



CATALYZING ACTION
annual summit

April 20-21, 2017 | Boulder, CO

REPORT BACK



Dear Colleague,

WaterNow Alliance is pleased to present you with this special report back from Catalyzing Action: The WaterNow Alliance Annual Summit. On April 20-21, 2017, we were joined by over 100 local leaders, partners and innovators for a dynamic two day conference in Boulder, CO.

Special thanks to the National Center for Atmospheric Research and the City of Boulder for the incredible tours and presentations at Mesa Laboratory, to our engaging Keynote Speaker Jim Ogsbury, Executive Director of the Western Governors' Association, and of course to all who attended.

Since our inaugural summit just over one year ago, WaterNow Alliance has grown from our 6 charter members to over 120 members from across 15 states.

Looking back at this year's summit, we've been reflecting on the incredible energy and commitment attendees brought to the room and their commitments to take that energy home with them.

We had three main objectives for our summit. Our hope was that attendees would:

LEARN about sustainable water opportunities and how WaterNow Alliance can support them

CONNECT with other water leaders, innovators and partners

RETURN HOME energized to catalyze action

Creating change at home is what WaterNow Alliance is all about. That's why this year we introduced our "**What Happens Monday Opportunities.**" Throughout the conference (and this report back) we highlighted tangible opportunities for leaders to engage with us and our partners in new policy initiatives, on the ground projects or other collaborations. By the end of the two days, we had volunteers signing up, standing up and committing to next steps to move these critical strategies forward.

If you didn't make it to this year's Summit, we hope you'll join us next year or at one of our upcoming workshops across the nation. Stay tuned for opportunities to engage with us and as always – please feel free to get in touch with us directly if you have any questions or comments.

Thanks for all you do,

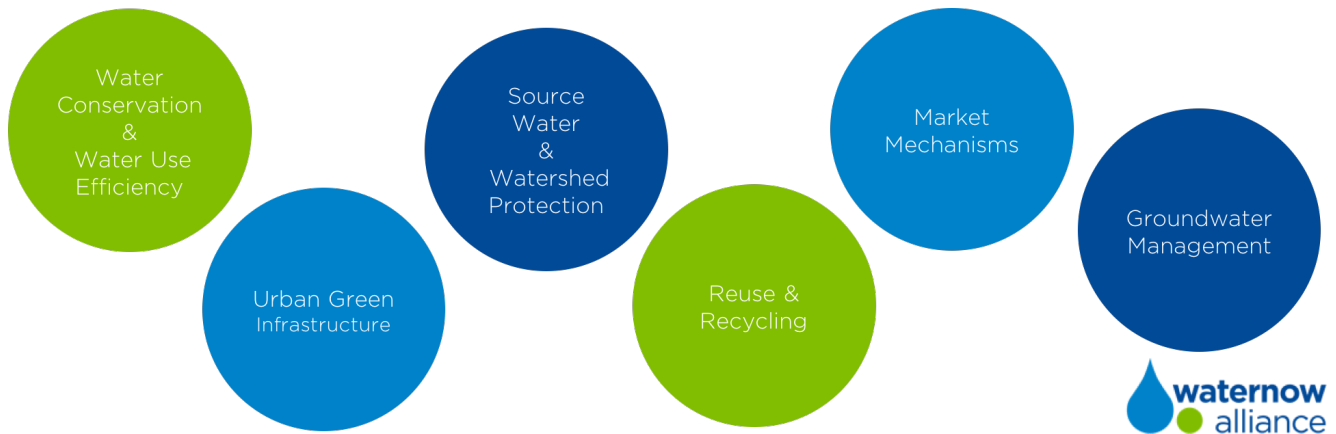
Cynthia Koehler, Executive Director
WaterNow Alliance

WATERNOW ALLIANCE

OUR MISSION is to achieve high impact, widespread adoption of sustainable water solutions in communities compatible with a healthy environment for the future.

