




City Council Agenda Report

ITEM NO. 22

DATE: August 21, 2019

FROM: Stephanie DeWolfe, City Manager 

PREPARED BY: Karen Aceves, Principal Management Analyst
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SUBJECT: **Approval of Grants Management Plan for Fiscal Year 2019-2020**

Recommendation

It is recommended that the City Council:

1. Approve the Grants Management Plan (Plan) for fiscal year (FY) 2019-20;
2. Adopt the Grants Policies and Procedures Manual (Manual); and
3. Authorize the City Manager to sign relevant documents for the grants identified in the Plan

Commission Review and Recommendation

This matter was not reviewed by a Commission.

Executive Summary

The purpose of an annual Plan is to lay the groundwork for upcoming funding opportunities strategically. Developing a Plan helps align resources to ensure that the City is maximizing the amount of grant dollars for the most competitive projects. There are several considerations staff took into account when deciding whether or not to submit a grant application including:

1. Project Eligibility: whether or not the City is a match for the goals of the program;
2. Funding Match: whether or not the funding match requirements may be too great to justify the grant (i.e. \$1 million match for a \$20,000 grant);
3. Staff Time: whether the application and/or administrative process may be too labor intensive and outweighs the value of the grant; and
4. City Priorities: whether or not projects funded are priorities of the City, and if not, will they pull limited resources away from higher priority projects.

Because the City does not have the resources to apply for all available grants, particularly when applications are due concurrently, a critical analysis of grant opportunities for the coming year will allow staff to focus their time on those that best align with city priorities and offer the greatest return on investment. As part of the Plan, staff identified priority projects laid out in the budget, Capital Improvement Plan (CIP), and Strategic Plan, and determined if any of those project costs could be offset with potential grant funding. The list of grants identified in the Plan

is not intended to be exhaustive since new funding opportunities may become available after the plan has been adopted. The process of evaluating grants that are a good fit for the City will evolve as opportunities unfold. The goal is to be deliberate about the grants for which the City will -and won't- apply.

Discussion/Analysis

The Plan weighs staff time, proposal complexity, qualifying and/or disqualifying factors, match requirements, consistency with the Strategic Plan and/or CIP, and potential partners. There were several factors that were considered when drafting the Grants Management Plan including:

1. Eligibility
2. Funding
3. City Resources
4. Priority Projects

Eligibility

When deciding whether or not to apply for a grant the City must determine its eligibility. A critical factor to consider when determining eligibility for a grant is the City's competitiveness so that a highly ranked application is submitted. For example, the state recently released a notice of funding for Prop 68- State of California Parks and Water Bond 2018. This competitive program will create new parks and new recreation opportunities across California. The program is both for the acquisition and development of public land, and is consistent with the City's Strategic Plan Goal 4: Action Item 4: *Finalize conceptual plans and break ground on Berkshire pocket park project*. The City meets all eligibility requirements for this grant, however upon evaluating the grants scoring rubric, 55% of the total application will be based on poverty rates and underserved communities. Thus, the maximum amount of points the City would receive for this funding opportunity would be 45%, making it a poor strategic choice when allocating staff time.

Types of Funding

There are four main types of grant funding sources available including Federal, State, Local, and Private. The funds are further broken into two high level categories: competitive and non-competitive. Some funds are one time monies and others are recurring funds that the City expects annually and can incorporate into its budget. The City is currently receiving funds from all types of grant funding sources, both competitive and non-competitive funds, as well as one time and ongoing funds. The complexity of application and administration is dependent on every program. Applying to different types of funding agencies requires varying amounts of effort. For example, Federal and State proposals are more complex and require greater time demands- sometimes even several months of work and collaboration across departments to prepare- as a grant writer cannot solely rely on boilerplate language for these types of proposals. Also, applying for a continuation grant (such as a local grants or per capita grant) usually takes less time than seeking a new and competitive grant award.

The type of funding also informs the amount of time it takes to administer the grant. A federal grant requires the City to identify a new fund account for the project, reporting any interest income from the project, federal procurement compliance, and stringent disposition guidelines for real property. A matching grant requires that costs be shared either on a dollar for dollar

basis, through an in-kind contribution (e.g. space, personnel services, etc.) or through a percentage contribution. Leveraged resources are used by the City to support the grant activities and outcomes which may include other local funds used in coordination with the awarded grant. When developing the Plan there was a high level cost benefit analysis conducted to determine where the City's dollars would be best leveraged if the grant was awarded. For instance, there may be a grant that requires a 10% match and allows for up to \$100,000 in funding, and there may be a grant that requires a dollar for dollar match and a maximum of \$20,000 in funding. The first project would potentially extend the City's dollars much greater than the second grant.

City Resources

A successful grant application requires input and collaboration from administrators, staff members, community groups, and at times local and regional partners. In order to coordinate with the varying stakeholder groups it is crucial that the applicable staff plan ahead in order to make time for the technical components required in a grant application (e.g. letters of support, MOUs, etc.). In small cities like South Pasadena grant administrators typically wear many hats and often prepare the grant applications and also manage the ongoing administration of awarded funds. This reduces the number of grant submittals than one can realistically expect to submit. By outlining the upcoming grants not only can the grant administrator map out their annual workload, but they can do so in partnership with the appropriate departments to ensure they are receiving the adequate amount of technical support needed to apply for the grant. This will also help to track the number of applications due or submitted, the number of grants awarded or allocated and the number of reports due.

Priority Projects

Using the Strategic Plan and the CIP to guide the grant opportunities the City will pursue, helps to move priority projects forward and fulfill larger strategic goals while leveraging external resources. This also reduces the risk that the City's stated goals will be missed since staff and grant resources will be correctly aligned with the City's priorities. A grant application that is included in the Plan has a much stronger chance of receiving funding because granting agencies understand that the City has identified a need and is prepared to execute the project once awarded. It also avoids the City applying for a grant that may seem enticing but may not be spent in the appropriate time or manner due to lack of staff and resources.

