

A FOUNDATION FOR INNOVATION



ASSOCIATION OF
METROPOLITAN
WATER AGENCIES

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 2014

Dear Colleagues,

Innovation occurs in the water sector when new ideas, technologies and models are brought together to solve real water utility problems. As water leaders look to advance beyond the status quo, collaboration with peers is a most effective course to establish fresh ways of thinking, identify breakthrough technologies and overcome barriers to deploying dynamic, innovative solutions.

The Association of Metropolitan Water Agencies' work in 2013 provided a foundation for innovation and empowered utility executives to advance new mindsets and deliver sustainable approaches to the broad scope of complex water challenges.

On Capitol Hill, AMWA pursued infrastructure financing and influenced cybersecurity and other legislation. Regulatory innovation advanced on many fronts during the year, as reflected in approval for AMWA-advocated electronic delivery of Consumer Confidence Reports and broader use of cutting-edge scientific modeling techniques to better inform EPA rule-making. Through advocacy for expanded threat information sharing, input to national resiliency plans and ongoing involvement in influential security working groups, AMWA delivered innovative ideas to advance infrastructure protection and resilience.

AMWA's expanded focus on sustainability is providing utility leaders more opportunities to address common issues. Regional conversations are in the works and collective actions are underway to find innovative approaches to concerns including water rates and affordability, climate change adaptation and integrated water resources planning. Water is a global challenge, and AMWA's international activities offer members a window to models of water innovation around the world.

Since innovation is accelerated when experienced executives can share best practices, replicate solutions and build on successes, AMWA used its Annual Meeting as a forum for peer engagement on topics such as defining a resilient business model and assessing system-wide deployment of smart technology. Member-to-member inquiries aggregated original and practical responses to a host of management conundrums.

By providing water utility leaders the venues and opportunities to think creatively and act collectively, AMWA is an incubator for water sector progress. As I welcome new AMWA President Chuck Murray of Fairfax Water, I strongly encourage members to support Chuck and the association in their essential work of accelerating innovation on behalf of water agencies, communities and customers.



Sincerely,

A handwritten signature in black ink, appearing to read 'Pat Mulroy', with a large, stylized flourish at the end.

Pat Mulroy
2013 AMWA President
General Manager, Las Vegas Valley Water District

A BASE FOR LEGISLATIVE BREAKTHROUGHS

AMWA's network of metropolitan water utility executives worked to shape pending legislation on Capitol Hill throughout 2013. In the process, the association laid the groundwork to advance some of its biggest water policy priorities.

A milestone was achieved in May when the U.S. Senate passed the AMWA-supported "Water Infrastructure Finance and Innovation Act" — better known as WIFIA — as part of a larger water resources bill. AMWA engaged in a comprehensive advocacy effort ahead of the Senate vote, and at year's end the association was working with its members to secure WIFIA's place in the final water resources legislation on Capitol Hill.

AMWA demonstrated its ability to respond quickly to emerging policy issues when EPA announced in October that fire hydrants would be subject to new "lead-free" requirements slated to take effect early in 2014. AMWA and its members warned EPA and Congress the new rules would waste millions of dollars' worth of fire hydrant inventories and block the repair and replacement of out-of-service hydrants. AMWA and other stakeholders rallied support for a simple legislative fix to exempt fire hydrants from the new "lead-free" rules. AMWA supplied its members with sample letters to Congress explaining the issue, and numerous utilities contacted their lawmakers with data on the infeasibility of EPA's plan. Within a span of just three weeks in December, the House and Senate passed the legislation and President Obama signed it into law.

Legislators looked to AMWA for guidance on other topics as well. For example, as the House Homeland Security Committee worked to develop critical infrastructure cybersecurity legislation, the panel asked AMWA for feedback on an early draft of the bill. AMWA identified several areas for improvement that the committee addressed in its final version.

AMWA's effectiveness on Capitol Hill reinforced its members' relationships with their congressional representatives and senators. These relationships were strengthened during the association's 2013 Water Policy Conference when a half-dozen members of Congress — including House Homeland Security Committee Chairman Michael McCaul, Environment and the Economy Subcommittee Chairman John Shimkus, and Water Resources and Environment Subcommittee Ranking Member Timothy Bishop — addressed the audience of utility executives. Conference attendees took advantage of the opportunity to share their opinions with lawmakers and ask questions about legislation and the Congressional agenda.

