



AGENDA

**Regular Meeting of the Board of Directors
Thursday, August 11, 2016 at 11:30 a.m.
Progress Park Plaza, 15500 Downey Avenue, Paramount, CA**

1. Roll Call

2. Determination of a Quorum

3. Additions to Agenda (Govt. Code Sec. 54954.2(b))

4. Oral Communications to the Board

This is an opportunity for members of the public to address the Board on any item under the jurisdiction of the agency. Depending upon the subject matter, the Board may be unable to respond until the item can be posted on the agenda at a future meeting in accordance with provisions of the Brown Act.

5. Consent Calendar: (Acted as one item unless withdrawn by request)

- a. Minutes of the Board Meeting of July 14, 2016 (Enclosure)
- b. Warrant Register Report for August 2016 (Enclosure)

6. Discussion/Action Regarding GWMA Audit Activities

- a. Receive and File Annual Audit for FY2014/15 as presented (Enclosure)

7. Discussion/Action Regarding Prop 84 IRWM 2015 Grant (Enclosures)

- a. Approve the Memorandum of Understanding (MOU) between the LACFCD and GWMA and Authorize the Executive Officer to make Non-Material Changes to the MOU in Consultation with Legal Counsel, if needed.
- b. Authorize the Chair to Sign and Execute the Memorandum of Understanding between the LACFCD and GWMA.
- c. Approve Individual Subrecipient Agreements with Participants of the Advance Meter Replacement Project, the Southeast Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project, and the Paramount Blvd. Turf Replacement Project as presented.
- d. Authorize the Executive Officer to Sign and Execute Individual Subrecipient Agreements with Participants of the Advance Meter Replacement Project, the Southeast Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project, and the Paramount Blvd. Turf Replacement Project

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
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8. Discussion/Action Regarding Support of AB 2794 (Lara) and SB 953 (Garcia) Compromise Bills as Described (Enclosure)

9. Discussion/Action Regarding GWMA-hosted Stormwater Workshop

10. Gateway Region Watershed Management Groups

- a. Discussion/Action Regarding Private Entities' Financial Participation
- b. Lower Los Angeles River Upper Reach 2 Watershed Group
- c. Lower Los Angeles River Watershed Group
- d. Los Cerritos Channel Watershed Group
- e. Lower San Gabriel River Watershed Group
 1. GWMA as Fiduciary Agency for the Catch Basin Retrofit

11. Executive Officer's Report

12. Directors' Comments/Reports

13. Adjournment

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
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AGENDA ITEM NO. 5A

**MINUTES OF THE GATEWAY WATER MANAGEMENT AUTHORITY
LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY BOARD
AT PARAMOUNT, CALIFORNIA
THURSDAY, JULY 14, 2016**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, July 14, 2016 at 11:30 a.m. at the Progress Park Plaza, 15500 Downey Avenue, Paramount, CA 90723.

Chair Chris Cash called the meeting to order at 11:44 a.m. Roll was called by Ms. Penn and a quorum of the Board was declared.

BOARD MEMBERS PRESENT:

Okina Dor	Artesia
Jordan Monroe	Avalon
Chau Vu (alternate)	Bell Gardens
Len Gorecki	Bellflower
Joseph Legaspi (alternate)	Central Basin MWD
Mike O'Grady (alternate)	Cerritos
Gina Nila	Commerce
Aaron Hernandez-Torres	Cudahy
Mohammad Mostahkami	Downey
Marlin Munoz (alternate)	La Mirada
Lisa Rapp	Lakewood
Anthony Arevalo	Long Beach
Christopher Garner	Long Beach Water Department
Sam Kouri (alternate)	Montebello
Chris Cash	Paramount
Noe Negrete	Santa Fe Springs
Steve Myrter	Signal Hill
William DeWitt	South Gate

STAFF AND GUESTS ON SIGN-IN SHEET:

Grace Kast	Executive Officer
Toni Penn	Admin/Accounting Manager
Bibi Weiss	Office Assistant
Dave Pelser	HR Green Consulting
Charlie Honeycutt	Signal Hill
Catherine Jun	Bellflower
Virginia Fowler	LACFCD
Julia Juarez	Senator Lara's Office
Jason Wen	Lakewood
Bill Minasian	Downey
Iso Nakasato	Assemblywoman Garcia's Office

ITEM 3 - ADDITIONS TO THE AGENDA

None.

ITEM 4 – ORAL COMMUNICATIONS TO THE BOARD

None.

ITEM 5 – CONSENT CALENDAR

Director Mostahkami motioned to approve the consent calendar. Director Garner seconded the motion which was approved by the following voice vote:

AYES: MONROE, VU, GORECKI, LEGASPI, O’GRADY, HERNANDEZ-TORRES, MOSTAHKAMI, MUNOZ, RAPP, AREVALO, GARNER, KOURI, CASH, NEGRETE

NOES: NONE

ABSTAIN: DOR, NILA

ITEM 6 – DISCUSSION/ACTION REGARDING SB953 (LARA)

Ms. Kast welcomed Julia Juarez, District Officer from Senator Lara’s office.

Ms. Juarez updated the Board on the current status of SB953. She stated that the Bill was currently with the Assembly Appropriations Committee. She stated that this Bill required that the board of directors of the Central Basin MWD consist of 7 members, five of which must be elected and 2 of which must be appointed by the board of supervisors of the County of Los Angeles that had a minimum of five years’ experience and be employed by the appointing agency/city.

Director William DeWitt entered the meeting at 12:06 pm.

ITEM 7 – DISCUSSION/ACTION REGARDING GWMA’S POLICY AND PROCEDURES: GWMA’S CONSTRUCTION AND MAINTENANCE PROJECTS

Ms. Kast reported that an Ad Hoc Committee was assigned to help develop a policy for the GWMA. She indicated that, during discussion with GWMA Staff, the Ad Hoc Committee and GWMA’s legal counsel, it was decided to loosely base the Procurement Procedures on the Uniform jurisdiction of the California Uniform Construction Cost Accounting Commission. She also stated that among the differences between the Procedure and the Act were the facts that the Procedures had lower bidding categories, and unlike the Act, applied to maintenance agreements.

Steve Dorsey, Legal Counsel, reviewed a handout and a detailed discussion took place.

Director Nila motioned to approve GWMA's Procurement Procedures for Construction and Maintenance Projects as amended in a form satisfactory to Legal Counsel. Director DeWitt seconded the motion and was approved by the following voice vote:

AYES: MONROE, VU, GORECKI, LEGASPI, O'GRADY, HERNANDEZ-TORRES, MOSTAHKAMI, MUNOZ, RAPP, AREVALO, GARNER, KOURI, CASH, NEGRETE

NOES: NONE

ABSTAIN: NONE

ITEM 8 – DISCUSSION/ACTION REGARDING HOSTING A STORMWATER NPDES WORKSHOP

Ms. Kast introduced Iso Nakasato from Assemblywoman Garcia's office. Ms. Kast reported that GWMA was approached by Ms. Nakasato to host the Stormwater NPDES Workshop. Ms. Kast asked for volunteers to help with the Workshop to be held possibly in September/October.

Director's Gina Nila, Lisa Rapp and Mr. Charlie Honeycutt volunteered to help.

ITEM 9 – DISCUSSION/ACTION REGARDING THE INCLUSION OF SWMPs INTO THE GATEWAY IRWM PLAN

Ms. Kast reported that in order to complete the Stormwater Grant Prop 1 eligibility process, each watershed group must incorporate their respective Storm Water Resource Plans into the Gateway IRWM Plan by reference. She stated that GWMA had received written requests from the LSGR, LLAR, LCC and LAR UR2 Watershed Groups requesting that their respective SWRPs be incorporated into the Gateway IRWM in accordance with the guidelines published by the State Water Resources Control Board on December 15, 2015. Ms. Kast recommended that the Board approve resolutions to incorporate each of the 4 SWRPs into the Gateway IRWM Plan by reference as presented.

Director Nila motioned to approve resolutions as presented to incorporate each of the 4 SWRPs into the Gateway IRWM Plan by reference. The motion was seconded by Director Negrete and approved by the following voice vote:

AYES: MONROE, VU, GORECKI, LEGASPI, O'GRADY, HERNANDEZ-TORRES, MOSTAHKAMI, MUNOZ, RAPP, AREVALO, GARNER, KOURI, CASH, DOR, DE WITT

NOES: NONE

ABSTAIN: NONE

Director Legaspi left the meeting at 1:00 pm.

ITEM 10 – GATEWAY REGION WATERSHED MANAGEMENT GROUPS

Lower Los Angeles River Upper Reach 2 Watershed Group

Director Nila reported on the current status of the Lower Los Angeles River Upper Reach 2 Watershed Group and stated that the feasibility study and soil testing was being performed at six sites.

Lower Los Angeles River Watershed Group

None.

Los Cerritos Channel Watershed Group

Director Arevalo reported on the current status of the Los Cerritos Channel Watershed Group.

Lower San Gabriel River Watershed Group

None.

Director Munoz left the meeting at 1:11 pm.

Director's Kouri and Arevalo left the meeting at 1:13 pm.

ITEM 11 – EXECUTIVE OFFICER'S REPORT

Ms. Kast reported that staff was currently soliciting proposals for a grant/project manager for the Advanced Meter Replacement regional project.

ITEM 12 – DIRECTORS’ COMMENTS/REPORT

Director DeWitt gave an update on water testing in the Los Angeles River.

The meeting was adjourned at 1:17.

Steve Myrter, Secretary/Treasurer

Date

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*Los Angeles Gateway Region
Integrated Regional Water Management
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August 11, 2016

SECTION NO. 5(b) Warrant Register Dated August 2016

SUMMARY:

The Warrant Register is a listing of general checks issued since the last warrant register. Warrants will be signed by 2 of the 3 Board Officers and released by Toni Penn, serving as the Administrative/Accounting Manager of the Gateway Water Management Authority, upon Board Approval.

DISCUSSION:

The Warrant Register for expenditures dated August 2016 in the amount of \$124,660.17 are submitted for approval. Invoices and supporting documentation are available for review at the City of office of GWMA.

FISCAL IMPACT:

The Warrant Registers totals \$124,660.17. Funds to cover payment are available in the Gateway Authority budget.

RECOMMENDATION:

Approve the Warrant Register for August as presented.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
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AGENDA ITEM NO. 5B

WARRANT REGISTER
Disbursement Journal
August-16

Invoice Date	Vendor	Invoice Number	Description	Amount
7/15/2016	Anchor QEA	47313	Harbor Toxics TMDL Monitoring for May	\$ 3,418.25
7/31/2016	Anchor QEA	47759	Harbor Toxics TMDL Monitoring for June	\$ 3,186.50
8/1/2016	City of Paramount	3465	Rent - August 2016	\$ 330.27
07/27/16	CWE	16189	Upper Reach 2 WMP and CIMP Development	\$ 9,905.52
7/20/2016	GEI Consultants, Inc.	3006431	Watersmart Grant Admin Service	\$ 3,432.00
08/01/16	GK Consultants	16-07-GWMA	Professional and Accounting Services	\$ 23,182.50
07/18/16	Joe A Gonsalves & Son	154934	Legislative Advocacy Services for August	\$ 2,083.33
07/19/16	John L Hunter & Associates	GAHT0616	Upstream Harbor Toxic for June	\$ 1,897.50
07/29/16	John L Hunter & Associates	GANPLA0616	LLAR WMP Development for June	\$ 34,389.64
07/19/16	John L Hunter & Associates	GANPSG0616	LSGR WMP Development for June	\$ 20,140.64
07/31/16	Platinum Consulting Group	30179	Accounting/Auditing Services for July	\$ 618.75
07/14/16	Richard Watson & Associates, Inc.	16-192-003-009	LCC Watershed Monitoring Program	\$ 12,338.80
07/31/16	Richards Watson Gershon	207893	Legal Services - General	\$ 1,123.50
07/31/16	Richards Watson Gershon	207894	Legal Services - Project Specific Services	\$ 4,950.00
07/31/16	Richards Watson Gershon	207895	Legal Services - MS4 Permit MOU	\$ 1,642.50
07/26/16	Stetson Engineers, Inc.	2608-102	20x2020 Regional Alliance Report	\$ 2,020.47
				<u>\$ 124,660.17</u>

Reviewed and Approved by:



 Steve Myrter, GWMA Secretary/Treasurer

16401 Paramount Boulevard
Paramount, CA 90723
562.663.6850 phone
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*Los Angeles Gateway Region
Integrated Regional Water Management
Joint Powers Authority*

August 11, 2016

SECTION 6 – GWMA Audits for FY 2014/15

SUMMARY

The responsibility of an auditing firm is solely to express an opinion as to whether GWMA's financial statements are fairly represented in all material respects and in conformity with generally accepted auditing standards (GAAP) and Government Auditing Standards and OMB Circular A-133 (if applicable).

The opinions expressed by the auditors for FY 14/15 was that the financial statements were presented fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the GWMA as of June 30, 2015, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

The auditor encountered no significant difficulties or disagreements in dealing with management in performing and completing these audits.

The auditor did not note deficiencies in internal controls that could cause the financial statements to be materially misstated.

RECOMMENDATION

That the Board receive and file the Annual Audited Financial Statements for FY 14/15 as presented.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
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AGENDA ITEM NO. 6

**LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY**

FINANCIAL STATEMENTS

JUNE 30, 2015

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Los Angeles Gateway Region Integrated Regional
Water Management Joint Powers Authority
Signal Hill, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (the Authority) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Authority as of June 30, 2015, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim LLP
Culver City, California
July 5, 2016

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF NET POSITION
June 30, 2015

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 663,369
Accounts receivable	263,071
Prepaid expenses	<u>7,592</u>
Total assets	<u>934,032</u>
LIABILITIES:	
Accounts payable	51,058
Unearned revenue	700,298
Due to other governments	<u>2,000</u>
Total liabilities	<u>753,356</u>
NET POSITION:	
Unrestricted	<u><u>\$ 180,676</u></u>

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Regional water management	\$ 575,971	\$ 349,000	\$ -	\$ -	\$ (226,971)
General revenues:					
Investment income					
Total general revenue					
Change in net position					(226,971)
Net position at beginning of fiscal year					407,647
Net position at end of fiscal year					\$ 180,676

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
 INTEGRATED REGIONAL WATER MANAGEMENT
 JOINT POWERS AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2015

	General Fund
ASSETS:	
Cash and investments	\$ 663,369
Accounts receivable	263,071
Prepaid expenses	7,592
Total assets	\$ 934,032
 LIABILITIES AND FUND BALANCE:	
Liabilities	
Accounts payable	\$ 51,058
Unearned revenue	700,298
Due to other governments	2,000
Total liabilities	753,356
 Fund balance	
Unassigned	180,676
Total liabilities and fund balance	\$ 934,032

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2015

Fund balance for the governmental fund	<u>\$ 180,676</u>
Net position of governmental activities	<u>\$ 180,676</u>

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>
Revenues:	
General membership fees	<u>\$ 349,000</u>
Total revenues	<u>349,000</u>
Expenditures:	
Professional fees	300,214
Contract services	<u>275,757</u>
Total expenditures	<u>575,971</u>
Net Change in Fund Balance	(226,971)
Fund balance at beginning of fiscal year	<u>407,647</u>
Fund balance at end of fiscal year	<u><u>\$ 180,676</u></u>

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Net change in fund balance - governmental fund	<u>\$ (226,971)</u>
Change in net position of governmental activities	<u>\$ (226,971)</u>

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	<u>Private Purpose Trust Funds</u>
Assets:	
Cash and investments	\$ 2,338,139
Accounts receivable	<u>184,041</u>
Total assets	<u>2,522,180</u>
Liabilities:	
Accounts payable	207,167
Refundable deposits	<u>1,451</u>
Total liabilities	<u>208,618</u>
Deferred Inflows of Resources	
Deferred revenue	<u>432,718</u>
Total Deferred Inflows of Resources	<u>432,718</u>
Net Position:	
Unrestricted	<u><u>\$ 1,880,844</u></u>

The accompanying notes are an integral part of these financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust Funds</u>
Additions:	
Los Angeles River Upper Reach	\$ 403,257
Los Cerritos Channel	447,118
Lower Los Angeles River	244,444
Coyote Creek (LSGR)	246,429
Harbor Toxic	<u>487,977</u>
Total additions	<u>1,829,225</u>
Deductions:	
Los Angeles River Upper Reach	34,778
Los Cerritos Channel	421,786
Lower Los Angeles River	262,950
Coyote Creek (LSGR)	239,172
Harbor Toxic	<u>306,776</u>
Total deductions	<u>1,265,462</u>
Change in net position	563,763
Net Position at beginning of fiscal year	<u>1,317,081</u>
Net Position at end of fiscal year	<u><u>\$ 1,880,844</u></u>

The accompanying notes are an integral part of these basic financial statements.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. The Organization:

In July 2007, the Southeast Water Coalition and the Cities of Cerritos, Downey, Lakewood, Long Beach, Norwalk, Paramount, Pico River, Santa Fe Springs, Signal Hill, South Gate, et al. entered into a joint powers agreement creating the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (the Authority). The purpose of the agreement is to create a regional water management group, as defined in and authorized by the IRWMPA, in order to create a regional water resources management plan that will protect and enhance regional water supplies, and to otherwise further the purposes of the Integrated Regional Water Management Powers Authority (IRWMPA), with respect to the Members' jurisdictional areas. The Authority can also perform other regional responsibilities for water development and management.