WHAT DO WE MEAN BY SUSTAINABLE?

Methods of providing water to urban areas without using up or destroying water resources, allowing them to remain usable for the future in a healthy condition.



IN 2016-2017, TOGETHER WE...

BROUGHT TOGETHER OVER 150 LOCAL ELECTED OFFICIALS ON A LETTER RE: TAXING EFFICIENCY REBATES

GREW OUR MEMBERSHIP TO 125 FROM 15 STATES

FINALIST IN IMAGINE H2O CA WATER POLICY CHALLENGE

TRAINED OVER 40 GRAYWATER PROFESSIONALS

LAUNCHED WNA IMPACT AWARD

PUBLISHED ARTICLE IN GFOA JOURNAL

HELD THREE MEMBER SUMMITS IN AZ, CA & CO

HOSTED BRIEFINGS FOR MEMBERS ON CA LONG TERM EFFICIENCY FRAMEWORK

AWARDED BATTERY POWERED RESOURCE REVOLUTION PRIZE

TEAMED UP WITH THE ARIZONA WATER PRIZE ON THE PURE WATER BREW CHALLENGE

CATALYZING ACTION

BY THE NUMBERS

Who's in the room?

83% were from states within the Colorado Basin

15 different states were represented from across the nation

68% were elected or appointed officials who run their local utilities

60%

expressed concern about the reliability of their future water supply

84%

felt a successful summit meant forming new connections

88%

said their utility could be doing more to use water **more efficiently**

77%

identify financing as a limiting factor to water conservation and efficiency

40%

are very focused on making water management more equitable and affordable

WaterNow Alliance consists of

125

forward-thinking public officials committed to sustainable water solutions

Nationally

85%

of water spending occurs at the local level

INTRODUCING THE “WHAT HAPPENS MONDAY” OPPORTUNITY

A lot of us go to conferences that are fun and interesting, but on Monday it's back to work. We're looking to change that dynamic so that the connections, insights and ideas generated at our summits lead to ongoing engagement with members and partners – and tangible change.

Throughout the summit, we introduced an orange bar (see above) on topics we are exploring as priorities for the upcoming year – from financing to projects to data to policy initiatives. Below are the initiative we explored – results are still coming in from our members.

We want your input! Take the What Happens Monday Survey today: bit.ly/WNAMonday

“DEEP DIVE” WORKSHOPS

Learning Opportunities

We will be holding several half-day workshops on specific topics related to sustainable water solutions in 3-4 locations nationwide. Some top options include “Communications Strategies: Paying More for Less” and “New Rate Structures for Water Innovation.”

IMPACT INVESTING BRAIN TRUST

“Blue Sky” Initiative

WaterNow is exploring the formation of a brain trust of water utility leaders, impact investor groups and others to work with us on how best to develop significant green infrastructure water projects that provide environmental benefits and are appropriate for impact investing.

SCALING UP INVESTMENT IN DISTRIBUTED INFRASTRUCTURE

Member Driven Initiative

WaterNow is working with GASB on guidance for when and how public water utilities can use their capital dollars to invest in consumer rebates for efficiency rebates, stormwater improvements and other “distributed infrastructure.” We'd like to create some pilot programs to establish templates for others to follow. Interested?

WATER TECHNOLOGY DIALOGUE

“Blue Sky” Initiative

WaterNow is designing a working group of utility leaders and water tech innovators nationwide to foster communication and identify areas of mutual benefit.

PROTECTING TAX FREE STATUS OF MUNICIPAL BONDS

“Blue Sky” Initiative

Congress is considering the revocation or modification of the tax-free status of municipal bonds. Summit participants expressed strong support for WaterNow to join NLC and others working to retain this tax exemption.

Take the What Happens Monday Survey today: bit.ly/WNAMonday



Congratulations to our inaugural winners!

