

# GATEWAY WATER MANAGEMENT AUTHORITY

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

16401 Paramount Blvd., Paramount, CA 90723 ☐ 562.663.6850 phone 562.634.8216 fax ☐ [www.gatewayirwmp.org](http://www.gatewayirwmp.org)

## **AGENDA**

**Regular Meeting of the Board of Directors  
Thursday, September 10, 2015 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 Consent Calendar: (Acted as one item unless withdrawn by request)**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 13, 2015 (Enclosure)
  - b. Warrant Register Report and List of Warrants for September 2015 (Enclosure)
- 6. PRESENTATION: GCCOG Strategic Transportation Plan Chapter 13 Stormwater - Yvette Kirrin, Gateway Cities Council of Governments (Enclosure)**
- 7. PRESENTATION: Gateway Cities and Rivers Urban Greening Master Plan – Mark Stanley, Watershed Conservation Authority (Enclosure)**
- 8. Discussion/Action Regarding GWMA Accounting Policies and Procedures (Enclosure)**
- 9. Discussion/Action Regarding GWMA Grant Policy (Enclosure)**
- 10. Discussion/Action Regarding GWMA Bylaws Regarding Governing Board Appointments (Enclosure)**
- 11. Gateway Region Watershed Management Plan (WMPs) and MOU and/or Amendment Activities**
  - a. Lower Los Angeles River Upper Reach 2 Watershed Group
  - b. Lower Los Angeles River Watershed Group
  - c. Los Cerritos Channel Watershed Group

**Christopher Cash, Board Chair ☐ Adriana Figueroa, Vice-Chair ☐ Charlie Honeycutt, Secretary/Treasurer ☐ Kevin Wattier, Chair Emeritus**

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d. Lower San Gabriel River Watershed Group

## 12. Executive Officer's Report

## 13. Directors' Comments/Reports

## 14. Adjournment

**Christopher Cash, Board Chair ☐ Adriana Figueroa, Vice-Chair ☐ Charlie Honeycutt, Secretary/Treasurer ☐ Kevin Wattier, Chair Emeritus**

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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 13, 2015**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, August 13, 2015 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:**

Jordan Monroe	Avalon
Chau Vu	Bell Gardens
Tammy Hierlihy	Central Basin MWD
Vince Brar	Cerritos
Gina Nila	Commerce
Mohammad Mostahkami	Downey
Michael Ackerman	Huntington Park
Mark Stowell	La Mirada
Lisa Rapp	Lakewood
Anthony Arevalo	Long Beach
Kevin Wattier	Long Beach MWD
William Stracker	Lynwood
Adriana Figueroa	Norwalk
Chris Cash	Paramount
Gladis Deras (alternate)	Pico Rivera
Noe Negrete (alternate)	Santa Fe Springs
Charlie Honeycutt	Signal Hill
Art Cervantes (alternate)	South Gate
Scott Rigg (alternate)	Vernon
Hye Jin Lee	Whittier
Esther Rojas (Alternate)	Water Replenishment District

#### **STAFF AND GUESTS ON SIGN-IN SHEET:**

Grace Kast	Executive Officer
Toni Penn	Administrative/Accounting Assistant
Shad Rezai	Southern California Edison
Bill Minasain	Downey Resident
Russ Bryden	LACFCD
Rich Lambros	Cadiz
Laurie Park	WEI
Yvette Kirrin	GCCOG Consulting Engineer
Dave Pelser	Whittier
Steve Myrter	Signal Hill
Bill De Witt	South Gate
Christina Dixon	Huntington Park

**ITEM 3 - ADDITIONS TO THE AGENDA**

None.

**ITEM 4 – ORAL COMMUNICATIONS TO THE BOARD**

None.

**ITEM 5 – CONSENT CALENDAR**

Director Rapp moved to approve the consent calendar. The motion was seconded by Director Figueroa and was approved by the following voice vote:

**AYES: MONROE, VU, HIERLIHY, BRAR, MOSTAHKAMI, ACKERMAN, STOWELL, RAPP, AREVALO, WATTIER, STRACKER, FIGUEROA, CASH, DERAS, NEGRETE, HONEYCUTT, RIGG, ROJAS**

**NOES: NONE**

**ABSTAIN: NILA, LEE**

**ITEM 6 – PRESENTATION: RECOGNIZING AND COMMENDING KEVIN L. WATTIER, P.E. FOR HIS CONTRIBUTION TO GWMA**

Chair Cash recognized and commended Director Wattier for his contribution to GWMA.

Ms. Kast read the Resolution of the Board as presented.

Director Wattier thanked the Board and indicated that it was a pleasure to serve on the Board.

Director Cervantes entered at 12:17 p.m.

**ITEM 7 – PRESENTATION: 710 LIVABILITY INITIATIVE**

Ms. Yvette Kirrin, Gateway Cities Council of Governments Consultant Engineer, gave a presentation on the 710 Livability Initiative. She stated that the goal of this initiative would be to facilitate partnerships and initiate planning activities to advance those CA-7 programs that cannot be included in the freeway project. She also described the elements of CA-7 that were already included in the I-710 corridor project and those which were being developed under the Livability Initiative. In closing, she outlined the oversight, strategy and funding aspects of this initiative.

**ITEM 8 – PRESENTATION: PROJECT BRIEFING – CADIZ VALLEY WATER CONSERVATION, RECOVERY, AND STORAGE PROJECT**

Mr. Rich Lambros of Cadiz, Inc. gave a presentation on the Cadiz Valley Water Conservation, Recover & Storage Project and the water supply and reliability opportunities it would provide.