The Authority will prepare and/or adopt a regional plan for the management of water resources, and for the implementation and operation of qualified projects or programs, and/or the preparation of qualified reports and studies, as those quoted terms are defined in the IRWMPA. The regional water resources management plan may more specifically address any of the matters set forth in California Water Code Section 10540(c) including, but not limited to, the following: ground water management planning; urban water management planning; the preparation of a water supply assessment; the planning, construction or modification of a flood management project, water recycling project, domestic water supply facility to meet safe drinking water standards, or a drainage water management unit; and/or the implementation of a water conservation program. The Authority may also exercise any other statutory authority which may now exist or be subsequently enacted to deal with ground water, storm water, water recharge, water recycling, water supply, water drainage, water conservation or any related urban water management subject within the purview of local or regional water agencies.

The agreement has since been amended to add new members. The Authority's current members are the Central Basin Municipal Water District, Long Beach Water Department, Water Replenishment District, WRD of Southern California and the Cities of Artesia, Avalon, Bell, Bell Gardens, Bellflower, Cerritos, Commerce, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Mirada, Lakewood, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon and Whittier.

The term of the agreement continues until no less than three members remain, or until terminated by unanimous consent, provided that all liabilities of the Authority have been satisfied and all assets have been distributed. Upon termination of the agreement, the assets shall be distributed in a manner determined by a super-majority vote of the Board of Directors.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Measurement Focus and Basis of Accounting:

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and deferred outflows, and liabilities and deferred inflows (whether current or noncurrent) associated with their activity are reported. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Authority reports the following major governmental fund:

General Fund- The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in other funds.

Additionally, the Authority reports the following fund type:

Private Purpose Trust Funds- used to account for custodial responsibilities for the watershed projects. Private purpose trust funds are accounted for on an *economic resources* measurement focus and full accrual basis of accounting.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Cash and Investments:

The Authority's cash and investments are pooled with the City of Signal Hill's cash and investments. Investments are stated at fair value (quoted market price or the best available estimate thereof). See the City's Annual Financial Report for more information on invested cash.

d. Deferred Outflows and Inflows of Resources:

Pursuant to GASB Statement Nos. 63 and 65, the Authority recognizes deferred outflows and inflows of resources. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future reporting period. The deferred inflows include deferred revenues.

e. Fund Equity:

Fund balance is reported in the fund statements as follows:

Unassigned Fund Balance - This classification includes the remaining spendable amounts which are not restricted, committed, assigned or nonspendable.

It is the Authority's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position.

Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position as determined at the Government-wide and fiduciary fund level, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Fund Equity (Continued):

Restricted net position is net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There was no net position at June 30, 2015 that was restricted by enabling legislation.

Unrestricted describes the portion of Net Position which is not restricted as to use.

f. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held at June 30, 2015 consisted of the following:

Government-wide statement of net position:

Equity in City of Signal Hill cash and investment pool	\$ 663,369
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Fiduciary fund statement of net position:

Equity in City of Signal Hill cash and investment pool	<u>2,338,139</u>
--	------------------

Total	<u>\$ 3,001,508</u>
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LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Equity in Cash and Investment Pool of the City of Signal Hill

The Authority does not have a separate bank account; however, the Authority's cash and investments are maintained in an investment pool managed by the City of Signal Hill. The Authority is a voluntary participant in that pool. This pool is governed by, and under the regulatory oversight of, the Investment Policy adopted by the City Council of the City of Signal Hill. The Authority has not adopted an investment policy separate from that of the City of Signal Hill. The fair value of The Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Signal Hill manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the Authority's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City of Signal Hill is provided by disclosures in the notes to the basic financial statements of the City of Signal Hill that shows the distribution of the City's investments by maturity.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Minimum ratings required by (where applicable) the California Government Code and the City of Signal Hill's Investment Policy and the actual ratings as of fiscal year-end for each investment type are provided by disclosures in the notes to the basic financial statements of the City of Signal Hill.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds and investment pools) that represent 5% or more of total investments for the entire entity (or for each separate major fund or for other governmental funds in the aggregate) are disclosed in the notes to the basic financial statements of the City of Signal Hill.

Custodial Credit Risk

The Authority does not have any significant certificates of deposit or demand accounts that are subject to custodial credit risk disclosure (as defined by GASB Statement No. 40). The Authority does not have direct investments in securities subject to custodial credit risk disclosure (as defined by GASB Statement No. 40).

3. DEFERRED/UNEARNED REVENUE:

At June 30, 2015, components of deferred or unearned revenue in the fund financial statements were as follows:

Governmental Fund	
Membership Fees	\$ 700,298
Fiduciary Fund	
Member Contribution to Watershed Activity	432,718
Total	<u>\$ 1,133,016</u>

4. EXCESS EXPENDITURES:

There were no expenditures in excess of appropriations within the general fund for the fiscal year.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

5. COMMITMENTS:

In 2015, GWMA continued acting as the contractual and fiduciary agency for five groups of stormwater permittees doing stormwater-related planning, monitoring and implementation throughout Los Angeles County. Several federal and state grants for multi-party recipient projects were entered into and administered by GWMA.

6. GENERAL BUDGET POLICIES:

The Board of Directors adopts an annual budget, which begins on July 1. Annual appropriations are approved by the Board of Directors prior to the beginning of each year or shortly thereafter. All appropriations lapse at year-end. The Board of Directors has the legal authority to amend the budget at any time during the fiscal year.

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
General membership fees	\$ 329,500	\$ 329,500	\$ 349,000	\$ 19,500
Total Revenues	<u>329,500</u>	<u>329,500</u>	<u>349,000</u>	<u>19,500</u>
Expenditures:				
Professional services	345,000	345,000	300,214	44,786
Contract services	<u>335,000</u>	<u>335,000</u>	<u>275,757</u>	<u>59,243</u>
Total Expenditures	<u>680,000</u>	<u>680,000</u>	<u>575,971</u>	<u>104,029</u>
Net Change in Fund Balance	(350,500)	(350,500)	(226,971)	123,529
Fund Balance - Beginning of Fiscal Year	<u>407,647</u>	<u>407,647</u>	<u>407,647</u>	
Fund Balance - End of Fiscal Year	<u>\$ 57,147</u>	<u>\$ 57,147</u>	<u>\$ 180,676</u>	<u>\$ 123,529</u>

16401 Paramount Boulevard
Paramount, CA 90723
562.663.6850 phone
562-634-8216 fax

www.gatewaywater.org



*Los Angeles Gateway Region
Integrated Regional Water Management
Joint Powers Authority*

August 11, 2016

SECTION NO. 7 – ACTION/DISCUSSION REGARDING PROP 84 IRWM 2015 GRANT

SUMMARY

The 2015 Proposition 84 Integrated Regional Water Management (IRWM) Implementation Grant will provide funding from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 to Los Angeles County Flood Control District to assist in financing implementation projects associated with the Greater Los Angeles County Region Integrated Regional Water Management Plan. For the Region's IRWM projects funded under the Grant Agreement, the LACFCD has been designated as the regional entity to apply for grants on behalf of all proposed projects for the Region through the IRWM Process.

Four of GWMA's projects were selected to receive funding under this Grant, which are: 1) the Advance Meter Replacement Project, 2) the Southeast Water Efficiency Project, 3) the Gateway Cities Regional Recycled Water System Expansion Project, and 4) the Paramount Blvd. Turf Replacement Project for a total grant amount of \$3,412,615.

DISCUSSION

GWMA must enter into an MOU with LACFCD to serve as the Local Project Sponsor by which GWMA will receive a total grant of Three Million Nine Hundred Forty-one Thousand Nine Hundred Sixty-Six Dollars, (\$3,941,966.00). This amount will be distributed amongst 4 subrecipient templates in the following manner:

PROJECT 1

One Million Four Hundred Sixty-Nine Thousand Six Hundred Sixty-Five Hundred, (\$1,469,665.00), has been earmarked to assist the cities of Bellflower, Cerritos, Commerce, Downey, Lakewood, Norwalk, South Gate, Whittier and Pico Rivera Water Authority, Long Beach Water Department and the Pico Water Districts, (Subrecipients), with an Advanced Water Meter Replacement (AMR) project, associated with the Integrated Regional Water Management (IRWM) Project.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
Proudly serving Gateway cities and agencies in Southeastern Los Angeles County

Members: Artesia · Avalon · Bell · Bell Gardens · Bellflower · Central Basin Municipal Water District · Cerritos · Commerce · Cudahy · Downey · Hawaiian Gardens · Huntington Park · La Mirada · Maywood · Lakewood · Long Beach · Long Beach Water Department · Lynwood · Montebello · Norwalk · Paramount · Pico Rivera · Santa Fe Springs · Signal Hill · South Gate · Vernon · Water Replenishment District of Southern California · Whittier

With Technical Support From The Sanitation Districts Of Los Angeles County



PROJECT 2

Nine Hundred Twenty Thousand Eight Hundred Ten Dollars and Seventy Cents, (\$920,810.70), has been earmarked specifically to assist the Subrecipient with the Gateway Cities Regional Recycled Water System Expansion Project.

PROJECT 3

One Million Dollars, (\$1,000,000.00), is earmarked to specifically assist the City of Lakewood, with the Paramount Boulevard Turf Replacement Project that will conserve water by replacing turf in the City of Lakewood.

PROJECT 4

Seven Hundred Forty-Five Thousand Nine Hundred and Two Dollars, (\$745,902.00), has been earmarked to assist the Central Basin Municipal Water District with a water conservation audit and retrofit project.

All of the subrecipients were given an opportunity to review the draft agreements.

RECOMMENDATION

- a. Approve the Memorandum of Understanding between the LACFCD and GWMA and authorize the Executive Officer to make Non-Material Changes to the MOU in Consultation with Legal Counsel, if Needed.
- b. Authorize the Chair to Sign and Execute the Memorandum of Understanding between the LACFCD and GWMA.
- c. Approve Individual Subrecipient Agreements with participants of the Advance Meter Replacement Project, the Southeast Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project, and the Paramount Blvd. Turf Replacement Project as presented.
- d. Authorize the Executive Officer to Sign and Execute Individual Subrecipient Agreements with participants of the Advance Meter Replacement Project, the Southwest Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project, and the Paramount Blvd. Turf Replacement Project.

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MEMORANDUM OF UNDERSTANDING [DRAFT]

THIS MEMORANDUM OF UNDERSTANDING (hereinafter referred to as "Agreement"), is made and entered into as of the date of the last Party signature set forth below between the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT (hereinafter referred to as "LACFCD"), and «LPS_NAME» (hereinafter referred to as "Local Project Sponsor" or "LPS"). LACFCD and LPS are hereinafter referred to as "Parties" or, each individually, as "Party" for the following project(s): «PROJECT_NAME» (hereinafter referred to as "Project(s)"). The requested grant amount for the Project(s) is \$«TOTAL GRANT AMOUNT».

W I T N E S S E T H

WHEREAS, in November 2006, the voters of California enacted the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act, (hereinafter referred to as Proposition 84), adding provisions to the California Public Resources Code; and

WHEREAS, Proposition 84 amended the Public Resources Code to include Section 75026 et seq., which authorizes the Legislature to appropriate One Billion and 00/100 Dollars (\$1,000,000,000.00) for Integrated Regional Water Management (hereinafter referred to as "IRWM") projects (water resources-related projects that address water supply, water quality, and habitat/open space needs in a region); and

WHEREAS, the intent of the IRWM concept is to encourage integrated regional strategies for the management of water resources and to provide funding through competitive grants for projects that protect communities from drought, improve water reliability, protect and improve water quality, and improve local water security by reducing dependence on imported water; and

WHEREAS, the California Department of Water Resources (hereinafter referred to as "DWR") issued Proposition 84 IRWM Grant Program Guidelines for the 2015 IRWM Grant Program Guidelines and Implementation Grant Proposal Solicitation Package (hereinafter referred to as "Guidelines") in May 2015 to establish the process and criteria to solicit applications, evaluate proposals, and award Proposition 84 grants under the IRWM Grant Program; and

WHEREAS, eligible grant recipients under the Guidelines are public agencies defined as a City, County, City and County, District, joint powers authority, State agency or Department, or other political subdivision of the State, and nonprofit organizations defined as any California corporation organized under Sections 501(c)(3), 501(c)(4), or 501(c)(5) of the Federal Internal Revenue Code. Other entities that are part of the regional water management group responsible for applying for the grant may perform work funded by the grant; and

WHEREAS, under the Guidelines, IRWM Implementation grant proposals must be submitted by an IRWM Region that was accepted into DWR's IRWM Grant Program through the 2009 Region Acceptance Process and must: (1) include projects that are consistent with an adopted IRWM Plan (hereinafter referred to as "Plan"), (2) require project proponents to adopt the Plan or an update to the

Plan, (3) describe specific implementation projects for which funding is being requested, and (4) identify matching funding; and

WHEREAS, the Plan for the Greater Los Angeles County Region (hereinafter referred to as "Region"), adopted on December 13, 2006, and updated and approved on August 27, 2014, will facilitate a regional approach to watershed management by establishing collaborative efforts across the watersheds within the Region; and

WHEREAS, the Region was accepted into DWR's IRWM Grant Program through the 2009 Region Acceptance Process in September 2009; and

WHEREAS, the Region's IRWM Group, which includes the Region's participating local entities and the LPSs identified in Exhibit F of the Grant Agreement, designated LACFCD as the regional entity to apply for grant funds on behalf of all proposed projects for the Region, through the IRWM process; and

WHEREAS, the implementation grant proposal for the Region included two (2) separate projects sponsored by the LACFCD and the following local entities, solely or jointly, (the projects are identified in Exhibit F to the Grant Agreement between DWR and LACFCD, which Grant Agreement, including all Exhibits thereto, is attached hereto and incorporated herein as Attachment A): Gateway Water Management Authority (four separate projects); City of Malibu; Las Virgenes Municipal Water District; Mountains Restoration Trust; City of Calabasas; City of Inglewood; City of Torrance; City of Palo Verdes Estates; National Forest Foundation; The River Project; City of Glendale; Crescenta Valley Water District; City of Monterey Park; and County of Los Angeles; and

WHEREAS, for IRWM projects funded under the implementation grant that will be implemented with the participation of more than one entity, it is the intention of the Parties that the LPS will be a single entity that is responsible for implementation of the Project(s) and which has the authority to enter into this Agreement on behalf of all entities participating in the Project(s); and

WHEREAS, LPS assumes all responsibilities and liabilities for the Project(s) under this Agreement (including the Grant Agreement responsibilities allocated to LPS under this Agreement). LPS will be the entity that invoices LACFCD, submits required information, including reports, notices and notifications, to LACFCD and provides any documentation and information requested or required under this Agreement or the Grant Agreement by LACFCD with respect to the implementation of the Project(s). In the event that the Project(s) will be implemented by more than one entity, LPS shall ensure that it has entered into appropriate written agreement(s) with each of the other Project-implementing entities to confirm the authority of LPS to enter into this Agreement on their behalf, and shall ensure that each of the other Project-implementing entities agrees to defend, indemnify and hold harmless LACFCD to the same extent as the LPS provides to LACFCD in this AGREEMENT. Further, each entity participating in a Project acknowledges full responsibility for the implementation of the Project(s), including all responsibilities identified in this Agreement as well as the Grant Agreement and commits to the fulfillment of their respective obligations with

respect to the Project(s). As to LACFCD, LPS remains solely responsible for all aspects of the Project(s); and

WHEREAS, DWR has indicated that it will award an implementation grant of up to Twenty-Seven Million, Seven Hundred and Forty-Two Thousand, Nine Hundred and Seventy-Five Dollars (\$27,742,975.00) to the LACFCD on behalf of the Region's LPSs; and

WHEREAS, DWR has indicated that it will enter into an agreement (hereinafter referred to as Grant Agreement) with LACFCD, for the administration of the implementation grant funds with respect to the nineteen (19) projects, including LPS's Project(s); and

WHEREAS, LPS desires that LACFCD execute the anticipated Grant Agreement with DWR and perform the role of Grantee therein on LPS's behalf so that LPS can receive and benefit from the Proposition 84 grant funds for its Project(s) in the amount to be identified in Exhibit B to the Grant Agreement; and

WHEREAS, LACFCD and LPS desire to enter into this Agreement to clarify their respective responsibilities with respect to the anticipated grant from DWR and the Parties' responsibilities pursuant to the Grant Agreement; specifically, the Parties intend that LACFCD's role will be to administer the grant funding and submit documentation required under the Grant Agreement to DWR on behalf of LPS, for which LACFCD will be reimbursed pursuant to this Agreement. LPS will be responsible for all other activities required under the Grant Agreement related to its Project(s), including, but not limited to construction, monitoring, Project management, operations and maintenance and legal compliance; and

WHEREAS, the LPS was awarded a project grant of \$«TOTAL GRANT AMOUNT». This amount includes the 2.5 percent in the LPS's requested grant amount to cover the LACFCD's costs for grant administration and oversight and reflected in Exhibit B of the Grant Agreement. The Parties intend by this Agreement to establish that LACFCD will seek reimbursement of its 2.5 percent administrative costs directly from the DWR reimbursement for these costs; and

WHEREAS, the LPS previously agreed to pay LACFCD «ACTUAL APPLICATION FEE» for the cost of preparing and processing the LPS's grant application(s) for its project(s). LPS's grant budget includes a line item for this cost; and

WHEREAS the Parties acknowledge that LACFCD will not approve any aspect of the Project(s) or provide any resources related to implementation of the Project(s) outside of grant funding, if any, which is provided to LACFCD from DWR, specifically for the Project(s).

