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

## **AGENDA**

**Regular Meeting of the Board of Directors  
Thursday, February 8, 2018 at 12:00 p.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. Remarks by Gateway Cities COG Executive Officer, Ms. Nancy Pfeffer**

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 Consent Calendar: (Acted as one item unless withdrawn by request)**

- a. Minutes of the Board Meeting of January 11, 2018 (Enclosure)
- b. Approve the Warrant Register for February 2018 (Enclosure)
- c. Receive and File the Update on Expenditures for Legal Counsel Services (Enclosure)

**7. GWMA Audit for FY 2016/17 (Enclosure)**

- a. Receive and file the Annual Audited Financial Statements for FY 16/17 as presented

**8. Gateway Integrated Regional Water Management "IRWM" Plan (Enclosures)**

- a. Direct staff to release a Request for Proposal to update the Gateway IRWM Plan to incorporate new IRWM Plan standards introduced in 2016 and authorize Staff to evaluate proposals and prepare information with a recommendation for Board consideration; **OR**
- b. Direct staff to not update the Gateway IRWM Plan and only pursue grants using the Greater LA IRWM Plan.

**Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Kelli Tunnicliff (Signal Hill), Secretary/Treasurer**  
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**9. Sharing Monitoring Data with Private NPDES Permit Holders in Watershed Groups other than the Lower Harbor Toxics Group (Enclosure)**

- a. Authorize staff and legal counsel to work with the various watershed groups for which GWMA facilitates the collection of monitoring data to develop a data sharing process for private NPDES permit holders, similar to the current program for the Lower Harbor Toxics Group. Staff would return to the Board at a future meeting once business deal points have been outlined with one or more of the watershed groups.

**10. Gateway Region Watershed Management Groups Oral Report**

- 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 Oral Report**

**12. Directors' Oral Comments/Reports**

**13. Closed Session**

- a. **Public Employee Performance Evaluation**  
Government Code Section 54957  
Title: Executive Officer

**14. Adjournment**

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AGENDA ITEM NO. 6A

**MINUTES OF THE GATEWAY WATER MANAGEMENT AUTHORITY  
LOS ANGELES GATEWAY REGION  
INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY  
BOARD  
AT PARAMOUNT, CALIFORNIA  
THURSDAY, JANUARY 11, 2018**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, January 11, 2018 at 12:00 p.m. at the Progress Park Plaza, 15500 Downey Avenue, Paramount, CA 90723.

Chair Chris Cash called the meeting to order at 12:04 p.m. Roll was called by Ms. Weiss and a quorum of the Board was declared.

**BOARD MEMBERS PRESENT:**

Okina Dor	Artesia
Bill Pagett	Bell
Chau Vu	Bell Gardens
Len Gorecki	Bellflower
Mohammad Mostahkami	Downey
Christina Dixon (alternate)	Huntington Park
Mark Stowell	La Mirada
Lisa Rapp	Lakewood
Melissa You	Long Beach
Christopher Garner	Long Beach Water Dept.
Danilo Batson	Montebello
Julian Lee (alternate)	Norwalk
Christopher Cash	Paramount
Frank Beach	Santa Fe Springs
Hannah Shin-Heydorn (alternate)	Signal Hill
Gladis Deras (alternate)	South Gate
Claudia Arellano (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
Bill Minasian	Downey Resident
Desi Alvarez	MCM Management Co.
Dawn McIntosh	City of Long Beach
James Vernon	Port of Long Beach
Charlie Honeycutt	City of Signal Hill
Gerry Greene	CWE

Greg Vasquez  
Phuong Nguyen  
Nina Turner

MNS Engineers  
City of Whittier  
Port of Long Beach

**ITEM 3 - ADDITIONS TO THE AGENDA**

None.

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

None.

**ITEM 5 – PRESENTATION: GATEWAY CITIES COUNCIL OF GOVERNMENT  
CLIMATE ACTION PLANNING FRAMEWORK**

The presentation was deferred to a future GWMA meeting.

**ITEM 6 – CONSENT CALENDAR**

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

**AYES: DOR, PAGETT, GORECKI, MOSTAHKAMI, DIXON, STOWELL,  
RAPP, YOU, GARNER, BATSON, LEE, ARELLANO,  
SCHICKLING, ROJAS**

**NOES: NONE**

**ABSTAIN: CASH, BEACH, SHIN-HEYDORN, DERAS**

Director Vu entered the meeting at 12:08 p.m.

**ITEM 7 – POTENTIAL PRIVATE NPDES PERMIT HOLDERS' FINANCIAL COST  
SHARING PARTICIPATION IN HARBOR TOXICS TMDL MONITORING  
ACTIVITIES**

Ms. Kast reported that in August 2016, the Lower Harbor Toxic Group Chair notified GWMA that they had voted to approve another individual NPDES permit holder to share and utilize the Harbor Toxic Pollutants TMDL monitoring data, which was collected and funded pursuant to an MOU between the Lower Harbor Toxics Group Members and GWMA. She indicated that in November 2016, the Board decided not to move forward with creating a similar data sharing program with other watershed groups that were not subject to an MOU term like the

one in the Lower Harbor Toxics Group's MOU. Ms. Kast indicated that it was unclear whether the intent of the Board also applied to the already existing program with the Lower Harbor Toxics Group. She stated that staff was now requesting clarification on whether to fulfill this request from the Lower Harbor Toxics Group to continue the monitoring cost sharing program under the existing MOU with the Lower Harbor Toxic Group or seek a mutually agreeable revised MOU amendment.

Mr. Nick Ghirelli outlined the terms of the existing MOU between GWMA and the Lower Harbor Toxics Group and the various options being recommended to the Board.

Ms. Kast introduced Mr. James Vernon, Chair of the Lower Harbor Toxics Group. Mr. Vernon went over the data compliance cost issues they were facing. He stated if individual participants were to conduct monitoring on their own, it would be very expensive and also poses the risk of conflicting monitoring data. Mr. Vernon asked the Board to consider continuing accepting requests from the Lower Harbor Toxics Group and entering into agreements with private companies.

After general discussion, Director Rapp motioned to authorize staff to continue to accept requests from the Lower Harbor Toxics Group to enter into an agreement and collect payment from NPDES permit holders and directed staff to bring the item of allowing other watershed groups to implement a similar monitoring data sharing program to the Board in February for further discussion. This motion was seconded by Director You and was approved by the following voice vote:

**AYES: DOR, PAGETT, VU, GORECKI, MOSTAHKAMI, DIXON,  
STOWELL, RAPP, YOU, GARNER, BATSON, LEE, CASH,  
BEACH, SHIN-HEYDORN, DERAS, ARELLANO,  
SCHICKLING, ROJAS**

**NOES: NONE**

**ABSTAIN: NONE**

**ITEM 8 – PROPOSAL TO PROVIDE CIMP IMPLEMENTATION AND  
WMP/WATERSHED MANAGEMENT ASSISTANCE ON-CALL PROFESSIONAL  
SERVICES TO THE LOWER LOS ANGELES RIVER “LLAR”**

Ms. Kast reported that on October 10, 2013, GWMA had retained John L. Hunter & Associates on behalf of the LLAR Watershed Group through a standard PSA. Thereafter, a first amendment was approved by the Board on May 14, 2015 with an expiration date of December 31, 2017.

Ms. Kast stated that in the past few months, the LLAR Watershed Group had been working with John L. Hunter & Associates to develop a proposal to continue work. The proposal outlines 4 tasks to be performed during the period of July 1, 2017 through June 30, 2018, in an amount not to exceed \$590,925. This was collected and authorized by the Chair of the LLAR under the existing PSA. After general discussion by the Board, it was recommended to keep the Watershed Group contracts separate from the On-Call Consultant contracts.

Director Mostahkami moved that GWMA's legal counsel prepare a retroactive amendment to John L. Hunter & Associates' existing contract for the LLAR Watershed Group. The motion was seconded by Director Rapp and was approved by the following voice vote:

**AYES: DOR, PAGETT, VU, GORECKI, MOSTAHKAMI, DIXON, STOWELL, RAPP, YOU, GARNER, BATSON, LEE, CASH, BEACH, SHIN-HEYDORN, DERAS, ARELLANO, SCHICKLING, ROJAS**

**NOES: NONE**

**ABSTAIN: NONE**

**ITEM 9 –PROPOSAL TO PROVIDE CIMP IMPLEMENTATION AND WMP/WATERSHED MANAGEMENT ASSISTANCE ON-CALL PROFESSIONAL SERVICES TO THE LOWER SAN GABRIEL RIVER “LSGR”**

Ms. Kast reported that on October 10, 2013, GWMA had retained John L. Hunter & Associates on behalf of the LSGR Watershed Group through a standard PSA. Thereafter, a first amendment was approved by the Board on May 14, 2015 with an expiration date of December 31, 2017.

Ms. Kast reported that during the past few months, the LSGR Watershed Group had been working with John L. Hunter & Associates to develop a proposal to continue work. The proposal outlines 4 tasks to be performed during the period of July 1, 2017 through June 30, 2018, in an amount not to exceed \$785,003. Ms. Kast stated that this was collected and authorized by the Chair of the LSGR under the existing PSA. After general discussion by Board members, it was recommended to keep the Watershed Group contracts separate from the On-Call Consultant contracts.

Director Mostahkami moved that GWMA's legal counsel prepare a retroactive amendment to John L. Hunter & Associates existing contract for the LSGR Watershed Group. The motion was seconded by Director Rapp and was approved by the following voice vote:

**AYES: DOR, PAGETT, VU, GORECKI, MOSTAHKAMI, DIXON, STOWELL, RAPP, YOU, GARNER, BATSON, LEE, CASH, BEACH, SHIN-HEYDORN, DERAS, ARELLANO,**

**SCHICKLING, ROJAS**

**NOES: NONE**

**ABSTAIN: NONE**

Director Deras left the meeting at 1:00 p.m.

**ITEM 10 – DISCUSSION/ACTION REGARDING AMENDING THE BYLAWS TO PROHIBIT CONSULTANTS FROM SERVING ON THE BOARD**

Ms. Kast reported that in the fall of 2015, the GWMA Board of Directors discussed the composition of the Board, in particular, whether consultants should be permitted to serve on the GWMA Board.

Mr. Steve Dorsey, GWMA's Legal Counsel gave a report on the conflict of interest concerns of having Consultants serve on GWMA's Board. He stated that the most significant conflict of interest issue was 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 were to abstain from the decision on the contract. Mr. Dorsey further explained that participation in any decision that would result in such additional compensation would result in a violation of the Political Reform Act by the Board member and, if a contract is involved, Government Code Section 1090.

Mr. Dorsey expressed concern of the possibility of inadvertently violating a conflict of interest statute. Therefore, he was recommending that the Board reverse the decision to allow the appointment of independent contractors to the GWMA Board and amending GWMA's Bylaws, which were last amended in 2015.

After general discussion, it was recommended that GWMA amend the Bylaws to require each Board member to be an officer or employee of the member agency, and strongly urged that a consultant be removed by the appointing agency as soon as possible. Current Board Members not meeting this criterion would continue to serve until they resign, they were removed by the appointing authority as provided in Section 6(b) of the Joint Powers Agreement or their current term expires and their replacement is appointed.

