

AGENDA ITEM NO.

COUNCIL MEETING 02/24/09

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

February 24, 2009

FROM: JERRY P. DYER, Chief of Police
Police Department

BY: TOM LABAND, Lieutenant
Police Department

SUBJECT: AUTHORIZE THE AGREEMENT BETWEEN THE CITY OF FRESNO AND
CALTRANS TO PROVIDE A FREEWAY LITTER CLEAN-UP PROGRAM WITH
THE USE OF INMATE LABOR.

KEY RESULT AREA

Litter removal in the City and County of Fresno

RECOMMENDATIONS

It is recommended that City Council approve the Agreement between the Police Department and CALTRANS. The Fresno Police Department oversees a freeway litter clean-up operation utilizing two working inmate labor crews fully funded by CALTRANS.

EXECUTIVE SUMMARY

On March 2, 2009, the City of Fresno has the opportunity to enter into a renewed two year agreement with CALTRANS to provide a freeway litter clean-up program with the use of inmate labor. This program is funded by CALTRANS, and has inmate labor remove trash from our freeways while being supervised by Fresno police officers. CALTRANS has agreed to reimburse the City up to a total of \$495,754.32 toward the cost of two full-time police officer positions, overtime, transportation vehicles, fuel and workers' compensation premiums. The City of Fresno will provide workers' compensation coverage during the operation of the program. The program will run daily, Monday through Friday, except holidays, through February 1, 2011.

The agreement will allow the Fresno Police Department to provide two inmate labor crews. The crews will consist of seven volunteer inmate laborers each supervised by a Fresno police officer. The police officer positions will not be continued beyond the February 1, 2011, agreement date without prior Council approval.

This Agreement will begin on March 2, 2009. The agreement may be terminated by either party for any reason by giving written notice to the other party at least twenty-four hours in advance of the effective date of such termination.

KEY OBJECTIVE BALANCE

The inmate litter clean-up program balances the three key objectives of prudent financial management, employee satisfaction, and customer satisfaction by bringing in state funds to pay for two inmate clean-up crews. This will ultimately benefit the community by reducing trash and overgrowth on our highways.

BACKGROUND

The State of California provides funding for ongoing efforts to remove litter and maintain the appearance of state freeways. These programs can include mechanical pick ups, use of inmate labor and paid state employees. The most effective methods of maintaining the appearance of our freeways are a combination of strict enforcement of our litter laws and an ongoing and sustained litter removal program. Studies have shown that litter, like graffiti, not removed quickly becomes accepted.

According to CALTRANS, the most effective program for removing litter has been the use of inmate labor. The program developed by CALTRANS and the City of Fresno has demonstrated itself to be an effective and worthwhile program, removing literally tons of litter from our freeways. CALTRANS estimates an average of 50 cubic yards of debris are removed weekly, per crew, in addition to vegetation control.

FISCAL IMPACT

Cal Trans will fully reimburse the City of Fresno for the cost of this contract, thus there is no net fiscal impact to the General Fund. The attached Appropriation Resolution will increase budget appropriations to \$495,754.32, equal to the maximum reimbursement from CALTRANS.

TL:tl
02/18/09

Attachments: Agreement between City of Fresno and CALTRANS

COOPERATIVE AGREEMENT

THIS AGREEMENT (Agreement), ENTERED INTO ON March 2, 2009, is between the State of California, acting by and through its Department of Transportation, referred to herein as **DEPARTMENT**, and the City of Fresno, hereinafter referred to as **LOCAL AGENCY**.

RECITALS

1. **DEPARTMENT** and **LOCAL AGENCY**, pursuant to Streets and Highways Code sections 114 (a) and 130, are authorized to enter in this Agreement affecting State highways within the jurisdiction of **LOCAL AGENCY**.
2. **LOCAL AGENCY** has agreed to implement litter and weed removal on the Department right of ways, hereinafter the Project, subject to the terms and conditions of this Agreement. The Project Description (Scope of Work and Cost Estimate) is attached hereto as Attachment III.
3. The **LOCAL AGENCY's** governing body, under the authority of local ordinances, if applicable, if authorized to provide services or funding as described and specified herein pursuant to the **LOCAL AGENCY** resolution attached hereto as Attachment II.
4. All services performed by **LOCAL AGENCY** pursuant to this Agreement are intended to be performed in accordance with all applicable Federal, State, and **LOCAL AGENCY** laws, ordinances, regulations, and **DEPARTMENT** encroachment permits, published manuals, policies, and procedures.
5. Project funding is as follows:

<u>FUND TITLE</u>	<u>FUND SOURCE</u>	<u>DOLLAR AMOUNT</u>
State Highway Account	100% State	\$495,754.32

6. This Agreement is exempt from legal review and approval by the Department of General Services, pursuant to PCC section 10295.