IMPACT AWARD WINNERS

Wally Campbell, Councilmember Goodyear, AZ

Brine concentrate generated as waste water from the City of Goodyear's drinking water reverse osmosis treatment facility has been disposed of at the City's reclamation facility. Of the many alternatives available to address this, Goodyear selected a constructed wetlands project for treatment and disposal of the salty waste water. This "One Water" solution was the most cost effective alternative for brine management and disposal, and provides the community with a variety of additional benefits, such as riparian restoration, enhanced recreation and animal habitats.

Steve Elie, President Inland Empire Utilities Agency, CA

Under President Elie's leadership, Inland Empire Utilities Agency brought diverse stakeholders together and leveraged millions of dollars from state and federal grants, existing infrastructure funds, and commitments from the US and private companies to clean up legacy toxic pollutants contaminating groundwater in the Chino Groundwater Basin.



From left to right: Former Mayor Michael Kasperzak, Councilmember Wally Campbell and Director Steve Elie

LEADERSHIP AWARD WINNER

Michael Kasperzak, Former Mayor Mountain View, CA

Michael served 16-years on the Mountain View, CA, City Council, has been the President for the League of CA Cities, on the Board of Directors for the Bay Area Water Supply and Conservation Agency - known as BAWSCA - and the Board of Directors for the National League of Cities... as well as numerous other organizations. He's been a champion for sustainable water innovation and has gone above and beyond the call of duty in every position he's held.



WHAT ARE WATER LEADERS THINKING ABOUT? WORLD CAFÉ REPORT BACK

The WaterNow Alliance World Café, which we have used to open all three of our Summits, provides a unique opportunity to connect, share experiences and generate new ideas. They also afford a window into what is top of mind for water leaders.

Below is a summary of what attendees shared.

WE ASKED: WHAT IS THE PRIMARY WATER ISSUE YOU CARE ABOUT THAT BROUGHT YOU HERE TODAY?

The broad categories of interest/concern indicated were pretty straightforward:

Resilience/Reliability – ensuring future supply, being prepared for drought

Aging Infrastructure – keeping everything working and safe

Sustainability – balancing supply and environmental health

Affordability – maintaining reasonable rates

But the conversations also yielded insight into a rich and diverse ecosystem of **water leader priorities**. The list below is a synthesis of the issues identified in the “primary water issue” World Café discussions.

Transitioning to
more
sustainable
water strategies

Cost/Equity/
Rates

Communicating
with ratepayers

Improving water
data

Environmental
concerns/water
quality issues

Water
management
within the
Colorado River
Basin

WE ASKED: WHAT ARE THE INSIGHTS OR LESSONS YOU'VE LEARNED FROM WORKING IN THE WATER SPACE THAT YOU WOULD LIKE TO SHARE?

INSIGHTS INTO PRACTICAL WATER MANAGEMENT

Focus on long-term O&M

Own the watershed

It's past time to acknowledge climate change; it is already impacting reliability, making supplies more volatile

Water is undervalued, our price signals are distorted

There are strategies that encourage efficiency but also maintain revenue stability for the utility

We need to adopt "One Water" strategies, elevate reuse, brand it as a life-style

Most of urban CA met the Governor's water efficiency mandate with relative ease and at low cost

LEADERSHIP INSIGHTS



INSIGHTS INTO WATER CONSUMERS

People will pay for bottled water but not for a rate increase to cover rising costs for water at the tap

People will pay for water if you take the time to explain and communicate effectively

Our communities need to feel that pricing is fair

Flint has had a galvanizing effect on people's awareness of water quality issues. We need to protect our most vulnerable when it comes to water

"Water isn't sexy."

THE STATE OF WATER IN THE NATION



Cooper Martin, National League of Cities
Erica Brown, Assn. of Metropolitan Water Agencies
Jim Gebhardt, EPA Finance Center
James Eklund, Colorado Water Conservation Board

NATIONAL ORGANIZATIONS MAJOR AREA OF FOCUS

- Preserving tax exempt status for municipal bonds
- Re-authorization of State Revolving Funds; full appropriation for WIFIA
- Clarify that efficiency rebates should not be treated as taxable income
- Aligning rates and costs
- Supporting utilities in communicating with the public, decision makers, other stakeholders

“Messaging is foundational.”

