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www.gatewaywater.org

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

AGENDA

**Regular Meeting of the Board of Directors
Thursday, March 9, 2017 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 Consent Calendar: (Acted as one item unless withdrawn by request)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 February 9, 2017 (Enclosure)
- b. Approve the Warrant Register for March 2017(Enclosure)

6. GWMA Audit for FY 2015/16 (Enclosure)

- a. That the Board receive and file the Annual Audited Financial Statements for FY 15/16 as presented

7. Discussion/Action Regarding USBR WaterSMART Grant (Enclosure)

- a. Authorize the Executive Officer to work with legal Counsel to develop a First Amendment to the Subrecipient Agreement template
- b. Authorize the Executive Officer to sign and execute individual First Amendment to the Subrecipient Agreement with each Subrecipient receiving additional meters.

8. IRWMP Activities and Update

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (Signal Hill), Secretary/Treasurer
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9. Gateway Region Watershed Management Groups

- a. Lower Los Angeles River Upper Reach 2 Watershed Group
- b. Lower Los Angeles River Watershed Group
- c. Los Cerritos Channel Watershed Group
- d. Lower San Gabriel River Watershed Group

10. Executive Officer's Report

11. Directors' Comments/Reports

12. Adjournment

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (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, FEBRUARY 9, 2017**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, February 9, 2017 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 11:49 a.m. Roll was called by Ms. Penn and a quorum of the Board was declared.

BOARD MEMBERS PRESENT:

Okina Dor	Artesia
Audra McDonald (alternate)	Avalon
Nick Servin (alternate)	Bell Gardens
Tammy Hierlihy	Central Basin MWD
Mike O'Grady (alternate)	Cerritos
Gina Nila	Commerce
Mohammad Mostahkami	Downey
Christina Dixon (alternate)	Huntington Park
Lisa Rapp	Lakewood
Anthony Arevalo	Long Beach
B. Anatole Falagan (alternate)	Long Beach Water Department
Sam Kouri (alternate)	Montebello
Adriana Figueroa	Norwalk
Chris Cash	Paramount
Hannah Shin-Heydorn	Signal Hill
Gladis Deras (alternate)	South Gate
Claudia Arellano (alternate)	Vernon
Dave Schickling	Whittier
Esther Rojas	Water Replenishment District of Southern California

STAFF AND GUESTS ON SIGN-IN SHEET:

Grace Kast	Executive Officer
Toni Penn	Admin/Accounting Manager
Steve Dorsey	Legal Counsel
Candice Lee	Legal Counsel
Bill Minasian	Downey Resident
Greg Ripperger	Civiltec Engineering
Gerry Greene	CWE
Gabriel Gomez	Pico Rivera
Bill Strand	RRM Design Group

ITEM 3 - ADDITIONS TO THE AGENDA

Chair Cash requested the approval from the Board to add an Urgency Item to the Agenda after Item 5. The Urgency Item was regarding the Notice of Public Hearing and Opportunity to Comment on the proposed revisions to the Clean Water Action Section 303(d) list for the Los Angeles Region and the 2016 Integrated Report. He indicated that comments had to be submitted prior to GWMA's next Board meeting and, therefore, would need to be added to this agenda in the essence of time. Director Rapp moved to approve the addition and Director Figueroa seconded the motion. The motion was approved by the following voice vote:

AYES: DOR, MCDONALD, SERVIN, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, RAPP, AREVALO, FIGUEROA, CASH, SHIN-HEYORN, DERAS, ARELLANO, SCHICKLING, ROJAS, FALAGAN

NOES: NONE

ABSTAIN: NONE

ITEM 4 – ORAL COMMUNICATIONS TO THE BOARD

None.

ITEM 5 – CONSENT CALENDAR

Director Mostahkami motioned to approve the consent calendar as presented. Director Deras seconded the motion and was approved by the following voice vote:

AYES: DOR, MCDONALD, SERVIN, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, RAPP, AREVELO, FIGUEROA, CASH, SHIN-HEYORN, DERAS, ARELLANO, SCHICKLING, ROJAS

NOES: NONE

ABSTAIN: FALAGAN

ITEM 6 – DISCUSSION/ACTION REGARDING NOTICE OF PUBLIC HEARING AND OPPORTUNITY TO COMMENT ON THE PROPOSED REVISIONS TO THE CLEAN WATER ACTION SECTION 303(D) LIST FOR THE LOS ANGELES REGION AND THE 2016 INTEGRATED REPORT

Ms. Kast reported that the Regional Board recently released proposed changes to the 303(d) list. She indicated that comments regarding these changes were due on March 9th and a hearing was scheduled for April 6th. She indicated that the Sanitation Districts of Los Angeles County would be submitting a request that this comment period be extended by 30 days and requested that GWMA consider sending a similar letter to request an extension as well.