NOW, THEREFORE, LACFCD and LPS hereby agree as follows:

LACFCD'S RESPONSIBILITIES

Section (1) LACFCD AGREES TO, for as long as the Grant Agreement remains in effect:

- (1) Provide staff to oversee grant administration, manage grant funds and provide Project

oversight as related to the grant.

- (2) Establish an independent account to manage the grant funds for each Project and provide routine updates to the LPS of balance and activities of each account.
- (3) Receive from LPS and submit to DWR the reports and information prepared and provided by LPS for each Project as requested by LACFCD and/or as required under the Grant Agreement.
- (4) LACFCD may execute amendments to the Grant Agreement on behalf of LPS, upon written request and approval by LPS and after LPS negotiates with DWR.
- (5) Process grant reimbursement requests submitted by LPS, including, submission of such requests to DWR and, only upon receipt of funds from DWR related to the invoices submitted, provide reimbursement to LPS within thirty (30) days of receipt by LACFCD of funds from DWR.
- (6) Submit grant reimbursement request(s) to DWR, for a total amount not to exceed \$«TOTAL GRANT AMOUNT» to justify LACFCD's grant administrative costs, management, and project oversight efforts with respect to the IRWM grant, as authorized by DWR and pursuant to Section (2)(8).

LPS'S RESPONSIBILITIES

Section (2) LPS AGREES TO:

- (1) Retain sole and full responsibility for all aspects of LPS's Project(s) as identified in the Grant Agreement, including any approved amendments, including, but not limited to: planning, design, review and approval of plans, specifications, bid documents and construction documents, implementation; construction; management; Project oversight; monitoring; inspections; operation and maintenance; submission of Project reimbursement billing requests; provision of reports, notifications and notices; compliance with all legal requirements related to the Project(s) such as lead agency responsibilities, and all other applicable local, State and Federal statutes and regulations related to the Project(s) for the lifetime of the Project(s) notwithstanding any early termination of this Agreement.
- (2) Plan, design, construct, and continuously operate and maintain LPS's Project(s) pursuant to LPS's Work Plan as identified in Exhibit A to the Grant Agreement. LPS agrees to notify LACFCD and receive LACFCD's written approval as well as that of DWR in advance of implementing any proposed changes to LPS's Project(s), including proposed future changes to the Work Plan.
- (3) Comply with all terms, provisions and commitments contained in the Grant Agreement, including all exhibits and attachments thereto, applicable to LPS or to LACFCD as Grantee or to representatives of Grantee under the Grant Agreement, whether or not herein specifically referenced, (with the exception of responsibilities identified in Section (1)(1)

above which are solely responsibilities of LACFCD) for the lifetime of the Project(s). The Parties agree that responsibilities of LPS, Grantee, representatives of Grantee or activities for which LACFCD (as Grantee) and LPS may be listed as jointly responsible under the Grant Agreement, shall remain the sole responsibility of LPS, with the exception of activities herein listed as LACFCD'S RESPONSIBILITIES.

- (4) Comply with all applicable environmental requirements pertaining to the Project(s), including but not limited to the California Environmental Quality Act (CEQA), the State CEQA Guidelines and, if applicable, the National Environmental Policy Act (NEPA). Submit documents that satisfy the CEQA and NEPA process as well as any mitigation agreements, and environmental permits, including but not limited to DWR's Environmental Information Form. LACFCD is not responsible for any aspect of environmental compliance with respect to the Project(s), including any proposed future changes to LPS's Project(s), and no Project may be implemented absent LPS's compliance with CEQA and other environmental laws and regulations. Prior to submission of each invoice to LACFCD under this Agreement, LPS must submit written confirmation to LACFCD, in a format to be specified by LACFCD, that it has complied with all requirements of the Grant Agreement, including, but not limited to compliance with CEQA and, as applicable, NEPA for LPS's Project(s), including all work covered under the invoice, and shall provide appropriate evidence of its compliance. In addition, LPS agrees to submit written confirmation of CEQA and applicable NEPA compliance prior to implementing any future changes to its Project(s).
- (5) Demonstrate availability of funds to complete the Project by submitting the most recent three (3) years of audited financial statements and provide cost share funding match for the LPS's Project in the amount identified in Exhibit B of the Grant Agreement.
- (6) Ensure that any and all permits, licenses and approvals required for its Project(s) are obtained in a timely manner and maintained in effect as legally required.
- (7) Submit not more than one reimbursement request per month to LACFCD, in the format specified by LACFCD, executed by an authorized individual at LPS who is knowledgeable of the information and certifies and warrants the accuracy of the information contained in the reimbursement request.
- (8) Allow LACFCD to be reimbursed by DWR in an amount not to exceed \$«ACTUAL APPLICATION FEE», representing 2.5 percent of LPS's requested grant amount for grant administrative costs, management, and project oversight efforts with respect to the IRWM, which will be subtracted from the LPS's requested grant amount, as reflected in Exhibit B of the Grant Agreement. LPS thereby agrees that it will be reimbursed \$«TOTAL GRANT AMOUNT» by LACFCD under this Agreement.
- (9) Prepare, provide and ensure accuracy of all deliverables, reports, documentation, notifications, notices and information related to the Project(s) as required under the Grant Agreement and/or requested by LACFCD to assist LACFCD and to enable LACFCD or LPS to provide information required under the Grant Agreement to DWR in a prompt and timely manner, in accordance with the provisions of the Grant Agreement.

- (10) Inform DWR and the LACFCD of any material changes related to the Project(s) as soon as possible including but not limited to, the progress of construction, Project budget(s), and Project benefits, through reporting process or other methods established by DWR and/or the LACFCD.
- (11) Repay the LACFCD any amount owed to DWR within 30 days of written notification, if for any reason DWR determines that LPS's Project(s) is no longer entitled to grant funds.
- (12) Provide regular and ongoing inspections of construction work in progress and be responsible to keep work under control. Authorize LACFCD to inspect the Project(s), at LACFCD's discretion, to review the progress of the Project(s).
- (13) Accept all liabilities and hold LACFCD legally and financially harmless if it is determined by court of law that LPS's allocation and use of the grant and matching funds is in violation of any applicable statutes, regulations, ordinances, guidelines, or requirements, including, but not limited to, grant requirements, and/or requirements governing contracting, and subcontracting, unless such violation(s) is due to LACFCD's active negligence or willful misconduct.
- (14) Accept sole responsibility for persons performing work related to the Project(s), including, but not limited to, employees, contractors, subcontractors, suppliers and providers of services.
- (15) Accept sole responsibility for any and all disputes arising out of contracts for implementation of the Project(s), including, but not limited to, payment disputes involving representatives of LPS, contractors and subcontractors. LPS acknowledges that LACFCD will not mediate or be involved with disputes between LPS and any other entity concerning responsibility for performance of work related to the Project(s).
- (16) Comply with all Basic Conditions, conditions for disbursement, Continuing Eligibility requirements, and Standard Conditions set forth in the Grant Agreement at all times.
- (17) Designate in writing a Project Manager with the full authority to act on behalf of LPS on any matter related to the Project(s), and advise LACFCD and DWR immediately in writing of any change in Project Manager.

Section (3) TERMINATION OF AGREEMENT

- (1) This Agreement shall remain in effect while the Grant Agreement or any provision of the Grant Agreement remains in effect. LPS's indemnification will remain in effect for the lifetime of the Project(s). Following termination of the Grant Agreement, LPS shall remain solely responsible for any liability, costs or expenses related to its Project(s), including any request for repayment by DWR related to LPS's Project(s) and/or any other costs, fees and/or penalties, such as costs related to allegations of default under Section 14 of the Grant Agreement, which may be asserted against LACFCD by DWR related to the LPS's Project(s).

LPS acknowledges that in no event shall LACFCD be responsible for any liability, costs, or expenses related to LPS's Project(s) or for the performance of work on, or the operation or maintenance of, the completed Project(s) as a result of the termination of the Grant Agreement or for any other reason.

Section (4) GENERAL INDEMNIFICATION

- (1) LPS shall indemnify, defend, and hold harmless LACFCD, the County of Los Angeles, Special Districts for which the Board of Supervisors for the County of Los Angeles and LACFCD acts as the governing body, elected and appointed officers, employees and agents from and against any and all liability, including, but not limited to, defense costs, demands, claims, allegations of default or breach of the Grant Agreement or this Agreement, actions, fees, costs and expenses (including attorney and expert witness fees) arising from or relating to: acts or omissions of the LPS related to its Project(s) and/or any acts or omissions of LACFCD made on behalf of or for the benefit of LPS pursuant to this Agreement, including, but not limited to, LACFCD's actions or activities in administering the grant funding and other LACFCD responsibilities set forth in Section (1)(1), but not including any acts or omissions of the LACFCD that involve the LACFCD's active negligence or willful misconduct. LPS liability arising from the active negligence or willful misconduct of LACFCD is excluded under this paragraph. This indemnity section shall remain in effect while the Grant Agreement, or any of its terms, is in effect and shall survive the termination, for any reason, of the Grant Agreement or this Agreement and shall remain in effect during the lifetime of the Project(s).
- (2) LACFCD shall indemnify, defend, and hold harmless LPS, its successors and assigns, officials, officers, employees, agents and those LPS agents serving as independent contractors in the role of LPS officials or officers from and against any and all liability, including, but not limited to, defense costs, demands, claims, allegations of default or breach of the Grant Agreement or this Agreement, actions, fees, costs and expenses arising from or relating to: LACFCD's active negligence or willful misconduct in its performance of LACFCD's RESPONSIBILITIES under this Agreement. This indemnity section shall remain in effect while the Grant Agreement, or any of its terms, is in effect and shall survive the termination, for any reason, of the Grant Agreement or this Agreement.
- (3) If, for whatever reason, DWR fails to fund any part of the grant commitment related to the Project(s), LPS shall hold LACFCD harmless for that failure to fund and shall not seek any funding from LACFCD other than funds actually provided by DWR to LACFCD and specifically identified for LPS's Project(s). If, for whatever reason, DWR demands repayment of any part of the grant commitment related to the Project(s), LPS shall indemnify, defend, and hold LACFCD harmless for that repayment demand and shall not seek any funding from LACFCD in connection therewith.
- (4) LPS shall comply with the requirements set forth in CEQA and the CEQA Guidelines for its Project(s). LPS is ultimately and solely responsible for compliance with all applicable CEQA and NEPA requirements, including any mitigation measures required for the Project(s). LPS shall indemnify, defend, and hold harmless LACFCD, the County of Los

Angeles, Special Districts for which the Board of Supervisors for County of Los Angeles and LACFCD acts as the governing body, elected and appointed officers, employees, and agents from and against any and all claims and/or actions related to the Project(s) that may be asserted by any third party or public agency alleging violations of CEQA or the CEQA Guidelines, NEPA and/or other Federal, State, and local environmental laws, rules, and regulations, guidelines, and requirements for the Project(s). This indemnity section shall remain in effect while the Grant Agreement, or any of its terms, is in effect and shall survive the termination, for any reason, of the Grant Agreement or this Agreement and shall remain in effect during the lifetime of the Project(s).

Section (5) CHILD SUPPORT LAWS

(1) LACFCD's Policy on Child Support Laws

LPS acknowledges that LACFCD places a high priority on the enforcement of child support laws and the apprehension of child support evaders. LPS understands that it is LACFCD's policy to encourage all LACFCD contractors to voluntarily post LACFCD'S Los Angeles Most Wanted: Delinquent Parents List, in a prominent position at LPS's place of business.

(2) Child Support Compliance Program

As required by LACFCD's Child Support Compliance Program (County Code Chapter 2.200), LPS shall maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653) and California Unemployment Insurance Code Section 1088.5, and shall implement lawfully served Wage and Earnings Withholding Orders or District Attorney Notice of Wage Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure, Section 706.031 and Family Code, Section 5246(b).

(3) Termination for Noncompliance with Child Support Requirements

LPS shall maintain compliance with requirements of LACFCD's Child Support Compliance Program as certified in LPS's Child Support Compliance Program Certification and as set forth in this Agreement. Failure of LPS to maintain compliance with these requirements will constitute a default under this Agreement. Failure to cure such a default within ninety (90) days of notice by LACFCD shall be grounds upon which LACFCD may give notice of termination and terminate this Agreement.

Section (6) NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

- (1) LPS shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

Section (7) PROHIBITION AGAINST USE OF CHILD LABOR

- (1) LPS shall:
 - (a) Not knowingly sell or supply to LACFCD any products, goods, supplies or other personal property manufactured in violation of child labor standards set by the International Labor Organization through its 1973 Convention Concerning Minimum Age for Employment; and,
 - (b) Upon request by LACFCD, identify the country/countries of origin of any products, goods, supplies, or other personal property LPS supplies to LACFCD; and,
 - (c) Upon request by LACFCD, provide to LACFCD the manufacturer's certification of compliance with all international child labor conventions.
- (2) Should LPS discover that any products, goods, supplies, or other personal property sold or supplied by LPS to LACFCD are produced in violation of any international child labor conventions, LPS shall immediately provide an alternative, compliant source of supply.
- (3) Failure by LPS to comply with provisions of this section will be grounds for immediate suspension or termination of this Agreement.

Section (8) TERMINATION FOR IMPROPER CONSIDERATION

- (1) LACFCD may, by written notice to LPS, immediately terminate the right of LPS to proceed under this Agreement if it is found that consideration, in any form, was offered or given by LPS, either directly or through an intermediary, to any LACFCD officer, employee, or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to LPS performance pursuant to this Agreement. In the event of such termination, LACFCD shall be entitled to pursue the same remedies against LPS as it could pursue in the event of default by LPS.

LPS shall immediately report any attempt by a LACFCD officer or employee to solicit such improper consideration. The report shall be made either to LACFCD manager charged with the supervision of the employee or to the Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel, entertainment, or tangible gifts.

Section (9) NOTIFICATION

- (1) Any notices, bills, invoices, or reports relating to this Agreement, and any request, demand, statement or other communication required or permitted hereunder shall be in writing and

- (a) shall be delivered to the representatives of the Parties at the addresses set forth below, except that any Party may change the address for notices by giving the other Party at least ten (10) days written notice of the new address:

LACFCD:
Ms. Terri M. Grant, Principal Engineer
Watershed Management Division
Los Angeles County Flood Control District
County of Los Angeles Department of Public Works
900 South Fremont Avenue
Alhambra, CA 91803-1331

LPS:
«|LPS REP FIRST& LAST NAME, TITLE|»
«LPS NAME|»
«LPS ADDRESS|»
«CITY_NAME_STATE_ZIP|»

- (b) or when LACFCD establishes a process to electronically upload some of the above stated information via the Web, the LPS shall submit the information accordingly as directed by LACFCD.

Section (10) MUTUAL COVENANTS

- (1) Governing Law: This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.
- (2) Amendment: No variation, modification, change, or amendment of this Agreement shall be binding upon any Party unless such variation, modification, change, or amendment is in writing and duly authorized and executed by both Parties. This Agreement shall not be amended or modified by oral agreements or understandings between the Parties or by any acts or conduct of the Parties. Notwithstanding the above, the Parties agree that any amendment to the Grant Agreement (including any amendment to LPS's grant amount and corresponding change to the dollar amount of LACFCD's 2.5 percent administrative fee) shall become part of this Agreement upon the provision of written notice to the LPS without the necessity of further written agreement between the Parties absent the immediate provision of written objection by LPS to LACFCD.
- (3) Entire Agreement: This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings.
- (4) No Third Party Beneficiary/Successors and Assigns: This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right of action based upon any provisions of this Agreement.

