



## **AGENDA**

**Regular Meeting of the Board of Directors  
Thursday, May 14, 2020 at 12:00 p.m.**

**Meeting Remote Location  
via WebEx**

**<https://meetingsamer9.webex.com/meetingsamer9/j.php?MTID=mfcdd5588e3b41e6cf9d4bcf327c9cf91>**

**Meeting number: 623 131 521**

**Password: GatewayH2O**

**or via phone**

**1-408-418-9388 (passcode: 42839294)**

**1. Roll Call**

**2. Determination of a Quorum**

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

**4. Oral Communications to the Board**

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

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 Consent Calendar: (Acted as one item unless withdrawn by request)**

- a. Minutes of the Board Meeting of January 9, 2020 (Enclosure).
- b. Ratify the Warrant Register for February 2020, March 2020, and April 2020 and Approve the Warrant Register for May 2020 (Enclosures).
- c. Receive and File the Updated Expenditures for Legal Counsel Services (Enclosure).

**6. GWMA Audit for Fiscal Year 2018-2019 (Enclosure)**

- a. Receive and file the Annual Audited Financial Statements for Fiscal Year 2018-2019, as presented.

**7. Discussion/Action Regarding Audit Engagement for Fiscal Year 2019-2020 (Enclosure)**

- a. Authorize Fedak & Brown LLP to conduct GWMA's Fiscal Year 2019-2020 audit in an amount not to exceed \$12,898.

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), Vice-Chair • Kelli Tunnicliff (Signal Hill), Secretary/Treasurer**  
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**8. Workshop – Fiscal Year 2020-2021 GWMA Administrative Budget (Enclosure)**

**9. Direct and Indirect Administrative Fees for Fiscal Year 2020-2021 (Enclosure)**

- a. Approve Fiscal Year 2019-2020 GWMA Member Direct Cost Administrative Fees at a rate of 3% of the Member's cost share allocation for the particular watershed, grant, program or other activities.
- b. Approve Fiscal Year 2019-2020 GWMA Non-Member Direct Cost Administrative Fees at a rate of 5% of the Non-Member's cost share allocation for the particular watershed, grant, program or other activities.
- c. Approve Fiscal Year 2019-2020 GWMA Non-Member Indirect Cost Administrative Fees at a rate of 3.76% of the Non-member's cost share allocation for the particular watershed, grant, program or other activities.

**10. Presentation: Gateway Water Resources Strategic Plan - *Kekoa Anderson***

**11. Gateway Region Watershed Management Groups Oral Reports**

- a. Lower Los Angeles River Upper Reach 2 Watershed Group
- b. Lower Los Angeles River (LLAR) Watershed Group
- c. Los Cerritos Channel (LCC) Watershed Group
- d. Lower San Gabriel River (LSGR) Watershed Group

**12. Executive Officer's Oral Report**

- a. Update on Outstanding Accounts Receivables from Members and Non-Members (no action required)
- b. Upcoming Activities
  - Notice Inviting Bids for Gateway Region Catch Basin Cleaning – Anticipated Release in June 2020
  - RFQ Solicitation to Update On-Call Consultant List – Fall 2020
  - LLAR, LCC and LSGR MOU Amendments – expires September 30, 2020

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

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), Vice-Chair • Kelli Tunnicliff (Signal Hill), Secretary/Treasurer**  
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**14. Closed Session**

- a. Public Employee Performance Evaluation  
Government Code Section 54957  
Title: Executive Officer
- b. Public Employee Appointment/Employment  
Government Code Section 54957  
Title: Executive Officer

**15. Discussion/Action Regarding One-Year Extension of Professional Services Agreement with Koa Consulting for GWMA Program Management, Grant Administration, and DAC Committee Services (Enclosure)**

- a. Approve a one-year extension of the Professional Services Agreement attached as Attachment A with Koa Consulting, with a new expiration date of June 30, 2021; and
- b. Direct the Chair to provide written notification to Koa Consulting of the Board's approval of the one-year contract extension.

**16. Adjournment to Regular Board Meeting on June 11, 2020.**

**NOTICE:** GWMA will hold Board Meetings via video conference to meet social distancing recommendations or meet in person at its regular location at Progress Park in Paramount, depending on recommendations from local and State officials. The physical location or video-conference information will be posted with each Board Agenda which can be found at [www.gatewaywater.org](http://www.gatewaywater.org) 72 hours in advance of the meeting.

**MINUTES OF THE GATEWAY WATER MANAGEMENT AUTHORITY  
LOS ANGELES GATEWAY REGION  
INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY  
BOARD  
AT PARAMOUNT, CALIFORNIA  
THURSDAY, JANUARY 9, 2020**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, January 9, 2020 at 12:00 p.m. at the Progress Park Plaza, 15500 Downey Avenue, Paramount, CA.

Chair Lisa Rapp called the meeting to order at 12:03 p.m. Roll was called by Ms. Grace Kast and a quorum of the Board was declared.

**BOARD MEMBERS PRESENT:**

Okina Dor	Artesia
Jordan Monroe	Avalon
Bernardo Iniguez (alternate)	Bellflower
Sandi Linares-Plimpton (alternate)	Central Basin MWD
Mike O'Grady	Cerritos
Gina Nila	Commerce
Dan Mueller (alternate)	Downey
Christina Dixon (alternate)	Huntington Park
Mark Stowell	La Mirada
Lisa Rapp	Lakewood
Danilo Batson	Montebello
Sarah Ho (alternate)	Paramount
Kenner Guerrero (alternate)	Pico Rivera
James Vernon	Port of Long Beach
Sarina Morales-Choate (alternate)	Santa Fe Springs
Gladis Deras (alternate)	South Gate
Claudia Arellano (alternate)	Vernon
Vicki Smith	Whittier
Esther Rojas (alternate)	WRD

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

Grace Kast	Executive Officer
Traci Gleason	Program Administrative Manager
Nicholas Ghirelli	Legal Counsel
Kekoa Anderson	Funding/Grants Program
Matt Tryon	City of Signal Hill
Halie Simmons	City of Signal Hill
Richard Watson	Richard Watson & Associates
Bill Minasian	Downey Resident

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**ITEM 3 - ADDITIONS TO THE AGENDA**

None.

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

None.

**ITEM 5 - CONSENT CALENDAR**

Director Nila motioned to approve the consent calendar. The motion was seconded by Director Stowell and was approved by the following voice vote:

**AYES:** Dor, Iniguez, Linares-Plimpton, O’Grady, Nila, Dixon, Stowell, Rapp, Batson, Ho, Morales-Choate, Arellano, Smith, Rojas

**NOES:** None

**ABSTAIN:** (Minutes only) Monroe, Guerrero, Vernon, Deras

**ITEM 6 - CONSIDERATION OF GWMA TO SERVE AS LEAD AGENCY FOR LOS ANGELES COUNTY-WIDE BACTERIA STUDY**

Director Mueller entered at 12:07

At the November GWMA Board Meeting, Mr. Richard Watson of Richard Watson & Associates, provided an informational presentation regarding a proposed scientific study to address challenges associated with implementation efforts to protect human health at beaches and inland surface waters through targeted reduction of bacteriological pollution. A Bacteria Study Coordination Committee (which includes representatives from the City of and County of Los Angeles and three of the watersheds) developed a special study approach, budget and way to fund it through Measure W. The approach was presented to all watershed management programs and enhanced watershed management program groups and discussed with regional board staff.

The study would consist of four tasks: Stakeholder Process; Risk Assessment; Risk Management, and Regulatory Revisions. It would be a five-year program. The cost estimate of the project is approximately \$8.6M. If an optional task for strategic planning tool application is included, then the project total cost would be approximately \$9.8M. If a watershed group decides not to participate as part of the program, then the scope and fee would be scaled down. The awarded agency would be advanced the funding (not a reimbursable grant fund).

The Bacteria Study Committee requested for GWMA to be identified on the funding application as the Lead Agency for the proposed bacteria study. Costs would not be incurred by GWMA until awarded. Director O’Grady recommended the amount (or percentage) of funds GWMA receives for administrative and legal costs as lead agency for the study, and the amount (or percentage) of funds to be reserved for a retained project coordinator by GWMA be further evaluated once the scope is determined and brought to the Board for approval, if awarded.

Director Nila motioned to approve GWMA’s role as Lead Agency for the “Regional Study to Support Protection of Human Health through Targeted Reduction of Bacterial Pollution” and authorize GWMA’s name to be added to the Measure W funding application for the proposed study. If funding is awarded, GWMA’s official role as the study’s Lead Agency

would be contingent upon Board approval of an agreement between LACFCD and GWMA that sets forth each agency's role and funding obligations. The motion was seconded by Director O'Grady and was approved by the following voice vote:

**AYES:** Dor, Monroe, Iniguez, Linares-Plimpton, O'Grady, Nila, Mueller, Dixon, Stowell, Rapp, Batson, Guerrero, Ho, Vernon, Morales-Choate, Deras, Arellano, Smith, Rojas

**NOES:** None

**ABSTAIN:** None

#### **ITEM 9 – STATUS REPORT UPDATE ON GWMA FUNDING STRATEGY & GRANTS PROGRAM**

Mr. Kekoa Anderson reported a GWMA/Gateway Cities Council of Governments (GCCOG) joint committee meeting was held on January 6, 2020. Discussion items included reviewing the goals and objectives for a regional integration of all various programs that overlap one another that include water resources, urban greening elements and transportation, develop a funding strategy and look at grant coordination between the agencies to optimize funding and programs. Active Grants, Measures and Programs were then identified.

Last year, GWMA in partnership with GCCOG and Water Conservation Authority (WCA) submitted an application for the 68 Rivers and Mountains Conservancy (RMC) Proposition 68 Grant Program in July. At this time, only one project, which is identified as a WCA implementation project, was recommended at the November RMC Meeting. Staff has been reaching out to RMC to coordinate a meeting to answer questions and to try to improve the chances for a funding award.

Applications for Proposition 1 Stormwater Implementation Grant Program, Round 2 are expected to open this Spring. GWMA was previously awarded from Round 1 \$9.9M for the John Anson Ford Cistern Infiltration Project. GWMA will not be able to apply for Round 2 because per the recently amended Grant Guidelines, the combined Round 1 and Round 2 implementation awards cannot exceed the maximum implementation grant amount of \$10M for each applicant.

#### **ITEM 13 - GATEWAY REGION WATERSHED MANAGEMENT GROUPS ORAL REPORT**

##### **Lower Los Angeles River Upper Reach 2 (LAR UR2) Watershed Group**

The next LAR UR2 meeting will be on January 13, 2020. A meeting regarding John Anson Ford Park Infiltration Cistern Phase 1 Project is planned for January 14, 2020.

##### **Lower Los Angeles River Watershed Group**

The next LLAR meeting will be held on January 27, 2020. Agenda item includes consideration of future projects for funding.

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Los Cerritos Channel (LCC) Watershed Group

There was no LCC meeting last month. The next LCC meeting will be on January 16, 2020.

Lower San Gabriel River (LSGR) Watershed Group

There was no LSGR meeting last month. The next LSGR meeting will be on January 16, 2020.

**ITEM 14 – EXECUTIVE OFFICER’S ORAL REPORT**

In 2017, GWMA released a Request for Proposals for Catch Basin Cleaning/Maintenance Services. This process allowed GWMA member cities to utilize GWMA’s competitive process and make its own selection based on the responsive bids received. Proposals were made on a per catch basin basis, with prices valid for three years. The three-year term will expire this fall. Ms. Kast inquired if any of the GWMA member cities utilized this information from this process. Based on the positive responses received, staff will proceed with another RFP process for catch basin cleaning services.

**ITEM 15 – DIRECTORS’ ORAL COMMENTS/REPORT**

Director Linares-Plimpton commented that Metropolitan and its member agency released the yearly all-kids art calendar, that encourages kids to express the value of water through artwork. Two winners are from South Gate. Copies of the calendars were made available.

The meeting was adjourned at 12:40 p.m.

The next regular Board Meeting of the Directors of the Gateway Water Management Authority will be on Thursday, February 13, 2020 at 12:00 p.m. at the Progress Park Plaza, 15500 Downey Avenue, Paramount, CA.

