



ASSOCIATION OF
METROPOLITAN
WATER AGENCIES

2 0 1 7 ANNUAL REPORT

NAVIGATING THROUGH UNCERTAINTY



MISSION

AMWA's primary objective is to be the unified and definitive voice for the nation's largest publicly owned drinking water systems on regulatory, legislative and security issues. To this end, the association works with Congress and federal agencies to ensure safe and cost-effective federal drinking water laws and regulations and to develop federal-local partnerships to protect water systems and consumers against acts of terrorism.

AMWA is also committed to the collection and exchange of management, scientific and technical information to support competitive utility operations, effective utility leadership, safe and secure water supplies and effective public communication on drinking water quality.

January 2018

Dear Colleagues,

Change is a constant in water utility management, even more evident in recent turbulent times. Navigating through uncertainty requires building on current strengths, adapting to a changing landscape, informed prioritizing and developing invaluable partners. In 2017, the Association of Metropolitan Water Agencies supported its member water agencies in promoting the resilience that is key to success in unsettled conditions.

In the nation's capital, AMWA worked steadily for bipartisan support of policies that strengthened the standing of large drinking water systems. The association played an influential role in shaping landmark legislation to reform the Safe Drinking Water Act, reauthorize the Drinking Water State Revolving Fund and maintain municipal bond interest tax exemptions in comprehensive tax reform legislation.

Strong relationships with regulatory agencies and the scientific community allowed AMWA to anticipate and prepare for regulatory changes and to ensure the concerns of water utilities are accurately represented in critical international climate efforts.

AMWA's new INSIGHT utility financial database and dashboard provided members access to uniquely relevant industry financial information for planning and benchmarking. Support of peer-to-peer projects fostered opportunities for increased water system collaboration, and a series of innovation webinars showcased cutting-edge member initiatives.

The 2017 hurricane season saw AMWA facilitating critical connections between impacted utilities and members willing to offer assistance. At regional power resilience workshops, members shared best practices about energy-water sustainability and emergency response.

Uncertainty can inspire new ways of thinking and acting. AMWA provided a host of opportunities in 2017 for water executives to work with colleagues to answer complex questions and find our bearings. I encourage your active participation in AMWA in the coming year to advance the essential work of today's drinking water utilities.

Sincerely,



Scott Potter
2017 AMWA President
Director
Nashville Metro Water Services

LEGISLATIVE PROGRESS IN THE FACE OF POLITICAL TURMOIL

2017 saw a degree of upheaval in the nation's capital, as the incoming Trump administration formulated a new agenda and congressional leaders struggled at times to secure the votes necessary to advance major initiatives. But amid the uncertainty, AMWA repeatedly brought members of both parties together in support of policies to strengthen the standing of the nation's metropolitan drinking water systems.

In the spring and through the summer, AMWA played an influential role in shaping landmark legislation in the House of Representatives that would reform the

