

# Chapter 5

## Organizational Structure

So you and some friends or colleagues have been meeting for a while as a steering committee to form a more formal council structure in your watershed. How do you go about establishing an organizational structure, deciding whether to have members, figuring out who should be a member, whether to have a Board of Directors or some other voting group, or exactly how to make decisions regarding future programs, projects and watershed needs?

This was perhaps the hardest part for the activists and interested parties involved in what became the Yuba Watershed Council in Nevada County. A total of 16 agency and other representatives had signed a Memorandum of Understanding agreeing to work together to submit a specific watershed restoration grant proposal under California's Proposition 204 and carry out the proposed watershed restoration projects if they were funded. Once the application was submitted, the group stopped meeting and the individual agencies and organizations waited to see whether their proposal would be funded.

As it turns out, the proposal was not chosen in that grant cycle. But a second round of funding was made available through Proposition 204 the following year. The group came back together to develop a new proposal for submission. During the discussion regarding the second round of funding, some new people began attending the meetings. The group started calling itself the Proposition 204 Steering Committee.

Based on input from reviewers of the first grant proposal, the group realized that to be successful it should formalize its structure and come up with a more holistic approach to improving watershed health. So this time, the group included creation of a formal watershed council as one of the action items in the proposal. And once the proposal was submitted, the group kept meeting, recognizing that the information sharing and relationship building taking place at these meetings was a worthwhile outcome, with or without the grant funding.

Some people were most concerned about assuring balance on the voting Board, so that no single entity or category of participants could sidetrack or sabotage the group's progress for their own personal reasons. Others didn't want the voting Board to become too large for fear that large numbers would inhibit the decision-making process and ability of the group to take action. Still others were most concerned with making sure that anyone who did have a real interest and desire to be involved in the decision-making could be.

Up to this point, all decisions had been made by consensus of those present at any given meeting. But some people were feeling uncomfortable with the fact that there was no formal organizational structure for the group and, therefore, no real accountability. The individuals who originally came together with a very specific focus – to seek funding under the first round of Prop. 204 – had now branched out and needed a more formalized way of making decisions and representing the full range of interests in the watershed.

The group appointed an organizational committee to research different organizational structures and make recommendations to the larger group for discussion. The committee started with a vision and mission statement, which was approved after certain modifications – again by consensus of those present at that particular meeting. The committee next looked at revising the language of the original Memorandum of Understanding to more fully reflect the Yuba Watershed Council's newly adopted mission and vision statements. This, too, was approved by consensus of those attending the meeting.

These were relatively easy steps compared to the next one: figuring out what kind of decision-making and overall organizational structure to employ. While there was some sense that “if it ain't broke, don't fix it,” most participants acknowledged that some kind of agreement about membership, decision-making structure, and future goals would be helpful.

The organizational committee kept meeting and talking about different ways to establish a more formal organization. They discussed establishing a Board of Directors that would have representation from different categories of participants, such as a.) state/federal agencies, b.) local government agencies, c.) business and commercial interests, and d.) private interest groups. But when the conversation turned to number of representatives and which actual agencies, organizations or individuals would sit on the voting Board in each category, discussions bogged down.

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own personal reasons. Others didn't want the voting Board to become too large for fear that large numbers would inhibit the decision-making process and ability of the group to take action. Still others were most concerned with making sure that anyone who did have a real interest and desire to be involved in the decision-making could be. In other words, they didn't want to see the number of seats on the voting Board limited to the point of excluding key individuals or agencies from being part of the decision-making process.

The Yuba Watershed Council has yet to make a final decision about its organizational and voting structure. But this is not unusual. Most groups take many months to finalize this – perhaps the most important – decision they will make.

The hard part is that there is no single “right” answer to this question. It really depends on the needs, desires and make-up of each individual group, as to what kind of organizational structure will best serve the group. But the following provide some examples from other existing organizations, so you can see how other people have dealt with the question on other watersheds.

