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

AGENDA

**Regular Meeting of the Board of Directors
Thursday, September 8, 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 Consent Calendar: (Acted as one item unless withdrawn by request)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 August 11, 2016 (Enclosure)
- b. Warrant Register Report for September 2016 (Enclosure)

6. Presentation – Watershed Updates (Hunter, Watson, & Greene)

7. Status on Private Companies MOU

8. Discussion/Action Regarding GWMA's Audit for FY 2015/16 (Enclosure)

- a. Retain Moss, Levy & Hartzheim LLP to conduct GWMA's FY 2015/16 audit in an amount not to exceed \$9,450

9. IRWMP Activities and Update

- a. GLAC DAC Committee Chair and RDCIP Representation (Enclosure)
 - 1. Approve Amendment No. 2 to the GK Consulting Professional Services Agreement for the Executive Officer to Serve as the GLAC DAC Chair and RDCIP Representative in the Amount not to Exceed \$18,000
- b. Grants and Other Updates

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Steve Myrter (Signal Hill), Secretary/Treasurer
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10. 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

11. Executive Officer's Report

12. Directors' Comments/Reports

13. Adjournment

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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, AUGUST 11, 2016**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, August 11, 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 11:37 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
Tammy Hierlihy	Central Basin MWD
Mike O'Grady (alternate)	Cerritos
Gina Nila	Commerce
Mohammad Mostahkami	Downey
Christina Dixon (alternate)	Huntington Park
Marlin Munoz (alternate)	La Mirada
Lisa Rapp	Lakewood
Anatole Falagan (alternate)	Long Beach Water Department
Chris Cash	Paramount
Noe Negrete	Santa Fe Springs
Gladis Dera (alternate)	South Gate
Scott Rigg (alternate)	Vernon
Dave Schickling	Whittier
Esther Rojas (alternate)	Water Replenishment District

STAFF AND GUESTS ON SIGN-IN SHEET:

Grace Kast	Executive Officer
Toni Penn	Admin/Accounting Manager
Bibi Weiss	Office Assistant
Ken Putnam	City of Bell Gardens
Toyasha Sebbag	City of Lakewood
Charlie Honeycutt	Signal Hill
Virginia Fowler	LACFCD
Bill Minasian	Downey
Iso Nakasato	Assemblywoman Garcia's Office
Cindy Byerrum	Platinum Consulting Group

ITEM 3 - ADDITIONS TO THE AGENDA

None.

ITEM 4 – ORAL COMMUNICATIONS TO THE BOARD

None.

ITEM 5 – CONSENT CALENDAR

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

AYES: DOR, MONROE, VU, GORECKI, HIERLIHY, O’GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, FALAGAN, CASH, NEGRETE, SCHICKLING

NOES: NONE

ABSTAIN: RIGG, DERAS, ROJAS

ITEM 6 – DISCUSSION/ACTION REGARDING GWMA AUDIT ACTIVITIES

Cindy Byerrum reported that the opinions expressed by the auditors for FY2014/15 was that the financial statements were presented fairly, in all material respects. She also stated that 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 were accordance with accounting principles generally accepted in the United States of America.

Director Mostahkami to receive and file the Annual Audit for FY 2014/15 as presented. The motion was seconded by Director Deras and was approved by the following voice vote:

AYES: DOR, MONROE, VU, GORECKI, HIERLIHY, O’GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, FALAGAN, CASH, NEGRETE, SCHICKLING, DERAS, ROJAS, RIGG

NOES: NONE

ABSTAIN: NONE

ITEM 7 – DISCUSSION/ACTION REGARDING PROP 84 IRWM 2015 GRANT

Ms. Kast reported that the four GWMA projects were selected to receive funding under the Prop 84 IRWM 2015 Grant. She stated that those projects were the Advanced Water Meter Replacement Project, which would receive \$745,902, the Gateway Cities Regional Recycled Water Expansion Project, which would receive \$920,810.70; the Paramount Blvd. Turf Replacement Project, which would receive \$1,000,000; and the Southeast Water Efficiency Program, which would receive \$745,902.