-Erica Brown, AMWA

WHAT HAPPENS MONDAY

100%

of attendees indicated they would sign on to a WaterNow Alliance letter to preserve the tax exempt status of municipal bonds

NEWS FROM THE EPA

- **Water infrastructure financing programs will remain at 2017 levels**, notwithstanding a proposal to cut EPA's overall budget by 33%
- **Finance Centers help utilities to use SRF funds in innovative ways** – e.g., as a guarantor providing leverage for less expensive project funding
- **WIFIA** (the Water Infrastructure Finance and Innovation Act) **looks like it will remain a federal priority**
 - New guarantee program to provide low cost credit assistance for significant water projects
 - Broader eligibility than SRFs since WIFIA funds can be used to support projects sponsored by NGOs, private parties as well as public utilities

ACCELERATING SOLUTIONS: INNOVATIVE WATER FINANCING

Angela Bricmont, Denver Water

Ken Baird, Boulder Water Utilities Division

Shadi Eskaf, UNC's Environmental Finance Center

Elisa Speranza, Encourage Capital

Ed Harrington, Former President, GFOAA

RATES

*Regardless of how water spending is financed, at the end it all comes back to rates – whether to repay bond holders or private investors or even federal loan programs. **The challenge is how to create equitable and affordable rates, and rates that are perceived as fair by the public.** Customers need to understand why rates are being raised or changed and feel they have been treated justly.*

56%

of summit participants indicated their agency is considering, or has already, shifted their rate structure to provide higher levels of fixed revenues

Key Messaging Lessons:

1. Found that people strongly supported conservation pricing (high 4th tier)
2. Wanted something simple, not complex
3. Bills are a key messaging tool – graphs can be more effective than \$ amounts, and customers are incentivized by comparisons to neighbors or people with similar homes or prior year water use

Case Studies: Boulder & Denver, CO

2 very different utilities with very similar rate setting goals:

- Improve revenue stability by increasing fixed revenues
- Send a strong conservation message through price
- Keep bills fair/affordable

Variability in water use is a major challenge

since most costs are fixed, but revenue is wildly variable depending on consumption. This is a major issue for credit rating agencies which generally want to see a higher level of fixed revenue.

But for most utilities, **80-90% of costs are fixed while only 10-20% of their revenue is fixed.**

Denver and Boulder both recently addressed this:

- Denver - increased % of fixed revenue from 7% to 20%.
- Boulder - increased % of fixed revenue from 4% to 25%

Interested in alternative rate models?
Check out the UNC Environmental Finance Center
efc.sog.unc.edu

ACCELERATING SOLUTIONS: INNOVATIVE WATER FINANCING



IMPACT INVESTING

“Impact Investing” – investing with the intent to generate a measurable, beneficial social or environmental impact – can supplement traditional municipal bond debt for large scale spending.

GREEN BONDS:

funding for environmentally sustainable approaches.

This can be an alternative to SRF loans or support communities with more limited access to credit.

PAY FOR PERFORMANCE

Investors take on risk of green infrastructure not performing as anticipated.

If outcomes do not meet expectations, the risk is on the investors; if project exceeds expectations, investors stand to make more.

Currently used primarily for stormwater projects but could be applied to other objectives.

FINANCING INNOVATION WITH MUNICIPAL BONDS

WaterNow Alliance is working with GASB to clarify when and how public water utilities can use their capital dollars to invest in consumer rebates for efficiency, stormwater improvements and other types of “distributed water infrastructure.”

“Yes, you can!”