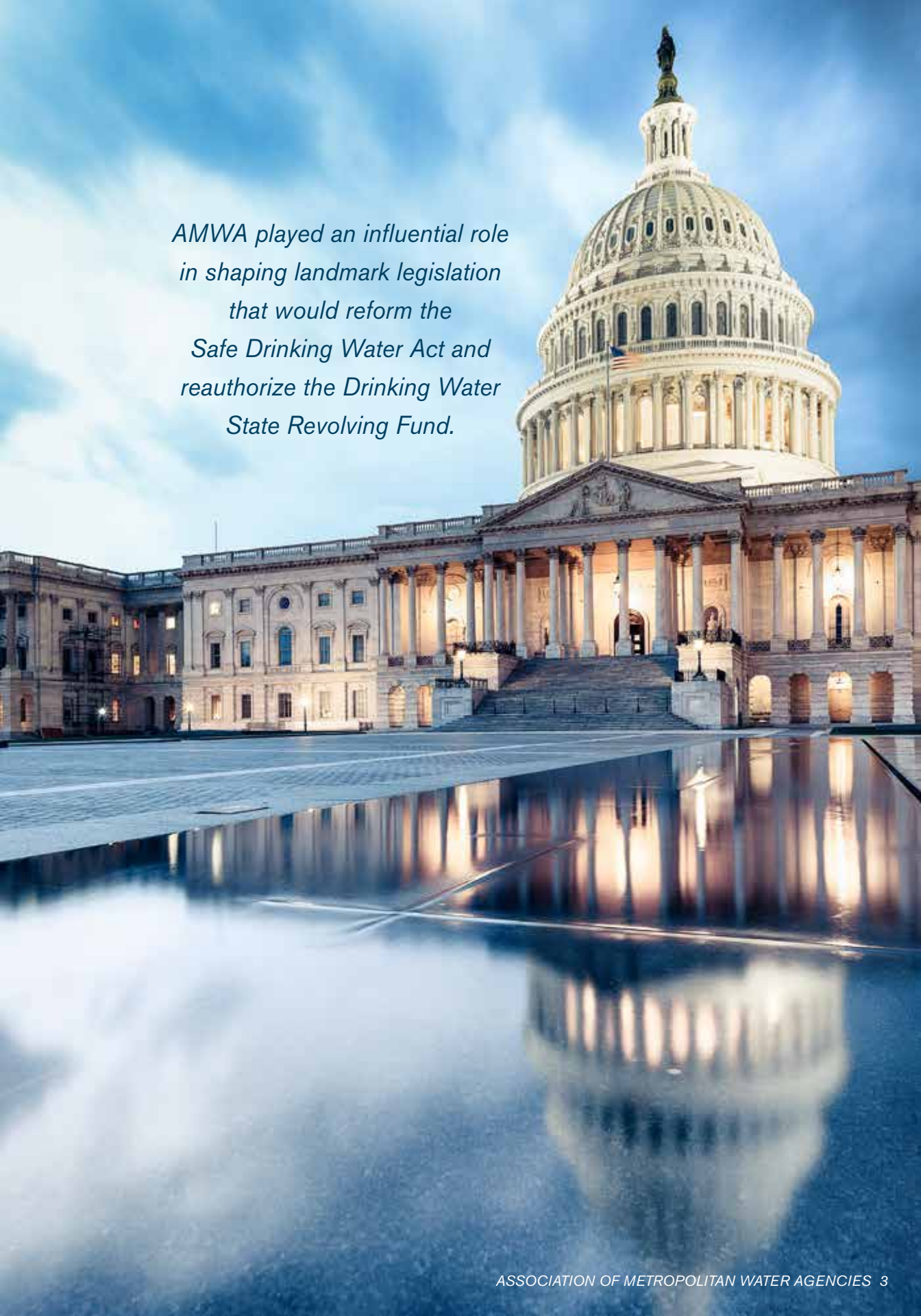


Safe Drinking Water Act and reauthorize the Drinking Water State Revolving Fund (SRF) for the first time. AMWA members testified at committee hearings during development of the legislation, urging lawmakers to deliver strong SRF funding while making reforms that would promote the security of water treatment plants. When the Drinking Water System Improvement Act ultimately won the unanimous bipartisan approval of the

Energy and Commerce Committee in July, it included AMWA-supported language on consumer confidence report delivery methods and updates to drinking water facility security rules.

AMWA was also heavily involved in a milestone achievement in 2017 – passage by Congress of a comprehensive tax reform bill. As lawmakers worked behind the scenes developing the legislation, AMWA consistently called for the tax plan to preserve tax-exempt municipal bond interest. This effort included commissioning research into the amount of money communities in each state saved in 2016 by financing drinking water and wastewater infrastructure projects through tax-exempt bonds. With this data in hand, AMWA members amplified its message by sharing the compelling information with their senators and representatives on Capitol Hill. Ultimately, the final tax reform bill signed into law by President Trump left tax-exempt municipal bond interest in place.

