



# Board Agenda Item 29

DATE: June 10, 2025

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Second Amendment to 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 Second 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 scope of the program, and reduce the maximum compensation by \$7,835, from \$2,720,670 to \$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 and reduce the maximum compensation amount in the agreement. On April 23, 2025, the Subrecipient informed the County that the project is complete. There is a cost saving of \$444,453 for the line item "Computed Tomography Scanner" and a cost overrun of \$436,617 for the line item "Scanner Installation and Adaptation Costs." There will be a total savings to the awarded program of \$7,835 if the amended expenditure plan is approved. 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. The cost savings realized from the purchase of the Computed Tomography (CT) scanner will not become available to the Subrecipient and the increased cost for the construction and installation of the CT scanner will not be eligible for reimbursement.

## 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 2024-25 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 rather than the initial estimates provided in the original expenditure plan.

Since then, the Subrecipient represents that the expenditure plan found in the Revised Exhibit B, Table 1-1 of Agreement No. 23-625 did not anticipate the significant savings for the purchase of the CT scanner, nor the increased cost for the construction and installation of the CT scanner.

The expenditure plan's line-item description for "Scanner Installation and Adaptation Costs" provides a maximum allocation of \$598,951, of which 99% has been expended. The Subrecipient represents that actuals for the CT scanner installation and adaptation costs exceed the current allocation by \$436,617 over the current maximum, while the purchase of the CT scanner produced cost savings of over \$444,453. The requested changes to the expenditure plan exceed the Modification Clause's parameters and, therefore, require your Board's review and approval.

Approval of the recommended action will authorize the Chairman to execute the recommended amendment. The recommended amendment will revise the Agreement's expenditure plan by reassigning cost saving for the purchase of the "CT Scanner" line item by \$444,453, and reallocate \$436,617 in funding availability to the "Scanner Installation and Adaptation Costs" line-item, which will allow the Subrecipient to recover final construction costs to the Program and close out the ARPA-SLFRF Grant. The recommended amendment will also correct the "Adult Intensive Care Unit, Stryker Beds - 6 Units" (Stryker Beds) line item by less than one dollar, to reflect costs based on actuals.

Approval of the recommended action will reduce the maximum compensation available in the Agreement's expenditure plan by \$7,835, from \$2,720,670 to \$2,712,835, which is the difference between the savings from Stryker Beds, the CT Scanner costs and the increased Scanner Installation and Adaptation Costs.

REFERENCE MATERIAL:

BAI #46, November 28, 2023

BAI #32, August 9, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 2 to Agreement 22-340 with CHMC

CAO ANALYST:

John Toepfer