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Lisa Rapp, Chair

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Date



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

May 14, 2020

**AGENDA ITEM 5b – Ratify the Warrant Register for February 2020, March 2020 and April 2020, and Approve the Warrant Register for May 2020**

**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 Traci Gleason, serving as the Administrative/Accounting Manager of the Gateway Water Management Authority, upon Board Approval.

**DISCUSSION:**

The Warrant Registers for expenditures dated February 2020 in the amount of \$461,427.18, expenditures dated March 2020 in the amount of \$514,265.25, and expenditures dated April 2020 in the amount of \$339,793.78 are submitted for ratification by the Board, and the Warrant Register for expenditures dated May 2020 in the amount of \$746,908.34 is submitted for approval. Invoices and supporting documentation are available for review at the office of the GWMA.

**FISCAL IMPACT:**

The Warrant Registers total \$2,062,394.55. Funds to cover payment are available in the GWMA budget.

**RECOMMENDATION:**

Ratify the Warrant Register for February 2020, March 2020, and April 2020 and Approve the Warrant Register for May 2020.

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), Vice-Chair • Kelli Tunnicliff (Signal Hill), Secretary/Treasurer**  
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WARRANT REGISTER  
DISBURSEMENT JOURNAL  
FEBRUARY 2020

Invoice Date	Vendor	Invoice Number	Description	Amount
12/29/2019	Anchor QEA	65425	RMC Compliance Monitoring FY 18/19 (Services 11/1/19-11/30/19)	\$ 15,590.29
12/26/2019	Anchor QEA	65426	RMC Compliance Monitoring FY 19/20 (Services 11/1/19-11/30/19)	\$ 18,942.80
1/1/2020	City of Paramount	4235	Office Rent for January 2020	\$ 360.32
2/1/2020	City of Paramount	4250	Office Rent for February 2020	\$ 360.32
1/28/2020	Clifton Larson Allen	2356724	Accounting (Services 1/1/2020-1/30/2020)	\$ 1,500.00
1/6/2020	Fairview Web Design	299	GWMA Webpage Services Through Jan 6, 2020	\$ 450.00
11/27/2019	Fedak & Brown	11-27-19	Auditing (Services November 2019)	\$ 1,422.00
12/23/2019	Fedak & Brown	12-23-19	Auditing (Services December 2019)	\$ 4,750.00
1/31/2020	Gateway Cities Council of Governments	01-31-20	Office Supplies, FedEx	\$ 141.07
2/5/2020	Grace Kast	02-05-20	Expense Reimbursement for GWMA expanded cloud storage	\$ 19.99
12/30/2019	John L. Hunter and Assoc.	BGFPP1119	Ford Park Project (Services 7/1/19-11/30/19)	\$ 69,705.00
1/14/2020	John L. Hunter and Assoc.	GANPLA1219	LLAR WMP Implementation (Services 11/1/19-12/31/19)	\$ 93,835.51
1/14/2020	John L. Hunter and Assoc.	GANPSG1219	LSGR WMP Implementation (Services 11/1/19-12/31/19)	\$ 117,962.32
2/4/2020	Koa Consulting	K114-01-25	COG Water-Related Coordination Activities and Executive Officer Services, DAC Chair and DACIP Co-Chair	\$ 33,908.00
1/15/2020	Richard Watson & Associates	20-192-003-001	Develop and Implement WMP & Implement CIMP for Los Cerritos Channel (Services for Dec 2019)	\$ 100,902.12
1/9/2020	Richards Watson Gershon	225094	General Legal Counsel (Services through 12/31/19)	\$ 1,097.28
1/3/2020	Rodger's Catering	43328	Catering for GWMA/GCCOG Joint Coordination Meeting	\$ 85.96
1/7/2020	Rodger's Catering	43359	Catering for GWMA Board Meeting	\$ 394.20
<b>Total</b>				<b>\$ 461,427.18</b>

Reviewed and Approved by:

  
 Kelli Tunnicliff, GWMA Secretary and Treasurer



WARRANT REGISTER  
DISBURSEMENT JOURNAL  
MARCH 2020

Invoice Date	Vendor	Invoice Number	Description	Amount
1/31/2020	Anchor QEA	65905	RMC Compliance Monitoring FY 18/19 (Services 12/1/19-12/31/19)	\$ 4,449.50
1/31/2020	Anchor QEA	65906	RMC Compliance Monitoring FY 19/20 (Services 12/1/19-12/31/19)	\$ 3,252.66
2/27/2020	Anchor QEA	66312	RMC Compliance Monitoring FY 19/20 (Services 1/1/20-1/31/20)	\$ 4,433.13
3/1/2020	City of Paramount	4267	Office Rent for March 2020	\$ 360.32
2/28/2020	Clifton Larson Allen	2384951	Accounting (Services 2/1/2020-2/28/2020)	\$ 1,500.00
8/26//19	CWE	19673	John Anson Ford (JAF) Park Design (Services 7/1/19-7/31/19)	\$ 45,759.87
9/23/2019	CWE	19699	JAF Park Design (Services 8/1/19-8/31/19)	\$ 7,516.80
11/11/2019	CWE	19763	JAF Park Design (Services 9/1/19-10/31/19)	\$ 28,431.31
2/28/2020	Gateway Cities Council of Governments	2-28-20	Office Supplies, FedEx	\$ 147.18
2/18/2020	John L Hunter and Assoc.	BGFPP0120	Ford Park Project (Services 12/1/19-1/31/20)	\$ 52,900.00
1/13/2020	John L Hunter and Assoc.	GAHT1219	Harbor Toxic Monitoring (Services 11/1/19-12/31/19)	\$ 78,048.15
2/18/2020	John L Hunter and Assoc.	GANPLA0120	LLAR WMP Implementation (Services 1/1/20-1/31/20)	\$ 19,881.88
3/2/2020	Koa Consulting	K114-01-26	COG Water-Related Coordination Activities and Executive Officer Services, DAC Chair and DACIP Co-Chair	\$ 33,908.00
2/17/2020	Richard Watson & Associates	20-192-003-002	Develop and Implement WMP & Implement CIMP for Los Cerritos Channel (Services for Jan 2020)	\$ 36,137.45
2/10/2020	Richards Watson Gershon	225494	General Legal Counsel (Services through 1/31/20)	\$ 1,666.10
2/19/2020	Zusser Company, Inc.	1953-01	JAF Park Progress Payment January 2020	\$ 195,872.90
<b>Total</b>				<b>\$ 514,265.25</b>

Reviewed and Approved by:

  
 Kelli Tunnicliff, GWMA Secretary and Treasurer



WARRANT REGISTER  
DISBURSEMENT JOURNAL  
APRIL 2020

Invoice Date	Vendor	Invoice Number	Description	Amount
3/23/2020	Anchor QEA	66924	RMC Compliance Monitoring FY 19/20 (Services 2/1/20-2/29/20)	\$ 13,061.45
4/2/2020	City of Bell Gardens	32039	JAF Park SWRCB Permit Application ID#515541	\$ 452.17
4/1/2020	City of Paramount	4286	Office Rent for April 2020	\$ 360.32
3/26/2020	Clifton Larson Allen	2416034	Accounting (Services 3/1/2020-3/31/2020)	\$ 2,500.00
1/28/2020	Fedak & Brown	01-28-20	Auditing Services through January 2020	\$ 1,097.00
2/26/2020	Fedak & Brown	02-26-20	Auditing Services through February 2020	\$ 711.00
3/31/2020	Gateway Cities Council of Governments	3-31-20	Office Supplies, FedEx	\$ 139.86
3/30/2020	John L Hunter and Assoc.	BGFPP0220	Ford Park Project (Services 2/1/20-2/29/20)	\$ 41,442.50
3/11/2020	John L Hunter and Assoc.	GAHT0220	Harbor Toxics Monitoring (Services 1/1/20-2/29/20)	\$ 2,551.50
3/11/2020	John L Hunter and Assoc.	GANPLA0220	LLAR WMP Implementation (Services 2/1/20-2/29/20)	\$ 25,086.39
3/11/2020	John L Hunter and Assoc.	GANPSG0220	LSGR WMP Implementation (Services 1/1/20-2/29/20)	\$ 64,861.76
4/1/2020	Koa Consulting	K114-01-27	COG Water Related Coordination Activities and Executive Officer Services, DAC Chair and DACIP Co-Chair	\$ 33,908.00
3/18/2020	Richard Watson & Associates	20-192-003-003	Develop and Implement WMP & Implement CIMP for Los Cerritos Channel (Services for Feb 2020)	\$ 36,144.83
3/18/2020	Richards Watson Gershon	225935	General Legal Counsel (Services through 2/29/20)	\$ 3,600.50
3/12/2020	Zusser Company, Inc.	1953-02	JAF Park Progress Payment Feb 2020	\$ 113,876.50
			Total	\$ 339,793.78

Reviewed and Approved by:

  
Kelli Tunncliff, GWMA Secretary and Treasurer

4/9/2020



WARRANT REGISTER  
DISBURSEMENT JOURNAL  
MAY 2020

Invoice Date	Vendor	Invoice Number	Description	Amount
4/23/2020	Anchor QEA	67309	RMC Compliance Monitoring FY 19/20 (Services 3/1/20-3/31/20)	\$ 33,254.70
5/1/2020	City of Paramount	4303	Office Rent for May 2020	\$ 360.32
4/23/2020	Clifton Larson Allen	2451632	Accounting (Services 4/1/2020-4/30/2020)	\$ 1,500.00
4/7/2020	CWE	20092	LAR UR2 (Services 10/1/2019-3/31/2020)	\$ 223,037.21
4/30/2020	Gateway Cities Council of Governments	4-30-20	Office Supplies, FedEx	\$ 142.27
4/21/2020	John L Hunter and Assoc.	GANPLA0320	LLAR WMP Implementation (Services 3/1/20-3/31/20)	\$ 68,697.41
5/3/2020	Koa Consulting	K114-01-28	COG Water-Related Coordination Activities and Executive Officer Services, DAC Chair and DACIP Co-Chair	\$ 33,908.00
4/13/2020	Richard Watson & Associates	20-192-003-004	Develop and Implement WMP & Implement CIMP for Los Cerritos Channel (Services for Mar 2020)	\$ 74,390.33
4/14/2020	Richards Watson Gershon	226317	General Legal Counsel (Services through 3/31/20)	\$ 2,205.00
4/8/2020	Zusser Company, Inc.	1953-03	JAF Park Progress Payment March 2020	\$ 309,413.10
			Total	\$ 746,908.34

Reviewed and Approved by:

  
Kelli Tunnicliff, GWMA Secretary and Treasurer



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

May 14, 2020

**AGENDA ITEM 5c – Status of Total Legal Expenditures for General Legal Counsel Services for Fiscal Year 2019-2020**

**SUMMARY:**

At the Board meeting in June 2019, the Board approved the budget for legal counsel services of \$50,000 for Fiscal Year (FY) 2019-2020 to address legal issues. The Board has previously directed staff to provide monthly updates on total expenditures for legal counsel services.

Legal Counsel Services Update:

\$ 50,000.00	FY 2019/2020 Budget amount for Legal Counsel services
<u>\$ 17,388.58</u>	Expenditures for Legal Counsel services through March 31, 2020
\$ 32,611.42	Remaining budget amount available through June 30, 2020

**FISCAL IMPACT:**

The total expenditures for Legal Counsel services for FY 2019-2020 through March 31, 2020 total \$17,388.58. Sufficient funds to cover payment for legal counsel services are remaining in the GWMA FY 2019-2020 budget.

**RECOMMENDATION:**

Receive and file the status the updated expenditures for Legal Counsel Services.

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

May 14, 2020

## **AGENDA ITEM 6 – GWMA Audit for Fiscal Year 2018-2019**

### **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 Fiscal Year 2018-2019 was that the financial statements were presented fairly, in all material respects, as of June 30, 2019. 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**

Based upon the auditor's recommendations, four non-material adjusting entries were made as described in the Management Report attached herein.

### **RECOMMENDATION:**

Receive and file the Annual Audited Financial Statement for Fiscal Year 2018-2019, as presented.

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), 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, 2019**

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

**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 Joint Powers Authority (Authority) as of and for the year ended June 30, 2019, 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 audit begins. In many cases, however, audit 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 audit 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 audit adjustment and reclassification entries and have entered them into the general ledger of the Authority as of June 30, 2019.

## **Summary of Prior 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 audit begins. In many cases, however, audit 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 audit 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 audit adjustment and reclassification entries and have entered them into the general ledger of the Authority as of June 30, 2018.

