

Transition2017



TO: Transition Board
FROM: Gregory Weber, Partnership Staff
DATE: March 9, 2017
SUBJECT: AWE Relationship Ad Hoc Committee Update

The committee met via webinar and conference call on Friday, February 24. Carrie Pollard agreed to serve as committee chair.

The members first heard Mary Ann Dickinson's presentation about the Alliance. She summarized its recent, ongoing and upcoming projects. She noted areas of overlap between the interests of the Alliance and those of the Partnership. She concluded by suggesting that there are three potential outcomes in the conversation with the Partnership:

- Parallel Universes: the two organizations largely exist side-by-side. On some matters, there might be ad hoc collaboration. On others, there could be competition for members or funding.
- MOU: the two organizations could develop a memorandum of understanding that addressed specific ways in which they agree to collaborate.
- Closer Connection: the two organizations could more formally affiliate in one of several ways, such as a parent-subsidary relationship, a merger, or an ongoing joint venture.

Following Mary Ann's presentation, committee members addressed potential conflicts of interest. (See Conflicts of Interest memo attached to prior agenda item.) The conversation focused on Mary Ann's joint relationship with the Alliance and the Partnership. Partnership staff recommended that the committee adopt two ground rules:

1. To have an opportunity for candid and independent conversations, Partnership committee members should have the opportunity to meet without Mary Ann as warranted.
2. If the committee adopts the interest-based process proposed by Partnership staff (see immediately below), then in the negotiation phase (labeled "development of recommendations") Mary Ann should step down from the Partnership committee and just represent the Alliance's interests.

After discussion, the committee unanimously agreed to adopt these two ground rules. Following the discussion of conflicts of interest, committee members turned to the Partnership staff proposed process and time frame for a structured conversation with the Alliance.

1. Proposed Process

Partnership staff proposed a five-step interest-based or comparable approach to develop one or more recommendations. Ideally, there would be a joint recommendation to the boards and

members of both organizations. If that does not prove possible, the Partnership's ad hoc committee should make its own recommendation to the Partnership's board and members.

While the Partnership board and AWE board should have full opportunity to have their own independent, internal meetings at any time during the discussions, Partnership staff strongly recommended that, apart from any such internal meetings, the representatives of the two organizations participate jointly (and concurrently) from the start of the process.

Partnership staff also recommended that each organization's board designate a representative group of its respective members to participate in the conversation, including at least one representative whose organization is a member of both organizations.

Prior to beginning the initial step, process participants should be given short histories of each organization, along with descriptions of the organizations' members, activities, and budgets.

The five proposed steps are:

- Identify Interests
What are the underlying interests of the two organizations and their members? To what extent do they overlap? Where they differ, are the differences complementary or competitive?
- Identify Issues
What issues need to be resolved so that the interests of each organization (and their members) can be met? These issues could include some or all of the seven set out at the end of this summary, with additional issues identified by the participants in the conversation. Depending upon the direction of that conversation, there will certainly be additional legal issues that would need to be addressed.
- Generate Options
What are different ways in which the two organizations might structure or otherwise formalize their relationship?
- Evaluate Options
How do the identified options meet the underlying interests and resolve the identified issues?
- Make Recommendation(s)
Can the members of both organizations agree on a joint recommendation to their respective boards and members? If not, can the Partnership's Ad Hoc Committee members agree on a recommendation to the Partnership's board and members? What will be the decision making rules applicable to either joint or independent recommendations?

2. Proposed Time Frame

Partnership staff envisioned a series of webinars, with face-to-face meeting options for those willing and able to attend in person. The process would be staffed by at least one member of the staff of each organization. The intervals between meetings must be sufficient to allow process staff to:

- Summarize the prior meeting, preferably jointly;
- Allow each organization to provide input to the staff member from its organization;
- In consultation with the process leaders from both organizations, jointly develop the agenda for the upcoming meeting;
- Draft materials;
- Process leaders review and finalize draft materials; and
- Process staff posts materials for participants' review at least 3 working days before the scheduled meeting.

The proposed dates also take advantage of several opportunities for the full Partnership board, its governance committee, and the AWE board to receive updates and give direction to those participating on their behalves.

Partnership staff suggested the following specific schedule. Specific dates would depend, of course on the availability of process leaders from the two organizations. And the iterative nature of all such processes will likely require participants to revisit earlier steps along the way.

- Organization: Initial meeting between staff and officers of Partnership and AWE: Week of March 27
- Identification of Interests: Week of April 10
- Identification of Issues: Week of May 8
- Generation of Options: Week of June 5 (Partnership staff not available the week of May 29)
- Evaluation of Options: Weeks of July 10 and July 24 [sic]
- Development of Recommendation(s): Begin August 21; conclude by September 29.

