



Playing the Game of Grants: What Does the FTA Really Want?

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- I. Intro / Purpose of Presentation
- II. Grant Procurement \neq Grant Management
- III. How to get along with your largest funding partner



I. Intro / Purpose of Presentation



I. Intro / Purpose of Presentation

What is the SFMTA?

- Formed in 1999 as a multimodal agency that includes Municipal Railway transit services
- Nation's 8th largest transit provider by trips
- 700,000 tpd
- 'Traditional' transit services: bus, electric trolley coach, and light rail
- Historic streetcar and iconic cable car service



I. Intro / Purpose of Presentation

SFMTA provides much more than transit

- Pedestrian
- Bicycle
- Signals
- Regulatory body for taxis

Implementer of Vision Zero



I. Intro / Purpose

Grants program managed by the
Capital Procurement & Management unit within
Capital Finance section as part of the
Finance & Information Technology Division

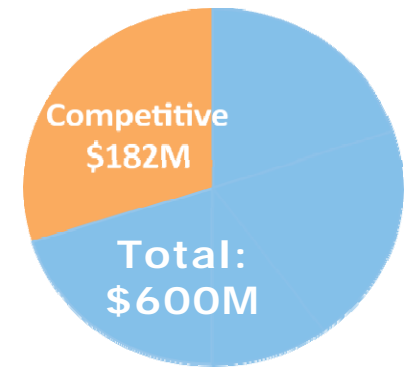


**\$600 M Awarded
58 Applications Approved**

In CY 2016, the SFMTA's Capital Procurement & Management team secured \$600 M in grants for the agency's transit, pedestrian, bicycle and multimodal project needs.

\$182M were from competitive grant programs.

I. Intro / Purpose



**86 Applications Submitted
for \$495 M**

CPM submitted 86 applications in 2016 for a total amount of \$495 M. Of the total amount, \$201 M were submitted to competitive grant programs.



Grantalopes, Unite!



II. Grant Procurement ≠ Grant Management



II. GP \neq GM

Take-Away 1: Don't under-resource your FTA grants unit.

Take-Away 2: Capital procurement and capital management functions have different skill sets.

*Oh, yeah: **L♥ve your grants unit***



II. GP ≠ GM

Traditional FTA Grants:

Urbanized Area Formula Grants - 5307: Urbanized Areas (UZA) funds for capital, planning, job access and reverse commute projects, as well as operating expenses in certain circumstances.

State of Good Repair Grants - 5337: Capital assistance for maintenance, replacement, and rehabilitation projects of existing high-intensity fixed guideway and high-intensity motorbus systems to maintain a state of good repair and implementing Transit Asset Management plans.

Grants for Buses and Bus Facilities Formula Program - 5339(a): formula based, to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. Program also includes two discretionary components: The Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program.

Enhanced Mobility of Seniors & Individuals with Disabilities- Section 5310: Formula funding to states for the purpose of assisting private nonprofit groups in meeting transportation needs of the elderly and persons with disabilities.



For Your FTA Grants (Capital Procurement) unit:

One or two staff:

- If yours is an agency that gets formula funds for one mode of service, i.e., bus.
- If your agency is not a designated recipient for a regional program, i.e., manages its own grants only
- Not pursuing nationally competitive grants
- Not pursuing Capital Investment Grants (CIG)

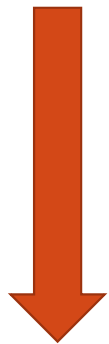
But ramp up fast if your agency:

- Gets FTA grants from multiple programs
- Transfers flexible funds to FTA
- Pursues CIG grants – these are an agency lift!



Capital (Grant) Staff Specialization

Capital Plan informs CIP



- Capital Financial Planning (Programming) manages our CIP
- Capital Procurement: Grant writing*
- Capital Management: Compliance and Reports*
- Capital Accounting: Billing and close-outs





II. GP ≠ GM

Capital Procurement Skills

(particularly for competitive grants)

- a. Excellent writing skills
- b. A knack for visually compelling work
- c. Prior experience with grants, 'knows the language'
- d. Bonus skills: planning background, transportation geek, spreadsheet proficiency



Capital Management Skills

- a. Understands FTA rules and Circulars especially when it comes to the liability of awarded grants.
- b. That a 20% match is the same as 25% of the FTA amount. Really.
- c. Rocking spreadsheet skills: database, pivot tables, data management.
- d. Bonus skills: understands capital projects and programs, writing skills (to fill in when the grant writer gets sick).