SECTION I

LOCAL AGENCY AGREES

To satisfactorily complete all Project Work described in Attachment III.

SECTION II

DEPARTMENT AGREES:

DEPARTMENT agrees that when conducting an audit of the costs claimed by **LOCAL AGENCY** under the provisions of this Agreement, **DEPARTMENT** will rely to the maximum extent possible on any prior audit of **LOCAL AGENCY** pursuant to the provisions of State and applicable Federal laws. In the absence of such an audit, work of other auditors will be relied upon to the extent that such work is acceptable to **DEPARTMENT** when planning and conducting additional audits.

SECTION III

IT IS MUTUALLY AGREED:

In consideration of the foregoing and the mutual promises of the parties hereto, **LOCAL AGENCY** and **DEPARTMENT** agree as follows:

1. Notification of Parties

- a. **LOCAL AGENCY's** Project Manager is Lieutenant Tom Laband, (559) 454-2614, Fax (559) 454-2614.
- b. **DEPARTMENT's** Contract Manager is Tony Zuniga, (559) 488-4379.
- c. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and received by the parties at their respective addresses:

City of Fresno
Attention: Lieutenant Tom Laband
2323 Mariposa Street
Fresno, CA 93721

California Department of Transportation
DISTRICT 6 Maintenance
Attention: Tony Zuniga
855 "M" Street, 2nd Floor
Fresno, CA 93721-2716

2. Period of Performance

Work under this Agreement shall begin on March 2, 2009, contingent upon approval of this Agreement by **DEPARTMENT**, and will terminate on February 1, 2011, unless extended by amendment.

3. Changes in Terms/Amendment

This Agreement may only be amended or modified by mutual written agreement of the parties.

4. Termination

This Agreement may be terminated by either party for any reason by giving written notice to the other party at least thirty (30) days in advance of the effective date of such termination. In the event of termination by said notice, funds reimbursed to **LOCAL AGENCY** will include all authorized non-cancelable obligations and prior costs incurred

5. Cost Limitation

- a. The total amount payable to **LOCAL AGENCY** pursuant to this Agreement by **DEPARTMENT** shall not exceed \$495,754.32.
- b. It is agreed and understood that this Agreement fund limit is an estimate and that **DEPARTMENT** will only reimburse the cost of services actually rendered as

authorized by the **DEPARTMENT** Contract Manager at or below that fund limitation established hereinabove.

6. Allowable Costs

- a. The method of payment for this Agreement will be based on actual allowable costs. **DEPARTMENT** will reimburse **LOCAL AGENCY** for expended actual allowable direct and indirect costs, including, but not limited to labor costs, employee benefits, and travel (overhead is reimbursable only if the **LOCAL AGENCY** has an approved indirect cost allocation plan) costs incurred by **LOCAL AGENCY** in performance of the Project work, not to exceed the cost reimbursement limitation set forth in 5.a, above. Actual costs shall not exceed the estimated wage rates, labor costs, travel and other estimated costs and fees set forth in Attachment III without prior written agreement between **DEPARTMENT** and **LOCAL AGENCY**.
- b. Reimbursement of **LOCAL AGENCY** expenditures will be authorized only for those allowable costs actually incurred by **LOCAL AGENCY** in the performance of the Project work. **LOCAL AGENCY** must not only have incurred the expenditures on or after the Effective Date of this Agreement and before the Termination Date, but must have also paid for those costs to claim any reimbursement.
- c. Travel expenses and per diem rates are not to exceed the rate specified by the State of California Department of Personnel Administration for similar employees (i.e. non-represented employees) unless written verification is supplied that government hotel rates are not commercially available to **LOCAL AGENCY**, or its contractors, its subcontractors, and/or its subrecipients, at the time and location required as specified in the California Department of Transportation's Travel Guide Exception Process.
- d. **DEPARTMENT** will reimburse **LOCAL AGENCY** for all allowable Project costs no more frequently than monthly in arrears as promptly as **DEPARTMENT** fiscal procedures permit upon receipt of itemized signed invoices in triplicate. Invoices shall reference this Agreement Number and shall be signed and submitted to the Contract Manager at the following address:

California Department of Transportation
District 6 Maintenance
Attention: Tony Zuniga
855 "M" Street, 2nd Floor
Fresno, CA 93721

- e. Invoices shall reference the following information:
 1. Number of the Agreement
 2. Location of service performed
 3. Date of service
 4. Breakout of position and labor hours worked
 5. Equipment used
 6. Hours for the equipment used and/or mileage (provided by daily log sheet)
 7. Actual item(s) treated and itemized listing of chemicals/supplies used (with applicable signed invoice if purchase involved)
 8. Estimated acres treated per location

7. Cost Principles

- a. **LOCAL AGENCY** agrees to comply with Office of Management and Budget Circular A-87, Cost Principles for State and Local Government, and 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- b. **LOCAL AGENCY** agrees, and will assure that its contractors and subcontractors will be obligated to agree, that (a) Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual Project cost items and (b) all parties shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving Project funds as a contractor or sub-contractor under this Agreement
- c. Local Agency shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- d. Any Project costs for which **LOCAL AGENCY** has received payment or credit that are determined by subsequent audit to be unallowable under Office of Management and Budget Circular A-87, 48 CFR, Chapter 1, Part 31 or 49 CFR, Part 18, are subject to repayment by **LOCAL AGENCY** to **DEPARTMENT**. Should **LOCAL AGENCY** fail to reimburse moneys due **DEPARTMENT** within thirty (30) days of discovery or demand, or within such other period as may be agreed in writing between the Parties hereto, **DEPARTMENT** is authorized to intercept and withhold future payments due **LOCAL AGENCY** from **DEPARTMENT** or any third-party source, including, but not limited to, the State Treasurer, the State Controller or any other fund source.
- e. **LOCAL AGENCY** agrees to include Project in the schedule of projects to be examined in **LOCAL AGENCY**'s annual audit and in the schedule of projects to be examined under its single audit prepared in accordance with Office of Management and Budget Circular A-133.
- f. Prior to **LOCAL AGENCY** seeking reimbursement of indirect costs, **LOCAL AGENCY** must prepare and submit annually to the **DEPARTMENT** an indirect cost rate proposal and a central service costs allocation plan (if any) in accordance with Office of Management and Budget Circular A-87 and Local Program Procedures Manual (LLP 04-10).

8. Americans with Disabilities Act

By signing this Agreement **LOCAL AGENCY** assures **DEPARTMENT** that it complies with the applicable provisions of the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

9. Mutual Hold Harmless Clause

- a. Nothing in this the provision of the Agreement is intended to create duties or obligations to or rights in third parties to this Agreement or affect the legal liability of either party to the Agreement by in putting any standard of care with respect to the maintenance of State highways different from the standard of care imposed by law.
- b. CALTRANS agrees to indemnify, save, hold harmless and at CITY's request, defend the CITY, its officers, agents, and employees from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to City in connection with the performance of the Agreement and from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to any person, firm, or corporation who maybe injured or damaged by the negligent performance of CALTRANS, its officers, agents or employees in the performance of this Agreement
- c. City agrees to indemnify, save, hold harmless and at Caltrans request, defend Caltrans, its officers, agents, and employees from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to Caltrans in connection with the performance of the Agreement and from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to any person, firm, or corporation who maybe injured or damaged by the negligent performance of City, its officers, agents or employees in the performance of this Agreement.
- d. In the event of concurrent negligence on the part of Caltrans or any of its officers, agents or employees, and City or any of its officers, agents or employees, the liability for any and all such claims, demands and actions in law or equity for such losses, fines, penalties, forfeitures, costs and damages shall be apportioned under the State of California's theory of comparative negligence as presently established or as may be modified hereafter.
- e. This Section III, Item 9 shall survive termination or expiration of the Agreement for a period of four (4) years.

Insurance

- a. CITY shall provide to CALTRANS proof of Worker's Compensation Insurance or CITY self-insurance pursuant to Section 3700 of the Labor Code. A copy of this certificate shall be returned along with the Agreement after the CITY's governing body approves this Agreement. The final execution of this Agreement will not occur until this information is provided by the CITY.
- b. CITY shall provide workers' compensation insurance for all INMATES deemed to be employees of the CITY, and for all CITY Officers. For the sole purposes of this paragraph and workers' compensation, INMATES are "deemed to be employees of the CITY" during transportation to and from the job site by CITY Officers and performance of the work under this Agreement.
- c. CITY shall notify CALTRANS Contract Manager of any injuries occurring on the worksite within 24 hours. Within 48 hours of the occurrence of the injury, CITY will file

with the CALTRANS Contract Manager a copy of the State Compensation Insurance Employer's Report of Occupational Injury or Illness.