### ***Sierra Nevada Alliance/Regional Council of Rural Counties Joint Powers Authority Model***

In one of the more unusual alliances, the Sierra Nevada Alliance worked with the Regional Council of Rural Counties (RCRC) to develop watershed restoration principles and a model for how watershed councils could organize themselves to serve the interests of watershed health and restoration in the Sierra. In the SNA-RCRC model, the watershed council is a local, independent public agency composed of stakeholders in the watershed.

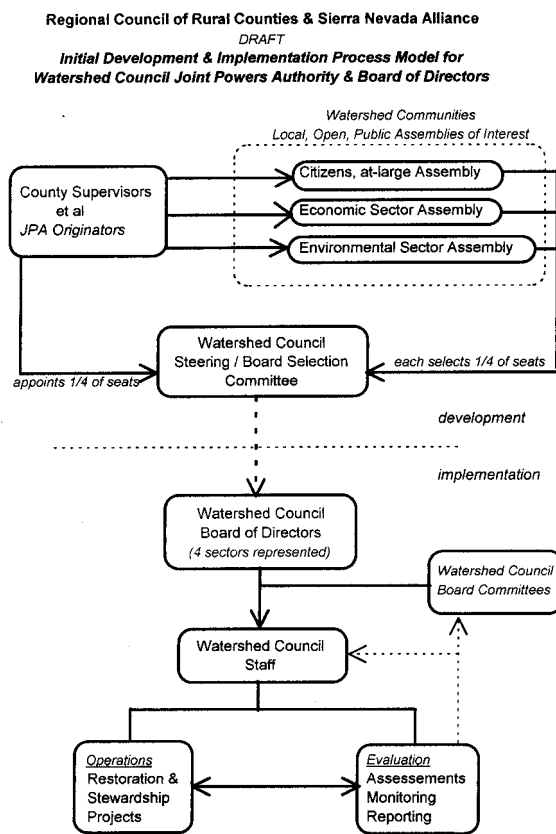
In terms of organizational structure, this model recommends establishing a joint powers authority, or JPA, with the county, which would make the council an independent public agency of the state. SNA and RCRC chose this organizational structure for a number of reasons, including 1.) the fact that existing funding sources, including Proposition 204 and the CalFed Bay-Delta program, are funneling money through the counties already, so it would make sense to have the watershed councils organized

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through the counties, 2.) forming a JPA allows the watershed council to be an independent agency without having to go through the burden of seeking tax-exempt status from the state and federal governments, and 3.) California state law already recognizes this “Community Action Agency” model, which has been used to provide for healthcare and other social services in California counties.

In this model the governing board is organized into four categories with an equal number of representatives in each. Those categories include:

- 1 Signatories of the JPA
- 2 Economic interests in the watershed
- 3 Environmental interests in the watershed
- 4 At-large citizens from the watershed



In addition, federal and state land managing agencies, such as the Forest Service, BLM, Department of Parks & Recreation, CDF, etc., each have a non-voting seat, with no restriction on number, so they can be an integral part of the watershed council governance structure.

SNA and RCRC envision the formation process being led by the county, with the county supervisors convening the necessary

public outreach meetings - one for the environmental community, one for the business/economic community, and a third for the general public. At these meetings, each community would select its own representatives to sit on the governing board. The county itself chooses its representatives. Each of the four groups would be represented equally on the council, with each having the same

number of votes. The total number making up the governing board would be determined by each individual council; but it would have to be divisible by four to provide equal representation among all four categories.

The work of the council under this model would be done by committees, including, for example, a planning and research committee, a community involvement and public education committee, an organization and finance committee, an evaluation and reporting committee, and others, as needed. In addition, other organizations from within each of the four categories could meet separately in larger working groups to establish their own interests, which the voting representatives would then carry forward to the Board meetings and decision-making efforts.

The JPA agreement gives the council the authority to hire staff, contract with other entities and seek funding. And because the JPA group would be an approved special agent of the state, all meetings would have to comply with the open meeting laws, which adds to the organization's overall credibility and accountability.

