b>	<b>6,300,000</b>
<b>NA as a percentage of average annual expenses of \$30M</b>	<b>42%</b>	<b>21%</b>	<b>21%</b>
<b>NA balance as a % of total NA goal</b>		<b>49%</b>	<b>49%</b>

The graph below shows the historical, current, and projected net asset balances based on the assumptions outlined above. The ability to achieve the projected contribution is contingent on all of the

uncertainties previously noted. Despite the challenges, it remains our commitment to return to building the organization’s reserves to the levels targeted by the board.

**NET ASSETS BALANCES 2003 - 2018**



## Cash and Investments

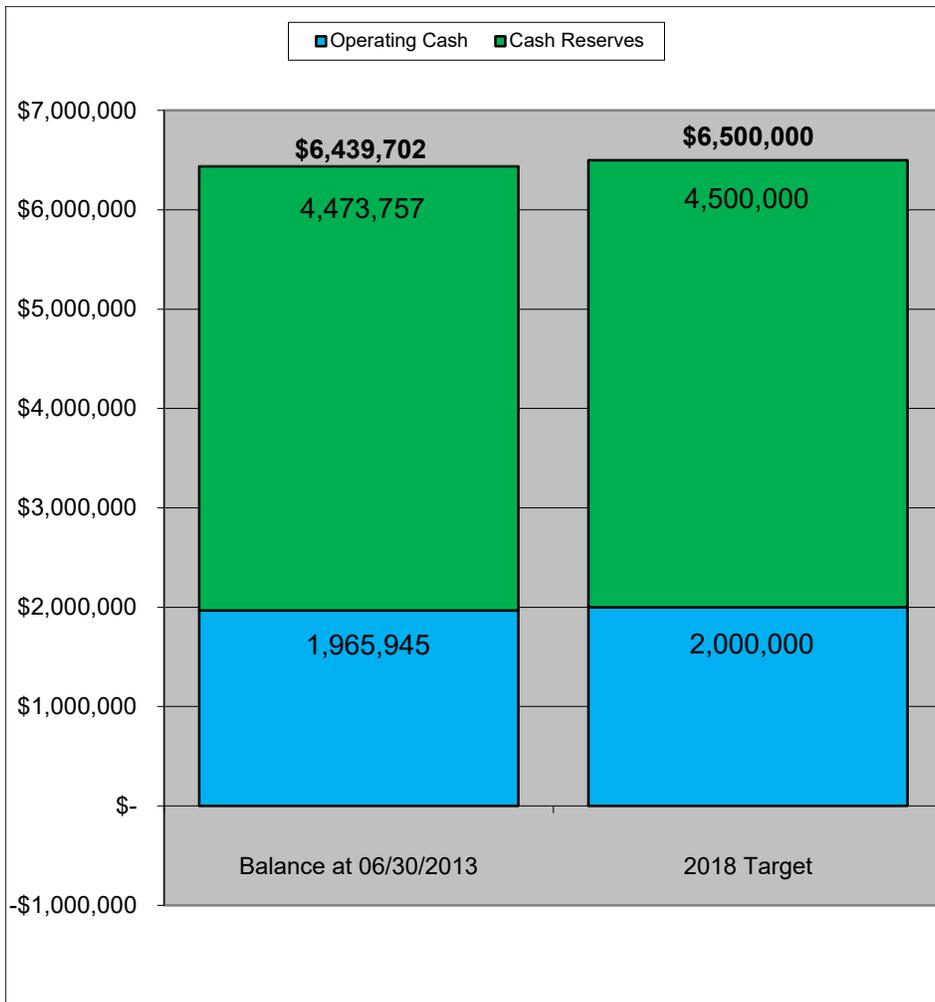
The cash reserves goal (different from the net assets goal), which includes operating cash and investment reserves, is to provide ICMA with the resources needed to continue delivery of its programs in the event of delayed payments from funders and to prevent ICMA from making expensive short-term crisis-based decisions and focus on sound long-term decision making. The minimum cash reserve suggested by the Nonprofit Operating Reserves Initiative Workgroup is 25% or three months of the annual operating expense budget.

The table below shows the overall cash and investment reserves goal and the incremental target for the next five-year period of FY 2014 – FY 2018:

<b>Composition of Cash and Investments (based of FY 2015 budget)</b>	<b>Cash &amp; Investments Goal</b>	<b>FY 2013 Cash Balances</b>	<b>FY 2018 Cash Target</b>
Non G&C cash expenses (6 months)	\$9,205,000	\$4,524,702	\$4,566,000
G&C labor + fringe (3 months)	489,000	240,000	243,000
G&C non labor expenses (1 month)	409,000	201,000	203,000
High risk award contingency (3% of award)	2,000,000	983,000	992,000
Infrastructure Investments	1,000,000	491,000	496,000
<b>Total cash and investments</b>	<b>\$13,103,000</b>	<b>6,439,702</b>	<b>6,500,000</b>
<b>Cash and investments balances as a percentage of average annual cash expenses of \$30M</b>	<b>43%</b>	<b>21%</b>	<b>22%</b>
<b>Cash balances as a % of total cash goal</b>		<b>49%</b>	<b>50%</b>
<b>Months covered</b>	<b>5.2</b>	<b>2.6</b>	<b>2.6</b>

The interim cash goal set for ICMA to reach by FY 2013 was \$4,420,000. Actual cash and investment balance at 6/30/2013 was \$6,439,702. Progress toward cash balances fluctuates based on the kinds of contracts we have from International Programs and the timing of receipts and payments. Because ICMA is a subcontractor in several large projects, the additions to cash flow fluctuates due to timing issues, since we first incur the expenses and then wait 90 days on average to be reimbursed. We have made tremendous progress since FY 2012 to ensure timely payments from the prime contractors. Currently ICMA has \$200,000 outstanding on a line of credit. Cash balances are projected to remain constant through FY 2018 as we fund the transition costs in FY 2014 and FY 2015 and fund capital investments in the new association management software (AMS) and other priorities.

The graph below shows the current and projected operating cash and reserve balances. Operating cash also includes balances in foreign bank accounts where we need cash to operate field offices.



## Capital Investments and Depreciation

As part of the annual budgeting process, capital investments are reviewed to determine which systems and other equipment need to be replaced over the next three years. The useful life of the asset is estimated, and the capital investment is depreciated over that period. Depreciation expense of approximately \$420,000 is included in the FY 2015 operating budget. An additional \$140,000 of outstanding book value related to the old CPM product will be written off in FY 2015 once the new Center for Performance Analytics product in partnership with SAS is operational and the old CPM system is discontinued. Decisions on financing capital investments are based on available and required operating cash and reserves. Currently ICMA has no investments that are financed, and it has used its working capital to fund existing capital investments. The full-scale office space renovation project has been put on hold because of the funding situation and other priorities, and a more moderate redesign of the office space to increase occupancy and efficiency is included in the budget.

The table below shows the capital investments made to date that still have a book value, and investments projected in FY 2014–FY 2016 with the related depreciation costs for FY 2014–FY 2016.

