

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Community Services Agency

BOARD AGENDA: 5.B.7
AGENDA DATE: January 27, 2026

SUBJECT:

Approval to Accept an Update on the Access Center and Emergency Shelter
Operational Plan for Fiscal Year 2026 to Ensure a Sustainable Model at the Site
Located at 320 Ninth Street, Modesto, CA; and Related Actions

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2026-0041

On motion of Supervisor B. Condit Seconded by Supervisor C. Condit
and approved by the following vote,

Ayes: Supervisors: B. Condit, Withrow, Grewal, C. Condit, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST:  _____
MARY E. HARTSFIELD, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Community Services Agency

BOARD AGENDA:5.B.7
AGENDA DATE: January 27, 2026

CONSENT: ☒

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval to Accept an Update on the Access Center and Emergency Shelter Operational Plan for Fiscal Year 2026 to Ensure a Sustainable Model at the Site Located at 320 Ninth Street, Modesto, CA; and Related Actions

STAFF RECOMMENDATION:

1. Accept an update on the operations plan for Fiscal Year 2026 for the Access Center and Emergency Shelter (ACES) located at 320 Ninth Street, Modesto, CA.
2. Direct County staff to return to the Board of Supervisors with an update no later than April 2026 on the status of work to ensure a sustainable operations model for ACES.

DISCUSSION:

The Community Services Agency (CSA) builds community by cultivating safety, stability, and resiliency – strengthening the foundation for all. CSA operates and has oversight of various social welfare programs that provide cash assistance, social services, and supports for the benefit of the community. CSA strives to serve, aid, and protect needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

History

On September 30, 2025, the Board of Supervisors (BOS) approved Board Resolution 2025-0510 to accept an update on the Access Center and Emergency Shelter Operation Plan for Fiscal Year 2026, where the BOS directed county staff to pursue any available non-general fund sources to fill the anticipated funding gap and explore program changes in collaboration with Access Center and Emergency Shelter partners to ensure a sustainable operational model at 320 Ninth Street in Modesto. County staff was also directed to return to the Board of Supervisors with an update no later than January 2026 on the status of work to ensure a sustainable operations model for ACES. Please refer to this Board Agenda Item (BAI) for the history of the Access Center and Emergency Shelter Operations.

The following table is a summary of all of the BOS agenda items and fiscal decisions to support the Access Center and Emergency Shelter Operations:

Date	Action	Term Through	Contract Increase	Total Contract with Salvation Army for ACES	Board Resolution
October 1, 2019	Approved ACES Agreement	December 31, 2020	\$ -	\$ 2,334,146	2019-0620
March 16, 2021	Approved ESG-CV2 Funding	June 30, 2022	\$ 3,197,138	\$ 5,531,284	2021-0097
November 16, 2021	Approved ESG-CV2 Funding	June 30, 2022	\$ 156,943	\$ 5,688,227	2021-0551
March 28, 2023	Approved 1st Amendment	June 30, 2023	\$ 2,700,000	\$ 8,388,227	2023-0128
June 20, 2023	Approved 2nd Amendment	December 31, 2023	\$ 1,850,000	\$ 10,238,227	2023-0315
December 19, 2023	Approved 3rd Amendment	June 30, 2024	\$ 1,543,855	\$ 11,782,082	2023-0676
June 25, 2024	Approved 4th Amendment	November 30, 2024	\$ 1,286,546	\$ 13,068,628	2024-0342
November 12, 2024	Approved 5th Amendment	December 31, 2024	\$ -	\$ 13,068,628	2024-0666
December 17, 2024	Approved 6th Amendment	June 30, 2025	\$ -	\$ 13,068,628	2024-0739
May 20, 2025	Approved 7th Amendment	June 30, 2025	\$ 792,222	\$ 13,860,850	2025-0256
June 10, 2025	Approved 8th Amendment	June 30, 2026	\$ 2,889,688	\$ 16,750,538	2025-0321
September 30, 2025	Operational and Funding Plan Update	June 30, 2026	\$ -	\$ 16,750,538	2025-0510

Detailed funding strategies for all extensions are outlined in the respective Board agenda items. On June 10, 2025, the Board also approved a 5-year extension to the lease for the ACES premises located at 320 9th Street, Modesto ([Board Resolution 2025-0321](#)). This lease is separate and apart from the County's contract with the Salvation Army (SA) for operations at ACES, the combined total cost for both agreements and site security in Fiscal Year (FY) 2026 is estimated at \$3,295,688.

