



Board Agenda Item 22

DATE: April 25, 2023

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Amendment to State Local Fiscal Recovery Funds Subrecipient Agreement with Habitat for Humanity Fresno, Inc.

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute First Amendment to Subrecipient Agreement No. 22-170 for American Rescue Plan Act - State Local Fiscal Recovery Funds (ARPA-SLFRF) with Habitat for Humanity Fresno, Inc. to correct Habitat for Humanity Fresno, Inc.'s legal name, revise the expenditure plan and modification clause, with no increase to maximum compensation; and**
2. **Authorize the County Administrative Officer to approve and execute written changes to line items in the project budget, which, when added together during the term of the Agreement do not exceed five percent (5%) of the total maximum compensation payable to Subrecipient, and which do not result in any change to the maximum compensation amount payable to Habitat for Humanity, Inc.**

There is no Net County Cost associated with the recommended action, which will revise the expenditure plan of Habitat for Humanity Fresno Incorporated (Habitat for Humanity) to maximize available funds for the construction of eight affordable homes to be built in the unincorporated Community of Riverdale (Program), as well as add language to the Modification clause that will allow the County's Administrative Officer or designee to consider and approve written requests for budget revisions within 5% of the maximum compensation. The recommended amendment also corrects a typographical error in the agreement, which incorrectly referred to Habitat for Humanity Incorporated, instead of Habitat for Humanity Fresno, Inc. Recommended action item 2 delegates limited authority to the County Administrative Officer to make the previously-described requested revisions to the budget. This item pertains to District 4.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the maximum allocation of ARPA-SLFRF would not become available to fund the construction of eight affordable homes in the Community of Riverdale.

FISCAL IMPACT:

There is no increase in Net County Cost or maximum compensation associated with the recommended action. The Program is fully funded with ARPA-SLFRF. Sufficient appropriations are included in the FY 2022-23 Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021, Account 7845.

DISCUSSION:

The United States Department of the Treasury's (Treasury) Title 31, Code of Federal Regulations, Part 35 Coronavirus SLFRF Interim Final Rule ("Interim Final Rule") and Final Rule ("Final Rule") establish a framework for determining the types of programs and services that are eligible under the ARPA. SLFRF may be used for eligible activities under the following general categories:

- A. Respond to the COVID-19 public health emergency or its negative economic impacts;
- B. Provide premium pay for essential workers;
- C. Replace public sector revenue loss, subject to certain limitations; and
- D. Make necessary investments in infrastructure such as in water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within the four general categories for the period that begins March 3, 2021 and ends on December 31, 2024. Recipients and their subrecipients must return any funds to the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

Under Section 602(c)(3) of the ARPA, the County may transfer SLFRF to a special-purpose district for eligible uses for the purpose of meeting ARPA's goals. The Subrecipients are special purpose districts under the ARPA.

On February 1, 2022, your Board approved the Ad-Hoc Committee's expenditure plan which earmarked funds for proposals that may be funded either in whole or in part by the County's \$194,063,657 allocation of SLFRF. The approved expenditure plan included \$540,000 to fund affordable housing in the unincorporated Community of Riverdale (Riverdale).

On May 3, 2022, your Board approved Subrecipient Agreement No. 22-170 with Habitat for Humanity for unanticipated construction costs of eight affordable homes in Riverdale. Since then, Habitat for Humanity has identified \$138,000 in cost savings consisting of the following expenditure line items: grading, rough plumbing, foundation, framing, and trusses. Habitat for Humanity represents that after completing soil tests, only five of the eight homes required grading expenditures. Additionally, the Program saw cost savings in rough plumbing, foundation, framing, and trusses due to the County's HOME Investment Partnership Agreement (A-20-309), which were designated after approval of the subrecipient agreement.

Habitat for Humanity represents that the Program's cost savings can be maximized by redesignating dollars to cover additional needed expenditures related to rough trades, which is the stage of a construction project when the various mechanical, electrical, and plumbing lines are brought in after the rough plumbing and foundation are complete, including HVAC, top-out plumbing, rough electric, roofing, and stucco.

Approval of the recommended action would revise the Program's expenditure plan to include rough trades as a permitted use of SLFRF, as well as include language in the modification clause that would allow the County's Administrative Officer or designee to consider and approve future written requests for budget revisions totaling up to 5% of the maximum compensation, with no change to the maximum compensation.

REFERENCE MATERIAL:

BAI #28, May 3, 2022
BAI #03, February 1, 2022
BAI #38, August 18, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment to Agreement with Habitat for Humanity Fresno, Inc.

CAO ANALYST:

Gavin Harrison