II. GP \neq GM

The SFMTA Model

Took 10 years to launch a full-on Capital Management unit and FTA really appreciates its finally happening.



III. How to get along with your largest funding partner?



Work Within the Rules

Differences between 5010.1D and 5010.1E are evolutionary, not revolutionary.

Inefficiencies are hard to address in a national venue when rules only change every 4 years.

So ... work within the rules.

A good relation with FTA can make work on both sides more productive.



III. Get Along with FTA

Work With Your Attorneys

Approve grants as to form

Negotiate CIGs (Small Starts / New Starts)

The good attorneys may also provide valuable candor and reality checks.



III. Get Along with FTA

Work With Your Region

- ✓ Build a good working relation with your Region based on competence, responsiveness, and performance.
- ✓ Don't ask for favors
- ✓ Do suggest ways to improve and be more efficient. You'll get results.



What is FTA looking for? Compliance is important.

- The Circulars are the Talmud of transit.
- FTA emphasis areas shift between Triennial Review cycles (from a grants management vantage).
 - For 2016, at least for SFMTA, focus on managing project delivery via grant expenditures and close outs.
 - In 2013, theme was subrecipient arrangements and monitoring – a puzzling arena for us still.



Compliance and Subrecipient arrangements:

Be wary of entering into subrecipient arrangements; be wary of BEING a subrecipient.

You, the grantee, are on the hook, not the partner.

Make sure your partner has clean single audits. That's a benchmark.

Discuss with your Region before you even submit a grant application contemplating SRAs.



III. Get Along with FTA

Want to know what's really important to FTA?

Maybe even more important than compliance?



III. Get Along with FTA

Project delivery: All credibility is based on this.

- ✓ All grantors want to see their funds spent in a timely manner.
- ✓ A key theme at FTA Quarterly Reviews.



What prevents project delivery?

- Cost escalation
- Schedule creep
- Changing priorities
- Change in management vision
- Change in political landscape
- General agency capacity – major capital projects have steep learning curves



III. Get Along with FTA

Things can get interesting when funds aren't spent. How do we keep the funding lifeline from becoming a noose?

If there are delivery issues, and grants cannot be amended, grantee is stuck with benevolent baggage.

FTA grants have no expiration date (for the most part). Does this help? Not in all cases.



III. Get Along with FTA

Use the grants themselves as a resource for project delivery, just not the same project.

Active grants management can leverage delivery of alternative projects.



III. Get Along with FTA

For annual grants (e.g., 5307) enter projects programmatically. Allows maximum flexibility.

- Most 'standard' capital reinvestment projects do not require a lot of specifics (except for vehicle replacements, why?)
- This allows straightforward NEPA clearance *and*
- Ease of moving funds to another *like* project *without* grant amendment or budget revision



III. Get Along with FTA

Grant amendments – not so easy:

- Rarely used by SFMTA
- Changes to a grant > 20%
- Just like a new grant with DOL approval needed
- Strict limitations on timing
 - 5 years for 5307
 - 3 years for 5337, 5339

Higher stakes with formal FTA review – but allows new projects to advance.

Question to FTA: why let the concrete set? Why put time constraints on grant amendments?



III. Get Along with FTA

Budget Revision – Preferred Approach

Allows for new projects so long as they are consistent with projects already on a grant.

- Used all the time; daily
- Only works with multi-project grants
- Keep track of puts and takes within projects
- Stay within 20% limitations
- Reconcile at grant close out

This is why programmatic grant language is key.



III. Get Along with FTA

With grants management, grant drawdowns really can't be used to measure project delivery

Every sponsor intends to deliver the program of projects on the grants, but...

PMO is the more appropriate vehicle for tracking delivery for larger projects, as is the quarterly review for all the others.

At best grant expenditures only correlate with project delivery.



