

Agenda for Site Visit / Board Meeting at the San Francisco Public Utilities Commission

Wednesday, September 19th, 2018, 1:00-6:00 pm (followed by optional PI Board dinner)

Location: SF PUC Headquarters at 525 Golden Gate Avenue, San Francisco

1:00-1:50 Tour of SFPUC Headquarters

2:00-2:50 Panel Discussion: Opportunities and Challenges with Onsite Water Reuse

2:50-3:15 Group Discussion on Pacific Institute Research

3:30-6:00 Pacific Institute Board Meeting

Board Meeting Agenda

3:30 **Welcome/Chair Convenes Meeting:** Marie

Approval of Agenda (vote required)

Approval of June Board Meeting Minutes (vote required)

3:45 **President's Report:** Morrison

Key News from Last Quarter

Partnership Update

Strategic Planning Update

4:15 **Committee Reports**

4:15: Finance: (Finance/Investment Update): McFarlane

4:35: Fundraising: (Major Donor Campaign / Events): Stayner

4:55: Audit: (Risk Matrix): Pike

5:15: Governance and Nomination: (Board Recruitment): White

5:30 **Executive Session**

6:00 Board Dinner (optional)

Max's Opera Café: 601 Van Ness Ave, San Francisco

Onsite Water Reuse: Opportunities and Challenges

Date: September 19, 2018

Location: SF PUC headquarters at 525 Golden Gate Avenue, San Francisco

Overview:

In most urban areas, water is used once, treated, and disposed of as waste. Likewise, stormwater has been viewed as a liability, and most urban stormwater systems have been designed to remove this water as quickly as possible. Onsite reuse of wastewater, stormwater, rainwater, and foundation drainage represents a largely untapped source of water. It provides a reliable, local water supply that reduces vulnerability to droughts and other water-supply constraints. It can also provide economic and environmental benefits, for example, by reducing energy use, diversions from rivers and streams, and pollution from wastewater discharge and polluted runoff into waterways.

Interest in and implementation of onsite water reuse is growing but there are several outstanding questions. In California, for example, the City of San Francisco requires onsite reuse in all new buildings over 25,000 square feet. Private companies are also increasingly investing in onsite water reuse here in California and elsewhere internationally. Some water utilities, however, have expressed reservations about these projects due to concerns about declining wastewater flows, potential reductions in revenue, and commitments to existing recycled water customers. For this discussion, we will explore key opportunities and challenges to scale onsite water reuse in California and in communities around the world. We will also examine how the Pacific Institute can make a meaningful contribution in this space.

Agenda:

1:00 pm – 1:50 pm: Tour of SFPUC headquarters

1:50 pm – 2:50 pm: Panel discussion about opportunities and challenges for onsite reuse (Discussion questions forthcoming)

2:50 pm – 3:15 pm: Group discussion on Pacific Institute research

Prospective Panelists:

Paula Kehoe (Director of Water Resources, SFPUC)

Steve Moore (Board member, State Water Resource Control Board)

Christian Marsh (Partner, Downey Brand, LLP)

Gary Kremen (Board of Directors, Santa Clara Valley Water District)

<p>DRAFT</p> <p>Minutes</p> <p>Board of Directors</p> <p>Pacific Institute</p>	<p>Date, time, and type:</p> <p>Date: June 6, 2018 Start: 6:00 pm Adjourned: 8:40 pm</p>	<p>Location:</p> <p>Pacific Institute office 654 13th Street Oakland, California 94612</p>
<p>Directors attending: Olivier Marie, Tony Stayner, Sally Liu, Jason Morrison, Peter Gleick</p>	<p>Directors calling in: Peter Boyer, Kate Gasner, Jennifer McFarlane, Nancy White, Corey Goodman, Bob Stephens</p>	<p>Directors absent: Dawnet Beverley, Drummond Pike, Ari Chaney</p>
<p>Materials distributed before or at meeting: Agenda, Draft Minutes from February 14, 2018 Board Meeting, President’s Report, Strategic Planning Update, Governance Review Documents, PI Financial Dashboard, Financial Summary, Fundraising Committee Update, PI Financial Statement, Top Priority Board Prospects, 2018 PI Board Self-Assessment Questionnaire, Summary of PI 2018 Board Self-Assessment Questionnaire</p>	<p>Staff present: Pete Stanga, Terry Asbury</p>	<p>Others present: none</p>