As the year closed, AMWA was busy navigating newly emerging legislative challenges, such as draft legislation to reform the popular Water Infrastructure Finance and Innovation Act (WIFIA) program and uncertainty about the fate of EPA's FY18 budget. In responding to these and other issues, the association offered clear and informed advocacy on behalf of its member utilities. 💧



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STEERING THROUGH THE ROUGH SEAS OF REGULATORY CHANGES

Uncertainty is commonplace during any political or regulatory change. The past year was no different as the Trump administration spearheaded a new and all-encompassing vision for federal oversight. In this new climate, numerous environmental regulations saw drastic changes, repeals and stalls. With an overhaul of top leadership at the Environmental Protection Agency (EPA) and calls for a slimmer budget for the agency, the level of change and uncertainty highlighted the value of AMWA's steady, informed input to the regulatory process.

Throughout 2017, AMWA consistently engaged its members and provided feedback to the EPA and U.S. Army Corps of Engineers (USACE) on proposed regulatory changes, submitting numerous comment letters in response to agency requests. AMWA's relationships with federal agencies, associations and its member utilities allowed it to respond quickly and efficiently to proposed federal overhauls. The association continued its advocacy role, ensuring that the interests of drinking water utilities were considered in all policy and regulatory changes and acting as the voice for our member utilities in the nation's capital.

AMWA submitted comments related to the Waters of the United States Rule, EPA's decision-making on perchlorate, USACE's Reservoir Rule and the feasibility of EPA reducing the regulatory burden. Throughout these comments the themes and priorities remained the same: fully consider the implications of any regulatory changes to drinking water utilities and to public health; increase transparency, clarity and communication; use scientifically sound reasoning; and keep regulations

and policies feasible and practical. AMWA successfully advocated for an extension on EPA's perchlorate notice, which allowed a more thorough and detailed review of the agency's documents and gave AMWA the opportunity to fully engage its regulatory committee.

Securing strong relationships is paramount to anticipating and preparing for regulatory changes. AMWA maintained its involvement with the Lead Service Line Replacement Collaborative as a steering committee member and continued its membership within the Source Water Collaborative. Engagement in these groups allowed AMWA to influence policy, strengthen its standing within the regulatory and scientific communities and keep abreast of new developments. 🔥



AMWA's approach to regulatory changes focused on full consideration of public health implications; increased transparency, clarity and communication; use of scientifically sound reasoning; and maintaining feasibility and practicality.

SUSTAINING OPERATIONS IN A SHIFTING ENVIRONMENT

AMWA continued to engage with its public and private sector partners during 2017 on a variety of sustainability related topics including climate and extreme event resilience, regionalization and capital funding.

In a series of four webinars, AMWA showcased innovations from members across the United States and Canada to build more resilient and sustainable utilities. Webinar recordings and slides from the presentations were made available on AMWA's website.