\* \* \* \* \*

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  
March 12, 2020

**APPENDIX**

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

**Audit/Finance Committee Letter**

**June 30, 2019**

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, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 28, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### ***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 2019 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.

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.

## **Significant Audit Matters, continued**

### ***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 3)

### ***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 March 12, 2020.

### ***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.

### **Conclusion**

We appreciate the cooperation extended us by Grace Kast, Executive Officer, and Traci Gleason, Program Manager 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.

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.

**Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority**  
**Summary of Audit Adjusting Journal Entries**  
**June 30, 2019**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To move interest earned from LAIF cash account to Interest Receivable as of June 30, 2019.			
13001	Interest Receivable	26,049.42	
10200	LAIF Investment		26,049.42
Total		<u>26,049.42</u>	<u>26,049.42</u>
<b>Adjusting Journal Entries JE # 2</b>			
To record FMV adjustment for June 30, 2019.			
10205	LAIF Investment - Change in FMV	12,598.58	
FB1	Unrealized loss (gain) on investments		12,598.58
Total		<u>12,598.58</u>	<u>12,598.58</u>
<b>Total Adjusting Journal Entries</b>		<u>38,648.00</u>	<u>38,648.00</u>



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

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2019**



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

## Board of Directors as of June 30, 2019

Name	Area	Position	Alternates (if applicable)
Lisa Rapp	Artesia	Chair	Jason Wen Konya Vivanti Toyasha Sebbag
Adriana Figueroa	Paramount	Vice-Chair	Sarah Ho Wendy Macias
Kelli Tunnicliff	Signal Hill	Treasurer/Secretary	Hannah Shin-Heydorn
Okina Dor	Artesia	Member	Pradeepkumar Elayath
Jordan Monroe	Avalon	Member	Bob Greenlaw Audra McDonald
Nestor Valencia	Bell	Member	Robert Linton
Chau Vu	Bell Gardens	Member	Veronica Sanchez
Len Gorecki	Bellflower	Member	Bernardo Iniguez
Tammy Hierlihy	Central Basin Municipal Water District	Member	Joseph Legaspi Sandi Linares-Plimpton Leticia Vasquez
(vacant)	Cerritos	Member	Mike O'Grady Bob Ortega
Gina Nila	Commerce	Member	Jasmin Elepano
Aaron Hernandez-Torres	Cudahy	Member	Andres Rangel
(vacant)	Downey	Member	Dan Mueller
Ernie Hernandez	Hawaiian Gardens	Member	Joseph Colombo
Daniel Hernandez	Huntington Park	Member	Juan Preciado Mario Lopez Christina Dixon
Mark Stowell	La Mirada	Member	Marlin Munoz





**Board of Directors as of June 30, 2019, continued**

<b>Name</b>	<b>Area</b>	<b>Position</b>	<b>Alternates (if applicable)</b>
Melissa You	Long Beach	Member	Alvin Papa
Christopher Garner	Long Beach Water Department	Member	B. Anatole Falagan Tai Tseng
(vacant)	Lynwood	Member	Lorry Hempe
(vacant)	Maywood	Member	(vacant)
Danilo Batson	Montebello	Member	Cecilia Amaya
(vacant)	Norwalk	Member	Julian Lee
Monica Heredia	Pico Rivera	Member	Kenner Guerrero James Coiner
James Vernon	Port of Long Beach	Member	Dylan Porter Janna Morimoto Matthew Arms
(vacant)	Santa Fe Springs	Member	Noe Negrete Robert Garcia Sarina Morales-Choate
Art Cervantes	South Gate	Member	Chris Castillo Gladis Deras Guillermo Petra
Daniel Wall	Vernon	Member	Claudia Arellano
David Schickling	Whittier	Member	Kyle Cason Phuong Nguyen
Robb Whitaker	Water Replenishment District	Member	Esther Rojas

**Los Angeles Gateway Region**  
**Integrated Regional Water Management**  
**Joint Powers Authority**  
**Grace J. Kast, Executive Officer**  
**16401 Paramount Boulevard**  
**Paramount, California 90723**  
**(562) 663-6850**  
**[www.gatewaywater.org](http://www.gatewaywater.org)**

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

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2019**

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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, 2019**

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**Financial Section**

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## **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, 2019, 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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

### ***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 6 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 March 12, 2020 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  
March 12, 2020



**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2019  
With Comparative Amounts as of June 30, 2018**

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, 2019. 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 11.78% or \$611,927 from \$5,193,248 to \$4,581,321 as a result of ongoing operations.
- The Authority's total revenues decreased 37.22% or \$2,041,641 from \$5,485,373 to \$3,443,732, primarily due to a decrease in program revenues.
- The Authority's total expenses decreased 12.90% or \$600,743 from \$4,656,402 to \$4,055,659, primarily due to a \$1,728,193 decrease in grant expenditures, which was offset by a \$1,153,159 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, 2019  
With Comparative Amounts as of June 30, 2018**

**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 \$4,581,321 as of June 30, 2019. At the end of fiscal year 2019, the Authority shows a positive balance in its unrestricted net position of \$3,821, where all of the Authority's reserves are restricted for future use.

**Condensed Statement of Net Position**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 6,217,735	7,023,477	(805,742)
<b>Total assets</b>	<u>6,217,735</u>	<u>7,023,477</u>	<u>(805,742)</u>
<b>Liabilities:</b>			
Current liabilities	<u>1,636,414</u>	<u>1,830,229</u>	<u>(193,815)</u>
<b>Total liabilities</b>	<u>1,636,414</u>	<u>1,830,229</u>	<u>(193,815)</u>
<b>Net position:</b>			
Restricted	4,577,500	5,257,669	(680,169)
Unrestricted (deficit)	<u>3,821</u>	<u>(64,421)</u>	<u>68,242</u>
<b>Total net position</b>	<u>\$ 4,581,321</u>	<u>5,193,248</u>	<u>(611,927)</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 \$611,927 during the fiscal year ended June 30, 2019.

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2019  
With Comparative Amounts as of June 30, 2018**

**Government-wide Financial Analysis, continued**

**Condensed Statement of Activities**

<i>Governmental Activities</i>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Expenses:</b>			
Authority operations	\$ 4,055,659	4,656,402	(600,743)
<b>Total expenses</b>	<u>4,055,659</u>	<u>4,656,402</u>	<u>(600,743)</u>
<b>Revenues:</b>			
Program revenues	3,338,945	5,480,593	(2,141,648)
General revenues	<u>104,787</u>	<u>4,780</u>	<u>100,007</u>
<b>Total revenues</b>	<u>3,443,732</u>	<u>5,485,373</u>	<u>(2,041,641)</u>
<b>Change in net position</b>	(611,927)	828,971	(1,440,898)
<b>Net position, beginning of period,</b>	<u>5,193,248</u>	<u>4,364,277</u>	<u>828,971</u>
<b>Net position, end of period</b>	<u><u>\$ 4,581,321</u></u>	<u><u>5,193,248</u></u>	<u><u>(611,927)</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, 2019, the Authority's General Fund reported a fund balance of \$4,581,321. Of the fund balance reported, an amount of \$2,642 is designated as *non-spendable* as it has already been spent towards prepaid insurance and an amount of \$4,603,767 is designated as restricted for grant and watershed projects. The Authority has an unassigned fund balance of \$1,179.

**General Fund Budgetary Highlights**

At fiscal year-end, actual expenditures for the General Fund were \$3,501,941 more than final budgeted expenditures and actual revenues were \$2,947,743 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**

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**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Statement of Net Position  
June 30, 2019**

	<u>2019</u>
<b>Assets:</b>	
Cash and cash equivalents - restricted (note 2)	\$ 5,225,514
Interest receivable	26,049
Grants receivable	963,530
Prepaid expenses	<u>2,642</u>
<b>Total assets</b>	<u>6,217,735</u>
<b>Liabilities:</b>	
Accounts payable	24,870
Grants payable	1,585,277
Unearned revenue	<u>26,267</u>
<b>Total liabilities</b>	<u>1,636,414</u>
<b>Net Position:</b> (note 4)	
Restricted	4,577,500
Unrestricted	<u>3,821</u>
<b>Total net position</b>	<u>\$ 4,581,321</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, 2019**

	<u><b>2019</b></u>
<b>Expenses:</b>	
Regional water management	
Professional fees	\$ 452,029
Grant expenditures	38,427
Contract services	3,538,876
General and administrative	<u>26,327</u>
<b>Total expenses</b>	<u><b>4,055,659</b></u>
<b>Program revenues:</b>	
General membership fees	411,365
Intergovernmental revenues	2,631,831
Grant revenues	<u>295,749</u>
<b>Total program revenues</b>	<u><b>3,338,945</b></u>
<b>Net program expenses</b>	<u><b>(716,714)</b></u>
<b>General revenues:</b>	
Interest earnings	<u>104,787</u>
<b>Total general revenues</b>	<u><b>104,787</b></u>
<b>Change in net position</b>	<b>(611,927)</b>
<b>Net position, beginning of period</b>	<u><b>5,193,248</b></u>
<b>Net position, end of period</b>	<u><u><b>\$ 4,581,321</b></u></u>

See accompanying notes to the basic financial statements

**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Reconciliation of the Balance Sheet of Governmental  
Type Funds to the Statement of Net Position  
June 30, 2019**

	<u>General Fund</u>	<u>Reclassifications &amp; Eliminations</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and cash equivalents - restricted	\$ 5,225,514	-	5,225,514
Interest receivable	26,049	-	26,049
Grants receivable	963,530	-	963,530
Prepaid expenses	2,642	-	2,642
<b>Total assets</b>	<u>6,217,735</u>	<u>-</u>	<u>6,217,735</u>
<b>Liabilities:</b>			
Accounts payable	24,870	-	24,870
Grants payable	1,585,277	-	1,585,277
Unearned revenue	26,267	-	26,267
<b>Total liabilities</b>	<u>1,636,414</u>	<u>-</u>	<u>1,636,414</u>
<b>Fund balance: (note 3)</b>			
Non-spendable	2,642	(2,642)	-
Restricted	4,577,500	(4,577,500)	-
Unassigned	1,179	(1,179)	-
<b>Total fund balance</b>	<u>4,581,321</u>	<u>(4,581,321)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 6,217,735</u>		
<b>Net position:</b>			
Restricted		4,577,500	4,577,500
Unrestricted (deficit)		3,821	3,821
<b>Total net position</b>		<u>4,581,321</u>	<u>4,581,321</u>
<b>Reconciliation:</b>			
<b>Net position of governmental activities</b>			<u>\$ 4,581,321</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 Statement of Activities  
For the Fiscal Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Reclassifications &amp; Eliminations</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses:</b>			
Regional water management			
Professional fees	\$ 452,029	-	452,029
Grant expenditures	38,427	-	38,427
Contract services	3,538,876	-	3,538,876
General and administrative	26,327	-	26,327
<b>Total expenditures/expenses</b>	<u>4,055,659</u>	<u>-</u>	<u>4,055,659</u>
<b>Program revenues:</b>			
General membership fees	411,365	-	411,365
Intergovernmental revenues	2,631,831	-	2,631,831
Grant revenues	295,749	-	295,749
<b>Total program revenues</b>	<u>3,338,945</u>	<u>-</u>	<u>3,338,945</u>
<b>Net program expense</b>			<u>(716,714)</u>
<b>General revenues:</b>			
Interest earnings	104,787	-	104,787
<b>Total general revenues</b>	<u>104,787</u>	<u>-</u>	<u>104,787</u>
<b>Total revenues</b>	<u>3,443,732</u>	<u>-</u>	<u>3,443,732</u>
<b>Excess of expenditures over revenues</b>	(611,927)	611,927	-
<b>Change in net position</b>	-	828,971	(611,927)
<b>Fund balance/Net position, beginning of period</b>	<u>4,364,277</u>	<u>-</u>	<u>5,193,248</u>
<b>Fund balance/Net position, end of period</b>	<u>\$ 3,752,350</u>	<u>1,440,898</u>	<u>4,581,321</u>
<b>Reconciliation:</b>			
Changes net position of governmental activities			\$ <u>(611,927)</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, 2019**

**(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, 2019**

**(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, 2019**

**(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, 2019:

*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) 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

*Governmental Accounting Standards Board Statement No. 88*

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**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, 2019**

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

**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 are invested in interest bearing accounts. 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.

