

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD 213 (Rev 06/03)

AGREEMENT NUMBER <b>5600004186</b>
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:  
 STATE AGENCY'S NAME  
 California Department of Corrections and Rehabilitation  
 CONTRACTOR'S NAME  
 Monterey County, Probation Department
- The term of this Agreement is: Upon Approval through June 30, 2015
- The maximum amount of this Agreement is: \$ 540,000.00  
 Five Hundred Forty Thousand Dollars and Zero Cents
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	11 pages
Exhibit B – Budget Detail and Payment Provisions	2 pages
Exhibit B-1 Budget Proposal FY 13/14	1 page
Exhibit B-2 Budget Proposal FY 14/15	1 page
Exhibit B-3 Budget Proposal Summary	1 page
Exhibit C* – General Terms and Conditions	
Exhibit D – Special Terms and Conditions for Public Entity Agreements	13 pages
Exhibit E – Line Item Budget Guide	32 pages

Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at [www.ols.dgs.ca.gov/Standard+Language](http://www.ols.dgs.ca.gov/Standard+Language)

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) Monterey County, Probation Department		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Mike Derr, Contracts/Purchasing Officer		
ADDRESS 20 E. Alisal Street, 2 <sup>nd</sup> Floor Salinas, CA 93901		
STATE OF CALIFORNIA		
AGENCY NAME California Department of Corrections and Rehabilitation		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Bedeth Victorioso, Chief, Service Contracts Section		
ADDRESS 9838 Old Placerville Road, Suite B-2 Sacramento, CA 95827		

Exempt per:

Reviewed as to fiscal provisions  
  
 Auditor-Controller  
 County of Monterey 1-29-14

CCC-307

**CERTIFICATION**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i> County of Monterey		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i> Mike Derr, Contracts / Purchasing Officer		
<i>Date Executed</i>	<i>Executed in the County of</i> Monterey	

**CONTRACTOR CERTIFICATION CLAUSES**

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the

## **MONTEREY COUNTY DAY REPORTING CENTER**

### **I. INTRODUCTION**

Monterey County (Contractor) agrees to provide the California Department of Corrections and Rehabilitation (CDCR), Division of Rehabilitative Programs (DRP) an array of services currently designed to increase the success of at-risk probationers to now incorporate at-risk parolees releasing from prison. Services provided shall address criminality, substance abuse, and employability issues while reintroducing participants back into their respective communities and family systems. These services shall be coordinated via an existing Day Reporting Center (DRC) and shall include the following program components:

- Orientation;
- In-Depth Needs and Risk Assessment;
- Development of a Case Management Plan (CMP);
- Daily Check-In at the DRC or as required by CMP;
- Breathalyzer Testing for Alcohol Use;
- Random Urinalysis Testing for Alcohol and Drug Use;
- Substance Abuse Education and Counseling;
- Criminal Thinking;
- Anger Management;
- Cognitive and Life Skills Development;
- Parenting and Family Reintegration;
- Community Service;
- Educational Services/GED Preparation;
- Budgeting and Money Management;
- Job Readiness and Job Search;
- Discharge Planning;
- After-Care; and
- Referral to Other Agencies.

The services listed above shall be provided in the DRC program located at 427 Pajaro Street, Suite 1, Salinas, California, 93901. The DRC shall serve parolees residing within Monterey County.

### **II. CONTRACTOR RESPONSIBILITIES**

- A. The Contractor shall follow and adhere to all CDCR rules and policies, including Title 15 of the California Code of Regulations.
- B. The Contractor shall have the ability to accommodate 30 parolee participants at any given time.
- C. The Contractor must maintain a zoning letter issued from the municipality where the DRC is sited indicating that the DRC location is not in violation of any zoning requirements in the city where the DRC is sited, and that the municipality does not object to the services being provided at the DRC. The zoning letter shall be made available to CDCR upon request.
- D. Operation and programming hours shall be between the hours of 8:00 A.M. – 8:00 P.M. Monday through Friday. The operating hours for the DRC shall be conducive to parolee participant needs and may be open up to 12 hours per day on weekdays and at least four hours per day on weekends and holidays.

- E. Provide transportation for parolee participants through the use of public transportation (i.e., bus passes/tokens) and/or by private transportation. Public transportation must be located within one-half mile walking distance of the DRC facility. Under no circumstances shall the Contractor provide monetary funds for transportation purposes.
- F. The Contractor shall maintain a security plan for the DRC facility. The security plan shall be maintained at the facility site and shall be made available to CDCR upon request.
- G. Conduct a needs and risk assessment, utilizing an instrument for use with a correctional population, for development of a CMP for each parolee participant.
- H. Develop a network of resources that benefit the parolee participant's progress in regard to community reintegration, i.e., mental health services, housing assistance, working wardrobe, and participation in community service activities. It will also be necessary to maintain a positive relationship with local law enforcement agencies in addition to a relationship with CDCR parole. The services provided through outside agencies shall be in addition to, not in place of, the program related activities and services as listed under Section V, Program Components, which are the core services to be provided by the Contractor.
- I. Coordinate data collection and evaluation efforts and provide data and information, as requested and as defined by CDCR. The data to be collected shall include, at a minimum, parolee participants' demographics and the services provided to the parolee participant. The Contractor shall also work cooperatively with an outside evaluator to be selected by CDCR.
- J. Provide all data collected to CDCR upon expiration of the contract.
- K. Ensure staff availability for initial orientation and ongoing training pursuant to the California law and CDCR's rules, regulations, policies and procedures, as provided by CDCR.
- L. Meet with the DRP Program Analyst or conference call, as often as necessary, but not less than monthly, to review progress and performance. The reviews shall include, but not be limited to, assisting the Contractor in implementation, problem solving and determining future performance objectives.
- M. Maintain communication between the Agent of Record (AOR) and parolee participant on a regular basis in order to share information regarding parole-related activities and solicit participation in the progress of the CMP.
- N. The Contractor shall comply with CDCR's incident reporting protocols. These protocols will be provided upon contract approval.

### III. ADMINISTRATIVE

The Contractor is the organization that is identified on the Standard 204, Payee Data Record, on file with CDCR, and is directly responsible for delivery of services.

#### A. Organizational and Administrative Experience and Knowledge

The Contractor's administrative experience shall include all administrative functions of a project, including fiscal, accounting, and budgeting, and personnel and contract and/or grant management.

B. Organizational Structure

The Contractor shall maintain a written description and organizational chart that outlines the structure of authority, responsibility and accountability within the DRC facility and within the Contractor's organization. CDCR reserves the right to request a copy of the organizations charts at any time.

C. Records System

The Contractor shall maintain complete files on all parolee participants. The files shall be located in a secure file storage area in an office at the DRC facility. The Contractor shall ensure that parolee participants do not have access to the files. All other confidentiality requirements of alcohol and drug use client data, in accordance with the Federal Regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2), shall be fully adhered to.

D. Participant Data

The Contractor shall maintain assessments, and parolee participant and program data. Data for program evaluation purposes shall be in an electronic format, and transmitted in a manner compatible with the CDCR data system.

Data elements shall include the following at a minimum:

- Parolee participant CDCR Number;
- Unique identifier for the DRC program and location;
- Beginning date of service;
- Ending date of service;
- Number of hours of participation;
- Number of days of participation;
- Number of successful completions;
- Reason for parolee participant(s) not completing the program;
- Number of parolee participants gainfully employed upon program completion;
- Number of parolee participants enrolled in school upon program completion;
- Number of community service hours performed by parolee participants;
- Number of relationships developed with, and type of, outside agencies; and
- Number and types of services provided to parolee participants.

The Contractor shall have procedures in place to ensure the validity of the data and to protect the data from unauthorized access and/or destruction due to negligence, malice, or disaster.

The data shall be made available upon request to CDCR and designated evaluators. In addition, the Contractor shall cooperate in the evaluation of the program and assist CDCR and any designated evaluators in any additional data collection efforts and program analysis. The Contractor shall ensure the results of data collected and ongoing evaluation efforts are addressed and/or implemented.

E. Participant Reports

The Contractor shall maintain a Daily Register/Count of Participation reflecting each parolee participant in the program as of 12:00 midnight of the preceding day. The daily register shall be maintained by the Contractor in support of the weekly participant reports provided to CDCR (below). The Contractor will enter participation data, daily, into the designated data base provided by CDCR.

F. Monthly Progress Reports

The Contractor shall submit monthly narrative progress reports detailing program activity for the previous month to the DRP Program Analyst on or before the 15<sup>th</sup> of the following month. The format shall be provided by CDCR to the Contractor upon contract approval.

G. Program Accountability Reviews and Corrective Action Plans

1. CDCR staff shall conduct Program Accountability Reviews (PAR) of the facility, to include a review of facility operations, custody/security, program management and building/grounds. PARs will be conducted in order to verify that the Contractor/Subcontractor is in compliance with all applicable local, state and federal statutes, laws, regulations, ordinances, standards, contractual requirements and policy and procedures.
2. The Contractor shall receive a PAR Report identifying any areas of non-compliance within 30 days from the site inspection.
3. Within ten days of receiving the PAR report, the Contractor shall submit to the DRP Program Analyst a Corrective Action Plan (CAP) that indicates the actions to be taken to correct the identified deficiencies and time frames required for full compliance. Unless otherwise noted, any areas of non-compliance identified during the review are to be corrected within 30 days.
4. The Program Analyst shall review the CAP and determine whether the plan fully addresses the finding(s) and whether the timeframe for completion of the corrective action(s) is appropriate.
5. All CAPs are subject to verification and approval by CDCR. A follow-up PAR may be scheduled to determine compliance with the CAP.
6. Should the Contractor/Subcontractor dispute any of the PAR findings an appeal may be filed in writing within ten days of receipt of the PAR Report. The first level of appeal is to the Chief of the Office of Offender Services and the second level of appeal is to the Director of DRP.

H. Fiscal System

The Contractor shall establish an internal administrative fiscal system for the ongoing management of the contract funding. Any costs associated with the management of the contract must be included in the budget in accordance with the Line Item Budget Guide (LIBG) (Exhibit E) to be reimbursed by the state. All budgets shall be Per Diem and shall follow the requirements as specified in the LIBG.

**IV. PROGRAM AND SERVICE REQUIREMENTS**

The Contractor shall ensure that assigned parolee participants are continuously engaged in program related activities and services throughout each program day.

A. Case Management Plan

The CMP shall be the outline for the goals to be achieved by the parolee participant, and the services and activities necessary for each parolee participant to successfully achieve those goals. The CMP is the casework plan that staff utilize to track the progress of the parolee

participant. The CMP shall be regularly updated with staff notes to reflect the progress of the parolee participant.

In order to determine what services and activities the CMP will require and include, an accurate risk and needs assessment shall be performed, utilizing an approved assessment tool for use with the correctional population. This assessment must identify those factors that led to criminal behavior and the contingency for re-offending, as well as those barriers to the parolee participant's ability to successfully reintegrate into their communities.

1. Casework Team

The Casework Team shall be comprised of the Casework Supervisor, Caseworker, Job Developer, the Parole Services Associate assigned to the DRC facility and the participant. The Team shall complete an assessment within seven days after the parolee participant's arrival at the DRC facility and prior to any phase transition.

2. Parolee participant Program Training and Assessment

The assessment shall be documented by the Caseworker to include:

- Substance abuse history/education;
- Victim awareness training;
- Stress control training;
- Any outstanding legal/medical issues;
- Employment readiness, including provisions for obtaining identification and social security cards;
- Family and social concerns; and
- Educational/Literacy needs.

The assessment shall be documented, signed, and dated by the Caseworker and parolee participant. The Caseworker shall note progress in the parolee participants' case file on a weekly basis.

The Contractor shall complete the CMP in response to all outcomes of the individualized assessments and shall have a process in place for development, implementation, review, and revisions to each parolee participant's plan.

B. Case Files

Case files must be retained for a minimum of three years following a parolee participant's discharge from the program, and made available to CDCR upon request. The Contractor is responsible for ensuring case files are maintained according to the requirements of this contract.

V. PROGRAM COMPONENTS

Each parolee participant shall participate in a multiple phase program that shall incorporate some or all of the following, as identified in each parolee participant's CMP:

- Orientation and Assessment;
- Case Management Plan;
- Check-In at the DRC facility as determined in the CMP;
- Breathalyzer Testing for Alcohol Use;
- Random Urinalysis Testing for Alcohol and Drug;

- Substance Abuse Education and Counseling;
- Anger Management;
- Criminal Thinking;
- HIV/AIDS Education;
- Cognitive and Life Skills Development;
- Parenting and Family Reintegration;
- Community Service;
- Educational Services/GED Preparation;
- Budgeting and Money Management;
- Job Readiness and Job Search;
- Assistance and referral to other appropriate agencies, as needed (i.e., Social Security Insurance application, Driver's License or California Identification Card, General Assistance, Veteran Affairs, etc.);
- Discharge Planning; and
- After-Care.

## VI. TREATMENT PHASES

### A. PHASE I

Phase I shall focus on orientation, assessment and treatment planning. Parolee participants shall report to the DRC facility seven days per week, unless given prior approval by the AOR, and engage in programming in accordance to their CMP. Length of stay in this phase of the program shall vary based on parolee participant's attendance; participants are assigned to Phase I for an average of 30 to 45 days.

In Phase I, parolee participants shall receive breathalyzer testing for alcohol use each time they check in at the facility. Phase I parolee participants are also required to participate in random urinalysis testing for alcohol and drugs at least once a week.

All positive Breathalyzer and Urinalysis test results shall be forwarded to the AOR within 24 hours.

### B. PHASE II

Phase II shall focus on the delivery of services identified in the parolee participant's CMP. Parolee participants shall report to the DRC facility a minimum of five days per week and engage in programming according to their CMP. Length of stay in Phase II of the program is dependent upon each parolee participant's progress. On average a parolee participant shall be in Phase II for three to four months or until they have fulfilled requirements to progress to Phase III. Parolee participants shall be engaged in programming as required by their CMP.