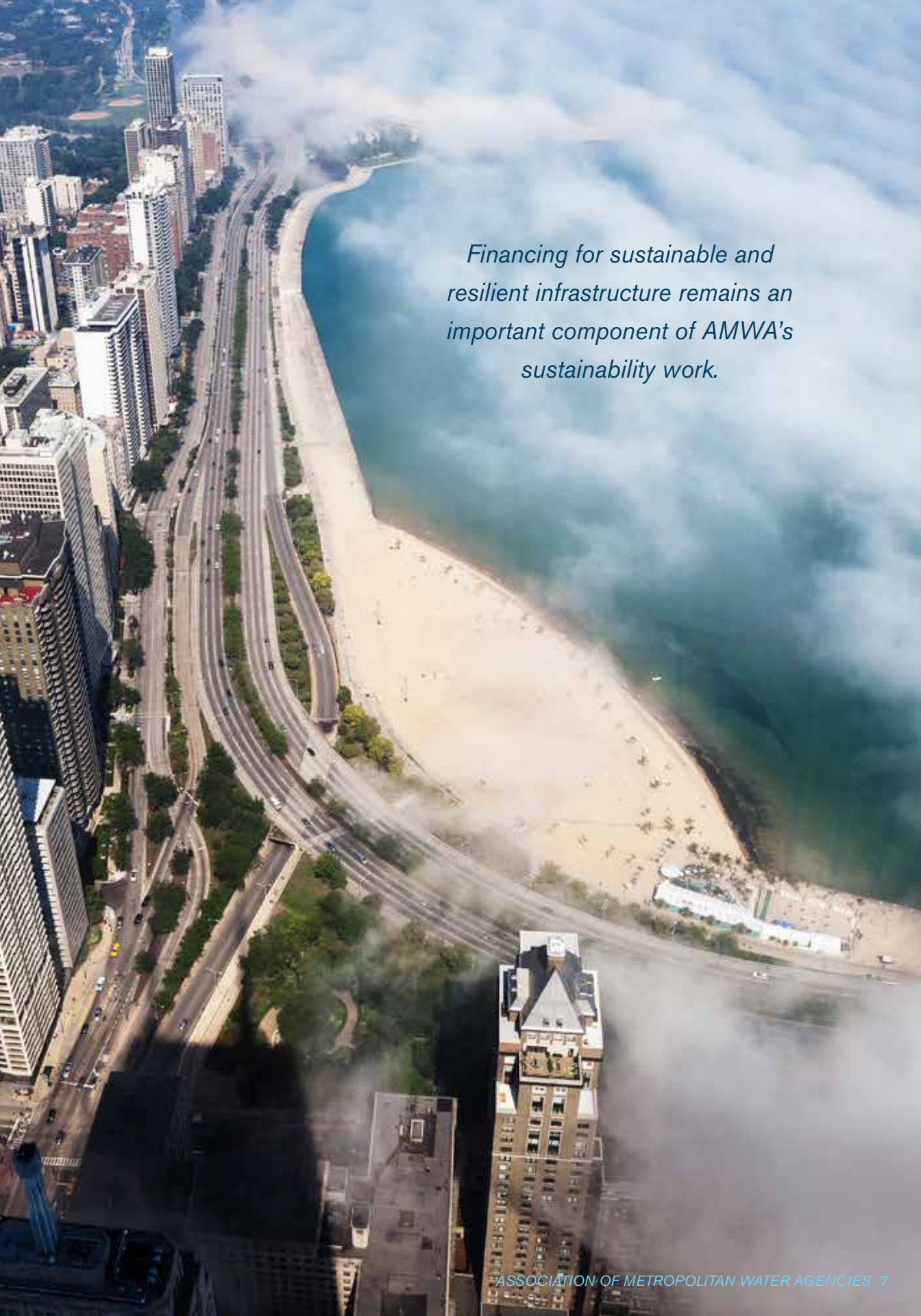
AMWA responded to federal climate initiatives, such as commenting in February on the U.S. Global Change Research Project's Climate Science Special Report. The association's comments ensure the concerns of water utilities are accurately represented in critical international climate efforts.

AMWA entered into a professional services agreement with the Water Utility Climate Alliance (WUCA), a group of 12 water utilities and AMWA members located throughout the U.S. WUCA is committed to promoting community resilience through adaptation to climate

change. AMWA supports WUCA with administrative tasks, allowing WUCA staff to spend more time on projects, including climate resilience training for utilities. Meanwhile, AMWA is able to gain additional insights to apply to its own sustainability and climate resilience programs.

Regionalization is a key sustainability issue for AMWA member utilities, and a curated roundtable session at the 2017 Executive Management Conference provided a venue for water leaders to discuss local experiences in regionalization and current incentives for consolidating utility functions or operations.

Financing for sustainable and resilient infrastructure remains an important component of AMWA's sustainability work. In June, the association updated its Green Bond Market whitepaper with new information and a new case study from Denver Water. AMWA also provided comments to the Climate Bonds Initiative on Phase II of its water climate bonds standard and drafted comments on the Sustainability Accounting Standards Board's sustainability accounting standards. The association recommended revisions to the standards to more adequately reflect best practices and more accurately portray utility operations. And, an AMWA letter to the Governmental Accounting Standards Board requested clarification of GASB standard guidance so that utilities may use capital funds for conservation programs, water efficiency programs and green infrastructure projects. 



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BUILDING MANAGEMENT STRENGTH IN TURBULENT TIMES


Identifying and initiating best management practices is key to progress in an uncertain environment, and throughout 2017 AMWA developed a wide range of resources to support excellence in utility management.