### ***EPA Watershed Project Model***

The EPA has put forward its own model for watershed partnerships that is somewhat similar to the SNA-RCRC model. This one also calls for broad representation from both the environmental community and the business and landowner groups interested in enhancing the socioeconomic aspects of quality-of-life within a watershed community. The EPA model, as described in an EPA publication called ***Watershed Protection: A Project Focus***, also calls for using committees to do the work of the council, including an oversight committee to serve as the administrative decision-making body, along with a citizens advisory committee and a technical committee, each balanced in terms of representation and expertise.

Successful watershed projects bring together the public, citizen groups, researchers, and government agencies with an interest in the watershed and the project's outcome. Some representatives may have a special interest in protecting water re-

sources, others in enhancing the socioeconomic aspects of quality of life. But by having a broad base of stakeholder groups involved, you create a team that combines the expertise, authority and interests of each organization.

The use of committees can be effective in involving stakeholders and providing the project team with valuable information. Citizen advisory committees may include representatives from local business groups, environmental groups, recreational organizations, and landowners associations. Representatives from government agencies, colleges, and universities as well as other local experts may serve on technical committees. Citizen monitoring groups may form to involve local students, teachers, and outdoors-oriented people in gathering useful data and identifying problems.

This administrative structure has been used in some watershed projects and National Estuary Program projects. The main decision-making body is the Oversight Committee, which has overall responsibility for the success of the project, for administrative duties and for coordination with the lead agency. Committee size would represent a balance between the need for expertise and community representation and the need to have a manageable group. The Project Manager coordinates and monitors all project activities. He/she is responsible to the oversight committee and/or lead agency for tracking expenditures and funding requests and for producing project documents such as watershed action plans and the final project report.

Examples of job descriptions and skill needs for different parts of a watershed council under the EPA model:

**Project Manager/Staff** - responsible to lead agency or oversight committee

Skills:

- coordination and organization
- interpersonal relationship-building
- writing and speaking

Duties:

- coordinate project
- monitor progress
- manage contracts
- write reports

**Oversight Committee**

Potential members:

- State/federal officials
- planning organizations
- City/County officials
- Soil & Water Conservation District
- citizens
- environmental groups
- business groups
- industry reps

Duties:

- administer funds
- make decisions
- approve work and contracts
- approve action plan

**Technical Committee**

Potential members:

- federal and state staff
- Soil & Water Conservation District
- researchers
- teachers
- industry experts

Duties:

- identify problems
- identify goals
- develop control strategy

**Citizens Committee**

Potential members:

- interest groups
- property owners
- recreation clubs
- NPDES permittees

Duties:

- identify problems
- identify goals
- educate public
- review/approve action plan

### ***Other Organizational Structures***

According to Oregon watershed policy researcher Andy Tauriainen, in his thesis, “Oregon’s Grand Experiment” (Oregon State University, 1997), Oregon began seriously focusing on watershed enhancement as an effective land management tool in the late 1980s. The effort started with the formation of the Governor’s Watershed Enhancement Board and the Strategic Water Management Group in 1987, established to address the need for watershed restoration throughout the state. This was followed in 1992 by a statewide gathering, which resulted in the creation of various work groups charged with developing recommendations for watershed management and enhancement policies, processes for including public input into the process, and methods for assuring local involvement in watershed enhancement efforts. By 1993, the state legislature acted on the work group recommendations, passing the Oregon Watershed Health Program.

To qualify for funding under the Watershed Health Program, watershed councils must satisfy two basic requirements: 1) balanced participation by all stakeholder groups in a watershed basin, and 2) recognition by local government (usually a county). Stakeholders must include, at a minimum:

- Representatives of local and regional boards, commissions, districts and agencies
- Representatives of federally recognized Indian tribes
- Public interest group representatives
- Private landowners
- Industry representatives
- Members of academic, scientific and professional communities
- Representatives of state and federal agencies.

Each council is left to determine the exact membership, structure and size for itself. But most have either a part-time or full-time watershed coordinator and use volunteer committees, such as technical committees and public outreach/education committees, to do a lot of the work. Most are driven by volunteer stakeholder participation, even if they have paid staff.

Following are a couple of examples of watershed councils established under Oregon’s watershed health program.

