



Board Agenda Item 29

DATE: January 27, 2026

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

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

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a retroactive Second Amendment to Subrecipient Agreement No. 22-224 with Habitat for Humanity Fresno, Inc. (Subrecipient) for provision of American Rescue Plan Act - State and Local Fiscal Recovery Funds (ARPA-SLFRF), which will revise the Expenditure Plan, the Term, and the Hold Harmless clause, with no increase to the maximum compensation (\$1,363,200).

There is no Net County Cost associated with the recommended actions, which will revise the expenditure plan, update the term, and the hold harmless clause in the County's ARPA agreement with the Subrecipient, to ensure the Subrecipient is able to complete the program by the County deadline. This item pertains to a location in District 1.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the maximum allocation of ARPA-SLFRF would not become available to the Subrecipient to fully expend the award under the current expenditure plan for the program.

FISCAL IMPACT:

There is no increase to Net County Cost associated with the recommended action. The program is fully funded with ARPA-SLFRF. Sufficient appropriations are included in the FY 2025-26 Approved Budget for the Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021, Account 7845.

DISCUSSION:

On November 20, 2023, the U.S. Department of Treasury (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.

On June 7, 2022, the County and Subrecipient entered into County Agreement number A-22-224, to offset

unanticipated construction costs for seven affordable homes in the community of Firebaugh.

On October 10, 2023, your Board approved Subrecipient Agreement No. 23-530 (Amendment No. 1) with the Subrecipient, which included additional funding from a Board-approved second round of ARPA funding for costs related to design engineering and construction to backfill a ponding basin adjacent to the subject property where the seven homes were being built. Since then, the Subrecipient represents that the expenditure plan in Revised Exhibit B, Table 1-1 of Amendment No. 1 did not anticipate increases in construction and material costs for the Program, the increased level of agency reviews and approvals to construct the ponding basin, nor the County's Program completion timeline ending June 30, 2026.

On May 15, 2025, the Fresno County Administrative Office sent a second and final notice to all ARPA-SLFRF Subrecipients to inform them that Treasury Final Rules mandate that all SLFRF must be liquidated no later than December 31, 2026, which prompted the County to require all awarded programs be completed by the revised deadline of June 30, 2026. This revision was necessary to allow the County enough time to process all claims before the Treasury's final deadline of December 31, 2026.

The recommended Amendment requests your Board to approve the reallocation of available funding within the Expenditure Plan to address increases in construction and material costs for rough trades and foundation development, which have significantly increased and have exceeded the currently allocated funding provided in Amendment No. 1. Therefore, Subrecipient would like to reduce costs allocated for backfill construction, to focus more on engineering and site preparation, which can be completed by the deadline. With the reallocation of funding, Subrecipient proposes an increase in SLFRF available for the several costs affecting rough trades and foundation construction on the seven homes, which can also be completed by the revised deadline. Necessarily, the description of how funds are allocated within the program needed to be updated in Exhibit A to the Agreement.

This Second Amendment will also afford the County and the Subrecipient the opportunity to correct or bring specific language in the Agreement up to date, and consistent with the County's other subrecipient agreements. The corrected language is to clarify that the property in question is a single-family subdivision not a multi-family subdivision as mentioned in the Agreement and Amendment No. 1. The affected sections of the Agreement for updated language are the Term, and the Hold Harmless clause.

Approval of the recommended action will update language within the Agreement and revise the Subrecipient's expenditure plan, which will provide needed flexibility to ensure the maximum limits of the grants can be reached.

REFERENCE MATERIAL:

BAI #42, October 10, 2023

BAI #42, June 7, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - 2nd Amendment to Agreement 22-224 with Habitat for Humanity Fresno, Inc.

CAO ANALYST:

John Toepfer