AMWA released the results of its fifth biannual Utility Financial Information survey – which was rebranded as INSIGHT – and launched a new online dashboard to help users access the robust database more easily. Through a webinar and Executive Management Conference session, members learned how to use the dashboard to harness INSIGHT’s uniquely relevant data for benchmarking, identifying trends and developing financial reports.

AMWA’s 14 utility management award winners for 2017 exemplified superior achievement across the spectrum of water operations. Winners of the Sustainable Water Utility Management Award were Atlanta Department of Watershed Management, Fairfax Water, Glendale Water Services Department, Los Angeles Department of Water and Power, Onondaga County Water Authority and Orange County Utilities. The Platinum Award for Utility Excellence was awarded to Anaheim Public Utilities, Anne Arundel County Bureau of Utility Operations, Greenville Water, Peace River Manasota Regional Water Supply Authority and Tampa Bay Water. Recognized with the Gold Award for Exceptional Utility Performance were Baltimore City Department of Public Works, Great Lakes

Water Authority and Oklahoma City Water Utilities Trust.

AMWA’s commitment to the industry’s premier training initiative, the Water and Wastewater Leadership Center, continued in 2017 as top managers from member utilities made up a strong majority of participants in the acclaimed executive learning program. Among the association’s other collaborations in support of utility management in 2017 were:

- involvement in EPA’s Peer-to-Peer initiative to identify challenges and explore opportunities for fostering collaboration among water systems;
- advising on a Water Research Foundation study examining business cases and legal agreements utilities can adapt to form mutually beneficial partnerships;
- backing the Value of Water Campaign, including its release of The Economic Benefits of Investing in Water Infrastructure, Infrastructure Week and the Imagine a Day Without Water national advocacy day; and
- supporting EPA in the publication of a revised Effective Utility Management Primer reflecting refinements to the industry-standard management framework. 

Introduction of AMWA's INSIGHT database and dashboard put uniquely relevant utility financial data at the fingertips of water executives.





SECURING A WORLD IN TRANSITION

In an ever-changing threat environment, AMWA tracked emerging cyber threats like ransomware while also collecting and sharing information about natural disasters and other perils to the water sector and its customers. These threats included Hurricanes Harvey, Irma and Maria, the Western wildfires and malware outbreaks like WannaCry. AMWA continued to play a large role in the water sector's security efforts through its management of the Water Information Sharing and Analysis Center (WaterISAC), the premier center for information related to both physical and cyber threats to the water sector and its assets.

AMWA and WaterISAC both remained active during 2017 with the Water Sector Coordinating Council (WSCC), a group that advises government agencies, including EPA and the Department of Homeland Security (DHS), on federal programs related to water sector security. This year, the WSCC released the updated Roadmap

to a Secure and Resilient Water and Wastewater Sector, which described top priorities for the sector and outlined recent threats.

During the 2017 hurricane season, AMWA facilitated connections between impacted utilities and members willing to offer assistance. AMWA also participated in cross-sector calls with DHS and other public and private sector partners throughout late summer and fall to develop a common operating picture for members.

AMWA co-hosted power resilience workshops with EPA and association members in the Dallas and Phoenix metropolitan areas. These workshops convened stakeholders from the water and power sectors to share best practices about energy-water sustainability and emergency response following power outages triggered by natural disasters and man-made incidents.