Group activities, which actively engage parolee participants in confronting the individual values and behaviors contributing to their substance abuse and criminality, shall be small enough to promote participation and provide for the safety and security of the parolee participants. Participation is to be recorded on group activity rosters. The parolee participant to staff ratio shall not exceed 18:1.

Didactic groups, organized to provide facilitative and rehabilitative services, substance abuse counselling, and social and recreational activities, may be of any size, but shall be small enough to promote learning and allow for positive interaction among the parolee participants. Participation is to be recorded on group activity rosters (format of the roster shall be determined by the Contractor).



It is during this phase that the eligible parolee participant may be introduced to various community service options; i.e., speaking at schools regarding the consequences of drug use, and assisting in activities at a local community center.

In Phase II, parolee participants shall continue to receive breathalyzer alcohol testing each time they check in at the DRC facility. Phase II parolee participants are also required to take a random urinalysis drug test once every other week.

C. PHASE III

Phase III shall focus on discharge planning, including the parolee participant's After-Care Plan. Entering Phase III shall require that a participant successfully complete Phase II.

Parolee participants shall report to the DRC facility on a case by case basis and shall be engaged in programming as determined by the individual needs assessment and CMP. Parolee participants shall remain in Phase III until their discharge and transfer to the After-Care Phase of DRC programming.

It is during this Phase that the parolee participant must be gainfully employed or be a full-time student. An exception to this will be those parolee participants eligible to receive Supplemental Security Income (SSI), or have other special needs as determined by the Contractor and the AOR.

Parolee participants must continue to participate in breathalyzer alcohol testing when they enter the DRC facility and are subject to random urinalysis drug testing at least once per month.

D. After-Care Phase

The After-Care Phase shall include attendance at 12-step groups, such as Alcoholics Anonymous or Narcotics Anonymous, attendance at evening or daytime groups at the DRC facility, continued community service for parolee participants who are eligible, participation in an alumni group, or any other combination of activities that keep the parolee participants engaged in positive and affirming activities. The After-Care Phase of the program shall be for a period of at least six months after Phase III completion. Parolee participants shall meet with the After-Care caseworkers once per month during this period. The caseworker and parolee participant shall review the parolee participants' progress and any problems they may have encountered or currently are experiencing. When parolee participants come to the DRC facility for appointments, they shall continue to receive breathalyzer alcohol tests and random urinalysis drug testing at least once every month.

VII. FACILITY

A. Smoke-Free Environment

Indoor smoking at the DRC facility shall be prohibited in accordance with state law. The Contractor shall post "NO-SMOKING" signs in all classrooms, designated visiting areas, hallways, and in the main office of the DRC facility in full view of parolee participants, staff and visitors.

B. Fire Evacuation Emergency Procedures

The Contractor shall have written procedures pertaining to fire prevention and safety requirements, which shall be posted in the main office of the DRC facility in full view of parolee

participants, staff and visitors. Additionally, the Contractor shall have written evacuation and emergency procedures to include the following instructions:

1. Immediate notification of the fire department (inclusive of the designated fire department's address and telephone number);
2. Alert notification and/or evacuation of all occupants;
3. Control and the extinguishing of fires; and
4. Evacuation routes and procedures.

C. Emergency Evacuation Training

All staff at the DRC facility shall be trained in the implementation of emergency procedures within 24 hours of their initial employment. All training is to be documented and maintained in staff files for compliance.

D. Posting of Emergency Evacuation Floor Plans

Clear, concise, and site-specific emergency evacuation floor plans shall be posted at every occupied location throughout the DRC facility. The evacuation diagram plans shall be placed in tamper-proof frames and include the following:

1. Evacuation diagram plan that identifies the "You Are Here" location that is compatible with the building floor plan.
2. Evacuation plans, which include the locations of building exits, fire extinguishers, pull-stations, fire hose cabinets, and first aid supplies.
3. Emergency and evacuation procedures, including diagrammed evacuation routes, shall be communicated to each new parolee participant upon arrival.

E. Smoke Detectors and Fire Extinguishers

The Contractor must provide operable and regularly tested smoke detectors and fire extinguishers in key locations. All tests shall be documented for compliance and maintained at the facility site.

**VIII. PERFORMANCE MEASURES**

The goals of the Contractor are to achieve the following performance measures annually through the term of this contract:

1. Provide parolee participants with programming and services according to evidence-based principles as stated throughout the contract and as determined by individual needs and risks assessments. Document that parolee participants are either actively engaged in activities or are referred to the AOR for disciplinary actions.
2. Measure the progress of the parolee participant against the goals laid out in the parolee participants' CMP.
3. Document programming, services, referrals, changes in risk and needs, and progress for all parolee participants on a weekly basis in the parolee participants' CMP. The CMP shall document all programming and services delivered, including the number of hours of participation in each area.
4. Submit accurate, verifiable data to CDCR and ensure that it is uploaded on schedule to a secured server as required by CDCR's guidelines.

5. Comply with all applicable rules and regulations regarding confidentiality and retention schedules of parolee participant records and information.
6. Have a plan for staff performance and disciplinary reporting. All staff must satisfy requirements for security clearances, training, certification, and professional development as defined by this contract and CDCR's rules and regulations.
7. CDCR may require additional performance measures with a 30 day written notice.

## **IX. PERSONNEL POLICIES AND PROCEDURES**

Contractor position descriptions and minimum qualifications shall conform to the requirements listed below; however, actual classification names may vary. During all hours of operation, a minimum of two journey level staff are to be present at the DRC facility.

The parolee participant to staff ratio shall not exceed 18:1.

### **A. Key Staff Positions**

The Contractor shall provide the required staff for the overall administration of the program in compliance with State and County rules, directives and evidence based practices. The key positions are as follows:

- Facility Manager – to be responsible for the overall operation of the DRC Program.
- Case Managers – to provide for the supervision, education and treatment oversight of participants, to coordinate participant progress and movement through the program, and to maintain continual contact with CDCR.
- Client Services Specialist – to ensure that at least two staff persons on the DRC facility premises are alert, available and responsive to participants' needs.
- Program Specialists – to provide treatment, consultation, education classes, employment assistance and direction, assessments, behavior change plans, and to address other participant needs.

The Contractor shall ensure that the staff on-site can adequately ensure the security and safety of all parolee participants

### **B. Recruiting, Screening, Security Clearances and Hiring of All Employees**

Staff selection shall adhere to CDCR's rules, regulations, policies and procedures. All program staff shall be at least 18 years of age.

CDCR has the authority to immediately terminate this contract should a threat to security be identified. Criteria for hire shall follow these parameters, but are not limited to:

- No felony convictions during the past three years;
- Cannot currently be a felon or civil addict on parole or probation or under any structured supervision as a result of criminal conduct;
- No conviction history involving a serious felony as defined in Penal Code Section 667.5 (c);
- Ex-Offenders are further subject to guidelines as identified in Exhibit D, Special Terms and Conditions for Public Entity Agreements.

C. Staffing Plan

The Contractor shall develop and maintain a Staffing Plan that addresses their ability to maintain full staffing levels of all program components, the recruitment and selection process for new hires and the ability to staff the program at the level necessary to meet contractual obligations. The Staffing Plan must also address contingencies for staffing shortages or other operational emergencies.

The Staffing Plan shall be maintained throughout the term of this contract and updated at least annually, unless more frequent updates are requested by DRP. Revisions shall be made whenever a change in staffing demand occurs, subject to the approval of DRP and following the LIBG (Exhibit E).

The Staffing Plan shall be submitted to DRP upon the commencement of services.

D. Employment Practices

The Contractor shall develop and maintain policies related to employment practices in the areas of:

- Work Hours;
- Staff Benefits (e.g., vacation, sick leave, insurance, retirement, etc.);
- Promotions;
- Pay Increases; and
- Hiring and Termination Conditions.

E. Employee Performance Evaluations

All contracted employees shall be held to standards as determined through the Monterey County Human Resources Department, and the CDCR.

F. Discrimination Clause and Sexual Harassment Policy

The Contractor shall have a written sexual harassment policy in compliance with State and Federal laws. The Contractor shall not discriminate against any employee or job applicant because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition, marital status, age, gender or sexual orientation.

G. Nepotism Policy

The Contractor shall have a written policy on nepotism in compliance with CDCR's rules, regulations, policy, and procedures that prohibits direct supervision and work performance evaluations of immediate family members. Exceptions to this policy shall require written approval of a DRP Program Staff Services Manager based on the Contractor's written request with supporting justification(s).

H. Fraternization Policy

The Contractor shall establish written policies and procedures in compliance with State and Federal laws, which prohibits employees from fraternizing with parolee participants and their families.

I. Vacancies

Staff vacancies shall be brought to the immediate attention of the DRP Program Analyst. The Contractor may fill temporary vacancies internally by a temporary reassignment of existing qualified staff. A temporary vacancy is defined as a vacancy of less than 60 days. Vacancies in excess of 60 days require the immediate recruitment of new, qualified staff and must be filled within 90 days from the date of initial vacancy.

X. **CDCR RESPONSIBILITIES**

- A. Refer an adequate amount of at-risk parolees to the Contractor to ensure program goals and hours are achievable. Referrals to the program will be made on a CDCR Form 1502, *Activity Report*. Referrals will include registered sex offenders and serious and/or violent felons on parole.
- B. Promote communication between the AOR, Parole Unit(s), the Contractor, and the parolee participant in an effort to share information regarding parole-related activities and progress of the CMP.
- C. Provide initial orientation to the Contractor staff pursuant to all state laws and CDCR rules, regulations, policies and procedures.
- D. The AOR shall participate in the parolee participant's progress through the phases of the program, and in development of the discharge plan for After-Care through case conference with the Contractor.
- E. Meet or conference with the Contractor as often as necessary, but not less than monthly to review progress and performance. The reviews shall include, but not be limited to, assisting the Contractor in implementation, problem solving and determining future performance objectives.
- F. Maintain responsibility for supervision of parolee participants.
- G. Process monthly invoices from the Contractor for reimbursement of services rendered.
- H. Monitor contract for compliance.

XI. **CONTACT INFORMATION**

Billing/Payment Issues:  
Headquarters Accounting Office  
Phone Number: (916) 255-2042  
Fax Number: (916) 255-5418

Scope of Work/Performance Issues:  
Division of Rehabilitative Programs  
Phone Number: (916) 327-1845  
Fax Number: (916) 445-4439

General Contract Issues:  
Office of Business Services  
Phone Number: (916) 255-5624  
Fax Number: (916) 255-6187

**1. Invoicing and Payment**

- a. For services satisfactorily rendered, and upon receipt and approval of Contractor's invoices, the State agrees to compensate the Contractor in accordance with the rates specified herein on Exhibit B-1 and Exhibit B-2 Budget Proposals, and made a part of this Agreement. Exhibit B-1 and Exhibit B-2 Budget Proposals shall remain in force for the stated term of this Agreement and shall include every item of expense, direct and indirect, including taxes incidental to the specified rates.
- b. Invoices shall include the Agreement Number, Purchase Order Number and shall be submitted in triplicate not more frequently than monthly in arrears to the address provided below.
- c. The Contractor also has the option to submit their invoices electronically to the appropriate email address listed below. The Contractor must use the name on the Agreement and the Agreement Number on the subject line of the email. The email must include an attached PDF file of the invoice, in accordance with the information above, and must reference the institution acronym and invoice number. Separate emails shall be sent for contracts with more than one participating institution, facility, office and/or site with the invoice information as stated above.

California Department of Corrections and Rehabilitation  
Sacramento Accounting Office  
Attention: **Accounts Payable A**  
P.O. Box 187015  
Sacramento, CA 95818-7015

**For electronic submission, send invoices to:**  
**[APAContractInvoice@cdcr.ca.gov](mailto:APAContractInvoice@cdcr.ca.gov)**

**2. Budget Contingency Clause**

- a. It is mutually agreed that if the California State Budget Act for the current fiscal year and/or any subsequent fiscal years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor, or to furnish any other considerations under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.
- b. If funding for the purposes of this program is reduced or deleted for any fiscal year by the California State Budget Act, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

**3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927. Payment to small/micro businesses shall be made in accordance with and within the time specified in Chapter 4.5, Government Code 927 et seq.

**4. Subcontractors**

Nothing contained in this Agreement, or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of Contractor's responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

**5. City/County Rate Increase**

It is understood that the city/county may regulate some or all of the Contractor's rates for services. In the event the city/county increases the rates that directly affect the services provided in this Agreement, the Contractor may, once during the term of the Agreement, request from the State an increase in the rates stated in this Agreement. The Contractor must submit a written request to the State with a copy of the resolution from the city/county listing the prior rates and new rates and effective date of the new rates.