**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. 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.

**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, 2019**

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

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

**8. 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.

***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.

**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, 2019**

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	<u><b>2019</b></u>
Cash and cash equivalents - restricted	\$ <u><u>5,225,514</u></u>

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

	<u><b>2019</b></u>
Deposits held with a financial institution	\$ 1,141,996
Investments	<u>4,083,518</u>
Total	\$ <u><u>5,225,514</u></u>

As of June 30, the Authority's authorized deposits had the following maturities:

	<u><b>2019</b></u>
Deposits held with the California Local Investment Fund	173 days

***Authorized Deposits and Investments***

Under the provisions of the Authority's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in certain types of investments.

***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:

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.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The Authority's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.



**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, 2019**

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

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment of the Authority does not have a rating provided by a nationally recognized statistical rating organization.

***Concentration of Credit Risk***

The Authority's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Authority's investments at June 30, 2019.

***Investment in State Investment Pool***

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Authority's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

**(3) Fund Balance**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.8 for a description of these categories).

A detailed schedule of fund balance and their funding composition at June 30, 2019, is as follows:

<b>Fund Balance Category</b>	
<b>Nonspendable fund balance:</b>	
Prepaid insurance	\$ 2,642
<b>Restricted fund balance</b>	4,577,500
<b>Unassigned fund balance</b>	1,179
Total fund balance	\$ <u>4,581,321</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, 2019**

**(4) 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>4,577,500</u>
<b>Unrestricted net position:</b>	
<b>Non-spendable net position:</b>	
Prepaid insurance	2,642
<b>Spendable net position:</b>	
Unrestricted	<u>1,179</u>
<b>Total unrestricted net position</b>	<u>3,821</u>
<b>Total net position</b>	<u><u>\$ 4,581,321</u></u>

**(5) 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, 2019, 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, 2019, 2018, and 2017. 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, 2019, 2018, and 2017.



**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, 2019**

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019, that has effective dates that may impact future financial presentations.

***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 requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

***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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

**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, 2019**

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

***Governmental Accounting Standards Board Statement No. 89, continued***

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

***Governmental Accounting Standards Board Statement No. 90***

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**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, 2019**

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

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

**(7) 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.

**(8) Subsequent Events**

Events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of March 12, 2020, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**Los Angeles Gateway Region  
Integrated Regional Water Management  
Joint Powers Authority  
Budgetary Comparison Schedule – General Fund  
For the Fiscal Year Ended June 30, 2019**

	<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	\$ 408,000	408,000	452,029	(44,029)
Grant expenditures	-	-	38,427	(38,427)
Contract services	113,000	113,000	3,538,876	(3,425,876)
General and administrative	32,718	32,718	26,327	6,391
<b>Total expenditures/expenses</b>	<b>553,718</b>	<b>553,718</b>	<b>4,055,659</b>	<b>(3,501,941)</b>
<b>Program revenues:</b>				
General membership fees	399,500	399,500	411,365	11,865
Intergovernmental revenues	91,489	91,489	2,631,831	2,540,342
Grant revenue	-	-	295,749	295,749
<b>Total program revenues</b>	<b>490,989</b>	<b>490,989</b>	<b>3,338,945</b>	<b>2,847,956</b>
<b>General revenues</b>				
Interest earnings	5,000	5,000	104,787	99,787
<b>Total general revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>104,787</b>	<b>99,787</b>
<b>Total revenues</b>	<b>495,989</b>	<b>495,989</b>	<b>3,443,732</b>	<b>2,947,743</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(57,729)</b>	<b>(57,729)</b>	<b>(611,927)</b>	<b>(554,198)</b>
<b>Fund Balance - beginning of year</b>	<b>4,364,277</b>	<b>4,364,277</b>	<b>4,364,277</b>	
<b>Fund Balance - end of year</b>	<b>\$ 4,306,548</b>	<b>4,306,548</b>	<b>3,752,350</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**

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

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, 2019, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated March 12, 2020.

**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  
March 12, 2020

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

May 14, 2020

## **AGENDA ITEM 7 – Discussion/Action Regarding Audit Engagement for Fiscal Year 2019-2020**

### **SUMMARY:**

It is now time to prepare the Fiscal Year (FY) 2019-2020 Audit. Due to consistency during this stage of the accounting transition, it is the recommendation of the Treasurer and GWMA's Accounting Consultant to continue to engage the same auditor that GWMA has used for the past two years. The enclosed engagement letter from Fedak & Brown LLP proposes to do the audit. GWMA's Treasurer will remain as the Controller of GWMA for auditing purposes. A single audit will not be required for FY 2019-2020.

### **FISCAL IMPACT:**

The total cost to complete the audit for FY2019-2020 will not exceed a total of \$12,898. The FY 2020-2021 budget includes an amount of \$13,000.

### **RECOMMENDATION:**

Authorize Fedak & Brown LLP to conduct GWMA's FY 2019-2020 audit in an amount not to exceed \$12,898.

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), 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 • Compton • Cudahy • Downey  
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Pico Rivera • Port of Long Beach • Santa Fe Springs • Signal Hill • South Gate • Vernon • Water Replenishment District of Southern California • Whittier

*With Technical Support From The Sanitation Districts Of Los Angeles County*



Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Andy Beck, CPA

## Fedak & Brown LLP

Certified Public Accountants

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### UNDERSTANDING OF THE ENGAGEMENT

February 6, 2020

Board of Directors

Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority  
16401 Paramount Boulevard  
Paramount, California 90723

Dear Ms. Grace Kast, Admin/Accounting Manager:

We are pleased to confirm our understanding of the services we are to provide for the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority (Authority) for the year ended June 30, 2020. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority as of and for the year ended June 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Budgetary Comparison Schedule – General Fund

We have also been engaged to report on supplementary information other than RSI that accompanies the Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

- Schedule of expenditures of federal awards

### ***Audit Objectives***

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole.

The objective also includes reporting on:

- Internal control related to the basic financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the basic financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our report will be addressed to the Authority's Board of Directors.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.



### ***Audit Procedures - General***

*Government Auditing Standards* require that we communicate, during the planning stage of an audit, certain information to officials of the audited entity, and certain other parties. That information follows:

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

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

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

### ***Audit Procedures – Internal Control***

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



***Audit Procedures – Internal Control, continued***

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

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

***Audit Procedures – Compliance***

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

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the Uniform Guidance Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

***Other Services***

We will assist in preparing the financial statements, schedule of expenditures and federal awards, and related notes of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. We will assist in preparing the Authority's Annual State Controller's Report in conformity with the State Controller's Minimum Audit Requirements for California Special Districts. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

***Management Responsibilities***

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

***Management Responsibilities, continued***

You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on the date of final fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards.

You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon.

***Management Responsibilities, continued***

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the constancy of other information in the electronic site with the original document.



***Engagement Administration, Fees, and Other***

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

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase over our original fee estimate.

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

The audit documentation for this engagement is the property of Fedak & Brown LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to various government agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Fedak & Brown LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

COPY

***Engagement Administration, Fees, and Other, continued***

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

We expect to begin our Planning procedures in March 2020, begin our audit procedures in April to May 2020, and to issue our reports no later than December 2020. Christopher Brown is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$12,898 (with out-of-pocket expenses not exceeding \$250, preparation of the Authority's annual State Controller's Report for \$630, and the Single Audit of Federal Awards for \$4,768, as required). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if the Authority's account becomes 30 days or more overdue and may not be resumed until the Authority's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will have been deemed to have been completed upon written notification of termination, even if we have not completed our report. The Authority will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from the Authority's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the Authority's management and arrive at a new fee estimate before we incur the additional costs.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms of and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The Authority may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with the Authority regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If the Authority has any questions, please let us know. If the Authority agrees with the terms of our engagement described in this letter, please sign below and return it to us in the envelope provided. We have enclosed a copy for the Authority's files.

Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority  
February 6, 2020  
Page 9

Very truly yours,

*Fedak & Brown LLP*

**Fedak & Brown LLP**

RESPONSE:

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

COPY

Fedak & Brown LLP • Certified Public Accountants

Member of: American Institute of Certified Public Accountants • California Society of Certified Public Accountants



# Gateway Water Management Authority

## FY 2020/2021 Operating Budget

AGENDA ITEM 8

A	B	C	D	E	F	G	H
DESCRIPTION	FY 16/17 Actuals	FY 17/18 Actuals	FY 18/19 Actuals	FY 19/20 Admin Budget	FY 19/20 Year-End Projections	Budget to Actual Variance	FY 20/21 Admin Budget
<b>REVENUES</b>							
Dues from Member Agencies	\$ 386,500	\$ 398,000	\$ 411,365	\$ 401,000	\$ 416,000	\$ 15,000	\$ 417,500
GWMA Administrative/Legal/Funding Strategy Direct Fees from Watersheds Including Use of Watershed Reserves	\$ 62,053	\$ 85,556	\$ 70,975	\$ 118,500	\$ 83,766	\$ (34,734)	\$ 95,500
GWMA Administrative/Legal/Funding Strategy/Project Mgmt Direct Fees from GWMA Grants and Grant Sub-recipients	\$ 261,175	\$ 59,991	\$ 8,044	\$ 18,957	\$ 27,928	\$ 8,971	\$ 10,000
DACIP Proposal/Application Development (Grant Reimbursement)	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
GWMA Indirect Fees from Non-members	\$ -	\$ -	\$ 5,676	\$ 15,392	\$ 12,010	\$ (3,382)	\$ 20,999
<b>TOTAL REVENUES</b>	<b>\$ 709,728</b>	<b>\$ 543,547</b>	<b>\$ 496,060</b>	<b>\$ 553,849</b>	<b>\$ 549,704</b>		<b>\$ 553,999</b>
<b>OPERATING EXPENSES</b>							
Professional Mgmt, Admin & Accounting Services - General GWMA Operations	\$ 230,167	\$ 246,688	\$ 237,992	\$ 235,396	\$ 250,000	\$ (14,604)	\$ 234,500
Professional Mgmt, Admin & Accounting Services - Allocated to Watershed/Grant Operations	\$ 46,833	\$ 78,472	\$ 85,969	\$ 90,000	\$ 75,000	\$ 15,000	\$ 90,000
General Counsel - General GWMA Operations	\$ 37,193	\$ 31,666	\$ 14,352	\$ 41,500	\$ 11,363	\$ 30,137	\$ 15,000
General Counsel - Allocated to Watershed/Grant Operations	\$ 15,220	\$ 55,014	\$ 6,193	\$ 8,500	\$ 13,837	\$ (5,337)	\$ 15,500
Government Relations	\$ 25,000	\$ 25,000	\$ 23,523	\$ -	\$ -	\$ -	\$ -
Meeting Expenses	\$ 6,477	\$ 4,806	\$ 4,005	\$ 6,500	\$ 2,000	\$ 4,500	\$ 2,000
Office Supplies, Postage, Notices, Misc.	\$ 1,765	\$ 3,447	\$ 4,568	\$ 5,000	\$ 3,600	\$ 1,400	\$ 5,000
Office Rent	\$ 3,642	\$ 4,083	\$ 4,218	\$ 4,324	\$ 4,324	\$ -	\$ 4,324
Website Services	\$ 307	\$ 275	\$ -	\$ 500	\$ 500	\$ -	\$ 500
Insurance	\$ 11,147	\$ 10,786	\$ 12,049	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Authorized Conferences, Travel & Sponsorships	\$ 905	\$ -	\$ -	\$ 2,000	\$ -	\$ 2,000	\$ 2,000
Organization Memberships	\$ -	\$ 1,000	\$ 1,300	\$ 2,500	\$ -	\$ 2,500	\$ 2,500
Audit	\$ 9,450	\$ 7,690	\$ 9,180	\$ 13,600	\$ 9,000	\$ 4,600	\$ 13,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 388,106</b>	<b>\$ 468,927</b>	<b>\$ 403,348</b>	<b>\$ 421,820</b>	<b>\$ 381,624</b>		<b>\$ 396,324</b>
<b>NET INCOME BEFORE SPECIAL PROJECTS</b>	<b>\$ 321,622</b>	<b>\$ 74,620</b>	<b>\$ 92,712</b>	<b>\$ 132,029</b>	<b>\$ 168,080</b>		<b>\$ 157,675</b>
<b>SPECIAL PROJECT EXPENSES</b>							
Prop 1 Greater LA IRWM (Round 1) Grant Application Fee <b>**Board approved use of reserve funds in July 2018**</b>	\$ -	\$ -	\$ -	\$ 66,000	\$ -	\$ 66,000	\$ 25,000
Prop 84 2015 - AMR Project Management Services (Civiltec) <b>**collected from Project Participants during FY16/17 and held in general reserve**</b>	\$ 11,186	\$ 11,190	\$ 12,498	\$ 36,985	\$ 5,000	\$ 31,985	\$ 31,985
Disadvantaged Community Involvement Program	\$ 20,631	\$ 31,395	\$ 9,000	\$ 27,000	\$ 27,000	\$ -	\$ 27,000
Awarded Grant Project Management Services	\$ 191,523	\$ 11,153	\$ -	\$ -		\$ -	\$ -
General Project Development and Funding Strategy Services -General Operations	\$ -	\$ 18,750	\$ 75,000	\$ 55,000	\$ 56,250	\$ (1,250)	\$ 55,000
General Project Development and Funding Strategy Services - Allocated to Watershed/Grant Operations	\$ -	\$ -		\$ 20,000	\$ 18,750	\$ 1,250	\$ 20,000
<b>TOTAL SPECIAL PROJECT EXPENSES</b>	<b>\$ 223,340</b>	<b>\$ 72,488</b>	<b>\$ 96,498</b>	<b>\$ 204,985</b>	<b>\$ 107,000</b>		<b>\$ 158,985</b>
<b>NET INCOME AFTER ALL OPERATING EXPENSES AND SPECIAL PROJECTS EXPENSE</b>	<b>\$ 98,282</b>	<b>\$ 2,132</b>	<b>\$ (3,786)</b>	<b>\$ (72,956)</b>	<b>\$ 61,080</b>		<b>\$ (1,310)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 480,837</b>	<b>\$ 579,119</b>	<b>\$ 581,251</b>	<b>\$ 577,465</b>	<b>\$ 581,251</b>		<b>\$ 642,331</b>
<b>ADMINISTRATIVE ENDING FUND BALANCE</b>	<b>\$ 579,119</b>	<b>\$ 581,251</b>	<b>\$ 577,465</b>	<b>\$ 504,509</b>	<b>\$ 642,331</b>		<b>\$ 641,021</b>
All Watershed Groups Admin Fee Cumulative Ending Fund Balance							\$ 193,540
Cumulative Earned and Projected Interest Income through FY 20/21							\$ 224,573
<b>ADMINISTRATIVE ENDING FUND BALANCE WITH WATERSHED ADMIN FEE BALANCE + INTEREST INCOME</b>							<b>\$ 1,059,133</b>