These and other activities once again demonstrated AMWA's authority in Washington's water policy circles and its ability to deliver results.



AMWA was a frequent presence on Capitol Hill in 2013, where the association worked to shape legislation related to infrastructure financing, “lead-free” fire hydrants and critical infrastructure cybersecurity.



AMWA is a vigilant monitor of regulatory developments. When EPA proposed a late change to its interpretation of new “lead free” requirements to include fire hydrants, AMWA worked tirelessly both on Capitol Hill and at EPA to ensure water utilities would not be faced with limited access to replacements and expensive stranded inventories.

A STURDY SUBSTRUCTURE FOR REGULATION

The Safe Drinking Water Act (SDWA) provides a strong framework to guide drinking water regulatory development, implementation and review. It outlines a multi-step process that draws on sound scientific, economic and environmental principles to achieve tangible reductions in human health risks. SDWA also allows ample opportunity for the evolution of ideas to inform the regulatory landscape, and AMWA continues to be at the forefront of pushing for innovative solutions.

This was evident in many ways in 2013. The year kicked off with a significant new approach in how water systems communicate water quality information, as EPA gave final approval for electronic delivery of Consumer Confidence Reports (CCRs). After advocating strongly for this change, AMWA led efforts to promote the efficient rollout of electronic CCRs and gathered information demonstrating the value of such innovation to EPA regulators.

AMWA strongly supported scientific innovation in EPA's evaluations of chemicals under consideration for further regulatory action. Incorporating physiologically based pharmacokinetic modeling techniques to better inform potential age-specific exposures to perchlorate and reassessing the use of non-linear dose-response relationships for low level exposures to chromium VI provide two pertinent examples of cutting-edge scientific analyses needed to inform regulatory decisions.

Progressive thinking is also essential in dealing with problems that laws and regulations do not fully address, particularly integrated planning and source water protection. For instance, AMWA continued to support the aggressive adoption of green infrastructure, which can pay substantial dividends over more conventional pollution reduction strategies.

As SDWA reaches its 40th anniversary, innovative science and progressive thinking, tempered with sound basic analysis, will be increasingly important components behind effective and efficient regulatory development and implementation. AMWA will continue to be a leader in pushing for such innovation.

A SOLID FOOTING FOR SUSTAINABILITY

AMWA's sustainability program focuses on helping members build and maintain resilient, sustainable utilities with an emphasis on financial management, environmental stewardship and social responsibility. At the 2013 Annual Meeting and in personal interviews, AMWA's Sustainability Committee and other members shared their insights on sustainability challenges and needs. These discussions made clear that many sustainability challenges vary by region of the country. As a result, AMWA launched an initiative in late 2013 to identify and promote regionally tailored responses and risk-based approaches to address sustainability challenges.

The initiative will include pilot projects in two areas of the country – regional conversations to identify regional concerns, foster understanding of regional differences and identify potential solutions. AMWA will share observations and lessons learned from these efforts with all members.

AMWA sharpened its focus on water rates and affordability concerns through continued engagement with EPA, other water associations and organizations of local public officials.

The association also advocated for innovative policies and initiatives to support utility resilience and sustainability:

- AMWA reached out to the new Bicameral Task Force on Climate Change to stress the importance of providing water utility managers with local and regional-level data necessary for developing adaptation plans that reflect changing hydrological conditions.
- AMWA urged EPA to support tailored, community-based solutions to integrated water resources planning and affordability concerns by considering both Safe Drinking Water Act and Clean Water Act requirements and challenges.
- AMWA continued its involvement in the Source Water Collaborative by providing support and advice on source water protection efforts around the country.
- AMWA strengthened relationships by working with partners such as Water Research Foundation, National Association of Clean Water Agencies, American Water Works Association and Water Utility Climate Alliance on climate change and sustainability topics of mutual interest.