Director Rapp motioned to approve the amended Bylaws to require each Board Member be an officer or employee of a member agency and to direct the Executive Officer to request and strongly urge the appointing agency of any current consultant board members to change their appointments to an officer or employee. The motion was seconded by Director Gorecki and was approved by the following voice vote:

**AYES: DOR, GORECKI, MOSTAHKAMI, STOWELL, RAPP, YOU,  
GARNER, LEE, CASH, BEACH, SHIN-HEYDORN, ARELLANO,  
SCHICKLING, ROJAS**

**NOES: BATSON**

**ABSTAIN: DIXON, PAGETT, VU**

**ITEM 11 – DISCUSSION/ACTION REGARDING PROP 1 – JOHN ANSON FORD  
PARK INFILTRATION CISTERN – JOHN ANSON FORD PARK INFILTRATION  
CISTERN – PHASE 1 GRANT AND ASSOCIATED DOCUMENTS**

Ms. Kast reported that on behalf of the Los Angeles Upper Reach 2 (LLAR UR2) Watershed Group, GWMA applied for a grant under Prop 1 – The John Anson Ford Park Infiltration Cistern – Phase 1 Project. She stated that in December 2016, GWMA was notified by the State Water Resources Control Board (SWRCB) that GWMA had been awarded \$9,904,842, under Prop 1. Ms. Kast explained that in order to move forward with the grant and project, several actions are now required by the GWMA Board.

Ms. Kast stated that the participants in this grant are the cities of Bell, Bell Gardens, Commerce, Cudahy, Huntington Park, Maywood and Vernon. She stated that because the project is located on Bell Gardens property, the city of Bell Gardens will be the lead agency for this grant. She also reported that the LAR UR2 Watershed Group requested that GWMA serve as the administrator and point of contact for the grant and handle communication and documents requested from the SWRCB. To that end, last year, GWMA adopted two Resolutions provided by the State. The first Resolution was to designate a representative to sign the Agreement and the second Resolution was to authorize GWMA's Executive Officer to serve as the Project Director for this grant. Ms. Kast stated that both Resolutions were approved by the GWMA Board on January 12, 2017, shortly after the grant was announced. However, recently the SWRCB requested that a revised Resolution be adopted to incorporate the language in both previous versions.

Ms. Kast informed the Board that over the past year, GWMA staff and legal counsel have been working with all parties and their legal counsels, to identify roles and responsibilities, draft sub-recipient agreements, negotiate the grant agreement with the State and simultaneously coordinate various activities. She stated that on November 14, 2017, GWMA received the final grant agreement from the SWRCB for the Prop 1 – John Anson Ford Park Infiltration Cistern – Phase 1 Project.

Further, a final draft version of the sub-recipient's agreement, prepared by GWMA and Bell Gardens' legal counsels, was reviewed and accepted by the LAR UR2 Watershed Group and their respective legal counsels on December 29, 2017.



Mr. Steve Dorsey then reported that during the drafting of the sub-recipient agreement for this project, he learned that Infrastructure Engineers was proposed in the Grant application to provide services under the Grant. He stated that this raised the potential conflict of interest questions, since different employees of Infrastructure Engineers have served on the GWMA Board at various times. Mr. Dorsey stated the he submitted a request for Formal Legal Advice to the Fair Political Practices Commission (FPPC) to advise whether Infrastructure Engineers may participate on the project as a sub-contractor to Bell Gardens under the sub-recipient agreement. The FPPC declined to offer advice since it was considered past conduct.

After discussion, Director Vu moved to:

- a) Adopt Resolution 18-1, designating a representative to sign the Agreement and authorizing GWMA's Executive Officer to serve as the Project Director, for the Prop 1 – John Anson Ford Park Infiltration Cistern – Phase 1, as presented;
- b) Authorize the Chair to sign Resolution 18-1, designating a representative to sing the Agreement and authorizing GWMA's Executive Officer to serve as the Project Director, for the Prop 1 – John Anson Ford Park Infiltration Cistern – Phase 1, as presented;
- c) Approve Prop 1 – John Anson Ford Park – Infiltration Cistern – Phase 1 Grant Agreement between Gateway Water Management Authority and the State Water Resources Control Board, as presented;
- d) Authorize the Chair to execute the Prop 1 – John Anson Ford Park – Infiltration Cistern – Phase 1 Grant Agreement between Gateway Water Management Authority and the State Water Resources Control Board, as presented;
- e) Approve the Subrecipient Agreements between Gateway Water Management Authority and the participants of the Prop 1 – John Anson Ford Park Infiltration Cistern – Phase 1, as presented;
- f) Authorize the Chair to execute the Subrecipient Agreements between Gateway Water Management Authority and the participants of the Prop 1 – John Anson Ford Park Infiltration Cistern – Phase 1, as presented.

The motion was seconded by Director Garner and was approved by the following voice vote:

**AYES: DOR, VU, GORECKI, MOSTAHKAMI, DIXON,  
STOWELL, RAPP, YOU, GARNER, BATSON, LEE, CASH,  
BEACH, SHIN-HEYDORN, ARELLANO,  
SCHICKLING, ROJAS**

**NOES:        NONE**

**ABSTAIN:    PAGETT**

Director Garner left the meeting at 1:30 pm.

**ITEM 12 – FY 2017/18 BUDGET INCREASE FOR GENERAL LEGAL COUNSEL SERVICES**

Ms. Kast reported that Richards, Watson and Gershon (“RWG”) was retained by GWMA while the JPA was in its beginning stages in 2007/2008. She stated that RWG has been providing legal counsel services to GWMA as it has grown in size, complexity and independence since that time. Ms. Kast stated that over the course of those years, the budget for RWG’s services had been adequately calculated based on known and projected needs for the coming fiscal year. Ms. Kast stated that during the current fiscal year, there have been several unforeseen and unexpected legal issues, which have significantly impacted the budget for Legal Counsel services. She stated that these issues were very significant to GWMA, not only in general, but also affected a grant agreement between the State Water Resources Control Board and GWMA, as well as sub-recipient agreements between the Lower LA Upper Reach 2 Watershed Group and GWMA. Ms. Kast stressed that with all future grants at stake as well, these issues needed to be resolved and addressed. Unfortunately, the budget for Legal Services was now exhausted.

Ms. Kast reported that at the request of staff, on December 19, 2017, Legal Counsel submitted a projected amount of \$38,000 to cover the remainder of FY 2017/18, assuming that there were no further extraordinary demands for legal services required. Ms. Kast reported that there were funds available in the General Reserves to cover this budget increase and was recommending that the Board approve FY 2017/18 Administrative Budget Increase to \$88,000 from \$50,000 for Legal Services provided by Richards, Watson & Gershon.

After discussion Director Mostahkami motioned to increase the budget by \$10,000 at this time and bring it back for further review. This motion was seconded by Director Schickling. Staff advised the Board that this line item budget had already been exhausted with the most recent billing. No vote was taken.

After further discussion, Director Rapp made a new motion to approve the FY 2017/18 Administrative Budget Increase to \$88,000 for Legal Services provided by Richards Watson & Gershon, and request that staff provide a monthly report of total legal expenditures. This motion was seconded by Director Vu and approved by the following voice vote:

**AYES: DOR, PAGETT, VU, GORECKI, DIXON, STOWELL, RAPP, YOU, BATSON, LEE, CASH, BEACH, SHIN-HEYDORN, ARELLANO, ROJAS**

**NOES: MOSTAHKAMI, SCHICKLING**

**ABSTAIN: NONE**

**ITEM 13 – FY 2017/18 BUDGET INCREASE FOR EXECUTIVE OFFICER SERVICES AND AMENDMENT TO GK CONSULTING AGREEMENT**

Chair Cash reported that on September 1, 2015, the Board entered into a contract with GK Consulting for management, administrative and accounting services. This contract expires on February 28, 2019. He stated that compensation under this contract was based on hourly rates, which varied depending on the person providing the services with a maximum cap of \$260,000 per year.

Chair Cash reported that since this agreement was entered into in 2015, GK Consulting's time has increased significantly due to an expansion in new activities in which GWMA is now involved in. He stated that some of these activities include COG/GWMA Coordination, Negotiation and Coordination of multiple agreements with multiple parties and Grants, participation in GLAC IRWM Leadership Committee meetings and related sub-meetings, development and implementation of multiple, formal GWMA procedures and policies.

Chair Cash stated that the Executive Officer was able to keep costs down by having much of the additional services provided by persons with lower billing rates. He stated that some of the expanded services can only be provided by the Executive Officer and indicated that the persons with lower billing rates are already working full time on GWMA matters.

After general discussion, Director Dor motioned to approve and authorize the Board Chair to sign Amendment 4 to the GK Consulting Professional Services Agreement to increase the maximum fiscal yearly compensation to \$305,000 and to increase the hourly rate charged to GWMA for the Accounting/Administrative Assistant and Administration/Grants Coordinator positions from \$55.00 to \$57.75. This motion was seconded by Director Rojas and approved by the following voice vote:

**AYES: DOR, PAGETT, VU, GORECKI, DIXON, STOWELL, RAPP, YOU, BATSON, LEE, CASH, BEACH, SHIN-HEYDORN, ARELLANO, ROJAS**

**NOES: NONE**

**ABSTAIN: MOSTAHKAMI, SCHICKLING**

Director Rapp left the meeting at 1:57 p.m.

The meeting was adjourned at 1:57 PM. due to lack of a quorum.

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Christopher Cash, Chair

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Date



February 8, 2018

**SECTION NO. 6(b) Approve the Warrant Register for February 2018**

**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.

At the Board meeting on January 11, 2018, the Board directed staff to provide monthly updates on total expenditures for legal counsel services for FY 2017/18.

**DISCUSSION:**

The Warrant Register for expenditures dated February 2018 in the amount of \$338,873.77 are submitted for approval. Invoices and supporting documentation are available for review at the office of the GWMA.

**FISCAL IMPACT:**

The Warrant Registers totals \$338,873.77. Funds to cover payment are available in the GWMA budget.

**RECOMMENDATION:**

Approve the Warrant Register for February 2018 as presented.

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**AGENDA ITEM NO. 6b**

**WARRANT REGISTER**  
Disbursement Journal  
February-18

Invoice Date	Vendor	Invoice Number	Description	Amount
1/10/2018	Anchor QEA	55049	Harbor Toxics TMDL Monitoring for November	\$ 15,108.50
1/10/2018	Anchor QEA	55421	Harbor Toxics TMDL Monitoring for November	\$ 2,732.75
2/1/2018	City of Paramount	3796	Rent - February 2018	\$ 339.22
2/1/2018	City of Paramount	3794	Reimbursement for January Meeting Expenses	\$ 21.70
1/5/2018	Civiltec Engineering Inc.	38334	Prop 84 2015 Grant Adminisitrative Services	\$ 2,645.00
1/30/2018	CliftonLarsonAllen LLP	1649073-A	Accounting/Auditing Services for January	\$ 1,500.00
1/23/2018	CWE	18021	Upper Reach 2 WMP and CIMP Development	\$ 10,000.00
1/31/2018	Fedak & Brown LLP	1/31/2018	For auditing services for the month of January	\$ 2,100.00
1/31/2018	Gateway Cities COG	1/31/2018	Reimbursement for Office Supplies	\$ 100.00
2/1/2018	GK Consulting	18-1-DACIP-GWMA	GLAC DAC Chair Activities for January 2018	\$ 2,470.00
02/01/18	GK Consulting	18-1-GWMA	Professional and Accounting Services	\$ 28,395.00
01/15/18	Joe A Gonsalves & Son	156294	Legislative Advocacy Services for February	\$ 2,083.00
01/03/18	John Hunter & Associates	GANPLA1117	LLAR WMP Implementation for November	\$ 49,242.50
01/17/18	John Hunter & Associates	GANPLA1217	LLAR WMP Implementation for December	\$ 60,603.48
01/03/18	John Hunter & Associates	GANPSG1117	LSGR WMP Implementation for November	\$ 40,918.16
01/17/18	John Hunter & Associates	GANPSG1217	LSGR WMP Implementation for December	\$ 50,557.19
01/17/18	Richard Watson & Associates	18-192-003-001	LCC Watershed Monitoring Program for December	\$ 62,595.14
01/30/18	Richards Watson Gershon	215466	Legal Services - General	\$ 2,299.04
01/30/18	Richards Watson Gershon	215467	Legal Services - Project Specific	\$ 3,262.50
01/30/18	Richards Watson Gershon	215468	Legal Services - Harbor Toxic Pollutants TMDL MOU	\$ 1,462.50
01/05/18	Rodger's Catering	28638	Meeting Expense	\$ 438.09
				<u>\$ 338,873.77</u>

Reviewed and Approved by:



Kelli Tunnicliff, GWMA Secretary/Treasurer

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February 8, 2017

**SECTION 6c: Status of total legal expenditures for General Legal Counsel Services for FY 2017/18**

**SUMMARY:**

At the Board meeting in January 2017, the Board increased the budget for legal counsel services from \$50,000 to \$88,000 for FY 2017/18 to address unique and unexpected legal issues. At that time, the Board also directed staff to provide monthly updates on total expenditures for legal counsel services for FY 2017/18.

