



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES**  
**DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE  
REFER TO FILE

December 09, 2025

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**TRANSPORTATION CORE SERVICE AREA  
APPROVE THE EXCHANGE OF FEDERAL TRANSPORTATION  
FUNDS FOR NON-FEDERAL FUNDS  
THROUGH THE FEDERAL APPORTIONMENT EXCHANGE  
AND STATE MATCH PROGRAM  
(ALL SUPERVISORIAL DISTRICTS)  
(3-VOTES)**

**SUBJECT**

Public Works is seeking Board approval to exchange a portion of the Los Angeles County's current apportionment of Federal transportation funds with the State of California for non-Federal funds from the State Highway Account in the amount of \$950,813 and for the State of California to pay the Los Angeles County \$100,000 in State matching funds for Fiscal Year 2024-25 for a total of \$1,050,813 to be used for transportation projects.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed actions are not a project under the California Environmental Quality Act for the reasons stated in this Board letter and the record.
2. Instruct the Chair of the Board to sign an agreement between the Los Angeles County and the State of California that assigns the Los Angeles County's apportionment of Federal transportation funds in the amount of \$950,813 to the State of California in exchange for an equal amount of non-Federal State Highway Account funds and allocates to Los Angeles County \$100,000 in State matching funds from the State Highway Account for Fiscal Year 2024-25 for a total payment of \$1,050,813 to Los Angeles County.

3. Instruct the Chair of the Board to sign an amendment to the agreement to remove the Federal audit requirement for the non-Federal State Highway Account and matching funds received by Los Angeles County.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to have the County and the State enter into an agreement to exchange \$950,813 in Federal funds with non-Federal funds and to participate in a program that will provide the County with an additional \$100,000 in State funds. This will enable the County to construct roadway improvement projects faster than would be possible with Federal funds. Delivering projects faster will benefit all users of the improved roadway.

The approval of the recommended actions will allow the County to exchange a portion of its Federal Regional Surface Transportation Program funds for non-Federal State Highway Account (FSHA) funds in accordance with the California Streets and Highways Code.

The exchange will allow the County to streamline project delivery and expend funds more efficiently by eliminating additional approvals and processes required to expend Federal funds. By streamlining project delivery and expending funds more efficiently, the County will be able to implement roadway improvement projects more expeditiously which will benefit all users, including motorists, bicyclists, and pedestrians.

The agreement provides for the maximum allowable exchange of \$950,813 of the County's apportionment of program funds and the State will pay \$100,000 from the unobligated balance of the County's State Matching funds for Fiscal Year 2024-25 for a total of \$1,050,813 in non-FSHA funds.

In addition, an amendment to the agreement was issued by the State after the preparation of the agreement. The amendment removes the Federal audit requirement for the non-FSHA and matching funds received by the County.

### **Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: North Star 3, Realize Tomorrow's Government Today, Focus Area Goal G, Internal Controls and Processes, Strategy ii, Maximize Revenue by providing the County with less restrictive funds and State matching funds to improve its roads for the public.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

After execution of the enclosed agreement and amendment, Public Works will prepare and submit an invoice to the State in the amount of \$1,050,813. The funds will be deposited in the Road Fund (B03 – Revenue Codes 8893: TEA 21-Matching Funds and 8894: TEA 21-Exchange Funds).

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The State allocates program funds to Metropolitan Planning Organizations or Regional Transportation Planning agencies.

In accordance with Section 182.6(h)(2) of the California Streets and Highways Code, the County may annually exchange a portion of its program funds for non-FSHA funds. Additionally, Section 182.9 of the California Streets and Highways Code requires that the State allocate to each county an amount not to exceed \$100,000 each fiscal year from non-Federal funds in the State Highway Account as a match for the Federal funds allocated to each county pursuant to Section 182.6.

The agreement provides for the exchange of \$950,813 of the County's apportionment of program funds and claims the \$100,000 in State matching funds for Fiscal Year 2024-25 for a total of \$1,050,813 in non-FSHA funds.

The agreement and amendment have been reviewed and approved as to form by County Counsel.

### **ENVIRONMENTAL DOCUMENTATION**

The recommended actions are not subject to the California Environmental Quality Act because they are activities that are excluded from the definition of a project by Section 21065 of the California Public Resources Code and Section 15378(b)(4) of the California Environmental Quality Act Guidelines. The proposed actions would create a government funding mechanism that does not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment.