Grants Life Cycle

There are several components in the life cycle of a successful grant including:

1. Intent- Some funding agencies request letters of intent before allowing an applicant to submit an application. The letter of intent is one of the most useful tools in applying to a grant because the applicant and awarding agency can see if the partnership will be a good fit. They evaluate whether the project would be competitive, whether there are any disqualifying factors, or if a shift in the application's focus would be beneficial. For instance, if the City is submitting a letter of intent to fund sidewalk repairs, the funding agency, through the letter of intent, can indicate to the applicant the focus areas that make the proposal competitive. By creating a Plan, the City can submit an informal letter of intent in a timely manner to all funding agencies and determine if the proposed project will be a good fit before moving forward. Alternatively, it allows the City to further

- refine the project and resubmit a new letter of intent with feedback from the funding agency.
2. Application- A grant application can range anywhere from a one page proposal (often private funders) to a fifty page proposal or longer. Typically, technical applications such as environmental projects and public works projects are closer to thirty page proposals. Funding agencies are more frequently adopting a paperless approach and often are using new technology to make the process easier but with new technology comes a training component. It is critical that staff attend workshops for granting agencies because of these technological changes as well as to stay abreast of new requirements.
 3. Award- The award of a grant can be conditional on an approved budget, or on match funds. Many of the grant awards require the City to attend a kick-off meeting where awardees are provided a detailed explanation of all the items necessary to successfully administer the grant. Many awards require approval from the City Council in which they agree to the conditions set forth in the agreement.
 4. Administration- Proper administration requires coordination among staff who will implement the project, manage financials and legal aspects of the grant award. All deliverables and expenses must be regularly monitored. Early on, staff must be aware if the project is behind or ahead of schedule, or if the grant funds are insufficient for the work. If circumstances change, staff may need to work closely with the funder to adjust the schedule or budget. Also, key stakeholders beyond the grantee may need to be informed of the progress of the work on a regular basis. Overall, continuously monitoring and gathering information and data for reporting purposes are all essential to successful grant administration.
 5. Timely Use of Funds- Most grants do not extend beyond a three year term for various reasons. A three year term is a reasonable amount of time to expend current year appropriations consistent with Federal grant requirements. If any agency that awards a grant in 2010 is still being required to track those dollars in 2017, not only is it administratively difficult as the funding source may no longer be in existence, but it also makes the awardee seem less responsible of their grant dollars and therefore less likely to receive funding in the future. It is difficult to make the argument that an organization needs funding if it cannot expend their current grant dollars.
 6. Closeout- The closeout of a grant means that the grant terms have been completed, and the project or service requirements have been met.
 7. Audit- Following the closeout of a grant, funding agencies are required to audit their award recipient when it comes to federal and state dollars. While some of those audits are mainly desk reviews, meaning the auditor reviews paperwork submitted by the funding recipient, there are other projects that are on-site and more intensive, such as the annual Los Angeles County Metro audit for non-competitive dollars. The scope of audits are dependent on the amount of funds a City receives as well as the source (Federal, State, Local, or private).

Creating a Plan allows City Staff to consider all the factors required in pre-and post-award administration before entering into any future agreements and adequately manage resources.

Next Steps

1. Staff will submit the applications on the annual grants management plan; and
2. Staff will provide an annual status report on grant awards.

Background

The City receives funds annually in which the recipient (City) is treated like a vendor in some cases and as a sub-recipient in other cases. When receiving funds as a sub-recipient the Funding agency must make sure the City is in compliance with all applicable terms and conditions of the award, and that project costs incurred are reasonable and allowable. When receiving funds as a contractor, the City is not typically bound to the full set of sponsor terms and conditions, and is subject to competitive bidding procurement practices, to assure funds that are paid do not exceed fair market value. Since the City receives many of its non-general funds monies as a sub-recipient it is bound to program guidelines, allowable costs, and audits (OMB Section 200.330 Sub-Recipient and Contractor Determinations).

One of the largest sources of non-general fund revenues for the City is through local return funds. Local Return programs collect a portion of sales tax for a specific purpose. Local Return funds are allocated on a “per capita” basis and eligible expenditures for these programs are outlined in each of the respective programs guidebook approved by the board. The City receives money from the following local returns through Metro:

Proposition A: Approved in 1980

Proposition C: Approved in 2006

Measure R: Approved in 2009

Most recently the County voted on several new Measures including:

Measure M: Approved in 2017

Measure W: Approved in 2018

Through the State the City receives annual funding through the following:

Senate Bill 1: Road Maintenance and Rehabilitation Account (RMRA)

COPS

PSAF 172

Through the Feds the City receives:

Housing and Urban Development (HUD): Community Development Block Grant Funds

Administering the local return projects constitutes the workload of one full-time staff person. Currently, these programs are administered by various departments in varying degrees of effort. As the City continues to receive new sources of funding, centralizing the administration of these programs will be crucial to their success. One of the largest steps the City has taken to centralize its funding sources has been through the CIP. The Plan allows staff to identify all the funding sources for upcoming years and determine the amount of general fund dollars that are being offset by other funding sources and allocates those funds in future years. The largest gap which the grants management plan attempts to address as well is the education of all staff on grant funding regulations and guidelines in order to best administer and manage funds. Ideally, the day

to day reporting, and programming of the funds should be housed in their respective departments and each department should be aware of compliance, allowable costs, and program requirements. Over the next year, staff will develop a list to include a summary of non-general fund monies and their allowable uses to ensure understanding of funds and will be added as an appendix item.

Legal Review

The City Attorney has not reviewed this item.

Fiscal Impact

The fiscal impact of grant funds to the City is substantial. The City receives over \$2 million dollars annually in local return funds, and an average of \$1 million annually in competitive funds. This supplements approximately \$3 million dollars from the general fund.

Environmental Analysis

This item is exempt from any California Environmental Quality Act (CEQA) analysis

Public Notification of Agenda Item

The public was made aware that this item was to be considered this evening by virtue of its inclusion on the legally publicly noticed agenda, posting of the same agenda and reports on the City's website and/or notice in the *South Pasadena Review* and/or the *Pasadena Star-News*.

Attachments:

1. Grants Management Plan FY 2019-20
2. Grants Policies and Procedures Manual

ATTACHMENT 1
Grants Management Plan FY 2019-20



Grants Management Plan 2019-2020



Foreword

I am pleased to present the City of South Pasadena's first plan for Grants Management.

This plan intends to reflect the City's commitment to responsible stewardship of grant funds to help achieve the City's strategic goals, offset general fund dollars when possible and limit the risk of having to unexpectedly spend its own funds to support a grant. The goals outlined in the plan directly correspond to the City's Strategic Plan and Capital Improvement Plan to help focus efforts where possible. It also includes grants policies and procedures that meet federal guidelines (the most strict) and give staff the tools necessary to administer a grant successfully.

The City will implement the plan in partnership with staff and will maximize efficiency and effectiveness when applying and administering a grant. It will also strengthen the City's internal controls and accountability to granting agencies. The plan will keep the City on course to achieve targeted objectives through the strategic application of grants.