The Obama Administration stepped up its initiatives on climate change and resilience in 2013, and AMWA responded by participating in federal workgroups aimed at facilitating climate adaptation for water resources and water utilities. The association worked with the National Climate Assessment networks, whose broad aims include building water utility capacity for climate assessment and adaptation, and the Water Resources Adaptation to Climate Change Workgroup, which is developing recommendations for changes to federal programs and policies to improve water resource resiliency. AMWA also maintained a strong relationship with EPA's Climate Ready Water Utilities program by publicizing tools and events and providing recommendations on initiatives related to climate risks and utility credit assessments.

A STRONG BOTTOM LINE FOR UTILITY MANAGEMENT



Through its executive initiatives, AMWA promoted members' success in leading high-performing, sustainable water systems.



Innovation is a hallmark of today's utility management. Executives are relentless in their pursuit of ideas and actions that will further the current operations and the long-term sustainability of their systems. AMWA matched that spirit in 2013 with programs that inspired, supported and recognized the leading-edge management achievement of members.

January saw the release of the third iteration of AMWA's Utility Financial Information (UFI) database, which included key financial input from a record 109 water utilities – 60 percent of AMWA membership. In a highly attended webcast in February, participants explored new financial trends and inventive ways to use the database to inform many aspects of utility management.



AMWA recognized utility excellence through its 2013 management/performance awards. Winners of AMWA's Platinum Award for Utility Excellence included City of Columbus Department of Public Utilities, Louisville Water Company, Onondaga County Water Authority, City of Palm Bay Utilities Department, San Diego County Water Authority and Western Virginia Water Authority. Winners of the Gold Award for Exceptional Utility Performance were Beaver Water District, City of Dayton Water Department, City of Mesa Water Resources Department, City of Raleigh Public Utilities Department and City of Virginia Beach Department of Public Utilities.

AMWA also unveiled a new sustainability award to be launched in 2014. The Sustainable Water Utility Management Award will be a third step in the management awards program, recognizing water utilities that have achieved a balance of innovative and successful efforts in areas of economic, social and environmental endeavor.

AMWA supported the Value of Water Coalition in its launch of an innovative national communications campaign in October. The initiative is based on a strong base of opinion research and message testing and employs many of the latest tools of the Internet and social media to inform Americans about the value of water and the challenges facing water infrastructure. Using the Coalition's website as the campaign hub, the program aggregates the latest water news and employs social media to attract potential supporters through channels most people use today to obtain information.

Twenty-seven water managers pursued the goal of executive development at the 2013 Water and Wastewater Leadership Center at the University of North Carolina's Kenan-Flagler Business School. A cofounder of this unique residential leadership training program, AMWA continues its oversight to ensure this resource is tailored to advance the management proficiency of today's and tomorrow's water leaders.

AMWA supported the Effective Utility Management (EUM) initiative with input to EPA's development of a build-out of the EUM attributes, prepared under the direction of a steering committee of water executives. The publication is due out in early 2014.

Interest and participation in AMWA's Member-to-Member Inquiry program remained high in 2013, as results from 24 surveys were posted to the AMWA website during the year. An average of 26 utilities responded to each survey.





Innovative approaches to water utility operations were supported in 2013 through AMWA's wide range of utility management resources, including the Utility Financial Information database, management awards and Member-to-Member Inquiry program.



AMWA supports its members in developing the capacity to recover quickly from potential disasters — both natural and manmade — with tools, learning resources and input into federal initiatives.

BEDROCK OF INFRASTRUCTURE PROTECTION AND RESILIENCE

AMWA continued its work supporting utilities' efforts to improve security and emergency management capabilities in 2013. The association served on several working groups tasked with implementing President Obama's Executive Order 13636: Improving Critical Infrastructure Cybersecurity. AMWA provided feedback on the development of the Cybersecurity Framework, the voluntary program to support owners and operators in measuring and reducing risk of cyber intrusion. AMWA also convened a panel of utility managers to inform the Department of Homeland Security (DHS) on the sector's use of control system technologies and utilities' capacity to provide service despite compromised SCADA systems.

Participating in working groups established to implement Presidential Policy Directive-21: Critical Infrastructure Security and Resilience and to rewrite the National Infrastructure Protection Plan, AMWA staff advocated for federal agencies to share more information on security threats with the water sector and pressed for a stronger federal commitment to partnering on programs and projects.