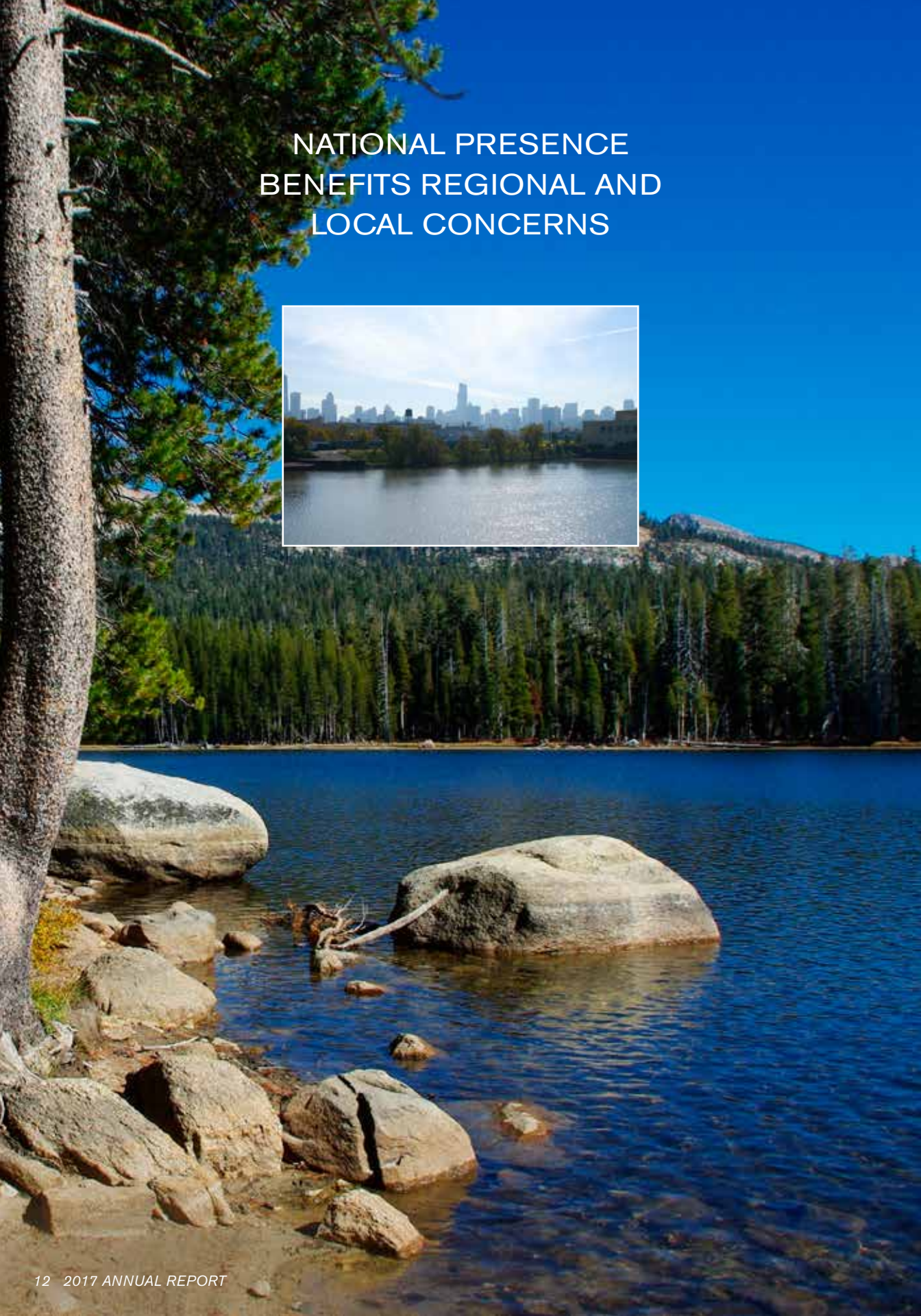
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As priorities shifted in the new administration's federal budget proposal, AMWA led a water sector campaign opposing cuts to EPA's Water Security Division. The division fulfills EPA's mandate to serve as the sector-specific agency but also provides the water sector with free tools, workshops and other resources to improve the sector's ability to prevent and respond to natural disasters and intentional acts. The proposed cuts would eliminate EPA's ability to develop tools and programs.

To elevate the profile of water sector preparedness, AMWA participated in 2017 on the planning team for the DHS National Level Exercise 2018, which will involve response planning at all levels of government. AMWA collaborated with other partners to ensure that water sector-specific concerns about information sharing and operational coordination were addressed in the planning process. 💧



NATIONAL PRESENCE BENEFITS REGIONAL AND LOCAL CONCERNS



AMWA's cooperation with leaders from Congress, the White House, federal agencies and other associations ensures that members' national and regional priorities and concerns are considered as policies and programs are developed.