Legal Counsel Services Update:

\$88,000.00	FY2017/18 Budget amount for Legal Counsel services
<u>\$64,877.38</u>	Expenditures for Legal Counsel services through December 2017
\$23,122.62	Remaining budget amount available through June 30, 2018

**FISCAL IMPACT:**

The total expenditures for Legal Counsel services through December 2017 total \$64,877.38. Funds to cover payment are available in the GWMA budget.

**RECOMMENDATION:**

Receive and file the update on expenditures for Legal Counsel services.

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February 8, 2018

## **SECTION NO. 7 - GWMA Audit for FY 2016/17**

### **SUMMARY:**

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

The opinion expressed by the auditors for FY 16/17 was that the financial statements were presented fairly, in all material respects, as of June 30, 2017. The respective statement of activities for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

The auditor noted no deficiencies in internal controls that could cause the financial statements to be materially misstated. In addition, the auditor's tests did not disclose any instances of non-compliance or other matters that were required to be reported under *Government Auditing Standards*.

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

### **HIGHLIGHTS FROM THE AUDITED FINANCIAL STATEMENTS**

During FY 16/17, GWMA's Outside Accountants, CliftonLarsenAllen LLP conducted a grant activity analysis. Based on the analysis, \$714,775 of Prop 84 Stormwater Round 2 grant revenues classified as unearned revenue resulted in a prior period adjustment of \$714,775 since the related grant monies were not yet spent as of June 30, 2016. As a result, a prior period adjustment of \$714,775 was made to adjust net position to a

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



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restated amount of \$4,835,507. See Note 4 to the financial statements for additional information.

Due to a timing issue, GWMA's previous audit firm made an adjustment in FY2015/16 that reduced the accounts payable balance by \$19,022.36. An audit adjustment entry of \$19,022.76 was thereby required in FY2016/17 to reconcile to the June 2016 audited ending balance. This adjustment was referenced in the communication letter issued by GWMA's new audit firm, Fedak & Brown. The adjustment made in FY16/17 is the result of this timing difference. The entry was not recorded by management as it is self-correcting and immaterial; the entry does not effect a decision(s) of the readers/users of the financial statements.

**RECOMMENDATION:**

That the Board receive and file the Annual Audited Financial Statements for FY 16/17 as presented.

**Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Kelli Tunnicliff (Signal Hill), Secretary/Treasurer**  
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**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority**

**Management Report**

**June 30, 2017**

**Los Angeles Gateway Region  
Integrated Regional Water Management  
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**Management Report**

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**CONFIDENTIAL**

Board of Directors  
Los Angeles Gateway Region Integrated Regional  
Water Management Joint Powers Authority  
Paramount, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of Los Angeles Gateway Region Integrated Regional Water Management Powers Authority (Authority) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Summary of Current Year Comments and Recommendations**

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the Authority are properly adjusted before the start of the audit. In many cases, however, adjustments and reclassifications are made in the normal course of the audit process to present the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

**Management's Response**

We have reviewed and approved all of the adjustment and reclassification entries and have entered those entries into the Authority's accounting system to close-out the Authority's year-end trial balance at June 30, 2017.

\* \* \* \* \*

This communication is intended solely for the information and use of management and the Board of Directors of the Authority. This restriction is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

**Fedak & Brown LLP**  
Cypress, California  
February 8, 2018

**APPENDIX**

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

**Audit/Finance Committee Letter**

**June 30, 2017**

Board of Directors  
Los Angeles Gateway Region Integrated Regional  
Water Management Joint Powers Authority  
Paramount, California

We have audited the basic financial statements of the Los Angeles Gateway Region Integrated Regional Water Management Powers Authority (Authority) for the year ended June 30, 2017 and have issued our report thereon dated February 8, 2018. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the Authority's basic financial statements.

#### **Auditor's Responsibility under United States Generally Accepted Auditing Standards**

As stated in our Audit Engagement Letter dated July 17, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of its responsibilities.

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

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

#### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing requirements as previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

#### **Qualitative Aspects of Accounting Practices**

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

We noted no transactions entered into by the Authority during fiscal year 2017 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### **Management's Judgments, Accounting Estimates and Financial Disclosures**

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

Management's estimate of the fair value of cash and cash equivalents is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements are:

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosures in the basic financial statements are neutral, consistent and clear.

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management. (See Page 4)

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated February 8, 2018.

### **Management Consultations with Other Independent Accountants**

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



**Other Audit Findings or Issues**

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

**Restriction on Use**

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**Conclusion**

We appreciate the cooperation extended us by Grace Kast, Executive Officer, Toni Penn, Admin/Accounting Manager, and Bibi Weiss, Administrative Assistant in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Authority.

**Fedak & Brown LLP**

Cypress, California

February 8, 2018

Board of Directors

Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority

Page 4

**Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority  
Summary of Client Adjusting Journal Entries  
June 30, 2017**

**Client Adjusting Journal Entry No. 1**

To reconcile beginning net position as of June 30, 2017.

60500	Professional Fees	\$	19,022.76	
32000	Retained Earnings			19,022.76



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

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**



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

**Board of Directors as of June 30, 2017**

<b>Name</b>	<b>Area</b>	<b>Position</b>	<b>Alternate (if applicable)</b>
Christopher Cash	Paramount	Chair	Sarah Ho Wendy Macias
Adriana Figueroa	Norwalk	Vice-Chair	Julian Lee
Kelli Tunnicliff	Signal Hill	Treasurer/Secretary	Hannah Shin-Heydorn
Okina Dor	Artesia	Member	Pradeepkumar Elayath
Audra McDonald	Avalon	Member	Bob Greenlaw David Jinkens
Bill Pagett	Bell	Member	Greg Lindsay
Chau Vu	Bell Gardens	Member	John Oropeza Veronica Sanchez
Len Gorecki	Bellflower	Member	Bernardo Iniguez
Tammy Hierlihy	CBMWD	Member	Joseph Legaspi Sandi Linares-Plimpton Leticia Vasquez
Vince Brar	Cerritos	Member	Mike O'Grady Bob Ortega
Gina Nila	Commerce	Member	Jasmin Elepano
Aaron Hernandez-Torres	Cudahy	Member	Andres Rangel
Mohammad Mostahkami	Downey	Member	Dan Mueller
Ernie Hernandez	Hawaiian Gardens	Member	Joseph Columbo
Daniel Hernandez	Huntington Park	Member	Juan Preciado Mario Lopez Christina Dixon
Mark Stowell	La Mirada	Member	Marlin Munoz
Lisa Rapp	Lakewood	Member	Konya Vivanti Jason Wen Toyasha Sebbag



**Board of Directors as of June 30, 2017, continued**

Melissa You	Long Beach	Member	Alvin Papa
Christopher Garner	LBWD	Member	Eric Leung B. Anatole Falagan Tai Tseng
Raul Godinez	Lynwood	Member	Lorry Hempe
Danilo Batson	Montebello	Member	Sam Kouri
James Enriquez	Pico Rivera	Member	Gabriel Gomez Robert Delgadillo
Mark Grajeda	PWD	Member	N/A
Frank Beach	Santa Fe Springs	Member	Noe Negrete Robert Garcia Sarina Morales-Choate
Art Cervantes	South Gate	Member	Chris Castillo Gladis Deras Guillermo Petra
Claudia Arellano	Vernon	Member	Fred Cardenas
Dave Schickling	Whittier	Member	Kyle Cason Carl Hassel
Robb Whitaker	WRD	Member	Esther Rojas

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Grace J. Kast, Executive Officer  
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**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

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## **Financial Section**





## **Independent Auditor's Report**

Governing Board  
Los Angeles Gateway Region Integrated Regional  
Water Management Joint Powers Authority  
Paramount, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (Authority) as of and for the year ended June 30, 2017, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2017, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report, continued**

### ***Other Matters***

The financial statements as of and for the year ended June 30, 2016, were audited by the predecessor auditor who expressed an unmodified opinion on their report dated February 24, 2017.

As part of our audit of the 2017 financial statements, we also audited the adjustments described in Note 4 that were applied to restate the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Authority other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and the Budgetary Comparison Schedule – General Fund on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance. This report can be found on pages 22 and 23.

**Fedak & Brown LLP**  
Cypress, California  
February 8, 2018

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2017  
With Comparative Amounts as of June 30, 2016**

As management of the Los Angeles Gateway Region Integrated Regional Water Management Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities and performance of the Authority for the fiscal year ended June 30, 2017. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

### **Financial Highlights**

- The Authority's net position decreased 9.75% or \$471,230 from \$4,835,507 to \$4,364,277 as a result of ongoing operations.
- The Authority's total revenues increased 42.20% or \$2,554,645 from \$6,053,769 to \$8,608,414, primarily due to an increase in program revenues.
- The Authority's total expenses increased 176.84% or \$5,799,862 from \$3,279,782 to \$9,079,644, primarily due to a \$3,799,216 increase in Gateway IRWM plan expenses and a \$1,896,204 increase in contract services.

### **Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the Authority using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Authority's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenue and expenses are accounted for in the Statements of Activities. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's profitability and credit worthiness.

### **Government-wide Financial Statements**

#### **Statement of Net Position and Statement of Activities**

One of the most important questions asked about the Authority's finances is, "Is the Authority better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority in a way that helps answer this question.

These statements include all assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Authority's *net position* and changes in them. One can think of the Authority's net position – the difference between assets less liabilities – as one way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors, however, such as changes in the Authority's organizational agreements to assess the *overall health* of the Authority in future periods.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Year Ended June 30, 2017**  
**With Comparative Amounts as of June 30, 2016**

**Governmental Funds Financial Statements**

**Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 through 20.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's budgetary information and compliance.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets of the Authority exceeded liabilities by \$4,364,277 as of June 30, 2017. At the end of fiscal year 2017, the Authority shows a positive balance in its unrestricted net position of \$157,829, which may be utilized in future years.