Stephanie DeWolfe

City Manager

A Letter to the reader

Dear Reader:

We are very pleased to release the first Annual Grants Management Plan for Fiscal Year 2019-2020. This plan is intended to be the roadmap to ensure that YOU as a representative of the City have all the tools you need to properly administer your grant program.

On average, the City receives approximately \$2 million in local return funds, and \$500,000 in grant funds on an annual basis; this funding represents 8% of the City's budget. Additionally, state loans for large water projects are also administered like grants and provide the City the ability to tackle critical infrastructure projects at a low interest rate.

The goal of this plan is to thoughtfully select grants to pursue, track applications, coordinate with staff regarding submittal deadlines, align grant application with strategic goals, and maintain the highest level of stewardship and fiduciary standards.

We look forward to collaborating on your next grant.

Introduction

Background and Challenges

The City is successful in securing grant funds for community identified priorities and to offset general fund costs for day-to-day operations. One notable project that reflects both the background and the challenges of grants is the Arroyo Seco Bicycle and Pedestrian Trail (Project). The project plans were drafted and requests for funds began in 2011. Over the course of several years, separate grant applications were submitted, each requesting small pots of money from varying sources in order to collect the total amount needed, which at the time was \$1.5 million. Six years later, in 2017, staff created a task-force to ensure the completion of the project. At that point, the City was at risk of losing several funding sources. Granting agencies also required updated scopes of work in order to make sure that the project was aligned to current specifications. The new cost of the same project increased to \$2.4 million dollars. This experience was a critical turning point to launch a centralized and collaborative grants team that ensured all staff involved in a grant implementation and administration is always working as a team toward the project completion.

Since this project, the grants team began working on a "Policies and Procedures Manual"(Manual) to standardize the collaborative approach and have a consistent and practical guide that staff could refer to when administering a grant. It also outlines federal guidelines, when and how to submit reports, when to involve the grants administrator and such. The Manual is designed to support the implementation of the Annual Grants Management Plan that is a living document and is meant to be updated every year with new grant opportunities and new regulations.

While funding is not a new element of government, the centralized administration of grants is fairly new. Prior to December 2014, all Federal grants had different guidelines depending on the awarding branch, i.e. EPA, DOJ, DOT. Since 2014, OMB administrative requirements, Cost Principles, and Audit Requirements were combined into one document, referred to as the Super Circular. The Super Circular combines eight previous federal regulations into comprehensive guidance codified at 2 Code of Federal Regulations (CFR) Part 200 (Subparts A – F). These changes will improve administration of federal grant operations from the new uniform application process to the 'close-out' process. These changes modernize cost accounting, and improve the audit process, where the threshold for a Single Audit has been increased to \$750,000 in annual federal expenditures

City Resources

A successful grant application requires input and collaboration from administrators, staff members, community groups, and at times local and regional partners. In order to coordinate with the varying stakeholder groups, it is crucial that the relevant staff plan ahead in order to make time for the technical components required in a grant application and properly assess available grants prior to application. In smaller cities, grant administrators typically wear many hats and often manage the ongoing management of non-general fund dollars. This reduces the number of grant submittals that one can realistically expect. By outlining the upcoming grants not only can the grant administrator map out their annual workload, but they can do that in concert with the appropriate departments to ensure they are receiving the adequate amount of technical support needed to apply for the grant.

Leveraging Resources

Some grant agencies require a dollar for dollar match while others require a certain percentage. When developing the annual grants program there was a high level cost benefit analysis conducted to determine where the City's dollars would be leveraged best if the grant was awarded. For instance, there may be a grant that requires a 10% match and allows for up to \$100,000 in funding, and there may be a grant that requires a dollar for dollar match and a maximum of \$20,000 in funding. The first project would potentially extend the City's dollars much greater than the second grant. Although, other considerations would be made such as the project relevance of, the application requirements, and the ongoing management and maintenance of the project.

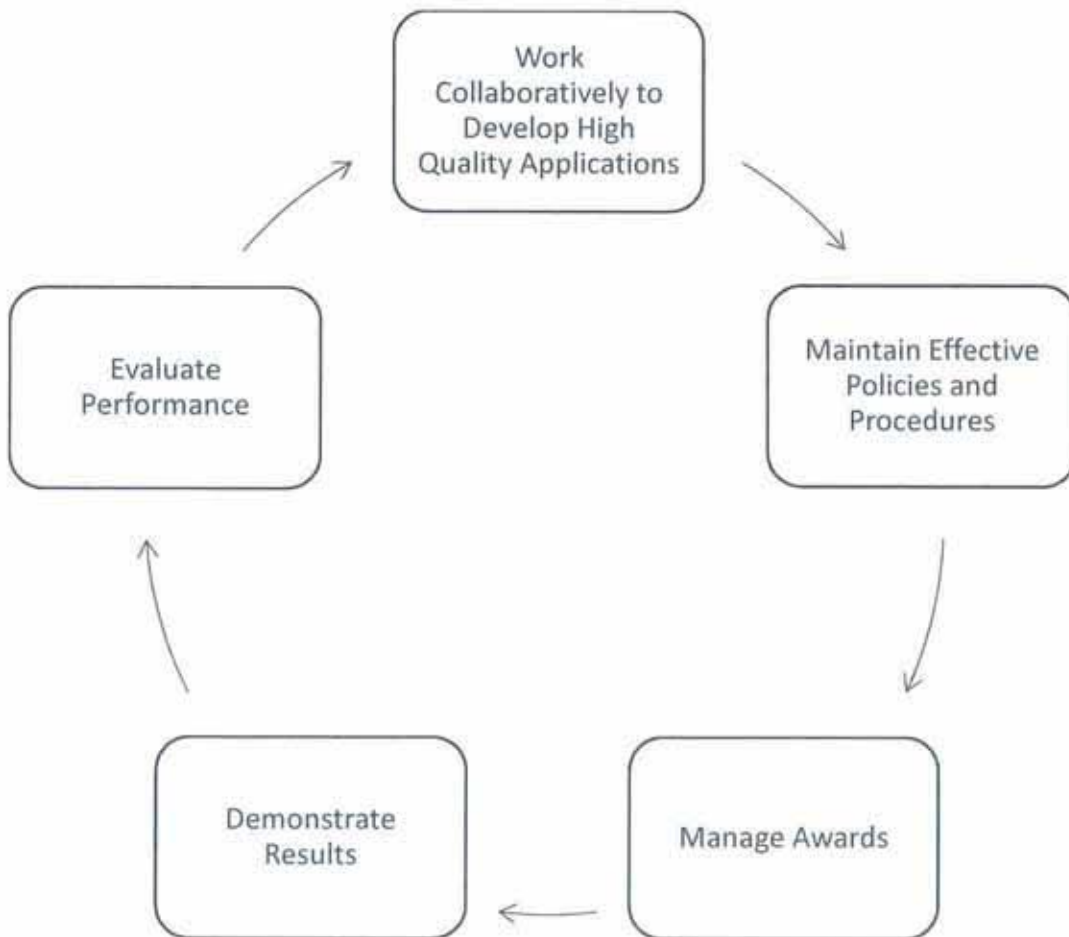
Priority Projects

Identifying priority projects for the City through the Strategic Plan and Capital Plan helps to strategically apply for grants. A grant application that is included in priority plans has a much stronger chance of funding because granting agencies understand that the City has identified a need, had devoted resources to project readiness and will be prepared to execute the project once awarded. It also avoids the City applying for a grant that may seem enticing but may not be spent in the appropriate time or manner due to lack of staff and resources.