### **Grande Ronde Model Watershed Program**

This group has a board of directors made up of representatives of local government, state and federal agencies, environmental advocacy groups, Indian nations, private landowners and business/industry. The board is responsible for policy development, oversight, guidance and direction for the program, including long-term planning, programs of work, and financial support. Paid staff is provided through a Memorandum of Understanding and Cooperative Agreement with an existing organization, the Blue Mountains Natural Resources Institute, which also provides overall administrative and budget/funding supervision to the Grande Ronde program.

Work is accomplished through technical committees and subcommittees, including Monitoring, GIS, Flood Control, Water Uses, Long-term Planning, and others. In addition, two county-based watershed groups, the Union County Watershed Management Coalition and the Wallowa County Watershed Enhancement Committee, are incorporated as individual committees under the umbrella of the Grande Ronde Model Watershed Program.

### **McKenzie Watershed Council**

The McKenzie Watershed Council (MWC) consists of 20 members divided into two categories – local citizens and agency representatives. There are 15 local citizen members, including eight private interest representatives (from residents associations, agricultural groups, environmental concerns, Native American councils, and industry) and seven local elected officials (from cities, county, local and regional agencies and utilities). The other category, which has five members, covers the state and local agencies.

The actual representatives are chosen by the individual agencies or organizations they represent. A partner may designate an alternate to participate on the council in the partner's absence. If a partner resigns or is unable to continue serving on the council, preference is given to a replacement from the same organization or agency. If that is not possible, the council seeks a replacement from another agency or organization representing the same interests.

McKenzie Watershed Council Committees:

**Process Committee:** originally convened to draft recommendations for the charter and ground rules; later outlined the process and criteria for adding new partners to the council;

**Citizen Involvement Committee:** ongoing committee that develops recommendations for the citizen involvement component of the council’s work program; also developed the work program;

**Program Resources (Fundraising) Committee:** researches availability of funding for continuing programs and is developing a plan for helping the council become an autonomous, self-sufficient organization; also identifies possible funding sources for specific actions the council wishes to take;

**Other:** the council has used other ad hoc committees for special one-time tasks, such as formation of an editorial board to oversee creation of a newspaper insert, or recommendations for commenting on environmental impact studies for specific projects in the watershed.

Since membership in the council is limited to 20, unless an amendment is made to the charter, each partner is asked to communicate with the wide range of constituency groups he or she represents. The co-chairs periodically ask for council partners to report on contacts they’ve had with their communities of interest. Because of this check-in process, constituency groups are assured that their concerns will be heard and incorporated into the decision-making and recommendations of the Council.

The group adopted consensus as its method of decision-making, with *consensus* defined as a decision reached with no objections (for more details on consensus decision-making, see Chapter 6). Staffing consists of a project manager from the Lane Council of Governments and a coordination team consisting of staff members from local, state and federal agencies. Members of the coordination team must be approved by the Council. The coordination team prepares materials, makes presentations to the council and conducts special meetings as needed to develop recommendations for specific topics. Partner agencies, organizations and interests may also provide staff assistance when requested by the Council of Governments or the watershed council. Since the group has not applied for tax-exempt status, funding typically is administered through the Lane Council of Governments.

As with the Grande Ronde group, the McKenzie Watershed Council accomplishes much of its work through committees. Committees are generally composed of three to four council partners with staff assistance from the coordination team. These committees take on specific tasks and make recommendations to the council.

The McKenzie Watershed Council also established task groups, including water quality, fish & wildlife, recreation, and human habitat, to offer technical assistance and guidance regarding specific work program items.

**Tualitin River Watershed Council**

Recognizing the need to minimize impacts of rapid urbanization and competing use demands on the Tualitin watershed, a small group of agency and government representatives initiated

meetings to discuss formation of a Tualatin River Watershed Council, under the Governor's watershed health program. After two years of organizational formation, the group was recognized by the county board of commissioners.

The Tualatin group has a full-time coordinator, funded through a grant from the Governor's Watershed Enhancement Board, and a membership of 19 entities from agriculture, forestry, environmental interests, citizens, local government, business, education, water and sewer providers and homebuilders/developers. This group, too, uses a consensus decision-making process.