- d. It is understood and agreed that CALTRANS and CITY maintain insurance policies or self-insurance programs to fund their respective liabilities. The parties agree that such respective programs or policy coverage for Workers' Compensation shall contain a waiver of subrogation as to the other party and each of its officers, agents and employees. Evidence of Insurance, Certificates of Insurance or other similar documents shall not be required of either party under this Agreement, except as otherwise expressly required herein to be provided by CITY regarding Worker's Compensation Insurance.

9. Non-Discrimination

- a. During the performance of this Agreement, **LOCAL AGENCY** and all of its subcontractors, if any, shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family and medical care leave, and denial of pregnancy disability leave. **LOCAL AGENCY** and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. **LOCAL AGENCY** and its sub-contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by this reference and are made a part hereof as if set forth in full. **LOCAL AGENCY** and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- b. **LOCAL AGENCY** shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

10. Funding Requirements

- a. It is mutually understood between the parties that this Agreement may have been written for the mutual benefit of both parties in order to avoid program and fiscal delays that would occur if the Agreement was executed only after ascertaining the availability of a congressional or legislative appropriation of funds.
- b. This Agreement is valid and enforceable only if sufficient funds are made available to **DEPARTMENT** by the United States Government and/or the California State Legislature for the purpose of this Project. In addition, this Agreement is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress or the State Legislature that may affect the provisions, terms or funding of this Agreement in any manner.

- c. It is mutually agreed that if the Congress or the State Legislature does not appropriate sufficient funds for the program and Project, this Agreement shall be amended to reflect any reduction in funds.
- d. **DEPARTMENT** has the option to void this Agreement under the thirty (30) day termination clause or to amend this Agreement to reflect any reduction of funds. In the event of an unscheduled termination, the **DEPARTMENT** Contract Manager may reimburse **LOCAL AGENCY** in accordance with the provisions of Article 6 of this Section II.

11. Records Retention

- a. **LOCAL AGENCY**, its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred Project costs and matching funds by line item for the Project. The accounting system of **LOCAL AGENCY**, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices. All accounting records and other supporting papers of **LOCAL AGENCY**, its contractors and subcontractors connected with Project performance under this Agreement shall be maintained for a minimum of three years from the date of final payment to **LOCAL AGENCY** and shall be held open to inspection, copying, and audit by representatives of **DEPARTMENT**, the California State Auditor, and auditors representing the federal government. Copies thereof will be furnished by **LOCAL AGENCY**, its contractors, and its subcontractors upon receipt of any request made by **DEPARTMENT** or its agents.
- b. For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with the performance of **LOCAL AGENCY's** contracts with third parties pursuant to Government Code section 8546.7, **LOCAL AGENCY**, **LOCAL AGENCY's** contractors and subcontractors and **DEPARTMENT** shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire Project period and for three years from the date of final payment to **LOCAL AGENCY** under this Agreement. **DEPARTMENT**, the California State Auditor, or any duly authorized representative of **DEPARTMENT** or the United States Department of Transportation, shall each have access to any books, records, and documents that are pertinent to a Project for audits, examinations, excerpts, and transactions, and **LOCAL AGENCY** shall furnish copies thereof if requested.
- c. **LOCAL AGENCY**, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by **DEPARTMENT**, for the purpose of any investigation to ascertain compliance with this Agreement.

12. Disputes

- a. Any dispute concerning a question of fact arising under this Agreement that is not disposed of by agreement shall be decided by the **DEPARTMENT** Contract Officer, who may consider any written or verbal evidence submitted by **LOCAL AGENCY**.

- b. Neither the pendency of a dispute nor its consideration by the Contract Officer will excuse **LOCAL AGENCY** from full and timely performance in accordance with the terms of the Agreement.

13. Subcontractors

LOCAL AGENCY shall perform the work contemplated with resources available within its own organization and no portion of the work shall be subcontracted without written authorization by **DEPARTMENT's** Contract Manager, unless expressly included (subcontractor identified) in Attachment III. Any subcontract in excess of \$25,000 entered into as a result of this Agreement shall contain all the provisions stipulated in this Agreement to be applicable to **LOCAL AGENCY's** subcontractors.

