



Board Agenda Item 9

DATE: June 30, 2026
TO: Board of Supervisors
SUBMITTED BY: Paul Nerland, County Administrative Officer
SUBJECT: State Local Fiscal Recovery Funds - Progress Report and Options

RECOMMENDED ACTION(S):

- 1. Receive progress report on the County's American Rescue Plan Act - State Local Fiscal Recovery Fund (ARPA-SLFRF) Program;**
- 2. Discuss and provide direction regarding ARPA-SLFRF for the portion of the unclaimed funds by June 30, 2026, expenditure deadline; and**
- 3. Direct staff to return to your Board by October 2026, with final recommendations to reallocate identified funding availability within the ARPA-SLFRF Expenditure Plan.**

Under the first recommended action, your Board will receive a progress report on the County's American Rescue Plan Act, State Local Fiscal Recovery Fund (ARPA-SLFRF) Program's expenditure plan. This agenda item will highlight program achievements, as well as current challenges impacting the County's ability to process timely claims. Recommended actions two will allow your Board to discuss and provide direction as the County prepares to implement the conclusion of the ARPA-SLFRF Program. It is recommended that your Board direct the CAO's Office to issue 30-day written notices by July 6, 2026, to the active subrecipient programs which will initiate the formal subrecipient agreement amendment process.

Recommended action three will direct staff to return to your Board by end of October 2026 with final recommendations for your Board to reallocate any remaining funds. The United States Department of the Treasury (Treasury) requires that all recipients of ARPA-SLFRF, to fully expend their award by December 31, 2026. Any unspent ARPA-SLFRF after the expenditure deadline must be returned to Treasury. In 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, including the ability for recipients to reclassify funds that were obligated by the deadline but ultimately would not be expended on an eligible activity. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may choose to maintain the ARPA-SLFRF expenditure plan in its current form. Any invoicing received after June 30, 2026, or further delays from the awarded programs will limit the County's ability to review and make timely payments to expend the remaining balance of the County's ARPA-SLFRF fund. Any County unspent ARPA-SLFRF funds by the Treasury's liquidation deadline of December 31, 2026, will be returned to the Treasury.

FISCAL IMPACT:

There is no increase in Net County Cost associated with recommended actions. Appropriations for the awarded ARPA-SLFRF programs are included in the FY 2025-26 Adopted Budget for Auditor-Controller/Treasurer-Tax Collector's Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021,

Accounts 7845 and 7910.

In contrast, programing delays in timely invoicing submittals, processing, and issuance of payments will limit the County's ability to fully liquidate its ARPA-SLFRF funds by December 31, 2026. At which point claims submitted to the ARPA-SLFR program, that are received and not paid by the liquidation deadline, will create financial liabilities for subrecipient and County programs. Claims that could have otherwise been charged to the ARPA-SLFRF program may result in an increase to Net County Cost.

DISCUSSION:

On March 11, 2021, the American Recue Plan Act of 2021 was signed which launched the SLFRF program to provide \$350 billion in nationwide emergency funding for states, local, Tribal, and territorial governments to support both their immediate needs to respond to the pandemic and their long-term efforts to build a strong recovery. Fresno County received an allocation of \$194,063,657 through the ARPA-SLFRF program.

ARPA-SLFRF Expenditure Plan

On February 1, 2022, your Board approved the Ad-Hoc Committee's ARPA-SLFRF expenditure plan, which designated funding allocations for programs that would be funded in whole or in part by the County's \$194 million in ARPA-SLFRF funding.

Since then, your Board has periodically reviewed and revised the expenditure plan to maximize the use of ARPA-SLFRF funds. Most recently, on April 7, 2026, your Board approved the eighth revision to the expenditure plan which reassigned funding availability within department programs and increased funding support for the implementation of the Congregate Setting Retention Payments (CSRП) program, and to address the ongoing negative impacts of the pandemic to the Sheriff's Office and Probation Department related to public safety and public health at the County's Jail and Juvenile Justice Campus (JJC).

The County's ARPA-SLFRF expenditure plan allocates funds in four eligible categories and the Subrecipient Program with the following funding allocations: A) Respond to the public health emergency or negative economic impacts (\$104.5 million); B) Premium pay for essential workers (\$10 million); C) Public sector revenue loss (\$10 million); D) Infrastructure improvements to water, sewer, and broadband (\$24.2 million). The Subrecipient Program was allocated \$45.3 million to help fund local organizations implement their own programs.

The County's expenditure plan identifies 83 programs funded by ARPA-SLFRF program. As of the preparation of this agenda item, 38 programs have been completed, or have received their full portion of SLFRF support. There are 45 programs in progress consisting of department and subrecipient programs working to complete and expend their allocated awards. Following are highlights for each spending category.