Agenda item	Discussion, findings, and actions
Call to order; quorum check	10 voting members present
Review Agenda	The agenda was seconded and approved by unanimous vote.
Review prior meeting minutes	Action Items Covered: Not all members have completed a pledge form. For those who haven’t please do so as soon as possible. The draft financial committee charter will be ready for next board meeting. The minutes from February 14, 2018 were seconded and approved by unanimous vote.
President’s Report	President Jason Morrison presented the President’s report. Action Items: Success stories should be in Monthly Newsletter. A personal email should be sent to all \$1,000 and above large donors prior to 4 th quarter ask. Board members – Tony, Sally, Bob, Kate, and Nancy agreed to join Strategic Plan committee.
Stanford Governance Docs	The Governance Document was seconded and approved by unanimous vote. Board rotation, member terms, and officer terms covered in governance documents. Action Item: A finalized copy of the document will be sent to the board members. Pete to send a form with all member’s current terms. Pete will send around excel document with each member’s participation notated.
Finance Committee	Finance Committee Report was presented by Jennifer McFarlane.
Fundraising Committee	Fundraising Committee Report was presented by Tony Stayner. Action Item: The fundraising team will be back in touch with board members with specifics on how they can help meet the unrestricted funding number .

Audit Committee	Audit Report was Presented by Jennifer McFarlane in Drummond Pike's absence. 2017 audit was clean, no findings by auditors. The financial statement was seconded and approved by unanimous vote.
Governance and Nomination Committee – continued page 2	The Governance and Nomination Committee report was presented by Nancy White. PI President has met with many prospective board members. Board meeting structure was discussed and will be same in 2019. The Board Self-Assessment results were discussed. Another self-assessment will take place in 2019. Action Items: The new prospects should be invited to September board meeting, but existing board members should meet with them before then. Terry to send prospective dates for 2019 meetings to board. Need to find an off-site venue for September meeting. Board would like board documents sent earlier so they can review closely prior to the board meetings. Any board format feedback should be directed to Oliver and Nancy.

Pacific Institute Scaling Impact Strategic Initiative

DRAFT: September 14, 2018

Objective of such a Strategic Initiative:

Utilize a bold “moonshot” (10-12 year) organizational goal in order to scale the Institute, so as to have a much larger impact vis-à-vis our mission. Fundamentally, scoping a bold long-term organizational goal around a distinct key water challenge (and our contributions to solving it) is motivated by a desire to have greater impact on the things the Institute cares about deeply. In addition, this integrated organization-wide initiative will increase our ability to leverage high levels of funding from both institutions and individual donors, enable us to partner with a host of cutting-edge organizations, and enhance our ability to attract highly influential individuals to join the Institute’s board.

Scope and Approach:

Through a process of internal staff-board deliberations and consensus building, coupled with consultation among key external stakeholders, give shape to a bold organizational goal relating to a distinct water challenge that the Institute will meaningfully address over the course of the next decade or so. In essence, this will constitute a strategic shift for the Institute by establishing a Big Hairy Audacious Goal (BHAG) as the instrument to scale the impact of the organization, while simultaneously allowing us to take actions that significantly expand the reach of the Institute’s programmatic activities and operations.

Strategic Initiative Key Activities and Timeline:

Phase	Activity	Timeline
Scoping: Defining the scope of the problem and the Institute’s ambitions regarding impact	<ul style="list-style-type: none"> • Staff-board strategic discussions and consensus building • Assessment of competitive landscape and identification of “opportunity gaps” • Engagement of key stakeholders to refine/validate scope 	Q4 2018 to Q1 2019
Identify new partner institutions/companies/entities Reconnaissance of prospective board candidates	<ul style="list-style-type: none"> • Utilize Institute’s network to develop pool of partner organizations and board prospects 	Q2-Q3 2019
Board recruitment and fundraising vis-a-vis the long-term organizational goal	<ul style="list-style-type: none"> • Outreach and cultivation of candidates to join board and funders to support the initiative 	Q3 2019 to ???
Organizational workplanning	<ul style="list-style-type: none"> • Reorient and augment 2019-2023 strategic plan to reflect BHAG 	Q4 2019

DRAFT Programmatic Goals and Objectives

Safe, affordable, accessible water and sanitation for all

1. Government agencies, businesses, and NGOs have a greater understanding of failures in WASH service delivery because of insights provided by high-quality data and analysis from Pacific Institute.
2. Government agencies, businesses, and NGOs use the Pacific Institute's tools and resources to enact policies and programs that ensure equitable access to water and sanitation for all.

Climate-resilient urban, industrial, and agricultural systems within the limits of available water

1. Leading companies and public agencies evaluate their climate/water risks and implement strategies to address that risk.
2. Water and energy managers have expanded their investments in water conservation and efficiency as a means of meeting efficiency targets and climate resilience goals.
3. Urban, industrial, and agricultural water users are broadly implementing integrated water efficiency, reuse, and stormwater management strategies for mitigating and adapting to climate impacts.