Capital Asset	Acquisition Year	Cost	Life in yrs	Depreciation Expense		
				FY 2014	FY 2015	FY 2016
Existing Furniture	FY 2004-2013	547,992	10	10,201	10,069	9,767
Redesign of finance area cubicle space	FY 2014	23,247	10	1,162	2,325	2,325
<b>SUBTOTAL Furniture</b>				<b>11,363</b>	<b>12,394</b>	<b>12,091</b>
Shredder, hot water heater, misc	FY 07-2014	7,594	3-5	1,845	1,775	1,077
Replacement of equipment	FY 2015	10,000	5	-	1,000	2,000
<b>SUBTOTAL Office Equipment</b>				<b>1,845</b>	<b>2,775</b>	<b>3,077</b>
IT Hardware & Copiers existing	FY 2009-2013	431,822	3-5	102,956	80,145	52,392
IT Hardware	FY 2014	76,595	3-5	10,023	20,046	20,046
VOIP Hardware	FY 2014	307,957	7	21,997	43,994	43,994
IT Hardware	FY 2015	67,760	3	-	11,133	22,267
IT Hardware	FY 2016	55,000	3	-	-	9,167
<b>SUBTOTAL IT Hardware</b>				<b>134,976</b>	<b>155,318</b>	<b>147,865</b>
Report writer	FY 2009	44,245	3-5	4,424	-	-
Help Desk Software	FY 2012	3,240	3	1,080	540	-
KN/website	FY 2010 - FY 2015	430,519	2-5	60,478	137,380	102,156
CPM data reporting and collection	FY 2011 - FY 2014	234,688	5	45,890	-	-
JOB Center	FY 2011-12	34,802	3	8,896	3,095	-
Solarwinds Network Monitoring Tools	FY 2015	15,840	3	-	1,584	3,168
Asset tag scanner	FY 2015	3,000	3	-	300	600
Sharepoint	FY 2015	50,000	3	-	5,000	10,000
Document Management	FY 2016	200,000	5	-	-	14,286
Software enhancements	FY 2016	200,000	5	-	-	14,286
Association Management Software	FY 2015	1,114,269	10	-	55,713	111,427
<b>SUBTOTAL Software</b>				<b>120,769</b>	<b>203,613</b>	<b>255,922</b>
Existing improvements	FY 2002-05	262,023	5-10	26,203	14,604	5,439
Space improvements	FY 2014	40,286	5-10	2,989	5,977	5,977
Space renovations	FY 2015	500,000	10	-	25,000	50,000
Space renovations	FY 2016	300,000	10	-	-	15,000
<b>SUBTOTAL Leasehold Improvements</b>				<b>29,191</b>	<b>45,581</b>	<b>76,416</b>
<b>TOTAL</b>				<b>298,145</b>	<b>419,681</b>	<b>495,372</b>

## Summary Comparative Budget FY 2015

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The following tables show the revenues, expenses, and net contributions for each of the major programs within each business line for the FY 2013 actual results, FY 2014 budget, FY 2014 forecast, and the FY 2015 proposed budget. The last table shows the full-time equivalent positions budgeted for FY 2013, FY 2014, and FY 2015.

FY 2015 revenues are budgeted at \$30.5M, compared to FY 2014 budgeted revenues of \$37.3M and FY 2014 projected revenues of \$33.2M. This decrease in FY 2015 budgeted revenues is primarily due to the reduction in anticipated international funding. Revenues are also budgeted lower in the areas of publishing since we anticipate selling down our existing inventory, in the Center for Public Safety Management as we transition to a new business model, in advertising based on the actual results in FY 2014, and in the REIT dividend income. We are budgeting a slight increase in revenues from other areas compared to the FY 2014 budget, based on the actual FY 2014 results.

FY 2015 expenses are budgeted at \$30.7M compared to FY 2014 budgeted expenses of \$37.4M and FY 2014 projected expenses of \$33.5M. Approximately 33 of 141 positions were eliminated from the FY 2014 budget to keep expenses in line with revenues. The FY 2015 budget includes expenses to accomplish the priorities laid out in the budget document. In addition, budgeted expenses include investments made in maintaining international business development activities at the FY 2013 levels of \$1.2M, transition costs out of print publishing, first-year investment costs related to the roll-out of the Center for Performance Analytics product, and expenses to implement the recommendations of the 100<sup>th</sup> Anniversary Task Force.

Net contribution from base operations budgeted for FY 2015 is \$205,000, with additional expenses budgeted to fund investments as stated above. The net impact is a use of \$200,000 from reserves in FY 2015. A contingency plan has been developed in the event some of the anticipated international funding does not come through by the end of the first quarter of FY 2015. In this scenario, the net impact will be a reduction in reserves of an additional \$200,000, totaling a use of \$400,000 from reserves in FY 2015.

FY 2015 full-time equivalent positions (FTEs) are budgeted at 107, down from 141 positions budgeted in FY 2014, for a reduction of approximately 33 positions or a 24% reduction. The majority of these reductions are in international programs as a result of reduced funding; in related support functions; in marketing and communications as we consolidated functions to gain efficiencies; in publishing due to the elimination of print publishing; and in the performance management and the Center for Public Safety Management due to a change in the business model from housing the programs within ICMA to a partnership with a separate entity. Staffing for member services and professional development increases in the FY 2015 budget by 1.5 FTE, with the addition of a part-time Southeast regional director and staffing to generate additional product offerings.

Summary Comparative Budget FY 2015

REVENUES		Actual FY 2013	Budget FY 2014	Forecast FY 2014	Budget FY 2015
<b>MEMBER DUES</b>	<b>\$</b>	<b>4,797,716</b>	<b>4,885,000</b>	<b>4,950,000</b>	<b>4,950,000</b>
Member Recruitment, Retention, & Services		209,172	137,700	143,000	151,200
Career Services		412,852	370,000	450,000	410,000
Credentialing		7,300	4,000	5,000	6,000
Relationship Management		24,688	15,500	15,000	15,000
<b>TOTAL MEMBER RENEWAL AND SERVICES</b>		<b>654,012</b>	<b>527,200</b>	<b>613,000</b>	<b>582,200</b>
Annual Conference		2,435,924	2,527,280	2,894,000	2,780,830
Training and Education		752,853	822,222	751,000	903,001
Leadership Development		308,471	307,795	328,500	284,270
<b>TOTAL PROFESSIONAL DEVELOPMENT</b>		<b>3,497,248</b>	<b>3,657,297</b>	<b>3,973,500</b>	<b>3,968,101</b>
PM Magazine		179,076	190,000	150,000	196,500
Knowledge Network		-	10,000	15,000	15,000
Publishing		783,993	739,941	983,000	543,960
<b>TOTAL INFORMATION</b>		<b>963,069</b>	<b>939,941</b>	<b>1,148,000</b>	<b>755,460</b>
Strategic Partners		267,500	265,000	235,000	275,000
Center for Performance Analytics (the new enhanced CPM)		910,295	921,122	690,000	1,165,625
Federal/ Foundation Funding		1,633,267	2,177,141	2,177,000	1,711,000
Direct Technical Assistance to Local Governments		1,452,555	1,824,269	1,341,000	261,000
Royalties and other Funding		208,989	263,750	283,800	375,000
RTA Program Management and Support		1,500	-	-	-
<b>TOTAL RESEARCH &amp; TECHNICAL ASSISTANCE</b>		<b>4,474,106</b>	<b>5,451,282</b>	<b>4,726,800</b>	<b>3,787,625</b>
International Technical Assistance		17,326,493	18,946,960	15,055,000	13,568,150
International Business Development		300	-	6,000	-
<b>TOTAL INTERNATIONAL PROGRAMS</b>		<b>17,326,793</b>	<b>18,946,960</b>	<b>15,061,000</b>	<b>13,568,150</b>
Survey Research		64,936	33,000	33,000	39,134
Brand, Marketing and Communication		42,230	142,000	66,000	105,000
<b>TOTAL MARKETING &amp; COMMUNICATIONS</b>		<b>107,166</b>	<b>175,000</b>	<b>99,000</b>	<b>144,134</b>
Facilities and Administration		102,000	102,000	102,000	132,000
Finance		55	-	-	-
<b>TOTAL ORGANIZATIONAL SUPPORT</b>		<b>102,055</b>	<b>102,000</b>	<b>102,000</b>	<b>132,000</b>
CSLGE Management		653,424	698,890	698,890	726,000
RC Payments: Royalty		379,948	389,000	400,470	405,000
Subtenant Space		1,074,761	985,800	1,004,500	1,000,705
Investment Income		517,328	525,631	440,000	435,000
<b>TOTAL OTHER</b>		<b>2,625,461</b>	<b>2,599,321</b>	<b>2,543,860</b>	<b>2,566,705</b>
<b>ASSOCIATION TOTALS - REVENUES</b>	<b>\$</b>	<b>34,547,626</b>	<b>37,284,000</b>	<b>33,217,160</b>	<b>30,454,375</b>

