



CDF Prop 40 UPDATE

PROP 40 FUELS REDUCTION PROGRAM



California Department of Forestry and Fire Protection

Update Letter # 1

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This is the first edition of the CDF Prop 40 Update letter for the Proposition 40 Fuels Reduction Program. The intended audience for the Update includes CDF staff and our cooperators that participate in the program. Update letters will be sent out periodically as information about the program develops. The update letter will provide information on the policy, procedure and requirements for the Prop 40 program, and any other newsworthy items. The update letters will also be placed on the website: <http://frap.cdf.ca.gov/projects/prop40/>

Substantial Change to the Program:

The CDF Prop 40 Program has gone through several changes in the year since its inception. The most significant is changing from a standard State contracts program to a grant program that greatly enhanced CDF's ability to encumber funds with our cooperators. This change streamlined the process eliminating, several levels of agency review and processing for Community Assistance Grant agreements.

Fire Safe California Grants Clearinghouse:

CDF will continue to use the Fire Safe Clearinghouse process for selecting projects that fall into the category of "Community Assistance Grants," (non VMP and non CFIP). During the Clearinghouse process CDF may determine that a Community Assistance Grant proposal is a better fit under VMP or CFIP. These projects will be recommended for funding under these programs provided funding is available. For more on the Clearinghouse visit <http://grants.firesafecouncil.org/>

Policy on Funding Projects on Federal Ground:

Recently an issue surfaced that involved Prop 40 funding projects on Federal lands occupied by structures under permit with private citizens. Please be advised that it is CDF policy to fund projects only on nonfederal lands within the fifteen Sierra Nevada counties eligible for the Prop. 40 Program: Butte, Plumas, Sierra, Yuba, Nevada, Placer, El Dorado, Amador, Alpine, Calaveras, Tuolumne, Madera, Mariposa, Fresno, and Tulare. **Federal lands are not eligible for Prop 40.**

Procedures and Requirements for Invoicing Work Completed:

CDF has received many comments and concerns regarding the requirements for submitting invoice for Prop 40 projects, specifically associated with Community Assistance Grants to agencies and non profits. Much of this concern may originate from the fact that Prop 40 is a bond fund administered under State law as compared to the Federal grant funds familiar to many of our cooperators. State requirements for grant invoicing call for a higher level of documentation than do federal requirements. The following guidelines are intended to assist in understanding CDF's needs to properly administer the program.

Once the grantee has completed a portion of their project, they are to contact the area CDF Prop 40 Forester or designee to inspect the project. Upon approval of the completed work, the Prop 40 Forester or designee will submit the original invoice with supporting documentation (as detailed below) to Sacramento HQ for review. Copies of the invoice will also be submitted to the CDF Region Prop 40 representative. If any additional documentation is necessary, Sacramento staff will contact the Prop 40 Forester or designee, who in turn will contact the grantee. Note that the Prop 40 Forester is the primary contact and intermediary for the grantee and Program coordination in Sacramento and Region Headquarters. Grantees are encouraged to address all communications via their local Prop 40 Forester. Once the review process has been completed and pending outcome of the review, the invoice will be set-up for payment and delivered to the Accounting office (by Sacramento Staff). A warrant should be issued within 4-8 weeks.

Additionally, prior to commencing on-the-ground work, the grantee can invoice CDF for expenditures such as: environmental documentation preparation, photo monitoring, and distribution of leaflets to residents directly impacted by potential work.

The following items are required documentation to be submitted with invoices for payment:

- ◆ maps showing the project area where the work was completed,
- ◆ copies of time and attendance reports for any direct project/management time incurred;
- ◆ copies of receipts,
- ◆ invoices or other records demonstrating proof of work completed must accompany the payment request and support all charges.

All payment requests must be submitted with an itemized list of all charges, purpose of expenditures, with any supporting documentation that clearly identifies the expense is directly related to the project. For example, office supplies should include payment receipts showing materials purchased; office work and/or management must show hours worked and the rate at which it is billed; acres completed must show the rate per acre invoiced; chipping projects must show cost per ton.

Note: one crucial point in regards to Prop 40 expenditures: All expenditures must clearly and directly relate to the Prop 40 project. This is a primary criterion by which CDF shall be evaluated in the pending audit of the Prop 40 Program.

Direct versus Indirect Costs:

CDF staff has spent considerable time investigating eligible costs with the Prop 40 Program. A primary topic of discussion has been direct versus indirect costs. The following information is given to assist Prop 40 participants with their billing and budgeting procedures.

Only costs directly related to the project incurred during the project performance period specified in the budget and Grant Agreement will be eligible for reimbursement. Indirect costs are not eligible under Prop 40. One definition of indirect costs CDF staff encountered during their investigations reads as follows:

“Indirect Costs” means expenses of doing business that are of a general nature and are incurred to benefit at least two or more functions within an organization. These costs are not usually identified specifically with a grant, contract, Project or activity, but are necessary for the general operation of the organization. Examples of Indirect Costs include salaries and benefits of employees not directly assigned to a Project; functions such as personnel, accounting, and salaries of supervisors and managers; and general overhead such as rent, utilities, supplies, etc.

The guiding principle CDF will use to determine eligible costs is whether the cost is directly related to performance of the project as stated above. Therefore, rent, utilities, and phone are permitted under **administrative costs** in spite of the above definition; however, they may not be listed as indirect costs, only that portion of the total directly related to the project may be billed, and there must be supporting documentation that demonstrates how the cost was determined. This information is needed to support CDF’s position that reimbursement for such costs are in agreement with information provided by the Attorney Generals Office for the use of bond proceeds. Further, total administrative costs may not exceed 15% of the total grant agreement.

Prevailing Wages:

We have recently learned that labor contracted under grant agreements must be paid according to state prevailing wage requirements for public works projects such as work funded under Prop. 40 Community Assistance Grants. Prevailing wage requirements for public works projects are mandated by Labor Code sections 1770, 1773, and 1773.1 (see <http://www.leginfo.ca.gov/calaw.html> to download code sections). Grantees are responsible for ensuring that their contracting of labor is in compliance with the prevailing wage laws and regulations. The state Department of Industrial Relations oversees prevailing wage issues and provides information on its website at http://www.dir.ca.gov/DLSR/statistics_research.html