Through its office in Washington, D.C., AMWA engages with partners every day on issues that affect members in every part of the country. AMWA's cooperation with leaders from Congress, the White House, federal agencies and other associations ensures that members' national and regional priorities and concerns are considered as policies and programs are developed.

For example, in 2017 AMWA influenced the national tax reform debate by producing a series of one-page information sheets detailing the amount of money drinking water and wastewater systems in each state saved in 2016 due to the federal tax exemption for municipal bond interest. These state-specific reports localized the tax reform debate and were successfully used to advocate for maintaining the tax-exempt status of municipal bond interest in the tax reform package.

AMWA was actively involved in the rulemaking process for two forthcoming EPA rules – perchlorate and revisions to the Lead and Copper Rule. While these are national rulemakings, the impacts will be distinctly felt at regional and local levels, as these contaminants are not found uniformly throughout the country. Similarly, AMWA convened a special workgroup of interested members to discuss the U.S. Army Corps of Engineers' Water Supply Rule proposal. In all cases, AMWA regularly communicated

with members on the front lines of these issues, making sure that key concerns and insights were presented in the association's comments and conversations with federal policymakers.

AMWA also collaborated with the Western States Water Council, Sonoma County Water Authority and other water sector groups to support increased funding for atmospheric river forecasting. Atmospheric rivers transport water vapor across the world in thin bands, fueling intense storms across the West Coast. Improved forecasting would help utilities to better understand the threats posed by these weather events and better manage their water supplies. In support of this effort, the coalition met with officials at the National Oceanic and Atmospheric Administration and visited the offices of U.S. senators and representatives from California, Arizona and Colorado.

At power resilience workshops in the Dallas and Phoenix metropolitan areas, AMWA, member utilities and EPA convened water and power sector stakeholders to share best practices about energy-water sustainability and emergency response following major power outages. 

RESHAPING GLOBAL RELATIONSHIPS

In collaboration with UNESCO and W-Smart, AMWA joined representatives of other nations to discuss climate change challenges, threats and opportunities, as well as solutions and response adaptation strategies.




Uncertainty in 2017 was a global phenomenon, and AMWA continued its involvement with international institutions to strengthen relations for the benefit of its members.

In collaboration with the United Nations' Education, Scientific and Cultural Organizations (UNESCO) and W-Smart, AMWA met with other international groups to discuss climate change challenges, threats and opportunities, as well as solutions and response adaptation strategies. Participants included John Sullivan of the Boston Water and Sewer Commission, Dave Johnson of Southern Nevada Water Authority and AMWA CEO Diane VanDe Hei, along with utility representatives from the Netherlands, Germany, Israel and Hungary. Sessions focused on crisis management and preparedness, and participants discussed integration and deployment of smart monitoring systems, including cyber security, performance assessment, deployment risks and impediments, bid data analysis and operational issues.

As a member of the United Nation's Advisory Committee on Water & Human Settlements, AMWA also participated in a program designed to address the committee's response to U.N. scientific and education mandates. Taking the lead on the education component of the charge, John Sullivan, in concert with other committee members, developed a white paper on the educational needs

of communities. The paper focused particularly on the need to raise awareness of the value of water from the perspectives of sustainable public health protection, economic growth, job creation and environmental protection, and the essential role of infrastructure in the process.

In a series of four webinars, AMWA showcased innovations from members across the U.S. and Canada to build more resilient and sustainable utilities. The association also partnered with the Canadian Water Network to co-host a joint workshop in Toronto on resilient utility management. AMWA members from Cincinnati, Fort Worth, Washington, D.C. and Nashville attended the workshop and shared approaches for addressing resilience – from assessing risks to upgrading systems. 

CATALYSTS FOR WATER SECTOR LEADERSHIP

Uncertain times can severely test (and reveal) the quality of an organization's leadership. AMWA's membership comprises the nation's top water utility executives, and in 2017 they continued to provide the leadership required to thrive. The association offered a host of opportunities for its members to step up their service to the water sector while honing their leadership skills.

