



Board Agenda Item 34

DATE: August 19, 2025

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Amendment to State and Local Fiscal Recovery Funds Subrecipient Agreement with City of Mendota

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a First Amendment to Subrecipient Agreement No. 22-539 with the City of Mendota (Subrecipient) for provision of American Rescue Plan Act - State and Local Fiscal Recovery Funds (ARPA-SLFRF), which will revise the Expenditure Plan, the Modification clause, Term, Hold Harmless clause, and the Notices section with no increase to the maximum compensation (\$2,465,000); and**
- 2. Authorize the County Administrative Officer or designee to approve and execute written changes to the items in the project budget, which, when added together during the term of the Agreement, do not exceed ten percent (10%) of the total maximum compensation payable to Subrecipient, and which do not result in any change to the maximum compensation amount payable to Subrecipient.**

There is no Net County Cost associated with the recommended actions, which will revise the expenditure plan, and update the term, the indemnification clause and the Notices section in the County's agreement with the Subrecipient. The recommended amendment will also update language to the modification clause, which will allow the County's Administrative Officer or designee to consider and approve written requests for budget revisions that do not exceed a maximum 10% of the maximum compensation under the agreement, as amended. Recommended action two will delegate limited signature authority to the County Administrative Officer or designee to make the previously described revisions to the agreement's budget, if requested. This item pertains to a location in District 1.

ALTERNATIVE ACTION(S):

If the recommended actions are 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. Alternatively, your Board may determine to approve the amendment without delegating authority to the CAO to make changes to the budget; in this event, if minor budget modifications are needed, staff will need to bring another amendment to your Board for review and approval.

FISCAL IMPACT:

There is no increase to Net County Cost associated with the recommended actions. The program is fully funded with ARPA-SLFRF. Sufficient appropriations are included in the FY 2025-26 Recommended 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 November 29, 2022, your Board approved Subrecipient Agreement No. 22-539 (Agreement) with the Subrecipient. Since then, the Subrecipient represents that the expenditure plan found in Exhibit B, Table 1-1 of the Agreement did not anticipate certain increases in costs, which have impacted its ability to take full advantage of the awarded grant. Specifically, the Subrecipient would like to increase the SLFRF available for construction costs and design, and decrease SLFRF funding for contingencies, planning, and construction management.

The need for the Amendment to reallocate funding within the Expenditure Plan affords the County and the Subrecipient the opportunity to bring specific language in the Agreement up to date. The affected sections of the Agreement are the Term, the Hold Harmless clause, the Modification clause, and the Notices section.

Approval of the recommended action will add 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. Your Board's approval will also add language in the agreement's modification clause that will allow the County's Administrative Officer or designee to consider and approve future written requests for budget revisions up to 10% of the maximum compensation, with no change to the maximum compensation.

REFERENCE MATERIAL:

BAI #34, November 29, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 1 to Agreement 22-539 with City of Mendota

CAO ANALYST:

John Toepfer