Board Agenda Item 19

DATE: March 17, 2026

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Third Amendment, State and Local Fiscal Recovery Funds Subrecipient Agreement with Fresno Community Hospital and Medical Center

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Third Amendment to Subrecipient Agreement No. 22-340 with Fresno Community Hospital and Medical Center (Subrecipient) for provision of American Rescue Plan Act - State and Local Fiscal Recovery Funds (ARPA-SLFRF), which will revise the expenditure plan with no change to the maximum compensation ($2,712,835).

There is no Net County Cost associated with the recommended action, which will revise the expenditure plan in Subrecipient Agreement No 22-340. The recommended amendment will update line-item costs in the expenditure plan in the Agreement. On April 23, 2025, the Subrecipient informed the County that the project is complete. Based on all final invoices, the Subrecipient represents that approximately $322,139 in costs initially coded under final installation and adaptation expenditures have since been identified and reclassified as costs for the Subrecipient's purchase of the Computed Tomography (CT) scanner. This item pertains to locations in Districts 3 and 5, however benefits are countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the current expenditure plan in the Subrecipient Agreement will remain the same. Funding availability identified under the Scanner Installation and Adaptation Costs line-item will not become available to fully reimburse the Subrecipient for the purchase of the CT scanner.

FISCAL IMPACT:

There is no increase in 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 Adopted 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.

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.

On August 9, 2022, your Board approved Subrecipient Agreement No. 22-340 (Agreement) with the Subrecipient. On November 28, 2023, the County and the Subrecipient executed the First Amendment to the Agreement (Agreement No. 23-625), which revised the modification clause, updated the Hold Harmless language, and amended the expenditure plan to more accurately reflect the program's estimated expenditures.

On June 10, 2025, the County and the Subrecipient executed the Second Amendment to the Agreement (Agreement No. 25-220), which revised the expenditure plan by redesignating $444,453 in funding availability under the CT scanner line-item and reallocated $436,617 to address the increased cost to complete the CT scanner installation. The Second Amendment also reduced the maximum compensation available to the Subrecipient by $7,835, from $2,720,670 to $2,712,835, due to the Subrecipient's ability to purchase the new CT Scanner with cost savings.

Since then, the Subrecipient represents that the program is complete. The six-striker beds serve patients at the Intensive Care Unit (ICU) Community Regional Medical Center - Fresno, and the CT scanner serves patients at the Clovis Community Medical Center. The Subrecipient represents that they have received all CT scanner and installation invoices. Based on the program's final invoices, the Subrecipient represents that the current expenditure plan hinders their ability to fully expend the award. The Subrecipient represents that approximately $322,139 in costs initially coded under final installation and adaptation costs have since been identified and reclassified as costs for the purchase of the CT scanner. The proposed modification to the expenditure plan for the Subrecipient to fully expend this award exceed the maximum allowable percentage of ten percent (10%) of the maximum compensation under the Modification Clause of the Agreement.

Approval of the recommended action will approve and authorize the Chairman to execute the recommended amendment. The recommended amendment will revise the Agreement's expenditure plan and would reallocate $322,139 from the "Scanner Installation and Adaptation Costs" back to the "Computed Tomography Scanner" line-item of the Expenditure Plan, which will help the Subrecipient close out the awarded program.

REFERENCE MATERIAL:

BAI #29, June 10, 2025
BAI #46, November 28, 2023
BAI #32, August 9, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 3 to Agreement 22-340 with CHMC

CAO ANALYST:

George Uc