### ***Other Groups***

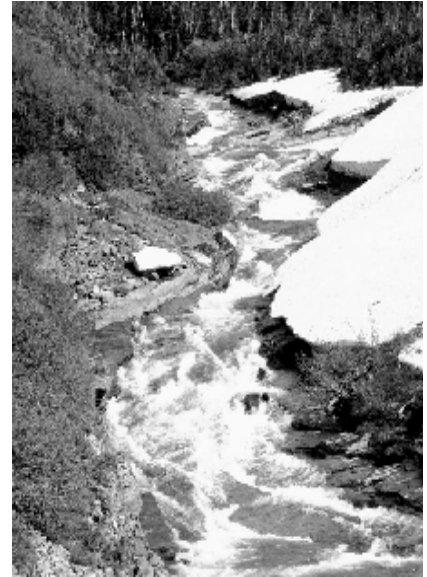
There are other examples of watershed councils that are not from Oregon; although many of them, too, have legislative support for their activities and formation. Some of these include:

#### **Nisqually River Council**

The Nisqually River management Program was created in 1987 after the Washington State Legislature approved the Nisqually River Management Plan. The plan called for creation of the Nisqually River Council, a separate Citizens Advisory Committee, and three other allied nonprofit organizations, including the Nisqually River Interpretive Center Foundation, the Nisqually River Basin Land Trust, and the Nisqually River Education Project. Together they seek to protect and enhance the river basin through collaboration, advocacy, and education. Funding for the program is provided by the legislature through the Department of Ecology.

The Nisqually River Council is the lead coordinating body for the program. The Council has 20 members representing a variety of interests, including: local cities and counties, state and federal natural resource managers, Native American tribes, and utilities. The 21-member Citizens Advisory Committee meets monthly to assist the Council with the development of recommended policies and activities.

The Council itself has an 8-member executive committee, which includes a representative of the Citizens Advisory Commit-



tee. Members of the Citizens Advisory Committee are self-nominated but must be approved by the Council. The advisory committee must have at least 2/3 of its membership who are residents or landowners within the management area, with one member serving on the Council's executive committee and two additional members serving on larger Council – one resident and one non-resident. The Land Trust is available to accept gifts, grants, etc., of money or land as a means of implementing elements of the Council's work plan.

### **Nanticoke Watershed Alliance**

The Nanticoke Watershed Alliance formed in 1992 as a result of efforts to join forces among citizen groups and agencies in Delaware and Maryland, where the Nanticoke River flows. The group has more than 20 contributing members. It is governed by a 12-person Board of Directors composed of at least three members from three different categories: Delaware organizations, Maryland organizations, and public/proprietary organizations. The three founding groups (Friends of the Nanticoke, Wicomico Environmental Trust, and Nanticoke Watershed Preservation Committee) each have one seat.

Any vacancy on the board is filled by the organization that originally chose the member being replaced. The replacement serves for the duration of the term of the original member. And each member group pays an annual membership fee of \$100. Only organizations that are current in their dues are eligible for representation on the board.

The board makes decisions based on a formula in which every "no" vote cancels out a "yes" vote; and to pass, you must have a simple majority of remaining "yes" votes.

## ***WHETHER TO PURSUE FEDERAL/STATE NON-PROFIT TAX-EXEMPT STATUS***

### **Non-Profit Tax-Exempt Status**

It is not necessary for an organization to incorporate to function on a nonprofit basis. But incorporation can be advisable under certain conditions.

A corporation is a legal entity with rights, privileges, and liabilities separate from those of the individuals who compose its

For more on this method of decision-making, see Chapter 6.

membership. The corporation is the principal form of organization used for doing business in the United States. Incorporation is also a major form of organization for non-business groups formed for artistic, educational, social, or charitable purposes. These groups are not formed to produce profits, but to provide a service to the community. Incorporated nonprofit organizations, therefore, do not have stockholders as do business corporations but, instead, have members who perform the stockholders' functions or a board of directors that performs both the stockholders' and the directors' functions.