Summary Comparative Budget FY 2015

<b>EXPENSES</b>		Actual FY 2013	Budget FY 2014	Forecast FY 2014	Budget FY 2015
Member Recruitment, Retention, & Services	\$	1,717,040	1,706,363	1,653,000	1,977,684
Career Services		110,359	117,351	108,000	128,269
Credentialing		76,895	99,081	125,000	118,482
Ethics		103,773	124,447	120,000	119,456
Relationship Management		153,532	165,593	165,000	168,438
Executive Board		328,053	358,008	370,000	313,547
<b>TOTAL MEMBER RENEWAL AND SERVICES</b>		<b>2,489,652</b>	<b>2,570,842</b>	<b>2,541,000</b>	<b>2,825,875</b>
Annual Conference		1,576,770	1,723,323	1,725,000	1,722,780
Training and Education		502,914	730,277	627,634	712,499
Leadership Development		149,801	174,831	200,900	210,553
<b>TOTAL PROFESSIONAL DEVELOPMENT</b>		<b>2,229,485</b>	<b>2,628,430</b>	<b>2,553,534</b>	<b>2,645,833</b>
Public Policy		105,227	146,922	145,000	134,286
PM Magazine		366,071	342,891	386,000	339,071
Knowledge Network		110,952	135,762	136,000	128,779
Publishing		814,326	888,389	969,000	648,716
<b>TOTAL INFORMATION</b>		<b>1,396,576</b>	<b>1,513,965</b>	<b>1,636,000</b>	<b>1,250,852</b>
Strategic Partners		111,705	119,891	107,300	229,965
Center for Performance Analytics (the new enhanced CPM)		747,199	694,248	582,000	1,314,644
Federal/ Foundation Funding		1,218,796	1,761,841	1,686,000	1,321,907
Direct Technical Assistance to Local Governments		1,490,630	1,551,132	1,560,000	194,036
Royalties and other Funding		164,304	204,432	208,800	170,304
RTA Program Management and Support		354,816	380,387	374,000	395,735
<b>TOTAL RESEARCH &amp; TECHNICAL ASSISTANCE</b>		<b>4,087,450</b>	<b>4,711,930</b>	<b>4,518,100</b>	<b>3,626,589</b>
International Technical Assistance		13,157,538	14,710,822	11,606,000	10,634,588
International Business Development		1,209,702	1,776,398	1,625,000	1,232,975
International Contract Administration		794,797	636,239	600,000	499,556
<b>TOTAL INTERNATIONAL PROGRAMS</b>		<b>15,162,037</b>	<b>17,123,459</b>	<b>13,831,000</b>	<b>12,367,118</b>
Form of Government		39,606	45,408	46,000	52,160
Survey Research		121,771	156,216	126,000	82,222
Brand, Marketing and Communication		871,704	1,083,810	955,567	868,885
<b>TOTAL MARKETING &amp; COMMUNICATIONS</b>		<b>1,033,081</b>	<b>1,285,435</b>	<b>1,127,567</b>	<b>1,003,267</b>
Executive Office		806,160	829,830	949,000	934,713
Facilities and Administration		1,735,976	1,757,918	1,725,500	1,684,044
Human Resources		669,408	630,721	631,000	557,451
Information Technology		1,460,034	1,935,793	1,673,000	1,445,521
Finance		1,147,402	1,056,074	940,000	855,005
Bonus pay/labor contingency		436,624	(58,664)	-	-
<b>TOTAL ORGANIZATIONAL SUPPORT</b>		<b>6,255,604</b>	<b>6,151,672</b>	<b>5,918,500</b>	<b>5,476,734</b>
CSLGE Management		497,316	519,767	519,890	543,000
Subtenant Space		894,243	913,500	892,800	915,105
<b>TOTAL OTHER</b>		<b>1,391,559</b>	<b>1,433,267</b>	<b>1,412,690</b>	<b>1,458,105</b>
<b>ASSOCIATION TOTALS - EXPENSES</b>	\$	<b>34,045,444</b>	<b>37,419,001</b>	<b>33,538,391</b>	<b>30,654,374</b>