Initial Funding Plan for FY 2026

The table below outlines the estimated cost and initial funding plan that was developed to support ACES operations in FY 2026:

ACES	FY 2026 Initial Budget
Salvation Army Oversight and Operator Services	\$ 2,889,688
Lease of 320 9th Street, Modesto	\$ 162,000
Security Services	\$ 244,000
Total Estimated Cost	\$ 3,295,688
County HHAP Round 5 (2nd Disbursement)	\$ 428,996
County HHAP Round 6 (1st Disbursement)	\$ 1,053,683
County HHAP Round 6 (2nd Disbursement)	\$ 812,292
County PLHA	\$ 600,000
County PLHA Redistribution	\$ 50,000
Total Funding Available	\$ 2,944,971
Funding Excess/(Shortfall)	\$ (350,717)

Appropriations and estimated revenues in the amount of \$3,295,688 to support the agreement with SA for oversight and operations of ACES through June 30, 2026, were included in CSA's 2026 Adopted Budget.

Current Challenges

California counties historically have advocated for consistent State funding for homeless services, including emergency shelters. The counties have been fortunate to receive annual allocations for programs like ACES, despite changes to the rules on how to access the funds. The most immediate concern is that no additional homeless funding

was provided in the California Budget Act of 2025, and the State has indicated the following year's allocation will be reduced in half.

Since the inception of ACES, a patchwork of funding allocations has been used to cover ACES' operational costs, as shown in the attached ACES Operations Funding History table.

ACES has most recently been funded with the California Housing and Community Development (HCD) Homeless Housing Assistance and Prevention (HHAP) Stanislaus County allocation. HHAP has been issued in rounds since its inception in FY 2021. Beginning with HHAP Round 3, California legislation changed how HHAP funding was distributed to counties and created criteria that counties needed to meet to access the first and second disbursements. In June 2025, HCD announced changes to the criteria counties need to meet to access the second disbursement of Round 5, as follows:

Existing Criteria

1. Obligate 75% and expend 50% of the first disbursement
2. Update of the Regionally Coordinated Homeless Action Plan

Added Criteria

1. Demonstrate progress in at least three system performance measures (SPM)
2. If progress in 3 SPMs hasn't been met but HHAP funding obligations and expenditure percentages have been met, accept technical assistance from HCD

In March 2025, HCD released the Notice of Funding Availability (NOFA) for HHAP Round 6. CSA submitted the County and CSOC joint application to HCD on August 29, 2025. CSA anticipates not being able to receive the first disbursement of HHAP Round 6 until March 2026, instead of January as previously reported. To receive the second disbursement of HHAP Round 6, the following criteria must be met:

1. Be in compliance with the County's Housing Element
2. Obligate 75% and expend 50% of the initial disbursement
3. Demonstrate progress in at least four system performance measures, and if progress is not demonstrated, then accept technical assistance from HCD
4. Update of the Regionally Coordinated Homeless Action Plan

The performance metrics chosen and implemented by the State are not specific to programs, activities, or services funded by HHAP; the metrics are overall community performance measures that the County does not have sole control over. The County would need to meet three more metrics to access the second disbursement for Round 6.

The seven performance measures are:

- 1a. Number of people experiencing homelessness who are accessing services.
- 1b. Number of people experiencing unsheltered homelessness according to the unsheltered Point-In-Time Count.
2. Number of people experiencing homelessness who are accessing services for the first time (in two years).
3. Number of people exiting homelessness into permanent housing.