**BUDGET PROPOSAL**  
**Monterey County Day Reporting Center**  
**Fiscal Year 2013/2014**  
**UPON APPROVAL - JUNE 30, 2014**

A.	PERSONNEL	No. of Positions	Monthly Salary or Hourly Rate Range	Monthly Salary or Hourly Rate	% of Project Time	No. of Months or Hours per Month		TOTAL
						Months	Hours	
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
<b>OTHERS:</b>								
	Monthly Salary Positions		\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
	Hourly Rate Positions		\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
			\$ - - \$ -	\$ -				
Subtotal Staff Salaries from page 2 (if applicable)								
Total Staff Salaries								
Total Staff Benefits (% of Total Staff Salaries)								
Range Current Percentage =								
<b>TOTAL PERSONNEL COSTS (A)</b>								
<b>B. SUB-CONTRACTORS/CONSULTANTS COSTS</b>								
	<b>Business Name</b>	<b>Business Address</b>						
	GEO Reentry Services (DRC Service Provider)	621 NW 53rd Street, Suite 700, Boca Raton, FL 33487						
	(30 participants @ \$30/day for 240 days)							\$ 216,000.00
								\$ -
								\$ -
								\$ -
								\$ -
<b>TOTAL SUB-CONTRACTORS/CONSULTANTS COSTS (B)</b>								
<b>C. OPERATING COSTS</b>								
	Communications							\$ -
	Expendable Equipment/Supplies							\$ -
	Facility Lease/Rent							\$ -
	Food Costs							\$ -
	Household Supplies							\$ -
	Insurance							\$ -
	Linen Services							\$ -
	Maintenance/Repair							\$ -
	Non-Expendable Equipment							\$ -
	Training							\$ -
	<b>Additional Line Items</b>							\$ -
								\$ -
								\$ -
								\$ -
								\$ -
<b>TOTAL OPERATING COSTS (C)</b>								
<b>SUBTOTAL ANNUAL DIRECT EXPENSES (A+C)</b>								
<b>D. TOTAL INDIRECT COSTS ( % of Subtotal Annual Direct Expenses)</b>								
<b>E. PROFIT FEE ( % of Subtotal Annual Direct Expenses)</b>								
<b>F. OPERATING RESERVE/CONTINGENCY FUND ( % of Subtotal Annual Direct Expenses)</b>								





**MONTEREY COUNTY DAY REPORTING CENTER  
BUDGET PROPOSAL SUMMARY**

<b>FISCAL YEAR</b>	<b>TOTAL</b>
FY 2013/2014 (Exhibit B-1)	\$216,000.00
FY 2014/2015 (Exhibit B-2)	\$324,000.00
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$540,000.00</b>
	<b>(EXHIBIT B-1 + EXHIBIT B-2)</b>

**1. Contract Disputes with Public Entities** (Supersedes provision number 6, Disputes, of Exhibit C)

As a condition precedent to Contractor's right to institute and pursue litigation or other legally available dispute resolution process, if any, Contractor agrees that all disputes and/or claims of Contractor arising under or related to the Agreement shall be resolved pursuant to the following processes. Contractor's failure to comply with said dispute resolution procedures shall constitute a failure to exhaust administrative remedies.

Pending the final resolution of any such disputes and/or claims, Contractor agrees to diligently proceed with the performance of the Agreement, including the delivering of goods or providing of services. Contractor's failure to diligently proceed shall constitute a material breach of the Agreement.

The Agreement shall be interpreted, administered, and enforced according to the laws of the State of California. The parties agree that any suit brought hereunder shall have venue in Sacramento, California, the parties hereby waiving any claim or defense that such venue is not convenient or proper.

A county, city, district or other local public body, state board or state commission, another state or federal agency, or joint-powers authority shall resolve a dispute with CDCR, if any, through a meeting of representatives from the entities affected. If the dispute cannot be resolved to the satisfaction of the parties, each entity may thereafter pursue its right to institute litigation or other dispute resolution process, if any, available under the laws of the State of California.

**2. Confidentiality of Data**

All financial, statistical, personal, technical and other data and information relating to State's operation, which are designated confidential by the State and made available to carry out this Agreement, or which become available to the Contractor in order to carry out this Agreement, shall be protected by the Contractor from unauthorized use and disclosure.

If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used with the written consent of the State. The Contractor shall not be required under the provisions of this paragraph to keep confidential any data already rightfully in the Contractor's possession that is independently developed by the Contractor outside the scope of the Agreement or is rightfully obtained from third parties.

No reports, information, inventions, improvements, discoveries, or data obtained, repaired, assembled, or developed by the Contractor pursuant to this Agreement shall be released, published, or made available to any person (except to the State) without prior written approval from the State.

Contractor by acceptance of this Agreement is subject to all of the requirements of California Government Code Section 11019.9 and California Civil Code Sections 1798, et seq., regarding the collection, maintenance, and disclosure of personal and confidential information about individuals.

**3. Accounting Principles**

The Contractor will adhere to generally accepted accounting principles as outlined by the American Institute of Certified Public Accountants. Dual compensation is not allowed; a contractor cannot receive simultaneous compensation from two or more funding sources for the same services performed even though both funding sources could benefit.

**4. Taxes**

Unless required by law, the State of California is exempt from federal excise taxes.

**5. Right to Terminate** (Supersedes provision number 7, Termination for Cause, of Exhibit C)

The parties hereto agree that either party may cancel this Agreement by giving the other party written notice thirty (30) days in advance of the effective date of such cancellation. In the event of such termination, the State agrees to pay Contractor for actual services rendered up to and including the date of termination.

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

**6. Contract Suspension**

Notwithstanding any other provisions of this Agreement, pursuant to a Governor's Executive Order or equivalent directive, such as a court order or an order from a federal or state regulatory agency, mandating the suspension of state contracts, the State may issue a Suspension of Work Notice. The Notice shall identify the specific Executive Order or directive and the Agreement number(s) subject to suspension. Unless specifically stated otherwise, all performance under the Agreement(s) must stop immediately upon receipt of the Notice. During the period of contract suspension, Contractor is not entitled to any payment for the suspended work. Once the order suspending state contracts has been lifted, a formal letter from the Department will be issued to the Contractor to resume work.

**7. Extension of Term**

If it is determined to be in the best interest of the State, upon agreement, the State may extend this contract, with no increase in service cost, for a period of one (1) year or less.

**8. Contractor Employee Misconduct**

During the performance of this Agreement, it shall be the responsibility of the Contractor whenever there is an incident of use of force or allegation(s) of employee misconduct associated with and directly impacting inmate and/or parolee rights, to immediately notify the CDCR of the incident(s), to cause an investigation to be conducted, and to provide CDCR with all relevant information pertaining to the incident(s). All relevant information includes, but is not limited to: a) investigative reports; b) access to inmates/parolees and the associated staff; c) access to employee personnel records; d) that information reasonably necessary to assure CDCR that inmates and/or parolees are not or have not been deprived of any legal rights as required by law, regulation, policy and procedures; and e) written evidence that the Contractor has taken such remedial action, in the event of unnecessary or excessive force, or employee misconduct with inmates and/or parolees, as will assure against a repetition of incident(s) or retaliation. To the extent that the information provided by the Contractor fails to so assure CDCR, CDCR may require that any implicated Contractor staff be denied access to and the supervision of CDCR inmates and/or parolees at the facility and access to inmate and/or parolee records. Notwithstanding the foregoing, and without waiving any obligation of the Contractor, CDCR retains the power to conduct an independent investigation of any incident(s). Furthermore, it is the responsibility of the Contractor to include the foregoing terms within any and all subcontracts, requiring that subcontractor(s) agree to the jurisdiction of CDCR to conduct an

investigation of their facility and staff, including review of subcontractor employee personnel records, as a condition of the Agreement.

#### **9. Subcontracting**

Services provided are to be performed primarily with the staff of the public entity or, in the case of educational institutions, auxiliaries or foundations, by the faculty, staff or students associated with the particular institution. Agreements are not to be used by state agencies to circumvent the competitive bidding requirements of Public Contract Code Section 10340.

If more than twenty-five (25) percent of the total contract amount or \$50,000.00, whichever is less, is subcontracted, non-competitive bid approval must be obtained from the Secretary of CDCR and the Department of General Services prior to the commencement of services, unless the subcontract was competitively bid or the subcontractor(s) also qualifies as a state agency, governmental agency, or joint power.

#### **10. Subcontractor/Consultant Information**

Contractor is required to identify all subcontractors and consultants who will perform labor or render services in the performance of this Agreement. Additionally, the Contractor shall notify the Department of Corrections and Rehabilitation, Office of Business Services, in writing, within ten (10) working days, of any changes to the subcontractor and/or consultant information.

#### **11. Liability for Nonconforming Work**

The Contractor will be fully responsible for ensuring that the completed work conforms to the agreed upon terms. If nonconformity is discovered prior to the Contractor's deadline, the Contractor will be given a reasonable opportunity to cure the nonconformity. If the nonconformity is discovered after the deadline for the completion of the project, CDCR, in its sole discretion, may use any reasonable means to cure the nonconformity. The Contractor shall be responsible for reimbursing CDCR for any additional expenses incurred to cure such defects.

#### **12. Temporary Nonperformance**

If, because of mechanical failure or for any other reason, the Contractor shall be temporarily unable to perform the work as required, the State, during the period of the Contractor's inability to perform, reserves the right to accomplish the work by other means and shall be reimbursed by the Contractor for any additional costs above the Agreement price.

#### **13. Contract Violations**

The Contractor acknowledges that any violation of Chapter 2, or any other chaptered provision of the Public Contract Code (PCC), is subject to the remedies and penalties contained in PCC Sections 10420 through 10425.

#### **14. Employment of Ex-Offenders**

Contractor cannot and will not either directly, or on a subcontract basis, employ in connection with this Agreement:

- a. Ex-Offenders on active parole or probation, who have been on active parole or probation during the last

three years preceding their employment;

1. Contractor shall only employ ex-offenders who can provide written evidence of having satisfactorily completed parole or probation, and who have remained off parole or probation, and have had no arrests or convictions within the past three years.
- b. Ex-offenders convicted of drug trafficking in a prison/jail; escape or aiding/abetting escape; battery on a Peace Officer or Public Official; arson offenses; or, any violations of Penal Code Sections 4570-4574 (unauthorized Communications with Prisons and Prisoners Offenses).
- c. Ex-Offenders are required to register as a sex offender pursuant to Penal Code Section 290.
- d. Any ex-offender who has an offense history involving a "violent felony" as defined in subparagraph (c) of Penal Code Section 667.5; or
- e. Any ex-offender in a position which provides direct supervision of parolees.

An ex-offender whose assigned duties involve administrative or policy decision-making, accounting, procurement, cashiering, auditing, or any other business-related administrative function shall be fully bonded to cover any potential loss to the State or contractor. Evidence of such bond shall be supplied to CDCR prior to employment of the ex-offender.

#### **15. Conflict of Interest**

The Contractor and their employees shall abide by the provisions of Government Code (GC) Sections 1090, 81000 et seq., 82000 et seq., 87100 et seq., and 87300 et seq., Public Contract Code (PCC) Sections 10335 et seq. and 10410 et seq., California Code of Regulations (CCR), Title 2, Section 18700 et seq. and Title 15, Section 3409, and the Department Operations Manual (DOM) Section 31100 et seq. regarding conflicts of interest.

##### **a. Contractors and Their Employees**

Consultant contractors shall file a Statement of Economic Interests, Fair Political Practices Commission (FPPC) Form 700 prior to commencing services under the Agreement, annually during the life of the Agreement, and within thirty (30) days after the expiration of the Agreement. Other service contractors and/or certain of their employees may be required to file a Form 700 if so requested by the CDCR or whenever it appears that a conflict of interest may be at issue. Generally, service contractors (other than consultant contractors required to file as above) and their employees shall be required to file an FPPC Form 700 if one of the following exists:

- (1) The Agreement service has been identified by the CDCR as one where there is a greater likelihood that a conflict of interest may occur;
- (2) The Contractor and/or Contractor's employee(s), pursuant to the Agreement, makes or influences a governmental decision; or
- (3) The Contractor and/or Contractor's employee(s) serves in a staff capacity with the CDCR and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the CDCR that would otherwise be performed by an individual holding a position specified in the CDCR's Conflict of Interest Code.

##### **b. Current State Employees**

- (1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular

state employment.

- (2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
- (3) In addition to the above, CDCR officials and employees shall also avoid actions resulting in or creating an appearance of:
  - (a) Using an official position for private gain;
  - (b) Giving preferential treatment to any particular person;
  - (c) Losing independence or impartiality;
  - (d) Making a decision outside of official channels; and
  - (e) Affecting adversely the confidence of the public or local officials in the integrity of the program.
- (4) Officers and employees of the Department must not solicit, accept or receive, directly or indirectly, any fee, commission, gratuity or gift from any person or business organization doing or seeking to do business with the State.

**c. Former State Employees**

- (1) For the two year (2-year) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the Agreement while employed in any capacity by any state agency.
- (2) For the twelve-month (12-month) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed Agreement within the 12-month period prior to his or her leaving state service.

In addition to the above, the Contractor shall avoid any conflict of interest whatsoever with respect to any financial dealings, employment services, or opportunities offered to inmates or parolees. The Contractor shall not itself employ or offer to employ inmates or parolees either directly or indirectly through an affiliated company, person or business unless specifically authorized in writing by CDCR. In addition, the Contractor shall not (either directly, or indirectly through an affiliated company, person or business) engage in financial dealings with inmates or parolees, except to the extent that such financial dealings create no actual or potential conflict of interest, are available on the same terms to the general public, and have been approved in advance in writing by CDCR. For the purposes of this paragraph, "affiliated company, person or business" means any company, business, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind which has any ownership or control interest whatsoever in the Contractor, or which is wholly or partially owned (more than 5% ownership) or controlled (any percentage) by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders, either directly or indirectly. "Affiliated companies, persons or businesses" include, but are not limited to, subsidiary, parent, or sister companies or corporations, and any company, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind that is wholly or partially owned or controlled, either directly or indirectly, by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders.

The Contractor shall have a continuing duty to disclose to the State, in writing, all interests and activities that create an actual or potential conflict of interest in performance of the Agreement.

The Contractor shall have a continuing duty to keep the State timely and fully apprised in writing of any material changes in the Contractor's business structure and/or status. This includes any changes in business form, such as a change from sole proprietorship or partnership into a corporation or vice-versa; any changes in company ownership; any dissolution of the business; any change of the name of the business; any filing in bankruptcy; any revocation of corporate status by the Secretary of State; and any

other material changes in the Contractor's business status or structure that could affect the performance of the Contractor's duties under the Agreement.

If the Contractor violates any provision of the above paragraphs, such action by the Contractor shall render this Agreement void.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment for each meeting of the board or commission, payment for preparatory time and payment for per diem.

## **16. Travel**

If the contractor and/or subcontractor are required to travel during the performance of this Agreement, the CDCR agrees to pay travel, per diem and expense costs described at rates not to exceed those approved by the Department of Personnel Administration for similar staff.

Receipts are required for every item of expense (i.e., airline tickets, lodging, meals, etc.) incurred as a result of conducting State business and must be attached to the invoice. No reimbursement will be paid without a receipt.

The contractor may not claim lunch or incidentals on trips less than 24 hours. When trips are less than 24 hours and with no overnight stay, any meals claimed are taxable.

The contractor may not claim meals provided by the State; meals included in hotel expenses or conference fees, meals included in transportation costs such as airline tickets, or meals that are otherwise provided. Snacks and continental breakfasts such as rolls, juice, and coffee are not considered to be meals.