**ITEM 9 – DISCUSSION/ACTION REGARDING GWMA GRANT POLICY**

Ms. Kast reported that in response to the passage of Proposition 1 last November, an Ad Hoc Committee was formed to review opportunities for grants from Proposition 1. She indicated that the committee members were: Adriana Figueroa, Gladis Deras, Art Cervantes, Anthony Arevalo and Grace Kast. She stated that, at its first meeting earlier this year, the committee reviewed the many opportunities available through Proposition 1 and other grant programs and decided to first develop a grant policy for board consideration. She reported that the committee felt it was important to have a clear understanding of the types of grants which should be pursued and how the costs to apply would be paid and/or shared. She stated that this policy was a result of several committee conference calls and that the approach used by the committee was to focus on cost benefit while still allowing for case-by-case situations.

After detailed discussions, this policy was referred back to staff and the Ad Hoc Committee to discuss the recommendations provided by the Board and to bring it back to the Board for approval at the September Board Meeting.

**ITEM 10 – GATEWAY REGIONAL WATERSHED MANAGEMENT PLANS (WMPS) AND MOU AND/OR AMENDMENTS**

Lower Los Angeles River Upper Reach 2 Watershed Group

Director Nila provided an update on the Lower Los Angeles River Upper Reach 2 Watershed Group and indicated that they were developing a scope of work for a project outline in the WMP.

Lower Los Angeles River Watershed Group

Director Myrter provided an update on the Lower Los Angeles River Watershed Group and indicated that they were moving forward with the monitoring program and had selected a consultant to monitor the project.

Los Cerritos Channel Watershed Group

Director Arevalo provided an update on the Los Cerritos Channel Watershed Group and indicated that they were in the process of finalizing the monitoring program.

Lower San Gabriel River Watershed Group

Director Figueroa provided an update on the Lower San Gabriel River Watershed Group and indicated that they were moving forward with the monitoring program.

Director Mostahkami requested that each watershed group have their consultant give quarterly watershed project updates to the Board.

**ITEM 12 – EXECUTIVE OFFICER’S REPORT**

Ms. Kast reported that the full application through the Greater LA IRWM group had been submitted to DWR for the final round of Prop 84 IRWM grant funds. She stated that three of those projects were GWMA projects totaling \$5 million in grant funds. She indicated that DWR was expected to announce preliminary scoring results in November.

Ms. Kast reported that she would be submitting a letter to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy regarding the Prop 1 Grant Program Guidelines requesting that higher priority be given to two of the project evaluation criteria: Water Sustainability/Water Storage/Water Infrastructure and Water Resource and Quality Value.

**ITEM 13 – DIRECTORS’ COMMENTS/REPORT**

Director Pelsner reported that he would no longer serve as Whittier’s representative on the GWMA Board. He stated that Hye Jin Lee has been appointed as Whittier’s new representative on the GWMA Board and Kyle Cason would be serving as Whittier’s alternate representative.

The meeting was adjourned at 1:43 p.m.

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Charlie Honeycutt, Secretary/Treasurer

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Date

**AGENDA ITEM NO. 5B**

# **GATEWAY WATER MANAGEMENT AUTHORITY**

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September 10, 2015

SECTION NO. 5(b) Warrant Register Dated September 10, 2015

SUMMARY:

The Warrant Register is a listing of general checks issued since the prior warrant register and warrants to be released by the City of Signal Hill, serving as Treasurer of the Gateway Water Management Authority, upon Board approval.

DISCUSSION:

The Warrant Register for expenditures dated September 10, 2015 in the amount of \$148,427.80 is submitted for approval. Invoices and supporting documentation are available for review at the City of Signal Hill Department of Finance.

FISCAL IMPACT:

The Warrant Register totals \$158,027.80. Funds to cover payment are available in the Gateway Authority budget.

RECOMMENDATION:

Approve the Warrant Register as presented.

**Christopher Cash, Board Chair • Adriana Figueroa, Vice-Chair • Charlie Honeycutt, Secretary/Treasurer • Kevin Wattier, Chair Emeritus**

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**AGENDA ITEM NO. 5B**

WARRANT REGISTER  
Disbursement Journal  
10-Sep-15

Invoice Date	Vendor	Invoice Number	Description	Amount
08/24/15	Grace J. Kast	15-GJK-GA-8	Executive Director	\$ 13,333.33
08/21/15	Toni Penn	15-8-21	Admin/Acct. Services	\$ 6,853.87
08/10/15	City of Paramount	3269	Rent	\$ 322.50
08/01/15	City of Paramount	3261	Meeting Expenses	\$ 292.84
08/13/15	GEI Consultants	715930	Watersmart Grant Administration	\$ 274.00
08/07/15	Paradigm Environmental	8017-15-GWMA	LA River UR2 Monitoring	\$ 10,608.00
12/23/14	Anchor QEA	40567	Harbor Toxics TMDL Monitoring	\$ 13,153.53
02/26/15	Anchor QEA	41309	Harbor Toxics TMDL Monitoring	\$ 5,090.50
04/09/15	Anchor QEA	41654	Harbor Toxics TMDL Monitoring	\$ 16,314.51
07/27/15	Anchor QEA	43093	Harbor Toxics TMDL Monitoring	\$ 10,560.89
07/27/15	Anchor QEA	43095	Harbor Toxics TMDL Monitoring	\$ 1,076.75
08/20/15	Joe A Gonsalves & Son	25522	Legislative Advocacy Services	\$ 2,083.33
07/01/15	John L. Hunter & Assoc.	GANPSG0501	LSGR WMP Development	\$ 19,533.75
07/08/15	John L. Hunter & Assoc.	GANPSG0615	LSGR WMP Development	\$ 15,941.25
07/08/15	John L. Hunter & Assoc.	GANPLA0615	LLAR WMP Development	\$ 18,577.50
07/01/15	John L. Hunter & Assoc.	GANPLA0515	LLAR WMP Development	\$ 14,411.25
08/05/15	GEI Consultants	715899	GWMA 2015 Imple. Grant Soliciation	\$ 9,600.00
				<u>\$ 158,027.80</u>