Goals

The grants management plan has five main goals:

- Work Collaboratively to Develop High Quality Applications
- Maintain Effective Policies and Procedures
- Manage Awards
- Demonstrate Results
- Evaluate Grants Management Performance



Goal 1

Maintain Effective Policies and Procedures

The City is establishing a Grant Policies and Procedures Manual designed to encompass the grant management process from pre-award through closeout. With this, the City intends to better align their compliance efforts with the Federal standard, the highest standard in the industry. City staff evaluated which federal policies should be implemented as well as which policies would be too burdensome to create stronger internal controls where needed, while not overusing staff resources.

While the plan should be updated annually to include new grant opportunities, it is best practice that the Policies and Procedures Manual be updated at least every five years to ensure the City is following the latest guidelines. With new technology and the Federal Government's initiative to streamline grants processing, information continues to constantly change and it is crucial that the City keep up with those changes to make sure we continue being a desirable recipient for grant awards.

The Grants Policies and Procedures Manual is a living document and staff will continue to add procedures to increase efficiency when processing grants and ensure compliance. Any policy added to the manual after City Council adoption will include the date of issuance for the policy as well as a review or expiration date if necessary.

Goal 2

Work Collaboratively to Ensure High Quality Grant Applications

In order to ensure efforts are targeted appropriately, it is the intent of this plan to tie back to the City's Strategic Goals and the Capital Improvement Plan (CIP). If the grant does not relate to any one of these planning tools, staff will re-assess if the application is necessary at the time. The submittal decision evaluates strategic priorities, time and effort available by necessary staff to complete the application, and available resources to manage the award. This also means standardizing the process for identifying and applying for grants so that searching for and properly assessing grants prior to application is done interdepartmentally and systematically. Once the decision is made to submit the grant proposal, a timeline will be created with the entire submittal team to ensure expectations are set and follow through is accomplished. Ongoing training will also be provided to bolster staff's capacity to prepare quality applications.

Goal 3

Managing Awards

The successful management of awards includes establishing a centralized database with forms available to users for tracking the progress of awarded grants. It also includes the creation of a centralized oversight team established for each grant awarded to analyze requirements and monitor overall responsibilities. Departments are also directed to contribute new written procedures supplementing the Grants Policies and Procedures Manual for effective administration of grants that require unique financial management, internal controls, inter-departmental communication, and sub-recipient monitoring requests. The annual City Council approval of the Grants Management Plan also helps to improve the grants management

process by streamlining the necessary approvals and thereby reducing the time and effort required for accepting smaller grants. In addition, having the City's leadership fully vet the grant applications on the horizon builds predictability into grants management and promotes greater focus and overall success.

Goal 4

Demonstrate Results

The annual Grants Management Plan provides the means for reviewing the number of grants the City submits every year, to understand trend rates and review the number of grants awarded funding as well as the amount of funding. Through the annual Grants Management Plan, the City will have the capacity to compare grants awarded as well as grants denied to the Strategic Plan and that CIP. This will enable the City to determine if the desired results were achieved. Measurable targets of this type will positively challenge the City to identify areas of improvement, if necessary. For grants that were not awarded, staff will follow up to obtain information on the denial and constructively address the reviewer's comments in a resubmission. By creating a benchmark for annual intentions, the City will be able to demonstrate its progress toward accomplishing its grant objectives.

Goal 5

Evaluate Grants Management Performance

Annually, when preparing the Grants Management Plan, the City will evaluate the health and effectiveness of its Grants Management Plan. From here, the City can determine if increased investments, a restructuring, or keeping the program operating as is makes sense. This assessment will also help to identify where additional training and assistance can improve program performance and compliance. Where weaknesses are found, midcourse corrections will also be made. Fine-tuning processes and examining the rationale of a process will be an on-going task for all those involved in grant applications and administration.

Grants Management Plan FY19/20

City of South Pasadena Grant Applications & Awards FY 19/20						
Department	Grant	City Funding	Year	Awarded/ Applying	Purpose	Competitive(C)/ Non-Competitive(N)
Strategic Plan (1)						
<i>Develop and Implement Strong Fiscal Policies to Ensure a Resilient Financial Future</i>						
Community Services	Prop 68	Unknown (\$3.5M)	19/20	Applying	Arroyo Seco	C
Strategic Plan (2)						
<i>Create a Strong Economic Development Strategy to Strengthen Local Business</i>						
Planning & Building	SB 2	\$160,000	19/20	Applying	Technical Improvements	N
Strategic Plan (3)						
<i>Develop a Comprehensive Emergency Preparedness Plan to Ensure Public Safety through Active Response and Recovery Efforts</i>						
Police	California Office of Traffic Safety (OTS)	\$40,000-\$80,000	19/20	Applying	Equipment	C
Police	Urban Area Security Initiative (UASI)	\$75,000	19/20	Applying	Equipment	C
Police	State Homeland Security Grant Program (SHSGP)	TBD	19/20	Applying	Equipment	C

City of South Pasadena Grant Applications & Awards FY19/20 Cont.