### **REIMBURSEMENT ALLOWANCES:**

#### **Airfare**

Airfare will be reimbursed at economy/coach rates. Requests for reimbursement at business class and first class rates will be disallowed.

#### **Meals and Incidentals**

The following reimbursement rates are maximums, not allowances. The contractor may only claim their *actual* expense.

Breakfast: Up to \$6; Lunch: Up to \$10; Dinner: Up to \$18; Incidentals: Up to \$6

On the first day of travel, if the trip begins at or before 6:00 am – Breakfast may be claimed; 11:00 am – Lunch may be claimed; 5:00 pm – Dinner may be claimed

If the trip continues after 24 hours and if the trip ends at or after 8:00 am – Breakfast may be claimed; 2:00 pm – Lunch may be claimed; 7:00 pm – Dinner may be claimed

#### **Lodging Reimbursements**

The following reimbursement rates are per night maximums of actual expenses, plus tax, and not allowances.



COUNTIES	RATES
Alameda, San Francisco, Santa Clara, San Mateo	Up to \$140
Los Angeles, San Diego	Up to \$110

If the county is not listed above, the standard rate of **\$84** for lodging will apply.

**17. Notification of Personnel Changes**

Contractor must notify the State, in writing, of any changes of those personnel allowed access to State premises for the purpose of providing services under this Agreement. In addition, Contractor must recover and return any State-issued identification card provided to Contractor's employee(s) upon their departure or termination.

**18. Security Clearance/Fingerprinting**

The State reserves the right to conduct fingerprinting and/or security clearance—through the Department of Justice, Bureau of Criminal Identification and Information (BCII)—prior to award and at any time during the term of the Agreement, in order to permit Contractor (and/or Contractor employee) access to State premises. The State further reserves the right to terminate the Agreement should a threat to security be determined.

**19. Computer Software**

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

**20. Expendable Equipment**

Expendable equipment is defined as expendable items which change with use and have a unit acquisition cost of less than \$5,000 per unit (i.e. fax machines, computers, printers, etc.). Title to any expendable equipment purchased or built with State funds as part of this agreement will vest in the State. The Contractor must retain a listing of expendable equipment purchases that are considered "theft-sensitive" items, such as cameras, calculators, two-way radios, computer equipment, etc., for audit purposes. Upon completion or termination of the agreement, Contractors are required to leave all expendable equipment for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such equipment for work to be performed under a different agreement.

The cost of expendable equipment purchased should be comparable to the prevailing price for similar items in the surrounding area.

**21. Electronic Waste Recycling**

The Contractor certifies that it complies with the requirements of the Electronic Waste Recycling Act of 2003, Chapter 8.5, Part 3 of Division 30, commencing with Section 42460 of the Public Resources Code, relating to hazardous and solid waste. Contractor shall maintain documentation and provide reasonable access to its records and documents that evidence compliance.

**22. Audit Reports**

Local governmental entities shall submit, to the CDCR two (2) copies of the required audit report within

thirty (30) calendar days after the completion of the audit, but no later than nine (9) months after the end of the audit period.

Local governmental entities shall submit the required number of copies of the audit report in accordance with the guidelines set by the Division of Audits of the State Controller's Office. Said reports are to be submitted to the following address:

State Controller  
Division of Audits  
300 Capitol Mall, Fifth Floor  
Sacramento, CA 95814

### **23. Liability for Loss and Damages**

Any damages by the Contractor to the State's facility including equipment, furniture, materials or other State property, will be repaired or replaced by the Contractor to the satisfaction of the State at no cost to the State. The State may, at its option, repair any such damage and deduct the cost thereof from any sum due Contractor under this Agreement.

### **24. Disclosure**

Neither the State nor any State employee will be liable to the Contractor or its staff for injuries inflicted by inmates or parolees of the State. The State agrees to disclose to the Contractor any statement(s) known made by any inmate or parolee which indicate violence may result in any specific situation, and the same responsibility will be shared by the Contractor in disclosing such statement(s) to the State.

### **25. Workers' Compensation**

Contractor hereby represents and warrants that Contractor is currently and shall, for the duration of this agreement, carry workers' compensation insurance, at Contractor's expense, or that it is self-insured through a policy acceptable to CDCR, for all of its employees who will be engaged in the performance of this agreement. Such coverage will be a condition of CDCR's obligation to pay for services provided under this agreement.

Prior to approval of this agreement and before performing any work, Contractor shall furnish to the State evidence of valid workers' compensation coverage. Contractor agrees that the workers' compensation insurance shall be in effect at all times during the term of this agreement. In the event said insurance coverage expires or is canceled at any time during the term of this agreement, Contractor agrees to give at least thirty (30) days prior notice to CDCR before said expiration date or immediate notice of cancellation. Evidence of coverage shall not be for less than the remainder of the term of the agreement or for a period of not less than one year. The State reserves the right to verify the Contractor's evidence of coverage. In the event the Contractor fails to keep workers' compensation insurance coverage in effect at all times, the State reserves the right to terminate this agreement and seek any other remedies afforded by the laws of this State.

Contractor also agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all of Contractor's workers' compensation claims and losses by Contractor's officers, agents and employees related to the performance of this agreement.

## **26. Insurance Requirements**

Insurance as required herein shall be a condition of the State's obligation to pay for services provided under this Agreement. Prior to approval of this Agreement and before performing any work, Contractor and any subcontractor shall furnish to the State evidence of valid coverage. The following shall be considered evidence of coverage: A certificate of insurance, a "true and certified" copy of the policy, or any other proof of coverage issued by Contractor's insurance carrier. Binders are not acceptable as evidence of coverage. Providing evidence of coverage to the State conveys no rights or privileges to the State, nor does it insure any State employee or insure any premises owned, leased, used by or otherwise or under the control of the State. It does, however, serve to provide the State with proof that the Contractor and any subcontractors are insured at the minimum levels required by the State of California.

Contractor agrees that any liability insurance required in the performance of this Agreement shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires or is canceled during the term of this Agreement, Contractor shall provide the State within five (5) business days of receipt by contractor a copy of any notice of cancellation or non-renewal of insurance required by the contract. Evidence of coverage required in the performance of this Agreement shall not be for less than the remainder of the term of this Agreement or for a period of not less than one year. The State and the Department of General Services (DGS) reserve the right to verify the Contractor's evidence of coverage; evidence of coverage is subject to the approval of the DGS. In the event the Contractor fails to keep insurance coverage as required herein in effect at all times, the State reserves the right to terminate this Agreement and to seek any other remedies afforded by the laws of the State of California.

Contractor hereby represents and warrants they (and any subcontractors) are currently and shall for the duration of this Agreement be insured. Contractor shall provide proof of self-insurance against:

- General Liability
- Non-Medical Professional Liability
- Automobile Insurance

## **27. Tuberculosis (TB) Testing**

In the event that the services required under this Agreement will be performed within a CDCR institution/parole office/community-based program, prior to the performance of contracted duties, Contractors and their employees who are assigned to work with inmates/parolees on a regular basis shall be required to be examined or tested or medically evaluated for TB in an infectious or contagious stage, and at least once a year thereafter or more often as directed by CDCR. Regular basis is defined as having contact with inmates/parolees in confined quarters more than once a week.

Contractors and their employees shall be required to furnish to CDCR, at no cost to CDCR, a form CDCR 7336, "Employee Tuberculin Skin Test (TST) and Evaluation," prior to assuming their contracted duties and annually thereafter, showing that the Contractor and their employees have been examined and found free of TB in an infectious stage. The form CDCR 7336 will be provided by CDCR upon Contractor's request.

***The following provisions apply to services provided on departmental and/or institution grounds:***

## **28. Blood borne Pathogens**

Provider shall adhere to California Division of Occupational Safety and Health (CAL-OSHA) regulations and guidelines pertaining to blood borne pathogens.

**29. Primary Laws, Rules, and Regulations Regarding Conduct and Association with State Prison Inmates and Division of Juvenile Justice Wards**

Individuals who are not employees of the California Department of Corrections and Rehabilitation (CDCR), but who are working in and around inmates who are incarcerated, or wards who are housed within California's institutions/facilities or camps, are to be apprised of the laws, rules and regulations governing conduct in associating with prison inmates or wards. The following is a summation of pertinent information when non-departmental employees come in contact with prison inmates or wards.

By signing this contract, the Contractor agrees that if the provisions of the contract require the Contractor to enter an institution/facility or camp, the Contractor and any employee(s) and/or subcontractor(s) shall be made aware of and shall abide by the following laws, rules and regulations governing conduct in associating with prison inmates or wards:

- a. Persons who are not employed by CDCR, but are engaged in work at any institution/facility or camp must observe and abide by all laws, rules and regulations governing the conduct of their behavior in associating with prison inmates or wards. Failure to comply with these guidelines may lead to expulsion from CDCR institutions/facilities or camps.

SOURCE: California Penal Code (PC) Sections 5054 and 5058; California Code of Regulations (CCR), Title 15, Sections 3285 and 3415, and California Welfare and Institutions Code (WIC) Section 1712.

- b. CDCR does not recognize hostages for bargaining purposes. CDCR has a "NO HOSTAGE" policy and all prison inmates, wards, visitors, and employees shall be made aware of this.

SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3304 and 4603; WIC Section 1712.

- c. All persons entering onto institution/facility or camp grounds consent to search of their person, property or vehicle at any time. Refusal by individuals to submit to a search of their person, property, or vehicle may be cause for denial of access to the premises.

SOURCE: PC Sections 2601, 5054 and 5058; CCR, Title 15, Sections 3173, 3177, 3288, 4696, and 4697; WIC 1712.

- d. Persons normally permitted to enter an institution/facility or camp may be barred, for cause, by the CDCR Director, Warden, and/or Regional Parole Administrator.

SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3176 (a) and 4696; WIC Section 1712.

- e. It is illegal for an individual who has been previously convicted of a felony offense to enter into CDCR adult institutions/facilities or camps, or youth institutions/facilities or camps in the nighttime, without the prior approval of the Warden or officer in charge. It is also illegal for an individual to enter onto these premises for unauthorized purposes or to refuse to leave said premises when requested to do so. Failure to comply with this provision could lead to prosecution.

SOURCE: PC Sections 602, 4570.5 and 4571; CCR, Title 15, Sections 3173 and 3289; WIC Section 1001.7.

- f. Encouraging and/or assisting prison inmates to escape, is a crime. It is illegal to bring firearms, deadly weapons, explosives, tear gas, drugs or drug paraphernalia on CDCR institutions/facilities or camp premises. It is illegal to give prison inmates or wards firearms, explosives, alcoholic beverages, narcotics, or any drug or drug paraphernalia, including cocaine or marijuana. It is illegal to give wards sex oriented objects or devices, and written materials and pictures whose sale is prohibited to minors.

SOURCE: PC Sections 2772, 2790, 4533, 4535, 4550, 4573, 4573.5, 4573.6 and 4574; WIC Section 1152, CRR, Title 15, sections 4681 and 4710; WIC Section 1001.5.

- g. It is illegal to give or take letters from inmates or wards without the authorization of the Warden or officer in charge. It is also illegal to give or receive any type of gift and/or gratuities from prison inmates or wards.

SOURCE: PC Sections 2540, 2541 and 4570; CCR, Title 15, Sections 3010, 3399, 3401, 3424, 3425 and 4045; WIC Section 1712.

- h. In an emergency situation the visiting program and other program activities may be suspended.

SOURCE: PC Section 2601; CCR, Title 15, Section 3383, 4002.5 and 4696.

- i. For security reasons, visitors must not wear clothing that in any way resembles state issued prison inmate or ward clothing (blue denim shirts, blue denim pants).

SOURCE: CCR, Title 15, Section 3174 (b) (1) and 4696.

- j. Interviews with SPECIFIC INMATES are not permitted. Conspiring with an inmate to circumvent policy and/or regulations constitutes a rule violation that may result in appropriate legal action. Interviews with individual wards are permitted with written consent of each ward if he is 18 years of age or older, or with written consent of a parent, legal guardian, or committing court, if 17 years of age or younger.

SOURCE: CCR, Title 15, Sections 3261.5, 3315 (a) (3) (X), and 3177 and 4700(a)(1).

### **30. Clothing Restrictions**

While on institution grounds, Contractor and all its agents, employees, and/or representatives shall be professionally and appropriately dressed in clothing distinct from that worn by inmates at the institution. Specifically, blue denim pants and blue chambray shirts, orange/red/yellow/white/chartreuse jumpsuits and/or yellow rainwear shall not be worn onto institution grounds, as this is inmate attire. Contractor should contact the institution regarding clothing restrictions prior to requiring access to the institution to assure the Contractor and their employees are in compliance.

### **31. Tobacco-Free Environment**

Pursuant to Penal Code Section 5030.1, the use of tobacco products by any person on the grounds of any institution or facility under the jurisdiction of the Department of Corrections and Rehabilitation is prohibited.

### **32. Prison Rape Elimination Policy**

CDCR is committed to providing a safe, humane, secure environment, free from sexual misconduct. This will be accomplished by maintaining a program to ensure education/prevention, detection, response, investigation and tracking of sexual misconduct and to address successful community re-entry of the

victim. The CDCR shall maintain a zero tolerance for sexual misconduct in its institutions, community correctional facilities, conservation camps and for all offenders under its jurisdiction. All sexual misconduct is strictly prohibited.

As a contractor with the CDCR, you and your staff are expected to ensure compliance with this policy as described in Department Operations Manual, Chapter 5, Article 44.