# Strategic Transportation Plan



## Stormwater Quality Element of the STP

GWMA Board Meeting  
September 10, 2015

## Stormwater Quality Element of the STP

### Purpose:

- To ensure that stormwater treatment measures are included in the sub-regional transportation infrastructure improvements as part of the GCCOG STP.
- To provide an approach to stormwater pollution prevention and runoff water quality treatment including:
  - development of the costs associated with stormwater treatment
  - identification of potential funding opportunities for the projects identified in the STP

### Goal:

Assist in effectively implementing the Green Streets Policies and complying with the MS4 permits and TMDLs.



## Overview - Stormwater Quality Element of the STP

- **Section 1: Vision, Purpose, Objectives & Organization**
- **Section 2: Background Information**
- **Section 3: Permits and Other Requirements**
- **Section 4: Stormwater Quality Strategy for Transportation Projects**
- **Section 5: Intersection Analysis & Cost Evaluation**
- **Section 6: Summary, Next Steps and Implementation Recommendations**
- **Section 7: Funding Framework**
- **Section 8: References**





## Section 1: Vision, Purpose, Objectives & Organization

### Primary Objectives:

- ID a strategy for stormwater quality for the GCCOG STP
- ID an approach for stakeholder collaboration on transportation stormwater quality treatment locations that will benefit the GCCOG watersheds and the public
- ID an approach for evaluation the STP projects, both municipal and Caltrans projects for integration of stormwater quality measures as well as evaluation of regional projects to meet compliance with the transportation project requirements of the MS4 permits.



## Section 2: Background Information

### Objective

- Provide background on the stormwater quality efforts and ongoing water quality coordination by the Gateway Cities COG members and Caltrans on the MS4 permits and TMDLs in Gateway Cities COG area.

### Components:

- History of the GCCOG and Stormwater Quality Planning
- Regulatory Drivers for Stormwater Quality



## Section 3: Permits and Other Requirements

### Objective

- Provide background on the on the MS4 permits, TMDLs, and watershed groups in Gateway Cities COG area.

### Components:

- Los Angeles County MS4 Permit (Order R4-2012-0175)
- Long Beach MS4 Permit (Order R4-2014-0024)
- Caltrans MS4 Permit (Order 2012-0011-DWQ)
- Total Maximum Daily Loads and Watershed Stakeholder Groups
- Caltrans Corridor Studies



## Section 4: Stormwater Quality Strategy for Transportation Projects

### Objective

- Define the transportation stormwater quality strategy approach for the Gateway Cities COG and identify achieving compliance with applicable water quality regulations in the most cost effective manner feasible.

### Components

- GCCOG and Stakeholder Coordination
- Caltrans Right-of Way Projects
- Cities Transportation Projects
- Transportation Related Regional and Local BMP Optional Locations





## Section 5: Intersection Analysis & Cost Evaluation

### Objective

- To have an understanding of how stormwater quality effects the configuration and costs of the intersection projects .

### Components

- 5 intersections identified in the STP were analyzed
- Opportunities for increasing the capacity of the stormwater quality BMPs the intersection projects were evaluated to help achieve the intent of the WMPs
- Costs analysis
- Conceptual designs





## Section 6: Summary, Next Steps and Implementation Recommendations

### Objective

- To summarize and provide recommendations on moving forward for transportation stormwater quality.

### Recommendations

- Set up a collaborative process with Caltrans
- Finalize stormwater quality treatment sites for freeway improvement plans being developed for the STP
- Finish conceptual plans to improve arterial highways and intersections within Gateway Cities and perform evaluation and conceptual design and costs to meet stormwater quality requirements.
- Evaluate the potential for upsizing the stormwater quality treatment BMPs for the arterial highways and intersection projects
- Determine the need and evaluate the additional regional and/or local BMP treatment locations identified that may be necessary to achieve stormwater quality compliance for transportation projects.
- Monitor the STP projects to ensure stormwater quality elements are integrated into each of the projects



## Section 7: Funding Framework

### Objective

- Identify a framework for funding stormwater quality measures for transportation projects

### Components

- Caltrans Funding Opportunities
- Federal Funding Opportunities
- State & Regional Funding Opportunities
- Local Funding Opportunities



## Questions?

Daniel Apt

Michael Baker International

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(949) 330-4117



## **Lower Los Angeles River: From Gray to Green**

Share Your Voice | Community Workshop

### **Background**

The Watershed Conservation Authority, in partnership with North East Trees, and as part of its vision of “Connecting Communities Through Nature”, is launching the development of a Visionary Urban Greening Master Plan for the Gateway Cities and Lower LA and San Gabriel Rivers.

The Urban Greening Plan seeks to expand access to and development of greenways, parks, and access points along our river corridors, and also extend greening projects throughout our urban communities through identification of complete street opportunities that provide multi-benefits to Cities, Neighborhoods, and individuals. The plan will, incorporating existing plans and public input, identify new and improved park, trail, bikeway, water conservation and capture, complete streets, tree cover, and interpretive and way-finding opportunities within the 26 cities and unincorporated areas that make up the Gateway Cities region.