14. Disabled Veterans Business Enterprise

- a. Should Military and Veterans Code sections 999 et seq. be applicable to **LOCAL AGENCY**, **LOCAL AGENCY** will meet, or make good faith efforts to meet, the 3% Disabled Veterans Business Enterprises goals (or **LOCAL AGENCY's** applicable higher goals) in the award of every contract for Project work to be performed under this Agreement.
- b. **LOCAL AGENCY** shall have the sole duty and authority under this Agreement and each amendment to determine whether these referenced code sections are applicable to **LOCAL AGENCY** and, if so, whether good faith efforts asserted by those contractors of **LOCAL AGENCY** were sufficient as outlined in Military and Veterans Code sections 999 et seq.

15. Drug-Free Workplace Certification

By signing this Agreement, **LOCAL AGENCY** hereby certifies under penalty of perjury under the laws of the State of California that **LOCAL AGENCY** will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code section 8350 et seq.) and will provide a drug-free workplace by doing all of the following:

- 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, as required by Government Code section 8355(a).
- b. Establish a Drug-Free Awareness Program as required by Government Code section 8355(b) to inform employees about all of the following:
 - 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. Provide as required by Government Code section 8355(c), that every employee who works on the proposed contract or grant:

1. will receive a copy of the company's drug-free policy statement, and
2. will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.

Failure to comply with these requirements may result in suspension of payments under this Agreement or termination of this Agreement or both, and **LOCAL AGENCY** may be ineligible for the award of any future state contracts if **DEPARTMENT** determines that any of the following has occurred: (1) **LOCAL AGENCY** has made a false certification or, (2) **AGENCY** violates the certification by failing to carry out the requirements as noted above.

16. Relationship of Parties

It is expressly understood that this is an agreement is executed by and between two independent governmental entities and that this is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or association, or any other relationship whatsoever other than that of an independent party.

ATTACHMENTS:

The following attachments are incorporated into and are made a part of this Agreement by this reference and attachment.

- I. Accounting & Audit Guidelines
- II. **LOCAL AGENCY** Resolution
- III. Scope of Work, Schedule, and Costs

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first herein above written:

**STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION**

CITY OF FRESNO

By: _____

By: _____

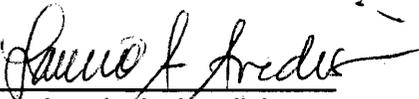
Title: Contract Officer

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM
City Attorney's Office

By: 
Laurie A. Avedisian
Deputy

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM
City Clerk

By: _____
Deputy

By: _____

Title: _____

Date: _____

ATTACHMENT 1

ACCOUNTING & AUDIT GUIDELINES FOR CONTRACTS WITH CALTRANS

INTRODUCTION

The purpose of this brochure is to outline for you, a potential contractor with the California State Department of Transportation (Caltrans), the basic elements of an adequate accounting system, and the types and objectives of audits that will be performed in relation to your contract. In order to successfully compete for a contract and meet the audit requirements, a contractor (whether a prime or subcontractor) must have a system of record keeping and internal control. Although a specific cost accounting system is not required, a contractor needs a system which will assure compliance with the terms of the agreement. A preaward audit will be performed to assure you meet these requirements prior to contract execution. If your system is deficient, the contract will not be executed.

Caltrans reimburses, through your overhead rate, the costs attributable to establishing and maintaining a cost accounting system.

Staff time and other costs related to an audit performed of your contract are also normally reimbursed through your overhead rate.

ACCOUNTING SYSTEM

Contractors (whether a prime or subcontractor) planning to contract with Caltrans must have an accounting system which meets the following objectives:

- The ability to record and report financial data in accordance with generally accepted accounting principles.
- A system of record keeping to ensure that costs billed to Caltrans are:
 - a. Supported by adequate documentation.
 - b. In compliance with the terms of the contract and applicable Federal and State regulations specified in the contract.
- A system of record keeping which ideally includes the following:
 - a. A General Ledger
 - b. Job cost ledger
 - c. Labor distributions
 - d. Time records
 - e. Subsidiary journals