***Los Angeles River Upper Reach 2***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Through End of Year	FY 20/21 Budget
<b>RESERVES FROM PREVIOUS YEAR</b>	<b>\$18,303</b>	<b>\$4,996</b>	<b>\$31,950</b>	<b>\$27,771</b>	<b>\$10,000</b>
<b>REVENUE</b>					
GWMA Administrative Fee	\$8,374	\$8,944	\$11,354	\$1,500	\$16,477
Grants Administrative Fee	-	\$19,103	\$8,044	\$7,069	
<b>TOTAL ANNUAL REVENUES</b>	<b>\$8,374</b>	<b>\$28,047</b>	<b>\$19,399</b>	<b>\$8,569</b>	<b>\$16,477</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$11,839	\$11,561	\$12,976	\$17,896	\$15,000
General Counsel - Direct Charges	\$9,842	\$37,669	-	10,785	\$3,500
Indirect Operating Expenses	-	-			
Grants Administrative - Expense	-	12,061	5,680	27,928	10,000
Funding Strategy - Expense	-	-	\$4,922		
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$21,681</b>	<b>\$61,291</b>	<b>\$23,578</b>	<b>\$56,609</b>	<b>\$28,500</b>
<b>TOTAL ANNUAL NET VARIANCE</b>					
	<b>(\$13,307)</b>	<b>(\$33,244)</b>	<b>(\$4,179)</b>	<b>(\$48,040)</b>	<b>(\$12,023)</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>					
	<b>\$4,996</b>	<b>(\$28,248)</b>	<b>\$27,771</b>	<b>(\$20,269)</b>	<b>(\$2,023)</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>					
	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>					
	<b>-</b>	<b>\$60,198</b>	<b>\$0</b>	<b>\$30,269</b>	<b>\$12,023</b>



***Los Cerritos Channel***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Through End of Year	FY 20/21 Budget
RESERVES FROM PREVIOUS YEAR	(\$2,107)	\$7,138	\$10,789	\$12,983	\$21,389
<b>REVENUE</b>					
GWMA Administrative Fee	\$17,838	\$17,261	\$19,270	\$19,317	\$33,305
Other (Indirect Admin)	-	-			\$2,020
<b>TOTAL ANNUAL REVENUES</b>	<b>\$17,838</b>	<b>\$17,261</b>	<b>\$19,270</b>	<b>\$19,317</b>	<b>\$35,325</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$7,040	\$10,971	\$12,987	\$10,081	\$15,000
General Counsel - Direct Charges	\$1,553	\$2,639	-	830	\$3,500
Indirect Operating Expenses	-	-		\$0	\$2,020
Funding Strategy - Expense	-	-	\$4,089		
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$8,593</b>	<b>\$13,610</b>	<b>\$17,076</b>	<b>\$10,911</b>	<b>\$20,520</b>
<b>TOTAL ANNUAL NET VARIANCE</b>					
	<b>\$9,245</b>	<b>\$3,651</b>	<b>\$2,194</b>	<b>\$8,406</b>	<b>\$14,805</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>					
	<b>\$7,138</b>	<b>\$10,789</b>	<b>\$12,983</b>	<b>\$21,389</b>	<b>\$36,194</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>					
	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>					
	-	-			

***Lower Los Angeles River***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Though End of Year	FY 20/21 Budget
<b>RESERVES FROM PREVIOUS YEAR</b>	<b>\$17,115</b>	<b>\$37,085</b>	<b>\$40,366</b>	<b>\$32,430</b>	<b>\$42,906</b>
<b>REVENUE</b>					
GWMA Administrative Fee	\$27,600	\$18,260	\$8,204	\$19,402	\$32,078
Grants Administrative Fee	-	-			
Other (Indirect Admin)					\$1,945
<b>TOTAL ANNUAL REVENUES</b>	<b>\$27,600</b>	<b>\$18,260</b>	<b>\$8,204</b>	<b>\$19,402</b>	<b>\$34,023</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$6,078	\$11,484	\$12,052	\$8,926	\$15,000
General Counsel - Direct Charges	\$1,552	\$3,494			\$3,500
Indirect Operating Expenses	-	-			\$1,945
Funding Strategy - Expense	-	-	\$4,088		
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$7,630</b>	<b>\$14,978</b>	<b>\$16,140</b>	<b>\$8,926</b>	<b>\$20,445</b>
<b>TOTAL ANNUAL NET VARIANCE</b>					
	<b>\$19,970</b>	<b>\$3,281</b>	<b>(\$7,936)</b>	<b>\$10,476</b>	<b>\$13,578</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>					
	<b>\$37,085</b>	<b>\$40,366</b>	<b>\$32,430</b>	<b>\$42,906</b>	<b>\$56,484</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>					
	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>					
	-	-	-		-

***Lower San Gabriel River***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Through End of Year	FY 20/21 Budget
<b>RESERVES FROM PREVIOUS YEAR</b>	<b>\$16,188</b>	<b>\$33,099</b>	<b>\$41,190</b>	<b>\$42,759</b>	<b>\$53,589</b>
<b>REVENUE</b>					
GWMA Administrative Fee	\$24,942	\$23,550	\$16,937	\$19,836	\$35,773
Grants Administrative Fee	-	-			
Other (Indirect Admin)					\$7,703
<b>TOTAL ANNUAL REVENUES</b>	<b>\$24,942</b>	<b>\$23,550</b>	<b>\$16,937</b>	<b>\$19,836</b>	<b>\$43,476</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$6,366	\$12,010	\$11,280	\$9,007	\$15,000
General Counsel - Direct Charges	\$1,665	\$3,449	\$0		\$3,500
Indirect Operating Expenses	-	-			\$7,703
Funding Strategy - Expense	-	-	\$4,088		
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$8,031</b>	<b>\$15,459</b>	<b>\$15,368</b>	<b>\$9,007</b>	<b>\$26,203</b>
<b>TOTAL ANNUAL NET VARIANCE</b>					
	<b>\$16,911</b>	<b>\$8,091</b>	<b>\$1,569</b>	<b>\$10,830</b>	<b>\$17,273</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>					
	<b>\$33,099</b>	<b>\$41,190</b>	<b>\$42,759</b>	<b>\$53,589</b>	<b>\$70,861</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>					
	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>					
	-	-	-		-

***Harbor Toxics Downstream***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Through End of Year	FY 20/21 Budget
RESERVES FROM PREVIOUS YEAR	\$8,589	\$15,077	\$6,014	-\$11,202	\$10,000
<b>REVENUE</b>					
GWMA Administrative Fee	\$11,875	\$10,812	\$9,641	\$9,521	
Grants Administrative Fee	-	-			
Other (Data Sharing Individuals)	2,506	\$2,864	\$2,508	\$8,610	\$8,292
Other (Indirect Admin)				\$8,133	\$6,324
<b>TOTAL ANNUAL REVENUES</b>	<b>\$14,381</b>	<b>\$13,676</b>	<b>\$12,149</b>	<b>\$26,264</b>	<b>\$14,616</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$7,893	\$16,935	\$24,004	\$10,781	\$10,000
General Counsel - Direct Charges	-	\$5,805	\$5,361		\$1,000
Indirect Operating Expenses	-	-		\$8,133	\$6,324
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$7,893</b>	<b>\$22,740</b>	<b>\$29,364</b>	<b>\$18,914</b>	<b>\$17,324</b>
<b>TOTAL ANNUAL NET VARIANCE</b>	<b>\$6,488</b>	<b>(\$9,064)</b>	<b>(\$17,215)</b>	<b>\$7,350</b>	<b>(\$2,708)</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>	<b>\$15,077</b>	<b>\$6,014</b>	<b>-\$11,202</b>	<b>-\$3,852</b>	<b>\$7,292</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>	<b>-</b>	<b>-</b>		<b>\$13,852</b>	<b>\$2,708</b>

***Harbor Toxics Upstream***  
**Administrative and Legal Costs Budget**  
**FISCAL YEAR ENDING JUNE 30, 2021**

Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Projected Through End of Year	FY 20/21 Budget
RESERVES FROM PREVIOUS YEAR	\$3,792	\$3,551	-\$5,842	-\$13,775	\$10,000
<b>REVENUE</b>					
GWMA Administrative Fee	\$7,984	\$8,076	\$5,569	\$5,366	\$5,376
Grants Administrative Fee	-	-			
Other (Indirect Admin)	-	-	\$3,168	\$3,006	\$3,006
<b>TOTAL ANNUAL REVENUES</b>	<b>\$7,984</b>	<b>\$8,076</b>	<b>\$8,737</b>	<b>\$8,372</b>	<b>\$8,382</b>
<b>OPERATING EXPENSE</b>					
Administrative - Direct Charges	\$7,618	\$15,512	\$12,670	\$7,808	\$10,000
General Counsel - Direct Charges	\$608	\$1,958	\$833	\$405	\$500
Indirect Operating Expenses	\$0	\$0	\$3,168	\$3,006	\$3,006
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>\$8,225</b>	<b>\$17,469</b>	<b>\$16,670</b>	<b>\$11,219</b>	<b>\$13,506</b>
<b>TOTAL ANNUAL NET VARIANCE</b>	<b>(\$241)</b>	<b>(\$9,393)</b>	<b>(\$7,933)</b>	<b>(\$2,847)</b>	<b>(\$5,124)</b>
<b>CUMULATIVE ENDING FUND BALANCE</b>	<b>\$3,551</b>	<b>(\$5,842)</b>	<b>(\$13,775)</b>	<b>(\$16,621)</b>	<b>\$4,876</b>
<b>MINIMUM GWMA ADMIN RESERVE BALANCE</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>ADDITIONAL ADMIN FUNDS REQUEST TO MAINTAIN MINIMUM RESERVE BALANCE</b>	<b>-</b>	<b>-</b>		<b>\$26,621</b>	<b>\$5,124</b>



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

May 14, 2020

## **AGENDA ITEM 9 - Direct and Indirect Administrative Fees for Fiscal Year 2020-2021**

### **BACKGROUND:**

In addition to annual membership dues, Direct and Indirect Administrative Fees paid by GWMA members and non-members for implementing certain MOUs and other cost share agreements, are collected to recover GWMA's administrative costs to support the administration of its various programs. Administrative Fees are applied against the cost share allocation for the GWMA members for the particular watershed, grant, program or other activity. The Administrative Fee rates are approved by the Board of Directors annually.