The living document will ideally be hosted on an open source database website to ensure public access and transparency on progress in implementing the plan.

### **Goals of the Urban Greening Master Plan**

- **From Gray to Green**

*Identify park, greenway, trails, bikeway, water reliability through green infrastructure and complete street project opportunities.*

- **Catalyzing Change**

*Develop visioning imagery, sample concept design, and urban greening toolkits to inspire and engage community and funders to pursue change.*

- **Spurring Investment**

*identify implementation strategies and funding opportunities for cities, county and community members to pursue and spur increased attention and investment to implement plans greening vision to improve quality of life and watershed health.*

### **Goals of Workshop**

- To introduce the Gateway Cities and Rivers Urban Greening Master Plan project and team to stakeholders and the public
- To engage and encourage continued participation in the plan over time via an online comment sharing platform.
- To engage stakeholders and public to catalyze grassroots efforts to encourage implementation and support grant-making and investment decisions.
- To gather community input on need for parks, greenways, trails and bike ways via a mapping and comment generation activity.

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September 10, 2015

## **SECTION 8: GWMA ACCOUNTING POLICIES AND PROCEDURES**

### **SUMMARY**

Over the past two years, GWMA and Signal Hill (Lead Agency) have been working on transitioning the internal accounting functions from the Lead Agency to GWMA. The subject activities include invoicing, coding, A/P and A/R, etc., but did not include banking. The decision to transition some of the accounting activities stemmed from membership growth and the sudden growth in GWMA activities and responsibilities. It is now the desire of the Executive Committee, staff and the Lead Agency to transition the remainder of the accounting functions with the continued oversight of the Lead Agency and a 3<sup>rd</sup> party outside consultant retained by GWMA a few months ago.

### **DISCUSSION**

During the past year, an Ad Hoc Committee of the Board met to review internal staffing needs, accounting functions and what was needed to address GWMA's growing functions and responsibilities. In July of this year, the Board of Directors approved a consulting contract with Platinum Client Services to develop banking and accounting procedures and to conduct the reconciliation and transition of funds to GWMA, including the opening of a GWMA bank account.

The attached policies and procedures were reviewed by the Lead Agency, the Executive Officer and the Executive Committee. It is recommended that this general policy be approved by the Board so that the banking transition process can begin before more time has passed in the current fiscal year. While that is occurring, the Lead Agency will assist GWMA to improve the policy manual by breaking it into more detailed individual policies that define procedures and positions of responsibility to help strengthen oversight.

### **FISCAL IMPACT**

None

### **RECOMMENDED ACTIONS**

Approve GWMA Accounting Policies and Procedures as presented.

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**AGENDA ITEM NO. 8**

**GATEWAY WATER MANAGEMENT AUTHORITY**

**ACCOUNTING  
POLICIES AND PROCEDURES  
MANUAL**

**September 10, 2015**

## **I. Introduction**

The purpose of this manual is to describe all accounting policies and procedures currently in use at Los Angeles Gateway Region Integrated Regional Water Management Authority (GWMA) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All GWMA's staff, consultants, and Board Members with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed periodically and revised as needed by the staff and approved by the Executive Committee of the Board of Directors. The Executive Committee is the Board Officers which are the current Chair, Vice-Chair and Secretary/Treasurer elected by the Board of Directors.

## **II. Division of Responsibilities**

The following have fiscal and accounting responsibilities:

### ***Board of Directors***

1. Reviews and approves the annual budget
2. Reviews and approves annual and periodic financial statements and information
3. Reviews and approves staff contracts
4. Four members of the board will be appointed by the board to be authorized signers on the bank accounts of which one must be the Treasurer of the board
5. Two authorized signatures will be required on all checks issued by GWMA
6. Reviews and approves all contracts
7. Reviews and approves all monthly expenditures

### ***Executive Committee (Board Officers)***

1. Reviews the annual budget
2. Reviews annual and financial statements and information
3. Reviews and advises staff on internal controls and accounting policies and procedures

### ***Chair***

1. Reviews and authorizes payment of non-MOU related invoices
2. Approves unbudgeted expenditures using "Unallocated Reserve Funds" up to \$10,000 or otherwise approved on the annual budget by the Executive Committee which are the Chair, Vice-Chair and Secretary/Treasurer

### ***Treasurer***

1. Reviews and approves inter-account bank transfers
2. Review monthly warrant list
3. Review petty cash disbursements and replenishment requests
4. Review quarterly and year-end journal entries
5. Review quarterly and year-end financial statements
6. Assures that an annual financial statement audit is performed by an independent certified public Administration/Accounting Assistant

### ***Executive Officer***

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews all invoices and related checks
4. Reviews all contracts and makes recommendations to Executive Committee and/or Board of Directors for approval
5. Reviews and approves all grant submissions authorized by the Board of Officers
6. Reviews and approves all invoices for payment processing
7. Oversees petty cash fund
8. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls

### ***Accounting Assistant***

1. Monitors budgets
2. Manages cash flow
3. Reviews all reimbursements and fund requests
4. Processes all inter-account bank transfers
5. Development of annual budgets
6. Reviews all incoming and outgoing invoices
7. Receives and opens all incoming accounting department mail except bank statements
8. Monitors and manages all expenses to ensure most effective use of assets
9. Monitors grant reporting and appropriate release of temporarily restricted funds
10. Oversees expense allocations
11. Reviews, revises, and maintains internal accounting controls and procedures
12. Develop, maintain, and reviews all financial reports
13. Overall responsibility for data entry into accounting system and integrity of accounting system data



14. Processes invoices and prepares checks for signatures
15. Makes bank deposits
16. Maintains general ledger
17. Prepares monthly and year-end financial reports
18. Reconciles all bank accounts
19. Mails vendor checks
20. Manages accounts receivable

***Memorandum of Understanding (MOUs) Designated Representative***

1. Develops annual budget
2. Oversees expense allocations
3. Reviews and approves all invoices relating to watershed

***Contract CPA or Accounting Professional***

1. Review the accounting and financial reports on a quarterly basis to determine if the accounting has been properly recorded.
2. Assist with year-end reporting and adjustments to prepare for the annual audit.
3. Assist auditors as needed.
4. Assist GWMA staff and consultants as needed on budget preparation and accounting treatment.