ATTACHMENT 1

- f. Chart of accounts
- g. Financial statements
- The ability to accumulate and segregate reasonable, allocable (incurred solely for a project) and allowable (per terms of the contract) costs through the use of a cost accounting system. The following are some of the attributes which would ideally be found in such a system:
 - a. A chart of accounts which includes indirect and direct general ledger accounts. Indirect costs are not specifically identified to a project, for example, rent and/or utilities. Direct costs are specifically identified with a project, for example, drafting hours and/or design hours.
 - b. Segregation of costs by contract, category of cost and milestones (if applicable).
 - c. Proper recording of direct and indirect costs. For example, recording of labor costs should provide that non-project indirect hours be recorded on a timesheet and in the accounting records to an administration, vacation, sick leave or other indirect cost account/code. Direct project hours should be recorded on a timesheet and in the accounting records to a direct project cost account/code.
 - d. Consistent accounting treatment of costs in recording and reporting. For example, if travel expense is charged directly to a project, all travel expense incurred on any project should be considered a direct cost. As a result, project related travel, whether reimbursable per the contract terms or not, should not be included as an indirect cost.
 - e. Ability to trace from invoices submitted to Caltrans to job cost records and original, approved source documents, for example, timesheets, vendor invoices, canceled checks.
 - f. Ability to reconcile job cost records to the accounting records.
- Compliance with cost principles described in the Code of Federal Regulations 48, Federal Acquisition Regulations System (FAR), Chapter 1, Part 31. Information on how to obtain this regulation is described under "Audit Criteria" in this brochure.
- Procedures to monitor and adjust projected overhead rates to actual rates.
- Controls to ensure that written approval is obtained prior to any changes to the contract.
- Procedures to retain accounting records and source documentation as required by the terms of the contract.
- A system of internal control which provides reasonable assurance that assets are protected; financial data, records and statements are reliable; and errors and irregularities are promptly discovered, reported, and corrected. The elements of a system of internal control should include, but not be limited to, the following:
 - a. Separation of duties for proper protection of assets. Incompatible duties are those that place any person in a position to both perpetrate and conceal errors or irregularities in the normal course of business. For example, the person who

ATTACHMENT 1

writes checks should be different from the person who reconciles bank statements and the person who purchases goods should be different from the person who receives goods.

- b. Limiting access to assets to only authorized personnel who require these assets in the performance of their assigned duties. For example, blank check stock should be locked in a safe when not in use.
- c. Authorization and record keeping procedures which provide effective accounting control over assets, liabilities, revenues, and expenditures.
- d. A system of practices to be followed in the performance of duties and functions. Such a system normally includes policies and procedures which establish the purpose and requirements of the accounting system. For example, timekeeping practices should ideally provide for the following:
 - Timesheets be prepared, signed, and dated by all employees.
 - Timesheets be completed in non-erasable ink.
 - Timesheet corrections be crossed-out and initialed by the employee.
 - Timesheets be signed by a supervisor as reviewed and retained on file as required by the contract.
- e. Personnel with skills and training commensurate with their responsibilities.
- f. A system of internal review. For example, bank reconciliations and travel expense claims should be reviewed approved and signed by a supervisor.

AUDITS

Contractors, whether a prime or subcontractor, performing under a negotiated contract with Caltrans are subject to the following audits:

PREAWARD AUDITS

Prior to the award of a contract, the Caltrans Audits Office will conduct a preaward evaluation to determine if the contractor's accounting system is adequate to accumulate and segregate costs as detailed in the previous section and to determine if the proposed costs are reasonable. It alerts both the contractor and Caltrans management to problems relative to the contractor's cost proposal and cost accounting system. Due to time constraints in the award process, your cooperation in scheduling the preaward audit with short notice will expedite the execution of your contract.

INTERIM AUDITS

Interim audits are performed on an as needed basis. During the preaward audit, if it is determined that the contractor's accounting system is new or minor deficiencies are noted, an interim audit is scheduled to determine that the system is functioning adequately to ensure that billed costs are supported and that any deficiencies were corrected. An interim audit may be requested by the

ATTACHMENT 1

contract administrator or by Caltrans management to address concerns during the course of the contract. Also, an audit manager may initiate an interim audit of a long duration contract to ensure that costs reimbursed to date are allowable.

POST AUDITS

Post audits of contracts are performed routinely after project completion. Post audits are performed to determine whether the costs claimed are allowable, allocable, reasonable, and in compliance with the Federal and State laws and regulations as well as the fiscal provisions stipulated in the contract. The examination includes reviews of applicable laws and regulations, the contract requirements and the contractor's system of internal controls. Audit tests of the contractor's accounting records and other auditing procedures considered necessary will also be made. Applications of all audit procedures would also be governed by the individual contract under audit. Unsupported or unallowable costs are normally the result of weaknesses in the accounting system and will be reimbursed to Caltrans.

