



Board Agenda Item 37

DATE: April 7, 2026

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Amendment to American Rescue Plan Act - State Local Fiscal Recovery Funds, Expenditure Plan

RECOMMENDED ACTION(S):

Approve proposed Amendments to the County of Fresno's American Rescue Plan Act - State Local Fiscal Recovery Fund (ARPA-SLFRF) expenditure plan by reassigning funding availability under Public Works and Planning's (PWP) Turnout on Friant-Kern Canal at Big Dry Creek Infrastructure (Turnout) Program (\$1,591,550) and General Services Departments (GSD) Program No. 2 Generator/Electrical Improvements in Public Facilities (\$110,072) to the following Programs:

- a. **Department of Human Resources (HR), Congregate Setting Retention Payments (CSRP) program up to \$925,500 which will increase funding availability in this program from \$13,504,502 to \$14,430,002; and**
- b. **The Sheriff's Office and the Probation Department Negative Impacts: public safety, public health, mental and behavioral health at County Jail and Juvenile Justice Campus (JJC) program up to \$666,050, which will increase funding availability in this program from \$12,286,068 to \$12,952,118; and**
- c. **GSD, Heating Ventilation Air Conditioning (HVAC) Improvements at Certain Essential County Facilities program up to \$70,435, which will increase funding availability from \$6,506,000 to \$6,576,435; and**
- d. **GSD, HVAC Systems and Electrical Maintenance and Repairs to Downtown County Public Facilities program up to \$39,637, which will increase funding availability from \$1,302,386 to \$1,342,023.**

Approval of the recommended action will amend the County's ARPA-SLFRF expenditure plan and reallocate a total of \$1,701,622 consisting of funding availability in programs under the PWP (\$1,591,550) and GSD (\$110,072). Approval of the recommended action will reallocate the identified funding availability to the following four programs: CSRP program, Sheriff's Office and Probation Department's negative impacts at the County Jail and JJC, GSD's HVAC improvements at certain essential public facilities, and GSD's maintenance and repairs to downtown County public facilities. Approval of the recommended action will support the County's effort to expend available ARPA-SLFRF funds by June 30, 2026. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may choose not to approve the recommended action, in which case the ARPA-SLFRF expenditure plan would continue to show allocations for PWP and GSD programs with identified funding availability. The funding availability will not be reallocated or become available to other programs that are able to expend these funds by the County's June 30, 2026, expenditure deadline.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The recommended revisions to program allocations are included in the FY 2025-26 Adopted Budget with sufficient appropriations for Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021, Account 7910, which are shown in Attachment A. Approval of the recommended action will increase funding support for the CSR program, which will help address negative impacts to the Sheriff's Office and Probation Department at the County Jail and JJC, and will assist GSD to fund necessary repairs and improvement at County public facilities.

DISCUSSION:

The U.S. Department of Treasury's (Treasury) Final Rule requires ARPA-SLFRF recipients to expend their award on eligible uses by the end of the ARPA-SLFRF period of performance, December 31, 2026. To meet Treasury's expenditure deadline, in 2025 the CAO's Office established the June 30, 2026, deadline for all programs to submit their claims for eligible ARPA-SLFRF expenditures.

On November 20, 2023, Treasury published the Obligation Interim Final Rule (Obligation IFR) which amended the definition of "Obligations" and included additional flexibility with respect to the ARPA-SLFRF program.

After the SLFRF obligation deadline of December 31, 2024, Treasury's guidance permits recipients to amend existing contracts after the obligation deadline, so long as the amended contract is within substantially the same scope and for substantially the same purpose as the original contract. Per Treasury's Frequently Asked Questions (FAQ 17.16), if those requirements are met, SLFRF funds may be used to cover cost increases contained in the amended agreement.

Treasury's Obligation IFR includes the ability for recipients to reclassify funds when excess funds that were obligated by the deadline but ultimately would not be expended on an eligible activity. For example, recipients may reclassify cost savings from an under-budget project to another eligible project under the SLFRF program rules, including the requirement that the recipient incurred the obligation by December 31, 2024, to expend funds on the activity.

Turnout on Friant-Kern Canal at Big Dry Creek Infrastructure Program, PWP

On November 5, 2024, your Board approved Interdepartmental Agreement No. 24-591 between the CAO and PWP, which obligated \$23,635,275 in ARPA-SLFRF funds for programs that are responsive to the public health emergency (\$8,685,275), and programs that will make necessary improvements to water infrastructure (\$14,950,000), effective December 13, 2022, through December 31, 2026. Within the Agreement, your Board approved up to \$2,500,000 for PWP to fund the design, engineering, permitting, and construction of the Turnout program under the ARPA-SLFRF Infrastructure Category.