### **III. Chart of Accounts and General Ledger**

GWMA has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (by Watershed, Grant, or other funding source). The Administration/Accounting Assistant Operations is responsible for maintaining the Chart of Accounts and revising as necessary.

The general ledger is automated and maintained using QuickBooks Enterprise accounting software. All input and balancing is the responsibility of the Administration/Accounting Assistant with final approval by the Executive Officer and Treasurer.

### **IV. Cash Receipts**

Cash receipts generally arise from:

1. Memorandum of Understandings (MOUs) Contracts and Grants

2. Membership Fees
3. Contracts
4. Grants

*The principal steps in the cash receipts process are:*

The Administration/Accounting Assistant receives, opens, date stamps, and distributes the mail. A copy of each check received shall be made and retained for official records. Checks received shall be deposited as soon as possible into the appropriate GWMA bank account(s).

Checks shall be restrictively (“For Deposit Only”) endorsed with the appropriate bank account information (the bank shall provide a stamp with the requisite information). Checks shall be securely filed in a locked cabinet until deposited.

Cash shall not be accepted as a form of payment by GWMA.

The Administration/Accounting Assistant shall prepare a bank deposit slip(s) with corresponding checks for deposit. The deposits shall be review by the Executive Officer, and shall be have deposited on the same day or following business day of the receipt.

If the deposit is done in person a deposit receipt is obtained and a copy shall be kept by the Administration/Accounting Assistant as supporting documentation. The original bank deposit receipt is filed in the Bank Deposits binder. Deposits made after hours via the bank drop box, will not result in a deposit slip, and should be so noted in the Bank Deposits binder.

## **V. Inter-Account Bank Transfers**

The Administration/Accounting Assistant monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account and recommends to the Board Treasurer when a transfer should be made to maximize the potential for earning interest. The Administration/Accounting Assistant is directed by the Board Treasurer in writing when to make a transfer and in what amount. A copy of the transfer is presented to the Board at its subsequent meeting for ratification.

## **VI. Cash Disbursements & Expense Allocations**

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions

5. Meeting expenses
6. Consultant reimbursements
7. Marketing/promotional materials

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved purchase order form)
3. Consultant/Board member expense report or reimbursement request

All invoices must have the account code written on them and approved by the Executive Officer.

Every employee reimbursement or purchase request must be documented with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

**Lodging** - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

**Meals and Entertainment** - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

**Other Expenditures** - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

Accounting and/or Executive Officer shall review all contract invoices to determine if billed costs are authorized under a contract, if applicable, and are within budgeted amounts. MOU related invoices will be forwarded to the designated representative, who will follow the same procedures as listed below, and initial and date the invoice to indicate approval. The invoice will then be sent back to the Administration/Accounting Assistant for input into the financial system.

The following procedures shall be followed in order to validate all professional services billed costs:

1. Verify that billed costs are correct and have proper supporting documentation and/or backup.
2. On Time and Material contracts, verify the billed labor rates to the negotiated hourly labor rates by classification, verify that labor classifications agree with the contract and check mathematical accuracy of billed labor costs.
3. For other direct costs (ODC's), verify the billed costs to supporting documentation (i.e. expense reports, receipts), verify that costs are allowable under the project contract and check mathematical accuracy of ODC's. If ODC's are lump sum, then verify that percentage billed is accurate.
4. Verify that any billed costs have not been previously billed and the costs relate to the proper billing period.

5. Compare the total billed costs to date with the authorized contract amount to insure accumulated billings will not exceed contract authorization. Change Order billings shall only be permitted when the Change Orders are properly approved by the Governing Board.

Once the process above is complete, the Administration/Accounting Assistant shall assign an accounting code to the invoice and then enter the bill into the financial system.

### **Cash Disbursements:**

After invoice review and approval procedures have been followed, the Administration/Accounting Assistant will enter the bills in the financial system. Next, the checks will be printed by the Administration/Accounting Assistant, and each check shall be attached to its supporting documentation. The Executive Officer retains secure custody of the checks. The Administration/Accounting Assistant will request the number of checks needed to complete the check run. The Executive Officer will note the first and last check number given the Administration/Accounting Assistant to ensure all checks are accounted for. If checks are voided or print incorrectly, those checks shall be retained in order to account for all checks in sequence.

The Executive Officer will review the checks and the supporting documentation for the following:

- Supporting documentation that agrees to the check
- Proper account coding of the disbursement
- Proper payee and amounts
- All check numbers are in sequence and accounted for

Once approved, the Executive Officer submits checks, with attached backup documentation, to Board for approval at the monthly meeting. All checks require two signatures of an authorized board member.

Emergency checks may occasionally need to be created before the next Board meeting. These checks must be approved by the Board Treasurer and signed by two Board members. A list of emergency checks must be brought to the next scheduled Board meeting for ratification. Emergency checks are to be used sparingly and avoided when possible.