Ms. Kast indicated that the GWMA must enter into an MOU with the LACFCD to serve as the Local Project Sponsor by which GWMA will receive the Grant funds. She also stated that GWMA would also be entering into subrecipient agreements with each project participant in order to distribute those funds to participants. Ms. Kast recommended that the Board approve the MOU between the LACFCD and GWMA and the Individual Subrecipient Agreements with each participant as presented.

Director Rapp moved to approve the following actions:

- Approve the MOU between the LACFCD and GWMA and authorize the Executive Officer to make non-material changes to the MOU in consultation with legal counsel;
- Authorize the Chair to sign and execute the MOU between the LACFCD and GWMA;
- Approve individual Subrecipient Agreements with participants of the Advanced Meter Replacement Project, the Southeast Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project and the Paramount Blvd. Turf Replacement Project;
- Authorize the Executive Officer to sign and execute individual Subrecipient Agreements with participants of the Advanced Meter Replacement Project, the Southeast Water Efficiency Project, the Gateway Cities Regional Recycled Water System Expansion Project and the Paramount Blvd. Turf Replacement Project

The motion was seconded by Director Vu and was approved by the following voice votes:

AYES: DOR, MONROE, VU, GORECKI, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, FALAGAN, CASH, NEGRETE, SCHICKLING, DERAS, ROJAS, RIGG

NOES: NONE

ABSTAIN: NONE

ITEM 8 – DISCUSSION/ACTION REGARDING SUPPORT OF SB953 AND AB1794

Iso Nakasato from Assemblywoman Garcia's office reported that a compromise had been reached between Senator Lara's and Assemblywoman Garcia's offices on the Central Basin Municipal Water District reform bills SB953 and AB1794. She indicated that the Legislature had until August 31st to approve both bills and send them to the Governor for signature.

After general discussions, Director Nila moved to send a letter supporting SB953 and AB1794. The motion was seconded by Director Rigg and was approved by the following voice votes:

AYES: DOR, MONROE, VU, GORECKI, O'GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, CASH, NEGRETE, SCHICKLING, ROJAS, RIGG

NOES: NONE

ABSTAIN: DERAS, HIERLIHY, FALAGAN

Director Vu left the meeting at 11:58 AM.

ITEM 9 – DISCUSSION/ACTION REGARDING GWMA-HOSTED STORMWATER WORKSHOP

Ms. Kast reported that as a followup to previous board meeting reports, GWMA was working on a Stormwater Workshop. She stated that the date for this workshop had been set for Thursday, October 27, 2016 from 6:00 to 7:00 p.m. and would be held at the Monte Verde Lodge in the City of Lakewood. She indicated that this workshop would target local and regional elected officials in the Gateway Region. She also indicated that there would be presentations from Mr. John Hunter, who is the consultant for 3 of the 4 watershed groups, and Mr. Ken Farfsing, who is the City Manager of Carson and also previously served as City of Manager for the City of Signal Hill.

Director Schickling recommended that the lawsuit filed by the cities of Gardena, Rosemead and Whittier be presented at a future board meeting.

ITEM 10 – GATEWAY REGION WATERSHED MANAGEMENT GROUPS

Discussion/Action Regarding Private Entities' Financial Participation

Mr. John Hunter reported that GWMA was currently acting as the fiduciary agent for the Harbor Toxics RMC group, which is comprised of those cities touching the coastline, to share monitoring data. He stated that these participants were being charged about \$12,300 annually.

Mr. Hunter reported that there was now a similar movement for private industries (with individual NPDES permits) to pay for monitoring or join a monitoring program. He stated that a company had approached him requesting that GWMA act as the fiduciary agent for a monitoring program with these private industries. He indicated that this could potentially involve several hundred businesses and would include sites all along the Los Angeles and San Gabriel River for outside the GWMA area.

Ms. Kast indicated that this type of program would require an increase in staffing needs in order to maintain a level of services to GWMA members.