Integrated and cooperative water resource management at all levels

1. Government agencies, businesses, and NGOs broadly uptake Pacific Institute tools and frameworks that integrate alternative supplies and demand management into planning decisions.
2. Innovative multi-stakeholder collaborations that contribute to the shared goals and reduce shared water challenges are demonstrating their viability and efficacy in multiple basins around the world.
3. Leading public and private sector entities integrate co-benefits of water projects into their policy and investment decisions.
4. National and sub-national governments recognize the role water can play in reducing conflicts and promoting cooperation.
5. Improved water data, information, and technologies enable integrated and cooperative water management.

Healthy aquatic and riparian ecosystems

1. California's Salton Sea Management Program achieves the State Water Resources Control Board annual acreage milestones by 2020 and 2025
2. Public and private sector stakeholders have mainstreamed co-investment in economically- and environmentally-just strategies to improve watershed health.
3. Public and private sector actors in multiple basins around the world have significantly reduced water withdrawals from (and pollution discharges to) aquatic ecosystems by scaling water efficiency, reuse, and stormwater capture strategies.

PI Financial Dashboard - Board

As of August 31, 2018

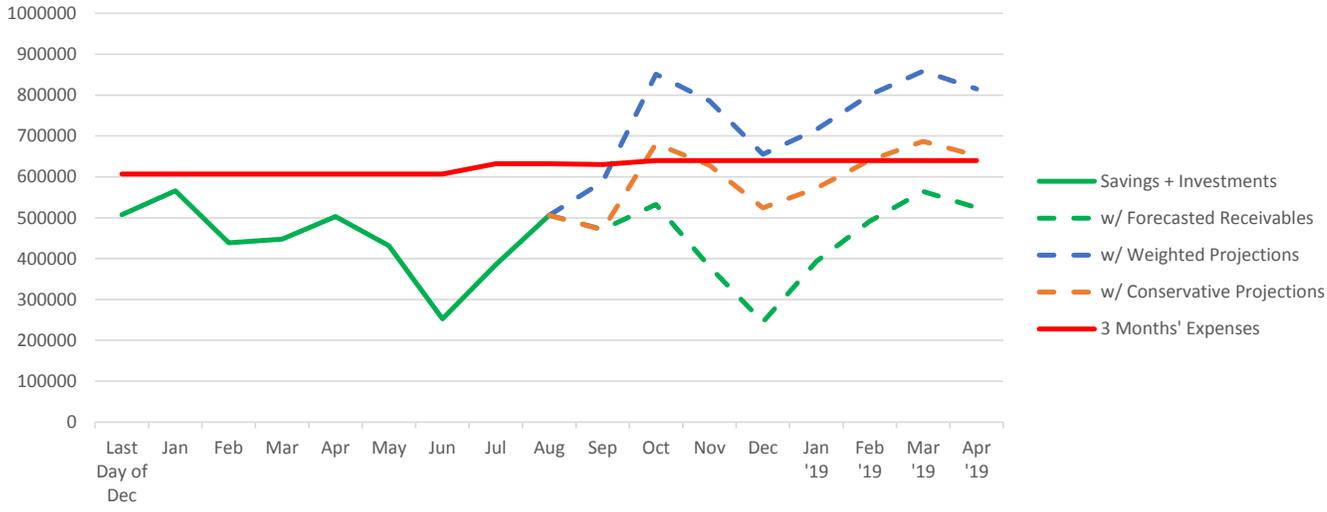
Indicator (\$ in 000s)	Actual	Target	Thru Q2	Comment	Definition
Surplus/deficit					
Projected 2018	169	10	134		Target is approved budget
Conservative Projection	(182)				Weighted income projection minus updated expense projection
YTD	(311)	(125)	(273)		
Income					
Weighted Projection 2018	2,713	2,360	2,618		
Conservative Projection	2,362				
YTD	1,322	1,449	941		
Unrestricted Income					
Projected 2018	401	402	402	\$90K more needed for leaves and proposed Dev. support	Donations, Unrestricted Grants, Honoria, Fiscal Fees
Conservative Projection	367				
YTD	185	164	118		
New income vs. budget					
Projected 2018	250	265	250	Includes increases on existing contracts (GCF, SDC, DWR)	Income (to date) not in the pipeline at the beg. of yr.
YTD	135	118	135		
Expenses					
YTD	1,632	1,574	1,214	Includes Accrued Vacation Expenses	
Balance Sheet					
Unrestricted Net Assets (URNA)	319	645	36	TRNA = \$216,377	Target is 3 months' operating expenses
Key Metrics					
Operating Reserves (Months)	1.5	3+?	0.2		URNA / Ave Monthly expenses
Liquidity (Months)	2.5	1-3?	1.2		Cash / ave monthly expenses
All Staff Utilization Rate (Q1-Q2)	62%	60%	62%		Calculated quarterly