After Board signatures, the Administration/Accounting Assistant stamps the invoices as paid, mails the checks, and then files them in vendor files.

## **VII. Bank Account Reconciliations**

The Administration/Accounting Assistant shall ensure that the general ledger is reconciled with all other subsidiary ledgers and adequate documentation maintained for all entries.

The Administration/Accounting Assistant shall review the bank monthly activity reports and update the bank reconciliation module for the following transactions:

- Automatic deposits from funding agencies
- Interest income earned on investments
- Income deposits and miscellaneous reimbursements

- Inter-account transfers to and from disbursement accounts
- Automatic charges, such as bank fees

For the end of the monthly bank reconciliation report the Administration/Accounting Assistant shall:

- Ensure that cleared checks shown in the bank statements are no longer appear as outstanding in the books
- Identify any outstanding checks and follow up accordingly

The monthly bank statement is mailed to the Executive Officer (EO), who reviews the statement for unusual activity prior to forwarding to the Accounting. The EO shall initial and date after review. The Administration/Accounting Assistant shall reconcile the monthly bank statement against the general ledger in the Bank Reconciliation module in the financial system. The final bank reconciliation report shall be completed no later than ten working days after the end of the month. Any discrepancies shall be investigated in a timely manner. A hard copy of the complete bank reconciliation shall be kept in the accounting files, and a PDF copy shall be maintained as well.

The bank reconciliation provided by the Administration/Accounting Assistant and presented for review to the Executive Officer shall include:

- The bank statement and corresponding checks written during the month
- All voided checks for the month
- A copy of every deposit slip for the month
- The bank reconciliation, prepared by the Administration/Accounting Assistant, and reviewed and initialed by the Executive Officer.

The EO will approve the bank reconciliation and provide to the Treasurer on a monthly basis for final approval.

## **VIII. Petty Cash Fund**

Petty cash funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$250 and is kept in a locked file cabinet at all times.
2. The Executive Officer oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Executive Officer and the Administration/Accounting Officer staff. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as Executive Officer's approval.
5. The Executive Officer and the Administration/Accounting Assistant together will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

7. All disbursements and replenishment requests will be reviewed by the Board Treasurer and then brought before the Board at its monthly meeting for approval.

## **IX. End of Quarter and Fiscal Year-End Close**

1. GWMA will have an accounting professional, preferably a CPA, review the accounting for the quarter ended within 30 days of the quarter ended. This review will entail the following analytical review:
  - a. Verification of balance sheet amounts, including reconciliations for cash and other major accounts
  - b. A reasonableness check on revenues and expenses
  - c. Agreement of the financial system records to the reports to be presented to the governing board.
2. The quarterly reports will be provided to the Board at the first meeting following 30 days after quarter end (Sept. 30 reports presented at the first meeting in November, December 31 reports at the first meeting in February, March 31 reports at the first meeting in May, and June 30 reports at the first meeting August).
3. All reports shall be prepared using the accrual basis of accounting. Year-end reports will follow generally accepted accounting principles, which may differ from the budgeting basis of accounting throughout the year.
4. The Executive Officer and Board Treasurer will review and sign off on all quarterly - and year-end journal entries. They will be printed and filed for audit trail purposes.
5. Once the final quarterly and fiscal year-end financial statements are run, reviewed, and approved by the Board Treasurer, no more entries or adjustments will be made into that quarterly or year's ledgers.
6. All other appropriate government filings will be completed and filed with the appropriate agency.

## **X. Financial Reports**

The Administration/Accounting Assistant will prepare the quarterly and annual financial reports to be reviewed by the Executive Officer, and the reviewed by the contract CPA and Board Treasurer. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Executive Committee and Board of Directors for review and approval.

## **XI. Investment Policy**

**Section 1. Scope of Policy:** This Investment Policy ("Policy") applies to all financial assets of the Authority.

**Section 2. Prudence:** Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**Section 3. Objectives:** As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

a. **Safety:** Safety of principal is the foremost objective of the Policy. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements that might be reasonably anticipated.

c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**Section 4. Delegation of Authority:** Authority to manage the Policy is derived from California Government Code Section 53600, *et. seq.* Management responsibility for the Policy is hereby delegated to the Treasurer. No person may engage in an investment transaction except as provided under the terms of this Policy. The Board of Directors shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Treasurer or any other subordinate officials. Under the provisions of California Government Code Section 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

**Section 5. Ethics and Conflicts of Interest:** Officers and employees involved in the investment process shall fully comply with the Authority's Conflict of Interest Code in the execution of this policy.

**Section 6. Authorized Financial Institutions and Dealers:** The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be

maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed certification form. This form shall attest that the individual responsible for the Authority's account with that firm has reviewed the Authority's Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Authority that are appropriate under the terms and conditions of the Policy.

#### **Section 7. Authorized and Suitable Investments:**

a. **Permitted Investments:** Authority funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 *et. seq.*

b. **Prohibited Investments:** Under the provisions of California Government Code Section 53601.6 and 53631.5, the Authority shall not invest any funds covered by this Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

**Section 8. Collateralization:** All certificates of deposits must be collateralized by U. S. Treasury obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under California Government Code Section 53601(i)(2).

**Section 9. Safekeeping and Custody:** All security transactions entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the Authority by book entry, physical delivery or by third party custodial agreement as required by California Government Code Section 53601.