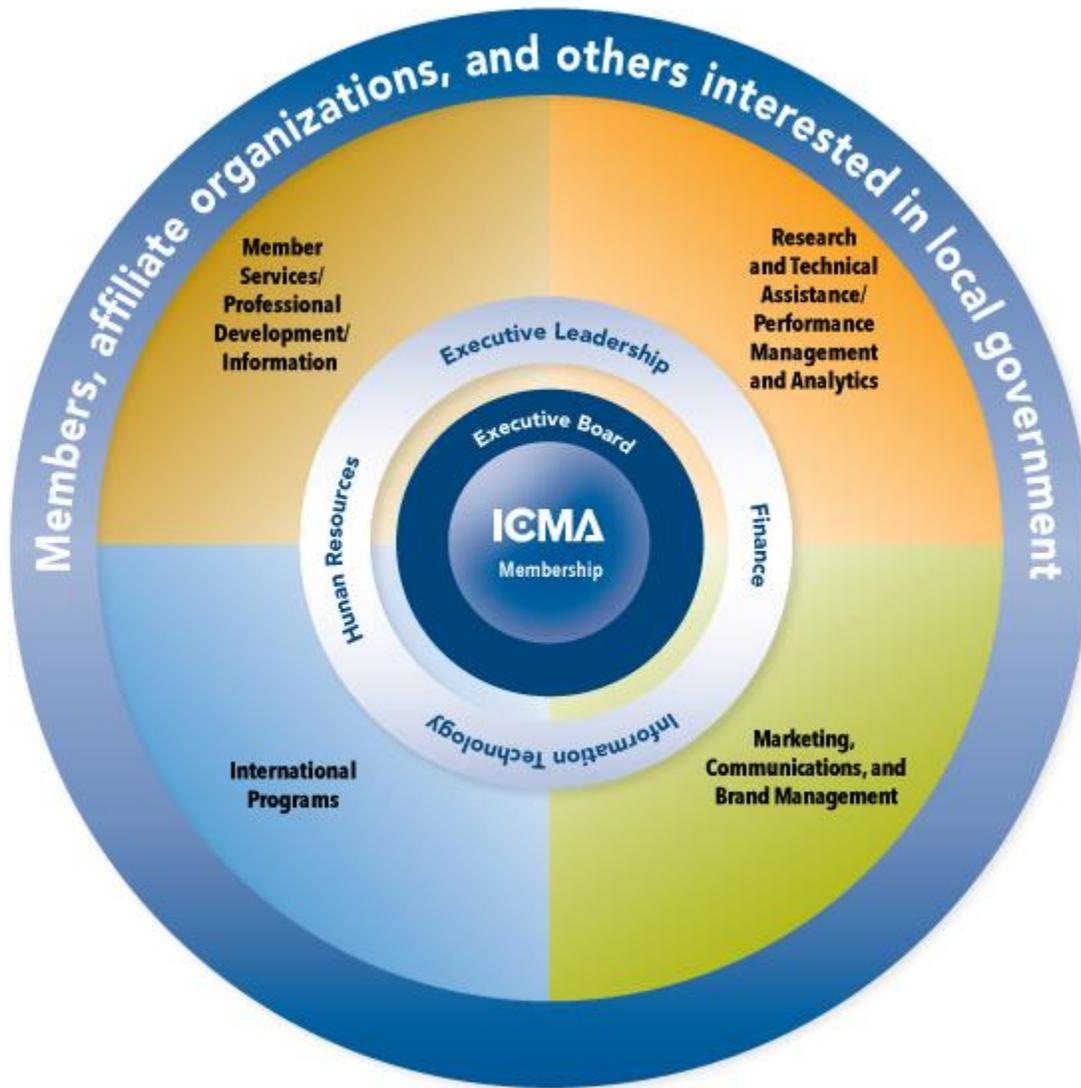
Summary Comparative Budget FY 2015

CONTRIBUTION		Actual FY 2013	Budget FY 2014	Forecast FY 2014	Budget FY 2015
<b>MEMBER DUES</b>	<b>\$</b>	<b>4,797,716</b>	<b>4,885,000</b>	<b>4,950,000</b>	<b>4,950,000</b>
Member Recruitment, Retention, & Services		(1,507,868)	(1,568,663)	(1,510,000)	(1,826,484)
Career Services		302,493	252,649	342,000	281,731
Credentialing		(69,595)	(95,081)	(120,000)	(112,482)
Ethics		(103,773)	(124,447)	(120,000)	(119,456)
Relationship Management		(128,844)	(150,093)	(150,000)	(153,438)
Executive Board		(328,053)	(358,008)	(370,000)	(313,547)
<b>TOTAL MEMBER RENEWAL AND SERVICES</b>		<b>(1,835,640)</b>	<b>(2,043,642)</b>	<b>(1,928,000)</b>	<b>(2,243,675)</b>
Annual Conference		859,154	803,957	1,169,000	1,058,050
Training and Education		249,939	91,945	123,366	190,502
Leadership Development		158,670	132,964	127,600	73,717
<b>TOTAL PROFESSIONAL DEVELOPMENT</b>		<b>1,267,763</b>	<b>1,028,867</b>	<b>1,419,966</b>	<b>1,322,268</b>
Public Policy		(105,227)	(146,922)	(145,000)	(134,286)
PM Magazine		(186,995)	(152,891)	(236,000)	(142,571)
Knowledge Network		(110,952)	(125,762)	(121,000)	(113,779)
Publishing		(30,333)	(148,448)	14,000	(104,756)
<b>TOTAL INFORMATION</b>		<b>(433,507)</b>	<b>(574,024)</b>	<b>(488,000)</b>	<b>(495,392)</b>
Strategic Partners		155,795	145,109	127,700	45,035
Center for Performance Analytics (the new enhanced CPM)		163,096	226,875	108,000	(149,019)
Federal/ Foundation Funding		414,471	415,300	491,000	389,093
Direct Technical Assistance to Local Governments		(38,075)	273,137	(219,000)	66,964
Royalties and other Funding		44,685	59,318	75,000	204,696
RTA Program Management and Support		(353,316)	(380,387)	(374,000)	(395,735)
<b>TOTAL RESEARCH &amp; TECHNICAL ASSISTANCE</b>		<b>386,656</b>	<b>739,351</b>	<b>208,700</b>	<b>161,036</b>
International Technical Assistance		4,168,955	4,236,138	3,449,000	2,933,562
International Business Development		(1,209,402)	(1,776,398)	(1,619,000)	(1,232,975)
International Contract Administration		(794,797)	(636,239)	(600,000)	(499,556)
<b>TOTAL INTERNATIONAL PROGRAMS</b>		<b>2,164,756</b>	<b>1,823,501</b>	<b>1,230,000</b>	<b>1,201,031</b>
Form of Government		(39,606)	(45,408)	(46,000)	(52,160)
Survey Research		(56,835)	(123,216)	(93,000)	(43,088)
Brand, Marketing and Communication		(829,474)	(941,810)	(889,567)	(763,885)
<b>TOTAL MARKETING &amp; COMMUNICATIONS</b>		<b>(925,915)</b>	<b>(1,110,435)</b>	<b>(1,028,567)</b>	<b>(859,133)</b>
Executive Office		(806,160)	(829,830)	(949,000)	(934,713)
Facilities and Administration		(1,633,976)	(1,655,918)	(1,623,500)	(1,552,044)
Human Resources		(669,408)	(630,721)	(631,000)	(557,451)
Information Technology		(1,460,034)	(1,935,793)	(1,673,000)	(1,445,521)
Finance		(1,147,347)	(1,056,074)	(940,000)	(855,005)
Bonus pay/labor contingency		(436,624)	58,664	-	-
<b>TOTAL ORGANIZATIONAL SUPPORT</b>		<b>(6,153,549)</b>	<b>(6,049,672)</b>	<b>(5,816,500)</b>	<b>(5,344,734)</b>
CSLGE Management		156,108	179,123	179,000	183,000
RC Payments: Royalty		379,948	389,000	400,470	405,000
Subtenant Space		180,518	72,300	111,700	85,600
Investment Income		517,328	525,631	440,000	435,000
<b>TOTAL OTHER</b>		<b>1,233,902</b>	<b>1,166,054</b>	<b>1,131,170</b>	<b>1,108,600</b>
<b>ASSOCIATION TOTALS - NET CONTRIBUTION</b>	<b>\$</b>	<b>502,182</b>	<b>(135,000)</b>	<b>(321,231)</b>	<b>(200,000)</b>

FTEs	Budget FY 2013	Budget FY 2014	Budget FY 2015
Member Recruitment, Retention, & Services	9.63	10.46	10.96
Career Services	0.53	0.37	0.60
Credentialing	1.03	0.93	0.93
Ethics	0.80	0.93	0.88
Relationship Management	0.64	0.72	0.71
Executive Board	0.57	0.62	0.57
<b>TOTAL MEMBER RENEWAL AND SERVICES</b>	<b>13.20</b>	<b>14.03</b>	<b>14.65</b>
Annual Conference	4.36	4.16	4.11
Training and Education	3.20	2.99	3.34
Leadership Development	0.53	0.49	1.16
<b>TOTAL PROFESSIONAL DEVELOPMENT</b>	<b>8.09</b>	<b>7.64</b>	<b>8.61</b>
Public Policy	0.51	0.70	0.66
PM Magazine	0.93	0.86	0.84
Knowledge Network	2.43	2.74	1.81
Publishing	5.12	4.13	2.54
<b>TOTAL INFORMATION</b>	<b>8.98</b>	<b>8.43</b>	<b>5.85</b>
Strategic Partners & Development	1.11	0.83	1.46
Center for Performance Analytics (the new enhanced CPM)	9.17	6.02	3.16
Federal/ Foundation Funding	6.09	7.57	5.34
Direct Technical Assistance to Local Governments	1.53	3.14	0.54
Royalties and other Funding	0.97	1.03	0.89
RTA Program Management and Support	3.05	2.87	1.86
<b>TOTAL RESEARCH &amp; TECHNICAL ASSISTANCE</b>	<b>21.92</b>	<b>21.46</b>	<b>13.24</b>
International Technical Assistance	20.01	21.15	13.91
International Program Development and Support	6.92	8.86	6.37
International Contract Administration	3.99	4.63	3.13
<b>TOTAL INTERNATIONAL PROGRAMS</b>	<b>30.91</b>	<b>34.65</b>	<b>23.41</b>
Form of Government	1.21	0.70	0.72
Survey Research	0.73	0.87	0.48
Brand, Marketing and Communication	10.07	10.09	6.42
<b>TOTAL MARKETING &amp; COMMUNICATIONS</b>	<b>12.00</b>	<b>11.66</b>	<b>7.62</b>
Executive Office	2.36	2.53	2.59
Facilities and Administration	1.95	1.76	1.59
Human Resources	2.48	2.77	2.11
Information Technology	6.92	7.11	4.49
Finance	5.77	5.89	4.63
AMS Capital labor	1.14	2.11	1.96
<b>TOTAL ORGANIZATIONAL SUPPORT</b>	<b>20.62</b>	<b>22.17</b>	<b>17.37</b>
CSLGE Management	2.76	2.81	2.81
Compensated Absences (Holidays, Sick leave, Annual leave)	17.50	18.22	13.75
<b>TOTAL OTHER</b>	<b>20.26</b>	<b>21.03</b>	<b>16.56</b>
<b>ASSOCIATION TOTALS - FTEs</b>	<b>135.97</b>	<b>141.06</b>	<b>107.30</b>

## FY 2015 Program Priorities and Budget

Oversight of ICMA is provided by a 21-member executive board, which appoints the executive director, who is supported by a chief operating officer. The association is organized into four primary business units and four support units.



The following section shows the budgeted revenues, expenses, net contribution, number of full-time equivalent positions, and the priorities for each of these units.

## Membership

	FTEs	Revenues	Expenses	Net
Membership Dues Revenue		\$ 4,950,000	-	4,950,000
Member Recruitment, Retention, & Services	10.96	151,200	1,977,684	(1,826,484)
Career Services	0.60	410,000	128,269	281,731
Credentialing	0.93	6,000	118,482	(112,482)
Ethics	0.88	-	119,456	(119,456)
Relationship Management	0.71	15,000	168,438	(153,438)
Executive Board	0.57	-	313,547	(313,547)
	<u>14.65</u>	<u>\$ 582,200</u>	<u>2,825,875</u>	<u>(2,243,675)</u>

### Purpose and Mission

The mission of Membership is to serve the members and to make ICMA the indispensable association for those who demonstrate a commitment to the highest standards of honesty and integrity, while seeking the best solutions in local government leadership and management worldwide. Through a variety of programs, this team also provides outreach beyond members to support professionalism in local government and provide partnerships that support our members.