Department	Grant	City Funding	Year	Awarded/ Applying	Purpose	Competitive(C)/ Non-Competitive(N)
Strategic Plan (3) Cont.						
<i>Develop a Comprehensive Emergency Preparedness Plan to Ensure Public Safety through Active Response and Recovery Efforts</i>						
Fire	Measure B	\$95,000	19/20	Applying	Equipment	C
Fire	Hazard Mitigation Grant Program (HMGP)	TBD	19/20	Applying	Equipment	C
Strategic Plan (4)						
<i>Enhance Community Sustainability through Investment in Infrastructure and Environmental Management Programs</i>						
Community Services	VW Mitigation	Unknown (\$167M)	19/20	Applying	Zero-Emission Bus	C
Community Services	Prop 68 <i>(Per Capita - Parks)</i>	\$200,000	19/20	Applying	Park Improvements	C
Public Works	Cal Recycle	\$7,500	19/20	Applying	Used Oil Filters	C
Public Works	Highway Safety Improvement Program (HSIP)	\$100,000-\$1M	19/20	Applying	Streets	C
Public Works	Sustainable Trans. Planning Grant	TBD	19/20	Applying	Neighborhood Improvements	C
Public Works	Measure W	TBD	19/20	Applying	Stormwater Projects	C
Public Works	Measure W	TBD	19/20	Applying	Stormwater Projects	N

City of South Pasadena Grant Applications & Awards FY19/20 Cont.

Department	Grant	City Funding	Year	Awarded/ Applying	Purpose	Competitive(C)/ Non-Competitive(N)
Strategic Plan (5)						
<i>Plan for Affordable Housing to Comply with State Mandates and Respond to Community Needs</i>						
Police	Measure H	\$292,000	19/20	Awarded	Homelessness	C
Planning & Building	Measure H	\$30,000	19/20	Awarded	ADU/IZ	C
Planning & Building	Measure H	\$30,000	19/20	Awarded	Land Assessment	C
Planning and Building	CDBG	\$110,846	19/20	Awarded	Affordable Housing	N
Strategic Plan (6)						
<i>Enhance Customer Service through Innovation to More Effectively Respond to Community Priorities</i>						
Community Services	CDBG	\$19,561	19/20	Awarded	Senior Nutrition	N
Community Services	Measure A <i>(formerly Prop A)</i>	\$614,500	19/20	Awarded	Park Maintenance	N
Planning & Building	CalTrans <i>(ATP Cycle 5)</i>	Unknown (\$44M)	19/20	Applying	Open Streets	C
Capital Improvement Plan						
<i>Streets and Streetscapes</i>						
Community Services	Measure M	TBD	19/20	Applying	Street Improvements	C
Community Services	Measure M	\$273,474	19/20	Awarded	Street Improvements	N
Community Services	Measure R	\$316,493	19/20	Awarded	Street Improvements	N
Community Services	Proposition C	\$331,617	19/20	Awarded	Street Improvements	N

City of South Pasadena Grant Applications & Awards FY19/20 Cont.

Department	Grant	City Funding	Year	Awarded/ Applying	Purpose	Competitive(C)/ Non-Competitive(N)
<i>Capital Improvement Plan Cont. Streets and Streetscapes</i>						
Public Works	TDA3	\$17,000	19/20	Awarded	Street Improvements	N

Of the total twenty-four (24) grant applications and awards identified for FY19/20, fifteen (15) are competitive applications and nine (9) are noncompetitive. While the Management Service Department is not the primary applicant for any single grant, the department staff will help to guide, prepare and manage each grant listed.

ATTACHMENT 2
Grants Policies and Procedures Manual 2019-20



Grants Policies & Procedures Manual



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Grants Policy

Policy Statement:

The City of South Pasadena's (City) Grant Policies and Procedures Manual (Manual) has been developed and published for the purpose of standardizing grant applications and grant related administration associated with the City. City personnel must follow the policies and procedures included in this manual and the provisions of any agreements that govern the award.

Reason for Policy:

The purpose of this Manual is to develop, implement, and maintain meaningful grant development, oversight and coordination for the City thereby increasing grant related revenue, aligning grant applications with the City's Strategic Plan goals, limiting the City's exposure to grant related legal liability, and improving the efficiency and impact of programs and services funded through grants. The policies and procedures contained herein are intended to foster exceptional stewardship of the public trust through a rigorous adherence to ethical standards associated with grant related activity. The policies and procedures aim to do the following:

- Promote the use of best practices
- Promote sound financial management
- Ensure that grant related activity is consistent with the City's strategic priorities
- Ensure the integrity of the City's good standing among grant making entities
- Ensure the detection and mitigation of potential grant related problems before they harm the City
- Promote efficiency and effectiveness in grant funded projects and programs
- Appropriately delegate grant application tasks across departments to timely deliver quality proposals
- Ensure accountability for financial and programmatic elements of grant administration and management

Compliance:

All grant administrators, program managers, sub-recipients, and parties involved with the grant must comply with the applicable federal, state, and private award guidelines which may govern the award.

Overarching Roles and Responsibilities:

City departments and staff that may occupy positions of responsibility with respect to a grant shall perform and uphold both ethically and in the best interests of the City. The responsibilities are as follows:

- Reviewing Notices of Funding Opportunities (NOFO) or Requests for Proposals (RFP) to determine the City's readiness, available resources and capabilities for successfully pursuing grant opportunities.
- Prepare grant applications, budgets and oral reports
- Submitting Grant Applications
- Ensuring the City is registered active, and omitted from the exclusion list on the System for Award Management (<http://SAM.gov>).
- Ensuring any Sub-Recipients or Contractors of the City which are to be paid by Federal monies are omitted from the exclusion list on the System for Award Management (<http://SAM.gov>).
- Reviewing and providing corrective actions in response to audit findings.
- Strategic Grant Planning
- Training for new Project Managers
- Technical Assistance
- Grant Writing
- Assigning Funding Codes
- Assigning a Unique Grant Number
- Invoicing and Progress Reports
- Requests for Payments
- Recordkeeping for Audits
- Project Closeout

DEVELOPING AN EFFECTIVE APPLICATION

Assess the Project: For in-house written grants, the first step is to develop an accurate and realistic assessment of the time and resource expenditures required to develop and write a competitive proposal. This is a critical step in deciding whether or not to pursue a solicitation. Submitting a proposal is easy, but submitting a top ranked proposal is difficult. The decision to submit or not submit must be based on a realistic assessment of the time and effort available to complete the task at a high level of effort.

Applying to different types of funders (foundations, non-profit, private, government) require varying amounts of effort. For example, federal and state proposals are more complex and require greater time demands, sometimes even several months' worth of work to prepare. These proposals, by their very nature, are more complicated and involve a lengthy and arduous application process. Also, submitting a continuation grant will take less time than seeking a new, competitive grant application. Below are examples of the types of grants the City may pursue.