**Condensed Statement of Net Position**

	<u>2017</u>	<u>As restated 2016</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 9,145,352	6,375,495	2,769,857
<b>Total assets</b>	<u>9,145,352</u>	<u>6,375,495</u>	<u>2,769,857</u>
<b>Liabilities:</b>			
Current liabilities	4,781,075	1,539,988	3,241,087
<b>Total liabilities</b>	<u>4,781,075</u>	<u>1,539,988</u>	<u>3,241,087</u>
<b>Net position:</b>			
Restricted	4,206,448	4,604,557	(398,109)
Unrestricted	<u>157,829</u>	<u>230,950</u>	<u>(73,121)</u>
<b>Total net position</b>	<u>\$ 4,364,277</u>	<u>4,835,507</u>	<u>(471,230)</u>

The Statement of Activities shows how the government's net position changed during the fiscal year. In the case of the Authority, net position decreased by \$471,230 during the fiscal year ended June 30, 2017.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Year Ended June 30, 2017**  
**With Comparative Amounts as of June 30, 2016**

**Government-wide Financial Analysis, continued**

**Condensed Statement of Activities**

<i>Governmental Activities</i>	<b>2017</b>	<b>As restated 2016</b>	<b>Change</b>
<b>Expenses:</b>			
Authority operations	\$ 9,079,644	3,279,782	5,799,862
<b>Total expenses</b>	<u>9,079,644</u>	<u>3,279,782</u>	<u>5,799,862</u>
<b>Revenues:</b>			
Program revenues	8,608,413	6,053,769	2,554,644
General revenues	<u>1</u>	<u>-</u>	<u>1</u>
<b>Total revenues</b>	<u>8,608,414</u>	<u>6,053,769</u>	<u>2,554,645</u>
<b>Change in net position</b>	(471,230)	2,773,987	(3,245,217)
<b>Net position, beginning of period (note 4)</b>	<u>4,835,507</u>	<u>2,061,520</u>	<u>2,773,987</u>
<b>Net position, end of period</b>	<u><u>\$ 4,364,277</u></u>	<u><u>4,835,507</u></u>	<u><u>(471,230)</u></u>

**Governmental Funds Financial Analysis**

The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2017, the Authority's General Fund reported a fund balance of \$4,364,277. Of the fund balance reported, an amount of \$3,566 is designated as *nonspendable* as it has already been spent towards prepaid insurance and an amount of \$4,206,448 is designated as reserved for grant and watershed projects. The remaining balance of \$154,263 constitutes the Authority's *unreserved undesignated fund balance* that is available for future Authority expenditures.

**General Fund Budgetary Highlights**

At fiscal year-end, actual expenditures for the General Fund were \$8,565,114 more than final budgeted expenditures and actual revenues were \$8,089,869 more than final budgeted revenues. This was principally due to more than anticipated grant funding from the state, county and private agency sources.

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the Authority's current financial position, net position or operating results in terms of past, present and future.

**Requests for Information**

The Authority's basic financial statements are designed to present users with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional information, please contact the Authority's Executive Officer, Grace J. Kast at Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, 16401 Paramount Boulevard, Paramount, CA, 90723 or (562) 663-6850.

# **Basic Financial Statements**

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Statement of Net Position  
June 30, 2017**

	<u>2017</u>
<b>Assets:</b>	
Cash and cash equivalents (note 2)	\$ 364,609
Cash and cash equivalents - restricted (note 2)	6,204,912
Grants receivable	2,572,265
Prepaid expenses	<u>3,566</u>
<b>Total assets</b>	<u>9,145,352</u>
<b>Liabilities:</b>	
Accounts payable	22,489
Grants payable	3,369,788
Unearned revenue	1,084,530
Advances from members	131,411
Due to other government	<u>172,857</u>
<b>Total liabilities</b>	<u>4,781,075</u>
<b>Net Position:</b> (note 5)	
Restricted	4,206,448
Unrestricted	<u>157,829</u>
<b>Total net position</b>	<u>\$ 4,364,277</u>

See accompanying notes to the basic financial statements



**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Statement of Activities  
For the Fiscal Year Ended June 30, 2017**

	<u>2017</u>
<b>Expenses:</b>	
Regional water management	
Professional fees	\$ 396,107
Gateway IRWM plan	4,696,527
Contract services	3,962,764
General and administrative	<u>24,246</u>
<b>Total expenses</b>	<u>9,079,644</u>
<b>Program revenues:</b>	
General membership fees	386,500
Intergovernmental revenues	3,334,486
Grant revenue	<u>4,887,427</u>
<b>Total program revenues</b>	<u>8,608,413</u>
<b>Net program expenses</b>	<u>(471,231)</u>
<b>General revenues:</b>	
Interest earnings	<u>1</u>
<b>Total general revenues</b>	<u>1</u>
<b>Change in net position</b>	<u>(471,230)</u>
<b>Net position, beginning of period, as previously stated</b>	5,550,282
<b>Prior period adjustment (note 4)</b>	<u>(714,775)</u>
<b>Net position, beginning of period, as restated</b>	<u>4,835,507</u>
<b>Net position, end of period</b>	<u><u>\$ 4,364,277</u></u>

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Reconciliation of the Balance Sheet of Governmental  
Type Funds to the Statements of Net Position  
June 30, 2017**

	<u>General Fund</u>	<u>Reclassifications &amp; Eliminations</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 364,609	-	364,609
Cash and cash equivalents - restricted	6,204,912	-	6,204,912
Grants receivable	2,572,265	-	2,572,265
Prepaid expenses	3,566	-	3,566
<b>Total assets</b>	<u>9,145,352</u>	<u>-</u>	<u>9,145,352</u>
<b>Liabilities:</b>			
Accounts payable	22,489	-	22,489
Grants payable	3,369,788	-	3,369,788
Unearned revenue	1,084,530	-	1,084,530
Advances from members	131,411	-	131,411
Due to other government	172,857	-	172,857
<b>Total liabilities</b>	<u>4,781,075</u>	<u>-</u>	<u>4,781,075</u>
<b>Fund balance: (note 3)</b>			
Non-spendable	3,566	(3,566)	-
Restricted	4,206,448	(4,206,448)	
Unassigned	154,263	(154,263)	-
<b>Total fund balance</b>	<u>4,364,277</u>	<u>(4,364,277)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 9,145,352</u>		
<b>Net position:</b>			
Restricted		4,206,448	4,206,448
Unrestricted		157,829	157,829
<b>Total net position</b>		<u>4,364,277</u>	<u>4,364,277</u>
<b>Reconciliation:</b>			
<b>Net position of governmental activities</b>			\$ <u>4,364,277</u>

See accompanying notes to the basic financial statements

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance of Governmental Type Funds to the Statements of Activities  
For the Fiscal Year Ended June 30, 2017**

	<u>General Fund</u>	<u>Reclassifications &amp; Eliminations</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses:</b>			
Regional water management			
Professional fees	\$ 396,107	-	396,107
Gateway IRWM plan	4,696,527	-	4,696,527
Contract services	3,962,764	-	3,962,764
General and administrative	24,246	-	24,246
<b>Total expenditures/expenses</b>	<u>9,079,644</u>	<u>-</u>	<u>9,079,644</u>
<b>Program revenues:</b>			
General membership fees	386,500	-	386,500
Intergovernmental revenues	3,334,486	-	3,334,486
Grant revenue	4,887,427	-	4,887,427
<b>Total program revenues</b>	<u>8,608,413</u>	<u>-</u>	<u>8,608,413</u>
<b>Net program expense</b>			<u>(471,231)</u>
<b>General revenues:</b>			
Interest earnings	<u>1</u>	<u>-</u>	<u>1</u>
<b>Total general revenues</b>	<u>1</u>	<u>-</u>	<u>1</u>
<b>Total revenues</b>	<u>8,608,414</u>	<u>-</u>	<u>8,608,414</u>
<b>Excess of expenditures over revenues</b>	<u>(471,230)</u>	471,230	-
<b>Change in net position</b>	-	(471,230)	(471,230)
<b>Fund balance/Net position, beginning of period, as previously stated</b>	5,550,282		5,550,282
<b>Prior period adjustment (note 4)</b>	<u>(714,775)</u>		<u>(714,775)</u>
<b>Fund balance/Net position, beginning of period, as restated</b>	<u>4,835,507</u>		<u>4,835,507</u>
<b>Fund balance/Net position, end of period</b>	<u>\$ 4,364,277</u>	<u>-</u>	<u>4,364,277</u>
<b>Reconciliation:</b>			
Changes net position of governmental activities			\$ <u>(471,230)</u>

See accompanying notes to the basic financial statements

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

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

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

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

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

**B. Basis of Accounting and Measurement Focus**

The *basic financial statements* of the Authority are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

***Government-wide Financial Statements***

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Authority are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues.

***Fund Financial Statements***

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the Authority are interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The Authority reports the following major governmental fund:

**General Fund** – is a government's only operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund when necessary.

**C. Financial Reporting**

The Authority's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting, continued**

Application of the following GASB pronouncements was effective for the Authority's fiscal year ended June 30, 2017:

*Government Accounting Standards Board Statement No. 74*

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for periods beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*. This Statement is not applicable to the Authority.

*Government Accounting Standards Board Statement No. 77*

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015.

The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is not applicable to the Authority.

*Government Accounting Standards Board Statement No. 78*

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for financial statements for periods beginning after December 15, 2015.

In December 2015, the GASB issued Statement No. 78 – *Pensions* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria. This Statement is not applicable to the Authority.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting, continued**

*Government Accounting Standards Board Statement No. 80*

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, effective for financial statements for periods beginning after June 15, 2016.

The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This Statement is not applicable to the Authority.

*Government Accounting Standards Board Statement No. 82*

In March 2016, the GASB issued Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for financial statements for periods beginning after June 15, 2016.

This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is not applicable to the Authority.

**D. Assets, Liabilities and Net Position**

**1. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the Authority's net position during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the Authority's cash is held in a financial institution bank account. The Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**3. Investment Policy**

The Authority has adopted an investment policy directing the Treasurer to manage Authority's funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the Authority.

**4. Grants Receivable**

The Authority considers grants receivable to be fully collectible. Accordingly, an allowance for uncollectible accounts has not been recorded.

**5. Prepaid Expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Liabilities and Net Position, continued**

**6. Net Position/Fund Balances**

The financial statements utilize a net position presentation. Net position categories are follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of the net position balance that does not meet the definition of *restricted* or *net investment in capital assets*.

**7. Fund Equity**

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the Authority's special revenue funds.
- **Unassigned fund balance** – the residual classification for the Authority's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Governing Board established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.



**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Liabilities and Net Position, continued**

**7. Fund Equity, continued**

***Fund Balance Policy***

The Authority believes that sound financial management principles require that sufficient funds be retained by the Authority to provide a stable financial base at all times. To retain this stable financial base, the Authority needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the Authority and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the Authority's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

**8. Budgetary Policies**

The Authority follows specific procedures in establishing the budgetary data reflected in the financial statements. Each June the Authority's Executive Officer prepares and submits an operating budget to the Governing Board for the General Fund. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting.

**9. Reclassification**

The Authority has reclassified certain prior year information to conform to current year presentation.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2017 are classified in the statement of net position as follows:

Cash and cash equivalents	\$ 364,609
Cash and cash equivalents - restricted	<u>6,204,912</u>
Total	<u><u>\$ 6,569,521</u></u>

Cash and cash equivalents as of June 30, 2017 consist of the following:

Deposits held with a financial institution	<u>\$ 6,569,521</u>
Total	<u><u>\$ 6,569,521</u></u>

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk, continued***

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to \$250,000 is federally insured and any remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

**(3) Fund Balance**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.7 for a description of these categories).

A detailed schedule of fund balance and their funding composition at June 30, 2017, is as follows:

<b>Fund Balance Category</b>	
<b>Nonspendable fund balance:</b>	
Prepaid insurance	\$ 3,566
<b>Restricted fund balance</b>	4,206,448
<b>Unassigned fund balance</b>	<u>154,263</u>
Total fund balance	<u><u>\$ 4,364,277</u></u>

**(4) Prior Period Adjustment**

***Unearned Revenue – Grants***

In fiscal year 2017, the Authority determined that certain unspent grants funds received should have been included as unearned revenue as of June 30, 2016. As a result, \$714,775 was not recorded in the Authority's unearned revenue account, which overstated grant revenue as of June 30, 2016. Therefore, the Authority has recorded a prior period adjustment to net position in the amount of \$714,775 at July 1, 2016.