AMWA also continued its management of the Water Information Sharing and Analysis Center (WaterISAC), the water sector's primary and most comprehensive resource for physical and cyber threat information and preparedness. WaterISAC hosted many threat briefings and security webcasts during the year, posted hundreds of materials in its secure online library and participated in national exercises alongside water utilities.

AMWA weighed in on cybersecurity legislation, appointed utility volunteers to consult with EPA on the development of electronic tools, such as the forthcoming Vulnerability Self Assessment Tool, and continued to serve on the Water Sector Coordinating Council.

The association took opportunities wherever presented to reinforce with the White House, Congress, EPA, DHS and other stakeholders the criticality of safe and clean water to community economic well-being and the need to provide financial and technical support when necessary.



WaterISAC
Security Information Center

A CORNERSTONE FOR INTERNATIONAL INTERACTION

In an era of expanded global communication and cooperation, U.S. water utilities can look to all corners of the world for innovative ideas and original solutions to water system challenges. AMWA formed its International Committee in 2008 to allow the association to pursue new venues for interaction between member water utility executives and their international counterparts.

In 2013, the International Committee continued its mission to exchange experience and knowledge with water managers abroad and provide AMWA members with occasions for peer-to-peer exchange of ideas and skills.

In September, AMWA President Pat Mulroy of Las Vegas Valley Water District and AMWA Executive Director Diane VanDe Hei represented the association at the Singapore International Water Week (SIWW) inaugural Water Utilities Leaders Forum. “Mapping Challenges & Solutions” was the overall theme of the conference.

The invitation-only Forum convened 180 water utility leaders from 46 countries to discuss common challenges and fresh approaches to water management. Participants shared valuable insights on important utility issues including governance and leadership, technological innovation and community engagement. Mulroy was featured in SIWW’s series of one-on-one interviews with global water industry leaders. In *Conversations with Water Leaders*, she shared her perspectives on the dynamics of the U.S. water utility industry.

John Sullivan of Boston Water & Sewer Commission represented AMWA on the Board of Directors of W-SMART, an international not-for-profit collaboration of private and public water utilities from Europe, Canada, the U.S. and Israel. AMWA is a strategic partner in W-SMART, which provides an international forum to promote experience sharing and catalyze collaboration among metropolitan water utilities for upgrading their capabilities to ensure sustainable drinking water security and safety with regard to terrorism, man-made and natural disasters.



AMWA continued its leadership role on the global stage in 2013 by facilitating cross-border exchange of innovative ideas and practices with utility executives from around the world.



Members' participation in committee work, representing the association on industry and government boards, and peer sharing at the spring and fall meetings made AMWA a stronger organization and provided executive development advantages.

OPPORTUNITIES IN UTILITY LEADERSHIP

AMWA's more than three decades of influence in the water sector are rooted in the leadership provided by its members. In 2013, water executives continued to step forward and take on the responsibilities of skillfully directing the industry on many fronts.

AMWA committee chairs in 2013 included:

- **Legislative Committee** – Jerry Seeber, Tampa Bay Water
- **Regulatory Committee** – Carrie Lewis, Milwaukee Water Works
- **Utility Management Committee** – Greg DiLoreto, 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
- **Policy Committee** – Michael Wallis, East Bay Municipal Utility District
- **International Committee** – John Sullivan, Boston Water & Sewer Commission

Marcis Kempe of Massachusetts Water Resources Authority was honored with the 2013 Donald R. Boyd Award for his inspirational leadership in utility security and crisis management, as well as his work on groundbreaking demand management programs and innovative technology transfer programs for the water industry.

AMWA representatives to the Water Research Foundation Board of Trustees were Jerry Johnson of Washington Suburban Sanitary Commission, Scott Potter of Metro Water Services of Nashville and Steve Schneider of St. Paul Regional Water Services.

Jim McDaniel of Los Angeles Department of Water & Power represented AMWA on the AWWA Water Utility Council.

John Sullivan of Boston Water & Sewer Commission chaired the WaterISAC Board of Managers, which also included AMWA members Sue Schneider of Spartanburg Water System and Kevin Gertig of Fort Collins Utilities. Sullivan and Dean Dickey of Prince William County Service Authority were AMWA representatives on the Water Sector Coordinating Council. Sue Schneider, Paul Bennett of New York City Department of Environmental Protection and Mike Hooker of Onondaga County Water Authority also served on the Coordinating Council. Kevin Gertig chaired the WaterISAC Advisory Committee.