- (5) Waiver: No waiver of any breach or default by any Party shall constitute a waiver of any other breach or default, nor shall any such waiver constitute a continuing waiver. Failure of any Party to enforce at any time or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.
- (6) Covenant: All provisions of this AGREEMENT, whether covenants or conditions, on the part of LPS shall be deemed to be both covenants and conditions.
- (7) Interpretation: All Parties have been represented by counsel in the preparation and negotiation of this Agreement. Accordingly, this Agreement shall be construed according to its fair language and any ambiguities shall not be resolved against the drafting Party simply by virtue of having drafted the ambiguous provision.
- (8) Assignment: No Party shall assign this Agreement or any of such Party's interest, rights, or obligations, under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld except that any Party may assign the Agreement, or any part thereof, to any successor governmental agency performing the functions of the assigning Party as its successor.
- (9) Manner of Execution: The Agreement may be executed simultaneously in counterpart, each of which shall be deemed an original, but together, shall constitute but one and the same instrument.
- (10) Relationship of Parties: The Parties are, and at all times shall remain as to each other, wholly independent entities. No Party to this Agreement shall have the power to incur any debt, obligation, or liability on behalf of any other Party unless expressly provided to the contrary by this Agreement. No employee, agent, or officer of a Party shall be deemed for any purpose whatsoever to be an agent, employee, or officer of another Party.
- (11) Successors: This Agreement shall be binding upon and shall insure to the benefit of the respective successors, heirs and assigns of each Party.

Section (11) NEGATION OF PARTNERSHIP

- (1) Nothing in this Agreement shall be construed to render LACFCD in any way or for any purpose a partner, joint venturer, or associate in any relationship with LPS, nor shall this Agreement be construed to authorize either Party to act as agent for the other Party unless expressly provided in this Agreement.

Section (12) SAVINGS CLAUSE

- (1) If any provision or provisions of this Agreement shall be determined by any court to be invalid, illegal or unenforceable to any extent, the remainder of the Agreement shall continue in full force and effect and this Agreement shall be construed as if the invalid, illegal or

unenforceable provision(s) had never been contained in this Agreement.

Section (13) AUTHORITY TO ENTER INTO AGREEMENT

- (1) Each of the persons signing below on behalf of a Party represents and warrants that he or she is authorized to sign this Agreement on behalf of such Party.

Section (14) LACFCD LOBBYISTS

- (1) Each LACFCD lobbyist, as defined in the Los Angeles County Code Section 2.160.010, retained by LPS shall be in full compliance with Chapter 2.160 of the Los Angeles County Code. LPS's signature on the Agreement is its certification that it is in full compliance with Chapter 2.160. Failure on the part of any LACFCD lobbyist retained by LPS to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which LACFCD may immediately terminate or suspend this Agreement.

//

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers, duly authorized by the LPS on _____, 2016, and by the LACFCD on _____, 2016

By _____
GAIL FARBER
Chief Engineer
Date _____

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Deputy
Date _____

[LPS NAME]

ATTEST:

By _____
«APPROVED AS TO FORM LPS LEGAL COUNSEL N»
«APPROVED AS TO FORM LPS LEGAL COUNSEL N»
Date _____

APPROVED AS TO FORM:
«ADMIN_COST»

By _____
Date _____

DRAFT 07/14/2016 AMR Subrecipient Agreement

**SUBRECIPIENT AGREEMENT BETWEEN
THE CITY OF BELLFLOWER AND THE LOS ANGELES
GATEWAY REGION INTEGRATED REGIONAL WATER
MANAGEMENT JOINT POWERS AUTHORITY**

This Subrecipient Agreement (“Agreement”) is dated _____, 2016 (“Effective Date”) and is between the _____, a California municipal corporation (“Subrecipient”) and the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, a California Joint Powers Authority (“GWMA”).

RECITALS

A. GWMA is a member of the Greater Los Angeles County Region (“Region”) Integrated Regional Water Management (“IRWM”) Group. As a part of the Region’s IRWM Plan, the Los Angeles County Flood Control District (“LACFCD”) has entered into that certain Grant Agreement dated _____, 2016 (“Grant Agreement”) with the Department of Water Resources of the State of California (“DWR”), attached hereto as Exhibit “A” and incorporated into this Agreement by this reference, for project grant funding relating to water conversation and water efficiency projects as described in the Region’s IRWM Plan.

B. For the Region’s IRWM projects funded under the Grant Agreement, the LACFCD has been designated as the regional entity to apply for grant funds on behalf of all proposed projects, including the Subrecipient’s Sub-Project, for the Region through the IRWM process;

C. GWMA has entered into that certain Memorandum of Understanding, dated _____, 2016 (“MOU”) with LACFCD, attached hereto as Exhibit “B” and incorporated into this Agreement by this reference, by which GWMA will serve as the Local Project Sponsor and will receive a total grant of Three Million Nine Hundred Forty-One Thousand Nine Hundred Sixty-Six Dollars (\$3,941,966.00) of which One Million Four Hundred Sixty-Nine Thousand Six Hundred Sixty-Five Dollars (\$1,469,665.00) is earmarked specifically to assist the Cities of Bellflower, Cerritos, Commerce, Downey, Lakewood, Norwalk, South Gate, Whittier and Pico Rivera Water Authority, Long Beach Water Department and the Pico Water District (“Subrecipients”), with an Advanced Water Meter Replacement (“AMR”) project (the “Project”), associated with the Gateway Integrated Regional Water Management Plan (the “IRWMP”).

D. The Parties desire for GWMA to process grant reimbursement requests and to hire a project manager on behalf of the Subrecipient in exchange for a [3 percent or 5 percent] administrative fee of the entire Project cost, as outlined in this Agreement.

Now, therefore, the Parties hereby agree as follows:

1. SUBRECIPIENT OBLIGATIONS

1.1 Implementation of Sub-Project. Subrecipient shall replace or cause to be replaced water meters at customer service connections with Advanced Meter Reading (“AMR”) units that have advanced reading technology capabilities (the “Sub-Project”) in accordance with the Work

Plan, Budget and Schedule set forth in Exhibits A, B and C, respectively, of the Grant Agreement, consistent with the Subrecipient's public project bidding procedures and requirements. The Sub-Project shall include the replacement of approximately _____ water meters with an equivalent number of AMR units within Subrecipient's jurisdiction. Subrecipient shall act on GWMA's behalf for purposes of management, oversight, compliance, operations and maintenance of the Sub-Project in accordance with the Grant Agreement.

1.2 Commitment to Cost-Share. The total cost of the Sub-Project is estimated to be _____ Dollars (\$_____). Subrecipient shall invest a minimum of _____ Dollars (\$_____) of its own funds, which constitutes at least _____ percent (___%) of the cost of the Sub-Project, to the Sub-Project, in accordance with the Grant Agreement. Subrecipient shall document and submit documentation reflecting the Subrecipient's internal costs and total Sub-Project costs to GWMA to demonstrate the Subrecipient's required cost share obligations under this Agreement prior to GWMA reimbursing the Subrecipient.

1.3 Use of DWR Funds. Subrecipient shall use the DWR grant funds ("Funds") solely for the implementation of the Sub-Project pursuant to the terms and conditions of this Agreement and the applicable terms and conditions of the Grant Agreement. The Funds shall be used solely to reimburse the actual expenses incurred by Subrecipient to implement the Sub-Project. Subrecipient shall apply the Funds only to eligible Sub-Project costs as specified in Section 10 of the Grant Agreement and in accordance with applicable provisions of the law and Exhibit B of the Grant Agreement.

1.4 Compliance with the MOU and the Grant Agreement. Subrecipient shall act on GWMA's behalf in the fulfillment of GWMA's responsibilities under the MOU and the Grant Agreement where specified in the MOU and the Grant Agreement. Subrecipient hereby acknowledges it is familiar with and agrees that it shall comply with all requirements under the MOU and the Grant Agreement.

1.5 Labor Compliance Program. In addition to and as part of all its obligations pursuant to Section 1.4 of this Agreement, Subrecipient acknowledges and agrees that Subrecipient is solely responsible for complying with Section 17 of the Grant Agreement, regarding adopting and enforcing a labor compliance program. Subrecipient acknowledges that GWMA does not have a labor compliance program and that GWMA will not fulfill any responsibilities under Section 17 of the Grant Agreement on behalf of the subrecipient.

1.6 Audited Financial Statements. Subrecipient shall demonstrate the availability of sufficient funds to complete the Sub-Project by submitting the most recent three (3) years of audited financial statements to GWMA for submission to LACFCD and DWR.

1.7 Compliance with Law. Subrecipient shall perform the Sub-Project as detailed under Section 1.1 of this Agreement in accordance with all ordinances, resolutions, statutes, rules and regulations of any federal, state or local government agency having jurisdiction at the time of performance.

1.8 Breach and Default. In the event that DWR or LACFCD determines Subrecipient has defaulted under the MOU or the Grant Agreement, or has caused GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, Subrecipient shall be solely responsible for complying with any DWR or LACFCD demands, determinations, fines or other such actions or penalties initiated by DWR because of the default. Furthermore, if Subrecipient defaults under the MOU or the Grant Agreement or causes GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, GWMA may terminate this Agreement, and Subrecipient shall immediately forfeit its right to the Funds, shall not be entitled to reimbursement for any of Subrecipient's costs for its Sub-Project, and shall repay any Funds to DWR with interest, which shall be equal to the State of California general obligation bond interest rate in effect at the time of the default, pursuant to Section 13 of the Grant Agreement. No non-defaulting Subrecipient, non-participating GWMA member, or GWMA as a whole shall be in any way responsible for satisfying any DWR or LACFCD demands made in response to a default of the Grant Agreement or the MOU by Subrecipient. If Subrecipient is found to have defaulted under the Grant Agreement or the MOU, it shall remain obligated under this Agreement and remain responsible to fulfill its obligations under this Agreement, including those obligations under Section 1.1.

1.9 LACFCD Administrative Fee. Subrecipient agrees to allow LACFCD to be reimbursed by DWR in an amount not to exceed \$_____, which represents 2.5 percent of Subrecipient's requested grant amount, for grant administrative costs, management, and project oversight efforts with respect to the IRWM and Grant Agreement and MOU requirements, which has been subtracted from the Subrecipient's requested grant amount, as reflected in Exhibit B of the Grant Agreement. Subrecipient thereby agrees that it will be reimbursed [insert grant amount minus 2.5 % LACFCD fee] by GWMA under this Agreement, consistent with and subject to the provisions of Section 3.1 of this Agreement.

1.10 GWMA Administrative Fee. Within thirty (30) days of the execution of this Agreement, but in no event later than September 1, 2016, Subrecipient shall submit a GWMA Administrative Fee in the amount of _____ dollars, which represents [choose one: 3 percent for GWMA members and 5 percent for non-members] of the entire Project cost, to GWMA for GWMA staff administrative costs with respect to Grant Agreement and MOU requirements.

1.11 Direct Project Administrative Fee. Within thirty (30) days of the execution of this Agreement, but in no event later than September 1, 2016, Subrecipient shall submit a Direct Project Administrative Fee, which covers the costs of hiring the Consultant, in the amount of Fourth Thousand Five Hundred Forty-Five Dollars and Forty-Five Cents (\$4,545.45), to GWMA for the costs of hiring a consultant to manage the Project. After DWR reimburses GWMA for the Direct Project Administrative Costs, GWMA shall reimburse Subrecipient for the Direct Project Administrative Fee in accordance with Section 3 of this Agreement.

2. GWMA OBLIGATIONS

2.1 Grant Administration. GWMA shall administer the MOU and the Funds and respond to DWR's and LACFCD's reporting and compliance requirements associated with grant administration in accordance with the terms of the Grant Agreement and the MOU.

2.2 Grant Reimbursements. GWMA shall process all Sub-Project grant reimbursement requests and related invoices submitted by the Subrecipient to LACFCD, which will then process all grant reimbursement requests with DWR. Only upon receipt of funds from LACFCD related to the invoices submitted, GWMA shall reimburse Subrecipient consistent with Section 3.3 of this Agreement.

2.3 Hiring of Project Manager Consultant. On behalf of Subrecipient, GWMA shall hire a project manager (“Consultant”) for managing the project deliverable requirements set forth in the Grant Agreement and the MOU, relating to reporting and compliance. Said Consultant shall collect all information required by DWR under the Grant Agreement from the Subrecipient, coordinate and submit project deliverables on behalf of the Subrecipient to LACFCD on or before deadlines pursuant to the Grant Agreement.

3. **DISBURSEMENT OF FUNDS**

3.1 Maximum Amount of Funds. Upon compliance with the requirements set forth in this Agreement, GWMA shall reimburse Subrecipient **an amount not to exceed (grant amount less 2.5% County fee) Dollars (\$_____)**, which shall constitute GWMA’s full obligation to Subrecipient, unless GWMA receives additional funds from DWR for the completion of the Sub-Project. If the funds are insufficient to complete the Sub-Project, Subrecipient shall secure and provide such additional non-Grant funds necessary to complete the Sub-Project. Reimbursement, if any, by GWMA is conditioned upon receipt of such funds by GWMA from DWR and obtaining all required approvals from DWR, including environmental clearances. If DWR funds are not forthcoming from DWR for any reason, GWMA shall not have any obligation to reimburse Subrecipient through any other source of GWMA funds.

3.2 Cost Overruns. At no time shall GWMA or a non-participating GWMA member be liable for any cost associated with the Project, including the Sub-Project. In the event that the Funds are not forthcoming from DWR for any reason, or if the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way, neither GWMA nor the GWMA members that are not named as the Subrecipient under this Agreement shall be held liable for any costs. Subrecipient shall be solely responsible for any costs associated with the Sub-Project in the event that the Funds are not forthcoming for any reason, or in the event that the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way.

3.3 Method of Payment. GWMA shall make reimbursements to Subrecipient upon Subrecipient’s submittal of, and GWMA’s approval of: (i) a detailed invoice for Sub-Project costs incurred containing the information required in Section 11.c) of the Grant Agreement, and supporting documentation; (ii) deliverables, as specified in Section 18 of and Exhibit A to the Grant Agreement; (iii) the plans, specifications, environmental documentation and monitoring plan described in Section 8.e) of the Grant Agreement; (iv) the audited financial statements required under Section 8.a) of the Grant Agreement; (v) all applicable reports required under Section 18 of the Grant Agreement; and (vi) evidence of compliance with the groundwater compliance options set forth on pages 14 and 15 of the IRWM Program Guidelines dated May 2015. Subrecipient may submit reimbursement requests to GWMA only on a quarterly basis in January, April, July or September in each year for the term of this Agreement. Payments to the Subrecipient shall be subject to the retention requirements set forth in Section D.37) of Exhibit D

of the Grant Agreement. GWMA shall not make the last reimbursement payment to Subrecipient until Subrecipient has shown it has completed the Sub-Project as set forth in Section 1.1 of this Agreement. To the extent the Funds actually have been received from LACFCD, GWMA shall pay Subrecipient for all expenses stated on the invoice, which are approved by GWMA pursuant to this Agreement no later than forty-five (45) days after receipt of payment from LACFCD provided the reports are also timely submitted and approved.

4. PERFORMANCE SCHEDULE

4.1 Time of Essence. Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance. Subrecipient shall commence, prosecute and complete the Sub-Project as detailed under Section 1.1 of this Agreement within the time periods established in Exhibit C of the Grant Agreement, unless extensions of such time periods have been approved in writing by GWMA.

4.3 Term. This Agreement shall commence on the Effective Date and shall be terminated when all of the following have occurred, unless earlier terminated in accordance with Section 8.2 of this Agreement: (i) the entirety of the Sub-Project has been completed, (ii) all audits and reports have been submitted by Subrecipient to GWMA pursuant to the Grant Agreement and the MOU and (iii) LACFCD has released final disbursement to GWMA and Subrecipient has received final disbursement of the Funds from GWMA pursuant to this Agreement; or by _____, whichever event occurs first. In the event that the _____ deadline is extended pursuant to any agreement between DWR and GWMA, the new deadline shall take the place of “_____” in the preceding sentence.

4.4 Reversion of Assets. Upon the expiration or sooner termination of this Agreement, Subrecipient shall transfer to GWMA: (i) any and all Funds on hand that Subrecipient is not already obligated to pay to others for the Sub-Project; and (ii) any accounts receivable attributable to the use of the Funds that Subrecipient is not already obligated to pay to others for the Sub-Project.

5. COORDINATION OF WORK

5.1 Subrecipient Representative. The Subrecipient Representative for Subrecipient shall be the City Manager of the City of _____ or such person as may be designated by the City Manager in writing. GWMA shall refer any decisions that must be made by Subrecipient to the Subrecipient Representative. Any approval by Subrecipient required under this Agreement shall mean the approval of the Subrecipient Representative, unless the Subrecipient Representative informs GWMA that the decision must be made by the _____ (Board of Directors or City Council).