The adjustment to net position is as follows:

Net position at June 30, 2016, as previously stated	\$ 5,550,282
Effect of adjustment to record unearned revenue	<u>(714,775)</u>
Net position, beginning, as restated at July 1, 2016	<u><u>\$ 4,835,507</u></u>

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(5) Net Position**

Calculation of net position as of June 30, were as follows:

<b>Restricted net position:</b>	
Restricted for grants and watershed projects	\$ <u>4,206,448</u>
<b>Unrestricted net position:</b>	
<b>Non-spendable net position:</b>	
Prepaid insurance	3,566
<b>Spendable net position:</b>	
Unrestricted	<u>154,263</u>
<b>Total unrestricted net position</b>	<u>157,829</u>
<b>Total net position</b>	<u><u>\$ 4,364,277</u></u>

**(6) Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased various commercial insurance policies to manage the potential liabilities that may occur:

At June 30, 2017, the Authority participated in the liability and property programs as follows:

- General and auto liability, public officials and employees' errors and omissions and employment practices liability: Total risk financing limits of \$3 million, combined single limit at \$3 million per occurrence, subject to the following deductibles:
  - \$2,500 per occurrence for third party general liability property damage
  - \$1,000 per occurrence for third party auto liability property damage
  - \$2,500 per occurrence for third party public officials errors and omissions

In addition, the Authority also has the following insurance coverage:

- Cyber Liability Coverage up to \$10,000,000 annual policy and program aggregate for all members combined.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Authority's insurance coverage during the years ending June 30, 2017, 2016, and 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2017, 2016, and 2015.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(7) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that has effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 75***

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 81***

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

***Governmental Accounting Standards Board Statement No. 83***

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2018. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(7) Governmental Accounting Standards Board Statements Issued, Not Yet Effective,  
continued**

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2018. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 85***

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 86***

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Notes to the Basic Financial Statements, continued  
For the Fiscal Year Ended June 30, 2017**

**(7) Governmental Accounting Standards Board Statements Issued, Not Yet Effective,  
continued**

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the Authority's financial statements has not been assessed at this time.

**(8) Contingencies**

***Litigation***

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(9) Subsequent Events**

Events occurring after June 30, 2017 have been evaluated for possible adjustment to the financial statements or disclosure as of February 8, 2018, which is the date the financial statements were available to be issued.

## **Required Supplementary Information**





**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Budgetary Comparison Schedule – General Fund  
For the Fiscal Year Ended June 30, 2017**

	<b>Original Adopted Budget</b>	<b>Final Amended Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures/Expenses:</b>				
Professional fees	\$ 348,000	378,860	396,107	(17,247)
Gateway IRWM plan	-	-	4,696,527	(4,696,527)
Contract services	113,000	110,000	3,962,764	(3,852,764)
General and administrative	30,214	25,670	24,246	1,424
<b>Total expenditures/expenses</b>	<b>491,214</b>	<b>514,530</b>	<b>9,079,644</b>	<b>(8,565,114)</b>
<b>Program revenues:</b>				
General membership fees	369,500	369,500	386,500	17,000
Intergovernmental revenues	125,628	144,045	3,334,486	3,190,441
Grant revenue	-	-	4,887,427	4,887,427
<b>Total program revenues</b>	<b>495,128</b>	<b>513,545</b>	<b>8,608,413</b>	<b>8,094,868</b>
<b>General revenues</b>				
Interest earnings	5,000	5,000	1	(4,999)
<b>Total general revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>1</b>	<b>(4,999)</b>
<b>Total revenues</b>	<b>500,128</b>	<b>518,545</b>	<b>8,608,414</b>	<b>8,089,869</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,914</b>	<b>4,015</b>	<b>(471,230)</b>	<b>(475,245)</b>
<b>Fund Balance - beginning of year</b>	<b>4,835,507</b>	<b>4,835,507</b>	<b>4,835,507</b>	
<b>Fund Balance - end of year</b>	<b>\$ 4,844,421</b>	<b>4,839,522</b>	<b>4,364,277</b>	

**Notes to Required Supplementary Information**

**(1) Budgets and Budgetary Data**

The Authority follows specific instructions in establishing the budgetary data reflected in the financial statements. Each year the Authority's Executive Officer prepares and submits an annual budget to the Board of Directors, which is adopted no later than July. Annual appropriations are approved by the Board of Directors prior to the beginning of each year or shortly thereafter. All appropriations lapse at year-end. The Board of Directors has the legal authority to amend the budget at any time during the fiscal year.

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# **Report on Internal Controls and Compliance**



**Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Governing Board  
Los Angeles Gateway Region Integrated Regional  
Water Management Joint Powers Authority  
Paramount, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated February 8, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**Purpose of this Report**

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

**Fedak & Brown LLP**  
Cypress, California  
February 8, 2018

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

February 8, 2018

## **SECTION 8: Gateway Integrated Regional Water Management “IRWM” Plan**

### **SUMMARY:**

During the May 2017 Board meeting, the Board was advised by staff that, with the passage of Proposition 1, new standards were introduced for Integrated Regional Water Management Plans. Since the Gateway IRWM Plan (“Gateway Plan”) was adopted in 2013, its project list was updated twice, but the Gateway Plan itself has not been updated.

In just the past few years, many State and Federal agencies have developed a ranking system which includes questions about IRWM. For example, when GWMA applied for Prop 1 Round 1 Stormwater Grants in 2016, GWMA had to certify that the projects were part of an existing IRWM program or plan. Recently, the Chair directed staff to bring information to the Board regarding a potential update of the Gateway Plan to incorporate the new IRWM Plan standards introduced in 2016 or solely continue seeking IRWM and other grants with projects under the Greater Los Angeles (“GLAC”) IRWM Plan.

### **BACKGROUND:**

The Integrated Regional Water Management (IRWM) is a collaborative effort to manage all aspects of water resources in a region. IRWM crosses jurisdictional, watershed, and political boundaries; involves multiple agencies, stakeholders, individuals, and groups; and attempts to address the issues and differing perspectives of all the entities involved through mutually beneficial solutions. In 2010, GWMA was awarded a \$950,000 grant through a Proposition 84 IRWMP Planning Grant from the California Department of Water Resources (DWR) to fund the majority of the development of the Gateway Plan. The Gateway Plan development process began in early 2012 and was adopted by the GWMA Board in June 2013. The Project List included in the original Gateway Plan was updated with new projects in 2014 and again in 2016.

Despite GWMA’s successes, DWR continued to urge the GLAC IRWM group and GWMA to coordinate efforts so there was no “overlapping” region although GWMA had consistently rejected the overlap argument. DWR management felt that, in order to achieve regional watershed solutions, the GWMA Region needed to be a part of the GLAC Region.

In 2012, GWMA directly applied for implementation grant funds under Prop 84 IRWM Round 2; but was awarded \$0 while the other 3 groups in the LA/Ventura funding area (GLAC, Ventura and Upper Santa Clara) were awarded 100% with Upper Santa Clara receiving 75%. After

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several meetings and with the assistance of Assemblyman Anthony Rendon, a consensus was reached to have open dialogue and to coordinate efforts with the GLAC. To this end, in 2014, GWMA directly applied for and was awarded a drought IRWM grant representing 59% of its request totaling \$3.9M. Under the same solicitation, the other regions in our Funding Area were awarded the following: GLAC was awarded \$27,261,414, Ventura was awarded \$16,744,039 and Upper Santa Clara was awarded \$8,354,015.

In February 2015, the GWMA approved an MOU between GWMA and GLAC to form a partnership between the 2 groups for the purpose of seeking funds and attaining funding for this region and to establish the GWMA as a member agency representing the Lower LA and Lower SG River sub-region. The main benefit of joining the GLAC Leadership Committee was that it improved the GWMA standing with DWR by addressing DWR's desire for the two IRWM groups to work together and likely improve GWMA's chances of obtaining grant funds through the final round of the Prop 84 grant solicitation.

The GLAC governance structure includes a sub-regional Steering Committee with a Chair and Vice-Chair. The Chair and Vice-Chair for each sub-region Steering Committee holds a voting seat on the GLAC Leadership Committee. At the February 2015 Board meeting, the Board moved to authorize Chris Cash to serve as Chair and Grace Kast as his alternate on the Lower San Gabriel and Lower Los Angeles Rivers Steering Committee of the GLAC Region.

In August 2016, Ms. Kast was unanimously appointed to serve as the Chair of the GLAC IRWM Disadvantaged Communities ("GLAC DAC") Committee and serves as one of the two representatives from GLAC on the larger regional funding area DACIP ("DACIP") Task Force. The DACIP which stands for "Disadvantaged Community Involvement Program" is made up of 2 representatives from each of the 3 regions in the LA/Ventura/Upper Santa Clair Funding Area in charge of implementing a \$9.8M grant to achieve greater involvement/participation by DACs throughout the 3 regions.

In June 2017, GWMA sent a letter to DWR requesting that the Gateway IRWM Plan be incorporated into the GLAC Plan and that the GLAC IRWM regional boundary be amended to incorporate the Gateway IRWM Region and the City of Avalon. In August 2017, GWMA received written notification [attached herein] that DWR approved GWMA's request and indicated that the Gateway Plan would be added to the GLAC IRWM Lower San Gabriel and Los Angeles Rivers Sub-Regional Plan (which includes the City of Avalon) in an additional appendix as a technical memorandum. As part of this arrangement, GWMA can continue to operate with its own IRWM Plan, but DWR will not accept IRWM grant applications directly from GWMA. It must go through the GLAC Plan process.

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Since joining the GLAC IRWM in 2015, the final round of grants under the Prop 84 IRWM Implementation Grant program was solicited by DWR. GWMA submitted several projects for consideration as part of the GLAC IRWM Lower San Gabriel and Lower Los Angeles Sub-Region. Four of the five projects selected by the GLAC IRWM Leadership Committee to move forward were GWMA projects. Fortunately, those four projects were awarded grants totaling \$3,412,615. Those projects were: 1) Advanced Water Meter Replacement Project (10 participants) in the amount of \$745,902; 2) Southeast Water Efficiency Program Project (Central Basin MWD) in the amount of \$745,902; 3) Gateway Cities Regional Recycled Water System Expansion Project (4 participants) in the amount of \$920,811; and 4) Paramount Blvd. Turf Replacement Project (City of Lakewood) in the amount of \$1,000,000.

As a matter of background, below is a table of grants awarded to GWMA since 2010:

IRWM Grants under Gateway IRWM Plan	IRWM Grants under Greater LA IRWM Plan	Other Grants
2010 - \$950,000: Develop Gateway IRWM Plan	2016 - \$3,412,615: 4 multi-party projects	2010 - \$10M: LA River Catch Basin Retrofits
2014 - \$3,941,966: Drought Round 2 Projects		2011 Prop 84 S/W - \$338,465: Los Cerritos Channel
		2014 Prop 84 S/W - \$1,073,820: multi-party LIDs
		2014 USBR - \$1,000,000: multi-party AMR
		** 2017 Prop 1 S/W - \$9,904,842: LAR UR2
<b>TOTAL=\$4,891,966</b>	<b>TOTAL=\$3,412,615</b>	<b>TOTAL=\$22,317,127</b>

\*\* Denotes requirement to be part of/consistent with an IRWM Plan

Under consideration is whether an update to the Gateway Plan is needed. This could mean that future non-IRWM grant applications could include projects that are in either or both IRWM Plans. In other words, while joining the GLAC efforts has been beneficial, it does not preclude GWMA from retaining its own DWR-approved IRWM Plan and continuing its own separate regional efforts, projects and non-IRWM grant applications. However, this can also be accomplished solely with the GLAC Plan. Because many State and Federal grant programs now have ranking systems which includes questions about IRWM, this becomes an important question.