After detailed discussions, Director Dor moved to direct staff to develop a proposal to include a draft agreement and additional staffing requirements for Board consideration in September. The motion was seconded by Director Nila and approved by the following voice votes:

AYES: DOR, MONROE, GORECKI, O'GRADY, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, CASH, NEGRETE, DERAS, ROJAS, RIGG

NOES: SCHICKLING

ABSTAIN: NONE

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 indicated the feasibility study was currently being conducted.

Lower Los Angeles River Watershed Group

None.

Los Cerritos Channel Watershed Group

None.

Lower San Gabriel River Watershed Group

Ms. Kast reported that the Lower San Gabriel River Watershed Group is requesting that GWMA act as the contracting agency for the catch basin retrofit. Director O'Grady indicated that cities are now required to retrofit 10% of their catch basins each year.

Director Mostahkami recommended that an Ad Hoc Committee be established to develop a template for Request for Proposals. Director Mostahkami and Director Negrete volunteered to participate in this committee.

Director O'Grady moved to establish an Adhoc Committee to develop a template for Requests for Proposals and bring it back to the Board for review and approval. The motion was seconded by Director Rapp and was approved by the following voice votes:

AYES: DOR, MONROE, GORECKI, O'GRADY, HIERLIHY, O'GRADY, NILA, MOSTAHKAMI, DIXON, MUNOZ, RAPP, CASH, NEGRETE, DERAS, ROJAS, RIGG, SCHICKLING

NOES: NONE

ABSTAIN: FALAGAN

Director Rojas left the meeting at 1:09 PM.

ITEM 11 – EXECUTIVE OFFICER'S REPORT

None.

ITEM 12 – DIRECTORS' COMMENTS/REPORT

Director Mostahkami requested that the consultants from each Watershed Group come to a future meeting of the Board and provide a status update.

The meeting was adjourned at 1:32.

Steve Myrter, Secretary/Treasurer

Date

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September 8, 2016

SECTION NO. 5(b) Warrant Register Dated September 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 September 2016 in the amount of \$559,504.18 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 \$559,504.18. Funds to cover payment are available in the Gateway Authority budget.

RECOMMENDATION:

Approve the Warrant Register for September as presented.

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AGENDA ITEM NO. 5B

WARRANT REGISTER

Disbursement Journal

September-16

Invoice Date	Vendor	Invoice Number	Description	Amount
6/10/2016	Anchor QEA	47023	Harbor Toxics TMDL Monitoring for April	\$ 2,707.53
5/22/2016	City of Cerritos	2859	Prop 1 Grant Drought Reimbursement	\$ 409,280.28
9/1/2016	City of Paramount	3473	Rent - September 2016	\$ 330.27
9/1/2016	City of Paramount	3475	Meeting Expenses - July and August 2016	\$ 59.29
8/12/2016	GEI Consultants, Inc.	3007455	GWMA 2015 Imple. Grant Solicitation	\$ 492.00
09/01/16	GK Consultants	16-07-GWMA	Professional and Accounting Services	\$ 24,502.50
08/30/16	Grace J. Kast	8-30-16-Reimb	ACWA Conference Registration Fee	\$ 905.00
08/18/16	Joe A Gonsalves & Son	155009	Legislative Advocacy Services for September	\$ 2,083.33
03/31/16	John L Hunter & Associates	GAHT0216	Upstream Harbor Toxic for March	\$ 1,608.75
04/20/16	John L Hunter & Associates	GAHT0316	Upstream Harbor Toxic for April	\$ 55,232.60
08/16/16	John L Hunter & Associates	GAHT0716	Upstream Harbor Toxic for July	\$ 361.35
08/16/16	John L Hunter & Associates	GANPLA0716	LLAR WMP Development for July	\$ 17,928.81
08/16/16	John L Hunter & Associates	GANPSG0716	LSGR WMP Development for July	\$ 19,005.00
08/17/16	Richard Watson & Associates, Inc.	16-192-003-010	LCC Watershed Monitoring Program	\$ 18,569.96
08/29/16	Richards Watson Gershon	208309	Legal Services - General	\$ 3,307.50
08/29/16	Richards Watson Gershon	208310	Legal Services - Project Specific Services	\$ 2,700.00
08/11/16	Rodger's Catering	24648	Meeting Expense - August	\$ 430.01
				<u>\$ 559,504.18</u>