4. Average length of time (days) that people experience homelessness while accessing services.
5. Percent of people who return to homelessness within 6 months of exiting the homelessness response system to permanent housing.
6. Number of people successfully placed (into shelter, interim, or permanent housing) from street outreach.

In September 2025, HCD announced that it would allow awardees to request technical assistance (TA) in lieu of meeting the “Added Criteria #3” above. Stanislaus met with HCD on August 28, 2025, and requested TA in September 2025. In addition to the HCD monthly meetings, CSA has met with HCD individually for TA on October 20, 2025, and January 14, 2026. In September 2025, Stanislaus County was meeting one performance measure: the average length of time (in days) that people experience homelessness while accessing services. Stanislaus County no longer meets that standard, but is meeting the SPM: the number of people exiting homelessness into permanent housing.

Alternative Funding Sources and Options Explored

Over the past several years, to ensure the continued operation of the ACES program, the CEO, CSA, Behavioral Health and Recovery Services (BHRS), and Planning and Community Development (Planning) have collaborated with the City of Modesto and SA to explore various options for a sustainable operational structure, including service enhancements that would replace or leverage existing funding. The County also explored other emergency shelter providers and has been unsuccessful in identifying an alternative provider.

The County and City of Modesto have been meeting weekly for the past four months to identify revenue that could be used for ACES. The following opportunities have been identified:

- Request funding from CSOC HHAP Round 6, first disbursement. The request was made at the CSOC meeting on September 18, 2025, and ACES was awarded \$600,187.
- \$89,033 from County 2020 Permanent Local Housing Allocation (PLHA) funds has been redistributed to CSA for ACES Operational Costs.
- An application has been submitted for \$600,000 from County Planning 2025 PLHA funds to CSA for ACES Operational Costs. CSA is anticipating notice of award in February 2026.
- Access the County HHAP Round 5, Second Disbursement total \$930,334.
- County applied for the Sutter Community Health Investment Funds Grant for a total of \$264,330 for 4 FTE Case Manager salaries and benefits, which would provide \$88,100 in funding for FY 2026.
- Applying for Encampment Resolution Funds (ERF) Round 5 grant from the State of California HCD with an expected release date in the first quarter of 2026, which, if awarded, would include a percentage of the money going to ACES operations.
- California’s Advancing and Innovating Medi-Cal (CalAIM) Medi-Cal billable services to be provided by SA. Amount is unknown at this time.

Anticipated revenue for FY 2026 is \$3,145,069, which will provide 12 months of operations. This is an increase of \$1,619,367 and includes the addition of County PLHA 2020 redistribution of \$89,033, County HHAP Round 5 (second disbursement), and County PLHA 2025. The Department believes HHAP Round 5 (second disbursement) will be funded, as Stanislaus County has met all criteria. Also, County Planning 2025 PLHA will be announced in February 2026.

ACES	FY 2026 Revised Budget
Salvation Army Oversight and Operator Service	2,889,688
Lease of 320 9th Street, Modesto	162,000
Security Services	244,000
Total Estimated Cost	3,295,688
County HHAP Round 6 (1st Disbursement)	314,828
CSOC HHAP Round 4	10,687
CSOC HHAP Round 6 (1st Disbursement)	600,187
County PLHA 2020	689,033
* County HHAP Round 5 (2nd Disbursement)	930,334
* County PLHA 2025	600,000
Subtotal Funding Available	3,145,069
** Sutter Health Case Worker Costs	88,110
Subtotal Funding Potentially Available	88,110
Total Funding	3,233,179
Funding Excess/ (Shortfall)	(62,509)
<i>* Funding expected this Fiscal Year</i>	
<i>** Case Worker Costs are calculated by the monthly cost multiplied by 4 months</i>	

In the table above, the funding sources highlighted in green reflect a change from the initial funding plan. The funding sources highlighted in yellow represent funding that should be available this fiscal year but has not been approved yet. Potential funding from CalAIM was not included, since information is not yet known.