The GWMA's fiscal budget year is July 1 through June 30. In preparation of the 2020-2021 fiscal year, the GWMA Board of Directors is requested to establish the Administrative Fees for the next fiscal year.

### **SUMMARY:**

In May of 2018, the GWMA Board adopted an Administrative Fee Policy. The purpose of this policy was to ensure that the GWMA's Administrative Fees are established at a rate that recovers its expenses. Per GWMA's Proposed Policy and Procedure – Collection and Use of Direct and Indirect Administrative Fees, an annual percentage must be set for all GWMA members and non-members to cover GWMA's direct and indirect administrative costs. Direct Administrative Costs are staff and legal costs that are directly attributed to a watershed, grant, program or other activity outside of general membership-related responsibilities. Indirect Administrative Costs are the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operations of the GWMA and the conduct of activities. GWMA members will not be assessed for Indirect Costs, as GWMA members are required to pay annual membership dues and thus are contributing to general costs in support of GWMA.

To date, GWMA members have been charged 3% of their cost share allocation for the particular watershed, grant, program or other activity and non-members have been charged 5% of their cost share allocation for the particular watershed, grant, program or other activity for GWMA Direct Administrative Costs. Staff recommends maintaining the

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same percentages in the coming year for GWMA members and non-members, respectively. Additionally, staff recommends maintaining the same percentage of 3.76% for indirect costs for non-members. This indirect percentage is also applied against the non-member's cost share allocation for the particular watershed, grant, program or other activity. This recommendation is based upon a generally accepted accounting principle for collecting indirect costs.

**RECOMMENDATION:**

- a. Approve Fiscal Year 2020-2021 GWMA Member Direct Cost Administrative Fees at a rate of 3% of the Member's cost share allocation for the particular watershed, grant, program or other activities.
- b. Approve Fiscal Year 2020-2021 GWMA Non-Member Direct Cost Administrative Fees at a rate of 5% of the Non-Member's cost share allocation for the particular watershed, grant, program or other activities.
- c. Approve Fiscal Year 2020-2021 GWMA Non-Member Indirect Cost Administrative Fees at a rate of 3.76% of the Non-member's cost share allocation for the particular watershed, grant, program or other activities.

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May 14, 2020

**AGENDA ITEM 15 – Discussion/Action Regarding One-Year Extension of Professional Services Agreement with Koa Consulting for GWMA Program Management, Grant Administration, and DAC Committee Services**

**SUMMARY:**

On March 14, 2019, the GWMA Board of Directors approved a professional services agreement with Koa Consulting for program management, grant administration, and disadvantaged communities (DAC) services (the “Agreement”). Under the Agreement, Grace Kast serves as GWMA’s Executive Officer and Chair of the Greater Los Angeles IRWM DAC Committee and as DACIP Task Force Co-Chair. Koa Consulting provides a range of administrative and financial services for the day-to-day management of GWMA and its contracting and fiduciary programs. In addition, the Agreement’s scope of services includes Koa Consulting’s provision of grant administration services.

The Agreement’s term began on March 1, 2019 and is scheduled to expire on June 30, 2020. Pursuant to Section 2 of the Agreement, GWMA may, at its option, extend the Agreement’s term for up to three additional terms of one year each upon providing written notice to Koa Consulting 30 days prior to the Agreement’s scheduled expiration.

Koa Consulting has expressed its willingness to continue providing the Agreement’s scope of services under the same terms, including the financial terms, for an additional year. Members of the Executive Committee have been pleased with Koa Consulting’s services and support the one-year extension of the Agreement. A copy of the Agreement is attached to this Board Letter.

**DISCUSSION:**

By way of background, the Agreement with Koa Consulting contains the following major terms:

- 1) The scope of services contains three principal tasks: (i) Program Management and Administration/Accounting/Meetings; (ii) Grant Administration; and (iii) Greater Los Angeles IRWM DAC Committee Chair and DACIP Task Force Co-Chair.

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- 2) The designation of Grace Kast as GWMA's Executive Officer.
- 3) A flat monthly fee for each of the three services charged at the following rates:
  - a. \$25,408 per month for Program Management and Administration/Accounting/Meetings services;
  - b. \$6,250 per month for Grant Administration services; and
  - c. \$2,250 per month for Greater Los Angeles IRWM DAC Committee Chair and DACIP Task Force Co-Chair services
- 4) An initial term beginning on March 1, 2019 and terminating on June 30, 2020. The GWMA Board has the option to extend the agreement on the same terms for up to three additional one-year terms.

As noted above, members of the Executive Committee have been satisfied with Koa Consulting's services over the past year are pleased that the services will continue to be provided at the same rates. For these reasons, the Executive Committee supports this one-year extension.

Pursuant to Government Code Section 54953(c)(3), the Board must orally summarize a recommendation for a final action on the salary or other compensation paid to the Executive Officer. This provision of the Brown Act is applicable because the proposed agreement will compensate Koa Consulting for Ms. Kast's services as GWMA's Executive Officer. GWMA's legal counsel will provide a brief oral summary of the agreement's compensation for the Board's consideration.

### **FISCAL IMPACT:**

The fee schedule will remain the same under this proposed one-year extension of the Agreement. The Agreement is not expected to exceed the budget for the services needed to manage GWMA's operations.

### **RECOMMENDATIONS:**

The Executive Committee recommends that the Board:

- a) Approve a one-year extension of the Professional Services Agreement attached as Attachment A with Koa Consulting, with a new expiration date of June 30, 2021; and
- b) Direct the Chair to provide written notification to Koa Consulting of the Board's approval of the one-year contract extension.

**Lisa Rapp (Lakewood), Board Chair • Adriana Figueroa (Paramount), 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 • Compton • Cudahy • Downey  
Hawaiian Gardens • Huntington Park • La Mirada • Maywood • Lakewood • Long Beach • Long Beach Water Department • Lynwood • Montebello • Norwalk • Paramount  
Pico Rivera • Port of Long Beach • Santa Fe Springs • Signal Hill • South Gate • Vernon • Water Replenishment District of Southern California • Whittier

*With Technical Support From The Sanitation Districts Of Los Angeles County*

**EXHIBIT A**  
Copy of Professional Services Agreement

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

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*With Technical Support From The Sanitation Districts Of Los Angeles County*

## **PROFESSIONAL SERVICES AGREEMENT**

This Professional Services Agreement ("Agreement") is dated and effective as of March 1, 2019, and is by and between the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority, also referred to as the Gateway Water Management Authority ("GWMA"), and Koa Consulting, Inc., a California corporation ("Consultant").

The parties agree as follows:

### **Section 1 - SCOPE OF SERVICES**

Consultant's Proposal for the following services is attached hereto as Attachment A ("Consultant Proposal") and incorporated herein by this reference: (1) Program Management and Administration/Accounting/Meetings ("Program Management Services"); (2) Grant Administration ("Grant Services"); and (3) Greater Los Angeles IRWM DAC Committee Chair and DACIP Task Force Co-Chair ("DAC Services"). The Program Management Services, Grant Services, and DAC Services are collectively referred to herein as the "Services." Consultant shall provide the Services in accordance with the tasks and scope of work included in the Consultant Proposal as Exhibit A. In the event of any conflict between the provisions of this Agreement and the provisions of the Consultant Proposal, the provisions of this Agreement shall control.

### **Section 2 - TIME FOR PERFORMANCE**

The initial term of this Agreement shall commence on the effective date of this Agreement set forth in the preamble and expire on June 30, 2020 (the "Term"), unless earlier terminated in accordance with the terms of this Agreement. GWMA may, at its option, extend this Agreement for up to three additional terms of one (1) year each upon providing written notice of its intent to extend this Agreement to the Consultant not less than thirty (30) days prior to the expiration of the Term. If GWMA elects to exercise an optional term of one (1) year, then the Term shall be adjusted accordingly in order to reflect the one (1) year extension. Except for the Term's expiration date, the provisions of this Agreement shall remain in effect during each of the optional one (1) year terms.

### **Section 3 - STANDARD OF PERFORMANCE**

Consultant shall perform the Services in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Consultant's profession currently practicing under similar conditions. By delivery of completed work, Consultant certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws and regulations. Consultant shall maintain throughout the term of this Agreement all licenses, certifications, registrations or other similar requirements necessary for Consultant's performance of the Services under this Agreement.



#### **Section 4 - OWNERSHIP OF WORK PRODUCT**

Upon delivery, the work product, including, without limitation, all original reports, writings, recordings, drawings, files, and detailed calculations developed under this Agreement (collectively, "Work Product") are the property of GWMA. All copyrights that arise from the Work Product shall vest in GWMA. Consultant waives and relinquishes all claims to copyright or other intellectual property rights in the Work Product in favor of GWMA. GWMA's use of the Work Product is limited to the purposes contemplated by the Services and Consultant makes no representation of the suitability of the Work Product for use in or application to circumstances not contemplated by this Agreement. Any alteration or reuse by GWMA of the Work Product on any project other than the Services provided pursuant to this Agreement shall be at GWMA's sole risk, unless GWMA compensates Consultant for such alteration or reuse.

#### **Section 5 - COMPENSATION AND METHOD OF PAYMENT**

GWMA shall pay Consultant for the Program Management Services a monthly flat rate of twenty-five thousand four hundred and eight dollars and zero cents (\$25,408.00) per month, as described in the Expenditure Table included as Exhibit B in the Consultant Proposal. If the GWMA Board approves a change to the approved fee, then the new, approved fee shall be incorporated into Exhibit B of the Consultant Proposal and shall thereafter supersede the then in effect fee.

GWMA shall pay Consultant for the Grant Management Services a monthly flat rate of six thousand two hundred and fifty dollars and zero cents (\$6,250.00) per month, as described in the Expenditure Table included as Exhibit B in the Consultant Proposal. If the GWMA Board approves a change to the approved fee, then the new, approved fee shall be incorporated into Exhibit B of the Consultant Proposal and shall thereafter supersede the then in effect fee.

GWMA shall pay Consultant for the DAC Services a monthly flat rate of two thousand two hundred and fifty dollars and zero cents (\$2,250.00) per month, as described in the Expenditure Table included as Exhibit B in the Consultant Proposal. If the GWMA Board approves a change to the approved fee, then the new, approved fee shall be incorporated into Exhibit B of the Consultant Proposal and shall thereafter supersede the then in effect fee.

GWMA shall not withhold federal payroll, state payroll and other taxes, or other similar deductions from each payment made to Consultant. Consultant shall pay all applicable federal, state, and local excise, sales, consumer use, and other similar taxes required by law. GWMA shall not allow any claims for additional services performed by Consultant, unless the GWMA Chair authorizes the additional services in writing prior to Consultant's performance of the additional services or the incurrence of additional expenses. Any additional services authorized by the GWMA Chair shall be compensated at the hourly rates set forth in Attachment B, or, if not specified, at a rate mutually agreed to by the parties. Consultant shall submit invoices to GWMA on a monthly basis for actual work performed and actual expenses incurred during the preceding month. The invoices shall describe in detail the services performed by each person for each task, including the days and hours worked.



GWMA shall review the invoices and notify Consultant in writing within ten (10) business days of any disputed amounts. GWMA shall pay all undisputed portions of the invoices within forty-five (45) calendar days after receipt up to the maximum amount of compensation specified above. GWMA shall make payment payable to: Koa Consulting, 419 Main Street, Suite 320, Huntington Beach, CA 92648.

In the event of any conflict between the provisions of this Agreement and the provisions of the Consultant Proposal, the provisions of this Agreement shall control.