***Benefits of incorporation:***

**Limited liability** - one of the most important advantages of incorporation is the limited liability of its members. The individuals who control the corporation are not responsible, except in unusual situations, for the legal and financial obligations of the organization. Corporations can incur debts resulting from purchases, salary expenses, building mortgages, etc. And they can have legal obligations resulting from contracts. These debts and obligations are in the name of the corporation, though, rather than in the names of the individuals who are members. This reduces the risk to individual involved in group ventures.

In order to have this kind of protection, however, the members or directors have to act in good faith to conduct the business of the nonprofit corporation in a responsible manner. There are specific guidelines for what constitutes "good faith," including making sure the organization's funds are kept separate from funds of individuals, holding regular meetings to review and conduct corporate business, keeping good records of business conducted and decisions made, and making an effort to secure sufficient funds for the continued operation of the corporation.

**Continuity** - a corporation will continue to exist until legal dissolution, unless it is chartered for only a specified, limited period of time. Its legal existence does not depend on the continued participation of individual members or directors.

**Uniform set of rules** - because corporations are governed by uniform, though flexible, rules under state law, those involved in

corporations and those who deal with them know how they should operate and what is expected of them. For example, based on corporate law, it is relatively easy to prove that the officers of a corporation are, in fact, authorized to enter into a contract on behalf of the corporation. It is more difficult to prove that individuals acting on behalf of an unincorporated organization are authorized to take such an action. As a consequence, most businesses, funders, and banks prefer to deal only with incorporated nonprofit organizations.

**Tax exemption** - an important reason for incorporating is to facilitate getting tax-exempt status under state and federal income tax laws.

*Excerpted from "Legal Aspects: Cutting the Red Tape,"*  
Joan Hummel. **Starting and Running a Nonprofit  
Organization**, (c) 1980 by University of Minnesota Press,  
2037 University Ave. SE, Minneapolis, MN 55414.

## **RECOMMENDATIONS**

Incorporating is usually a somewhat costly, time-consuming process. It obligates you to establish a structure that needs to be carefully thought out and to meet a number of local, state and federal legal requirements, including filing reports. Unless your group has very good reasons to incorporate, such as planning to be in existence for a long time along with an immediate need to raise money through grants and donations, then generally the advice is, don't do it. Or wait until you have more compelling reasons to do it. Unincorporated groups can often have an agency or tax-exempt nonprofit act as a fiscal agent or project sponsor in order to gain access to funds that are only available to tax-exempt organizations; so if funding is the only reason you're considering incorporating, you may be able to work around that.



## CHAPTER 5 - KEY CONTACTS/REFERENCES/ RESOURCES

Yuba Watershed Council. Contact: Ron Zinke,  
NRCS, 113 Presley Way, Suite #1, Grass Valley,  
CA 95945. Ph: 530-272-3417. Fax: 530-477-  
8055.

Sierra Nevada Alliance. Contact: Laurel Ames,  
Executive Director. PO Box 7989, So. Lake  
Tahoe, CA 96158. Ph: 530-542-4546. Fax: 530-  
542-4570. Email: [sna@sierranevadaalliance.org](mailto:sna@sierranevadaalliance.org).  
Website: <http://www.sierranevadaalliance.org>.

Regional Council of Rural Counties (RCRC). Con-  
tact: David French, 1020 12th Street, Suite 400,  
Sacramento, CA 95814. Ph: 916-447-4806. Fax:  
916-448-3154.

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Tel: 541-687-4283.

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Chris Cook, ***C(3) or C(4): Choosing Your Tax Ex-  
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Box 8787, Portland, OR 97207-8787. Tel: 503-  
241-3506. Website: <http://www.rivernetnetwork.org>.

Curtis C. Sproul, Weintraub Genshlea & Sproul.  
***Overview of Nonprofit Charitable Organiza-  
tions and Their Management Structure***. 400  
Capitol Mall, 11th Floor, Sacramento, CA 95814.  
Tel: 916-558-6000.