- Start-up Grants: Cover the costs of launching a new project or organization.
- Capital Grants: Used for facilities, construction, buildings, or equipment.
- General Operating Grants: Cover daily operations, including salaries and technology, rather than a specific program or project.
- Program or Project Grants: Cover the cost of specific project or plans that are part of the City's core mission.
- Planning Grants: Help to map out what you want to do, and they typically result in a project that will help carry out your plan.
- Technical Assistance Grants: Help the City be more effective in such areas as financial management, strategic communications, fundraising or evaluation.

Evaluate Benefits and Costs of Specific Grant Programs on a Case-by-Case Basis:

- a. Purpose of the grant program and its consistency with identified City goals and objectives.
- b. Additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded.
- c. Ongoing impacts of the grant program after it is completed.
- d. Responsibilities of other departments and impacts on them in preparing the grant application or performing work scope if the grant is approved.
- e. Amount of indirect costs to be recovered from the grant.
- f. Total program costs, including portion funded through grant revenues and any required City contribution.
- g. Source of funding for any required City share.
- h. Compliance and audit requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.

Personnel: Once the decision is made to pursue a grant award, the second step – crucial to the application's success - is to determine the expertise and quality of key personnel selected to be on a grant application team. Thereafter, staff must identify the application components and requirements that demand diverse areas of expertise (e.g. environmental design, CEQA compliance, community outreach, financial compliance etc.) so that the skill set of team members are matched with the grant application tasks. Depending on the size and nature of the grant application, the grant application team could be a few staff members who each fill multiple roles or a large group with very diverse talents. Preferably, the key personnel selected to prepare the grant application will also be available to implement the project if the grant is awarded. The team approach helps to provide adequate expertise, support and a level of accountability.

Optimizing the Proposal Development Process: To have an efficient proposal development process, and write a competitive application, each grant will have a tailored team approach. Leading or participating in a grant proposal will require very different time commitments. Some grant applications are short and straightforward, and may only require a Department Director and appropriate staff to split responsibilities. Other, more labor intensive grant applications will require several subject matter experts (e.g. Project Managers) on the team, a formalized writing lead, finance staff, a researcher and perhaps other outside consultants to help prepare a competitive application. Staff roles will vary depending on the grant application demands. In some cases the Project Manager may be the subject matter expert contributing data and budgetary information while the assigned staff takes the lead writer/editor role. Concurrently, other support staff will help prepare and gather required documents (e.g. letters of support, MOUs, etc.). With large grants of this type, a single staff member may be required to write every page of a 15-page proposal or write a 5-page contribution to a 20 page proposal depending on the match between the grant requirements and the available staff.

Creating an Action Plan: Develop an action plan for the proposal development process that includes deliverables, tasks, timeline and staff responsible. This requires the following steps:

- 1) Prepare a checklist of tasks/deliverables based on the Notice of Funding Opportunity or Request for Proposals.
- 2) Using the checklist, develop a timeline with a schedule of completion dates for each task. This timeline must consider required steps such as internal clearances, getting signatures, Council approval, editing, intergovernmental review with partner agencies, if applicable. The timeline must also take into account the interrelationship among tasks. For instance, a budget cannot be drafted until the project scope is solidified.
- 3) Assign responsibilities for each task identified.

Grant Application Components: The application components vary based on the granting agency. In general, however, a grant application requires the following elements:

- 1) Cover Page or Letter: Basic project details and authorizing signature.
- 2) Project Summary/Abstract: A "big picture" introduction of the proposal's features.
- 3) Table of Contents: Serves to guide the reviewer to the information in the proposal.
- 4) Narrative: An in-depth explanation of the proposal, this is a substantive portion of the application. The need for assistance must be demonstrated with supporting documents and data. The narrative should clearly explain the physical, economic, social, financial, institutional or other problem(s) that require a solution, the actions that will be taken, and the results and benefit expected.
- 5) Readiness Statement: Demonstrate that the City fully complies with the funder's requirements and guidelines.
- 6) Budget: Identifies the estimated cost of the project as proposed. Include required matching funds or in-kind contributions.
- 7) Budget Narrative: Addresses the reasonableness, necessity and allocable costs. Should also include any matching or cost-sharing funds discussion.
- 8) Resolution: Approves the application for submission.
- 9) Timeline: Outlines each task
- 10) Applicant Capacity: Demonstrates the City's capacity to implement the project in a timely manner.

Responsible Parties

City Council will formally authorize each award granted to the City.

City Manager works with City Council, department managers and the Grants Manager to determine the strategic grant funding efforts for the City. The City Manager will approve all grant submissions and will give signing authority for submittal efforts in his or her absence.

Grants Manager is responsible for balancing all projects and grant proposals. The Grants Manager will work with all Managers/Directors to be aware of prioritized department needs for the various departments that potentially can be met through grants. This knowledge will allow the Grants Administrator to identify the potential for parallel or redundant submissions, as well as areas for potential collaboration among departments, plan for submission of proposals to regular cyclical grant opportunities, and be pre-positioned to assist the departments in the submission of proposals to those opportunities when they arise. The Grants Manager is also responsible for maintaining current on federal grant policies and may also train staff about compliance issues and processes.

Department Manager/ Director is responsible for determining the strategic funding priorities for their department and for making decisions about which grants the City will apply for based on strategic goals and readiness. They are also required to ensure a Project Manager is assigned to every grant awarded. Additionally, the department manager must approve invoices submitted for reimbursement.

Project Managers has the primary responsibility for developing the scope of the grant proposal, submitting the proposal, submitting resolution(s), submitting progress reports and staff report(s), adhering to grant guidelines and regulatory compliance, timely invoicing, adhering to auditing requirements, and proper closeout procedures.

Management Analyst is responsible for the general oversight of the City's grant activities. Therefore all grant activity (Federal, State, Local, Non- Profit, and Private) must be routed through the Management Analyst in accordance with this Manual. The responsibilities of the Management Analyst include strategic grant planning, training, promotion of grant opportunities, technical assistance (e.g. MOU, letters of recommendation), grant tracking of submittals and awarded grants, reporting requirements, identifying and investigating issues that may arise with respect to the management of City grants, and mediation towards collaborative grant submittals between internal/external agencies, organizations, and individuals. During the grant preparation process, the Management Analyst will be responsible for briefing the interdepartmental team on the application requirements, preparing a list of deliverables, preparing a timeline for managing the proposal writing process, and completing the required documents. The Management Analyst will also review the draft submission to ensure the grantor's evaluation criteria is followed. This includes; 1) confirm that all agency specifications regarding format, content, organization, and structure have been followed in a consistent manner; 2) ensure that all required components are included and complete; 3) ensure that the information which responds to each evaluation criterion is easy to locate.