### FY 2015 Priorities

- Grow membership through tailored national, international, and state strategies.
- Enhance the value proposition of membership in ICMA in order to recruit and retain a diverse membership base. Deliver an array of high-quality member services and benefits designed to support members at each career stage.
- Launch a national campaign to attract and retain entry to mid-management affiliate members.
- Implement the flat rate department head dues structure and recruit additional members in this category.
- Expand the student chapter program to connect students to the profession and to ICMA.
- Survey and engage members and nonmembers in a discussion on the dues model recommendations from the Task Force on Financing ICMA and launch pilot testing as necessary.
- Refine the communications and outreach effort to build better connection with our members.
- Improve support for members and connection with state associations at a regional level through regional directors and senior advisors.
- Raise the visibility of ICMA at state and affiliate organization events by providing representation, content, and where available, serving as an exhibitor.
- Support the Committee on Professional Conduct in the ongoing review of the ICMA Code of Ethics.
- Continue efforts to increase ICMA's visibility and connection with international affiliates by providing representation at international affiliate conferences; collaborating to exchange leading practices and expand organizational knowledge bases; and facilitate interaction with and among international affiliate organizations.
- Promote the profession and support members in career advancement by enhancing the Job Center profile with members, local government employees, and advertisers.

## Professional Development

	<u>FTEs</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Annual Conference	4.11	\$ 2,780,830	1,722,780	1,058,050
Training and Education	3.34	903,001	712,499	190,502
Leadership Development	1.16	284,270	210,553	73,717
	<u>8.61</u>	<u>\$ 3,968,101</u>	<u>2,645,833</u>	<u>1,322,268</u>

### Purpose and Mission

The mission of Professional Development is to develop and enhance the leadership and management capacity of members and local government professionals through a comprehensive array of high-quality programs delivered in a variety of formats.

### FY 2015 Priorities

- Develop and implement an integrated strategy to offer a broader range of professional development opportunities designed to meet the needs of members from early to executive career stages.
- Leverage professional development offerings to serve the broader local government market.
- Identify and offer additional programs including webinar series on specific topics like the one on *Effective Supervisory Practices*, additional leadership development programs informed by the ICMA Task Force on Leadership, certificate programs, and an Ethics 201 e-course informed by the Ethics 101 e-course pilot.
- Plan and deliver a successful and educational annual conference at Charlotte and provide a forum for members to celebrate 100 years of the profession and ICMA.

## Information

	FTEs	Revenues	Expenses	Net
Public Policy	0.66	\$ -	134,286	(134,286)
PM Magazine	0.84	196,500	339,071	(142,571)
Knowledge Network	1.81	15,000	128,779	(113,779)
Publishing	2.54	543,960	648,716	(104,756)
	<u>5.85</u>	<u>\$ 755,460</u>	<u>1,250,852</u>	<u>(495,392)</u>

### Purpose and Mission

The mission of Information is to expand the knowledge base of professional local government management and advance good governance by

- Developing, compiling, editing, disseminating, and marketing information and knowledge about local government in the form of print and digital books, brief reports, and study guides; a print and online magazine; book-based webinars; and online networking in the Knowledge Network.
- Providing an online platform for members and others to connect with colleagues and subject matter experts and to share and access information.
- Identifying long-term trends and issues affecting local governments and participating in national policy debates and problem-solving discussions.

### FY 2015 Priorities

- Use current and regularly updated member/market data as well as information culled from program initiatives across the organization to inform decisions about what content to deliver (to support members' careers and need for solutions), in what format or distribution channel, so that members know what content ICMA uniquely offers and can access or purchase it efficiently and quickly, on demand.
- Continue *PM* magazine's mission of serving ICMA members and local governments with its case study approach to inspire innovation, inform decision making, and connect leading-edge thinking to everyday challenges.
- In coordination with the Big 7, continue to be more engaged in contributing to the public policy arena as it relates to local government.
- Increase engagement by building more awareness of and exposure to the Knowledge Network. Enhance value of Knowledge Network by getting more members engaged on the network, encouraging knowledge sharing, providing or receiving immediate answers to short-term issues, gaining exposure to new and innovative ways of addressing challenges, and participating in strategic thinking, thus allowing them to better serve their communities.
- Improve functionality of the Knowledge Network.
- Communicate in multiple channels and formats, the findings of research initiatives developed through ICMA's partnership with the Alliance for Innovation and the Local Government Research Collaborative.

## Research & Technical Assistance

	FTEs	Revenues	Expenses	Net
Strategic Partners	1.46	\$ 275,000	229,965	45,035
Federal/ Foundation Funding	5.34	1,711,000	1,321,907	389,093
Direct Technical Assistance to Local Governments	0.54	261,000	194,036	66,964
Royalties and other Funding	0.89	375,000	170,304	204,696
RTA Program Management and Support	1.86	-	395,735	(395,735)
	<u>10.09</u>	<u>\$ 2,622,000</u>	<u>2,311,945</u>	<u>310,055</u>

### Purpose and Mission

The mission of Research & Technical Assistance is to identify, research, and disseminate leading and emerging practices in local government management and sustainability, in partnership with funders and affiliate organizations, to support the creation of more sustainable, livable, and resilient communities. The team will also provide technical assistance to local governments on relevant topics and essential management responsibilities of the manager either directly or through qualified service providers in each area that results in more efficient, effective, and responsive local government organizations.

### 2015 Priorities

- Through its research and partnerships, identify and develop leading management practices.
- Through its centers and in partnership with foundations, universities, federal agencies, and private providers, provide education and training around these leading practices, and offer technical assistance in their implementation.
- Manage, in coordination with the Alliance for Innovation, the Local Government Research Collaborative to advance the local government management research agenda through grants to academic institutions and nonprofit organizations.
- Develop and distribute actionable content on leading and best management practices in coordination and conjunction with ICMA's professional development and information-sharing activities.
- Vet and engage a network of third-party service providers—especially ICMA Strategic Partners—to augment ICMA's capacity and subject matter expertise while reducing the cost of product and service delivery.
- Scale technical assistance offerings in community sustainability, economic development, aging, and other service areas to local governments through collaborative partnerships with recognized third-party subject matter experts.
- Continue to seek federal funding from HUD, EPA, DOE, and USDA to enhance local government sustainability efforts.
- Restructure the team internally to eliminate process redundancies and inefficiencies while maintaining each center's brand equity externally.
- Balance and diversify funding by instituting a coordinated effort dedicated to developing funding that provides additional financial support from federal, foundation, and private sector sources to all of the centers.
- Broaden member awareness of the centers' products and services to reveal a trusted and affordable source of information and assistance on current management practices in relevant topic areas.

**Center for Performance Analytics**

	<u>FTEs</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Center for Performance Analytics	<u>3.16</u>	<u>1,165,625</u>	<u>1,314,644</u>	<u>(149,019)</u>

**Purpose and Mission**

The mission of the new Center for Performance Analytics is to demonstrate the performance dividend of professional local government by providing the next generation analytical tools, training, and technical assistance to help communities achieve higher levels of performance. The Center for Performance Analytics accomplishes its mission by providing an affordable, top-quality, performance management and analytics solution (ICMA Insights); disseminating research and best practices; and offering training, education, professional development opportunities, and technical assistance services.

**2015 Priorities**

- Ensure that the *ICMA Insights* product, offered in partnership with SAS, is ready to market early in FY 2015.
- Demonstrate to members and others the value that performance metrics, analytics, and advanced data visualization technologies bring to communities of all sizes.
- Attract at least 350 participants in the first year through targeted marketing and messaging.
- Educate members and others on the important role of performance management and data-driven decision making.
- Develop relevant, high-caliber education, training, professional development opportunities, and technical assistance services.
- Provide opportunities for communities to collaborate, share, and learn best practices from a network of city and county leaders to improve the quality of life for their citizens.

## International Programs

	FTEs	Revenues	Expenses	Net
International Technical Assistance	13.91	\$ 13,568,150	10,634,588	2,933,562
International Business Development	6.37	-	1,232,975	(1,232,975)
International Contract Administration	3.13	-	499,556	(499,556)
	<u>23.41</u>	<u>\$ 13,568,150</u>	<u>12,367,118</u>	<u>1,201,031</u>

### Purpose and Mission

International Programs promote ICMA's mission in the international context and provide ICMA members with international opportunities for engagement. ICMA's international work seeks to build sustainable communities that improve people's lives by developing local capacity and promoting good governance. With funding from USAID and other international donor organizations, ICMA provides peer-to-peer technical assistance training and resources to municipalities in developing and decentralizing countries.

### FY 2015 Priorities

- Stabilize the multi-year revenue flow of the international portfolio while achieving a diversification of projects by adding new countries, working in new technical areas within the scope of the ICMA mission, and expanding the number of international donors, clients, and other funders.
- Maintain ICMA member engagement in ICMA international programs and activities.
- Develop and implement a financially sustainable plan for the ICMA China Center by focusing on training opportunities arising as a result of the approval by the Chinese national government of ICMA as a foreign training service provider for Chinese government officials.
- Increase efficiency, effectiveness, and compliance of program operations and financial and administrative processes by working on current and redefined process improvement priorities.