AUDIT CRITERIA

For specific information regarding basic cost accounting systems and applicable State and Federal regulations, please see the following:

Code of Federal Regulations 48, Federal Acquisition Regulations System, Chapter 1, Part 31
This regulation contains cost principles and procedures for the pricing of contracts/subcontracts and the determination, negotiation, or allowance of costs. Contact:

Superintendent of Documents
Government Printing Office
Washington, DC 20402

(202) 783-3238

California State Administrative Manual

A reference source for statewide policies, procedures, regulations, and information. Contact:

Documents and Publications
Office of Procurement
Department of General Services
P.O. Box 1015
North Highlands, CA 95660

(916) 973-3700

For review of the above references, contact your local library or the California State Library.

California State Library/Library and Courts Building
914 Capitol Mall
P. O. Box 942837
Sacramento, CA 94237-0001
Information: (916) 654-0261

ATTACHMENT 1

For assistance in establishing an accounting system which will meet the objectives outlined in this brochure, you should contact an accountant and/or bookkeeper who is familiar with cost accounting systems.

Caltrans is an affirmative action employer. Equal opportunity is offered to all regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. Contractors that contract with Caltrans are responsible for taking necessary and reasonable steps to achieve these same goals.

ATTACHMENT II
RESOLUTION

ATTACHMENT III

Scope of Work, Schedule and Costs

1. The Department agrees, to the extent possible considering staff obligations and maintenance commitments, to utilize City of Fresno inmate laborers under the County of Madera jurisdiction to perform certain labor-intensive activities.
2. Local Agency's Responsibility
 - a. The Local Agency shall be solely responsible for the supervision, custody, care and control of the inmate laborers assigned to perform the services in the Department's facilities and on State road right of ways. There shall be no co-mingling of the City inmate work crews with the public or other State work crews and staff other than the immediate technical direction by the Department employees to ensure quality control of the work being performed.
 - b. The Local Agency shall be responsible for housing, feeding, custody care, and supervision of their inmate laborers except for technical direction performed by Caltrans employees.
 - c. The Local Agency shall provide transportation for all City Inmate laborers to and from work sites, and they shall provide a portable sanitary toilet for the use and convenience of work crews and City staff.
3. Services to be Performed by the Local Agency Inmate Laborers
Laborers shall provide but not limited to the following maintenance services:
 - a. Clear unwanted unsightly, dead overgrown, bushes and trees within the right of way areas.
 - b. Trim or remove bushes and trees which have the potential of obstructing sight distance in the future as the brush becomes larger.
 - c. Open vistas of scenic worth, mountains, oceans, lakes, rivers, by selective tree and brush removal within the right of way.
 - d. Trim up or remove trees in areas of deer and other wild game crossings for motorist visibility of animals and vice versa.
 - e. Remove bushes, trees, and other debris within the right of way in ditches, channels, or natural gullies leading to cross-highway drainage.
 - f. In forestlands, clear natural vegetation-type debris, which has collected over time in natural waterways leading to cross-highway drainage, dead grass, logs, limbs, up to 1,000 feet from the highway.
 - g. Make firebreaks at fence lines and where appropriate adjacent to shoulders in lieu of spraying, grading, mowing, or disking.
 - h. Remove fire tinder within the right of way, dead grass, fallen limbs.
 - i. Plant natural vegetation on friable cut and fill slopes and any other areas subject to erosion.
 - j. Slope restoration and reseeded (eroded slopes). Clean culverts and restore ditches especially top of slope.