Finance Director is responsible for ensuring that essential support and control is provided to City departments to assure all Grantor and City regulatory, procurement, and budgetary policy and procedures are followed. The Finance Director assigns fund codes as required by grant awards, reviews and provides corrective action plans in response to funding, prepares Schedule of Federal Expenditures (SEFA) and works with the external auditors by providing them with documentation to perform the audits. Additionally, the Finance Director reviews invoices and approves payment to vendors and accepts payment from Awarding Agencies. Finally, the Finance Director validates that expenditures being sought for reimbursement are properly charged to Project Accounting and the General Ledger to ensure completeness for audit trail purposes.

City Attorney provides legal advice, counsel, and legal representation to the City, the City Manager and the departments and officers of the City. The City Attorney reviews contracts, settlements, and other documents pertinent to grant awards. The City Attorney also assists City staff with writing ordinances and council resolutions, reviews and prepares grant agreements for signature by authorized representatives.

Other Resources Depending on the competitiveness, technical expertise and labor intensity of a grant application, the City may also seek help with preparing grant applications from outside consultants or local volunteer banks.

Grant Life-Cycle Summary

1. **APPLY:** When a department decides to submit an application they must submit a **Grant Tracking Submittal Form A-1** with Department Manager signature to the Management Analyst prior to submitting the grant application to the Grantor. The Management Analyst will submit to City Manager for final approval.

2. **AWARD ANNOUNCEMENT:** Upon award announcement an awarded grant will be submitted along with a **resolution** and **staff report** and **fiscal impact statement** to the City Council for acceptance and final approval. Upon City Council's approval, the grant agreement/contract must be submitted to the Management Analyst and input into the tracking system, including assigning a unique grant number to enable the Finance Department to align the funds coming into the City with the correct grant award. Finally, the fully executed original grant agreement/contract (executed by the City and the Grantor) shall be submitted to the City Clerk's Office. At this point a "kickoff meeting" is held including the Grants Manager, Department Manager, Project Manager, the Management Analyst, and a member of the granting agency to discuss the responsibility of each party (e.g. tracking requirements, reporting frequency, invoicing, and general grant guidelines) and the overall grant timeline.

3. **GRANT MANAGEMENT:** The grant should be managed by each department's Project Manager respectively. A grant record shall be created in the Grants Management Database for each grant awarded to the City. Each grant record shall include all information requested in the Grants Management Database as applicable to the associated grant, including the due dates of all required reporting, relevant information from the implementation plan, and completion dates of all tasks and deliverables. Each grant record shall be updated upon any change to the status of the grant and/or the information previously entered. The Management Analyst will keep track of deadlines and send out reminders to Project Managers. **Quarterly progress reports** and **invoices** must be submitted or copied to the Management Analyst. Any mediation, contract extension, closeout or amendments shall be coordinated through the Management Analyst and the Grantor.

4. **CLOSEOUT:** When a Project Manager has completed a grant they will notify the Management Analyst of their intention to close out the grant. They will submit a **Closeout Report C-1** noting the grant accomplishments, the total amount spent, and any remainder funds which may remain in the account. A final report will be submitted to the Grantor and the Management Analyst will maintain a copy per retention requirements. Upon project termination, the Management Analyst will review the account and work with the assigned Project Manager to determine the final figure to be reported to the Grantor on the financial report or final invoice.

Grant Program Administration

The procedures as outlined below provide a single document for City of South Pasadena staff to reference when managing a grant. The City carries a significant legal and ethical responsibility when accepting grant funding, and management of grant awards requires heightened awareness throughout the organization.

Administer Awarded Grants

- a. Prepare a staff report accepting the grant award and any other required City forms or documents; and coordinate execution of grant documents by the City Manager and return executed documents to grantor agency.
- b. Read and follow all grant guidelines. Ensure compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
- c. Notify affected departments of grant award and project setup.
- d. Establish grant file.
- e. Stay current with **required** training, which may be self-taught through the existing resources provided on the City intranet or sought from mentorship within the City, or through outside sources as approved through current policies.

Receipt and Use of Grant Funds

The City staff must ensure that grant funds are properly used and received. Violations can result in a range of penalties, including suspension of future funds from the grantor, return of all funds associated with the award, including those already expended, and civil and/or criminal penalties. It is critical to the overall success of a project that grant funds are expended accurately, including administrative/ program and direct/ indirect costs. All grant related expenditures must follow current City policies and procedures, grant documentation, and 2 CFR §200.

1. No grant funds shall be disbursed until a City agenda item and budget resolution have been approved by the City Council, an award and project have been established in the accounting software, and required documentation is complete.
2. After initial setup, grant awards should be reconciled at minimum on a monthly basis to ensure:
 - a. Expenditures are allowable, allocable, necessary, and reasonable based on terms and conditions of the grant award.
 - b. Expenditures are adequately supported by documentation.
 - c. Expenditures are charged to the correct department.
 - d. Award spending is commensurate with the project timeframe.
3. Departments receiving grant funds shall adhere to City policy and procedures regarding revenue collection and accounting and reporting of grants received by the City, including preparing year end accruals.
4. Modifications or reallocations to the awarded budget that alters the grant amount or moves funds from one budget line item to another must adhere to Grantor and City policy and procedures.
5. Grant funds awarded to the City shall not be used to replace an existing expense so that current funds can be diverted to another use, unless such use of grant funds is explicitly identified as allowable in writing by the Grantor in the grant award.
6. Advance payments to the City must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the City for direct program or project costs and the proportionate share of any allowable indirect costs.
7. All income resulting from a grant funded project or program shall adhere to City revenue and the Grants Policies and Procedures Manual, and managed and maintained as established in the grant agreement.
8. All procurement activity associated with grant funded projects or programs shall follow the Grantor and City policy and procedures for procurement of goods.

9. All property acquired through grant funds shall follow the Grantor and City policy and procedures for property or inventory control.
10. If it is determined that there are "excess" funds either through an unallowable expense or unused, they must be returned as soon as possible or as required by Grantor.
11. Grant project managers are ultimately responsible for adherence to the stipulations outlined in the approved grant award/contract to ensure that allowable expenditures are incurred.

Budgeting:

1. Management Analyst will meet with directors to determine current funding availability in grant funds. All grant funds will be budgeted to ensure timely expenditure of grant funds. This will usually occur in March for the following Fiscal Year.
2. Management Analyst will meet with Assistant and Finance Director to ensure budgeting of every grant is included in the budget and properly accounted. A report will be developed for every director prior to final budget adoption. This will usually occur in April for the following Fiscal Year.