## Brand Management, Marketing and Communications

	FTEs	Revenues	Expenses	Net
Form of Government	0.72	\$ -	52,160	(52,160)
Survey Research	0.48	39,134	82,222	(43,088)
Market Research	0.20	-	31,853	(31,853)
Communications	0.54	20,000	265,755	(245,755)
Marketing, Brand, Creative Services	4.15	3,000	230,708	(227,708)
Digital Strategy	1.53	82,000	340,569	(258,569)
Subtotal	7.62	\$ 144,134	1,003,267	(859,133)

### Purpose and Mission

Increase awareness of and loyalty to the local government management profession and the ICMA brand while building equity in the organization's most valuable assets; provide consistent messaging to target audiences; market ICMA programs, products and services, meeting and exceeding revenue targets while ensuring consistency with the values of the local government management profession and the ICMA brand. In addition to marketing of ICMA programs, major subprograms are the *Life, Well Run* campaign, 100th anniversary, form of government, media relations, digital strategy, market research, and creative services.

### FY 2015 Priorities

- Engage members and others in a series of branded activities and communication to celebrate the 100<sup>th</sup> anniversary and implement the recommendations of the 100<sup>th</sup> Anniversary Task Force.
- Develop marketing strategies to emphasize how ICMA adds value to local government professionals worldwide through channels and messaging that members and prospective members respond to, in order to retain existing members and attract new ones.
- Develop and implement comprehensive and effective marketing plans for each business line.
- Effectively market the new Center for Performance Analytics product.
- Develop an implementation plan for the pilot dues model and implement the affiliate and new department head dues rate marketing plan.
- Use data for decision making by conducting market research surveys to enable staff to make informed decisions on program and services development and modifications.
- Conduct national surveys that provide useful information for local decision makers.
- Create quality marketing materials that are relevant, impactful, and membership-focused, promoting established and emerging ICMA products and services. In addition to standard print and online collateral, generate content through new media outlets, including video and enhanced e-books.
- Expand reach of social media communities to improve ICMA brand awareness and customer engagement.
- Build on the national campaign to increase awareness of professional managers targeting elected officials and the next generation of local government management professionals. Create a national presence by working with state associations in customizing and using campaign resources, by increasing outreach efforts to engage ICMA student chapters, and by reaching out to state and national trade and professional organization publications and media.

## Organizational Support

	FTEs	Revenues	Expenses	Net
Executive Office	2.59	\$ -	934,713	(934,713)
Facilities and Administration	1.59	132,000	1,684,044	(1,552,044)
Finance	4.63	-	855,005	(855,005)
Information Technology	6.45	-	1,445,521	(1,445,521)
Human Resources	2.11	-	557,451	(557,451)
	<u>17.37</u>	<u>\$ 132,000</u>	<u>5,476,734</u>	<u>(5,344,734)</u>

### Purpose and Mission

The organizational support teams provide the program teams with the right people, technology, and resources needed to achieve their priorities and meet their performance objectives. The support teams are charged with ensuring organizational sustainability and an integrated commitment to the mission, vision, and core beliefs of the association.

### FY 2015 Priorities

- Implement the new association management software, netFORUM (replacing the current software, iMIS) to provide a more flexible and robust platform for managing ICMA's primary business functions, such as membership, order processing, event management, marketing, and fundraising.
- Implement seamless integration between ICMA's systems and the new product offered through the Center for Performance Analytics in partnership with SAS.
- Improve functionality of the Knowledge Network.
- Streamline ICMA's procurement process.
- Ensure no material financial audit findings.
- Enhance ICMA office space to provide a better working environment and to increase efficiency of space.
- Ensure succession planning for key positions in the organization.
- Provide necessary professional development offerings to staff to increase skill sets and productivity.

## Other

	FTEs	Revenues	Expenses	Net
CSLGE Management	2.81	\$ 726,000	543,000	183,000
RC Payment: Royalty		405,000	-	405,000
Subtenant Space		1,000,705	915,105	85,600
REIT Dividend		420,000	-	420,000
Investment Income		15,000	-	15,000
	<u>2.81</u>	<u>\$ 2,566,705</u>	<u>1,458,105</u>	<u>1,108,600</u>

### CSLGE Management

ICMA provides staffing to the Center for State and Local Government Excellence (CSLGE) for management of the center. The center reimburses ICMA for all direct and related indirect costs incurred by ICMA in providing this support.

### ICMA-RC Royalty Payment

In accordance with an agreement dated July 1981, the ICMA Retirement Corporation (ICMA-RC) pays a royalty to ICMA for use of the association's name. This agreement is effective through 2090. The annual payment is calculated as \$200,000 plus 10% of gross annual revenues of the prior calendar year.

### Subtenant Space

ICMA owns 49,856 square feet in the headquarters building, of which ICMA occupies 29,025 square feet and subleases 20,831 square feet. All available space is currently fully subleased.

### REIT Dividend and Other Investment Income

REIT dividend is the dividend income expected from the REIT investment in the building. Investment income is the earnings estimated on General Fund cash reserves.

## **FY 2014-FY 2015 Update to the ICMA Strategic Plan (adopted 2008)**

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### **ICMA's Vision**

We are the premier association of professional local government leaders building sustainable communities to improve lives worldwide.

### **ICMA's Mission**

To create excellence in local governance by developing and fostering professional local government management.

### **ICMA's Core Beliefs**

We believe in

- Serving as stewards of representative democracy.
- Practicing the highest standards of honesty and integrity in local governance, as expressed through ICMA's Code of Ethics.
- Advocating for professional management as an integral component of effective local governance and community building with council-manager government as the preferred local government structure.
- Building sustainable communities as a core responsibility of local government.
- Networking and exchanging knowledge and skills across international boundaries.
- Ensuring that local governments and the association reflect the diversity of the communities we serve.
- Committing to lifelong learning and professional development.
- Building up the quality of the profession and the association through an engaged network of members personally committed to that end.

### **Outcomes and Strategies**

**Note:** The following highlights strategies and tactics targeted in FY 2014 and FY 2015 and is not intended to capture all that ICMA will do as part of its ongoing operations. The outcomes (introductory paragraph to each section) and the strategies are as stated in the originally adopted strategic plan, unless otherwise noted. Tactics for FY 2014 and FY 2015 are in *italics*.

#### **Leadership**

Local government management is a profession of innovative, competent, principled leaders committed to promoting the integrity of local governance, meaningful community participation, and representative democracy. Managers work with elected officials, and in concert with citizens and partners, to facilitate community building and engage around issues that cross boundaries and borders. Professional local government managers are dedicated to sustainability; stewardship of public resources; and sound, results-based management principles to help create communities that improve the quality of life for everyone.

Professional local government management attracts and cultivates a diverse and talented group of individuals dedicated to these high ideals. Professional local government managers are the standard-bearers for ethical conduct and the advocates for professional management and principles of sound local governance. ICMA is the association of choice for members of the professional local government

management community and a model of effective outreach and collaboration with other associations, institutions, and stakeholders.

1. Raise awareness of the value that professional management brings to local governance and advocate council-manager government.

*In FY 2014, ICMA's Life, Well Run campaign was implemented in 10 states—Arizona, Florida, Illinois, Indiana, Minnesota, New Jersey, North Carolina, Texas, Virginia, and Wisconsin – using digital advertising, which generated approximately 75M impressions and 174,000 click-thrus. Print ads were placed in league and county publications in those states. Digital advertising was recently discontinued in lieu of print advertising, which has been expanded into an additional 35 states and provides advertising in all states that have made a contribution to Life, Well Run. The repackaged live satellite media tour interviews featuring Pat Martel and Scott Hancock generated media pick-ups in more than 200 outlets across the country. Staff also showcased the campaign and materials developed for target audiences at the September ICMA Annual Conference in Boston, the November National League of Cities Congress of Cities in Seattle, and the February North Carolina City and County Managers Association's annual meeting in Raleigh. Staff continue to work directly with state associations and members to utilize campaign materials in their communities.*

*In November 2013, the board approved the recommendations and budget submitted by the 30-member, board-appointed Anniversary Task Force in the form of a comprehensive tactical-communications plan for engaging members and other audiences in ICMA's anniversary celebration. Plan implementation to date includes: promotion of the transcript/video of President Farbrother's Boston conference closing address on leadership in the next century, work with the Conference Planning Committee to create an anniversary session and incentives designed to attract young professionals and retired/Life members to Charlotte, monthly publication of a historical trivia quiz in Leadership Matters, monthly publication of an anniversary "Moment in History" in PM magazine, and production of anniversary-branded stationery and templates for use by staff.*

2. FY 2012 new strategy: Undertake a review of the leadership philosophy for professional management, exploring the drivers of local government and the leadership characteristics necessary to excel in the current environment.