## **Section 6 - INDEPENDENT CONTRACTOR**

Consultant is an independent contractor. Neither Consultant nor any of Consultant's officers, employees, agents or subconsultants, if any, shall be an employee of GWMA or its members by virtue of this Agreement or performance of the Services under this Agreement.

## **Section 7 - CONFLICT OF INTEREST**

Consultant and its officers, employees, associates and subconsultants, if any, shall comply with all applicable conflict of interest statutes of the State of California applicable to Consultant's Services under this Agreement, including the Political Reform Act (Cal. Gov. Code § 81000, et seq.) and Government Code Section 1090.

## **Section 8 - INDEMNIFICATION**

Indemnities. Consultant shall indemnify, defend and hold harmless GWMA, and its officials, officers, attorneys, agents, employees, designated volunteers, successors and assigns in accordance with the terms of this Section 8. Consultant's covenant under this Section 8 shall survive the expiration or termination of this Agreement.

To the fullest extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to protect, defend, hold harmless and indemnify GWMA, its officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those GWMA agents serving as independent contractors in the role of GWMA officials (collectively "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Claims"), in law or equity, whether actual, alleged or threatened, which arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subconsultants, suppliers or their officers, agents, servants, employees, subconsultants, contractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Claims arising from the sole negligence or willful misconduct of Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties. Consultant shall defend Indemnitees in any action or actions filed in connection with any Claim with counsel of

Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

The indemnity under this Section 8 is effective regardless of any prior, concurrent, or subsequent misconduct, negligent acts, errors or omissions of the Indemnitees and without reference to the existence or applicability of any insurance coverages that are required under this Agreement or any additional insured endorsements that may extend to the Indemnitees. The indemnity under this Section 8 is in addition to any other rights or remedies that the Indemnitees may have under the law. Payment is not required as a condition precedent to the Indemnitees' right to recover under this Section 8, and an entry of judgment against Consultant shall be conclusive in favor of the Indemnitees' right to recover under this Section 8. Consultant shall pay Indemnitees for any attorneys' fees and costs incurred in enforcing these indemnification provisions.

## **Section 9 - INSURANCE**

**Insurance Requirements.** Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, the following policies of insurance with minimum limits as indicated below and issued by insurers with A.M. Best ratings of no less than A:VII:

"Occurrence Form" Comprehensive General Liability Insurance (at least as broad as ISO Form CG 0001, covering liability on an occurrence basis) providing protection against bodily injury, including death, personal injury and property damage. This insurance shall provide broad form contractual liability protection covering the indemnity provisions contained in this Agreement, with a per occurrence limit of \$1,000,000 and \$2,000,000 in the aggregate, written, with dedicated limits, on a "per project" basis. The Consultant's insurance policy shall include or be endorsed to include a "severability of interests" provision ensuring that each "additional insured" is treated as if it is the only insured; and

"Occurrence Form" Automobile Liability Insurance providing protection against bodily injury, including death, and property damage, with a per occurrence limit of \$1,000,000. This insurance shall provide contractual liability by endorsement (ISO Form CA 0001, Code 1, "any auto" or equivalent) and shall cover any motor vehicle (or mobile equipment, to the extent it may be excluded from general liability insurance) used by the Consultant (owned, non-owned, or hired). The Consultant's insurance policy shall include or be endorsed to include a "severability of interests" provision ensuring that each "additional insured" is treated as if it is the only insured; and

Professional liability with limits no less than \$1,000,000 per occurrence or claim, and \$1,000,000 policy aggregate, with a five (5) year tail from the completion of the project; and



Workers' Compensation and Employer's Liability: Workers' Compensation insurance as required by the State of California, with Statutory Limits.

The insurance required by this Section 9 shall apply on a primary non-contributing basis. Any insurance or self-insurance maintained by GWMA, its member agencies, officers, employees, agents, subcontractors or volunteers, shall be in excess of Consultant's insurance and shall not contribute to it.

The automobile and comprehensive general liability insurance policies shall contain an endorsement naming GWMA and its officers, employees, officials and agents as additional insureds. All insurance policies shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days' prior written notice to GWMA. All insurance policies shall be endorsed to delete the subrogation condition as to GWMA, or shall explicitly allow Consultant to waive Consultant's right of recovery prior to loss. Consultant waives all rights of subrogation and contribution against GWMA. Consultant shall require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

Consultant shall require all subconsultants or other third parties hired to perform services under this Agreement, to carry, maintain, and keep in full force and effect, insurance policies that meet the requirements of this Section 9, unless otherwise agreed to by GWMA. The procurement of insurance by any subconsultant or other third party hired to perform services under this Agreement shall not relieve Consultant from any duties or liability otherwise arising under this Section 9.

Prior to performance of the Services under this Agreement, Consultant shall file a certificate or certificates of insurance, together with the required endorsements, with GWMA showing that the insurance policies are in effect in the required amounts.

## **Section 10 - TERMINATION**

**Termination For Cause.** In the event of a material default, either party may terminate this Agreement, if the defaulting party has not cured the default within thirty (30) days following receipt of a written notice of default, specifying the basis of the alleged default.

**Termination Without Cause.** Either party may terminate this Agreement without cause upon sixty (60) days' written notice.

**Effect of Notice of Termination.** Upon receipt of a notice of termination by Consultant, Consultant shall perform no further services except as specified in the notice. Upon delivery of a notice of termination to GWMA, Consultant shall perform no further services except as specified by GWMA. Before the date of termination, Consultant shall deliver to GWMA all work product, whether complete or incomplete, prepared or compiled through the date of termination and not otherwise previously delivered to GWMA. GWMA shall pay Consultant

for services satisfactorily performed in accordance with this Agreement to the date of termination and/or a pro-rated portion of the monthly rate, as applicable. GWMA shall reimburse Consultant for authorized expenses incurred to the date of termination and not previously reimbursed. Consultant shall not have any other claim against GWMA by reason of such termination.

## **Section 11 - ADMINISTRATION**

GWMA's representative for administration of this Agreement is the GWMA Chair, currently Lisa Rapp. Notwithstanding the preceding sentence, all actions of GWMA pursuant to Sections 2, 5 and 10 of this Agreement require the approval of the GWMA Board.

Consultant's Representative for administration of this Agreement is Grace Kast ("Consultant's Representative"). Ms. Kast will serve as the GWMA's Executive Officer during the Term. Consultant shall not change its representative without the prior written approval of GWMA, which approval GWMA may grant or withhold in its sole discretion.

## **Section 12 - NOTICES**

Any routine administrative communication between the GWMA Chair and the Consultant's Representative required to be in writing may be made by personal delivery, first class U.S. mail, facsimile transmission or electronic mail. Any other notices, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (a) the day of delivery if delivered by hand or overnight courier service during Consultant's and GWMA's regular business hours or by facsimile before or during Consultant's regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this Section 12. All notices shall be delivered to the parties at the following addresses:

If to GWMA:	Gateway Water Management Authority Attn: Lisa Rapp 16401 Paramount Boulevard Paramount, CA 90723 Email: LRapp@lakewoodcity.org
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If to Consultant:	Koa Consulting Attn: Traci Gleason 419 Main Street, Suite 320 Huntington Beach, CA 92648 Email: Traci@koaconsulting.net
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### **Section 13 - WAIVER**

No delay or omission to exercise any right, power or remedy accruing to GWMA under this Agreement shall impair any right, power, or remedy of GWMA, nor shall it be construed as a waiver of, or consent to any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement (a) shall be effective unless it is in writing and signed by the party making the waiver; (b) shall be deemed to be a waiver of, or consent, to any other breach, failure of a condition, or right or remedy, or (c) shall be deemed to constitute a continuing waiver unless the writing expressly so states.

### **Section 14 - ATTORNEYS' FEES**

In the event that either party to this Agreement shall commence any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its costs of suit, including reasonable attorneys' fees.

### **Section 15 - ENTIRE AGREEMENT**

This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all other prior or contemporaneous oral or written understandings and agreements of the parties, including that certain Professional Services Agreement dated August 1, 2018 between the parties ("Existing PSA").

As of the effective date of this Agreement, the parties hereby agree that the Existing PSA is terminated and of no further force and effect. Consultant shall invoice GWMA for any services performed under the Existing PSA prior to the effective date of this Agreement, and GWMA shall pay for such services in accordance with the provisions of the Existing PSA.

## Section 16 - MODIFICATION

This Agreement may be supplemented, amended or modified only in writing and signed by Consultant and the GWMA Chair.

The parties are signing this Agreement on the effective date noted above.

GWMA

Los Angeles Gateway Region Integrated  
Regional Water Management Authority

By: Lisa Ann Rapp  
Name: Lisa Ann Rapp  
Title: Chair

Approved as to Form:

By: Nicholas R. Ghirelli  
Name: Nicholas R. Ghirelli  
Title: General Counsel

Koa Consulting, Inc.

By: Traci Gleason  
Name: Traci Gleason  
Title: President

By: Kekoa Anderson  
Name: Kekoa Anderson  
Title: CEO

**ATTACHMENT A**

**Proposal for Services Dated February 27, 2019**

February 27, 2019

Ms. Lisa Rapp  
Board Chair  
Gateway Water Management Authority  
16401 Paramount Blvd.  
Paramount, CA 90723

**Subject: GWMA Program Management and Greater Los Angeles Integrated Regional Water Management Disadvantaged Community Committee Chair and Disadvantaged Community Involvement Program Task Force Co-Chair**

Dear Ms. Rapp:

Koa Consulting, Inc. is pleased to submit this proposal to the GWMA to provide management services for the **GWMA Program Management and Greater Los Angeles Integrated Regional Water Management Disadvantaged Community Committee Chair and Disadvantaged Community Involvement Program Task Force Co-Chair**. As part of this assignment, we will provide overall management and administrative functions, assist with grant administration, facilitate coordination meetings with various projects and agencies of the program and provide accounting services.

**Scope:**

The assignment is anticipated to consist of the scope of services provided in **Exhibit "A"**.

**Schedule:**

The scope of services as described in **Exhibit "A"** is for services from March 1, 2019 through June 30, 2020 (*16-month period*).

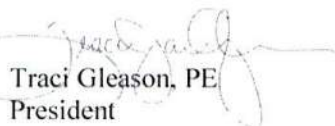
**Fee:**

We will provide the services as described in **Exhibit "A"** for the lump sum amount of *\$135,632.00 for the remainder of Fiscal Year 2018-2019* (March 1, 2019 through June 30, 2019), and *\$406,896.00 for Fiscal Year 2019-2020* (July 1, 2019 through June 1, 2020) for a *total contract amount of \$542,528.00*, based on the monthly Expenditure Table attached as **Exhibit "B"** and based on our Hourly Rate Schedule for the GWMA On-Call Contract.

The parties have the option to extend the term for three (3) additional one-year periods.

Should you have any questions, please do not hesitate to contact me at (949) 300-7910 or by email at [traci@koaconsulting.net](mailto:traci@koaconsulting.net).

Respectfully submitted,



Traci Gleason, PE  
President

Attachments (Exhibits A and B)

Cc: Kekoa Anderson, PE



**EXHIBIT “A”**  
**GATEWAY WATER MANAGEMENT AUTHORITY**  
**SCOPE OUTLINE**

**TASK 1. PROGRAM MANAGEMENT & ADMINISTRATION/ACCOUNTING/MEETINGS**

***Task 1a. Program Management and Administration***

- Plan, organize, direct and coordinate the general affairs of the GWMA including legislative, personnel, public relations, and legal matters
- Manage various special projects assigned by the Board or the Chair
- Administer and manage up to 120 MOUs with multiple agencies and cities
- Negotiate and oversee multi-party MOUs, contracts, and consultant contracts
- Coordinate activities of and provide direction to personnel and GWMA consultants
- Coordinate and manage GWMA’s State of Economic Interest Forms
- Website Support with firm assigned to develop and maintain GWMA Website
- Copies and distributes correspondence, documents and reports to the Chair of the Board, the Executive Committee, and the Board
- Answers inquiries, conducts research, and provides follow-up to Board

***Task 1b. Accounting***

Conducts accounting functions including invoice generation, receipt of revenues from multiple sources from MOUs, Federal and State Grant reimbursements, membership dues, etc.