III. Get Along with FTA

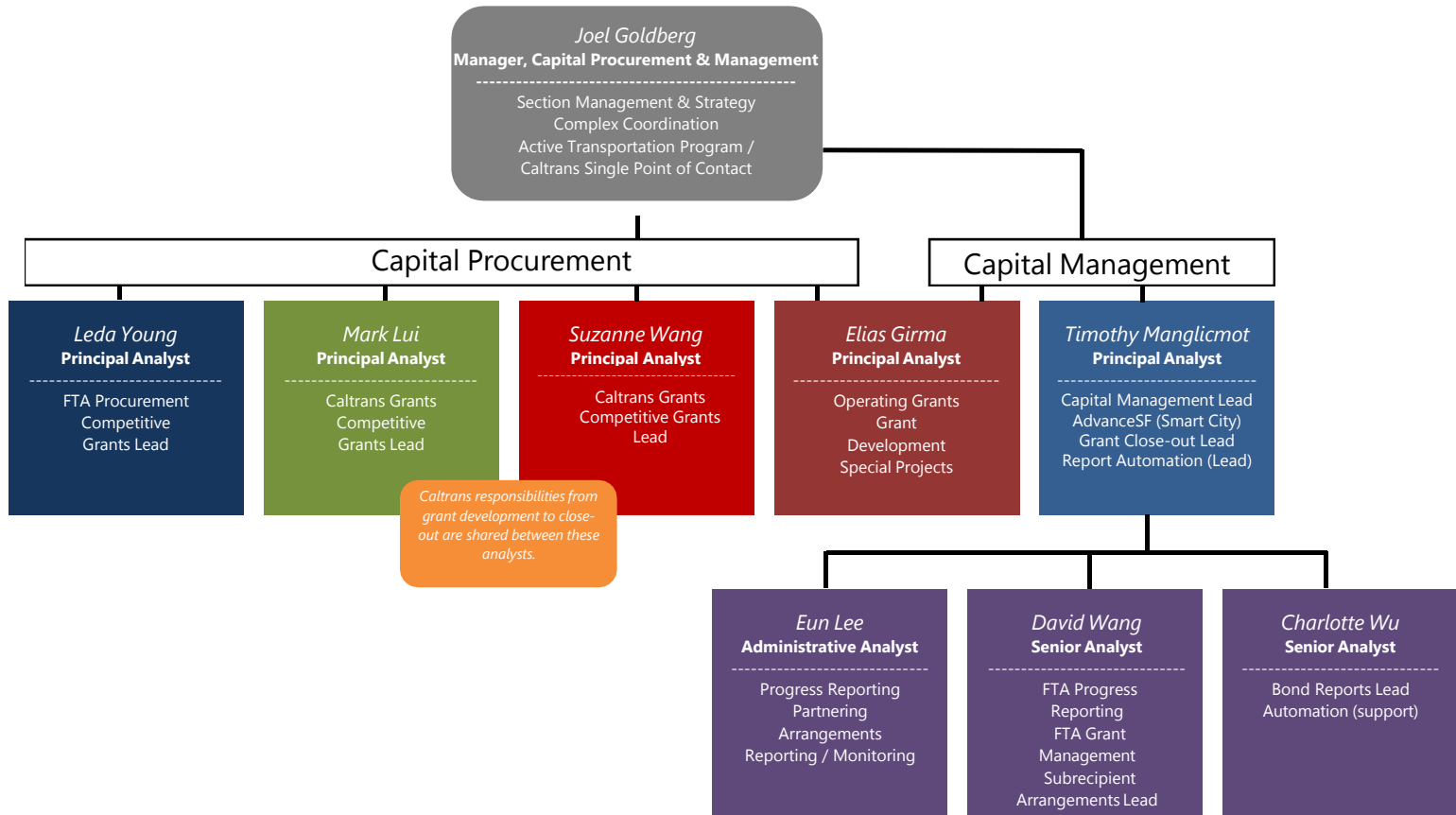
Final Pieces of Advice

Don't begrudge the scrutiny.

FTA is a partner – imperfect, sometimes slow, often busy.

But they want better, safer and more efficient systems just as much as we.

They often protect us from ourselves and that can truly make our visions more solid and deliverable.



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