5.2 GWMA Representative. The GWMA Representative shall be the Executive Director, or such person as may be designated by the Executive Director in writing. It shall be Subrecipient’s responsibility to ensure that the GWMA Representative is kept informed of the progress of the performance of the Sub-Project and Subrecipient shall refer any decisions that must be made by GWMA to the GWMA Representative. Any approval by GWMA required

under this Agreement shall mean the approval of the GWMA Representative, unless the GWMA Representative informs Subrecipient that the decision must be made by the Board of Directors.

5.3 Independent Contractor. Subrecipient is, and shall at all times remain as to GWMA and to all GWMA members not named as subrecipients under this Agreement, a wholly independent contractor. Subrecipient shall have no power to incur any debt, obligation or liability on behalf of GWMA or on behalf of any GWMA member not named as a subrecipient under this Agreement. Neither GWMA nor any of its agents shall have control over the conduct of Subrecipient or any of Subrecipient's employees, except as set forth in this Agreement. Subrecipient shall fully comply with the workers' compensation laws regarding the Subrecipient and Subrecipient's employees. Subrecipient shall indemnify and hold GWMA and all GWMA members not named as subrecipients under this Agreement harmless from any failure of Subrecipient to comply with applicable workers' compensation laws.

6. MANDATORY LIABILITY COVERAGE

6.1 General Liability Coverage. Subrecipient shall obtain, at its sole cost and keep in full force and effect during the term of this Agreement, commercial general liability coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

6.2 Memorandum of Coverage. Subrecipient shall file with GWMA upon the execution of this Agreement, a memorandum of coverage issued by the California Joint Powers Insurance Authority that shall provide that no cancellation, major change in coverage, expiration, or nonrenewal will be made during the term of this Agreement, without thirty (30) calendar days' written notice to GWMA prior to the effective date of such cancellation, or change in coverage.

6.3 Additional Insurance Requirements. The general liability coverage shall provide (i) that the coverage shall extend to the City, GWMA, and each of its officers, agency, employees and volunteers, including as respects to Completed Operations and (ii) that the coverage shall operate as primary coverage.

6.4 Coverage Requirements. Subrecipient shall require each consultant or contractor retained by Subrecipient to implement the Sub-Project to obtain liability coverage of \$1 million per occurrence for bodily injury, personal injury, and property damage with a \$2 million aggregate and Automobile Liability of \$1 million per accident for bodily injury and property damage at least as comprehensive as required under Sections 6.1-6.3 of this Agreement and shall require GWMA and its officers, agents, employees, and volunteers to be named as additional named insured on such coverage. Subrecipient shall also require each consultant and contractor to obtain workers' compensation coverage at not less than the minimum required under California law.

7. RECORDS AND REPORTS

7.1 Records. Subrecipient shall be preserve all records related to the Sub-Project for at least three (3) years after completion of the Sub-Project or final billing, whichever comes later.

7.2 Reports. Subrecipient shall prepare and submit detailed invoices regarding the Sub-Project to GWMA on a quarterly basis. Subrecipient shall prepare and submit reports to GWMA as required under Section 18 of the Grant Agreement. GWMA and its Consultant shall prepare and submit regional reports to DWR and LACFCD to fulfill the GWMA's reporting obligations under the Grant Agreement and the MOU.

8. ENFORCEMENT OF CONTRACT

8.1 Applicable Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California and the United States, as applicable. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of Los Angeles, State of California, the United States District, or any other appropriate court in Los Angeles County, and Subrecipient covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Termination. GWMA may terminate this Agreement if GWMA receives notice from DWR or LACFCD that the Grant Agreement or the MOU has been terminated by giving thirty (30) calendar days' notice to Subrecipient. GWMA shall reimburse Subrecipient for all costs incurred prior to the termination date in accordance with the Grant Agreement and the MOU only to the extent that LACFCD provides those reimbursement funds to GWMA.

8.3 Waiver. Waiver by any party of any of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement.

8.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default, or any other default by the other parties.

8.5 Legal Action. In addition to any other rights or remedies, any party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to complete specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.6 Attorneys' Fees. If any party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief that may be granted, whether legal or equitable, shall be entitled to actual attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other costs for investigating such action, taking depositions and discovery and all other costs incurred in such litigation.

8.7 Assignment. Subrecipient shall not assign this Agreement, either in whole or in part, without GWMA's prior written consent.

9. INDEMNIFICATION

9.1 Indemnification. Neither GWMA nor any officer or employee thereof, nor any member of GWMA that is not named as a subrecipient in this Agreement, shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by Subrecipient, its officers, agents, employees, contractors and subcontractors under this Agreement. Subrecipient shall fully indemnify, defend and hold GWMA harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, any legal fees, and any claims for damages of any nature whatsoever arising out of this Agreement, including: (i) misuse of the Funds by Subrecipient or its officers, agents, employees, contractors or subcontractors; (ii) default or breach of Subrecipient’s obligations under this Agreement; or (iii) any act or omission of Subrecipient or its officers, agents, employees, contractors or subcontractors in the performance and implementation of the Sub-Project under this Agreement. The provisions of this Section 9.1 shall survive the expiration or termination of this Agreement.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. Any notices, bills, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (i) the day of delivery if delivered by hand or overnight courier service during Subrecipient’s and GWMA’s regular business hours or by facsimile before or during regular business hours; or (ii) on the third business day following deposit in the United States mail, postage prepaid, to the addresses set forth below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this Section 10.1. All notices shall be delivered the parties at the following addresses:

To GWMA: Attn: Grace J. Kast, Executive Officer
Gateway Regional Water Management Authority
16401 Paramount Boulevard
Paramount, California 90723
Facsimile: 562-634-8216

To Subrecipient: Attn: _____, City Manager
City of _____
[Street Address]
_____, California [Zip Code]
Facsimile: [insert number]

10.2 Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

10.3 Word Usage. Unless the context clearly requires otherwise, (a) the words “shall,” “will” and “agrees” are mandatory and “may” is permissive; (b) “or” is not exclusive; and (c) “includes” or “including” are not limiting.

10.4 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

10.5 Integration; Amendment. It is understood that there are no oral agreements between the parties of this Agreement affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.6 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement, on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

10.7 Exhibits; Precedence. Exhibit A and Exhibit B are incorporated into this Agreement by this reference. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit A and Exhibit B, the provisions of this Agreement shall prevail, except that all state grant fund requirements contained in Exhibit A shall prevail over the provisions of this Agreement.

10.8 Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

The parties are signing this Agreement on the date stated in the introductory clause.

GWMA

Subrecipient

Los Angeles Gateway Region Integrated
Regional Water Management Joint Powers
Authority,
a California Joint Powers Authority

City of _____,
a California municipal corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**EXHIBIT A
GRANT AGREEMENT
BETWEEN DWR AND LACFCD
(See Attached)**

EXHIBIT B
MEMORANDUM OF UNDERSTANDING
BETWEEN GWMA AND LACFCD
(See Attached)

DRAFT 07/29/2016 Lakewood Subrecipient Agreement

**SUBRECIPIENT AGREEMENT BETWEEN
THE CITY OF LAKEWOOD AND THE LOS ANGELES
GATEWAY REGION INTEGRATED REGIONAL WATER
MANAGEMENT JOINT POWERS AUTHORITY**

This Subrecipient Agreement (“Agreement”) is dated _____, 2016 (“Effective Date”) and is between the City of Lakewood, a California municipal corporation (“Subrecipient”) and the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, a California Joint Powers Authority (“GWMA”).

RECITALS

A. GWMA is a member of the Greater Los Angeles County Region (“Region”) Integrated Regional Water Management (“IRWM”) Group. As a part of the Region’s IRWM Plan, the Los Angeles County Flood Control District (“LACFCD”) has entered into that certain Grant Agreement dated _____, 2016 (“Grant Agreement”) with the Department of Water Resources of the State of California (“DWR”), attached hereto as Exhibit “A” and incorporated into this Agreement by this reference, for project grant funding as described in the Region’s IRWM Plan.

B. For the Region’s IRWM projects funded under the Grant Agreement, the LACFCD has been designated as the regional entity to apply for grant funds on behalf of all proposed projects, including the Subrecipient’s Sub-Project, for the Region through the IRWM process;

C. GWMA has entered into that certain Memorandum of Understanding, dated _____, 2016 (“MOU”) with LACFCD, attached hereto as Exhibit “B” and incorporated into this Agreement by this reference, by which GWMA will serve as the Local Project Sponsor and will receive a grant for the Gateway Integrated Regional Water Management Plan (“the Project”), for which One Million Dollars (\$1,000,000.00) is earmarked specifically to assist the City of Lakewood (“Subrecipient”) with the Paramount Boulevard Turf Replacement Project that will conserve water by replacing turf in the City of Lakewood (“Sub-Project”).

D. The Parties desire for GWMA to process grant reimbursement requests on behalf of the Subrecipient, as outlined in this Agreement.

Now, therefore, the Parties hereby agree as follows:

1. SUBRECIPIENT OBLIGATIONS

1.1 Implementation of Sub-Project. As part of the Sub-Project, Subrecipient shall replace turf located on approximately 100,000 square feet of median islands along Paramount Boulevard from Del Amo Boulevard to Carson Street. The Sub-Project includes replacing turf with water efficient and drought tolerant landscaping, installing a water efficient irrigation system, and installing biofiltration swales along several roadway medians. The Sub-Project will be implemented in accordance with the Work Plan, Budget and Schedule set forth in Exhibits A, B and C, respectively, of the Grant Agreement, consistent with the Subrecipient’s public project

bidding procedures and requirements. Subrecipient shall act on GWMA's behalf for purposes of management, oversight, compliance, operations and maintenance of the Sub-Project in accordance with the Grant Agreement.

1.2 Commitment to Cost-Share. The total cost of the Sub-Project is estimated to be Two Million Twenty-Seven Thousand Four Hundred Eighteen Dollars (\$2,027,418.00). Subrecipient shall invest a minimum of One Million Twenty-Seven Thousand Four Hundred Eighteen Dollars (\$1,027,418.00) of its own funds, which constitutes at least fifty-one percent (51%) of the cost of the Sub-Project, to the Sub-Project, in accordance with the Grant Agreement. Subrecipient shall document and submit documentation reflecting the Subrecipient's internal costs and total Sub-Project costs to GWMA to demonstrate the Subrecipient's required cost share obligations under this Agreement prior to GWMA reimbursing the Subrecipient.

1.3 Use of DWR Funds. Subrecipient shall use the DWR grant funds ("Funds") solely for the implementation of the Sub-Project pursuant to the terms and conditions of this Agreement and the applicable terms and conditions of the Grant Agreement. The Funds shall be used solely to reimburse the actual expenses incurred by Subrecipient to implement the Sub-Project. Subrecipient shall apply the Funds only to eligible Sub-Project costs as specified in Section 10 of the Grant Agreement and in accordance with applicable provisions of the law and Exhibit B of the Grant Agreement.

1.4 Compliance with the MOU and the Grant Agreement. Subrecipient shall act on GWMA's behalf in the fulfillment of GWMA's responsibilities under the MOU and the Grant Agreement where specified in the MOU and the Grant Agreement. Subrecipient hereby acknowledges it is familiar with and agrees that it shall comply with all requirements under the MOU and the Grant Agreement.

1.5 Labor Compliance Program. In addition to and as part of all its obligations pursuant to Section 1.4 of this Agreement, Subrecipient acknowledges and agrees that Subrecipient is solely responsible for complying with Section 17 of the Grant Agreement, regarding adopting and enforcing a labor compliance program. Subrecipient acknowledges that GWMA does not have a labor compliance program and that GWMA will not fulfill any responsibilities under Section 17 of the Grant Agreement on behalf of the subrecipient.

1.6 Audited Financial Statements. Subrecipient shall demonstrate the availability of sufficient funds to complete the Sub-Project by submitting the most recent three (3) years of audited financial statements to GWMA for submission to LACFCD and DWR.

1.7 Compliance with Law. Subrecipient shall perform the Sub-Project as detailed under Section 1.1 of this Agreement in accordance with all ordinances, resolutions, statutes, rules and regulations of any federal, state or local government agency having jurisdiction at the time of performance.

1.8 Breach and Default. In the event that DWR or LACFCD determines Subrecipient has defaulted under the MOU or the Grant Agreement, or has caused GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant

Agreement, Subrecipient shall be solely responsible for complying with any DWR or LACFCD demands, determinations, fines or other such actions or penalties initiated by DWR because of the default. Furthermore, if Subrecipient defaults under the MOU or the Grant Agreement or causes GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, GWMA may terminate this Agreement, and Subrecipient shall immediately forfeit its right to the Funds, shall not be entitled to reimbursement for any of Subrecipient's costs for its Sub-Project, and shall repay any Funds to DWR with interest, which shall be equal to the State of California general obligation bond interest rate in effect at the time of the default, pursuant to Section 13 of the Grant Agreement. No non-defaulting Subrecipient, non-participating GWMA member, or GWMA as a whole shall be in any way responsible for satisfying any DWR or LACFCD demands made in response to a default of the Grant Agreement or the MOU by Subrecipient. If Subrecipient is found to have defaulted under the Grant Agreement or the MOU, it shall remain obligated under this Agreement and remain responsible to fulfill its obligations under this Agreement, including those obligations under Section 1.1.

1.9 LACFCD Administrative Fee. Subrecipient agrees to allow LACFCD to be reimbursed by DWR in an amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00) which represents 2.5 percent of Subrecipient's requested grant amount, for grant administrative costs, management, and project oversight efforts with respect to the IRWM and Grant Agreement and MOU requirements, which has been subtracted from the Subrecipient's requested grant amount, as reflected in Exhibit B of the Grant Agreement. Subrecipient thereby agrees that it will be reimbursed Nine Hundred Seventy-Five Thousand Dollars (\$975,000.00) by GWMA under this Agreement, consistent with and subject to the provisions of Section 3.1 of this Agreement.

2. GWMA OBLIGATIONS

2.1 Grant Administration. GWMA shall administer the MOU and the Funds and respond to DWR's and LACFCD's reporting and compliance requirements associated with grant administration in accordance with the terms of the Grant Agreement and the MOU.

2.2 Grant Reimbursements. GWMA shall process all Sub-Project grant reimbursement requests and related invoices submitted by the Subrecipient to LACFCD, which will then process all grant reimbursement requests with DWR. Only upon receipt of funds from LACFCD related to the invoices submitted, GWMA shall reimburse Subrecipient consistent with Section 3.3 of this Agreement.

3. DISBURSEMENT OF FUNDS

3.1 Maximum Amount of Funds. Upon compliance with the requirements set forth in this Agreement, GWMA shall reimburse Subrecipient an amount not to exceed Nine Hundred Seventy-Five Thousand Dollars (\$975,000.00), which shall constitute GWMA's full obligation to Subrecipient, unless GWMA receives additional funds from DWR for the completion of the Sub-Project. If the funds are insufficient to complete the Sub-Project, Subrecipient shall secure and provide such additional non-Grant funds necessary to complete the Sub-Project. Reimbursement, if any, by GWMA is conditioned upon receipt of such funds by GWMA from DWR and obtaining all required approvals from DWR, including environmental clearances. If

DWR funds are not forthcoming from DWR for any reason, GWMA shall not have any obligation to reimburse Subrecipient through any other source of GWMA funds.

3.2 Cost Overruns. At no time shall GWMA or a non-participating GWMA member be liable for any cost associated with the Project, including the Sub-Project. In the event that the Funds are not forthcoming from DWR for any reason, or if the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way, neither GWMA nor the GWMA members that are not named as the Subrecipient under this Agreement shall be held liable for any costs. Subrecipient shall be solely responsible for any costs associated with the Sub-Project in the event that the Funds are not forthcoming for any reason, or in the event that the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way.

3.3 Method of Payment. GWMA shall make reimbursements to Subrecipient upon Subrecipient's submittal of, and GWMA's approval of: (i) a detailed invoice for Sub-Project costs incurred containing the information required in Section 11.c) of the Grant Agreement, and supporting documentation; (ii) deliverables, as specified in Section 18 of and Exhibit A to the Grant Agreement; (iii) the plans, specifications, environmental documentation and monitoring plan described in Section 8.e) of the Grant Agreement; (iv) the audited financial statements required under Section 8.a) of the Grant Agreement; (v) all applicable reports required under Section 18 of the Grant Agreement; and (vi) evidence of compliance with the groundwater compliance options set forth on pages 14 and 15 of the IRWM Program Guidelines dated May 2015. Subrecipient may submit reimbursement requests to GWMA only on a quarterly basis in January, April, July or September in each year for the term of this Agreement. Payments to the Subrecipient shall be subject to the retention requirements set forth in Section D.37) of Exhibit D of the Grant Agreement. GWMA shall not make the last reimbursement payment to Subrecipient until Subrecipient has shown it has completed the Sub-Project as set forth in Section 1.1 of this Agreement. To the extent the Funds actually have been received from LACFCD, GWMA shall pay Subrecipient for all expenses stated on the invoice, which are approved by GWMA pursuant to this Agreement no later than forty-five (45) days after receipt of payment from LACFCD provided the reports are also timely submitted and approved.