-Ed Harrington, Former President GFOA

Use municipal bonds to finance larger scale distributed green infrastructure or other water innovation

- Makes sense to match cost payment with delivery of benefits over time, rather than paying 100% in Year 1
- GASB rules do not require that utilities “**own**” a capital asset, only that they “**control**” assets; control can be established through a variety of legal mechanisms

WHAT HAPPENS MONDAY

75%

of attendees indicated they would actively support WaterNow’s work with GASB to make bond financing for innovation more accessible

****We are actively seeking member involvement to create pilot programs to establish templates for others to follow.****

WHAT CAN WATER DATA DO FOR YOU?

Patrick Atwater, California Data Collaborative

Mazdak Arabi, Urban Water Innovation Network

Shadi Eskaf, UNC's Environmental Finance Center

HIGHLIGHTS & TAKEAWAYS

Data is not just for staff - it is crucial for elected decision makers to understand what data can do for your utility in terms of saving money, becoming more efficient and planning appropriately.

Water utilities are beginning to recognize the potential for big data to improve management. For example, Moulton Nigel Water District (SoCal) was able to save \$5 million by properly sizing a proposed recycled water project based on key data analytics of customer use.

CALIFORNIA DATA COLLABORATIVE

The California Data Collaborative is a coalition of 14 utilities using open source data analytics to build a **new “data infrastructure” in CA**; initial focus is understanding water impacts of efficiency programs.

Learn more:

californiadatacollaborative.org



Urban Water Innovation Network is a **coalition of universities pooling research and tech innovations** to support urban water utilities become more sustainable.

Learn more: erams.com/UWIN



UNC

ENVIRONMENTAL FINANCE CENTER

UNC Environmental Finance Center is **developing interactive rates and dashboards** to synthesize key elements from many data points - “critical information at a glance”; uses publicly available data.

Learn more: efc.sog.unc.edu

Data can allow utilities to be driven by more accurate forecasting and analytics

- ✓ Can be used for financial modeling, rate structures, and other applications
- ✓ Can enable decision makers to have more reliable and realistic predictions of the demand impact of a rate shift or rebate
- ✓ Utilizing data can also have a profound impact in attracting young talent

SESSION REPORT BACK

WATER TRANSFERS

Bob Wilkinson, Bren School of Environmental Science & Management

Anne Castle, University of Colorado Boulder Law School

Phillip Chavez, Diamond A Farms

Cynthia Koehler & David Gruen, WaterNow Alliance

HIGHLIGHTS & TAKEAWAYS

Urban providers are increasingly turning to a portfolio of innovative approaches, including water transfers, to use water more efficiently, augment existing supplies, and improve water quality.

When used appropriately, water transfers can be an effective tool. But transfers are not a silver bullet and may not be suitable for all agencies.

Water transfers are a method of reallocating existing supplies.

A water transfer is a voluntary agreement that changes one or more of the following conditions of a water right:

- time of use,
- type of use,
- place of use, or
- the location from which water is diverted from the waterway.

The ability for willing buyers and sellers to adapt agreements to local conditions is one major benefit of water transfers, and makes them broadly applicable to water leaders in the West.

Transfers are expected to play a significant role in future water management efforts in 12 of the 17 western states, according to the results of a 2012 survey of Western States Water Council Members.

50%

of summit participants indicated their agency is exploring water transfers as a reliability mechanism

WORKSHOP

Summit attendees got a glimpse into WaterNow's working draft to help leaders determine whether and when water transfers may be a viable option for their utility. We were grateful for the feedback and insights attendees offered us!

**WATER
TRANSFERS:**

**A PRIMER FOR
LOCAL WATER
LEADERS**

DRAFT – April 2017

WATER FOR ALL: STORIES OF EQUITY & AFFORDABILITY

George Hawkins, Esq., DC Water

Mayor Lester Taylor, East Orange, NJ

Commissioner Heather Repenning, City of LA Board of Public Works

Michelle Gabrieloff-Parish, Environmental Center, CU Boulder

De'Sean Quinn, Councilmember, Tukwila, WA

LOS ANGELES is doubling down on investments in Green Infrastructure, not only as a way of addressing critical stormwater and water supply issues, but specifically as a tool to improve quality of life in various ways for disadvantaged communities and a long-term affordability strategy



Mayor Lester Taylor: Courage & Leadership

Inheriting a corrupt water commission and neglected infrastructure, Mayor Taylor was able to turn around his city's utility by taking swift action, focusing on community development and showing real water leadership.