The City of Modesto, SA, and the County meet regularly to review operations at the ACES facility. Most recently, the City of Modesto, SA, and the County have met to discuss and identify a path forward for ACES due to the current funding constraints. Different models are being explored, and the feasibility of each is being assessed. On September 25, 2025, the Purchasing Agent sent a letter to SA to terminate the lease agreement, citing the current funding challenges and the need to provide 180 days' notice. The letter mentions that the 30-day notice for the operations agreement will only be considered if the funding challenges are not resolved. An updated letter, dated January 22, 2026, was sent to the SA to extend the notice until June 30, 2026.

CSA is committed to continuing to collaborate with the City of Modesto, BHRS, Planning, and SA to pursue all available non-General Fund sources appropriate to fill

the anticipated funding gap and to explore necessary funding changes to ensure shelter services offered at the site are provided within available funding. Staff will return to the Board of Supervisors with an update during a regular meeting no later than April 2026 to report on any progress made to identify additional funding secured or discuss other operational strategies or models to employ to sustain operations at ACES in the current year and beyond.

POLICY ISSUE:

ACES operations shall rely solely on non-General Fund sources, and program service delivery shall align with available funding.

FISCAL IMPACT:

Over the years, funding in the amount of \$18.1 million from a variety of sources has been used to support the operational costs of ACES. The attached ACES Operations Funding History table outlines the sources of funding and the fiscal year in which the funding was utilized. The table illustrates the various funding sources that have been required over the years to sustain operations. The final two columns showing the difference between the initial budget and the currently identified funding demonstrate the work that has been done in every year of the program to piece together the funding needed for the program.

Staff will continue the work of trying to identify funding for the program to close out the fiscal year, but there are no known funding sources to fund the operation of the program beyond the current fiscal year.

There is no impact on the General Fund associated with the recommendations included in this report.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Board of Supervisors' priorities of *Supporting a Healthy Community* and *Supporting a Strong and Safe Community* by improving the lives of homeless individuals in the community.

STAFFING IMPACT:

Existing CSA staff will continue to monitor services provided under the ACES MOU and collaborate on funding. There is no additional staffing impact associated with the recommendations included in this report.

CONTACT PERSON:

Christine Huber, MSW
Director, Community Services Agency

209-558-2500

ATTACHMENT(S):

1. ACES Operations Funding History
2. Letter to Salvation Army

ACES Operational Funding Including Lease and Security	Fiscal Year 2020 Actuals	Fiscal Year 2021 Actuals	Fiscal Year 2022 Actuals	Fiscal Year 2023 Actuals	Fiscal Year 2024 Actuals	Fiscal Year 2025 Actuals	Total Actuals	Fiscal Year 2026 Budget	Fiscal Year 2026 Available Funding
Housing, Homeless, Assistance and Prevention (HHAP) Round 1		\$ 1,173,089		\$ 57,661			\$ 1,230,750		
HHAP Round 2				\$ 737,283			\$ 737,283		
HHAP Round 3				\$ 2,197,959	\$ 219,676		\$ 2,417,635		
HHAP Round 4					\$ 1,928,767	\$ 155,603	\$ 2,084,370		
HHAP Round 5 (1st Disbursement)						\$ 1,464,045	\$ 1,464,045		
HHAP Round 5 (2nd Disbursement) - Pending							\$ -	\$ 428,996	\$ 930,334
HHAP Round 6 (1st Disbursement)						\$ 738,855	\$ 738,855	\$ 1,053,683	\$ 314,828
HHAP Round 6 (2nd Disbursement) - Pending							\$ -	\$ 812,292	
CSOC HHAP Round 3					\$ 180,000		\$ 180,000		
CSOC HHAP Round 4						\$ 402,166	\$ 402,166		\$ 10,687
CSOC HHAP Round 6							\$ -		\$ 600,187
CSA Emergency Solutions Grant (ESG-CV2)			\$ 614,022	\$ 57,283			\$ 671,305		
County Planning ESG-CV2			\$ 2,759,644	\$ 593,800	\$ 992,120		\$ 4,345,564		
COVID-19 Emergency Funding		\$ 79,088					\$ 79,088		
Kaiser Contribution	\$ 90,000				\$ 100,000	\$ 100,000	\$ 290,000		
Sutter Contribution					\$ 100,000		\$ 100,000		
Behavioral Health and Recovery Services (MHSA Funds)	\$ 809,888	\$ 304,319					\$ 1,114,207		
County PLHA 2020							\$ -	\$ 600,000	\$ 600,000
County PLHA 2020 Redistribution							\$ -	\$ 50,000	\$ 89,033
County PLHA 2025							\$ -		\$ 600,000
City of Modesto Community Development Block Grant (CDBG)		\$ 100,000					\$ 100,000		
City of Modesto ESG		\$ 27,821					\$ 27,821		
City of Modesto ESG-CV2		\$ 630,000					\$ 630,000		
Homeless Emergency Aid Program (HEAP)	\$ 121,500	\$ 483,788					\$ 605,288		
State Housing and Community Development Funds*	\$ 792,370				\$ 123,307		\$ 915,677		
TOTAL	\$ 1,813,758	\$ 2,798,105	\$ 3,373,666	\$ 3,643,986	\$ 3,643,870	\$ 2,860,669	\$ 18,134,054	\$ 2,944,971	\$ 3,145,069