### **33. Security Regulations**

- a. Unless otherwise directed by the entrance gate officer and/or Contract Manager, the Contractor, Contractor's employees and subcontractors shall enter the institution through the main entrance gate and park private and nonessential vehicles in the designated visitor's parking lot. Contractor, Contractor's employees and subcontractors shall remove the keys from the ignition when outside the vehicle and all unattended vehicles shall be locked and secured while on institution grounds.
- b. Any State- and Contractor-owned equipment used by the Contractor for the provision of contract services, shall be rendered temporarily inoperative by the Contractor when not in use, by locking or other means unless specified otherwise.
- c. In order to maintain institution safety and security, periodic fire prevention inspections and site searches may become necessary and Contractor must furnish keys to institutional authorities to access all locked areas on the worksite. The State shall in no way be responsible for Contractor's loss due to fire.
- d. Due to security procedures, the Contractor, Contractor's employees and subcontractors may be delayed at the institution vehicle/pedestrian gates and sally ports. Any loss of time checking in and out of the institution gates and sally ports shall be borne by the Contractor.
- e. Contractor, Contractor's employees and subcontractors shall observe all security rules and regulations and comply with all instructions given by institutional authorities.
- f. Electronic and communicative devices such as pagers, cell phones and cameras/microcameras are not permitted on institution grounds.
- g. Contractor, Contractor's employees and subcontractors shall not cause undue interference with the operations of the institution.
- h. No picketing is allowed on State property.

### **34. Gate Clearance**

Contractor and Contractor's employee(s) and/or subcontractor(s) must be cleared prior to providing services. The Contractor will be required to complete a Request for Gate Clearance for all persons entering the facility a minimum of ten (10) working days prior to commencement of service. The Request for Gate Clearance must include the person's name, social security number, valid state driver's license number or state identification card number and date of birth. Information shall be submitted to the Contract Liaison or his/her designee. CDCR uses the Request for Gate Clearance to run a California Law Enforcement Telecommunications System (CLETS) check. The check will include Department of Motor Vehicles check, Wants and Warrants check, and Criminal History check.

Gate clearance may be denied for the following reasons: Individual's presence in the institution presents a serious threat to security, individual has been charged with a serious crime committed on institution

property, inadequate information is available to establish positive identity of prospective individual, and/or individual has deliberately falsified his/her identity.

All persons entering the facilities must have a valid state driver's license or photo identification card on their person.



# **LINE ITEM BUDGET GUIDE**

## **For Cost Reimbursement Budgets**

*Developed for*  
**Bidders & Contractors**

*Prepared by the*  
**Office of Business Services (OBS)**

*Last updated July 2010*



# Table of Contents

I. Introduction and Responsibilities .....	1
II. Actual and Allowable Costs .....	1
1. Personnel Costs .....	2
a. Staff Salaries.....	2
b. Staff Benefits .....	3
2. Sub-Contractor/Consultant Costs .....	4
3. Operating Costs.....	5
a. Communications .....	5
b. Expendable Equipment.....	5
c. Non-Expendable Equipment .....	5
d. Facility Lease/Rent .....	6
e. Facility Owned .....	6
f. Food Costs .....	7
g. Household Supplies .....	7
h. Insurance .....	7
i. Interest.....	7
j. Line Item Additions.....	7
k. Linen Services .....	7
l. Maintenance/Repair.....	7
m. Program Supplies.....	7
n. Supplies .....	7
o. Training.....	8
p. Travel.....	8
q. Utilities .....	9
4. Indirect Costs .....	9
a. Cost Allocation Plan.....	9
5. Profit Fee.....	10
6. Operating Reserve/Contingency Fund.....	9
7. Allowable Indirect Costs .....	11
a. Accounting .....	11
b. Advertising .....	11
c. Audit Service.....	11
d. Bonding.....	11
e. Budgeting.....	11
f. Corporate Staff.....	11
g. Disbursing Service .....	11
h. Electronic Data Processing .....	11
i. Legal Expenses (Contract Administration) .....	11
j. Management Studies .....	12
k. Meetings and Conferences .....	12
l. Memberships, Subscriptions and Professional Activities.....	12
m. Morale, Health and Welfare Costs .....	12
n. Payroll Preparation.....	12
o. Permits.....	12
p. Personnel Administration .....	12
q. Printing and Reproduction.....	12

r. Procurement Service.....	13
s. Taxes.....	13
t. Transportation.....	13
u. Warehouse.....	13
8. Unallowable Costs.....	13
a. Bad Debts.....	13
b. Bonus/Gifts.....	13
c. Contributions, Donations and Fundraisers.....	13
d. Entertainment.....	13
e. Fines and Penalties.....	14
f. Legal Expenses (Claims Against the State).....	14
g. Legislative Lobbying Costs.....	14
<b>III. Fiscal Audits.....</b>	<b>14</b>
<b>IV. Project Budget Proposal.....</b>	<b>15</b>
<b>V. Establishing Monthly Salary Rates.....</b>	<b>16</b>
1. Monthly Salary Rates.....	16
2. Establishing a Monthly Salary Range.....	16
3. Position's Time Base.....	17
4. Project Time by Percent Range for Multiple Staff Positions.....	17
5. Project Time by Hours.....	17
6. Personnel Positions.....	17
7. Temporary Help and Overtime Displayed.....	18
8. Costs Displayed for Budget Categories and Line Items.....	18
<b>Frequently Asked Questions (F.A.Q.).....</b>	<b>19</b>
1. What is an amendment?.....	19
2. When is a formal amendment required?.....	19
3. What is a Budget Transfer Request?.....	19
4. What are allowable budget transfers?.....	19
5. How soon do I need to file a BTR?.....	20
6. What are the Contractor's responsibilities concerning a BTR?.....	20
7. What are CDCR's responsibilities concerning a submitted BTR?.....	21
8. How do I include duties performed for a vacant position?.....	21
9. What are allowable salary rate increases?.....	21
10. What can cause a change in the number of budgeted positions?.....	22
11. When can new budget line items be added?.....	22
12. How do I configure monthly invoices for contract expenditures?.....	22

***\*Please note that this guide is not to be used for per diem contracts.\****

The following sample documents are located at the back of this guide:

Project Budget Proposal  
Exhibit AA – Non-Expendable Equipment  
OBS 250 - Budget Transfer Request  
Quarterly Budget Transfer Request  
Monthly Invoice for Contract Expenditures

## **I. Introduction and Responsibilities**

The Line Item Budget Guide for Cost Reimbursement Budgets (LIBG) was written to assist Bidders and Contractors in the following respective areas of responsibility for a cost reimbursement budget:

### **Bidders are responsible for:**

- Indicating the actual and allowable costs associated in performing contracted services for a cost reimbursement budget (for each fiscal year if applicable) for competitive bidding purposes.

### **Contractors are responsible for:**

- Ensuring all expenditures claimed (including all subcontractor expenditures) are allowable costs as specified in this LIBG;
- Ensuring all costs are associated in performing contracted services for auditing purposes and project review;
- Ensuring all subcontractors performing services have a written agreement stating the contracted services shall be performed in accordance with all contractual responsibilities of the prime contractor;
- Ensuring that costs transferred from one line item to another via the Budget Transfer Request (BTR) process can be supported (justified) to reflect actual and allowable expenses; and,
- Ensuring a budget amendment can be supported (justified) for actual expenses associated in performing contracted services

### **CDCR and Contract Managers are responsible for:**

- Ensuring budget transfers/amendments are in accordance with Line Item Budget Guide policies; and,
- Ensuring budget transfers/amendments do NOT compromise the competitive bidding process (i.e., changes that would not have affected the original award of the contract)

## **II. Actual and Allowable Costs**

Actual, allowable costs incurred by the Contractor shall be substantiated with appropriate source documentation (such as invoices, receipts, and accounting records) for any cost contained in the budget proposal. Receipts and other support documentation need not be submitted with the monthly invoices for

contract expenditures, with the exception of travel expenses and subcontractor/consultant costs. However, the CDCR Contract Manager has the right to require the contractor provide supporting documents for any expenses at any time. Failure to provide supporting documentation may result in a delay of or denial of payment.

The Contractor must retain files in the Contractor's headquarters office based in California or at the project service location where services are being provided. All support documentation must be retained for actual expenses incurred for auditing purposes and for project review, as required in Item III, Fiscal Audit provision of this guide.

Allowable costs for a contract shall be limited to those expenditures which are: (1) in conformance with the approved contract budget (have specific prior written approval by the CDCR Contract Manager when required); and (2) for goods and services necessary to the program's operation at the time the costs are incurred. A CDCR audit will be performed on actual costs to ensure all expenses meet both criteria. Any expenses not meeting both criteria may be disallowed.

#### **Competitive Bid Consideration:**

Contractors shall ensure that all costs are considered when developing a budget in response to a competitive bid process. The addition of any costs that should have been considered at the time of bid, but were not, will not be allowed under a budget transfer process after the contract is awarded. For instance, changes to the requirements of the program in the Scope of Work, (i.e., the addition/removal of key personnel, or the addition/deletion of tasks or responsibilities), which may have precluded potential bidders from bidding, resulted in fewer/additional points in the evaluation process, or resulted in a lower bid.

For this reason, careful competitive bid consideration will be made to determine whether or not the consequences of an amendment or a budget transfer request have compromised the integrity and fairness of the bidding process.

Listed below are allowable costs:

#### **1. Personnel Costs**

##### **a. Staff Salaries**

Personnel salary and wage costs (salary equals compensation for staff who are paid based on a fixed rate for a given amount of time [i.e., weekly, monthly, etc.]; and wage equals compensation for personnel who are paid based on an hourly rate) should be commensurate with the level of responsibility and experience necessary to perform contracted program obligations.

Salaries of personnel who are providing services for more than one contract must be charged to each contract on a proportional basis. Salaries are only allowable for the time the employee is assigned to the contracted program,

and must be adequately documented (by time sheets signed by the employee and the immediate supervisor, payroll register, payroll warrant, employee personnel file and general ledger accounts). All reported salary costs shall be based on actual expenditures. The time sheets must show on a daily basis how much time each employee spent on each program and salaries must be prorated accordingly.

Bidders shall ensure that cost of living, merit, or anniversary increases when each position's monthly or hourly rates for each fiscal year of the contract are budgeted. It is recommended that bidders establish a salary range (e.g., \$2,450 - \$2,800). The range must be realistic and conform to industry standards for each position. If salary increases are to be granted, they must be included in the budget when submitting a bid for a single or multiple year contracts. Salary increases not included in the budget at the time of bid will not be allowed at any time during the performance of the contract unless:

- The CDCR Contract Manager increases contract responsibilities which in turn results in increased responsibilities of the established budgeted positions; or
- The program is legislatively approved for cost of living adjustments; or
- The Contractor experiences documented recruitment or retention problems. Recruitment documentation should include, but is not limited to the following:
  - How long the position has been vacant;
  - Prevailing wages; and,
  - Documented recruitment efforts.

Salary increases resulting from recruitment and retention problems must be approved in advance in writing by the CDCR Contract Manager; or

- Salary increases are required by the contractor's agreement with its employees' unions. However, such salary increases must (1) be approved in advance in writing by the CDCR Contract Manager, and (2) not change the total amount of the contract.

**b. Staff Benefits**

Actual costs for staff benefits shall be provided based on a percentage of total staff salaries. There is no established limit for this percentage; however, CDCR has determined an average percentage for staff benefits of 28% for industrial non-represented employees is allowable.

Bidders should establish a benefits percentage range they will not exceed during any given fiscal year. For example, if workers' compensation is paid quarterly, the percentage for staff benefits would fluctuate on a monthly basis. An established benefits percentage would take these fluctuations into account.

Staff benefits may include regular compensation paid to employees for vacation, sick leave, jury duty, military training, and employer contributions

for payroll taxes, employee health and unemployment insurance, social security, workers compensation, and a retirement plan.

The Contractor is responsible for maintaining in reserve a portion of the percentage determined for staff benefits to allow for leave accrual pay-off at the end of the contract or employment termination. Contractor shall maintain documentation to support leave earnings, usage and balances. Vacation leave accrual pay-off shall not exceed two (2) weeks per year per staff person. CDCR will not be liable for payment of accrued vacation time at the end of the contract or employment termination in excess of the amount maintained in reserve.

The Contractor shall deposit reserve funds in an interest bearing account insured by a government agency. Interest earnings are the property of the State and may not be used for any purpose. Such interest earnings must be reported and the interest remitted to the State by the Contractor by July 30th each fiscal year. In the event the contract ends before the close of the fiscal year, payment must be received by the last business day of the month immediately succeeding the end of the contract. The Contractor will remit any interest income to CDCR's Headquarters Accounting Office for placement in the General Fund.

## **2. Sub-Contractor/Consultant Costs**

A sub-contractor or consultant is defined as an individual or a firm, which the Contractor contracts for professional service(s). For the definition of an employee or a contract worker, refer to the Internal Revenue Service Publication 15A. If the Contractor intends to use a sub-contractor(s) and/or consultant(s), the need must be documented, including an estimated total dollar amount, when the bid proposal is submitted to CDCR. Sub-contractors included in the contractor's initial bid proposal shall be subject to the same bid requirements described in the following paragraph.

During the term of the contract, if there is any subcontracting activities other than those listed on the bid, the Contractor shall obtain at least three written bids for sub-contracts of \$5,000 or more. Contractors shall ensure at least three informal bids are obtained for sub-contracts less than \$5,000. An informal bid can be a documented verbal quote. If three informal bids are unattainable, the Contractor shall document why they were unattainable. Documentation shall include advertisements, bids received, etc., and shall be maintained by the Contractor. The Bid documentation shall be provided to the Contract Manager. All subcontracts shall be awarded to the lowest responsible bidder, unless the Contractor obtains prior written approval from the CDCR Section Chief of the Program to award based on specific evaluation criteria. If specific evaluation criteria are utilized, a minimum of 30 percent of the points shall be allocated to cost. Subcontracts of \$15,000 or more shall be awarded to the lowest responsible bidder or under an approved evaluation criteria making all efforts to comply with the DVBE participation program (refer to the DVBE requirements). Prior approval by CDCR must be obtained and adequate justification must be submitted to the CDCR Section Chief of the Program if the Contractor selects a consultant/subcontractor based on sole source or specific evaluation criteria. If during an audit it is discovered that the Contractor did not attempt to obtain three written bids or prior CDCR approval for sole source or

specific evaluation criteria was not received, consultant/subcontractor fees will be disallowed.