The Record

"Wyckoff man sentenced to prison for falsifying East Orange Water Commission's reports"



"NJ Water Commission Fined More Than \$400,000 by DEP"
March 5, 2013



"How an old N.J. city with water problems avoided becoming Flint, Michigan"
May 2, 2016

DC Water: Leading the Way

Provide a **subsidized water rate for households already enrolled in local subsidized heating**

Provide a discounted **"lifeline program"** for the first 4 CCFs for all households regardless of income to meet basic sanitation and drinking water needs.

DC Water Works Program establishes a preference for local residents for job opportunities and training. As a bonus - this has helped improve connection to the community.



The FLOWS Program in Boulder, Colorado is **partnering with low-income community members to increase sustainability measures** in affordable housing through green job trainings & leadership development opportunities.

WATERNOW ALLIANCE

STEERING COMMITTEE & ADVISORY COUNCIL

STEERING COMMITTEE

Matt Appelbaum, Councilmember, Boulder, CO
Audrey Finci, Co Founder, WaterNow Alliance
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Gerry Horak, Mayor Pro Tem, Fort Collins, CA
Peter Ives, Councilmember, Santa Fe, NM
David Iwanski, Executive Director, Arizona Water Association
Michael Kasperzak, Councilmember, Mountain View, CA
Cynthia Koehler, Executive Director, WaterNow Alliance
Cooper Martin, Program Director, Sustainable Cities Institute, National League of Cities
De'Sean Quinn, Councilmember, Tukwila, WA
Richard Sykes, Director of Natural Resources, East Bay Municipal Utility District
Tim Worley, Executive Director, American Water Works Association – CA/NV Section

ADVISORY COUNCIL

Adam Davis | Partner, Ecosystem Investment Partners (EIP)
Alan Viterbi | President/CEO, Liquid Environmental Solutions
Anne Zimmermann | Director for Watershed, Fish, Wildlife, Air, & Rare Plants, U.S. Forest Service (ret.)
Brad Udall | Senior Water and Climate Research Scientist/Scholar, CSU Colorado Water Institute
Chris Frahm | Shareholder, Brownstein, Hyatt, Farber, Schreck, LLP
Clifford Gerber | Partner, Norton Rose Fullbright LLP
David Aladjem | Partner, Downey Brand LLP
David Richins | Former Councilmember, Mesa, AZ & WaterNow Alliance Charter Member
David Sunding | Thomas J. Graff Professor, College of Natural Resources, UC Berkeley
Jad Daley | Director Climate Conservation Program, Trust for Public Land
James H. Gibbs | Principal, Sperry Capital
Jill Kauffman Johnson | Director of Sustainability, Solazyme
Johanna Wald | Senior Counselor, Natural Resources Defense Council (ret.)
Kathy Holian | Former County Commissioner, Santa Fe, NM & WaterNow Alliance Charter Member
Kevin Powell | Green Proving Ground Program Manager, U.S. General Services Administration (GSA)
Mary Ann Dickinson | President/CEO, Alliance for Water Efficiency
Mitch Tobin | Owner, Sea to Snow Consulting
Phyllis Faber | Biologist and Educator
Randall Sosnick | President/CEO, NEXT Lighting Corp.
Robert Wilkinson | Adjunct Prof., Bren School of Environmental Science & Management, UCSB
Sam Mamet | Executive Director, Colorado Municipal League

THANKS TO OUR PARTNERS



Special thanks to Boulder Mayor Suzanne Jones and Councilmembers Matthew Appelbaum & Bob Yates