4. PERFORMANCE SCHEDULE

4.1 Time of Essence. Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance. Subrecipient shall commence, prosecute and complete the Sub-Project as detailed under Section 1.1 of this Agreement within the time periods established in Exhibit C of the Grant Agreement, unless extensions of such time periods have been approved in writing by GWMA.

4.3 Term. This Agreement shall commence on the Effective Date and shall be terminated when all of the following have occurred, unless earlier terminated in accordance with Section 8.2 of this Agreement: (i) the entirety of the Sub-Project has been completed, (ii) all audits and reports have been submitted by Subrecipient to GWMA pursuant to the Grant Agreement and the MOU and (iii) LACFCD has released final disbursement to GWMA and Subrecipient has received final disbursement of the Funds from GWMA pursuant to this Agreement; or by _____, whichever event occurs first. In the event that the

_____ deadline is extended pursuant to any agreement between DWR and GWMA, the new deadline shall take the place of “_____” in the preceding sentence.

4.4 Reversion of Assets. Upon the expiration or sooner termination of this Agreement, Subrecipient shall transfer to GWMA: (i) any and all Funds on hand that Subrecipient is not already obligated to pay to others for the Sub-Project; and (ii) any accounts receivable attributable to the use of the Funds that Subrecipient is not already obligated to pay to others for the Sub-Project.

5. COORDINATION OF WORK

5.1 Subrecipient Representative. The Subrecipient Representative for Subrecipient shall be the City Manager of the City of Lakewood or such person as may be designated by the City Manager in writing. GWMA shall refer any decisions that must be made by Subrecipient to the Subrecipient Representative. Any approval by Subrecipient required under this Agreement shall mean the approval of the Subrecipient Representative, unless the Subrecipient Representative informs GWMA that the decision must be made by the Lakewood City Council.

5.2 GWMA Representative. The GWMA Representative shall be the Executive Director, or such person as may be designated by the Executive Director in writing. It shall be Subrecipient’s responsibility to ensure that the GWMA Representative is kept informed of the progress of the performance of the Sub-Project and Subrecipient shall refer any decisions that must be made by GWMA to the GWMA Representative. Any approval by GWMA required under this Agreement shall mean the approval of the GWMA Representative, unless the GWMA Representative informs Subrecipient that the decision must be made by the Board of Directors.

5.3 Independent Contractor. Subrecipient is, and shall at all times remain as to GWMA and to all GWMA members not named as subrecipients under this Agreement, a wholly independent contractor. Subrecipient shall have no power to incur any debt, obligation or liability on behalf of GWMA or on behalf of any GWMA member not named as a subrecipient under this Agreement. Neither GWMA nor any of its agents shall have control over the conduct of Subrecipient or any of Subrecipient’s employees, except as set forth in this Agreement. Subrecipient shall fully comply with the workers’ compensation laws regarding the Subrecipient and Subrecipient’s employees. Subrecipient shall indemnify and hold GWMA and all GWMA members not named as subrecipients under this Agreement harmless from any failure of Subrecipient to comply with applicable workers’ compensation laws.

6. MANDATORY LIABILITY COVERAGE

6.1 General Liability Coverage. Subrecipient shall obtain, at its sole cost and keep in full force and effect during the term of this Agreement, commercial general liability coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

6.2 Memorandum of Coverage. Subrecipient shall file with GWMA upon the execution of this Agreement, a memorandum of coverage issued by the California Joint Powers Insurance Authority that shall provide that no cancellation, major change in coverage, expiration,

or nonrenewal will be made during the term of this Agreement, without thirty (30) calendar days' written notice to GWMA prior to the effective date of such cancellation, or change in coverage.

6.3 Additional Insurance Requirements. The general liability coverage shall provide (i) that the coverage shall extend to the City, GWMA, and each of its officers, agency, employees and volunteers, including as respects to Completed Operations and (ii) that the coverage shall operate as primary coverage.

6.4 Coverage Requirements. Subrecipient shall require each consultant or contractor retained by Subrecipient to implement the Sub-Project to obtain liability coverage of \$1 million per occurrence for bodily injury, personal injury, and property damage with a \$2 million aggregate and Automobile Liability of \$1 million per accident for bodily injury and property damage at least as comprehensive as required under Sections 6.1-6.3 of this Agreement and shall require GWMA and its officers, agents, employees, and volunteers to be named as additional named insured on such coverage. Subrecipient shall also require each consultant and contractor to obtain workers' compensation coverage at not less than the minimum required under California law.

7. RECORDS AND REPORTS

7.1 Records. Subrecipient shall be preserve all records related to the Sub-Project for at least three (3) years after completion of the Sub-Project or final billing, whichever comes later.

7.2 Reports. Subrecipient shall prepare and submit detailed invoices regarding the Sub-Project to GWMA on a quarterly basis. Subrecipient shall prepare and submit reports to GWMA as required under Section 18 of the Grant Agreement. GWMA and its Consultant shall prepare and submit regional reports to DWR and LACFCD to fulfill the GWMA's reporting obligations under the Grant Agreement and the MOU.

8. ENFORCEMENT OF CONTRACT

8.1 Applicable Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California and the United States, as applicable. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of Los Angeles, State of California, the United States District, or any other appropriate court in Los Angeles County, and Subrecipient covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Termination. GWMA may terminate this Agreement if GWMA receives notice from DWR or LACFCD that the Grant Agreement or the MOU has been terminated by giving thirty (30) calendar days' notice to Subrecipient. GWMA shall reimburse Subrecipient for all costs incurred prior to the termination date in accordance with the Grant Agreement and the MOU only to the extent that LACFCD provides those reimbursement funds to GWMA.

8.3 Waiver. Waiver by any party of any of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement.

8.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default, or any other default by the other parties.

8.5 Legal Action. In addition to any other rights or remedies, any party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to complete specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.6 Attorneys' Fees. If any party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief that may be granted, whether legal or equitable, shall be entitled to actual attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other costs for investigating such action, taking depositions and discovery and all other costs incurred in such litigation.

8.7 Assignment. Subrecipient shall not assign this Agreement, either in whole or in part, without GWMA's prior written consent.

9. INDEMNIFICATION

9.1 Indemnification. Neither GWMA nor any officer or employee thereof, nor any member of GWMA that is not named as a subrecipient in this Agreement, shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by Subrecipient, its officers, agents, employees, contractors and subcontractors under this Agreement. Subrecipient shall fully indemnify, defend and hold GWMA harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, any legal fees, and any claims for damages of any nature whatsoever arising out of this Agreement, including: (i) misuse of the Funds by Subrecipient or its officers, agents, employees, contractors or subcontractors; (ii) default or breach of Subrecipient's obligations under this Agreement; or (iii) any act or omission of Subrecipient or its officers, agents, employees, contractors or subcontractors in the performance and implementation of the Sub-Project under this Agreement. The provisions of this Section 9.1 shall survive the expiration or termination of this Agreement.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. Any notices, bills, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (i) the day of delivery if delivered by hand or overnight courier service during Subrecipient's and GWMA's regular business hours or by facsimile before or during regular business hours; or (ii) on the third business day following deposit in the United States mail, postage prepaid, to the addresses set forth below, or to such other addresses as the parties may, from time to time,

designate in writing pursuant to the provisions of this Section 10.1. All notices shall be delivered to the parties at the following addresses:

To GWMA: Attn: Grace J. Kast, Executive Officer
Gateway Regional Water Management Authority
16401 Paramount Boulevard
Paramount, California 90723
Facsimile: 562-634-8216

To Subrecipient: Attn: Howard L. Chambers, City Manager
City of Lakewood
5050 Clark Avenue
Lakewood, California 90712
Facsimile: 562.866.9771

10.2 Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

10.3 Word Usage. Unless the context clearly requires otherwise, (a) the words “shall,” “will” and “agrees” are mandatory and “may” is permissive; (b) “or” is not exclusive; and (c) “includes” or “including” are not limiting.

10.4 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

10.5 Integration; Amendment. It is understood that there are no oral agreements between the parties of this Agreement affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.6 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement, on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

10.7 Exhibits; Precedence. Exhibit A and Exhibit B are incorporated into this Agreement by this reference. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit A and Exhibit B, the provisions of this Agreement shall prevail, except that all state grant fund requirements contained in Exhibit A shall prevail over the provisions of this Agreement.

10.8 Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

DRAFT 07/29/2016 Lakewood Subrecipient Agreement

The parties are signing this Agreement on the date stated in the introductory clause.

GWMA

Subrecipient

Los Angeles Gateway Region Integrated
Regional Water Management Joint Powers
Authority,
a California Joint Powers Authority

City of Lakewood
a California municipal corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**EXHIBIT A
GRANT AGREEMENT
BETWEEN DWR AND LACFCD
(See Attached)**

EXHIBIT B
MEMORANDUM OF UNDERSTANDING
BETWEEN GWMA AND LACFCD
(See Attached)

**SUBRECIPIENT AGREEMENT BETWEEN THE
CENTRAL BASIN MUNICIPAL WATER DISTRICT
AND THE LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY**

This Subrecipient Agreement (“Agreement”) is dated _____, 2016 (“Effective Date”) and is between the Central Basin Municipal Water District, a public agency (“Subrecipient”) and the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, a California Joint Powers Authority (“GWMA”).

RECITALS

A. GWMA is a member of the Greater Los Angeles County Region (“Region”) Integrated Regional Water Management (“IRWM”) Group. As a part of the Region’s IRWM Plan, the Los Angeles County Flood Control District (“LACFCD”) has entered into that certain Grant Agreement dated _____, 2016 (“Grant Agreement”) with the Department of Water Resources of the State of California (“DWR”), attached hereto as Exhibit “A” and incorporated into this Agreement by this reference, for project grant funding relating to water conservation and water efficiency projects as described in the Region’s IRWM Plan.

B. For the Region’s IRWM projects funded under the Grant Agreement, the LACFCD has been designated as the regional entity to apply for grant funds on behalf of all proposed projects, including the Subrecipient’s Sub-Project, for the Region through the IRWM process.

C. GWMA has entered into that certain Memorandum of Understanding, dated _____, 2016 (“MOU”) with LACFCD, attached hereto as Exhibit “B” and incorporated into this Agreement by this reference, by which GWMA will serve as the Local Project Sponsor and will receive a grant for the Gateway Integrated Water Management Plan (“the Project”) for which Nine Hundred Twenty Thousand Eight Hundred Eleven Dollars and Zero Cents (\$920,811.00) is earmarked specifically to assist the Subrecipient with the Gateway Cities Regional Recycled Water System Expansion Project (“Sub-Project”).

D. The Parties desire for GWMA to process grant reimbursement requests on behalf of the Subrecipient, as outlined in this Agreement.

Now, therefore, the Parties hereby agree as follows:

1. SUBRECIPIENT OBLIGATIONS

1.1 Implementation of Sub-Project. The Sub-Project is comprised of preparing planning, design, and environmental documents for recycled water pipelines that will extend the Central Basin Municipal Water District recycled water system. The Sub-Project includes a California Environmental Quality Act analysis and the development of plans, specifications, and cost estimates for the construction of the recycled water pipelines in accordance with the Work Plan, Budget and Schedule set forth in Exhibits A, B and C, respectively, of the Grant Agreement, consistent with any applicable Subrecipient bidding procedures and requirements.

The Sub-Project includes completing a Feasibility Study/Basis of Design Report, preparing a notice of preparation, an initial study and a mitigated negative declaration, submitting the necessary permit applications to the County of Los Angeles Department of Public Health and Los Angeles County Sanitation District, and designing the recycled water pipeline project. Subrecipient shall act on GWMA's behalf for purposes of management, oversight, compliance, operations and maintenance of the Sub-Project in accordance with the Grant Agreement. Subrecipient shall be solely responsible for the hiring and managing any of the consultants and engineers that are hired to implement the Sub-Project.

1.2 Commitment to Cost-Share. The total cost of the Sub-Project is estimated to be One Million Forty-Six Thousand One Hundred Forty-Three Dollars and Zero Cents (\$1,046,143.00). Subrecipient shall invest a minimum of One Hundred Twenty-Five Thousand Three Hundred Thirty-Three Dollars and Zero Cents (\$125,333.00) of its own funds, which constitutes at least twelve percent (12%) of the cost of the Sub-Project, to the Sub-Project, in accordance with the Grant Agreement. Subrecipient shall document and submit documentation reflecting the Subrecipient's internal costs and total Sub-Project costs to GWMA to demonstrate the Subrecipient's required cost share obligations under this Agreement prior to GWMA reimbursing the Subrecipient.

1.3 Use of DWR Funds. Subrecipient shall use the DWR grant funds ("Funds") solely for the implementation of the Sub-Project pursuant to the terms and conditions of this Agreement and the applicable terms and conditions of the Grant Agreement. The Funds shall be used solely to reimburse the actual expenses incurred by Subrecipient to implement the Sub-Project. Subrecipient shall apply the Funds only to eligible Sub-Project costs as specified in Section 10 of the Grant Agreement and in accordance with applicable provisions of the law and Exhibit B of the Grant Agreement.

1.4 Compliance with the MOU and the Grant Agreement. Subrecipient shall act on GWMA's behalf in the fulfillment of GWMA's responsibilities under the MOU and the Grant Agreement where specified in the MOU and the Grant Agreement. Subrecipient hereby acknowledges it is familiar with and agrees that it shall comply with all requirements under the MOU and the Grant Agreement.

1.5 Labor Compliance Program. If the Sub-Project requires a labor compliance program, then, in addition to and as part of all its obligations pursuant to Section 1.4 of this Agreement, Subrecipient acknowledges and agrees that Subrecipient is solely responsible for complying with Section 17 of the Grant Agreement, regarding adopting and enforcing a labor compliance program. Subrecipient acknowledges that GWMA does not have a labor compliance program and that GWMA will not fulfill any responsibilities under Section 17 of the Grant Agreement on behalf of the Subrecipient.

1.6 Audited Financial Statements. Subrecipient shall demonstrate the availability of sufficient funds to complete the Sub-Project by submitting the most recent three (3) years of audited financial statements to GWMA for submission to LACFCD and DWR.

1.7 Compliance with Law. Subrecipient shall perform the Sub-Project as detailed under Section 1.1 of this Agreement in accordance with all ordinances, resolutions, statutes, rules

and regulations of any federal, state or local government agency having jurisdiction at the time of performance.

1.8 Breach and Default. In the event that DWR or LACFCD determines Subrecipient has defaulted under the MOU or the Grant Agreement, or has caused GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, Subrecipient shall be solely responsible for complying with any DWR or LACFCD demands, determinations, fines or other such actions or penalties initiated by DWR because of the default. Furthermore, if Subrecipient defaults under the MOU or the Grant Agreement or causes GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, GWMA may terminate this Agreement, and Subrecipient shall immediately forfeit its right to the Funds, shall not be entitled to reimbursement for any of Subrecipient's costs for its Sub-Project, and shall repay any Funds to DWR with interest, which shall be equal to the State of California general obligation bond interest rate in effect at the time of the default, pursuant to Section 13 of the Grant Agreement. No non-defaulting Subrecipient, non-participating GWMA member, or GWMA as a whole shall be in any way responsible for satisfying any DWR or LACFCD demands made in response to a default of the Grant Agreement or the MOU by Subrecipient. If Subrecipient is found to have defaulted under the Grant Agreement or the MOU, it shall remain obligated under this Agreement and remain responsible to fulfill its obligations under this Agreement, including those obligations under Section 1.1.

1.9 LACFCD Administrative Fee. Subrecipient agrees to allow LACFCD to be reimbursed by DWR in an amount not to exceed Twenty-Three Thousand Twenty Dollars and Twenty-Seven Cents (\$23,020.27), which represents 2.5 percent of Subrecipient's requested grant amount, for grant administrative costs, management, and project oversight efforts with respect to the IRWM and Grant Agreement and MOU requirements, which has been subtracted from the Subrecipient's requested grant amount, as reflected in Exhibit B of the Grant Agreement. Subrecipient thereby agrees that it will be reimbursed Eight Hundred Ninety-Seven Thousand Seven Hundred Ninety Dollars and Seventy-Three Cents (\$897,790.73) by GWMA under this Agreement, consistent with and subject to the provisions of Section 3.1 of this Agreement.

2. GWMA OBLIGATIONS

2.1 Grant Administration. GWMA shall administer the MOU and the Funds and respond to DWR's and LACFCD's reporting and compliance requirements associated with grant administration in accordance with the terms of the Grant Agreement and the MOU.

2.2 Grant Reimbursements. GWMA shall process all Sub-Project grant reimbursement requests and related invoices submitted by the Subrecipient to LACFCD, which will then process all grant reimbursement requests with DWR. Only upon receipt of funds from LACFCD related to the invoices submitted, GWMA shall reimburse Subrecipient consistent with Section 3.3 of this Agreement.