Since your Board's approval of Agreement No. 24-591, PWP has moved design and engineering forward for the Turnout program which is tentatively scheduled to go out to bid in Spring 2026. PWP represents that permit applications for this program have been submitted to the regulating federal and state agencies, and the permit applications are under review. The completion of the Turnout program will require federal approvals, including Bureau of Reclamation's approval to gain access to the Friant-Kern Canal, which is scheduled to occur either by the end of 2026, or beginning of 2027. Any additional delays during the program's bidding process, permitting, or construction will impact the department's ability to fully expend the award by Treasury's ARPA-SLFRF expenditure deadline.

For this reason, PWP has agreed to use ARPA-SLFRF to complete the Turnout's design, engineering, and

permitting; and release the unspent \$1,591,550 allocated for the Turnout's construction phase. In return, the CAO's office recommends for your Board to replace the construction dollars with funds not subject to ARPA's spending restrictions, and commit up to \$1,591,550 in earned interest from the ARPA-SLFRF Fund to support PWP's efforts to complete the Turnout program.

Your Board's approval will reallocate \$1,591,550 in ARPA-SLFRF funding availability to address funding need for the following two programs:

- HR's CSRP was created by your Board to address the highest levels of employee departures and vacancy rates in positions that required individuals to work in congregate settings within the Probation Department (the JJC) and Sheriff's Office (the Jail facilities). The bi-weekly retention payments compensate qualified correction officers through the end of fiscal year ending on June 30, 2026, and will increase funding support for CSRP by \$925,500 from \$13,504,502 up to \$14,430,002.
- The Sheriff's Office and Probation Department, which will address the extended negative impacts on public safety, public health, and behavioral health services provided at County Jail and JJC, and increase funding support by \$666,050 from \$12,286,068 up to \$12,952,118.

Upon your Board's approval of the recommended action, PWP will return to your Board at a later date to request approval to use earned interest for the construction of the Turnout program, and to amend to the Interdepartmental Agreement 24-591, which will revise language, update program budgets, and memorialize your Board's action.

GSD Program No. 2 Generator/Electrical Improvements in Public Facilities

On November 5, 2024, your Board approved Interdepartmental Agreement No. 24-577 between GSD, ITSD, CAO, and PWP to obligate \$10,701,183 in ARPA-SLFRF funds in programs that are responsive to the public health emergency related to the modernization HVAC units at various County facilities serving the public; the upgrade and/or replacement of the emergency electrical systems at the Department of Public Health's Brix-Mercer building; the purchase of communication improvements for public facilities; improvements in support of improved ventilation at the Facility Services Headquarters; and allow for necessary ventilation design and engineering, improvements, inspections, maintenance, and repairs to the HVAC systems at downtown public facilities, effective April 19, 2022, through December 31, 2026.

On September 23, 2025, your Board approved the first amendment to the Agreement No. 24-577, which among several actions, memorialized the January 28, 2025, reorganization of the then Internal Services Department into two separate departments, GSD and ITSD, and reassigned \$506,000 of the available funds within GSD's programs.

Since the approval of the first amendment, GSD has completed Program No. 2, Generator/Electrical Improvements in Public Facilities with a final budget of \$791,964. During preparation of this item, CAO and GSD staff identified minor discrepancies between the County's ARPA Expenditure Plan and GSD's Agreement No. 24-577. Approval of the recommended action will revise the County's Expenditure Plan to reflect the correct budget allocation of \$791,964 for GSD's Program No. 2, Generator/Electrical Improvements in Public Facilities, and reallocate \$110,072 within GSD's programs to support GSD's efforts to complete necessary HVAC improvements at certain essential public facilities and critical repairs to downtown County public facilities.

The recommended revisions will correct County's ARPA Expenditure Plan and reallocate the \$110,072 to the following two GSD programs:

- GSD HVAC improvement at certain essential County facilities, which funds the modernization of HVAC units at certain essential County facilities with systems that improve the effectiveness of indoor/outdoor air exchange in congregate areas for employees and for visitors of those public facilities. Approval of the recommended action will increase funding support for HVAC improvements

by \$70,435, from \$6,506,000 up to \$6,576,435.

- GSD HVAC systems and electric generator improvements in downtown public facilities, which funds design and engineering, improvements, inspections, maintenance repairs to HVAC systems, generator and electrical maintenance, and taking necessary steps to repair or replace emergency generators at downtown public facilities. Approval of the recommended action will increase funding support for improvements in downtown public facilities by \$39,637, from \$1,302,386 to \$1,342,023.

With your Board's approval of the recommended action, GSD will return to your Board to request the second amendment to the Interdepartmental Agreement 24-577, which will revise language, ensure consistency, update program descriptions, and memorialize your Board's action.

REFERENCE MATERIAL:

BAI #41, June 24, 2025
BAI #39, September 23, 2025
BAI # 37, August 19, 2025
BAI #33, December 17, 2024
BAI #45, November 5, 2024
BAI # 63, November 5, 2024

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A - Revisions to Expenditure Plan

CAO ANALYST:

George Uc