*The ICMA Task Force on Leadership launched in January 2014. Leveraging the results of earlier leadership dialogues convened with the executive board, the 2011 Task Force on the Profession, and members, the task force will present its recommendations to the executive board in September 2014. If approved, staff will have 180 days to develop an implementation plan.*

3. Promote, enforce, and celebrate the highest ethical standards of professional behavior.

*Using the board-approved process for conducting a formal review of the Code of Ethics, the Committee on Professional Conduct's (CPC) recommendations to retain Tenet 7, amend the guidelines, and add a guideline were approved in September 2013. The committee launched the review of Tenet 12 in January 2014 through discussions at regional summits, state association meetings, and an online discussion forum. The CPC will review the input at the May board meeting to determine next steps.*

*In a new effort to promote and reinforce the profession's ethical standards, members of the CPC participated in a video that will be used now and into FY 2015 as the Code celebrates its 90<sup>th</sup> anniversary in Charlotte. Staff presented ethics content at 10 state and affiliate associations.*

*Along with the monthly PM column, Ethics Matter, those efforts are designed to promote and reinforce the profession's standards. The Ethics 101 course designed for local government staff launched in April 2014. The priority in FY 2015 will be to continue the review of the Code of Ethics and to expand ICMA training opportunities with members.*

4. Lead efforts to build sustainable communities by developing a recognized body of knowledge and expertise that focuses on balancing environmental stewardship, economic development, social equity, and financial and organizational viability.

*In FY 2014, ICMA worked on several existing projects and received funding for additional new activities. ICMA continued to work with the U.S. Department of Energy, the American Planning Association, the National Association of Regional Councils and other partners on phase one of the SunShot Solar Outreach Partnership. ICMA is also working on several efforts funded by HUD to research social equity and sustainability (final reports due May 2014); healthy community indicators; and sustainability strategies for small towns and rural communities (final reports submitted December 2013). A consortium that includes Enterprise Community Partners, New York University, PFM, HR&A Advisors, and ICMA was awarded a three-year cooperative agreement to help America's most economically distressed cities. A new award from the Kansas Health Institute is conducting a survey and case studies on shared services among public health organizations. ICMA was also awarded a contract to help the jurisdictions of Mecklenburg County create a "livable communities plan," which should be completed in FY 2015. The Center for Sustainable Communities has also provided technical assistance in several other communities including Fort Collins, CO; Stark County, OH; and Frederick County, MD. Center staff are leading several technology projects including a 311 technical assistance effort for the city of Philadelphia and a series of initiatives in partnership with ESRI.*

5. Expand the current membership with an emphasis on attracting young people, women, and minorities, entrants from other careers, and other local government management professionals who are not members of ICMA.

*Formal recruitment plans tailored to the individual needs of state and affiliate organizations are in implementation in 17 states and one country. Three approved plans were deferred for implementation to FY 2015. The focus is to develop mutually beneficial long-term strategies that will help both the states/affiliates and ICMA attract CAOs, assistant/deputy CAOs, and early-mid-career professionals. The focus for FY 2015 will be to continue to develop and implement state and affiliate-based recruitment strategies along with the recommendations of the ICMA Financing Task Force.*

6. Become more engaged in contributing to the public policy arena as it relates to local government.

*ICMA is coordinating the work of the Big 7 through December 2014. This includes working with the leadership to develop the strategic policy direction for the seven national associations, as well as identifying priorities where there is a consensus. In addition to focusing on fiscal issues such as protecting the tax-exempt status of municipal bonds, Internet sales tax collection, and pension funding, a Big 7 priority is to better coordinate services for returning veterans. Two white papers have been completed and scheduled for release: "Management's Perceptions of Annual Financial Reporting," written by researchers of Northern Illinois University, and "Collaborative Service Delivery: An Examination of State Strategies," written under the leadership of Carl Stenberg, University of North Carolina. One white paper is planned for FY 2015.*

*The State and Local Legal Center, supported by ICMA and six other national associations, celebrated its 30<sup>th</sup> anniversary with a Supreme Court Practice Seminar and reception.*

## Professional Development

Professional local government managers continually seek to improve their capabilities. Renewing themselves through lifelong learning, managers acquire new expertise and develop their leadership skills to build better communities. ICMA serves as a source of professional development for its members throughout their careers in public service.

1. Position ICMA at the forefront of local government leadership and professional development through the ICMA University.

*A director of professional development position was filled in June 2013 to provide the focus required to integrate and expand efforts to meet the professional development needs of members at each career stage. A business plan was drafted in February 2014, and implementation plans will be completed in April 2014.*

2. Establish a broad network of partners to develop and promote leading practices in professional and personal development.

*A broad network of partners continues to expand across a number of content areas, including universities, other nonprofits, and strategic partners. For example, ICMA updated and renewed its agreement with the International Town-Gown Association, and George Washington University, a strategic partner, will teach a module for the 2014 Mid-Career Managers Institute. ICMA is also in discussions with other potential professional development partners.*

3. Create opportunities for participants with diverse backgrounds to engage in ICMA training and development activities and programs.

*Continue outreach to a diverse pool of participants, including non CAOs, individuals on nontraditional career paths, and other audiences. The Mid-Career Managers Institute, currently in its third year, now draws an equal percentage of members and nonmembers. The Young Professionals Leadership Institutes that precede the five regional summits are attended mostly by nonmembers, and custom trainings for local governments reach participants at all levels of their organizations. Additionally, the Ethics 101 e-course for members and nonmembers below department head level was launched in April 2014, and ICMA is planning other regional, local, and e-learning opportunities for FY 2015.*

4. Develop a formal path to credentialing that spans the career stages of a member.

*The Executive Board approved three proposals for updating the ICMA Credentialing Program: (1) Allow graduates of ICMA and other approved leadership development programs to receive additional experience credit toward the credential, effective March 1, 2014, (2) consider new eligibility tiers for the Credentialing Program after the leadership development program credit has been in place for one year, and (3) add a new, optional credentialing designation for members who want more structure in conjunction with the development of new credentialing software in late FY15.*

5. Ensure that ICMA serves as a vehicle for personal development and renewal.

*The Mid-Career Managers Institute was created in FY 2012 to fill the gap between the Emerging Leaders Development Program and Leadership ICMA. The FY 2014 class saw greater participation (13 participants toward a goal of 15). An MCMI Advisory Group was created in FY 2014 to offer guidelines for the role of the mentor and the management application project. An additional experiential leadership learning opportunity, the ICMA Williamsburg Leadership*

*Institute, was launched in FY 2014, and ICMA is considering whether to launch another one in FY 2015 or FY 2016.*

## **Knowledge Sharing**

ICMA is the preeminent source for information about leadership and management of local government. ICMA promotes, supports, and engages in sharing member experiences and enthusiasm to create understanding and appreciation of national and global perspectives that can enhance local government, community building, and the effectiveness of public services.