The appropriate environmental documents will be prepared when projects developed under this agreement are brought to the Board.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The funds covered under this agreement will be used on future transportation improvement projects in the County.

**CONCLUSION**

Please return one adopted copy of this Board letter to Public Works, Transportation Planning and Programs Division. After the agreement and amendment have been executed by Caltrans, Public Works will return a fully executed agreement and amendment to the Executive Office.

Respectfully submitted,



MARK PESTRELLA, PE

Director

MP:MER:pr

Enclosures

c: Chief Executive Office (Christine Frias)  
County Counsel  
Executive Office, Board of Supervisors

FEDERAL APPORTIONMENT EXCHANGE PROGRAM AND STATE MATCH PROGRAM  
CALIFORNIA DEPARTMENT OF TRANSPORTATION - MPO COUNTY

07      LOS ANGELES  
District      County

Agreement No. X25-5953(810)  
AMS Adv ID:0725000192

THIS AGREEMENT is made on \_\_\_\_\_, by the COUNTY of LOS ANGELES , a political subdivision of the State of California (COUNTY), and the State of California, acting by and through the Department of Transportation (STATE).

WHEREAS, COUNTY desires to assign federal apportionments made available to COUNTY for allocation to transportation projects in accordance with Section 182.6 of the Streets and Highways Code [Regional Surface Transportation Program (RSTP)/Regional Surface Transportation Block Grant Program (RSTBGP) funds] in exchange for nonfederal State Highway Account funds, and

WHEREAS Section 182.9 of the Streets and Highways Code requires the allocation of State Matching funds from the State Highway Account to COUNTY:

NOW, THEREFORE, the parties agree as follows:

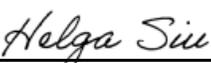
I. FEDERAL APPORTIONMENT EXCHANGE PROGRAM

A. As authorized by Section 182.6(h)(2) of the Streets and Highways Code, COUNTY agrees to assign to STATE:

\$950,813.00 from the eligible portion of its estimated annual minimum RSTP/RSTBGP Apportionment for Fiscal Year 2024/2025.

The eligible portion of said minimum apportionment is the COUNTY's estimated annual minimum RSTP/RSTBGP apportionment established under Section 182.6(d)(2) of the Streets and Highways Code in excess of 3 1/2 percent of the statewide minimum apportionment established under Section 182.6(d)(2) less any federal apportionments already obligated for projects chargeable to COUNTY's eligible portion of its estimated annual minimum RSTP/RSTBGP apportionment.

**For Caltrans Use Only**

I hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance		
	Accounting Officer	Date 3/6/2025      \$ 1,050,813.00

B. COUNTY agrees that it will not undertake any capacity-expanding project funded herein located in an air quality nonattainment area without prior inclusion of said project by its RTPA in the "build" alternative of the air quality conformance analysis and the RTPA's subsequent concurrence in the project's implementation.

## II. STATE MATCH PROGRAM - Section 182.9

A. As authorized by Section 182.9 of the Streets and Highways Code, STATE agrees to pay to COUNTY \$100,000.00 from the unobligated balance of COUNTY's State Matching funds for Fiscal Year 2024/2025.

B. COUNTY agrees that before COUNTY uses State Matching funds for any other lawful purpose, COUNTY shall use such funds to match federally funded transportation projects.

## III. COMMON PROVISIONS

A. Subject to the availability of State funds by the State Budget Act, and upon receipt of COUNTY invoice evidencing COUNTY's assignment of COUNTY's estimated apportionment under Section I.A to STATE, STATE agrees to pay to COUNTY an amount not to exceed \$1,050,813.00 that equals the sum of the estimated apportionment amounts identified in Sections I.A and the State Match funds identified in Section II.A.

B. COUNTY agrees to use all State funds paid hereunder only for transportation purposes that are in conformance with Article XIX of the California State Constitution.

C. COUNTY agrees to establish a special account within their County Road Fund for the purpose of depositing all payments received from STATE pursuant to this agreement.

### D. COST PRINCIPLES

1. The COUNTY agrees to comply with, and require all project sponsors to comply with, Office of Management and Budget Supercircular 2 CFR Part 200, Cost Principles for STATE and LOCAL government, Uniform Administrative Requirements for Grants and Cooperative Agreements to STATE and LOCAL governments.