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- k. Construction of protective walls, lining of drainage inlets and outlets, utilizing native rock salvage from cut slopes.
 - l. Plant restoration in landscaped areas:
 - 1. Remove dead or end of life cycle plant, shrubs and trees.
 - 2. Prepare and replant areas of plant loss, shrubs and trees.
 - 3. Groundcover removal and replanting.
 - m. Perform manual weed control.
 - n. Water systems restoration
 - o. Clean up backside of landscaped areas, along local streets and frontage roads. Clean brushes, weeds, remove debris from unimproved right of way.
 - p. Mow lawns and mulch the plants.
 - q. Annual tree planting programs each winter or season.
 - r. Repair rock walls at scenic overlooks.
 - s. Restore right of way fence as listed below but not limited to:
 - 1. Rotted posts
 - 2. Broken wires
 - 3. In areas of no active use of the adjacent properties where fences have deteriorated.
 - t. Wash and paint signs and guideposts such as guardrail, wooden rail.
 - u. Perform general yard work at various Caltrans maintenance stations.
 - v. Remove litter from roadside and the landscape.
 - w. Repair damage caused by storm activity.
4. Procedures for on the Job Injury
- In the event that a City inmate laborer is injured on the job, the City shall be responsible for providing medical care and transporting the injured person to a medical facility. The City will be responsible for the administration of any claims by the City inmate due to injury on the job, as well as for treatment of the injured person. The City shall notify the Contract Manager within twenty-four (24) hours of all injured person(s) that incurred while performing services for this Agreement. City shall provide worker's compensation insurance, as applicable or needed insurance for inmate labors that are injured on the job.
5. Staffing of the Inmate Laborers
- Work crews are to report at a mutually agreed time to Caltrans 1635 West Pine Street Avenue, Fresno, California. The Contract Manager shall notify the City if the work site location is changed.
- a. The City will provide two (2) Correctional Officers and two (2) work crews generally consisting of one (1) Correctional Officer and seven (7) inmate laborers per crew, depending on the type of amount of work to be accomplished at a specific job site. In addition, the Correctional Officers will supervise, coordinate and direct the work.
 - b. Staffing of Laborers per Crew

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The City shall have a minimum of six (6) laborers per crew. No work shall be performed with a crew consisting of less than six (6) laborers.

- c. The City shall notify the Contract Manager by telephone if the Local Agency will not report to work due to a lack of laborers.
 - d. Work Schedule for Inmate Laborer Crew.
The inmate labor program shall provide services shall 7:30 a.m. until 4:00 p.m. Monday through Friday except weekends and State holidays.
 - e. The City shall notify the Contract Manager by telephone at (559) 445-6641, before 8:00 A.M. if the City staff members are unable to work due to equipment problems, sick leave or vacation of the City staff. The City shall also inform the Contract Manager one (1) in advance of permanent changes in Correctional Officer in charge of the laborer inmates. The City shall fax the information to the Contract Manager at (559) 445-6270.
 - f. Inmates and City officers shall be at the meeting area by the mutually agreed time in the morning. Work shall take place as soon as the crews are assembled, signed in for the day and driven to the work site. Work shall conclude no earlier than 2:00 P.M. and not later than 3:00 P.M. The inmate laborer program shall not exceed eight (8) hours per day.
 - g. The Officers assigned to this program will devote forty (40) hours per week towards the achievement of the program's goals and contract requirements. Each inmate laborer on the work crew will generally devote six (6) to seven (7) hours workday consisting of uncompensated manual labor. Variations in the amount of daily work hours will be a reflection of transportation time to and from the designated work site.
6. Reimburse of Cost to the City
The State shall reimburse the City on an actual cost basis for the salary and benefits of the City staff assigned full time to the program and all attendant costs of transportation, security, incidental equipment, indirect services and supplies need to provide an inmate work crew as specified in this Agreement. Payment to the City will be made by the State on a monthly basis upon receipt of the City itemized billing as specified in Item 5 entitled Cost Limitation.
7. RATE SCHEDULE FOR PAYMENT TO THE CITY
TOTAL NOT TO EXCEED \$495,754.32 FOR REIMBURSEMENT FOR WORK CREW SUPERVISORS AND FOR THE WORK CREW INMATES & RELATED COSTS OVER THE DURATION OF THIS AGREEMENT.
8. WORK CREW SUPERVISOR SALARY (INCLUDING RETIREMENT, BENEFITS AND FRINGE:

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- a. Cost per month per CITY Officer (including retirement, benefits and fringe):
\$8142.00 for year one of contract; \$8226.25 for year two of contract.
 - b. CITY Officer annual salary (including retirement, benefits and fringe):
\$97,710.00 first year of contract; \$98,715 second year of contract per officer.
9. COST FOR EQUIPMENT/TRANSPORTATION:
Cost per month per passenger van:
\$458.33
10. INSURANCE CHARGE:
Cost of insurance premium for INMATE work crews:
\$2,500.00 per month
11. INDIRECT COSTS:
- a. CITY Officer vacation time (based on 2 week earned annual vacation, replaced by officer on time and one-half pay):
\$670.40 per month
 - b. CITY Officer sick time (based on 6 days annually, replaced by officer on time and one-half pay):
\$201.12 per month