Reviewed and Approved by:



Steve Myrter, GWMA Secretary/Treasurer

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SECTION 8 – Discussion/Action Regarding GWMA's Audit for FY 2015/16

SUMMARY

It is now time to prepare the FY 15/16 Audit. Due to consistency during this stage of the accounting transition, it is the recommendation of the Treasurer and GWMA's Accounting Consultant to continue to engage the same auditor that Signal Hill has used for the past 3 years. The enclosed engagement letter from Moss, Levy and Hartzheim LLP proposes to do the audit. GWMA's Treasurer will remain as the Controller of GWMA for auditing purposes. A single audit will not be required for FY15/16.

FISCAL IMPACT:

The total cost to complete the audit for FY2015/16 will not exceed a total of \$9,450. The adopted budget includes an amount of \$13,000.

RECOMMENDATION

1. Retain Moss, Levy & Hartzheim LLP to conduct GWMA's FY 2015/16 audit in an amount not to exceed \$9,450.

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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
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August 26, 2016

Board of Directors

Care of Ms. Toni Penn

Administration/Accounting Assistant

Los Angeles Gateway Region Integrated Regional

Water Management Joint Powers Authority

2175 Cherry Avenue

Signal Hill, California 90755-3799

We are pleased to confirm our understanding of the services we are to provide the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (the Authority) for the fiscal years ended June 30, 2016. We will audit the basic financial statements of the Authority as of and for the fiscal years ended June 30, 2016. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), Budgetary Comparison Schedule – General Fund to supplement the Authority's 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. As part of our engagement, we will apply certain limited procedures to the Authority's RSI. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule – General Fund – Budget and Actual

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over

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financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually, and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements, and other responsibilities required by generally accepted accounting principles.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third party service providers in serving your account. We may share confidential information about the Authority with these service providers, but remain committed to maintaining confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to sharing of your confidential information with the third party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Moss, Levy & Hartzheim, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Los Angeles County Auditor - Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office or other governmental agencies for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Moss, Levy & Hartzheim, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

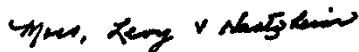
The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California State Controller by the Los Angeles Auditor Controller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit within a few weeks of receipt of the signed engagement letter on approximately August 26, and to issue our reports for June 30, 2016 by December 31, 2016. Craig A. Hartzheim, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$9,450. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report is available on our website at www.mlhcpas.com.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Moss, Levy & Hartzheim, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority.

Management signature: _____

Title: _____

Date: _____

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*

September 8, 2016

SECTION 9a – GLAC DAC Committee Chair and RDCIP Representative

SUMMARY

The position of Chair of the Greater LA IRWM Disadvantaged Communities (“GLAC DAC”) Committee recently became vacant. Based on this vacancy, the GLAC DAC Committee and the GLAC Leadership Committee is requesting that GWMA’s Executive Officer, Grace Kast serve as its Chair and by extension, also serve as one of the two representatives from GLAC on the larger regional funding area DAC Committee (“RDCIP”). The RDCIP which stands for “Regional Disadvantaged Community Involvement Program” is made up of 2 representatives from each of the 3 regions in the LA/Ventura Funding. The unanimous support for her service as Chair was based largely on the fact that the majority of the Gateway Region is a DAC sub-region and that Ms. Kast has been participating on the DAC Committee. The nomination was approved by the GLAC Leadership Committee on August 31st and they are now asking the GWMA to consider approving these additional duties which would be reimbursed through a grant between LACFCD and DWR.

BACKGROUND

Ms. Kast serves as an alternate to GWMA’s Chair, Chris Cash on the GLAC IRWM Leadership Committee and the LSG/LLA Sub-Regional Steering Committee. As part of that effort, she was appointed to the GLAC DAC Committee representing the Lower SG/LA Rivers Sub-region. A few months ago, DWR released preliminary guidelines for a minimum of \$9.8M to be used for DAC Involvement/Projects/Assistance in the combined LA/Ventura funding area. A second round for a similar amount is scheduled in 2020. It is a non-competitive program and DWR seeks a single proposal for the funds from the combined regions in our funding area. This means that high-level coordination and consensus with all three regions will be on-going for a while.

