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**PLANNING AND PROGRAMMING COMMITTEE**  
**JUNE 17, 2009**

**SUBJECT:** **PASS-THROUGH GRANT SPONSOR PROGRAM FOR  
SPECIFIED FEDERAL AND STATE FUNDS AVAILABLE  
TO INTERESTED CITIES AND LOCAL AGENCIES  
IN LOS ANGELES COUNTY**

**ACTION:** **EXPAND PASS-THROUGH GRANT SPONSOR PROGRAM AND  
AUTHORIZE NEGOTIATION AND EXECUTION OF AGREEMENTS  
WITH INTERESTED CITIES AND LOCAL AGENCIES**

**RECOMMENDATION**

- A. Expand the Pass-Through Grant Sponsor Program for specified federal and state funds available to interested Los Angeles County cities and local agencies, as described in guidelines provided in Attachment A; and
- B. Authorize the Chief Executive Officer (CEO) to negotiate and execute agreements with interested Los Angeles County cities and local agencies for us to act as a pass-through grant sponsor for specified federal and state funds on their behalf.

**ISSUE**

After successfully implementing a Board-adopted, Pass-Through Grant Sponsor Program for those interested Los Angeles County cities and local agencies that are unprepared to apply for and receive federal transit funds on their own, we have been approached to act as grant sponsor for other types of available federal and state grants. Currently, the Program is limited to specific federal transit funds that the Federal Transit Administration (FTA) manages. To help those interested Los Angeles County cities and local agencies implement their transportation-related projects and programs with those other types of federal and state grants, we need to expand the Pass-Through Grant Sponsor Program as described in guidelines provided in Attachment A.

**POLICY IMPLICATIONS**

Given the increased interest from Los Angeles County cities and local agencies in participating in other types of pass-through arrangements, we propose to assume an expanded role in our program by helping to sponsor non-FTA federal and state funds for transportation-related projects or programs. Adopting such an expanded program would serve to maximize the obligation of federal and state funds available to Los Angeles County

and facilitate the delivery of transportation-related programs and projects countywide, as supported by our Long Range Transportation Plan.

## **OPTIONS**

The Board of Directors could choose not to expand the current Pass-Through Grant Sponsor Program and allow us to serve as the pass-through grant sponsor for non-FTA federal and state funds on behalf of interested Los Angeles County cities and local agencies. This would require these cities and agencies to either: (1) become certified by the funding agency individually or through consortiums process, which could take a year or more; (2) form partnerships with other eligible grant recipients; (3) attempt to trade the federal funds with other cities and agencies for nonfederal funds (a difficult task when considering Congressional earmarks with specific designations); or (4) forgo the non-FTA federal or state funds. We do not recommend any of these other options, as they would serve only to delay or eliminate funding for needed transportation-related projects and programs within Los Angeles County.

## **FINANCIAL IMPACT**

To offset the costs of preparing and submitting an application, overseeing the grant activities and managing the grant, we would collect from a city or local agency an amount not to exceed five percent of the grant amount. Participating cities and local agencies would be responsible for furnishing the local match for all awarded funding, as well as for any project overages. Our pass-through activities are included in the FY10 budget under cost center 4440 and project 500002.

## **BACKGROUND**

In October 2001, the Board of Directors approved our Pass-Through Grant Sponsor Program, which allows us to act as the grantee on behalf of those interested Los Angeles County cities and local agencies that are unprepared to apply for and receive federal transit funds on their own. Through the Board-adopted program, we have assisted 35 cities and local agencies to implement their transit projects and programs by making \$45 million in federal transit funds accessible to them. We now are receiving requests from interested cities and local agencies to serve as a pass-through grant sponsor for other federal and state funding sources, such as federal high priority funds, state transportation funds, and the newly created State Proposition 1C housing funds. (For example, we recently, received a request from the Gateway Cities Council of Governments to assist them in obtaining their federal highway earmarks.) Expanding our pass-through services to non-FTA federal and state funding programs would facilitate implementation of transportation-related projects and programs countywide.

For us to assume the role of pass-through grant recipient or sponsor as described herein, we need to negotiate an agreement with each interested city or local agency. This agreement would require the city or local agency to be responsible for meeting all federal or state requirements, including labor protections, civil rights, financial systems, procurement, and drug-free workplace. However, we will assist the city or local agency in addressing these areas. Also, the agreement would hold us harmless should the city or local agency fail to

meet any of these requirements, and include a provision for an administrative fee of up to five percent of the grant amount for our pass-through services.

### **NEXT STEPS**

With Board approval, we will address requests from interested Los Angeles cities and local agencies to act as a pass-through grant sponsor for other types of available federal and state grants, as described in the guidelines in Attachment A. We also will negotiate and execute pass-through agreements as authorized.

### **ATTACHMENT**

#### A. Pass-Through Grant Sponsor Program Guidelines

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## **ATTACHMENT A**

### **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

### **PASS-THROUGH GRANT SPONSOR PROGRAM GUIDELINES**

#### **PURPOSE**

The purpose of this Program is to maximize the obligation of federal and state funds available to Los Angeles County and facilitate the delivery of transportation-related programs and projects countywide, as supported by the Long Range Transportation Plan for Los Angeles County. To this end, the Los Angeles County Metropolitan Transportation Authority (LACMTA) may serve as a pass-through grant sponsor for interested cities and local agencies, according to all adopted financial control policies.

#### **SPECIFIED FUNDS**

For purposes of this Program, the LACMTA will consider only assisting interested Los Angeles County cities and local agencies in obtaining federal and state funds for which the requesting city or agency is the pre-designated recipient, such as Section 5309 Congressional earmarks, federal highway funding earmarked by Congress or programmed by LACMTA, such as Congestion Management Air Quality (CMAQ) and Surface Transportation Program (STP) funds, and other federal and state funds made available to the city or local agency for transportation-related projects and programs. Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program funding provided to Los Angeles County municipal operators is specifically excluded from the authorizations for this Program.

#### **INTERESTED CITIES AND LOCAL AGENCIES**

The LACMTA will only consider assisting interested Los Angeles County cities and local agencies that are not, at the time of their request, approved federal or state transportation-related funding recipients. For the purposes of this Program, the term "local agencies" will include private or quasi-public organizations that may receive funds for transportation-related projects and programs.

#### **FINANCIAL RESPONSIBILITY**

The LACMTA and all interested cities and local agencies will execute an agreement which establishes that the city or local agency is financially responsible for all project costs, including local match funds and overages, pertaining to their project. Additionally, each city or local agency will agree to pay the LACMTA an amount not to exceed 5% of the grant amount to cover administrative costs for preparing and submitting a grant application, and for managing the grant. The exact amount of this administrative fee will be negotiated between authorized representatives of the city or local agency and the LACMTA Chief Executive Officer.