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## **CURRENT STATUS:**

From the time the Gateway Plan was adopted, its project list has been updated twice, but the Gateway Plan itself has not been updated. With the passage of Proposition 1, new IRWM Plan standards were introduced in 2016. The GLAC Plan ("GLAC Plan") was updated in 2017 over a period of several months through a sub-committee of its members, and used the LA County Flood Control District's in-house technical expertise. The GLAC Plan is currently under review at DWR for acceptance. GWMA continues to play an active role with the GLAC IRWM process and the Gateway Plan remains a part of that plan as a technical memorandum. If the Board chooses to update the Gateway Plan, GWMA could request that the GLAC Leadership Committee consider requesting DWR to accept it into their Plan as an updated Technical Memo at a future date.

Staff is now seeking direction from the Board regarding the Gateway Plan and whether to officially update it to comply with recent legislation and DWR standards. Staff anticipates that the cost to update the Gateway Plan will be more than \$10,000. If the Board wishes to consider an official update, staff has developed a Request for Proposal (RFP) [attached herein] to solicit proposals to update the Gateway Plan to incorporate the new IRWM Plan standards. In accordance to GWMA's On-Call Consulting Policy [attached herein]:

"Consulting Services between \$10k and \$75K

- a. Based on a general scope of services, staff will request proposals from all consultants listed under the appropriate category(ies) on the approved On-Call Consultant List.
- b. The Executive Officer will evaluate, rank, and select the top ranked consultant upon negotiation until an agreement is met on the final fees. The Executive Officer will request authorization from the GWMA Board for award of contract to selected consultant. The request must include a brief description of the scope of work, background information regarding the amount being requested and the number of proposals sought and received. Upon approval, the Executive Officer will issue a NTP using the existing PSA on file. If no agreement is on file, staff will utilize the pre-approved general PSA template and attach the proposal as an exhibit prior to execution."

## **FISCAL IMPACT:**

Most of the financial impact will be determined once proposals are received. However, the RFP process will require staff time to solicit and review proposals from the On-Call Consultants previously approved by the GWMA Board for this purpose [list attached herein]. Thereafter, staff will prepare information for Board consideration on whether to proceed with updating the Gateway Plan and accept a proposal from an On-Call Consultant to do the work. Staff time will be needed to manage/direct the chosen Consultant.

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### **RECOMMENDATIONS:**

- a. Direct staff to release a Request for Proposal to update the Gateway IRWM Plan to incorporate new IRWM Plan standards introduced in 2016 and authorize Staff to evaluate proposals and prepare information with a recommendation for Board consideration; **OR**
- b. Direct staff to not update the Gateway IRWM Plan and only pursue grants using the Greater LA IRWM Plan

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**DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
(916) 653-5791



August 22, 2017

Mr. Daniel J. Lafferty  
Assistant Deputy Director, Watershed Management Division  
Los Angeles County Department of Public Works  
900 S. Fremont Avenue  
Alhambra, California 91803

Approval of Request to Incorporate the Gateway IRWM Plan into the GLAC IRWM Plan and Update of the GLAC Boundary

Dear Mr. Lafferty:

This letter transmits the Department of Water Resources (DWR) approval of your written request dated June 28, 2017 to (1) incorporate the Gateway Integrated Regional Water Management (IRWM) Plan into the GLAC IRWM Plan; and (2) amend the Greater Los Angeles County (GLAC) IRWM regional boundary to incorporate the Gateway IRWM Region and Catalina Island. Pursuant to the GLAC and Gateway Governance processes, the Gateway IRWM Plan will be added to the GLAC IRWM Lower San Gabriel and Los Angeles Rivers Subregional Plan (which includes the City of Avalon) in an additional appendix as a technical memorandum.

There should be sufficient reference to the new Gateway Subregion appendix in the main GLAC IRWM plan to enable reference by DWR staff during any Proposal Solicitation Process or additional Proposition 1 requirement reviews for projects originating within the Subregion. It is understood that while the Gateway Region would have autonomy for other grant program solicitations not associated with the IRWM Program, it would be considered part of the GLAC IRWM Plan with respect to the IRWM Program. This means that applicants in the GLAC IRWMP Gateway Subregion who submit a project proposal would have to adopt the GLAC plan and send DWR proof of adoption documentation (Board of Directors or governing entity resolution, etc.) in order to be considered for a grant, and would be the project proponents for projects in the Subregion.

A copy of the updated IRWM Regional Boundary map and associated GIS file is included with this approval notification. The IRWM Regional Boundary map update is posted at the following location: <http://www.water.ca.gov/inwm/grants/rap.cfm>. Other department maps that rely on these same data will be updated as well.

Mr. Daniel J. Lafferty  
August 22, 2017  
Page 2

If you have any questions, please contact Ted Daum at (916) 651-9264 or  
Ted.Daum@water.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carmel Brown', with a stylized flourish at the end.

Carmel Brown, P.E., Chief  
Financial Assistance Branch  
Division of Integrated Regional Water Management

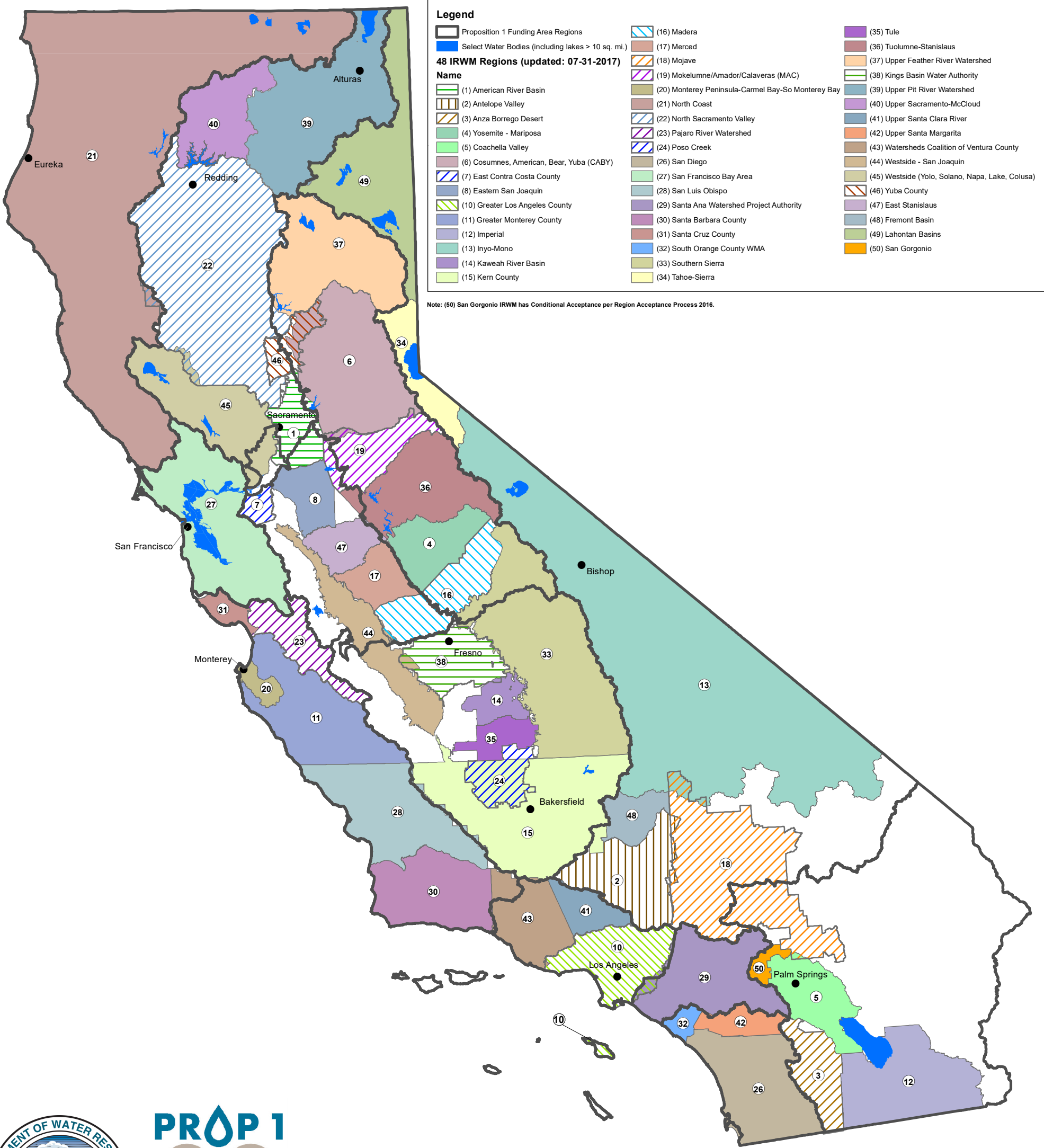
cc: Ms. Virginia S. Maloles-Fowler  
REHS, Management Specialist II  
Los Angeles County Public Works

Ms. Grace J. Kast  
Executive Officer  
Gateway Water Management Authority

Attachments: Updated IRWM Region map pdf file  
Updated IRWM Region GIS shapefile

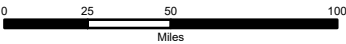


Integrated Regional Water Management  
48 IRWM Planning Regions  
Updated: August, 2017



Notes:

- 1) Hatch symbols are shown where there is a boundary overlap.
- 2) Numbers shown are for reference purposes only and correspond to internal DWR Region Acceptance Process (RAP) submittal identifications.
- 3) Region boundaries shown are those submitted by each Regional Water Management Group (RWMG) to DWR as part of the RAP (or per subsequent, approved revisions).
  - RAP 2009 = ID No's 1 - 46
  - RAP 2011 = ID No's 47 - 49
  - RAP 2016 = ID No. 50
- 4) ID No. 25 (Sacramento Valley) is no longer participating in the IRWM Grant Program and is no longer shown.
- 5) ID No. 9 (Gateway) has been incorporated into ID No. 10 (Greater Los Angeles County) and is no longer shown.



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## REQUEST FOR PROPOSALS FOR GATEWAY INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

### BACKGROUND

The Gateway Water Management Authority (GWMA) is a Joint Powers Authority (JPA) of 25 cities and four public water agencies. GWMA is responsible for the regional watershed planning needs of 2 million people in the Gateway Cities Region of Los Angeles County. GWMA is an interdependent local government administered by one appointed representative from each member city/agency. GWMA also relies on a 3-member Executive Committee (Chair, Vice-Chair and Secretary/Treasurer) to assist and provide guidance to the GWMA staff for the coordination of its activities.

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

The Gateway Integrated Regional Water Management Plan (Gateway Plan) was completed in June 2013. The Gateway Plan's project list was updated twice since then but the plan itself, conforming with 2012 standards, has not been updated. With the passage and implementation of Proposition 1, new IRWMP standards were introduced in 2016.

**ISSUE DATE: February 16, 2018**

**DUE DATE: March 16, 2018**

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- 5) Right to Reject All Proposals
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- 8) Disclosure
- 9) Anti-Discrimination
- 10) Prevailing Wage Compliance



## 1) PURPOSE

The purpose of this Request for Proposal (RFP) is to solicit for professional services to update the Gateway Integrated Regional Water Management Plan (Gateway Plan) further described in Section 2 below.

## 2) PROJECT SCOPE OF WORK

The scope of work includes the following tasks:

- a) Update the Gateway Plan to meet legislative actions and to comply with DWR Standards requirements that are summarized in Appendix H of the DWR 2016 IRWM Grant Program Guidelines ([http://www.water.ca.gov/irwm/grants/p1\\_guidelines.cfm](http://www.water.ca.gov/irwm/grants/p1_guidelines.cfm)) established after Gateway's IRWM Plan was adopted in June 2013, which may include updating:
- Regional Description
  - Plan Objectives
  - Resource Management Strategies
  - Project Review Process
  - Plan Performance and Monitoring
  - Local Water Planning
  - Local Land Use Planning
  - Stakeholder Involvement
  - Climate Change

In addition, the Gateway Plan update will need to:

- Update DAC outreach process
- Update and prioritize projects for implementation

Working closely with GWMA staff and member representatives, the consultant will:

- Lead an open, public Gateway Plan update process
- Integrate new information into currently applicable Gateway Plan materials
- Provide technical review and analysis as needed
- Compile an updated draft Gateway Plan that meets 2016 standards and is ready for public review
- Conduct a public review of the draft and incorporate or address public comments
- Coordinate with DWR staff as necessary to produce a final, compliant plan
- Produce a final updated Gateway Plan

The Gateway Plan can be located at <http://gatewaywater.org/documents/irwmp-documents/gateway-irwm-plan/>.