**Section 10. Diversification:** The Authority will diversify its investments by security type and institution. It is the policy of the Authority to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. The Authority may determine that safety is a priority over diversification and invest only in the State of California Local Agency Investment Fund, which is considered a very safe investment.

**Section 11. Reporting:** In accordance with California Government Code Section 53646(b)(1), the Treasurer shall submit to each member of the Board a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values on current market values of each component of the portfolio, including funds managed for the Authority by third party contracted managers, if applicable. The report will also include a certification that (1) all investment actions executed since the last report



have been made in full compliance with the Policy and, (2) the Authority will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

**Section 12. Investment Policy Adoption:** The policy shall be adopted by resolution of the Board of Directors. The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

## AGENDA ITEM NO. 9

# GATEWAY WATER MANAGEMENT AUTHORITY

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

16401 Paramount Blvd., Paramount, CA 90723

• 562.663.6850 phone 562-634-8216 fax

• [www.gatewayirwmp.org](http://www.gatewayirwmp.org)

September 10, 2015

### **Section 9 – GWMA Grant Policy**

#### **SUMMARY**

Due to the increasing opportunities that GWMA has had and will now have with Proposition 1, a draft guidance document called “GWMA Grant Policy” was developed and presented to the Board last month. The Board provided additional comments and suggestions to improve the document. It is recommended that the revised GWMA Grant Policy be approved by the board to provide guidelines moving forward.

#### **BACKGROUND**

In response to the passage of Proposition 1 last November, an Ad Hoc Committee was formed to review opportunities for grants from Proposition 1. Committee members are: Adriana Figueroa, Gladis Deras, Art Cervantes, Anthony Arevalo and Grace Kast. At its first meeting earlier this year, the committee reviewed the many opportunities available through Proposition 1 and other grant programs and decided to first develop a grant policy for board consideration. The committee felt it was important to have a clear understanding of the types of grants which should be pursued and how the costs to apply would be paid and/or shared. The attached draft Grant Policy is a result of several committee conference calls. The approach used by the committee was to focus on cost benefit while still allowing for case-by-case situations.

At last month’s board meeting, board members provided comments and suggestions that have been incorporated into the attached document. It was also circulated to the Ad Hoc Committee members prior to this Board Meeting.

#### **FISCAL IMPACT**

No immediate impact. Fiscal impacts will only be realized if the board approves expenditures and/or staff/legal time to pursue certain grant opportunities.

#### **RECOMMENDATION**

Approve the GWMA Grant Policy.

**Christopher Cash, Board Chair • Adriana Figueroa, Vice-Chair • Charlie Honeycutt, Secretary/Treasurer • Kevin Wattier, Chair Emeritus**

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## AGENDA ITEM NO. 9

# Gateway Water Management Authority

## GRANT POLICY

As a service to its members, GWMA seeks grants for regional projects to enhance opportunities at a lower cost. GWMA has developed this guidance document to assist the board and staff in identifying and applying for watershed-related grants. By using the outlined provisions, GWMA can evaluate the cost-benefit and competitiveness for each grant opportunity and make recommendations thereof.

- 1) GWMA to fund application development and submission costs:
  - a) No minimum or maximum application cost, but must meet the following:
    - i) Single project with multiple benefits; or
    - ii) Single project with specific, multiple beneficiaries; or
    - iii) On a case by case basis, GWMA Board may consider funding other grant applications if project is a priority and has special circumstances
- 2) Criteria for Grant Applications
  - a) Implementation Grants - \$1M minimum total project cost per regional application (i.e. 5 sub-projects at \$200k each);
  - b) Planning Grants – No minimum project cost per regional application;
  - c) If project is mandated by a regulatory agency, seek all grants without consideration of minimum match; and
  - d) If project is not mandated by a regulatory agency, seek grants with no more than 60% local match required;
- 3) GWMA will consider, on a case-by-case basis, using its own funds for Feasibility Studies and/or Planning to assist with multi-party project development.
- 4) GWMA Terms and Sub-recipient agreements
  - a) GWMA will only support projects with executed sub-recipient agreements that transfer grant responsibilities to sub-recipient;
  - b) GWMA Administrative Costs are defined as administrative, project management, and technical costs in support of a project;
  - c) GWMA Administrative Costs must be mutually agreed upon and included in total project costs;
  - d) Mutually agreed upon GWMA Administrative Costs must be paid and shared proportionately by grant beneficiaries and/or fully reimbursed by the grant;
  - e) GWMA with board approval, may consider entering into consultant and/or construction contracts on behalf of a multi-party project if 100% of the funds are collected prior to contract/agreement execution; and
  - f) GWMA will not “front” direct project costs on behalf of beneficiaries regardless of grant reimbursement policies or schedules

Adopted: \_\_\_\_\_

## AGENDA ITEM NO. 10

# GATEWAY WATER MANAGEMENT AUTHORITY

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September 10, 2015

### **Section 10 – GOVERNING BOARD BYLAWS**

#### **SUMMARY**

Over the past several years, GWMA's membership has grown significantly. The Joint Powers Authority ("JPA") agreement outlines certain requirements for appointing board members. Due to the overwhelming administrative management of up to 58 board members and alternates, staff and legal counsel reviewed governing board issues as a whole in relation to the JPA and current laws and have jointly developed a program for moving forward in a more manageable and efficient manner.

#### **BACKGROUND**

The JPA specifies 2-year terms for board members and alternates. Traditionally, these 2 year terms began with the membership commencement date or vacancy dates. This ultimately led to a continuous board appointment process with various interpretations of how the appointments were made. To better manage the process and clarify some ambiguities in the Joint Powers Agreement, legal counsel and the Executive Officer jointly prepared the attached draft of Bylaws addressing appointment of Board members.