### **3. Operating Costs**

Allowable operating costs are defined as necessary program expenditures, which are based on actual costs substantiated by source documentation. Operating costs can include expendable equipment costs but are exclusive of sub-contractor/consultant service costs and indirect costs. For auditing purposes, the Contractor shall retain source documentation for these expenses such as purchase orders, requisitions, bills of lading, stock received reports, invoices and issued checks/warrants. Only documented direct costs necessary to provide services for this contract are allowable and cannot be based on the overall organizational expenses. Substantiating documentation must be provided upon request. Operating costs can include the following:

#### **a. Communications**

These costs may include telephone, messenger services, cellular telephones, pagers, postage costs, internet services, and printing for job postings.

#### **b. Expendable Equipment**

Expendable equipment is defined as expendable items which depreciate with use and have a unit acquisition cost of less than \$5,000 per unit (i.e. fax machines, computers, printers etc.). Title to any expendable equipment purchased or built with State funds as part of the agreement will vest in the State. The Contractor must retain a listing of expendable equipment purchases that are considered "theft-sensitive" items, such as cameras, calculators, two-way radios, computer equipment, etc., for audit purposes. Upon termination of the agreement, Contractors are required to leave all expendable equipment for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such equipment for work to be performed under a different contract.

The cost of expendable equipment purchased should be comparable to the prevailing price for similar items in the surrounding areas.

#### **c. Non-Expendable Equipment**

Non-expendable equipment shall be identified as movable articles which:

1. Have a normal useful life of at least one year; and
2. Have a unit acquisition cost of \$5,000 or more.

(Note that a unit consists of one item.)

CDCR will not provide funding to purchase non-expendable equipment.

Contractors will be allowed to rent/lease equipment to be used in the performance of the contract.

Contractors will be allowed to be compensated for the use of non-expendable equipment through depreciation. The computation of depreciation shall be based on the acquisition cost and the useful life of the

non-expendable equipment. CDCR will not pay for depreciation costs of non-expendable equipment that is fully depreciated.

The period of useful life established for each class of non-expendable equipment must take into consideration such factors as type of non-expendable equipment, nature of the non-expendable equipment used, historical and usage patterns (refer to the Internal Revenue Service Publication 946). In the absence of clear evidence indicating that the expected consumption of the non-expendable equipment will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. If straight line method is not used, support justification indicating the depreciation method used must be submitted with the bidder's Budget Proposal.

The bidder shall list all non-expendable equipment needed for the contract on the "Non-Expendable Equipment" form (Exhibit AA), indicating the method of charge (rent/lease or depreciation), and including Exhibit AA with the bidder's Budget Proposal.

CDCR reserves the right to disallow any type of non-expendable equipment not deemed to be needed or applicable to the program. The cost for any disallowed non-expendable equipment will be deducted from the bidder's Budget Proposal. Non-expendable equipment costs not listed on the "Non-Expendable Equipment" form (Exhibit AA) shall be disallowed.

**d. Facility Lease/Rent**

Reasonable rent or lease costs applicable to the occupied space(s) for the CDCR project may be charged in the budget proposal of the contract. Space costs cannot exceed comparable rental space(s) for the surrounding area. If the Contractor occupies space(s), which will only be partially used for this project, the allowable space costs must be based on the percentage of space used for the project.

**e. Facility Owned**

If the Contractor owns the facility, they may be compensated for the use of the building through (1) depreciation or (2) current interest expense related to the original purchase of the facility. The computation of depreciation will be based on total facility acquisition cost, less land cost. If significant repairs are needed to make the facility usable for the project, prior written approval from the CDCR Contract Manager is required. A straight-line method of computing depreciation must be used. The contractor must possess the proper records to validate these costs and are subject to CDCR approval. The method of computing depreciation must be in accordance with Generally Accepted Accounting Principles (GAAP), and must be consistently applied. Only interest expense related to the original purchase price's remaining principal balance is allowed. Interest expenses related to equity loans are not allowable.

If a Contractor-owned facility is fully amortized and fully depreciated, a rental fee equal to Fair Market Value is allowable. The Fair Market Value shall be supported by an appraisal report prepared by a licensed independent real estate appraiser.



**f. Food Costs**

This covers food products used in the preparation of meals and does not include non-food products, e.g., eating utensils, pots, pans, cleaning detergents, etc. Whenever feasible, CDCR recommends purchasing food items in bulk at wholesale prices. If a Contractor is required to maintain a stock of food items, an inventory control system must be utilized to ensure appropriate use of items. Food costs for contractor staff is unallowable.

**g. Household Supplies**

Household supplies are those items necessary for the operation of the project and include, but are not limited to: linens, kitchen utensils, hygiene items, and cleaning supplies.

**h. Insurance**

Reimbursement for required insurance will be based on actual costs incurred. State reimbursement in this area is contingent upon receipt of an actual invoice from the insurance carrier detailing that the costs are specifically for this contract. Additional costs beyond the required levels of the contract will be incurred by the Contractor.

**i. Interest**

The Contractor may use allocated funds for interest when the State's annual budget is delayed and payments cannot be made to the Contractor, resulting in the inability for continued services unless the Contractor borrows funds. Any other situation for interest payments will be handled on a case-by-case basis and must be approved in writing by the Deputy Director of the Program.

**j. Line Item Additions**

These are blank areas on the Budget Proposal in which the Contractor has identified additional expense areas that CDCR concurs are necessary to provide contracted services and are obtained utilizing the Budget Transfer Request (BTR) process (see Budget Transfer Requests).

**k. Linen Services**

Linen services consist of outside services obtained to provide clean linen for use in the project (common for residential facilities contracts).

**l. Maintenance/Repair**

Allowable maintenance and repair costs are those that are necessary for the upkeep of the facility and non-expendable equipment.

**m. Project Supplies**

Project supplies include items which directly benefit the participants of the project. Project supplies include, but are not limited to: newspapers, brochures, magazines, books and other related publications.

**n. Supplies**

Supplies are defined as expendable items which depreciate with use and are limited to supplies necessary to meet the project's scope of work. Title to any expendable supplies purchased or built with State funds as part of the agreement will vest in the State. Upon termination of the agreement,

Contractors are required to leave all unused supplies for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such supplies for work to be performed under a different contract.

The cost of items purchased should be comparable to the prevailing price for similar items.

**o. Training**

Cost of required training for employee development benefiting contract programs.

**p. Travel**

If the contractor and/or subcontractor are required to travel during the performance of this Agreement, the CDCR agrees to pay travel, per diem and expense costs described at rates not to exceed those approved by the Department of Personnel Administration for similar staff.

Receipts are required for every item of expense (i.e., airline tickets, lodging, meals, etc.) incurred as a result of conducting State business and must be attached to the invoice. No reimbursement will be paid without a receipt.

The contractor may not claim lunch or incidentals on trips less than 24 hours. When trips are less than 24 hours and with no overnight stay, any meals claimed are taxable.

The contractor may not claim meals provided by the State, meals included in hotel expenses or conference fees, meals included in transportation costs such as airline tickets, or meals that are otherwise provided. Snacks and continental breakfasts such as rolls, juice, and coffee are not considered to be meals.

**REIMBURSEMENT ALLOWANCES:**

**Airfare**

Airfare will be reimbursed at economy/coach rates. Requests for reimbursement at business class and first class rates will be disallowed.

**Meals and Incidentals**

The following reimbursement rates are maximums, not allowances. The contractor may only claim their *actual* expense.

Breakfast: Up to \$6; Lunch: Up to \$10; Dinner: Up to \$18; Incidentals:  
Up to \$6

On the first day of travel, if the trip begins at or before 6:00 am –  
Breakfast may be claimed; 11:00 am – Lunch may be claimed; 5:00 pm  
– Dinner may be claimed

If the trip continues after 24 hours and if the trip ends at or after 8:00 am – Breakfast may be claimed; 2:00 pm – Lunch may be claimed; 7:00 pm – Dinner may be claimed

**Lodging Reimbursements**

The following reimbursement rates are per night maximums of actual expenses, plus tax, and not allowances.

COUNTIES	RATES
Alameda, San Francisco, Santa Clara, San Mateo	Up to \$140
Los Angeles, San Diego	Up to \$110

If the county is not listed above, the standard rate of **\$84** for lodging will apply.

**q. Utilities**

These costs may include gas, electricity, water and trash collection.

**4. Indirect Costs**

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one objective. The term “indirect costs” as used herein applies to costs incurred in the Contractor’s administrative department, as well as those incurred in other departments in carrying out the functions and objectives of the contract.

Indirect cost rates are based on annual direct expenses. An indirect cost rate is only applied to a bidder’s Budget Proposal if servicing more than one program (e.g., bidder is presently providing a program service to another State agency, local entity or organization). Indirect cost rates shall not be applied to sub-contractor costs.

Bidders that have established indirect cost rates with other governmental agencies may use their approved Cost Allocation Plan (CAP) for State purposes. However, the State will disallow costs that do not comply with the LIBG, even if those costs are allowable under other government agencies’ rules.

Accounting records shall include documentation of all costs supporting the expenses used to compute the indirect cost rate. Contractors shall adjust the indirect cost rate annually during the term of the contract to reflect actual costs incurred without exceeding the budget.

**a. Cost Allocation Plan**

The purpose of the CAP is to ensure that there is equitable distribution of indirect costs to all the Contractor’s programs or operations. The CAP will include all associated expenses and must be provided at the time of bid submittal. If the indirect cost rate is determined to be inaccurate, the indirect cost rate will be recalculated to reflect the Contractor’s supportable rate and the bid adjusted accordingly. In addition, previous payments made

by the State in excess of the supported indirect cost rate will be withheld from future payments to the Contractor or claimed during cost recovery in the close out audit.

## 5. Profit Fee

A one-time maximum profit fee of up to 5 percent (5%) of the cost of operating the project, exclusive of indirect costs and sub-contractor costs, is allowed per fiscal year. Profit fee costs will be added to the other proposed costs and become part of the total bid. If a budget amendment occurs due to an increase or decrease in fiscal year funding levels, the Contractor shall adjust the budgeted profit fee costs accordingly. At no time shall the profit fee percentage be greater than that of the original bid. Any unallowable costs from an audit may result in a recalculation of profit fee costs and recovery by CDCR of the difference.

**Note: Only for-profit contractors may claim a profit fee.**

## 6. Operating Reserve/Contingency Fund

Nonprofit organizations and government agencies may include a line item for Operating Reserve/Contingency Fund, which can be up to 5 percent of the cost of operating the project, exclusive of indirect and subcontractor costs. The Operating Reserve/Contingency Fund can only be used when all three criteria below are met:

- Necessary to pay for unanticipated costs as determined by the CDCR Program's Deputy Director or equivalent, which is directly associated with approved contract services;
- To be used for allowable expenses as detailed in the LIBG, Section II, Actual and Allowable costs; and,
- Funds from other line items are not available to pay for the unanticipated costs.

This line item may not be invoiced directly; therefore, if the Contractor wishes to use these funds, prior written approval must be obtained from the CDCR Program's Deputy Director or equivalent. The request shall be made through either a budget transfer request (approved by CDCR Program's Deputy Director or equivalent) or amendment request (approved by CDCR'S Office of Business Services (OBS) and/or Department of General Services). The request must clearly describe the need for the funds and also explain why funds from other lines are not available to pay for the unanticipated costs. CDCR reserves the right to require that the Contractor provide all information and documents necessary to justify the request. If during the term of the contract an amendment is approved that increases or decreases the amount of the contract, the amount of the Operating Reserve/Contingency Fund may be adjusted accordingly. Any unallowable costs from an audit may result in a recalculation of the Operating Reserve/Contingency Fund costs and recovery by CDCR of the difference.

## 7. Allowable Indirect Costs

The following costs are typically considered indirect. However, if these costs can be easily allocated to a final cost objective, they shall be identified on the line item budget as a direct cost.

### a. Accounting

The cost of establishing and maintaining accounting and other information systems required for the management of contracted programs. This includes costs incurred by central service agencies for these purposes.

### b. Advertising

Advertising media includes newspapers, magazines, radio, Internet, television programs, direct mail, trade papers, etc. Allowable advertising costs are solely for:

- Recruitment of personnel required for the contracted project;
- Solicitation of bids for the procurement of required goods and services;  
or,
- Other purposes specifically provided for in the contract.

### c. Audit Service

The cost of audits necessary for the administration and management of functions related to the contracted program.

### d. Bonding

Cost of fidelity, surety and performance bond premiums.

### e. Budgeting

Costs incurred for the development, preparation, presentation and execution of budgets.

### f. Corporate Staff

Costs connected with persons who, while not included as part of the contract, are necessary for the successful completion of said contract.

### g. Disbursing Service

Cost of disbursing contract program funds by the Contractor's treasurer or other designated officer. Disbursing services cover the processing of checks or warrants from necessary records of accountability and the reconciliation of such records with related cash accounts.

### h. Electronic Data Processing

The cost of data processing services related to the contracted program.

### i. Legal Expenses (Contract Administration)

The cost of legal expenses required in the administration of contract programs. NOTE: Three bids are not required for legal services.

**j. Management Studies**

The cost of management studies to improve the effectiveness and efficiency of management for ongoing programs; subject to such prior authorization as may be required by the State.

**k. Meetings and Conferences**

Costs when the primary purpose of the meeting is the dissemination of technical information relating to the contract program and are consistent with regular practices followed for the other activities of the Contractor. Registration fees are allowable under this line item. If travel is required for the meeting/conference, refer to the section entitled, "Actual and Allowable Costs," paragraph 3 "Operating Costs," subsection "p. Travel" on page 8.

**l. Memberships, Subscriptions and Professional Activities**

The cost of membership in civic, business, technical and professional organizations provided the:

- Benefit from the membership is related to the contract program;
- Expenditure is for Contractor's membership;
- Cost of the membership is reasonably related to the value of the services or benefits received;
- Expenditure is not for the membership in an organization which devotes a substantial part of its activities to influencing legislation; and,
- Single membership cost does not exceed \$100.00.

**m. Morale, Health and Welfare Costs**

These costs must be comparable to what State employees receive and requires prior written approval by the CDCR Contract Manager.