Respond to the public health emergency or negative economic impacts, \$104.5 million

The largest portion of funding is allocated for departments to implement programs that are responsive to the public health emergency or address the negative economic impacts of the pandemic on our community. Efforts under this category cover a wide range of programs ranging from making investment in County public facilities, improvement to heating ventilation and air conditioning (HVAC) systems in public facilities, extending rural mobile health care services and linkages to wellness services, homelessness initiatives, and improvements to County parks.

The following provide examples of department programs under Category A, Respond to the public health emergency or negative economic impacts. A complete list of the ARPA-SLFRF programs is included as Attachment A.

Under this category, the ongoing coronavirus mitigation program (\$18.1 million) assisted County departments to address significant cost increases during the pandemic to meet staffing needs, efforts to mitigate and prevent, and reduce the spread of infections among County employees and in County facilities from March 2021 through end of June 30, 2023.

In 2022, your Board allocated \$4 million in SLFRF funding assistance to Fresno Community Hospital and Medical Center (Community Regional Medical Center and Clovis Community Medical Center) and \$2 million to Saint Agnes Medical Center to provide extended healthcare, address personnel shortages, increase hospital bed capacity, and help combat the Omicron variant infections in the community during the peak of the pandemic.

Under homelessness initiatives, the County Administrative Office coordinated efforts with the Department of Social Services and Department of Behavioral Health to allocate \$8 million to fund four initiatives: Rural Outreach Services via Kings View, the Crossroads Village Housing Conversion, the new City Center construction project, and the Kitchen Renovations at the Poverello House. Most notably, in 2024, Fresno County was recognized with a 2024 Achievement Award from the National Association of Counties (NACo) for its \$2.5 million investment in the Kitchen Renovation at the Poverello House (Mike's Café). Mike's Café is a no-cost, full-service restaurant serving three made-to-order meals for anyone in need. NACO's Achievement Award honors innovative and effective county government programs that strengthen services for residents.

The County's expenditure plan allocated \$7.9 million to the Department of General Services to fund the modernization of HVAC systems, replace HVAC systems that are beyond their rated life cycles, and to make necessary electrical upgrades in various County facilities. The improvements, along with modern air filtration units, are a major capital investment which improves the effectiveness of indoor/outdoor air exchange and air quality in congregate areas for employees and for the visitors to these County public facilities.

Public Works and Planning was allocated \$8.6 million to fund park improvements at Avocado Lake, Lost Lake, Skaggs Bridge, Winton Park, El Porvenir, Tenaya Park, Raisin City, and Kearney Park, which improves outdoor recreation areas that serve and benefit all residents and visitors of County parks.

The County's expenditure plan allocated \$7.6 million for the Department of Public Health to implement the Rural Mobile Health program, which consists of Medical Services and Linkages to Wellness. Through various partnerships, the Rural Mobile Health program extends healthcare services to rural areas, addresses health disparities, extends health education, and transition rural residents to a local clinic if they do not have a primary care provider. In 2025, the California State Association of Counties (CSAC) recognized Fresno County Department of Public Health's Rural Mobile Health Program as a winner of the 2024 CSAC Challenge Awards. The CSAC, Challenge Awards recognizes the most innovative programs developed by California's Counties.

Premium pay for essential workers, \$10 million

In 2022, your Board declared all County employees who occupied a permanently allocated position on the County's payroll as essential workers. Under premium, the County issued 6,510 premium payments of \$1,500 to full-time essential workers; and 92 premium payments of \$750 to employees who worked less than 32 hours per week. The County's expenditure plan allocated \$10 million to fund your Board's recognition of all County employees who helped maintain continuity of the County's operations during the public health emergency. On April 10, 2023, expenditures under the premium pay category formally ended following the end of the public health emergency.

Public sector revenue loss, \$10 million

In 2022, the County elected the "standard allowance" of \$10 million revenue loss for the entire period of

performance, as permitted under Final Rule. Funds under this category helped the County fund a portion of annual operational expenditures to avoid cuts in services that are generally funded within the Sheriff's Office and Probation Department, consisting of public safety payroll costs for deputies and officers, community patrolling, and supervision and assistance of individuals detained at County Jail or at the JJC. The County's use of SLFRF under this category helped fund the provisions of public safety and government services.

Infrastructure improvements to water, sewer, and broadband, \$24.2 million

The County's expenditure plan allocated \$13.3 million for Public Works and Planning to construct a new underground well for the unincorporated community of Raisin City, install water meters in various County Service Areas, improve well pump and irrigation repairs at Veteran Liberty Cemetery, and construct a 60-acre surface water recharge project at the Elkhorn Avenue Facility, which improves water storage and availability for several rural unincorporated communities in the North Fork Kings Groundwater Sustainability Agency.