In tabular form, including key dates, the proposed time frame is:

Target Weeks	Topic	Key Partnership Dates (Likely)	Key AWE Dates
March 27	Organization (process staff and leaders only)	March 15-Partnership board	March 9 AWE board
April 10	Identification of Interests	Partnership Plenary? TBD	
May 8	Identification of Issues	May 3-Governance committee	
June 5	Generation of Options	May 16-Partnership board May 29-Holiday May 31 & June 1- Peer to Peer	June 8 AWE board
July 10	Evaluation of Options Session 1	June 14-Governance June 27-Partnership board July 4-Holiday	
July 24	Evaluation of Options Session 2		
August 21	Start Development Recommendation(s)	August 1-Governance August 15-Partnership board	
Sept 29	Conclude Development of Recommendation(s)	~ August 30 September 13-15-Partnership board strategic planning sessions September 20-Partnership Plenary	AWE board strategic planning sessions Sept 6 - 8

Following discussion, committee members unanimously agreed to the staff proposal. At its March 8, 2017 meeting, the Governance Committee expressed its support as well. The Governance Committee also expressed its belief that the Ad Hoc committee's work should proceed in parallel with the Executive Director search, i.e., the search should not be postponed.

As its next steps, Partnership and Alliance staff will begin more rigorous calendar checks among process leaders and participants

Appendix: Sample Issues to Address During Structured Conversation

As committee members and Alliance representatives discuss their possible future relationship, Partnership staff believes that they will need to address seven topics. The AWE may well have additional issues. The relevance and specific resolution of these issues will turn on the particular relationship under consideration at any given moment.

- Overlapping Membership:
Do individual Partnership members have to also be AWE members? Could Partnership membership automatically include AWE membership, or vice-versa?
- Dues:
If all Partnership members have to also be AWE members, do they have to pay full AWE and full Partnership dues? That will not be popular, and would remove one of the major incentives for having the two organizations be more formally connected. One suggestion has been to have something like a two-for-one membership arrangement, where utilities and others could pay an amount that was less than the current combined Partnership/AWE dues, and get memberships in both organizations. There are other models, i.e., Water Reuse—where dues go to the national organization, the national organization provides some funding for each of its regional organizations, and then the regional organizations can seek special assessments to fund region-specific operations and activities. Alternatively, Partnership members could pay dues to the Partnership and the Partnership could send an agreed upon amount or percentage to support the national organization's work. As a third option, Partnership members and AWE members could simply fund joint activities, such as a unified research committee, or specific projects. Other approaches surely could be developed.

Partnership staff makes no recommendation on any of these; it simply offers them as examples.

- Inter-Organizational Governance:
Were there to be a more formal affiliation between the two organizations, then inter-organizational governance will become important. Among other matters, committee members would need to discuss the extent to which each organization would control its own bylaws and budget.
- Policy Positions:
A major AWE activity is policy advocacy. The Partnership's bylaws do not contemplate advocacy; providing decision makers technical expertise is as far as they go. Under the current Partnership bylaws, the Partnership has to walk a fine line between being descriptive while not being prescriptive. Partnership staff expects that AWE policy advocacy crosses that line frequently, i.e., by making specific recommendations for decision makers' adoption. For multiple reasons, many Partnership members would expressly not want the Partnership to be part of any organization that is advocating for changes in California law or policy. Most of the key Partnership members have their own lobbyists or policy advocates or are already part of a collective, e.g., CUWA, ACWA and RWA. These Partnership members do not want to see an organization to which they pay dues to be working at cross-purposes with their individual goals and advocacy efforts. It is possible that with the end of the Group 1 - Group 2 consensus requirements, there would be less resistance to at least some kinds of advocacy. For example, water efficiency codes or standards for products or structures might be an area where members could welcome Partnership recommendations. Perhaps the Partnership could again become the arena for policy discussions, although there is no evidence yet that members want such an arena. In any event, for policy matters beyond codes and standards, it is not clear how California nonprofit corporation law would apply to any Partnership advocacy; e.g., would the Partnership have to become a 501 (c)(6) organization?

Attachment #

- Staffing:
Under the different options, how would each be staffed? Would each have its own headquarters? Would each have its own ED? Would it share an ED or CEO? Would the ED's identity and actions be subject to both the Partnership board and the AWE board? How could that be made permissible under California law? Would Partnership and AWE administrative staff be combined and restructured in any way? If so, how, and how would staffing decisions be made?
- Other Organizations:
What challenges and opportunities do other organizations, with overlapping missions, pose for any relationship between the Partnership and AWE? These challenges and opportunities could include such things as overlapping (or coordinated) research agendas and competitive (or collaborative) access to funding sources.
- Members' Interests:
Ultimately, solutions to all of the above issues must meet the interests of the members of the two organizations. What are those interests? How can they best be determined and included in the discussions? Are board members of the two organizations sufficiently representative of their overall memberships?