**n. Payroll Preparation**

Cost of preparing payrolls and maintaining necessary related wage records.

**o. Permits**

Licenses, permits and local government use fees (e.g. conditional use permit fees, business license, etc.) are allowable.

**p. Personnel Administration**

Cost for the recruitment, examination, certification, classification, training, establishment of pay standards and related activities for contract programs.

**q. Printing and Reproduction**

Costs for printing and reproduction services, which are necessary for program administration include, but are not limited to: forms, reports, manuals, information literature and related services which are in support of CDCR's contracted program.

**r. Procurement Service**

The cost of procurement services include solicitation of bids, preparation and award of contracts and all phases of contract administration to provide goods and services for contract programs.

**s. Taxes**

In general, taxes or payment in lieu of taxes, which the Contractor is legally required to pay are allowable. In lieu taxes only relate to contracts with other governmental entities and then only if the governmental entity can show documentation (law or resolution) legally entitling the collection of in lieu tax. In lieu taxes do not apply to private profit and nonprofit organizations. *Payment of any type of income tax (federal, State or local) is not allowable.*

**t. Transportation**

Transportation costs relating either to goods purchased, delivered or moved from one location to another. When such allowable transportation costs occur in moving items from one of the Contractor's CDCR contracted facilities to another, the cost shall be charged against the receiving facility's contract.

**u. Warehouse**

Cost of maintaining and operating a warehouse for supplies and materials used either directly or indirectly for contracted projects.

**8. Unallowable Costs**

The following are unallowable costs that cannot be considered in the Budget Proposal:

**a. Bad Debts**

Loss arising from uncollectible accounts and related costs.

**b. Bonus/Gifts**

Costs associated with bonuses and/or other gifts.

**c. Contributions, Donations and Fundraisers**

Contributions, donations, and fundraisers, including any expenses related to these activities are unallowable.

**d. Entertainment**

Costs of amusements, social activities and incidental such as meals, beverages, lodgings, rentals, transportation and gratuities are not allowable, unless such activity is specifically required as part of the project scope.

**e. Fines and Penalties**

Costs resulting from violations of or failure to comply with Federal, State and/or local laws and regulations. Penalties and fees resulting from the contractor's failure to meet financial obligations (charges/interest for delinquent payments, insufficient cash to cover checks, etc.) are also unallowable.

**f. Legal Expenses (Claims Against the State)**

Refer to Exhibit D – CDCR Special Terms and Conditions.

**g. Legislative Lobbying Costs**

Costs associated with lobbying activities.

**III. Fiscal Audits**

CDCR Office of Audits and Compliance (OAC), or any duly authorized Audits and Compliance representative, shall have the access and right to examine, audit, review, excerpt and transcribe any books, documents, papers or records of the Contractor and/or sub-contractor which in the opinion of the State may be pertinent to this contract. Such material for each year of the contract must be retained for a period of five years after the termination of the contract or until an audit is completed by the State and all questions arising there from are resolved. *An exception to the five-year period occurs when a contract audit is in dispute or litigation is ensued. In these instances, records are retained until all issues are resolved.*

Audits and reviews may be conducted at any time during the performance of the contract or during the five years following the completion of the contracting period. Actual costs incurred by the Contractor for expenses must be substantiated with appropriate source documentation. It is the Contractors responsibility to ensure that all expenditures claimed, including all subcontractor expenditures, are allowable costs associated in performing the contracted services as specified in the LIBG.

If expenditures are found to be unallowable during an audit, the Contractor's and/or subcontractor's reimbursements will be recalculated and adjusted accordingly. Noncompliance with financial management guidelines set forth herein will result in a disallowance of reported costs. A misappropriation of funds shall result in a disallowance of costs.

If the Contractor received payments that are determined to be unallowable, then, in addition to any other remedies the State may have, the State may withhold payments from the Contractor to recover these costs. The State also reserves the option to collect any unallowable costs from the Contractor in monthly installments.

If disallowed or questionable costs are found, a draft report will be issued to the Contractor for review and comment. The Contractor will have 30 days to submit



written comments and/or supply additional source documentation to the State for consideration in preparing the final report. The parties hereto mutually agree that the resolution of any issues pertaining to audits shall be resolved pursuant to Section 22090.7 of CDCR's Operations Manual.

#### **IV. Project Budget Proposal**

Attached is a blank Project Budget Proposal (Attachment 1) which displays some of the allowable costs for a cost reimbursement budget. The project budget proposal displays five (5) separate budget categories (A, B, C, D, E and F) and indicates the line items within each budget category. CDCR's Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.

**1. Total Personnel Costs**

*Total Staff Salaries*  
*Total Staff Benefits*

**2. Sub-Contractors/Consultants Costs**

*(Identified by Bidder)*

**3. Total Operating Costs\***

*Communications*  
*Expendable Equipment*  
*Non-Expendable Equipment (per Exhibit AA)*  
*Facility Lease/Rent*  
*Food Costs*  
*Household Supplies*  
*Insurance*  
*Interest*  
*Line Item Additions*  
*Linen Services*  
*Maintenance/Repair*  
*Supplies*  
*Travel*  
*Utilities*

**4. Total Indirect Costs**

**5. Profit Fee (for-profit organizations)**

**6. Operating Reserve/Contingency Fund (non-profit/government agencies)**

*\* Any other associated operating cost applicable to the project is an allowable cost and may be added to the budget proposal as an additional expenditure under Total Operating Costs budget category. Refer to the section entitled "II. Actual and Allowable Costs," paragraph 3 "Operating Costs," sub-paragraph j "Line Item Additions".*

## V. Establishing Monthly Salary Rates

A bidder may need to establish different monthly salary rates for personnel positions for a multi-year contract to reflect salary increases for subsequent fiscal years (FY) of the contract, as indicated below:

### 1. Monthly Salary Rates

Considerations for a monthly salary increase should include:

- Cost of living adjustments (COLAs);
- Merit salary adjustments; and/or,
- Anniversary increases.

### 2. Establishing a Monthly Salary Range

A bidder may establish a monthly salary range for:

- A single staff position; and/or,
- Multiple staff positions (with the same position title).

By establishing a monthly salary range, this allows personnel to have varying monthly salaries and the established rates shall be inclusive of any salary increases during a fiscal year. For a multi-year contract, a bidder may also establish different monthly salary ranges for each fiscal year. Establishing salary ranges will allow the Contractor to make salary adjustments within the established range during the contract term to accommodate unexpected personnel changes. The range must be realistic and conform to industry standards for each position.

The following displays an example monthly salary range by FY:

<b>Single Staff Position</b>	
<b>Supervising Caseworker</b>	\$3125 - \$3280 (1st FY)
	\$3280 - \$3445 (2nd FY)
	\$3445 - \$3615 (3rd FY)

  

<b>Multiple Staff Positions</b>	
<b>23 Caseworkers</b>	\$2550 - \$2675 (1st FY)
	\$2675 - \$2800 (2nd FY)
	\$2800 - \$2940 (3rd FY)

A Budget Transfer Request (BTR) approved by the CDCR Deputy Director of the Program is required for all salary increases. An approved contract amendment is required for salary increases over 15%. The BTR and/or contract amendment has to be approved before the salary increase is granted, and must meet the criteria for allowable salary increases—refer to the section

entitled "II. Actual and Allowable Costs", paragraph 1 "Personnel Costs", subparagraph "a. Staff Salaries".

**3. Position's Time Base**

CDCR may determine a position's time base when developing a project budget proposal requirement for a competitive bid or may allow a bidder to indicate a position's time base. A position's time base is the program time (indicated by either a percentage or hours) associated in performing contracted services.

**4. Project Time by Percent Range for Multiple Staff Positions**

The percentage of program time may be established by the bidder as a percentage range for multiple staff positions (as seen below), with this percentage range indicating that one or more staff positions are providing services at a less than full-time basis:

8 Counselors:

\$2450-\$2575 monthly salary @ 50%-100% = \$219,150 budget amount

To compute the budgeted amount for the 8 Counselors, each position's monthly salary rate and time base vary for the FY:

1 @ \$2450 @ 50% = \$14,700

1 @ \$2450 @ 75% = \$22,050

2 @ \$2450 @ 100% = \$58,800

4 @ \$2575 @ 100% = \$123,600

A bidder would not need to display this application on the project budget proposal; however, for invoicing purposes, the monthly salary paid to each staff person cannot be more than the established monthly salary rates and time base.

**5. Project Time by Hours**

A bidder may indicate a position's project time base by the "number of hours" dedicated to the project during a fiscal year, however, this application would require the position's salary to be indicated as an "hourly salary rate" in order to compute the position's budgeted amount, as shown below:

Supervising Counselor: \$18.50 hourly rate @ 2016 total hours = \$37,296

**Invoicing for a Position's Budgeted Hourly Rate**

Hourly rate increases over 15% must have prior amendment approval by CDCR's Deputy Director of the Program and the Office of Business Services before making commitment to staff.

**6. Personnel Positions**

CDCR determines the "key staff" positions for a project budget proposal. Personnel positions identified in the project budget proposal are direct costs associated in performing the services required in the scope of the project.

A bidder may identify other staff positions necessary to fulfill the requirements of the contract.

**7. Temporary Help and Overtime Displayed**

A bidder may include separate position lines for temporary help and overtime as displayed below.

Please note that the budgeted salary and project time base may be indicated as "various" since these are unknown factors during the development of a project budget proposal. Overtime may reflect any of the personnel positions listed.

A. PERSONNEL	No. of Positions	Monthly Salary	% of Project Time	No. of Months
Overtime	Unknown	Various	Various	Unknown
Temporary Help	Unknown	Various	Various	Unknown

**8. Costs Displayed for Budget Categories and Line Items**

- Budget category budgeted amounts must be displayed in "dollars";
- Monthly salary rates must be displayed in "dollars";
- Hourly rates may be displayed in dollars and cents. If hourly rates are displayed, the project time base must indicate the total "number of hours" (*not indicated by percentage of time*) for the fiscal year for calculation purposes; or,
- Non-expendable equipment items must be listed and the method of charge identified.

## Frequently Asked Questions (F.A.Q.)

### 1. What is an amendment?

An amendment is defined by the California State Contracting Manual as “a formal modification or change of a material term, such as the term, cost, or scope of work, in one or more provisions of an existing contract.”

### 2. When is a formal amendment required?

An amendment is required when any of the following proposed changes to an executed contract are required:

- Change in the scope of work;
- Change in contract term;
- Increase or decrease in total funding for any one fiscal year;
- Salary increases over 15% of the budgeted high salary range; or,
- Increase in the total Personnel category greater than 15%.

### 3. What is a Budget Transfer Request?

A Budget Transfer Request (BTR) is an informal document used by the Contractor to indicate budget transfer costs of existing project funds without the need to process a formal amendment. The BTR is only used when there is no increase in the funding level and/or no change in the scope of the project. The BTR enables the Contractor to adjust the line item budget to reflect actual expenditures. The BTR must be approved by the Deputy Director or equivalent of the CDCR Program.

The Line Item Budget Guide includes a copy of the BTR form. You must include all applicable supporting documentation when submitting a BTR for review.

### 4. What are allowable budget transfers?

Transfers either within or across categories, and up to 15% of original bid per fiscal year, will be allowed each fiscal year without submitting an immediate BTR. The 15% is cumulative for each fiscal year budget. All transfers exceeding 15%—excluding “Personnel”—must be documented on the BTR form. If necessary, allowable transfers may be accomplished by transferring funds across the established categories.

For audit purposes, the Contractor shall maintain documentation concerning their BTR. At the end of each quarter within the fiscal year, the Contractor will reconcile

their budgets with CDCR. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.

Transfers moving funds into/from the Indirect Cost, Profit Fee, and/or Operating Reserve/Contingency Fund categories to/from any other line item are not allowed.

#### **5. How soon do I need to file a BTR?**

Prior written approval for any type of transfer or change not identified below must be requested from the Deputy Director of the Program. If the request is approved, the Contractor will be provided written notification to process a BTR for the requested transfer or change.

The following actions require an *immediate* BTR and approval from the Deputy Director or equivalent of the CDCR Program:

- An adjustment to budget costs across established budget categories greater than 15% of original total for that category. (e.g., "Operating Costs"; "Subcontractor/Consultant Costs", etc., but excluding "Personnel" category).
- Adding new line item(s) in any one of the budget categories.
- An increase in benefits only for the following documented circumstances:
  - a. An increase in employee health care or workers' compensation costs.
  - b. An increase in social security or unemployment insurance costs.
  - c. An increase in employee payroll taxes.

Documented proof of increased costs must be provided (i.e., tax documents, invoices, etc.).

- An addition of new budgeted positions that do not have a significant impact on contracted services or contract deliverables and do not require duties and/or qualifications to be identified in the scope of the project.
- An increase in a budgeted position's time base (e.g., from 50% to 75%, etc.).

#### **6. What are the Contractor's responsibilities concerning a BTR?**

The Contractor shall submit a BTR once each quarter to reconcile any movement of funds not requiring the submittal of an immediate BTR. No later than 15 business days after the end of each quarter, the Contractor will submit their quarterly BTR to the Contract Manager. The BTR must reflect budget transfer costs of existing project funds, provide justification and supporting documentation for each budget transfer, and submit a revised budget for the affected fiscal years. The justification/documentation memorandum must accompany the BTR and be signed by the Contractor's Director or designee. *If no movement of funds occurred during any quarter, the Contractor will indicate this on their last monthly invoice for that quarter.*

## 7. What are CDCR's responsibilities concerning a submitted BTR?

CDCR Contract Managers must submit a copy of all approved BTRs, along with a revised budget, to the CDCR Accounting Services office and the Office of Business Services (OBS). OBS will review all BTRs and revised budgets to ensure that they are in accordance with the guidelines. Any approved BTR that is deemed inappropriate will be noted and directed to the OAC for audit exceptions. OBS will notify the CDCR Contract Manager of any BTR that has been forwarded to the OAC.

The Accounting Office will not pay invoices exceeding the budgeted category amounts until an approved BTR and revised budget have been received from the CDCR Contract Manager. The Accounting Office will only pay invoices for categories that are reflected in the current approved line item budget that have sufficient funds. All BTRs and revised budgets will be maintained in the contract file.