- Prepares annual budget
- Manages in-house accounting of accounts payables and accounts receivables to be coded, approved, processed, paid and/or deposited
- Prepares, distributes and manages invoices to GWMA members and other groups or individual entities as authorized and approved by the Board
- Performs follow-up and reconciliation on accounts payables, accounts receivables, and fund balances, budgets, etc.
- Provides financial reports to the State Controller or other regulatory agency, as necessary
- Prepares list of demands and write board letters regarding financial activities
- Develops and prepares Revenue and Expenses Reports for GWMA and MOU activities
- Meets with and provides support to independent accounting firm retained by GWMA and Assists auditor

### Task 1c. Meetings

- Serve as representative on IRWM meetings
  - Sub-regional meetings
  - Leadership meetings
- Prepare for and attend monthly Board meetings
  - Provide presentation/updates on GWMA activities
  - Prepare Agendas Packets and Meeting Minutes
    - Includes preparation of board letters regarding financial activities
  - Brown Act Compliance
- Attend monthly Regional Watershed Group Meetings (See Figure 1)
- Attend Public Hearing/Meetings
- Attend bi-monthly GCCOG/GWMA Joint Coordination Meetings

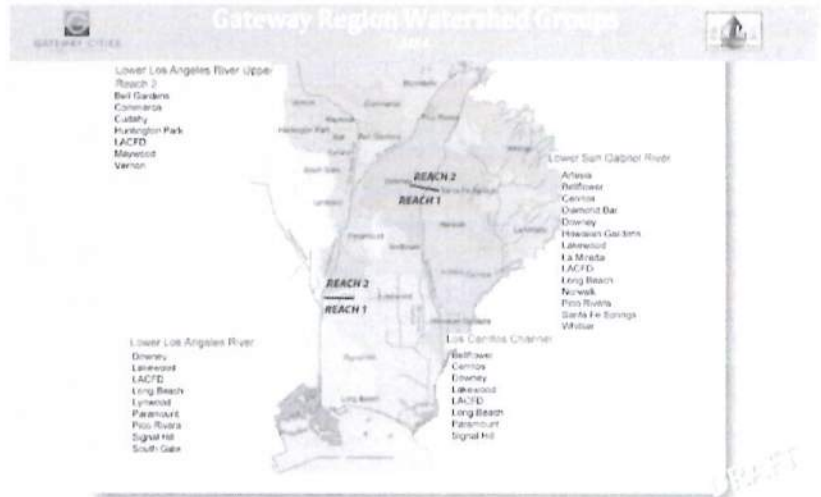


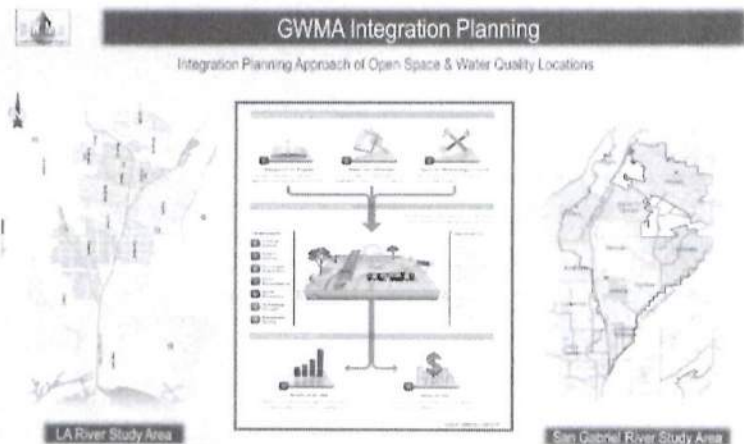
Figure 1: Gateway Region Watershed Groups

## TASK 2. GRANT ADMINISTRATION

### Task 2a. Visioning & Regional Integration Program

- Coordinate activities with GWMA and GCCOG Programs
- Capture the various independent local visioning and programs, and promote consistency with regional projects
- *Regional Planning Focus* - evaluate and incorporate the existing projects and on-going studies and develop them into a formally adopted Visioning & Regional Integration Program Summary Report.
  - Address impact and benefits issues concerning the Region's resources and the physical environments as they apply to, but limited to, the following focus areas:

- Watershed Master Plans
- Open Space and Habitat Management
- Urban Greening Planning
- Park Design
- Urban Revitalization
- Planning for Climate Change
- Low Impact Development (LID)
- Community Stewardship
- Conservation Plans



- Prepare various visual tools for renderings, presentations, reports, public outreach, concept evaluations, and general graphics.
  - Utilize a variety of graphic design tools including 3D architectural renderings, 3D civil designs, site plan illustrations, aerial pictures, and visualizations throughout the course of the Program Visioning & Integration development.

***Task 2b. Funding Strategy and Grant Coordination***

- Coordinate GWMA with GCCOG and identify possible funding strategies and optimize the benefits to the Gateway Region with the greatest rate of return on investment, through shared funding avenues and project coordination.
- Discuss joint legislative, project and grant opportunities.
- Review opportunities and solicit input from our members and watershed groups. Assigning priorities regarding grant opportunities that GWMA and GCCOG can pursue on behalf of its members with the following:
  - State and Regional Boards
  - Caltrans Districts and Headquarters
  - Local Municipal NPDES Agencies (Cities and Counties)
  - Other Stakeholders
- Oversee and manage grant and project administration
- Prepares, coordinates and manage grant reimbursement requests
- Coordinates and submits documents, reports, and general information to State and Federal agencies as required by grant agreements, other projects or as authorized by the Board
- Agreements and Sub-recipient agreements
  - Negotiate and oversee multi-party agreements, contracts, and consultant contracts

**TASK 3. GREATER LOS ANGELES IRWM DAC COMMITTEE CHAIR AND DACIP TASK FORCE CO-CHAIR**

Per the February 14, 2019 GWMA Board Meeting, the Koa Consulting Team was requested to include in this proposal, scope for the Koa Consulting Team to provide services as the Greater Los Angeles Region Integrated Regional Water Management (IRWM) Disadvantaged Community (DAC) Committee Chair and Disadvantaged Community Involvement Program (DACIP) Task Force Co-Chair.

Key Program Elements

- DACIP was approved by voters as part of Proposition 1 in 2014. DACIP is under the State's Integrated Regional Water Management "IRWM" Program administered by the Dept. of Water Resources "DWR" and provides \$9.8M towards program implementation over 3 years.
- Disadvantaged Communities "DACs" include economically distressed, under-represented communities and/or populations with less than 80% of the State median household income.
- Key DACIP objectives are:
  - "Work collaboratively to involve DACs, community-based organizations, and stakeholders in IRWM planning efforts to ensure balanced access and opportunity for participation in the IRWM planning process."



- “Increase the understanding, and where necessary, identify the water management needs of DACs on a Funding Area basis.”
- “Develop strategies and long-term solutions that appropriately address the identified DAC water management needs.”
- Key DACIP Goals:
  - Strengthen relationships and engagement with DACs and develop long-term working relationships.
  - Identify new DACs and engage them in relationships and opportunities
  - Support and engage DACs in watershed planning, identify water-related needs, and ultimately work together to assist them in developing needed project plans.
  - Assist/Support DACs in securing potential State and/or local funding, if and when available.
- DACIP jurisdiction includes three IRWM Regions: Greater LA County, Upper Santa Clara, and Ventura County.
- Greater LA County “GLAC” is the largest IRWM region with 87 cities, “GLAC” includes 9.8M residents of which 42% fall into the DAC category.
- Because the GLAC IRWM region is so large, it is divided into five sub-regions: 1) South Bay; 2) Upper Los Angeles River; 3) Lower San Gabriel-Lower Los Angeles River; 4) Upper San Gabriel/Rio Hondo; and 5) North Santa Monica Bay. All have DACs except for North Santa Monica Bay.
- Underrepresented communities that are not captured by census include Native American tribal members, homeless people and migrant and resident farmworkers. This program will attempt to identify and involve them in this program in addition to the previously identified DACs.
- Funds from the \$9.8M grant can be spent on:
  - Needs Assessment (State requirement)
  - Community Outreach
  - Education
  - Facilitation
  - Technical Assistance
  - Project Development
  - Site Assessment
  - Engagement in IRWM Efforts
  - Enhancement of DAC aspects in IRWM Plans
  - Governance Structure

#### Program Structure and Representation

- In 2016, the GLAC IRWM Leadership created the GLAC DAC Committee to represent all five sub-regions. The GLAC DAC Chair’s role was to offer leadership and organize the group, request full participation and representation from each sub-region and include NGOs on the committee.
- DWR required that all three regions work together under one grant agreement to implement program.
- LA County was asked to administer DACIP grant by all three regions;
- In 2016, the DACIP Task Force was also formed in response to the 3-region DACIP program.



- DACIP Task Force includes two representatives from each region to collaborate, identify DAC needs, equitably distribute funds in response to region needs.
- The GLAC DAC Chair is one of two representatives from the GLAC region.
- GLAC DAC Committee roles: 1) Oversee, participate and provide guidance to GLAC DACIP Task Force Representatives (GLAC DAC Chair and County Rep) in relation to sub-regional needs (i.e., help identify DACs and NGOs, advice for outreach, oversight on allocation of funds and expenditures, as needed, etc.); and 2) Provide information to the GLAC IRWM Leadership Committee.
- DACIP Task Force roles: 1) Oversee RFP process and recommend selections; 2) Oversee work of the regional project managers and consultants; 3) coordinate funding allocations between regions based upon identified needs as the program rolls out over 3 years; and 4) Oversee the entire program and report to DWR as needed.

#### DACIP Schedule

- DACIP is a 3-year grant which officially started Q2 2018.
- DACIP started with development of digital and print engagement/involvement materials with translation (Cal State University is the consultant for this task).
- DACIP will process setting up workshops, door-to-door meet and greets, social media, presentations at local community meetings.

#### Gateway Region

- Gateway Region is identified as the Lower San Gabriel-Lower Los Angeles Rivers Region per the IRWM guidelines.
- Gateway Region includes 27 cities and unincorporated areas, many of which have a small or large DAC community population.

It is anticipated that a maximum of 15 hours per month will be needed to fulfill the responsibilities of this scope of work for this task.

EXHIBIT "B"

GWMA Prog. Mgmt & Admin/Grant Admin/DAC Chair and DACIP Co-Chair  
Expenditure Table

Koa Consulting, Inc.		FY2018-2019				
Task No.	Description	Mar-19	Apr-19	May-19	Jun-19	
1	Program Mgmt & Admin/Acting/Meetings	\$25,408	\$25,408	\$25,408	\$25,408	
2	Grant Administration	\$6,250	\$6,250	\$6,250	\$6,250	
3	IRMM DAC Committee Chair/ DACIP Task Force Co-Chair	\$2,250	\$2,250	\$2,250	\$2,250	
	Monthly Planned Expenditure	\$33,908	\$33,908	\$33,908	\$33,908	
	Cumulative Planned Expenditure	\$33,908	\$67,816	\$101,724	\$135,632	

Koa Consulting, Inc.		FY2019-2020											
Task No.	Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
1	Program Mgmt & Admin/Acting/Meetings	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408	\$25,408
2	Grant Administration	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
3	IRMM DAC Committee Chair/ DACIP Task Force Co-Chair	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
	Monthly Planned Expenditure	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908	\$33,908
	Cumulative Planned Expenditure	\$33,908	\$67,816	\$101,724	\$135,632	\$169,540	\$203,448	\$237,356	\$271,264	\$305,172	\$339,080	\$372,988	\$406,896

**ATTACHMENT B**

**Consultant's Hourly Rates**

## Koa Consulting, Inc. Billing Rate Sheet

### Staff

Word Processing/Support/Administrative .....	\$ 75.00
CADD Technician/Graphical Designer .....	\$ 120.00
Design Engineer.....	\$ 150.00
Environmental Planner.....	\$ 175.00
Project Engineer .....	\$ 185.00
Project/Program Manager.....	\$ 215.00

### Reimbursables

Photo Copies (B&W 8.5"x11").....	\$ 0.10 each
Photo Copies (B&W 11"x17").....	\$ 0.20 each
Color Copies (8.5"x11").....	\$ 1.50 each
Color Copies (11"x17").....	\$ 2.50 each
Large Format Copies (B&W).....	\$ 0.20 per sqft
Mileage .....	\$ GSA Mileage Rate*

\* GSA Mileage Rate subject to change

All other direct costs, such as reproduction, special photography, postage, delivery services, overnight mail, printing and any other services performed by subcontractor, will be billed at cost plus 15%.