Director Rapp moved to send a letter to the Regional Board requesting a 30-day extension to the comment period on proposed changes to Section 303(d) and Director Figueroa seconded the motion. The motion was approved by the following voice vote:

AYES: DOR, MCDONALD, SERVIN, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, RAPP, AREVELO, FIGUEROA, CASH, SHIN-HEYORN, DERAS, ARELLANO, SCHICKLING, ROJAS, FALAGAN

NOES: NONE

ABSTAIN: NONE

Director Kouri entered at 12:13 p.m.

ITEM 7 – DISCUSSION/ACTION REGARDING GWMA'S ROLE IN WATERSHED GROUP IMPLEMENTATION GRANTS AND CONTRACTS

Ms. Kast reported that, at the request of the Lower Los Angeles River Upper Reach 2 Group (LAR UR2), GWMA submitted an application under the State Water Resources Control Board's Prop 1 Stormwater Implementation Grant Program for an implementation project identified in their Water Management Plan. She stated that the project was selected and awarded \$10M with a \$1M local funding match requirement.

Ms. Kast stated that, because of the grant award, questions about GWMA's role in contracting and grant compliance had now been raised by staff, legal counsel, the watershed group Chair and the Executive Committee.

Mr. Dorsey and Ms. Lee outlined their concerns regarding GWMA's involvement in construction contracts and the liability risks to GWMA and its members.

After detailed discussions, the Board recommended that staff schedule a conference call with the Chairs of each of the watershed groups, staff, consultants, and legal counsel to further discuss and bring this item back to the board in March with recommendations.

Director Arevelo left at 12:56 p.m.

ITEM 8 – IRWMP ACTIVITIES AND UPDATE

None.

ITEM 8 – GATEWAY REGION WATERSHED MANAGEMENT GROUPS

Lower Los Angeles River Upper Reach 2 Watershed Group

None.

Lower Los Angeles River Watershed Group

None.

Los Cerritos Channel Watershed Group

None.

Lower San Gabriel River Watershed Group

None.

ITEM 9 – EXECUTIVE OFFICER’S REPORT

None.

ITEM 10 – DIRECTORS’ COMMENTS/REPORT

None.

The meeting was adjourned at 1:09 PM.

Hannah Shin-Heydorn, Secretary/Treasurer

Date

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*Los Angeles Gateway Region
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March 9, 2017

SECTION NO. 5(b) Warrant Register Dated March 2017

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 March 2017 in the amount of \$1,424,655.53 is submitted for approval. Invoices and supporting documentation are available for review at the office of the GWMA.

FISCAL IMPACT:

The Warrant Registers totals \$1,424,655.53. Funds to cover payment are available in the Gateway Authority budget.

RECOMMENDATION:

Approve the Warrant Register for March as presented.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (Signal Hill), Secretary/Treasurer
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AGENDA ITEM NO. 5b

WARRANT REGISTER
Disbursement Journal
March-17

Invoice Date	Vendor	Invoice Number	Description	Amount
2/3/2017	Anchor QEA	50503	Harbor Toxics TMDL Monitoring for December	\$ 52,977.52
3/1/2017	City of Paramount	3570	Rent - March 2017	\$ 330.27
3/1/2017	City of Paramount	3574	Meeting Expenses - February 2017	\$ 18.63
1/23/2017	City of Signal Hill	PW-17-002	IRWM Drought Grant Reimbursement #2	\$ 1,192,122.23
03/01/17	GK Consultants	17-3-GWMA	Professional and Accounting Services	\$ 21,862.50
03/01/17	GK Consultants	17-3-DACIP-GWMA	GLAC DAC Chair Activities	\$ 2,145.00
02/22/17	Joe A Gonsalves & Son	155479	Legislative Advocacy Services for March	\$ 2,083.00
01/25/17	John L Hunter & Associates	GAGRANT1216	Prop 84 - Round Two for October through December	\$ 22,985.00
02/21/17	John L Hunter & Associates	GAHT0117	Upstream Harbor Toxic for January	\$ 1,980.00
02/21/17	John L Hunter & Associates	GANPLA0117	LLAR WMP Development for January	\$ 13,620.00
02/21/17	John L Hunter & Associates	GANPSG0117	LSGR WMP Development for January	\$ 31,402.50
02/16/17	Richards Watson Gershon	210522	Legal Services - General	\$ 478.10
02/16/17	Richards Watson Gershon	210523	Legal Services - Project Specific	\$ 1,680.74
02/09/17	Rodger's Catering	26051	Meeting Expense	\$ 429.40
3/2/17	Tetra Tech Divisions	51153945	Feasibility Study for the LAR UR2	\$ 76,540.64
02/28/17	Vicenti, Lloyd & Stutzman, CPAs	15182	Accounting/Auditing Services	\$ 4,000.00
				<u>\$ 1,424,655.53</u>

Reviewed and Approved by:



 Hannah Shin-Heydorn, GWMA Secretary/Treasurer

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*Los Angeles Gateway Region
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 Joint Powers Authority*

March 9, 2017

SECTION NO. 6 - GWMA Audit for FY 2015/16

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 15/16 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, 2016, 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 did not note deficiencies in internal controls that could cause the financial statements to be materially misstated. In addition, the auditor's tests did not disclose any instances of non-compliance or other matters that were required to be reported under *Government Auditing Standards*.