BTRs are effective for the entire fiscal year of request. BTRs for the last quarter of any given fiscal year, or upon term end of contract, must be received by CDCR's Accounting Office and OBS (after program review and approval) no later than 90 days after the fiscal year end. BTRs received after 90 days of the fiscal year end must be accompanied by a signed late justification memorandum, submitted by the contractor for approval by the Deputy Director or equivalent of the CDCR Program.

## 8. How do I include duties performed for a vacant position?

A vacant position's duties may be temporarily performed:

- By an existing position whose time base is currently less than 100% (*e.g., time base of 75% increased to 100% and the existing position's budgeted amount would also increase by transferring costs from the vacant position*); or,
- By allowing existing staff to work overtime; or
- By employing temporary help.

## 9. What are allowable salary rate increases?

Salary increases *not included in the budget at the time of bid* will only be allowed during the term of the contract under the following conditions:

- CDCR increases contract responsibilities which results in increased responsibilities of the established budgeted positions; or,
- The project is legislatively approved for cost of living adjustments; or,
- The Contractor experiences documented recruitment or retention problems; or,
- Salary increases are required by the Contractor's agreement with its employees' unions.

Salary increases over 15% of the high range, other than those included in the budget at the time of bid, must have **prior** amendment approval before making commitments to staff.

**10. What can cause a change in the number of budgeted positions?**

The number of established budgeted positions may increase (e.g., from 3.5 to 5 full time employee positions) due to an increase in the quantity of services.

An employee's percentage of time worked may increase (e.g., from 75% to 100%) when performing additional duties.

**11. When can new budget line items be added?**

New positions, excluding temporary help, may be added to a project budget during the contract amendment process due to a change in the scope of work. A new position's salary range, percentage of time and number of months must be shown on the project budget. A new position's salary range must be in line with the established salaries identified in the project budget.

Additional budget line items and associated costs may be added by an amendment to reflect the actual increased costs associated with providing services.

The Contractor is allowed to add new line items by utilizing existing funds within each FY budget without the need to process an amendment.

*All new line items must be reflected in a BTR.*

**12. How do I configure monthly invoices for contract expenditures?**

The Contractor may use CDCR's monthly invoice form entitled, "**Monthly Invoice for Contract Expenditures**" (included in this guide) *or may develop a similar monthly invoice form*. If a Contractor elects to develop their own monthly invoice, the monthly invoice **must include** the same data information and associated costs as indicated on CDCR's monthly invoice. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.



# **SAMPLE DOCUMENTS**

**Project Budget Proposal**  
**Exhibit AA – Non-Expendable Equipment**  
**OBS 250 – Budget Transfer Request**  
**Quarterly Budget Transfer Request**  
**Monthly Invoice for Contract Expenditures**



Contractors Name: \_\_\_\_\_

Contract Number \_\_\_\_\_

Exhibit AA

### NON-EXPENDABLE EQUIPMENT

List all types of non-expendable equipment used with this project. Budgeted costs for non-expendable equipment reflect payment made per month during the term of the contract. Attach additional sheets if necessary.

EQUIPMENT ITEM and SERIAL NUMBER	RENT COST or LEASE COST  Indicate monthly cost.	DEPRECIATION If not using the straight line method, you will be required to submit support justification indicating the method of depreciation.
	Rent Cost: \$ _____ per month  Lease Cost: \$ _____ per month	Acquisition Cost: \$ _____ Useful Life: ___ years Depreciation Cost: \$ _____ per month
	Rent Cost: \$ _____ per month  Lease Cost: \$ _____ per month	Acquisition Cost: \$ _____ Useful Life: ___ years Depreciation Cost: \$ _____ per month
	Rent Cost: \$ _____ per month  Lease Cost: \$ _____ per month	Acquisition Cost: \$ _____ Useful Life: ___ years Depreciation Cost: \$ _____ per month
	Rent Cost: \$ _____ per month  Lease Cost: \$ _____ per month	Acquisition Cost: \$ _____ Useful Life: ___ years Depreciation Cost: \$ _____ per month
	Rent Cost: \$ _____ per month  Lease Cost: \$ _____ per month	Acquisition Cost: \$ _____ Useful Life: ___ years Depreciation Cost: \$ _____ per month

## BUDGET TRANSFER REQUEST

(Cost Reimbursement Budgets)

-PLEASE PRINT LEGIBLY-

DATE SUBMITTED (from Contractor):

SUBMITTED TO: <b>California Department of Corrections and Rehabilitation</b>		FROM (Contractor's Official Name as Written on Contract):	
CDCR DIVISION OR PROGRAM (Managing Contract):		PREPARED BY:	TELEPHONE NUMBER:
MAILING ADDRESS:		MAILING ADDRESS	
CITY, STATE, & ZIP CODE:		CITY, STATE, & ZIP CODE:	
ATTENTION (Program / Program Manager):	PHONE NUMBER:	CONTRACT # / AMENDMENT #	FISCAL YEAR(S):

### TYPE OF BUDGET TRANSFER REQUEST (BTR)

*Note: All BTRs require PRIOR approval from CDCR's Deputy Director or equivalent for the Program.*

CHECK ALL THAT APPLY:

- Adjust budget costs across established budget categories greater than 15% of original category total (excluding Personnel category). Note that transfers to/from Indirect Costs, Profit Fees, and/or Operating Reserve/Contingency Fund to/from other line items are not allowed.
- Add new line item(s) in any one budget category.
- Increase benefits for any of the following (**and provide documentation**):
  - 1. Increase in employee health care or workers' compensation costs.
  - 2. Increase in social security or unemployment insurance costs.
  - 3. Increase in employee payroll taxes.
- Add new budgeted positions (these do not have a significant impact on contracted services or contract deliverables, nor do they require duties and/or qualifications to be identified in the scope of this project).
- Increase a budgeted positions' time base (e.g., from 50% to 75%).

### DEPUTY DIRECTOR or EQUIVALENT OF PROGRAM APPROVAL

<input type="checkbox"/> APPROVED	<input type="checkbox"/> DENIED	DATE:
DEPUTY DIRECTOR NAME:	DEPUTY DIRECTOR SIGNATURE:	PHONE NUMBER:

**Attach a revised line-item budget for each fiscal year affected. All pages must include contract and BTR numbers.**

DISTRIBUTION:  Program  Contractor  OBS Contract Analyst  Accounting (original)

Contractor's Name: \_\_\_\_\_

Quarterly Budget Transfer Request  
(Cost Reimbursement Budget)

Contract for \_\_\_\_\_

Fiscal Year 20\_\_/20\_\_

A. PERSONNEL	Number of Positions	Monthly Salary *	% of Project Time *	No. of Months *	Original Total	1 <sup>st</sup> QTR BTR	2 <sup>nd</sup> QTR BTR	3 <sup>rd</sup> QTR BTR
<b>Total Staff Salaries</b>								
<b>Total Staff Benefits ( ____ % of Total Staff Salaries)</b>								
<b>TOTAL PERSONNEL COSTS (A)</b>								
<b>B. SUB-CONTRACTORS/CONSULTANTS COSTS</b>								
<b>TOTAL SUB-CONTRACTORS/CONSULTANTS COSTS (B)</b>								
<b>C. OPERATING COSTS</b>								
Travel								
Facility Lease/Rent								
Maintenance/Repair								
Communications								
Utilities								
Insurance								
Supplies/Expendable Equipment								
Non-Expendable Equipment (per Exhibit AA)								
Household Supplies								
Food Costs								
Linen Services								
<b>TOTAL OPERATING COSTS (C)</b>								
<b>SUBTOTAL ANNUAL DIRECT EXPENSES (A+C)</b>								
<b>D. TOTAL INDIRECT COSTS ( ____ % of Subtotal Annual Direct Expenses)</b>								
<b>E. PROFIT FEE ( ____ % of Subtotal Annual Direct Expenses)</b>								
<b>F. OPERATING RESERVE/CONTINGENCY FUND ( ____ % of Subtotal Annual Direct Expenses)</b>								
<b>TOTAL BUDGET FOR FISCAL YEAR ____ (A+B+C+D+E+F)</b>								

- These Personnel changes should be noted on BTR narrative

(Rev. January 2010)



# MONTHLY INVOICE FOR CONTRACT EXPENDITURES (COST REIMBURSEMENT BUDGETS)

## INSTRUCTIONS

### CONTRACTOR COMPLETES:

**INVOICE NUMBER:** Enter an invoice number (for tracking purposes).

**TO:** Enter the CDCR Division or Program administering the contract. Mail to the address identified in the contract's General Terms and Conditions, Attention: Accounting Department.

**PREPARED BY:** Enter the name and telephone number of the individual responsible for preparing the monthly invoice. Individual identified will serve as the contact person and should be able to answer questions regarding the monthly invoice.

**CONTRACTOR'S OFFICIAL NAME AND MAILING ADDRESS:** Enter the business name and mailing address as stated on the contract documents. If mailing address changes during the course of the contract, Contractor will be responsible for notifying CDCR of the new address.

**CONTRACT NUMBER AND AMENDMENT NUMBER:** Note on each monthly invoice submitted.

**WHEN SERVICES PROVIDED AND AMOUNT DUE:** Identify the month, year and the amount of payment due.

### **Project Budget Costs**

For the following budgeted costs, do not send supporting documentation with the monthly invoice, but retain files in the Contractor's headquarters office based in California or at the project service location where services are being provided.

**EXCEPTION:** Required to submit supporting documentation for "Travel Costs" and "Sub-Contractors/Consultant Costs."

**PERSONNEL COSTS:** List the name, position title, time base percentage (or hours worked). Each approved position must be listed whether staffed or vacant. To justify the use of salary savings, the Contractor must obtain prior approval through the Budget Transfer Request process. Monthly invoice for salary costs of vacant positions cannot be reimbursed, or claimed for personnel services not rendered during the vacancy period. Attach additional lines as necessary.

**STAFF BENEFITS:** Enter the percentage of Total Staff Salaries as stated in the budget. If a percentage range was established (due to some staff benefit premiums being paid on a quarterly or annual basis), the monthly amount paid can not exceed the established high range.

**SUB-CONTRACTOR/CONSULTANT COSTS:** Enter the associated costs. Submit supporting documentation for all expense reimbursements of associated costs claimed with the monthly invoice and retain a copy at the Contractor's headquarters or at the project service location where services are being provided for audit purposes.

### **OPERATING COSTS:**

**TRAVEL** - Enter the costs directly related to travel for the project. Travel costs must be supported by travel expense vouchers, purpose of travel, location (to and from destinations), dates, time of travel, rates claimed, mileage and any applicable receipts. Submit supporting documentation for travel costs claimed with the monthly invoices and retain a copy at the Contractor's headquarters or at the project service location where services are being provided for audit purposes.

**FACILITY LEASE/RENT** - Enter the monthly lease/rent costs applicable to the occupied space for the project. If Contractor occupies space(s) which will only be partially used by the CDCR project, the allowable space costs must be based on the percentage of space used for the project. If the facility is owned by the Contractor, the Contractor may be compensated for the use of buildings through depreciation and current interest expense related to the purchase of the facility. The computation of depreciation will be based on total facility acquisition cost, less land cost. Adequate property records must be maintained and a straight line method of computing depreciation must be used, in accordance with Internal Revenue Code. The method of computing depreciation must be consistently applied.

**MAINTENANCE/REPAIR** - Enter the costs that reflect expenses for the upkeep of the facility and/or the repair of non-expendable equipment.

**COMMUNICATIONS** - Enter the costs associated for the operation of the project. Costs include, but are not limited to, telephone service, postage costs and messenger service.

**UTILITIES** - Enter the costs associated for the operation of the project. Costs include, but are not limited to, gas, electricity, water and trash collection.

**INSURANCE** - Enter the costs associated in maintaining insurance coverage for the operation of the project.

**SUPPLIES/EXPENDABLE EQUIPMENT** - Enter the purchase price of office supplies and/or expendable equipment (acquisition cost of less than \$5000 per unit) necessary to meet the project's required services.

**NON-EXPENDABLE EQUIPMENT** - Enter the costs as indicated in the approved budget for the method of charge (rent/lease or depreciation).

**LINE ITEM ADDITIONS** - Enter those costs deemed necessary to provide contracted services as indicated in the approved budget.

**INDIRECT COSTS** - Will be allowed to the extent specified in the approved contract budget. Enter the associated costs and list the indirect cost rate (percentage of costs) which is based on the combinations of Total Personnel Costs and Total Operating Costs.

**PROFIT FEE** (For profits only) - Will be allowed to the extent specified in the approved contract budget. Enter the profit or service fee rate (percentage of costs), which is based on the combinations of Total Personnel Costs and Total Operating Costs. Enter the associated total costs. *Note that non-profits and government agencies are not allowed to claim profit or service fees.*

**OPERATING RESERVE/CONTINGENCY FUND** (For non-profits and government agencies) - May include this line item. The fund/reserve can be up to 5% of the cost of operating the project, exclusive of indirect and subcontractor costs.

**FISCAL OFFICER'S SIGNATURE** - Contractor's fiscal officer must review and certify with their signature that expenditures claimed are in accordance with the provisions identified in the contract budget. Fiscal officer must print and sign their name and date each monthly invoice. **Send the signed original and two (2) copies to accounting.**

**IF NO BUDGET CHANGES OCCURRED DURING THE QUARTER** - If there were no movement of funds during the quarter, including amendments, the Contractor will indicate this on their last monthly invoice for that quarter by checking the box at the bottom of the invoice. If there were movement of funds, leave blank. *(Check only for last monthly invoice of the quarter).*

**CDCR STAFF COMPLETES:** The CDCR Contract Manager or their authorized designee must review Contractor's monthly invoice and certify with their signature that based upon their review and verification of the attached documentation, satisfactory service as been provided in accordance with the provisions of the contract budget. The individual authorizing the payment of the monthly invoices must sign, along with entering their title and date of signature. Forward to accounting the approved invoice and retain support documentation for your project records. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.