Request for Payment:

1. When a Project Manager pays a vendor or Sub-Contractor they must submit a P.O. to the finance department. When submitting to the finance department, the P.O. must indicate the fund source is a grant.
2. Upon receipt, accounts payable will route to Management Analyst to ensure expenditures are in accordance with grant guidelines before paying vendor.
3. When requesting payment from Grantor, Project Manager must follow Step 1-2 and submit copy of all checks to the vendors as well as required backup from grant guidelines.
4. Payments to vendors will go to the next council meeting for approval and mailed out the following business day.

Grant Reporting

Grants awarded to the City may require that progress, programmatic and financial reports be submitted to the grantor. Every award has reporting requirements specified in the grant agreement. It is critical that all reports are complete, accurate, and submitted per the specified dates outlined in the agreement. Performance reports must be submitted at the interval required by the Grantor. Accurate and timely reporting is critical to maintaining a good relationship with the Grantor. Requirements and procedures are established to ensure that grant funds are expended and accounted for in a method that provides accuracy, uniformity, and consistency. Late or inaccurate reports may negatively impact current or future funding and result in audit findings.

Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the City must inform the Grantor entity as soon as the following types of conditions become known:

1. Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
2. Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

Grant Modifications and Extensions

During the course of a grant's lifetime, there are times when changes are necessary to either the budget or the project scope-of-work. Most of these changes, typically called grant amendments, are allowable, but it is important to follow the procedures written in the grant agreement or in the guides provided by the Grantor. Modifications deemed to be non-substantial may be approved administratively. Modifications to City executed contracts may be submitted for Consent Agenda approval if additional City resources are not applicable or unless directed otherwise by the City Manager and/or City Attorney. Modifications which require the allocation of additional City resources not previously budgeted shall be placed on the City Council agenda. The Project Manager shall be responsible for assuring that all impacted parties are made aware of the modifications. Original amendments shall be provided to the City Clerk after execution.

Closeout Procedures

The grant closeout is a critical piece in the life cycle of a grant, and is the process by which the City performs all necessary administrative and financial actions to satisfactory complete all requirements set forth in the grant agreement. Preparation for closeout usually begins 60 to 90 days prior to the end date of the grant to accurately forecast expenses and make any adjustments to accounting entries. As part of the close out process, the Project Manager needs to do the following (if necessary):

1. Coordinate closure of all contracts, payment for services, required documentation and financial review or audit.
2. Notify internal service centers and payroll of an account change for recurring costs such as printing, telephone, postage and salary/fringe.
3. To meet Grantor deadlines there needs to be clear and timely communication between Project Managers and Management Analyst.
4. Promptly transfer all erroneous charges, clearing deficits and post-term charges.
5. In most cases for federal awards, final financial reports must be submitted within 90 days from the award end date, and within 60 days for final invoices. Non-federal deadlines may vary by Agency.
6. The complete grant project file shall be retained by the recipient department in accordance with applicable Federal and State record keeping rules.
7. The original contract and amendments shall be retained by the City Clerk in accordance with applicable Federal and State retention schedules.

Form Glossary

The forms in this manual were developed in an effort to streamline the grants process and create a database for necessary forms. Please see the title of each form along with an explanation of the purpose of the form. Note: These forms will all exist as exhibits in the policies and procedures manual as well as independent forms.

1. Grant Tracking Submittal Form A-1

This form will be used to track all applications for which any department applies. The Department Director or Project Manager must submit this form to the Management Analyst when considering submitting an application. The Management Analyst will make the Project Manager aware of any specific requirements and provide assistance as necessary. This form will be used to update the database of submitted applications for City records.

2. Sub-Recipient Monitoring Policies and Procedures Manual

The Sub-Recipient Monitoring Policies and Procedures Manual includes the roles and responsibilities of key staff, City policies when monitoring their grants and recipients, workflow representing the timeline of a risk assessment, and exhibits. It serves as a reference guide for anyone unfamiliar with this process.

3. Management Decision Letter

The City treats all of its Sub-Recipients as moderate to high risk by always paying on a reimbursement basis and by requiring quarterly progress reports. This will not change whether an agency is deemed low or high risk. In case the City decides to withhold funding from a Sub-Recipient or a Contractor due to debarment or suspension on the System for Award Management (SAM), the City will issue a letter notifying them of this decision.

4. Audit/ Debarment Certification

The Audit/ Debarment certification will be required for all sub-recipients or vendors which are to be paid out of Federal funds. Every year the Sub-Recipient agency and/or contractor will be required to submit a self-certified quick questionnaire regarding their Single Audit Report (SAR) and DUNS number. Once it has been filled out they will return to the City and City staff will use this form to determine if they qualify for award.

5. Grant Tracking Closeout C-1

The grant closeout form serves as a notification to the Management Analyst that the PM has finished the project. This form includes the grant information as well as a summary of the project. When the Management Analyst receives the form he/she will at this point ensure any unspent funds are sent back to the Grantor, ensure there is a final report completed for the Grantor, and final invoice has been submitted for reimbursement.

6. Progress Report Template

While all Awarding Agencies may have a sample template to submit a progress report, the City has a sample template that can be submitted if a template is not provided. Upon initial award the Management Analyst will review the requirements for invoicing and reporting and ensure the Project Manager has full understanding of grant requirements. The progress report must be submitted to the Management Analyst for review before submitting to Grantor. Upon approval, City staff will send the progress report to Grantor per award guidelines.

Definitions:

Federal Audit Clearinghouse - A division of the Office of Management and Budget (OMB) that collects information on audit results.

Uniform Guidance – An OMB publication entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

Pass through entity– a Non-Federal entity that provides a Federal award to a Sub-Recipient to carry out a Federal program.

Prime recipient - the direct recipient of funds to support a program or project.

Sub-award (sub-contract or sub-grant) – An enforceable agreement, made under a prime award, between a prime recipient and a Sub-Recipient for the performance of a substantive portion of the program. These terms do NOT apply to the procurement of goods or services from a vendor. (2CFR.330)

Sub-Recipient (sub-contractor or sub-awardee) - An organization eligible to receive a financial award. A Sub-Recipient's performance is measured against whether the objectives of the sponsored program are met; Sub-Recipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Sub-Recipient are responsible for performing a substantive portion of the program, as opposed to providing goods and services.

Contractor (Vendor) – An organization that provides goods and services within normal business operations. Contractors (Vendors) provide similar goods and services to many different purchasers; operate in a competitive environment; and provide goods or services that are ancillary to the operation of the sponsored program. Contractors (Vendors) may not be subject to all compliance requirement