* Adam Gray Homelessness funding from Fiscal Year 2017-2018 (Assembly Bill 97)

Estimated Fiscal Year 2026 Costs \$ 3,295,688
\$ (350,717) \$ (150,619)



GENERAL SERVICES AGENCY

ANDREW JOHNSON
DIRECTOR/PURCHASING AGENT

AL VALENCIA
ASSISTANT DIRECTOR

BRAD DIEMER
PURCHASING MANAGER

CARA KIELY, CPA
FISCAL MANAGER

CODY NELSON
REAL ESTATE PROGRAM MANAGER

January 22, 2026

Major Darren Stratton
The Salvation Army
320 9th Street
Modesto, CA 95351

Thank you for your commitment and partnership to provide critical services to our homeless population at the Access Center Emergency Shelter (ACES). By way of a letter dated September 25, 2025, due to funding challenges in the current operating year, I issued a 180-day notice of termination from October 1, 2025, per Stanislaus County's current facility lease agreement with the Salvation Army for the facility (Facility Lease, The Salvation Army and County of Stanislaus, 34.1 Early Termination due to Funding Issues), at the policy direction of the Chief Executive Office. Since September 25, 2025, the County has continued to work to identify funding and now has confidence in receiving funding to support the lease through the end of the fiscal year. Therefore, I would like to extend the current agreement through June 30, 2026.

As mentioned at recent meetings with County and City executives, transitioning to a new model is likely inevitable, and it will be critical that efforts continue to explore operational changes for swift implementation and take advantage of additional revenue opportunities through Medi-Cal Managed Care plans, behavioral health services, State grants, and other revenue sources.

The County is committed to being engaged in conversations over the upcoming weeks to be better positioned for any transition ahead. We recognize that the companion operating agreement with the Salvation Army (Oversight and Operator Services Agreement, The Salvation Army and County of Stanislaus) requires a 30-day notice of termination. The Chief Executive Office will consider that option only if necessary, at a later date.

Please let me know if you have any questions regarding any of the information contained in this letter or if there are barriers to terminating the agreement on June 30, 2026, in lieu of the March 31, 2026, date.

Respectfully,

Andy Johnson (Jan 22, 2026 12:52:36 PST)

Andy Johnson
General Services Agency Director/Purchasing Agent

cc: Jody L. Hayes, Chief Executive Officer
Raul L. Mendez, Assistant Executive Officer
Christine Huber, Community Services Agency Director
Joe Lopez, Modesto City Manager
Major Michael Zielinski, District Director/Salvation Army