The auditors issued their required communication to the Board based on their professional standards. The purpose of this communication is to communicate significant and relevant audit matters to those charged with governance in overseeing the financial reporting process. The communication letter addresses both qualitative and quantitative information regarding the audit process. The auditor encountered no significant difficulties or disagreements in dealing with management in performing and completing these audits.

RECOMMENDATION:

That the Board receive and file the Annual Audited Financial Statements for FY 15/16 as presented.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (Signal Hill), Secretary/Treasurer
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**LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY**

**MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER**

June 30, 2016

**LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY**
June 30, 2016

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MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the 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 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our reports thereon dated February 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
February 24, 2017



MOSS, LEVY & HARTZHEIM LLP

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

We have audited the 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 for the fiscal years ended June 30, 2016, and have issued our report thereon dated February 24, 2017. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and, if applicable, *Government Auditing Standards and OMB Circular A-133*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated August 26, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was the collectability of receivables. The amount of estimated collectability of receivables is based on historical data and knowledge of the funding source. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All known and likely misstatements were recorded other than those deemed trivial. In our review, there was an invoice for \$23,182.50 that was booked into accounts payable incorrectly, resulting in a timing difference. Corrective actions were taken by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the members of the Board of Directors and management of Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
February 24, 2017

CURRENT YEAR RECOMMENDATIONS

NONE

PRIOR YEAR RECOMMENDATIONS

NONE

AGENDA ITEM NO. 6

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

FINANCIAL STATEMENTS

JUNE 30, 2016

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

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June 30, 2016

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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, 2016, 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, 2016, 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.

Other Matters

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.

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 February 24, 2017, 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

Moss, Levy & Hartzheim LLP
Culver City, California
February 24, 2017

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 838,946
Accounts receivable	1,359,381
Prepaid expenses	<u>3,448</u>
Total assets	<u>2,201,775</u>
LIABILITIES:	
Accounts payable	459,435
Unearned revenue	<u>97,920</u>
Total liabilities	<u>557,355</u>
NET POSITION:	
Unrestricted	<u><u>\$ 1,644,420</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, 2016

		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	\$ 1,355,547	\$ 369,500	\$ 2,449,791	\$ -	\$ 1,463,744
General revenues:					
Investment income					
Total general revenue					
Change in net position				1,463,744	
Net position at beginning of fiscal year				180,676	
Net position at end of fiscal year				\$ 1,644,420	

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, 2016

	General Fund
ASSETS:	
Cash and investments	\$ 838,946
Accounts receivable	1,359,381
Prepaid expenses	3,448
Total assets	\$ 2,201,775
 LIABILITIES AND FUND BALANCE:	
Liabilities	
Accounts payable	\$ 459,435
Unearned revenue	97,920
Total liabilities	557,355
 Fund balance	
Nonspendable	3,448
Unassigned	1,640,972
Total liabilities and fund balance	\$ 2,201,775

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, 2016

Fund balance for the governmental fund	<u>\$ 1,644,420</u>
Net position of governmental activities	<u>\$ 1,644,420</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, 2016

	<u>General Fund</u>
Revenues:	
General membership fees	\$ 369,500
Intergovernmental revenues	700,298
Grant revenue	<u>1,749,493</u>
Total revenues	<u>2,819,291</u>
Expenditures:	
Professional fees	291,679
Administrative	24,232
Contract services	142,325
Gateway IRWM plan	<u>897,311</u>
Total expenditures	<u>1,355,547</u>
Net Change in Fund Balance	1,463,744
Fund balance at beginning of fiscal year	<u>180,676</u>
Fund balance at end of fiscal year	<u><u>\$ 1,644,420</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, 2016

Net change in fund balance - governmental fund	<u><u>\$ 1,463,744</u></u>
Change in net position of governmental activities	<u><u>\$ 1,463,744</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 FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2016

	<u>Private Purpose Trust Funds</u>
Assets:	
Cash and investments	\$ 3,759,463
Accounts receivable	<u>414,257</u>
Total assets	<u>4,173,720</u>
Liabilities:	
Accounts payable	191,715
Refundable deposits	<u>76,143</u>
Total liabilities	<u>267,858</u>
Net Position:	
Unrestricted	<u><u>\$ 3,905,862</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, 2016