2.3 Hiring of Project Manager Consultant. On behalf of Subrecipient, GWMA shall hire a project manager ("Consultant") for managing the project deliverable requirements set forth in the Grant Agreement and the MOU, relating to reporting and compliance. Said Consultant

shall collect all information required by DWR under the Grant Agreement from the Subrecipient, coordinate and submit project deliverables on behalf of the Subrecipient to LACFCD on or before deadlines pursuant to the Grant Agreement.

3. DISBURSEMENT OF FUNDS

3.1 Maximum Amount of Funds. Upon compliance with the requirements set forth in this Agreement, GWMA shall reimburse Subrecipient an amount not to exceed Eight Hundred Ninety-Seven Thousand Seven Hundred Ninety Dollars and Seventy-Three Cents (\$897,790.73), which shall constitute GWMA's full obligation to Subrecipient, unless GWMA receives additional funds from DWR for the completion of the Sub-Project. If the funds are insufficient to complete the Sub-Project, Subrecipient shall secure and provide such additional non-Grant funds necessary to complete the Sub-Project. Reimbursement, if any, by GWMA is conditioned upon receipt of such funds by GWMA from DWR and obtaining all required approvals from DWR, including environmental clearances. If DWR funds are not forthcoming from DWR for any reason, GWMA shall not have any obligation to reimburse Subrecipient through any other source of GWMA funds.

3.2 Cost Overruns. At no time shall GWMA or a non-participating GWMA member be liable for any cost associated with the Project, including the Sub-Project. In the event that the Funds are not forthcoming from DWR for any reason, or if the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way, neither GWMA nor the GWMA members that are not named as the Subrecipient under this Agreement shall be held liable for any costs. Subrecipient shall be solely responsible for any costs associated with the Sub-Project in the event that the Funds are not forthcoming for any reason, or in the event that the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way.

3.3 Method of Payment. GWMA shall make reimbursements to Subrecipient upon Subrecipient's submittal of, and GWMA's approval of: (i) a detailed invoice for Sub-Project costs incurred containing the information required in Section 11.c) of the Grant Agreement, and supporting documentation; (ii) deliverables, as specified in Section 18 of and Exhibit A to the Grant Agreement; (iii) the plans, specifications, environmental documentation and monitoring plan described in Section 8.e) of the Grant Agreement; (iv) the audited financial statements required under Section 8.a) of the Grant Agreement; (v) all applicable reports required under Section 18 of the Grant Agreement; and (vi) evidence of compliance with the groundwater compliance options set forth on pages 14 and 15 of the IRWM Program Guidelines dated May 2015. Subrecipient may submit reimbursement requests to GWMA only on a quarterly basis in January, April, July or September in each year for the term of this Agreement. Payments to the Subrecipient shall be subject to the retention requirements set forth in Section D.37) of Exhibit D of the Grant Agreement. GWMA shall not make the last reimbursement payment to Subrecipient until Subrecipient has shown it has completed the Sub-Project as set forth in Section 1.1 of this Agreement. To the extent the Funds actually have been received from LACFCD, GWMA shall pay Subrecipient for all expenses stated on the invoice, which are approved by GWMA pursuant to this Agreement no later than forty-five (45) days after receipt of payment from LACFCD provided the reports are also timely submitted and approved.

4. PERFORMANCE SCHEDULE

4.1 Time of Essence. Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance. Subrecipient shall commence, prosecute and complete the Sub-Project as detailed under Section 1.1 of this Agreement within the time periods established in Exhibit C of the Grant Agreement, unless extensions of such time periods have been approved in writing by GWMA.

4.3 Term. This Agreement shall commence on the Effective Date and shall be terminated when all of the following have occurred, unless earlier terminated in accordance with Section 8.2 of this Agreement: (i) the entirety of the Sub-Project has been completed, (ii) all audits and reports have been submitted by Subrecipient to GWMA pursuant to the Grant Agreement and the MOU and (iii) LACFCD has released final disbursement to GWMA and Subrecipient has received final disbursement of the Funds from GWMA pursuant to this Agreement; or by _____, whichever event occurs first. In the event that the _____ deadline is extended pursuant to any agreement between DWR and GWMA, the new deadline shall take the place of “_____” in the preceding sentence.

4.4 Reversion of Assets. Upon the expiration or sooner termination of this Agreement, Subrecipient shall transfer to GWMA: (i) any and all Funds on hand that Subrecipient is not already obligated to pay to others for the Sub-Project; and (ii) any accounts receivable attributable to the use of the Funds that Subrecipient is not already obligated to pay to others for the Sub-Project.

5. COORDINATION OF WORK

5.1 Subrecipient Representative. The Subrecipient Representative for Subrecipient shall be the Chief Engineer of the Central Basin Municipal Water District or such person as may be designated by the General Manager of the Central Basin Municipal Water District in writing. GWMA shall refer any decisions that must be made by Subrecipient to the Subrecipient Representative. Any approval by Subrecipient required under this Agreement shall mean the approval of the Subrecipient Representative, unless the Subrecipient Representative informs GWMA that the decision must be made by the Central Basin Municipal Water District Board of Directors.

5.2 GWMA Representative. The GWMA Representative shall be the Executive Director, or such person as may be designated by the Executive Director in writing. It shall be Subrecipient’s responsibility to ensure that the GWMA Representative is kept informed of the progress of the performance of the Sub-Project and Subrecipient shall refer any decisions that must be made by GWMA to the GWMA Representative. Any approval by GWMA required under this Agreement shall mean the approval of the GWMA Representative, unless the GWMA Representative informs Subrecipient that the decision must be made by the Board of Directors.

5.3 Independent Contractor. Subrecipient is, and shall at all times remain as to GWMA and to all GWMA members not named as subrecipients under this Agreement, a wholly independent contractor. Subrecipient shall have no power to incur any debt, obligation or liability on behalf of GWMA or on behalf of any GWMA member not named as a subrecipient

under this Agreement. Neither GWMA nor any of its agents shall have control over the conduct of Subrecipient or any of Subrecipient's employees, except as set forth in this Agreement. Subrecipient shall fully comply with the workers' compensation laws regarding the Subrecipient and Subrecipient's employees. Subrecipient shall indemnify and hold GWMA and all GWMA members not named as subrecipients under this Agreement harmless from any failure of Subrecipient to comply with applicable workers' compensation laws.

6. MANDATORY LIABILITY COVERAGE

6.1 General Liability Coverage. Subrecipient shall obtain, at its sole cost and keep in full force and effect during the term of this Agreement, commercial general liability coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

6.2 Memorandum of Coverage. Upon the execution of this Agreement, Subrecipient shall file with GWMA commercial insurance coverage issued by Allied World Assurance Company that shall provide notice of cancellation shall be provided to GWMA in accordance with the terms of the policy.

6.3 Additional Insurance Requirements. The general liability coverage shall provide (i) that the coverage shall extend to the City, GWMA, and each of its officers, agency, employees and volunteers, including as respects to Completed Operations and (ii) that the coverage shall operate as primary coverage.

6.4 Coverage Requirements. Subrecipient shall require each consultant or contractor retained by Subrecipient to implement the Sub-Project to obtain liability coverage of \$1 million per occurrence for bodily injury, personal injury, and property damage with a \$2 million aggregate and Automobile Liability of \$1 million per accident for bodily injury and property damage at least as comprehensive as required under Sections 6.1-6.3 of this Agreement and shall require GWMA and its officers, agents, employees, and volunteers to be named as additional named insured on such coverage. Subrecipient shall also require each consultant and contractor to obtain workers' compensation coverage at not less than the minimum required under California law.

7. RECORDS AND REPORTS

7.1 Records. Subrecipient shall be preserve all records related to the Sub-Project for at least three (3) years after completion of the Sub-Project or final billing, whichever comes later.

7.2 Reports. Subrecipient shall prepare and submit detailed invoices regarding the Sub-Project to GWMA on a quarterly basis. Subrecipient shall prepare and submit reports to GWMA as required under Section 18 of the Grant Agreement. GWMA and its Consultant shall prepare and submit regional reports to DWR and LACFCD to fulfill the GWMA's reporting obligations under the Grant Agreement and the MOU.

8. ENFORCEMENT OF CONTRACT

8.1 Applicable Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California and the United States, as applicable. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of Los Angeles, State of California, the United States District, or any other appropriate court in Los Angeles County, and Subrecipient covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Termination. GWMA may terminate this Agreement if GWMA receives notice from DWR or LACFCD that the Grant Agreement or the MOU has been terminated by giving thirty (30) calendar days' notice to Subrecipient. GWMA shall reimburse Subrecipient for all costs incurred prior to the termination date in accordance with the Grant Agreement and the MOU only to the extent that LACFCD provides those reimbursement funds to GWMA.

8.3 Waiver. Waiver by any party of any of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement.

8.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default, or any other default by the other parties.

8.5 Legal Action. In addition to any other rights or remedies, any party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to complete specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.6 Attorneys' Fees. If any party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief that may be granted, whether legal or equitable, shall be entitled to actual attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other costs for investigating such action, taking depositions and discovery and all other costs incurred in such litigation.

8.7 Assignment. Subrecipient shall not assign this Agreement, either in whole or in part, without GWMA's prior written consent.

9. INDEMNIFICATION

9.1 Indemnification. Neither GWMA nor any officer or employee thereof, nor any member of GWMA that is not named as a subrecipient in this Agreement, shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by Subrecipient, its officers, agents, employees, contractors and subcontractors under this Agreement. Subrecipient shall fully indemnify, defend and hold GWMA harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property,

any environmental obligation, any legal fees, and any claims for damages of any nature whatsoever arising out of this Agreement, including: (i) misuse of the Funds by Subrecipient or its officers, agents, employees, contractors or subcontractors; (ii) default or breach of Subrecipient's obligations under this Agreement; or (iii) any act or omission of Subrecipient or its officers, agents, employees, contractors or subcontractors in the performance and implementation of the Sub-Project under this Agreement. The provisions of this Section 9.1 shall survive the expiration or termination of this Agreement.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. Any notices, bills, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (i) the day of delivery if delivered by hand or overnight courier service during Subrecipient's and GWMA's regular business hours or by facsimile before or during regular business hours; or (ii) on the third business day following deposit in the United States mail, postage prepaid, to the addresses set forth below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this Section 10.1. All notices shall be delivered to the parties at the following addresses:

To GWMA:	Attn: Grace J. Kast, Executive Officer Gateway Regional Water Management Authority 16401 Paramount Boulevard Paramount, California 90723 Facsimile: 562-634-8216
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To Subrecipient:	Attn: Lonnie Curtis, Chief Engineer Central Basin Municipal Water District 6252 Telegraph Road Commerce, California 90040-2512 Facsimile: 323-201-5550
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10.2 Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

10.3 Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

10.4 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

10.5 Integration; Amendment. It is understood that there are no oral agreements between the parties of this Agreement affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if

any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.6 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement, on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

10.7 Exhibits; Precedence. Exhibit A and Exhibit B are incorporated into this Agreement by this reference. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit A and Exhibit B, the provisions of this Agreement shall prevail, except that all state grant fund requirements contained in Exhibit A shall prevail over the provisions of this Agreement.

10.8 Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

DRAFT 07/29/2016 Recycled Water Subrecipient Agreement

The parties are signing this Agreement on the date stated in the introductory clause.

GWMA

Subrecipient

Los Angeles Gateway Region Integrated
Regional Water Management Joint Powers
Authority,
a California Joint Powers Authority

Central Basin Municipal Water District,
a public agency

By: _____
Name: _____
Title: _____

By: _____
Name: Kevin P. Hunt, P.E.
Title: General Manager

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

By: _____
Name: Alfred Smith
Title: Nossaman, LLP, District Counsel

**EXHIBIT A
GRANT AGREEMENT
BETWEEN DWR AND LACFCD
(See Attached)**

EXHIBIT B
MEMORANDUM OF UNDERSTANDING
BETWEEN GWMA AND LACFCD
(See Attached)

**SUBRECIPIENT AGREEMENT BETWEEN
THE CENTRAL BASIN MUNICIPAL WATER DISTRICT
AND THE LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY**

This Subrecipient Agreement (“Agreement”) is dated _____, 2016 (“Effective Date”) and is between the Central Basin Municipal Water District, a public agency (“Subrecipient”) and the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, a California Joint Powers Authority (“GWMA”).

RECITALS

A. GWMA is a member of the Greater Los Angeles County Region (“Region”) Integrated Regional Water Management (“IRWM”) Group. As a part of the Region’s IRWM Plan, the Los Angeles County Flood Control District (“LACFCD”) has entered into that certain Grant Agreement dated _____, 2016 (“Grant Agreement”) with the Department of Water Resources of the State of California (“DWR”), attached hereto as Exhibit “A” and incorporated into this Agreement by this reference, for project grant funding as described in the Region’s IRWM Plan.

B. For the Region’s IRWM projects funded under the Grant Agreement, the LACFCD has been designated as the regional entity to apply for grant funds on behalf of all proposed projects, including the Subrecipient’s Sub-Project, for the Region through the IRWM process;

C. GWMA has entered into that certain Memorandum of Understanding, dated _____, 2016 (“MOU”) with LACFCD, attached hereto as Exhibit “B” and incorporated into this Agreement by this reference, by which GWMA will serve as the Local Project Sponsor and will receive a grant for the Gateway Integrated Regional Water Management Plan (“the Project”), for which Seven Hundred Forty-Five Thousand Nine Hundred and Two Dollars and Zero Cents (\$745,902.00) is earmarked specifically to assist the Central Basin Municipal Water District (“Subrecipient”) with a water conservation audit and retrofit project (“Sub-Project”).

D. The Parties desire for GWMA to process grant reimbursement requests on behalf of the Subrecipient, as outlined in this Agreement.

Now, therefore, the Parties hereby agree as follows:

1. SUBRECIPIENT OBLIGATIONS

1.1 Implementation of Sub-Project. As part of the sub-Project, Subrecipient shall: (1) audit 57 public facilities throughout the Central Basin to determine sources of excessive water use, and (2) retrofit the sites (as necessary) based on audit results. High efficiency devices to reduce indoor and outdoor water use including high efficiency toilets, zero water and ultra low water urinals, laminar flow restrictors, large rotary nozzles, rotating nozzles for spray heads, weather-based irrigation controllers, central computer irrigation controllers, and flow regulators

will be installed as appropriate, and piping system upgrades and repairs will be constructed to improve water use efficiency and reduce water use. The Sub-Project will be implemented in accordance with the Work Plan, Budget and Schedule set forth in Exhibits A, B and C, respectively, of the Grant Agreement, consistent with the Subrecipient's public project bidding procedures and requirements. Subrecipient shall act on GWMA's behalf for purposes of management, oversight, compliance, operations and maintenance of the Sub-Project in accordance with the Grant Agreement.

1.2 Commitment to Cost-Share. The total cost of the Sub-Project is estimated to be One Million One Hundred Fifty-Nine Thousand Four Hundred Thirty-Three Dollars and Zero Cents (\$1,159,433.00). Subrecipient shall invest a minimum of Four Hundred Thirteen Thousand Five Hundred Thirty-One Dollars and Zero Cents (\$413,513.00) of its own funds, which constitutes at least thirty-six percent (36%) of the cost of the Sub-Project, to the Sub-Project, in accordance with the Grant Agreement. Subrecipient shall document and submit documentation reflecting the Subrecipient's internal costs and total Sub-Project costs to GWMA to demonstrate the Subrecipient's required cost share obligations under this Agreement prior to GWMA reimbursing the Subrecipient.

1.3 Use of DWR Funds. Subrecipient shall use the DWR grant funds ("Funds") solely for the implementation of the Sub-Project pursuant to the terms and conditions of this Agreement and the applicable terms and conditions of the Grant Agreement. The Funds shall be used solely to reimburse the actual expenses incurred by Subrecipient to implement the Sub-Project. Subrecipient shall apply the Funds only to eligible Sub-Project costs as specified in Section 10 of the Grant Agreement and in accordance with applicable provisions of the law and Exhibit B of the Grant Agreement.

1.4 Compliance with the MOU and the Grant Agreement. Subrecipient shall act on GWMA's behalf in the fulfillment of GWMA's responsibilities under the MOU and the Grant Agreement where specified in the MOU and the Grant Agreement. Subrecipient hereby acknowledges it is familiar with and agrees that it shall comply with all requirements under the MOU and the Grant Agreement.

1.5 Labor Compliance Program. In addition to and as part of all its obligations pursuant to Section 1.4 of this Agreement, Subrecipient acknowledges and agrees that Subrecipient is solely responsible for complying with Section 17 of the Grant Agreement, regarding adopting and enforcing a labor compliance program. Subrecipient acknowledges that GWMA does not have a labor compliance program and that GWMA will not fulfill any responsibilities under Section 17 of the Grant Agreement on behalf of the subrecipient.