The attached Bylaws provide the following:

1. All terms of office expiring after September 1, 2015, will be extended to September 30, 2017. Any agency that does not desire to have the term of its Board member or alternate member extended may remove the member or members and appoint a new member or alternate member.
2. Future terms will commence on October 1 of odd-numbered years and expire on September 2 years later.
3. Vacancies will be filled by appointment for the remainder of the unexpired term.
4. As provided in the Agreement, appointments of persons other than members of the legislative body must be made by adoption of a resolution.
5. The Bylaws provide that only individuals, and not positions or titles, can be appointed to the Board.

**Christopher Cash, Board Chair • Adriana Figueroa, Vice-Chair • Charlie Honeycutt, Secretary/Treasurer • Kevin Wattier, Chair Emeritus**

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6. The Bylaws make it clear that alternate Board members as well as Board members can appoint proxies and that each Board member or alternate can appoint only two proxies per year. The latter provision ensures that a member entity cannot effectively change its representative by having continual proxy representatives.

In response to concerns raised by some Board members about appointing independent contractors to the Board, legal counsel advised staff that the Agreement does not prohibit such appointments, but that such a practice raises serious conflict of interest concerns. The most significant conflict of interest issue is that any contract GWMA approves that results in additional compensation to an independent contractor Board member or his or her firm might be void under Government Code Section 1090 even if the Board member abstains from the decision on the contract. In addition, participation in any decision that would result in such additional compensation would constitute a violation of the Political Reform Act by the Board member and, if a contract is involved, Government Code Section 1090.

The draft Bylaws provide the following two alternative approaches to address these concerns:

1. Independent contractors can be appointed to the Board under the following conditions:
  - a. The Board Member cannot participate in discussions about or vote on the annual budget.
  - b. The Board Member cannot participate in discussions on or vote on contracts with vendors or consultants and/or contractors.
  - c. The Board cannot approve a contract with the independent contractor Board Member or his or her firm.
  - d. If application of Subsections a and b of Section 7 would result in an insufficient number of Board Members to take action on a matter, sufficient independent contractor Board Members necessary to take action may participate in the decision. The independent contractor Board Members who may participate shall be determined by lot.

**OR**

2. No independent contractor may be appointed to the Board.

**Christopher Cash, Board Chair • Adriana Figueroa, Vice-Chair • Charlie Honeycutt, Secretary/Treasurer • Kevin Wattier, Chair Emeritus**

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## FISCAL IMPACT

No impact.

## RECOMMENDATION

Approve the GWMA Bylaws dated September 10, 2015, after deciding which alternative, if any, to accept concerning independent contractors.

**Christopher Cash, Board Chair • Adriana Figueroa, Vice-Chair • Charlie Honeycutt, Secretary/Treasurer • Kevin Wattier, Chair Emeritus**

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## **AGENDA ITEM NO. 10**

### **BYLAWS**

### **OF**

### **THE LOS ANGELES GATEWAY REGION**

### **INTEGRATED REGIONAL WATER MANAGEMENT**

### **JOINT POWERS AUTHORITY**

**EFFECTIVE SEPTEMBER 10, 2015**

#### **ARTICLE 1. AUTHORITY**

Section 1. Authority. These bylaws are adopted pursuant to the authority of Section 6(e)(8) of the Joint Powers Agreement (“Agreement”) of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (“Authority”).

#### **ARTICLE 2. MEMBERS OF THE BOARD OF GOVERNORS**

Section 1. Board Member Term of Office. The term of office for Board Members and Alternate Board Members (collectively “Board Member” or “Board Members”) of the Governing Board (“Board”) shall commence on October 1st of each odd-numbered year and terminate on September 30th two years later. The terms of all Board Members of the Governing Board shall run consecutively and shall not be staggered.

Section 2. Current Terms of Office. The terms of office of Board Members whose terms have not expired on the date these Bylaws are adopted shall continue to hold office until September 30, 2017.

Section 3. Appointment to Fill Vacancy. Board Members appointed to fill a vacancy on the Board shall hold office for the remainder of the unexpired term.

Section 4. Manner of Appointment. A Member agency may appoint a member of its legislative body to the Board by minute action. Alternatively, a Member agency may appoint persons other than a member of the Member agency’s legislative body to the Board only by adoption of a resolution.

Section 5. Only Individuals can be Appointed to the Board. Member agencies must appoint Board Members by name and not by position or title.

#### **Section 6. Proxy Board Members**

- a. “Member” as used in Section 6(a) of the Agreement shall be interpreted to include an Alternate Board Member.

- b. Each Board Member may appoint a proxy only a maximum of two (2) times annually and no person may serve as a proxy more than two (2) times each calendar year.

(Option 1)

Section 7. Independent Contractors Serving as Board Members. A Member agency may appoint an independent contractor to serve as a Board Member subject to the following conditions:

- a. The Board Member cannot participate in discussions about or vote on the annual budget.
- b. The Board Member cannot participate in discussions on or vote on contracts with vendors or consultants and/or contractors.
- c. The Board cannot approve a contract with the independent contractor Board Member or his or her firm.
- d. If application of Subsections a and b of Section 7 would result in an insufficient number of Board Members to take action on a matter, sufficient independent contractor Board Members necessary to take action may participate in the decision. The independent contractor Board Members who may participate shall be determined by lot.

(Option 2)

Section 7. Qualifications to Serve on the Board. A Member agency may appoint only an elected official or common law employee and not an independent contractor to serve on the Board.