	<u>Private Purpose Trust Funds</u>
Additions:	
Los Angeles River Upper Reach	\$ 747,160
Los Cerritos Channel	688,874
Lower Los Angeles River	854,900
Coyote Creek (LSGR)	815,514
Harbor Toxic	<u>842,805</u>
Total additions	<u>3,949,253</u>
Deductions:	
Los Angeles River Upper Reach	238,647
Los Cerritos Channel	404,647
Lower Los Angeles River	475,550
Coyote Creek (LSGR)	471,806
Harbor Toxic	<u>333,585</u>
Total deductions	<u>1,924,235</u>
Change in net position	2,025,018
Net Position at beginning of fiscal year	<u>1,880,844</u>
Net Position at end of fiscal year	<u><u>\$ 3,905,862</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, 2016

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, 2016

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, except for certain reimbursement type grants, which are considered to be available if they are collected within 18 months 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, 2016

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. There are no deferred outflows or deferred inflows of resources for the fiscal year ended June 30, 2016.

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.

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. There is no investment in capital assets at June 30, 2016.

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, 2016

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, 2016 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, 2016 consisted of the following:

Government-wide statement of net position:	
Equity in City of Signal Hill pooled cash	\$ 838,946
Fiduciary fund statement of net position:	
Equity in City of Signal Hill pooled cash	<u>3,759,463</u>
Total	<u><u>\$ 4,598,409</u></u>

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

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, 2016

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. UNEARNED REVENUE:

At June 30, 2016, components of deferred or unearned revenue in the fund financial statements were as follows:

Governmental Fund	
Membership Fees	\$ 97,920
Total	\$ 97,920

4. EXCESS EXPENDITURES:

The following expenditures were in excess of appropriations within the general fund:

	Appropriations	Actual Expenditures	Excess
Administrative Expenses	\$ 19,800	\$ 24,232	\$ (4,432)
Gateway IRWM plan	-	897,311	(897,311)

LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT
JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

5. COMMITMENTS:

In 2016, Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority 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, 2016

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
General membership fees	\$ 369,500	\$ 369,500	\$ 369,500	\$ -
Intergovernmental revenues	108,045	108,045	700,298	592,253
Grant revenue	36,000	36,000	1,749,493	1,713,493
Interest income	5,000	5,000		(5,000)
Total Revenues	<u>518,545</u>	<u>518,545</u>	<u>2,819,291</u>	<u>2,300,746</u>
Expenditures:				
Professional services	314,000	314,000	291,679	22,321
Administrative	19,800	19,800	24,232	(4,432)
Contract services	175,870	175,870	142,325	33,545
Gateway IRWM plan			897,311	(897,311)
Total Expenditures	<u>509,670</u>	<u>509,670</u>	<u>1,355,547</u>	<u>(845,877)</u>
Net Change in Fund Balance	8,875	8,875	1,463,744	1,454,869
Fund Balance - Beginning of Fiscal Year	<u>180,676</u>	<u>180,676</u>	<u>180,676</u>	
Fund Balance - End of Fiscal Year	<u>\$ 189,551</u>	<u>\$ 189,551</u>	<u>\$ 1,644,420</u>	<u>\$ 1,454,869</u>

See the independent auditor's report

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

March 9, 2017

SECTION NO. 7 - Discussion/Action Regarding USBR WaterSMART Grant

SUMMARY:

In early 2014, GWMA was awarded a grant under the \$1M dollar category in the WaterSMART Program administered by the US Bureau of Reclamation. GWMA entered into a Grant Agreement dated September 24, 2014 by which GWMA would receive One Million Dollars for the Gateway Regional Advanced Meter Infrastructure Program to assist the Cities of Bellflower, Downey, Lakewood, Norwalk, Pico Rivera, Signal Hill, South Gate, Vernon and Whittier.

On February 28, 2017, GWMA received notification from the City of Vernon that they would be withdrawing from participating in this grant due to changes occurring within their city. The City of Vernon was committed to installing 512 meters by December 2017 under this grant. GWMA staff immediately notified the USBR and has received confirmation that the meters could be redistributed among the remaining participants in this grant.

GWMA staff contacted the remaining participants to determine if there was an interest in these meters. GWMA staff has received responses from several that have expressed interest.

In order to redistribute these meters, those participants that receive these meters would be required to complete the installation by December 2017 (this may include meters already installed and not included in any grant reimbursements previously). In addition, since all participants have already executed a Sub-Recipient Agreement with GWMA, these Agreements would need to be amended to reflect the addition of these meters and adjust their commitment to cost sharing and reimbursement amount from the Grant.

RECOMMENDATION:

- a. Authorize the Executive Officer to work with Legal Counsel to develop a First Amendment to the Subrecipient Agreement template.
- b. Authorize the Executive Officer to sign and execute individual First Amendment to the Subrecipient Agreement with each subrecipient receiving additional meters.

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (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 · Pico Water District · 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