The Information Technology Services Department (ITSD) was allocated \$889,500 to fund broadband connections for JJC and Hamilton Facility to the County's network, which improves broadband capacity for County operations and communication speeds at JJC and Hamilton Facility. An additional \$10 million was awarded to ITSD to fund cybersecurity improvements which protect and strengthen the County's network against cyber-threats. A complete list of infrastructure improvements receiving ARPA-SLFRF funding is included as Attachment A.

Subrecipient Programs, \$45.3 million

The County's Subrecipient Program provides ARPA-SLFRF funding assistance for local agencies to carry out various programs, under the County's federal award, that serve and benefit various communities in Fresno County. The County's expenditure plan allocated 23% of its \$194 million ARPA-SLFRF award, or \$45.3 million to help fund 45 subrecipient programs.

Within this category, \$24.9 million in awarded funds help Subrecipients implement programs that are responsive to the public health emergency or its negative economic impacts. Subrecipient programs help address food insecurity in our community, assist to fund the construction of affordable housing in Riverdale and Firebaugh, address impacts to local travel and tourism industries, provide grant funding for mobile food vendors and small business, fund improvements to community centers, and provide assistance for nonprofits that provide programs which serve children, youth, elderly populations, and victims of domestic violence or human trafficking.

Additionally, your Board allocated \$20.3 million in ARPA-SLFRF to help fund 11 infrastructure improvements related to public water or sewer systems. Examples of these infrastructure improvements include, but are not limited to Biola Community Services District \$955,000 award to help fund necessary storm drain and sidewalk improvement in the community of Biola. Your Board also awarded Caruthers Community Services District \$3.1 million, City of Firebaugh/Las Deltas \$2.8 million, and City of Mendota \$2.4 million to fund the design, engineering, and construction of water storage tanks which also improve water resiliency and potable water storage capacities in these rural communities. Additional infrastructure investments include \$11 million in funding support for the design, engineering, and construction of underground wells in the communities of Malaga, Riverdale, and Tranquillity, two recharge basins in Del Rey, and the replacement of water meters in the community of Laton.

ARPA-SLFRF Expenditure Deadline and Processing Challenges

Treasury established the timeline for the use of ARPA-SLFRF, which recipients may only use to fund costs incurred during the period beginning March 3, 2021, and ending on December 31, 2024. Treasury has maintained December 31, 2026, as the end of the performance period for the ARPA-SLFRF program,

which provides recipients two years to liquidate obligations incurred by the statutory deadline. This requirement means that the County will need to receive all program final claims, complete reviews, and issue final ARPA-SLFRF payments by the December 31, 2026, expenditure deadline. Any unspent ARPA-SLFRF by December 31, 2026, will be returned to Treasury.

Due to length of time to review claims and issue ARPA payments, beginning in 2024, the CAO's Office and ACTTC's Office agreed to implement an expenditure deadline for the ARPA-SLFRF Program as a precautionary measure ahead of Treasury's expenditure deadline of December 31, 2026. The administration of the ARPA-SLFRF expenditure plan is achieved through a multi-department effort consisting of the County Administrative Office (CAO), County Counsel, and the Auditor-Controller/Treasurer-Tax Collector's Office. Administration responsibilities include oversight of the implementation of the County's expenditure plan, subrecipient and department monitoring, compliance with reporting requirements, processing payments, preparing and filing quarterly expenditure reports.

On March 3, 2025, the CAO's Office provided written notice to the ARPA-SLFRF awarded departments and subrecipients with active programs to remind them of the Treasury's expenditure deadline. To ensure the County can meet the expenditure deadline, the CAO's Office required all subrecipients to complete their awarded programs and submit their last claims by June 30, 2026. Since then, three additional written notices and quarterly reminders have been provided to the Subrecipients to remind them of their program's June 30, 2026, expenditure deadline. Beginning in August 2025, the CAO's Office initiated a more hands-on role in supporting subrecipients by guiding them through the development of key performance indicators tailored to their awarded programs. During this period, the CAO's Office also implemented a structured reporting process that required subrecipients to submit weekly updates outlining any changes to their project timelines, along with notification of upcoming milestones. This approach helped improve project oversight, ensured timely communication, and supported more effective monitoring of program progress.

The ARPA-SLFRF program's invoice submission and payment process requires all awarded departments and subrecipients to submit formal payment requests and supporting documentation to the CAO's Office to request payments from the ARPA-SLFRF program. Once payment requests are received, the CAO's Office performs its review of the claims for suitability and to verify that the expenditures are allowable under the awarded program's scope of work and the approved program budget. When necessary, CAO staff may request assistance from the departments and subrecipients to gain a better understanding of the invoices, charges, or capturing essential data that may support the expenditure before it can be charged to the federal award.