Definition: URNA = Cash (\$X) + Mutual Funds (\$Y) - Restricted Net Assets

Range Key:

Looking Good
Monitor
Problematic

Cash Flow 2018 As of August 31, 2018



Income Summary

As of August 31, 2018

	To Date	Weighted Projection (Sep-Dec)	% of Total	Conservative Projections
Awarded/Assured	1,303,046	537,969	68%	537,969
Probable (80%)		501,067	18%	375,800
Possible (40%)		290,667	11%	145,334
Potential (20%)		80,000	3%	0
Total		2,712,749		2,362,149
Projected Surplus		168,749		-181,851

Target = \$2,544,000 (estimated expenses)

Pipeline (Sept-Dec 2018)

	Weighted Projection
Probable (@80%)	
DONATIONS (projected)	181,600
UN Human Settlements Programme	16,000
CA Council on Science & Technology	7,467
Int'l Water Mgmt Inst	40,000
Leonardo DiCaprio Fdn	40,000
Pisces Foundation	60,000
Walton Family Foundation	100,000
WRI	56,000
Total Probable	501,067
Possible (@40%)	
Gordon&Betty Moore Fdn	24,000
Wm & Flora Hewlett Fdn	40,000
Berwind Foundation	24,000
Berwind Foundation	30,000
Kohler	20,000
Cynthia & George Mitchell Foundation	30,000
Goldsmith	80,000
Woodard & Curran	40,000
Audubon	2,667
Total Possible	290,667
Potential (@20%)	
Gordon and Betty Moore Foundation	10,000
TBD (Public Water Mgmt DB)	10,000
Coca-Cola Foundation	60,000
Total Potential	80,000

DRAFT Pacific Institute Risk Matrix

Each cell to be populated with a score (see below for column definitions)

Risk Categories	Likelihood (1 - 5)	Severity (1 - 5)	Risk Score	Mitigation Plan
Governance/Regulatory				
Violation of 501(c)3 Status Regulations				
Inadequate Insurance Coverage (D&O, Liability)				
Lack of Leadership Succession Plan				
Lack of Staff/Board Diversity				
Risk of Employment Claims				
Improper / Excessive Lobbying				
Conflict of Interest / Private Benefit				
Reputational Hit (social media, public discourse)				
Inappropriate Senior Management Compensation				
Inadequate Whistleblower Policy/Procedures				
Inadequate/Improper Contracts and Agreements				
Financial				
Inadequate Financial Checks and Balances				
Inadequate/Improper Audit and Tax Return Process				
Lack of Diversity of Funding				
Lack of Oversight over Organizational Finances				
Cash Flow / Insolvency				
Internal / External Fraud or Theft				
Inappropriate Investment Portfolio/Balance				
Operational				
Loss of Key Personnel/Inability to Fill Open Positions				
Vulnerability of Data				
Not Adhering to Employment Laws/Regulations				
Inadequate Social Media Policy				
Improper Time Reporting				
Infiltration of System (virus/worms)				
Risk of Copyright Infringement				
Inadequate Internal IT System Controls				

Scores for Likelihood

Score 1 Rare—unlikely to happen, may happen only under special circumstances.

Score 2 Unlikely—don't expect it will happen, but there is some possibility of it occurring.

Score 3 Possible—likely to occur some of the time, but not frequently.

Score 4 Likely—likely to occur, happens more often than not.

Score 5 Certain—occurs in the majority of cases.

Scores for Impact on the Organization

Score 1 Insignificant impact—little or no impact on the organization's operations or reputation. Complaints are unlikely, and there is only a remote possibility of litigation.

Score 2 Minor impact—potential for slight impact on the organization's operations or reputation. Complaints and litigation may be possible.

Score 3 Moderate impact—could lead to moderate disruption of operations or moderate negative publicity. Complaints and litigation are probable.

Score 4 Significant impact—operations would be disrupted, and adverse publicity would be certain. Formal complaints and litigation would be almost certain.

Score 5 Major impact—interrupts operations for a lengthy period and generates major negative publicity. Major litigation would be likely and senior management and/or resignations would be anticipated. This category may also reduce confidence in the organization's beneficiaries.

Risk Score = Likelihood multiplied by Severity

Levels 1–8 (no color): Low risk. Accept the risk and manage it at this level.

Levels 9–16 (yellow) Medium risk. Manage the risk with the goal of taking action to recategorize it to a low risk.

Levels 17–25 (red) High risk. Alert the rest of the board to this risk and discuss options for mitigating it.

Mitigation

Make a final determination as to whether risks are acceptable, too high or too low. The board may decide not to take action on risks that fall in the acceptable level.

Board directors should be taking a more in-depth look at risks that fall into the high-risk category and making decisions about how to further reduce the risk or stopping the activities that lead to the risk.