## 3) PROPOSAL REQUIREMENTS

- a) Proposal Submittal

The Consultant shall submit one (1) electronic and/or six (six) hard copies of the proposal by March 16, 2018 to:

GWMA

16401 Paramount Blvd.  
Paramount, CA 90723  
Email: bibiweiss.gateway@gmail.com

Questions regarding this Request for Proposals must be submitted via email by February 23, 2018 and be directed to: Bibi Weiss at bibiweiss.gateway@gmail.com.

All questions and answers will be posted on GWMA's website by 5:00 p.m. on February 28, 2018.

b) Proposal Format

Proposals must include the information requested and comply with the requirements outlined in this Request for Proposals. Proposals should address the Project Scope of Work and be formatted to include the following sections:

- **Scope:** Provide a detailed description and understanding of the project, as well as the scope of services being provided
- **Key Project Personnel:** Provide qualifications and responsibilities of each member assigned to this project and the amount of each individual's time to be allocated. Identification of the primary representative and an alternate to perform the services described in the Scope of Work. Identification of the project team, including organizational chart and resumes of each team member. Specific responsibilities of each team member, including sub consultants.

c) Project Management System (Please respond to items check marked below)

- X  Components of the project management system that demonstrates the capability in management of projects of this scope. Include a sample  monthly  report.
- X  Procedure for monitoring progress and providing cost control.
- X  Steps to maintain the project on schedule and budget.

d) Proposals must include at a minimum, the following information, which shall be provided in the format listed below:

- Legal name of Consultant, address, telephone number, and fax number.
- Consultant's Tax Identification Number
- Identification of the Project Manager assigned to this project.
- Name, address, telephone number, and e-mail address of the person to whom correspondence should be directed.
- List of sub-consultants, if any, who will be a part of the project team, including their specific areas of responsibility.

- References that the Gateway Water Management Authority may contact concerning your performance on similar projects. Description of the project team's past record of performance on similar projects for which the Consultant has provided services.
- General information concerning the Consultant's ability to perform work of this nature.
- Consultant's current rate schedule with effective dates.

e) Proposal Fee

The Proposal shall include a full description and breakdown for each task of all fees proposed by the Consultant for all services to be provided as outlined in the Scope of Work.

f) Project Schedule

The Proposal shall include a Project Schedule.

#### 4) **GENERAL REQUIREMENTS**

a) Consultant Minimum Qualifications

- The Consultant and any sub-consultants must be legally qualified to practice the work required in the State of California. The selected Consultant will be required to sign GWMA's standard Professional Services Agreement attached herein as Exhibit A and to provide all insurance required in that Agreement.
- Documentation of previous experience of the Project Manager and Project team on similar projects will be a heavily weighted factor in the selection process.
- The consultant's staff commitment to the project will also be a heavily weighted factor in the selection process. Only staff who will, in fact, commit a substantial percentage of their time on this project should be set forth in any organization charts or resumes. A Project Manager is to be designated by name and may not be changed without the prior written approval by GWMA. Significant changes from proposed staff may result in a reduction of the Consultant's fee or termination of the contract. Also, GWMA reserves the right to have the Consultant remove and replace the Project Manager or any project staff member from the project for cause.

b) Quality of Work

The Consultant agrees to deliver quality services that meet or exceed industry standards or best practices including those which have been expressly stated herein as requirements. The Consultant will be wholly responsible for correcting any deficiencies, at no additional cost to the GWMA. The Consultant's proposal shall include a detailed description of quality assurance procedures used on the project.

c) Exceptions/Modifications

No oral or telephone modifications of any Proposal, once submitted, will be considered. Modified Proposals may be submitted as long as the new Proposal is completed prior to the original deadline for submission of the Proposal.

- The Proposal submitted must not contain any erasures and/or corrections.
- Any potential Consultant may withdraw its Proposal personally, or by written request either by mail or facsimile, at any time prior to the scheduled closing time for the receipt of the Proposal. If no written request is received prior to the closing time for the qualifications, the Proposal shall be considered valid and binding.
- The successful Consultant shall be bound by the terms and conditions of the Professional Services Agreement (PSA), attached to this RFP as exhibit B including, but not limited to, the indemnification and insurance provisions.

d) Non-disclosure of Information

The Consultant awarded the contract, shall take reasonable and prudent measures to safeguard all information used in the development, draft and final work products related to the Project, including the information in this RFP. The Consultant shall not disclose this information to any party, or use the project data or information on any other project, without the express consent of the GWMA or as required by Federal law. The Consultant shall include the same requirements in all sub-contractor agreements, if any.

e) Payment

The Consultant will be paid on the basis of time and material on a task by task basis, not to exceed the contract amount.

f) Schedule

The Consultant is expected to complete all tasks within the Scope of Services, no later than October 31, 2018, or as agreed to in the final PSA.

g) Contents and Order of the Proposal

Each interested Consultant shall submit a Proposal with the following information and in the order provided below:

- Name of Consultant;
- Address of principal place of business including e-mail, telephone, website and fax numbers;
- Name and resume of the main individual assigned to work with the GWMA staff;

- Description of Consultant or individual's education, experience, qualifications, number of years with the Consultant, if applicable, and a description of experience with activities similar to those described above;
- Experience related to providing service to public entities and water agencies;
- At least three (3) references, two (2) of which must have knowledge of the main individual's service to a public entity;
- Cost details, including the hourly rates of each of the individuals who will perform services, all expenses, and a "not to exceed" annual amount; and
- Any other information that the Consultant deems relevant.

#### h) Selection Criteria

The selection criteria used in awarding a contract or agreement for professional services as described above shall include but not limited to the following:

- Qualifications of the individual(s) who will perform the tasks and the amounts of their respective participation;
- Relevant experience (public agency and water) and strength of references;
- Ability to perform tasks in a timely fashion, including staffing and familiarity with the subject matter; and
- Cost competitiveness

### 5) RIGHT TO REJECT ALL PROPOSALS

GWMA reserves the right to reject any and all Proposals, to accept or reject any one or more items of a Proposal, or to waive any irregularities or informalities in the Proposals or the selection process if it is deemed in the best interests of GWMA.

### 6) EQUAL EMPLOYMENT OPPORTUNITY

GWMA is an equal opportunity employer and requires all consultants to comply with all State and Federal regulations concerning equal employment opportunity.

### 7) CONFLICT OF INTEREST

The Consultant and its employees shall comply with all applicable state and federal conflict of interest statutes and regulations, including, but not limited to, California Government Code Section 1090 and the Political Reform Act.

### 8) DISCLOSURE

Consultants shall disclose in their proposal whether they have been subject of any investigation by County, State, and/or Federal agencies within the past 5 years. If so, each responding

Consultant shall identify the agency and contact person, the nature of the investigation, and any determination over outcome of said investigation. The Consultant shall also respond to the following questions:

- Has the Consultant been subject to any favorable or unfavorable newspaper article or articles, and if so, please include a copy of the article or articles in the Proposal.
- Is there anything about the Consultant which if disclosed would reflect negatively on the GWMA in any way?

Failure to comply with this section could result in rejection of the Proposal.

## **9) ANTI-DISCRIMINATION**

GWMA requires that its Consultants shall not discriminate against any prospective or active employee engaging in work under its contracts because of race, color-ancestry, national origin, religious creed, sex, age or marital status. The selected Consultant shall comply with applicable Federal and California laws in this regard including, but not limited to, the California Fair Employment and Housing Act. In addition, the selected Consultant shall require similar compliance by any sub-contractor the Consultant retains to provide services under this contract.

## **10) PREVAILING WAGE COMPLIANCE**

The work included in this Project may call for services that, in whole or in part, constitute “public works” as defined in the California Labor Code. Therefore, as to those services that are “public works,” the Consultant shall comply in all respects with all applicable provisions of the California Labor Code.

## **SUBMISSION REQUIREMENTS AND DEADLINE**

Proposals must be postmarked, hand-delivered and/or emailed to: Bibi Weiss, Gateway Water Management Authority, 16401 Paramount Blvd., Paramount, CA 90723, no later than March 16, 2018.

## GATEWAY WATER MANAGEMENT AUTHORITY POLICY and PROCEDURES

### PROFESSIONAL SERVICES

Professional services are those activities performed by a consultant who possesses a degree of expertise in a particular profession. This would generally include (but not be limited to) environmental services, accounting/auditing services, planning services, design services, engineering services, technical services, financial services, or other administrative services. Selections will be based on the most highly qualified provider of those services on the basis of demonstrated competence and qualifications.

#### **A. On-Call Consulting List**

1. An approved On-Call Consultant list is based on a 5-year rolling list, at such time the Chair would be authorized to execute Professional Services Agreements (PSA) with selected consultants on the list for up to 5 years; and
2. Consideration to add a consultant(s) to the list with Statement of Qualifications (SOQ) may be recommended to the full board for approval by majority vote.

#### **B. Selection of Consultant**

##### **1. *Consulting Services for Up to \$10k***

- a. Chair Person is authorized to seek a proposal from and retain a qualified consultant for specific professional services for up to and including \$10,000. Chairperson may use his or her judgment on requiring more than one proposal. Upon approval of the expenditures, the Executive Officer will issue a Notice to Proceed (NTP) referencing the existing PSA on file. If no agreement is on file, staff will utilize the pre-approved general PSA template and attach the proposal as an exhibit prior to execution.

##### **2. *Consulting Services between \$10k and \$75k***

- a. Based on a general scope of services, staff will request proposals from all consultants listed under the appropriate category(ies) on the approved On-Call Consultant List.
- b. The Executive Officer will evaluate, rank, and select the top ranked consultant upon negotiation until an agreement is met on the final fees. The Executive Officer will request authorization from the GWMA Board for award of contract to selected consultant. The request must include a brief description of the scope of work, background information regarding the amount being requested and the number of proposals sought and received. Upon approval, the Executive Officer will issue a NTP using the existing PSA on file. If no agreement is on file, staff will utilize the pre-approved general PSA template and attach the proposal as an exhibit prior to execution.

##### **3. *Consulting Services between \$75k and \$500k***

- a. Working in consultation with a Standing Committee, called the "Consultant Selection Committee" (CSC), of 3 voting board members and staff, a detailed scope of services will be

prepared. Staff will issue a Request for Proposal (RFP) to all consultants listed under the appropriate category(ies) on the approved On-Call Consultant List. The need for interviews will be determined by the CSC.

- b. Once the evaluation of consultant proposals and selection of top ranked consultant is complete, the Executive Officer will attempt to negotiate a fair and reasonable price with the top ranked consultant.
- c. If a satisfactory price cannot be negotiated with the most highly qualified consultant, the Executive Officer will end negotiations with that provider and select the next most highly qualified consultant.
- d. The Executive Officer will attempt to negotiate a price with that consultant at a fair and reasonable price.
- e. The Executive Officer will continue this process to select and negotiate until a fair and reasonable price is achieved.
- f. With the recommendation of the CSC, the Executive Officer will request authorization from the GWMA Board for an award of contract with the selected consultant. The staff report must include background information on proposals sought and received and any additional information pertinent to the request for expenditures including a detailed scope of work, budget and schedule. Once approved, the Executive Officer will issue a NTP using the existing On-Call PSA. If no agreement is on file, staff will utilize the pre-approved general Professional Services Agreement template and attach the proposal as an exhibit prior to execution.