AMWA committee chairs in 2017 included:

- Legislative Committee – Jeff Szabo, Suffolk County Water Authority
- Regulatory Committee – Ron Lovan, Northern Kentucky Water District
- Utility Management Committee – Mark Knudson, Tualatin Valley Water District, and John Spatz, DuPage Water Commission
- Security Committee – Dean Dickey, Prince William County Service Authority, and Kevin Gertig, Fort Collins Utilities
- Sustainability Committee – Jim Lochhead, Denver Water, and Rosemary Menard, Santa Cruz Municipal Utilities
- International Committee – John Sullivan, Boston Water and Sewer Commission

The winner of AMWA's 2017 President's Award, Kevin Gertig of Fort Collins Utilities, was recognized for his contributions as a long-standing advocate of AMWA's role in Washington, D.C., where he has actively supported the association's climate, sustainability and effective utility management initiatives.

Testifying on behalf of AMWA at separate hearings before the House Environment Subcommittee, Scott Potter of Nashville Metro Water Services offered constructive feedback on the Drinking Water System Improvement Act of 2017 and Rudy Chow of Baltimore City Public Utilities urged increased funding for the State Revolving Fund and Water Infrastructure Finance and Innovation Act program, as well as continuation of the federal tax exemption for municipal bond interest.

AMWA representatives to the Water Research Foundation Board of Trustees were Steve Schneider of St. Paul Regional Water Services, John Sullivan of Boston Water and Sewer Commission and Doug Yoder of Miami-Dade Water and Sewer Department.

Charles Stevens of Kansas City Water represented AMWA on the AWWA Water Utility Council.

*AMWA provided members a host of opportunities
to volunteer in service to the association and
the water sector.*





John Sullivan of Boston Water and Sewer Commission chaired the WaterISAC Board of Managers, which also included AMWA members Sue Schneider of Spartanburg Water and Kevin Gertig of Fort Collins Utilities. John Sullivan and Dean Dickey of Prince William County Service Authority were AMWA representatives on the Water Sector Coordinating Council.

Carrie Lewis of the Portland Water District served as chair of EPA's National Drinking Water Advisory Committee. She also served – with Robert Steidel of the City of Richmond Public Utilities and David Lipsky of the New York City Department of Environmental Protection – as AMWA representatives to the Lead Service Line Replacement Collaborative. Andrea Song of Denver Water served as AMWA's representative on the Partnership for Safe Water Steering Committee.

The program of AMWA's 2017 Executive Management Conference in St. Simons, Georgia, was a showcase of executive expertise, as members shared their insights and experiences with colleagues on many critical issues challenging the water sector:

Roundtable: Regional Authorities and Regionalization – Steve Schneider of Saint Paul Regional Water Services, Patrick Lehman of Peace River Manasota Regional Water Supply Authority and Cathy Bailey of Greater Cincinnati Water Works;

Attracting and Keeping a Strong Workforce – Cathy Bailey of Greater Cincinnati Water Works, Sue McCormick of Great Lakes Water Authority, Gary Robertson of Western Virginia Water Authority and Dean Dickey of Prince William County Service Authority;

Transforming LA's Water Supply from Imported to Local – Richard Harasick of the City of Los Angeles Department of Water & Power;

Strategic Plans: Not Just Binders on the Shelf – Patrick Turnbull of Montgomery County Environmental Services, Beth Nesteriak of South Central Connecticut Regional Water Authority and Shanna Whitelaw of Nashville Metro Water Services;

Water Emergency! When You Suddenly Become "Breaking News" – Ed Kerwin of Orange Water and Sewer Authority;

Applying Risk to Prioritize Capital Planning – Cedric Grant, formerly with the Sewerage and Water Board of New Orleans;

How Continuous Assessment of Vulnerabilities Improves Capital Investment Planning – Geoffrey Miller of Onondaga County Water Authority;

ICS Cybersecurity: Hype and Reality – Doug Short of Trinity River Authority of Texas; and

Developing Equitable Rate Structures While Providing Reliable Revenues – Doug Yoder of Miami-Dade Water & Sewer Department and Calvin D. Farr, Jr. of the City of Atlanta Department of Watershed Management. 

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