Although this is uncharted territory, LACFCD and Ms. Kast have worked on estimating the level of time and effort for this work. It involves chairing and/or attending meetings, building consensus, coordinating outreach, messages, agendas and anything else that might be needed. LACFCD will be providing staff support to the DAC Committee and the RDCIP Committee. GWMA retained GK Consulting for all of its staffing needs under a current contract through 2/28/18 and includes part-time Executive Officer services. The current contract budget will not be sufficient for this additional scope of work. LACFCD and DWR have verbally confirmed that costs associated with the RDCIP are reimbursable. This will be solidified in writing soon.

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Based on the expected level of effort, GK Consulting has provided the attached proposal. The proposal is for an hourly rate of \$130/hr and a maximum of 144 hours through the end of the current contract. The rate includes mileage, out-of-pocket expenses, travel, and other extraordinary costs associated with this specific scope. The maximum of \$18,000 will be separately itemized and invoiced to GWMA. Thereafter, GWMA will submit the paid invoices to LACFCD for reimbursement from the RDCIP Grant. The proposed hourly rate is only for work as the DAC Committee Chair and RDCIP Committee Representative.

The GWMA Executive Committee supports the GLAC IRWM request and seeks approval of GK Consulting's Amendment No. 2 (attached).

FISCAL IMPACT

An initial outlay of funds by GWMA will be needed to cover the monthly invoice for GWMA's Executive Officer to serve as the DAC Chair and RDCIP Representative. Costs would be reimbursed through the RDCIP Grant.

RECOMMENDATIONS

Approve Amendment No. 2 to the GK Consulting Professional Services Agreement for the Executive Officer to serve as the GLAC DAC Chair and RDCIP Representative in the amount not to exceed \$18,000.

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**SECOND AMENDMENT TO AGREEMENT BETWEEN
GWMA AND GK CONSULTING**

THIS SECOND AMENDMENT is made and entered into as of September 8, 2016, by and between the Los Angeles Gateway Region Integrated Regional Water Management Authority also referred to as the Gateway Water Management Authority ("GWMA") and GK Consulting, a CALIFORNIA CORPORATION ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Recitals. This Second Amendment is made with the respect to the following facts and purposes:

a. On September 1, 2015, GWMA and Consultant entered into that certain Professional Services Agreement for Management, Accounting and Administrative Consulting Services in the amount not-to-exceed Two Hundred Sixty Thousand per year (\$260,000) ending on February 28, 2018.

SELECT AND CHECK ONE:

 X b. The parties now desire to amend the Agreement as set forth in Exhibit A. This Amendment No. 2 includes an hourly rate which only applies to services as the DAC Committee Chair and RDCIP Committee Representative. If for any reason these services cease, this Amendment shall terminate.

 c. The parties now desire to extend the Agreement as set forth below:

Section ____ of the Agreement entitled "_____" is hereby amended to read as follows:

"The term of this Agreement shall commence on the effective date of this Agreement and shall expire on _____, unless terminated earlier in accordance with the terms of this Agreement or extended by the GWMA Governing Board."

2. Except for the changes specifically set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to the Agreement to be executed the day and year first above written.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first written above

[SIGNATURE PAGE FOLLOWS]

The parties are signing this Agreement on the effective date.

GWMA

Consultant

Los Angeles Gateway Region Integrated
Regional Water Management Authority

GK Consulting

By: _____
Name: Christopher S. Cash
Title: Chair

By: _____
Name: Grace J. Kast
Title: President

EXHIBIT A

Proposal for Additional Scope of Work

Prepared for:

Gateway Water Management Authority

**Greater Los Angeles IRWM DAC Committee Chair
and RDCIP Committee Representative**

Prepared by: Grace J. Kast

GK Consulting

September 1, 2016

EXHIBIT A

Page 2 of 3 GK Consulting Proposal for Additional Scope

This proposal is effective September 1, 2016 through the end of the current GK Consulting Agreement term of February 28, 2018 and/or at the pleasure of the GLAC DAC Committee, whichever is sooner.