2. COUNTY will assure that its fund recipients will be obligated to agree that (a) Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, part 31, et seq., shall be used to determine the allowability of individual project cost items and (b) Those parties shall comply with Federal Administrative Procedures in accordance with 2 CFR Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to STATE and LOCAL governments. Every sub-recipient receiving funds as a contractor or sub-contractor under this agreement shall comply with federal administrative procedures in accordance with 2 CFR Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to STATE and LOCAL governments.

3. Any fund expenditures for costs for which COUNTY has received payment or credit that are determined by subsequent audit to be unallowable under Office of Management and Budget Supercircular, 2 CFR Part 200, are subject to repayment by COUNTY to STATE. Should COUNTY fail to reimburse funds due STATE within 30 days or demand, or within such other period as may be agreed in writing between the parties hereto, STATE is

authorized to intercept and withhold future payments due COUNTY from STATE of any third-party source, including, but not limited to, the State Treasurer, the State Controller and the CTC.

#### E. THIRD PARTY CONTRACTING

1) COUNTY shall not award a construction contract over \$10,000 or other contracts over \$25,000 [excluding professional service contracts of the type which are required to be procured in accordance with Government Code Sections 4525 (d), (e) and (f)] on the basis of a noncompetitive negotiation for work to be performed using funds without the prior written approval of STATE.

2) Any subcontract or agreement entered into by COUNTY as a result of disbursing funds received pursuant to this Agreement shall contain all of the fiscal provisions of this Agreement; and shall mandate that travel and per diem reimbursements and third-party contract reimbursements to subcontractors will be allowable as project costs only after those costs are incurred and paid for by the subcontractors.

3) In addition to the above, the preaward requirements of third party contractor/consultants with COUNTY should be consistent with Local Program Procedures as published by STATE.

#### F. ACCOUNTING SYSTEM

COUNTY, its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate fund expenditures by line item. The accounting system of COUNTY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices.

#### G. RIGHT TO AUDIT

For the purpose of determining compliance with this Agreement and other matters connected with the performance of COUNTY'S contracts with third parties, COUNTY, COUNTY's contractors and subcontractors and STATE shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times for three years from the date of final payment of funds to COUNTY. STATE, the California State Auditor, or any duly authorized representative of STATE or the United States Department of Transportation, shall each have access to any books, records, and documents that are pertinent for audits, examinations, excerpts, and transactions, and COUNTY shall furnish copies thereof if requested.

#### H. TRAVEL AND SUBSISTENCE

Payments to only COUNTY for travel and subsistence expenses of COUNTY forces and its subcontractors claimed for reimbursement or applied as local match credit shall not exceed rates authorized to be paid exempt non-represented State employees under current State Department of Personnel Administration (DPA) rules. If the rates invoiced are

in excess of those authorized DPA rates, then COUNTY is responsible for the cost difference and any overpayments shall be reimbursed to STATE on demand.

STATE OF CALIFORNIA  
Department Of Transportation

COUNTY OF LOS ANGELES

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

Office of Project Management Oversight  
Division of Local Assistance

Date \_\_\_\_\_

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

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

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

**SPECIAL COVENANT OR REMARKS**

**AMENDMENT to:**

**OPTIONAL REGIONAL SURFACE TRANSPORTATION PROGRAM RSTP Federal Exchange and State Match Program Agreement for:**

**Los Angeles County  
Agreement No. X25-5953(810)  
AMS Adv Id: 0725000192**

It is mutually agreed that for this Agreement, the clause which states:

**ARTICLE III-COMMON PROVISIONS SECTION D**

**D. COST PRINCIPLES**

“1. The COUNTY agrees to comply with, and require all project sponsors to comply with, Office Management and Budget Supercircular 2 CFR Part 200, Cost Principles for STATE and LOCAL government, Uniform Administrative Requirements for Grants and Cooperative Agreements to STATE and LOCAL governments.”

**IS AMENDED TO READ:**

“1. The COUNTY agrees to comply with, and require all project sponsors to comply with, Office Management and Budget Supercircular 2 CFR Part 200, Cost Principles for STATE and LOCAL government, Uniform Administrative Requirements for Grants and Cooperative Agreements to STATE and LOCAL governments. Subpart F, “Audit Requirement” under Supercircular 2 CFR 200 does not apply to this agreement”

**STATE OF CALIFORNIA**

**Los Angeles County**

Department of Transportation

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

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

Office of Project Implementation, South  
Division of Local Assistance

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

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By:   
Deputy