1.6 Audited Financial Statements. Subrecipient shall demonstrate the availability of sufficient funds to complete the Sub-Project by submitting the most recent three (3) years of audited financial statements to GWMA for submission to LACFCD and DWR.

1.7 Compliance with Law. Subrecipient shall perform the Sub-Project as detailed under Section 1.1 of this Agreement in accordance with all ordinances, resolutions, statutes, rules and regulations of any federal, state or local government agency having jurisdiction at the time of performance.

1.8 Breach and Default. In the event that DWR or LACFCD determines Subrecipient has defaulted under the MOU or the Grant Agreement, or has caused GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, Subrecipient shall be solely responsible for complying with any DWR or LACFCD demands, determinations, fines or other such actions or penalties initiated by DWR because of the default. Furthermore, if Subrecipient defaults under the MOU or the Grant Agreement or causes GWMA to default under the MOU or the Grant Agreement, as such default is defined in Section 13 of the Grant Agreement, GWMA may terminate this Agreement, and Subrecipient shall immediately forfeit its right to the Funds, shall not be entitled to reimbursement for any of Subrecipient's costs for its Sub-Project, and shall repay any Funds to DWR with interest, which shall be equal to the State of California general obligation bond interest rate in effect at the time of the default, pursuant to Section 13 of the Grant Agreement. No non-defaulting Subrecipient, non-participating GWMA member, or GWMA as a whole shall be in any way responsible for satisfying any DWR or LACFCD demands made in response to a default of the Grant Agreement or the MOU by Subrecipient. If Subrecipient is found to have defaulted under the Grant Agreement or the MOU, it shall remain obligated under this Agreement and remain responsible to fulfill its obligations under this Agreement, including those obligations under Section 1.1.

1.9 LACFCD Administrative Fee. Subrecipient agrees to allow LACFCD to be reimbursed by DWR in an amount not to exceed Eighteen Thousand Six Hundred Forty-Seven Dollars and Fifty-Five Cents (\$18,647.55), which represents 2.5 percent of Subrecipient's requested grant amount, for grant administrative costs, management, and project oversight efforts with respect to the IRWM and Grant Agreement and MOU requirements, which has been subtracted from the Subrecipient's requested grant amount, as reflected in Exhibit B of the Grant Agreement. Subrecipient thereby agrees that it will be reimbursed Seven Hundred Twenty-Seven Thousand Two Hundred Fifty-Four Dollars and Forty-Five Cents (\$727,254.45) by GWMA under this Agreement, consistent with and subject to the provisions of Section 3.1 of this Agreement.

2. GWMA OBLIGATIONS

2.1 Grant Administration. GWMA shall administer the MOU and the Funds and respond to DWR's and LACFCD's reporting and compliance requirements associated with grant administration in accordance with the terms of the Grant Agreement and the MOU.

2.2 Grant Reimbursements. GWMA shall process all Sub-Project grant reimbursement requests and related invoices submitted by the Subrecipient to LACFCD, which will then process all grant reimbursement requests with DWR. Only upon receipt of funds from LACFCD related to the invoices submitted, GWMA shall reimburse Subrecipient consistent with Section 3.3 of this Agreement.

3. DISBURSEMENT OF FUNDS

3.1 Maximum Amount of Funds. Upon compliance with the requirements set forth in this Agreement, GWMA shall reimburse Subrecipient an amount not to exceed Seven Hundred Twenty-Seven Thousand Two Hundred Fifty-Four Dollars and Forty-Five Cents (\$727,254.45), which shall constitute GWMA's full obligation to Subrecipient, unless GWMA receives

additional funds from DWR for the completion of the Sub-Project. If the funds are insufficient to complete the Sub-Project, Subrecipient shall secure and provide such additional non-Grant funds necessary to complete the Sub-Project. Reimbursement, if any, by GWMA is conditioned upon receipt of such funds by GWMA from DWR and obtaining all required approvals from DWR, including environmental clearances. If DWR funds are not forthcoming from DWR for any reason, GWMA shall not have any obligation to reimburse Subrecipient through any other source of GWMA funds.

3.2 Cost Overruns. At no time shall GWMA or a non-participating GWMA member be liable for any cost associated with the Project, including the Sub-Project. In the event that the Funds are not forthcoming from DWR for any reason, or if the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way, neither GWMA nor the GWMA members that are not named as the Subrecipient under this Agreement shall be held liable for any costs. Subrecipient shall be solely responsible for any costs associated with the Sub-Project in the event that the Funds are not forthcoming for any reason, or in the event that the Funds allocated to Subrecipient are insufficient to cover costs for the Sub-Project in any way.

3.3 Method of Payment. GWMA shall make reimbursements to Subrecipient upon Subrecipient's submittal of, and GWMA's approval of: (i) a detailed invoice for Sub-Project costs incurred containing the information required in Section 11.c) of the Grant Agreement, and supporting documentation; (ii) deliverables, as specified in Section 18 of and Exhibit A to the Grant Agreement; (iii) the plans, specifications, environmental documentation and monitoring plan described in Section 8.e) of the Grant Agreement; (iv) the audited financial statements required under Section 8.a) of the Grant Agreement; (v) all applicable reports required under Section 18 of the Grant Agreement; and (vi) evidence of compliance with the groundwater compliance options set forth on pages 14 and 15 of the IRWM Program Guidelines dated May 2015. Subrecipient may submit reimbursement requests to GWMA only on a quarterly basis in January, April, July or September in each year for the term of this Agreement. Payments to the Subrecipient shall be subject to the retention requirements set forth in Section D.37) of Exhibit D of the Grant Agreement. GWMA shall not make the last reimbursement payment to Subrecipient until Subrecipient has shown it has completed the Sub-Project as set forth in Section 1.1 of this Agreement. To the extent the Funds actually have been received from LACFCD, GWMA shall pay Subrecipient for all expenses stated on the invoice, which are approved by GWMA pursuant to this Agreement no later than forty-five (45) days after receipt of payment from LACFCD provided the reports are also timely submitted and approved.

4. PERFORMANCE SCHEDULE

4.1 Time of Essence. Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance. Subrecipient shall commence, prosecute and complete the Sub-Project as detailed under Section 1.1 of this Agreement within the time periods established in Exhibit C of the Grant Agreement, unless extensions of such time periods have been approved in writing by GWMA.

4.3 Term. This Agreement shall commence on the Effective Date and shall be terminated when all of the following have occurred, unless earlier terminated in accordance with

Section 8.2 of this Agreement: (i) the entirety of the Sub-Project has been completed, (ii) all audits and reports have been submitted by Subrecipient to GWMA pursuant to the Grant Agreement and the MOU and (iii) LACFCD has released final disbursement to GWMA and Subrecipient has received final disbursement of the Funds from GWMA pursuant to this Agreement; or by _____, whichever event occurs first. In the event that the _____ deadline is extended pursuant to any agreement between DWR and GWMA, the new deadline shall take the place of “_____” in the preceding sentence.

4.4 Reversion of Assets. Upon the expiration or sooner termination of this Agreement, Subrecipient shall transfer to GWMA: (i) any and all Funds on hand that Subrecipient is not already obligated to pay to others for the Sub-Project; and (ii) any accounts receivable attributable to the use of the Funds that Subrecipient is not already obligated to pay to others for the Sub-Project.

5. COORDINATION OF WORK

5.1 Subrecipient Representative. The Subrecipient Representative for Subrecipient shall be the Conservation Manager of the Central Basin Municipal Water District or such person as may be designated by the General Manager in writing. GWMA shall refer any decisions that must be made by Subrecipient to the Subrecipient Representative. Any approval by Subrecipient required under this Agreement shall mean the approval of the Subrecipient Representative, unless the Subrecipient Representative informs GWMA that the decision must be made by the Central Basin Municipal Water District Board of Directors.

5.2 GWMA Representative. The GWMA Representative shall be Executive Director, or such person as may be designated by the Executive Director in writing. It shall be Subrecipient’s responsibility to ensure that the GWMA Representative is kept informed of the progress of the performance of the Sub-Project and Subrecipient shall refer any decisions that must be made by GWMA to the GWMA Representative. Any approval by GWMA required under this Agreement shall mean the approval of the GWMA Representative, unless the GWMA Representative informs Subrecipient that the decision must be made by the Board of Directors.

5.3 Independent Contractor. Subrecipient is, and shall at all times remain as to GWMA and to all GWMA members not named as subrecipients under this Agreement, a wholly independent contractor. Subrecipient shall have no power to incur any debt, obligation or liability on behalf of GWMA or on behalf of any GWMA member not named as a subrecipient under this Agreement. Neither GWMA nor any of its agents shall have control over the conduct of Subrecipient or any of Subrecipient’s employees, except as set forth in this Agreement. Subrecipient shall fully comply with the workers’ compensation laws regarding the Subrecipient and Subrecipient’s employees. Subrecipient shall indemnify and hold GWMA and all GWMA members not named as subrecipients under this Agreement harmless from any failure of Subrecipient to comply with applicable workers’ compensation laws.

6. MANDATORY LIABILITY COVERAGE

6.1 General Liability Coverage. Subrecipient shall obtain, at its sole cost and keep in full force and effect during the term of this Agreement, commercial general liability coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

6.2 Memorandum of Coverage. Upon the execution of this Agreement, Subrecipient shall file with GWMA commercial insurance coverage issued by Allied World Assurance Company that shall provide notice of cancellation shall be provided to GWMA in accordance with the terms of the policy.

6.3 Additional Insurance Requirements. The general liability coverage shall provide (i) that the coverage shall extend to the City, GWMA, and each of its officers, agency, employees and volunteers, including as respects to Completed Operations and (ii) that the coverage shall operate as primary coverage.

6.4 Coverage Requirements. Subrecipient shall require each consultant or contractor retained by Subrecipient to implement the Sub-Project to obtain liability coverage of \$1 million per occurrence for bodily injury, personal injury, and property damage with a \$2 million aggregate and Automobile Liability of \$1 million per accident for bodily injury and property damage at least as comprehensive as required under Sections 6.1-6.3 of this Agreement and shall require GWMA and its officers, agents, employees, and volunteers to be named as additional named insured on such coverage. Subrecipient shall also require each consultant and contractor to obtain workers' compensation coverage at not less than the minimum required under California law.

7. RECORDS AND REPORTS

7.1 Records. Subrecipient shall be preserve all records related to the Sub-Project for at least three (3) years after completion of the Sub-Project or final billing, whichever comes later.

7.2 Reports. Subrecipient shall prepare and submit detailed invoices regarding the Sub-Project to GWMA on a quarterly basis. Subrecipient shall prepare and submit reports to GWMA as required under Section 18 of the Grant Agreement. GWMA and its Consultant shall prepare and submit regional reports to DWR and LACFCD to fulfill the GWMA's reporting obligations under the Grant Agreement and the MOU.

8. ENFORCEMENT OF CONTRACT

8.1 Applicable Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California and the United States, as applicable. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of Los Angeles, State of California, the United States District, or any other appropriate court in Los Angeles County, and Subrecipient covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Termination. GWMA may terminate this Agreement if GWMA receives notice from DWR or LACFCD that the Grant Agreement or the MOU has been terminated by giving

thirty (30) calendar days' notice to Subrecipient. GWMA shall reimburse Subrecipient for all costs incurred prior to the termination date in accordance with the Grant Agreement and the MOU only to the extent that LACFCD provides those reimbursement funds to GWMA.

8.3 Waiver. Waiver by any party of any of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement.

8.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default, or any other default by the other parties.

8.5 Legal Action. In addition to any other rights or remedies, any party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to complete specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.6 Attorneys' Fees. If any party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief that may be granted, whether legal or equitable, shall be entitled to actual attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other costs for investigating such action, taking depositions and discovery and all other costs incurred in such litigation.

8.7 Assignment. Subrecipient shall not assign this Agreement, either in whole or in part, without GWMA's prior written consent.

9. INDEMNIFICATION

9.1 Indemnification. Neither GWMA nor any officer or employee thereof, nor any member of GWMA that is not named as a subrecipient in this Agreement, shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by Subrecipient, its officers, agents, employees, contractors and subcontractors under this Agreement. Subrecipient shall fully indemnify, defend and hold GWMA harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, any legal fees, and any claims for damages of any nature whatsoever arising out of this Agreement, including: (i) misuse of the Funds by Subrecipient or its officers, agents, employees, contractors or subcontractors; (ii) default or breach of Subrecipient's obligations under this Agreement; or (iii) any act or omission of Subrecipient or its officers, agents, employees, contractors or subcontractors in the performance and implementation of the Sub-Project under this Agreement. The provisions of this Section 9.1 shall survive the expiration or termination of this Agreement.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. Any notices, bills, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (i) the day of delivery if delivered by hand or overnight courier service during Subrecipient's and GWMA's regular business hours or by facsimile before or during regular business hours; or (ii) on the third business day following deposit in the United States mail, postage prepaid, to the addresses set forth below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this Section 10.1. All notices shall be delivered to the parties at the following addresses:

To GWMA: Attn: Grace J. Kast, Executive Officer
Gateway Regional Water Management Authority
16401 Paramount Boulevard
Paramount, California 90723
Facsimile: 562-634-8216

To Subrecipient: Attn: Sandi Linares-Plimpton, Conservation Manager
Central Basin Municipal Water District
6252 Telegraph Road
Commerce, California 90040-2512
Facsimile: 323-201-5550

10.2 Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

10.3 Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

10.4 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

10.5 Integration; Amendment. It is understood that there are no oral agreements between the parties of this Agreement affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.6 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement, on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

10.7 Exhibits; Precedence. Exhibit A and Exhibit B are incorporated into this Agreement by this reference. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit A and Exhibit B, the provisions of this Agreement shall prevail, except that all state grant fund requirements contained in Exhibit A shall prevail over the provisions of this Agreement.

10.8 Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

DRAFT 07/29/2016 Central Basin Subrecipient Agreement

The parties are signing this Agreement on the date stated in the introductory clause.

GWMA

Subrecipient

Los Angeles Gateway Region Integrated
Regional Water Management Joint Powers
Authority,
a California Joint Powers Authority

Central Basin Municipal Water District
a _____

By: _____
Name: _____
Title: _____

By: _____
Name: Kevin P. Hunt, P.E.
Title: General Manager

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

By: _____
Name: Alfred Smith
Title: Nossaman, LLP, District Counsel

**EXHIBIT A
GRANT AGREEMENT
BETWEEN DWR AND LACFCD
(See Attached)**

EXHIBIT B
MEMORANDUM OF UNDERSTANDING
BETWEEN GWMA AND LACFCD
(See Attached)

Long Beach Press Telegram (<http://www.presstelegram.com>)

AGENDA ITEM NO. 8

Local legislators reach compromise on Central Basin reform bills

By Mike Sprague, Whittier Daily News

Friday, August 5, 2016

State Sen. Ricardo Lara and Assemblywoman Cristina Garcia announced Friday a compromise on their proposed legislation to reform the Central Basin Municipal Water District.

The compromise will place three non-elected officials from water utilities on the board and eventually reduce the number of elected directors from five to four, said Garcia, D-Downey. The reduction in board members won't happen until 2022.

"I think the compromise is thoughtful and fair and reaches both of our goals, which is to make sure we have a board that is more transparent and accountable," Garcia said.

Lara, D-Long Beach, agreed.

"Central Basin ratepayers deserve accountability and transparency from their leaders," he wrote in an email. "Today, I am proud to join Assemblymember Garcia in advancing our package to enact much needed reforms designed to restore trust among the community and move the district forward."

Garcia and Lara introduced [AB 1794](#) and [SB 953](#) in response to the [state audit](#) released in December 2015 that included 32 recommendations criticizing the board for causing the district to lose its liability insurance coverage; violating state law by improperly approving the establishment of a legal trust fund without adequate public disclosure; engaging in questionable contract practices by avoiding competitive bidding; and inappropriately using amendments to extend and expand contracts.

District officials said they have completed nearly all of the recommendations and will be finished by the end of the year.

Garcia and Lara had differed on the makeup of the board. Lara wanted to add two appointed directors and leave the number of elected members at five. Garcia wanted a board made up of four elected officials and three appointed, with the transition to take place after the November 2018 election.

Mark Grajeda, president of the Central Basin Municipal Water Association, said he's happy an agreement was reached.

"The thing I'm most excited about is that they're working together," Grajeda said.

Central Basin General Manager Kevin Hunt said he didn't like the reduction of the number of elected members on the board but otherwise he's OK with the proposal.

"I don't agree with cutting the voting power of citizens," he said.

Each of the legislators will keep their bills but amend them. Garcia's bill will include the governance issues on the makeup of the board.

The Legislature has until Aug. 31 to approve both bills and send them to the governor.

URL: <http://www.presstelegram.com/government-and-politics/20160805/local-legislators-reach-compromise-on-central-basin-reform-bills>

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