To maintain segregation of duties, the CAO's Office approves program payment requests to be reviewed and processed by the Auditor-Controller/Treasurer-Tax Collector Office (ACTTC). The ACTTC's office then performs its own comprehensive review of each payment request, which includes verifying invoices, proof of payments, and requesting any additional supporting documentation needed to justify charging the federal award. When necessary, the ACTTC's Office will request the CAO's Office to coordinate or request further documentation or explanations from the department or subrecipient prior to approving any ARPA-SLFRF payments. This phase of the review process involves back-and-forth communication, gathering additional explanations, correcting any unclear expenditures, or if needed requesting County Counsel's guidance, to obtain necessary approvals for the ACTTC's Office to approve the processing of payments.

On average it takes 64 days to coordinate the successful processing of ARPA payments under the Subrecipient Program. To note, there are 28 pending subrecipient claims currently with the ACTTC's Office, that exceed 200 days since being submitted to the ARPA program that have not been resolved. The CAO's Office has facilitated communication with the Subrecipients, received the ACTTC's Office enquiries about the claims, and submitted the Subrecipient's responses to the ACTTC's Office enquiries. Several programs have submitted claims which are on hold by the ACTTC's Office due to insufficient financial support to determine whether the Subrecipients' documentation satisfies tracking requirements under

federal awards, Uniform Guidance.

As of Friday, June 12, 2026, there are 45 active programs identified on the expenditure plan with a remaining spending value of approximately \$21.3 million. The County departments have 21 programs in progress with funding allocations of approximately \$14 million in SLFRF obligations, with majority of the programs approaching completion. As of June 12, 2026, approximately \$6.2 million in department ARPA payment requests have been submitted to the ARPA program and are under review with the ACTTC's Office. As of the preparation of this report, \$7.8 million in ARPA-SLFRF fund obligations under County department programs have not been claimed.

There are 24 active programs under the Subrecipient Program obligating approximately \$7.3 million in SLFRF obligations. Five Subrecipient infrastructure programs (Riverdale Public Utilities District, Malaga County Water District, Tranquillity Irrigation District, Tranquillity Public Utilities District, Laton Community Services District) are obligating approximately \$3.7 million of the unspent obligated funds, while 19 other subrecipient programs obligate nearly \$3.6 million in funding obligations which have not submitted invoices to the ARPA Program to fully expend their award. As of Friday, June 12, 2026, approximately \$3.1 million in subrecipient ARPA payment requests are under review with the ACTTC's Office. Nearly \$4.2 million in obligated ARPA-SLFRF funds under the Subrecipient Program remain unclaimed. Per the implemented deadline, payment requests will continue to be submitted to the ARPA Program by June 30, 2026.

Challenges related to reimbursing Subrecipients' payroll costs continue to present delays due to reviewing and reconciling supporting information from prior fiscal years (2022, 2023, or 2024), re-requesting clarification from the Subrecipients for personnel costs or expenditures, verifying proof of activities or services performed under the awarded ARPA-SLFR program.

Additional challenges are specific to capital improvements and infrastructure projects, which have reported implementation delays that will go beyond the June 30, 2026, expenditure deadline which presents a spending risk to the County's ARPA-SLFRF expenditure plan.

Recommendations

Recommended Action Number Two provides the opportunity for your Board to provide direction regarding ARPA-SLFRF for the portion of the unclaimed funds by June 30, 2026, expenditure deadline.

It is recommended that your Board direct the CAO's Office to issue 30-day written notices by July 6, 2026, to the active subrecipient programs to initiate the formal amendment process in anticipation of Treasury's liquidation deadline. Written notices will inform the subrecipients of the County's desire to amend the Agreements, which would revise program deliverables, program funding, and the terms of the agreements. Where necessary, the County may issue a 30-day written notice to execute the termination of agreements without cause.

In cases where the Subrecipients have conducted a program in good faith within the spirit of the County-Subrecipient Agreement, it is recommended that your Board direct the ACTTC Office to process timely payments or request guidance to complete its review, meet with the Subrecipient, and/or accept claims and supporting documentation as sufficient evidence to issue either whole or partial ARPA payments.

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.

Recommended Action Number Three directs staff to return to your Board by the end of October 2026 with final recommendations to reallocate any remaining funding. The goal of the CAO's office is to ensure that all funds are appropriately spent in Fresno County consistent with ARPA requirements.

REFERENCE MATERIAL:

BAI #37, April 7, 2026
BAI #37, August 19, 2025
BAI #33, December 17, 2024
BAI #25, May 21, 2024
BAI #50.1, June 18, 2024
BAI#41, April 25, 2023
BAI #9, November 8, 2022
BAI #7, June 21, 2022
BAI #3, February 1, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A - Expenditure Plan

CAO ANALYST:

George Uc