1. Promote ICMA as the premier clearinghouse for information on local government management practices.

*Efforts in FY 2014 have focused on enhancing the user experience of ICMA's website and Knowledge Network and on adding feature enhancements to improve peer-to-peer connections and mobile access. A multi-month content plan for the icma.org home page has been implemented to ensure that news articles are timely and rotated with regularity along with visual images of interest. On the website such tactics as using more prominent links to Life, Well Run and the 100th Anniversary pages have resulted in an exponential increase of traffic to the membership and annual conference areas of the website. Continued implementation of the social media strategy has resulted in increased presence and engagements on LinkedIn, Twitter, and Facebook.*

*In FY 2014, with executive board approval, ICMA's book publishing program is transitioning out of the print publishing business to all-digital publishing that will focus on meeting member needs while continuing to capture the thought leadership of the profession. At the same time, the publishing program is looking to align more closely with ICMA's professional development initiatives and in FY 2014 introduced a webinar series based on ICMA's best-selling Effective Supervisory Practices. FY 2014 also marks the final print edition of The Municipal Year Book; it features a 100-year perspective on the legacy of the local government profession, written by Bob O'Neill. In FY 2015 the emphasis for publishing will be on developing short e-publications that help fill identified knowledge gaps and best practices and that identify trending topics in the profession. PM magazine, which continues to be one of ICMA's most popular information outlets, will build on its successful print and online issues with articles that inspire innovation and inform decision making. Now positioned under membership and professional development, the publishing program will be driven by member needs, will support the information-dissemination needs of other ICMA programs, and will help implement effective content creation and distribution across the entire organization, with the goal of reaching members quickly with useful, relevant information critical to their success.*

*The content footprint that ICMA is creating for the profession also includes the sharing of findings from two distinct research initiatives, one an outgrowth of the AFI, ASU, and ICMA partnership and one called the Local Government Research Collaborative (LGRC), a network of local government practitioners and academicians created by the Alliance partnership to advance its research agenda more rapidly than is otherwise feasible. The research topics to date are citizen engagement, collaborative service delivery, and due processes that inhibit creativity and innovation with strategies for addressing these issues. The research results will be used to develop new training opportunities as well as new products and services targeted toward improving the state of the professional practice. The LGRC's first research project in FY 2015 will be selected in April 2014 at the Transforming Local Government conference. ICMA's Center for Management Strategies will debut its new program for education and technical assistance in the area of collaborative service delivery at ICMA's annual conference in Charlotte.*

2. Create innovative, worldwide opportunities connecting members to increase knowledge transfer and experience sharing around good local government management values and practices.

*ICMA continues to facilitate knowledge sharing internationally through funded projects, centers in Mexico and China, an active international committee, and new international student chapters. U.S. State Department funded Professional Fellows Programs in the Asia/Pacific Region have been providing knowledge sharing opportunities for ICMA members, their communities, and ICMA's international affiliates in climate change and legislative process/governance related exchanges. USAID programs in Afghanistan and our signature CityLinks program will continue functioning as international knowledge sharing platforms for members. Facilitated by our Mexico center and ICMA staff, members will continue engaging in Central America to share information on community policing and collaborative violence prevention programs. The ICMA China Center will build on the initial success of the "guest lecturer" program at Chinese universities and identify opportunities for training both in China and the U.S. as a Chinese government approved foreign training provider. In addition, the international committee will hold its overseas meeting in Yangzhou City, China, hosted by the ICMA China Center, preceded and followed by a study tour. Both events will facilitate sharing experience with Chinese government and city officials.*

3. Engage academics and subject matter experts (including the private sector and other research partners) in efforts to enhance the body of knowledge around preferred and best practices in local government management worldwide.

*The Center for Management Strategies continues to lead efforts with the Alliance for Innovation and Arizona State University to conduct research on a variety of emerging, leading, and trending topics designed to enhance local government efficiency and effectiveness. This enhanced research partnership is researching the topic of collaborative service delivery, after having completed a similar project in citizen engagement in 2013. The Local Government Research Collaborative (LGRC) comprised of representatives of the local government management and academic communities is a second approach (and a two-year trial) to identifying and researching key topics for managers and their staffs. The LGRC identifies topics of interest, solicits proposals for research, and awards grants for the completion of the research. The LGRC is researching the topic of governmental "due process" and mechanisms to move from "Red Tape to Green Tape" in performing the necessary work of government within the parameters of laws and rules. The LGRC is in the process of identifying its next research topics for the remainder of 2014 and 2015. The research results of both the enhanced research partnership and the Local Government Research Collaborative will be used to develop new training opportunities as well as new products and services targeted toward improving the state of the professional practice.*

*The Center for Sustainable Communities (CSC) is finalizing a report for its \$284,000 HUD-funded research partnership with Arizona State University that is focused on the social equity aspects of sustainability. Through the newly funded National Resource Network: New Solutions for Cities effort, ICMA is working with New York University's Wagner School of Public Service. The Center for Public Safety Management conducted numerous webinars on public safety, police, fire, and EMS issues.*

*In a major development, ICMA and SAS are partnering to create a new performance analytics tool for local governments to use to measure performance and improve management of their service delivery and operations. The new product is expected to roll out in early FY 2015. Randy Reid, former county manager in Sarasota and Alachua counties, both in Florida, was hired to direct ICMA's new performance analytics initiatives.*

## Member Engagement and Support

ICMA fosters an active and engaged membership dedicated to contributing to and improving the association. The association promotes and embraces diversity among its members, including a governing board that reflects ICMA's membership and the communities served. ICMA is a source of personal support and renewal for its members throughout their life in public service. The association is committed to strengthening strategic partnerships on behalf of members and providing the highest quality products and services to its members.

1. Ensure that ICMA remains the association of choice for professional managers (new strategy for 2012).

*Developing and maintaining the personal connection with members is a key approach to ensure that ICMA remains the association of choice for professional managers. In FY 2014, the membership team continued the direct member outreach strategy: contacted 210 members to discuss issues of concern; recognized 716 Life members with a pin and personalized letter; delivered 620 new member packets with a flash drive containing key membership information and resources; called 420 members to encourage them to renew during the dues billing cycle; and sent a customized e-survey to 9,000 members encouraging them to review their records, which resulted in 1,600 responses. Developed and implemented a benefit promotion plan to strengthen the value proposition of membership. Membership is growing. As of the third quarter, ICMA membership totaled 9,468 members with 9,047 in the United States and 421 in 28 other countries. 576 new in-service members were added in FY 2014. Retention rates exceed goals for both full (96% vs 95%) and affiliate members (80% vs 75%). Dues revenue for the year is anticipated to set an ICMA record.*

*FY 2015 focus is on aligning membership, professional development offerings, and information to deliver benefits, services, and products to meet the needs of members at the appropriate career stage; and on implementing the board-approved recommendations for the Women's Task Force, Leadership Task Force, and Financing Task Force.*

2. Create opportunities to gain entry into the profession and into the association and its leadership.

*FY 2014 was year two of the new regional nominating process, which saw increased participation by affiliate partners and resulted in the selection of a vice presidential nominee to appear on the election ballot.*

*The ICMA 2008 Strategic Plan outlines the profession's commitment to diversity as a Core Belief: "Ensuring that local governments and the association reflect the diversity of the communities we serve." A Task Force on Strengthening Inclusiveness within the Profession will launch in FY15 to develop a series of short- and long-term recommendations to the ICMA Executive Board designed to help achieve the membership's core value of being an inclusive association and profession.*

3. Enhance communication and dialogue to develop synergistic relationships with state and affiliate organizations and other professional associations.

*A third regional director, working in the Southeast region, was added in FY 2014. Regional directors are essential to developing and maintaining effective working relationships with the state and international affiliate organizations. Formal agreements outlining shared goals are in place in the 44 states with existing state associations along with the key affiliates—NFBPA, IHN, and NACA. On the international front, the goal is to develop formal agreements outlining shared goals in all countries with professional associations.*

4. Foster inclusion, engagement, and support throughout a member's life of public service.

*Senior advisors, regional directors, and state liaisons had direct contact with members through attendance and presentations at 23 state and affiliate meetings, three regional summits, and personal outreach. New members were matched with Welcome Ambassadors. Added 70 new participants to the members in transition program, and 68 members moved out of transition status, for a total of 149 currently in transition. As part of the conference scholarship program, ICMA provided support to six members in transition. Eighty-eight percent rated the value of membership as “excellent” or “good”. Customer service was rated as “excellent” or “good” by 90% of members who responded to a recent ICMA survey.*

5. Be the leader in offering career services to local government professionals throughout their lives.  
*In FY 2014, two new career stage resources “Breaking into Local Government” and “Manager Evaluation Handbook” were distributed to members along with the latest editions of the Career Compass column. A plan to take the Cal-ICMA Coaching Program, currently underwritten to a small degree by ICMA, to a national level was developed and will be implemented in FY 2015. The ICMA Management Fellows program, now in its tenth year, placed 32 fellows in FY 2014.*
6. Promote work/life balance as part of attracting and retaining members and achieving organizational sustainability.  
*Annual conference sessions, as well as events sponsored by the Partners’ Program, deal with issues facing local government managers and their families, including work/life balance.*