#### **4. Consulting Services over \$500k**

- a. Working in consultation with the CSC, staff will prepare a detailed RFP. The list of consultants for this solicitation will include names from the On-Call Consulting List and names from the GWMA membership and stakeholders including publication in a general circulation if requested. The RFP will be posted on GWMA's website.
- b. Once the evaluation of consultant proposals and selection of top ranked consultant is complete, the Executive Officer will attempt to negotiate a fair and reasonable price with the top ranked consultant.
- c. If a satisfactory price cannot be negotiated with the most highly qualified consultant, the Executive Officer will end negotiations with that consultant and select the next most highly qualified provider.
- d. The Executive Officer will attempt to negotiate a price with that consultant at a fair and reasonable price.
- e. The Executive Officer will continue this process to select and negotiate until a fair and reasonable price is achieved.
- f. With the recommendation of the CSC, the Executive Officer will request authorization from the GWMA Board for an award of contract with the selected consultant. The staff report must include background information on proposals sought and received and any additional information pertinent to the request for expenditures including a detailed scope of work, budget



and schedule. Once approved, the Executive Officer will issue a NTP using the existing On-Call PSA. If no agreement is on file, staff will utilize the pre-approved general PSA template and attach the proposal as an exhibit prior to execution

**5. Award and Contract Amendments**

1. The Executive Officer, in consultation with the Chairperson is authorized to issue amendments to the agreement for up to \$10,000 for changes or additions to the original scope of services that are equal or less than 10% of the original contract amount.
2. The Chair, in consultation with the Executive Committee is authorized to issue contract amendments to the agreement for up to \$20,000 for changes or additions to the original scope of services that are equal or less than 20% of the original contract amount
3. All other amendments must receive a majority approval of the GWMA Board.

**6. Procedure Established by Granting Agencies, State or Federal agencies**

Should a specific procedure for consultant selection be required from a Federal or State granting agency, GWMA shall follow the required procedures.

**EXCEPTIONS**

1. With a majority vote of the GWMA Board, a particular consultant may be chosen based on the unique requirements and/or experience of the consultant for a particular scope of work.
2. In the case of a unique requirement and/or time sensitive circumstance, a consultant may be requested to submit a proposal by the watershed committee subject to a majority approval by the GWMA Board.
3. The approved On-Call Consulting List is not limited. Staff, at any time may request a statement of qualifications from additional consultants.
4. Changes to this policy may be made by a majority vote of the GWMA Board at any time. Any process herein may be modified depending on specific grant guidelines. Definitions are listed below.

Definitions:

GWMA – Gateway Water Management Authority  
NTP – Notice to Proceed  
PSA – Professional Services Agreement  
PSC – Professional Services Committee  
RFP – Request for Proposals  
RFQ – Request for Qualifications  
SOQ – Statement of Qualifications

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



[www.gatewaywater.org](http://www.gatewaywater.org)

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

## **ON-CALL CONSULTING SERVICES FOR GWMA**

*Approved by Board on November 9, 2017*

### **Feasibility Study and Project and/or Program Report Writing**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

CWE – Vik Bapna [vbapna@cwe.corp.com](mailto:vbapna@cwe.corp.com)

John L. Hunter & Associates – John Hunter [jhunter@jlha.net](mailto:jhunter@jlha.net)

Richard Watson & Associates, Inc. – Rich Watson [rwatson@waplanning.com](mailto:rwatson@waplanning.com)

Tetra Tech – Oliver Galang [oliver.galang@tetrattech.com](mailto:oliver.galang@tetrattech.com)

Geosyntec Consultants – Ken Susilo [ksusilo@geosyntec.com](mailto:ksusilo@geosyntec.com)

GEI Consultants – Bill Bennett [bbennett@geiconsultants.com](mailto:bbennett@geiconsultants.com)

Atkins Global – Alberto Acevedo [alberto.acevedo@atkinsglobal.com](mailto:alberto.acevedo@atkinsglobal.com)

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

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

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**Project Management (Including but not limited to Construction Management and Inspection Services, Plan Checking, Compliance Assurance and Reporting Services Associated with Federal, State and Other Grant Funded Projects and Programs)**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

CWE – Vik Bapna [vbapna@cwe.corp.com](mailto:vbapna@cwe.corp.com)

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Tetra Tech - Oliver Galang [oliver.galang@tetrattech.com](mailto:oliver.galang@tetrattech.com)

Geosyntec Consultants – Ken Susilo [ksusilo@geosyntec.com](mailto:ksusilo@geosyntec.com)

Atkins Global – Alberto Acevedo [alberto.acevedo@atkinsglobal.com](mailto:alberto.acevedo@atkinsglobal.com)

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## **Coordinate and Manage Watershed Projects**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

CWE – Vik Bapna [vbapna@cwe.corp.com](mailto:vbapna@cwe.corp.com)

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GEI Consultants – Bill Bennett [bbennett@geiconsultants.com](mailto:bbennett@geiconsultants.com)

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## **Prepare and/or Manage Preparation of Bid Documents, Plans and Specifications**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

CWE – Vik Bapna [vbapna@cwe.corp.com](mailto:vbapna@cwe.corp.com)

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## **Regional Planning Grant and/or Other Opportunities Including Development of Associated Documents**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

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GEI Consultants – Bill Bennett [bbennett@geiconsultants.com](mailto:bbennett@geiconsultants.com)

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## **Grant Writing and/or Grant Implementation Management**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

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## **Strategic Local and/or Regional Planning Efforts, Including Development of Associated Documents**

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

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## **GIS Mapping/Management**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

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**CEQA/NEPA Environmental Proceedings (Including but not limited to, Preparation, Review and Management of Technical Reports Associated with Various Projects and/or Programs (Specialty in the area of Water/Watershed/Stormwater))**

Stetson Engineers, Inc. – Steve Johnson [stevej@stetsonengineers.com](mailto:stevej@stetsonengineers.com)

Civiltec – David Byrum [dbyrum@civiltec.com](mailto:dbyrum@civiltec.com)

CWE – Vik Bapna [vbapna@cwe.corp.com](mailto:vbapna@cwe.corp.com)

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Atkins Global – Alberto Acevedo [alberto.acevedo@atkinsglobal.com](mailto:alberto.acevedo@atkinsglobal.com)

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**IRWM Related Programs and Activities (Including but not limited to, Plan Updates and Project List Updates)**

Tetra Tech - Oliver Galang [oliver.galang@tetrattech.com](mailto:oliver.galang@tetrattech.com)

Geosyntec Consultants – Ken Susilo [ksusilo@geosyntec.com](mailto:ksusilo@geosyntec.com)

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February 8, 2018

## **SECTION 9:     Sharing Monitoring Data with Private NPDES Permit Holders in Watershed Groups Other than the Lower Harbor Toxics Group**

### **SUMMARY:**

At its January board meeting, the GWMA Board of Directors provided direction to continue the existing policy of selling monitoring data generated from the Harbor Toxics TMDL to private NPDES permit holders. As discussed in detail, GWMA has an existing MOU with the Lower Harbor Toxics Group ("Group"),<sup>1</sup> which sets forth a process for private NPDES permit holders who are not Group members to participate in the implementation of the TMDL's compliance monitoring and reporting plan (CCMRP) in order to utilize the Group's CCMRP monitoring data to satisfy all or part of their respective NPDES permit monitoring and reporting requirements. If approved by the Group, the Group's Chair notifies the GWMA in writing and GWMA then enters into an agreement with the private NPDES permit holder and bills the entity an annual fee of \$12,300.

The Board's decision to continue the data sharing process within the Lower Harbor Toxics Group was based on three factors: (1) the acceptable risk that GWMA would probably not be held liable for the actions of the private NPDES permit holder, based in part on protections included in GWMA's template data sharing agreement; (2) protections included in the data sharing agreement that make clear private NPDES permit holders are not members of GWMA or the watershed group; and (3) the cost savings associated with the program. Given these considerations, the Board also directed staff to return in February to discuss expanding the data sharing program to other watershed groups.

### **DISCUSSION:**

In September 2016, the Board discussed whether it should expand the data selling program with private parties to include other watershed groups, other than the Lower Harbor Toxics Group. The Board directed staff and legal counsel to analyze GWMA's risk factors, to estimate how many private NPDES permit holders would be involved, to identify cost factors and staffing requirements, and to determine how monies collected from private companies would be allocated. The Board requested that the information be brought back before the Board for consideration.

<sup>1</sup> The Cities of Bellflower, Lakewood, Long Beach, Paramount, Rancho Palos Verdes, Rolling Hills, Signal Hill, Los Angeles and Rolling Hills Estates, the County of Los Angeles, the County Flood Control District, and the Port of Long Beach.

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At the November 2016 board meeting, legal counsel and staff presented pros and cons of moving forward with the proposal to sell monitoring data to private parties outside of the Lower Harbor Toxics Group. Staff raised concerns about the type of “due diligence” research that would be required in vetting private NPDES permit holders. Additionally, legal counsel raised concerns related to the language contained in the private NPDES permits that indicated that these private permittees could “join” watershed groups. Board members agreed that they did not want any implication that private NPDES permit holders could “join” their watershed groups. At that time, the general consensus of the Board was to not move forward with new monitoring cost share programs until the Regional Board amended the permit language and/or provides sufficient risk guarantees. Thus, the Board decided not to move forward with creating a similar data sharing program with other watershed groups that are not subject to an MOU term like the one in the Lower Harbor Toxics Group’s MOU.

When this issue was discussed at the January 2018 Board Meeting, it appeared that many of these perceived risks of selling monitoring data to private NPDES permit holders, both in the Lower Harbor Toxics Group and in other watershed groups, had been mitigated to the satisfaction of the Board. GWMA’s template data sharing agreement with the private NPDES permit holders in the Lower Harbor Toxics Group includes insurance requirements and requires the private party to indemnify GWMA and the public agency permittees. In addition, the agreement provides that GWMA does not guarantee the accuracy of the monitoring data and waives GWMA’s liability for negligent acts. The agreement also clarifies that the private party is not considered a member of the group, but instead is only entitled to participate in the monitoring program. According to the Board discussion, the economic benefits of selling monitoring data to private NPDES permit holders outweighed the potential legal or political risks of selling data to entities that may be perceived as polluters, such as oil companies.

GWMA staff was informed that at least one private NPDES permit holder requested monitoring data from each of the Lower San Gabriel River and Lower Los Angeles River watershed groups. In each of those watersheds, at least one monitoring station was installed at the cost of \$100,000 per monitoring station and the groups expend approximately \$27,000 per year per monitoring station. The Lower Los Angeles River has one monitoring station and the Lower San Gabriel River has two monitoring stations.

If authorized by the Board, and assuming the watersheds are interested, GWMA staff and legal counsel would work with each watershed group to develop the parameters by which monitoring data would be shared with private NPDES permit holders. Policy issues that would be discussed include the amount of the annual data sharing fee (currently \$12,300 for the more extensive Lower Harbor Toxics Group Monitoring program), how a potential surplus might be used by

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GWMA and/or the watershed groups, the due diligence review process for the private NPDES permit holders, and whether an MOU amendment would be required to implement the data sharing process.

GWMA has existing Agreements with each of the Harbor Toxics Upstream municipalities and agencies allowing participants to share/participate in the monitoring program which would not be directly impacted by this item. These Agreements are set to expire on June 30, 2018.

**RECOMMENDATION:**

- a. Authorize staff and legal counsel to work with the various watershed groups for which GWMA facilitates the collection of monitoring data to develop a data sharing process for private NPDES permit holders, similar to the current program for the Lower Harbor Toxics Group. Staff would return to the Board at a future meeting once business deal points have been outlined with one or more of the watershed groups.

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