1. The LA County/Ventura/Santa Clara Funding Area was recently notified by the Dept. of Water Resources that a minimum of \$9.8M is available for a Regional Disadvantaged Community Involvement Program ("RDCIP"). These funds must be shared/distributed within the entire funding area according to DAC needs.
2. At its July 27, 2016 meeting, the Greater LA IRWM Leadership Committee voted to appoint 2 representatives (DAC Committee Chair and LACFCD) to the newly formed RDCIP Committee made up of 2 representatives from each of the 3 regions in the funding area. This DAC Committee is responsible for overseeing the disbursement of these funds.
3. At the request of the Greater LA IRWM DAC Committee, Grace Kast (as the GWMA alternate representative on the LSGR/LLAR Subregional Steering Committee) was unanimously nominated by the other subregions to serve as the DAC Committee Chair.
4. Currently, the GWMA Executive Officer serves part-time under the approved contract budget. As the DAC Chair and a representative on the RDCIP Committee, additional hours for the Executive Officer are needed to fulfill this scope. LACFCD has: 1) confirmed that time spent on developing and managing the RDCIP proposal/work is reimbursable from the RDCIP grant; 2) provided the attached estimate of time for meetings. In addition, the DAC Chair will be spending time coordinating agendas, communicating with DAC Committee members and RDCIP Members, and ensuring that the directions of the DAC Committee are being fulfilled.

SCOPE and COST NOT TO EXCEED:

Serve as DAC Committee Chair and RDCIP Committee Representative:
144 Hours @ \$130/hr = \$18,000.

Mileage to and from DAC Committee meetings and RDCIP Committee meetings, associated out-of-pocket expenses, flights and extraordinary costs are included in rate. Timekeeping for this work will be accounted and invoiced separately from regular GWMA activities.

EXHIBIT A

Page 3 of 3 GK Consulting Proposal for Additional Scope

----- Forwarded message -----

From: **Virginia Maloles-Fowler** <VMFOWLER@dpw.lacounty.gov>

Date: Thu, Aug 25, 2016 at 8:25 AM

Subject: FW: DAC Chair

To: Grace Kast <gracekast.gateway@gmail.com>

Hello Grace,

I received concurrence from the four Subregional Steering Committees representatives to move forward with the recommendation to the LC to designate you as Chair of the GLAC DAC Committee upon approval from your Executive Board. As requested the following is a rough estimate of how much of your time would be required to chair the GLAC DAC Committee as well as time spent meeting with the other representatives of the DACIP Committee. For the GLAC DAC meetings, we anticipate 12-15 meetings starting Sept. 1st and requiring at least 4 hours each meeting including travel time for a total of 48-60 hours. For the DACIP meeting, we anticipate at least 6 meetings leading up to January when application is due, and up to 5 hours (if meeting in Santa Clarita Valley) each including travel time for a total of 30 hours. The total approximate hours you would spend is 78-90 hours. This does not include meetings we will be having after we are awarded the grant and move into the implementation of this 3 year Program. We can only say that most likely for the three years, at least once every quarter for both committees for an additional 24 meetings for a total of 48-60 hours. Grand total is 126 hours – 150 hours. The GLAC DAC Committee meetings will be held at the Public Works building here in Alhambra and the DACIP Committee meetings will be between Alhambra and Santa Clarita Valley. **FCD ass staff to the GLAC DAC Committee will provide support for all activities pertaining to the DACIP.**

We have received from DWR verbal confirmation that hours spent in preparing the application is reimbursable and we will submit a request in writing and will provide you with their response once we have it. Hope this helps.

Thanks,

Virginia S. Maloles-Fowler, REHS/MSII

Department of Public Works

Watershed Management Division, 6th floor

900 S. Fremont Ave.

Alhambra, CA 91803

vmfowler@dpw.lacounty.gov

[\(626\) 458-4354](tel:6264584354)