AMWA member Marcia St. Martin of New Orleans Sewerage & Water Board served as a member of EPA's National Drinking Water Advisory Committee. Brian Haws of Austin Water Utility served as AMWA's representative on the Partnership for Safe Water Steering Committee, and Thomas Leahy of Virginia Beach Public Utilities represented the association on the U.S. Geological Survey Advisory Committee on Water Information.

As part of AMWA's ongoing support of the Effective Utility Management initiative, Dan Roberts of City of Palm Bay Utilities served on the EPA steering committee that developed the new publication, *Moving Toward Sustainability: Water Sector Utility Roadmap of Practices*.

AMWA's Annual Meeting in St. Petersburg, Florida, featured three water executive panels that shared valuable insights and lessons learned from hands-on experience:

- **Enhanced Employee Engagement:** Sue McCormick, Detroit Water and Sewerage Department; Glen Gerads, Minneapolis Water Works; Cathy Bailey, Greater Cincinnati Water Works; and Pat Maxwell, Southern Nevada Water Authority.
- **Defining a Resilient Business Model for Water Utilities:** John Carman, Raleigh Public Utilities Department; Barry Gullet, Charlotte-Mecklenburg Utilities; and Matt Jordan, Tampa Bay Water.
- **Infrastructure Resilience and Renewal in Response to Extreme Events:** Marcia St. Martin, New Orleans Sewerage & Water Board; Doug Yoder, Miami-Dade Water & Sewer Department; and Kevin Gertig, Fort Collins Utilities.

In addition, Dan Roberts, City of Palm Bay Utilities, introduced EPA's new roadmap of effective practices for utility management; Biju George, Greater Cincinnati Water Works, spoke on assessing system-wide deployment of smart technology; and Carla Mitchell of Pinellas County Department of Environment & Infrastructure assessed her community's first year of electronic Consumer Confidence Report delivery.



AMWA's 2013 Annual Meeting in St. Petersburg, Florida, brought together senior utility executives to interact and explore issues of water utility innovation, management and sustainability.

AMWA 2013 OFFICERS AND BOARD OF DIRECTORS



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Coordinator

Tim DeVenney
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Robert Saner
Counsel

AMWA BALANCE SHEET

December 31, 2013 and 2012

	2013	2012
Assets:		
Cash and Cash Equivalents	\$3,362,421	\$3,631,034
Other Assets	165,883	116,316
Total Assets	<u>\$3,528,304</u>	<u>\$3,747,350</u>
Liabilities:		
Prepaid Dues	\$1,046,091	\$984,919
Other Liabilities	194,078	585,174
Total Liabilities	<u>\$1,240,169</u>	<u>\$1,570,093</u>
Equity:		
Undesignated Reserves	\$1,883,290	\$2,016,912
Legal Fund	118,265	118,265
Management Fund	286,580	42,080
Total Equity	<u>\$2,288,135</u>	<u>\$2,177,257</u>
Total Liabilities And Equity	<u>\$3,528,304</u>	<u>\$3,747,350</u>

AMWA STATEMENT OF ACTIVITIES - GENERAL FUND

Years Ended December 31, 2013 and 2012

	2013	2012
Revenues, Gains, and Other Support:		
Dues	\$1,304,843	\$1,280,874
Management Fee	413,000	413,000
Annual Meeting	107,520	107,640
Interest and Investment Income	69,274	49,560
Water Policy Conference	70,095	60,300
Other	10,165	1,501
Total Operating Revenues	<u>\$1,974,897</u>	<u>\$1,912,875</u>
Expenses and Losses:		
Salaries, Benefits, and Related Expenses	\$1,284,220	\$1,188,761
Professional Services	149,736	125,981
Administrative and General	430,063	455,607
Total Operating Expenses	<u>\$1,864,019</u>	<u>\$1,770,349</u>
Net Assets	<u>\$110,878</u>	<u>\$142,526</u>

Fiscal year 2013 are unaudited numbers.

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