

ITEM 7
FINAL STAFF ANALYSIS
STATEWIDE COST ESTIMATE

The New California Fire Incident Reporting System Manual – Version 1.0/July 1990

California Fire Incident Reporting System (CFIRS)
CSM-4419/00-TC-02

San Ramon Valley Fire Protection District and City of Newport Beach, Claimants

EXECUTIVE SUMMARY

The proposed statewide cost estimate includes two fiscal years for a total of \$219,628 for the *California Fire Incident Reporting System (CFIRS)* program. Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Estimated Cost
1990-1991	3	\$85,888
1991-1992	3	\$133,740
TOTAL	6	\$219,628

Summary of the Mandate

All fire protection agencies in California have had a duty since January 1, 1974, to report "information and data to the State Fire Marshal relating to each fire" in their jurisdiction pursuant to Health and Safety Code section 13110.5, in the form, time and manner prescribed by the State Fire Marshal. The State Fire Marshal issued a manual and reporting forms in 1974 entitled the "California Fire Incident Reporting System" (CFIRS). The approved test claim regulation involves how cities, counties and fire districts implement this fire reporting system.

The Commission on State Mandates (Commission) adopted the Statement of Decision for the *California Fire Incident Reporting System (CFIRS)* program (4419/00-TC-02). The Commission found that the test claim statute constitutes a new program or higher level of service and imposes a state-mandated program on local agencies within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514, by requiring the local implementation of a computerized version of CFIRS, with submission of forms by diskette or magnetic tape for a two-year period as follows:

- Claimants who incurred actual costs for implementing the new computerized CFIRS format from July 1, 1990 (the beginning of the reimbursement period), to June 30, 1992 (the date of the letter from the State Fire Marshal stating that computerized filing was no longer required), are eligible for one-time costs for acquiring and implementing any necessary hardware and software.

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Staff reviewed the claims data submitted by four cities and one fire district and compiled by the SCO. The actual claims data showed that six claims were filed for fiscal years 1990-1991 and 1991-1992 for a total of \$219,628.¹ Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

Assumptions

1. *The actual amount claimed for reimbursement may increase if late or amended claims are filed.*
2. *Non-claiming local agencies did not file claims during the two-year reimbursement period because: (1) they did not incur more than \$1000 in increased costs for this program; or (2) did not have supporting documentation to file a reimbursement claim.*
3. *The total amount of reimbursement for this program may be lower than the statewide cost estimate, because the SCO may reduce any reimbursement claim for this program.*

Methodology

Fiscal Years 1990-1991 through 1991-1992

The proposed statewide cost estimate for fiscal years 1990-1991 and 1991-1992 was developed by totaling the six unaudited actual reimbursement claims filed with the SCO for these years. No projections for future fiscal years were included because reimbursement for this program ended on June 30, 1992. The proposed statewide cost estimate includes two fiscal years for a total of \$219,628.

Comments on the Draft Staff Analysis

No comments were filed on the draft staff analysis.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$219,628** for costs incurred in complying with the *California Fire Incident Reporting System (CFIRS)* program.

¹ Claims data reported as of August 18, 2009.

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The claimant filed the test claim on December 31, 1991, and an amendment to the test claim on July 17, 2000. The Commission adopted a Statement of Decision on December 4, 2006, and the parameters and guidelines on August 1, 2008.² Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 1, 2009, and late claims by February 1, 2010.

Reimbursable Activities

A. One-Time Activities from July 1, 1990 through June 29, 1992:

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2. Purchase and/or development of computer software or conversion of existing computer software necessary to implement the CFIRS program per the 1990 version of the CFIRS manual.
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5. Training on utilization of necessary computer hardware and/or software for each employee. (One-time per employee.)
6. Training on the submittal of reports via the necessary computer hardware and/or software for each employee. (One-time per employee.)

² Exhibit A, parameters and guidelines.

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Only four cities and one fire protection agency in California filed six reimbursement claims for this program. Thus, if reimbursement claims are filed by any of the remaining cities, fire protection agencies, or counties, the amount of reimbursement claims may exceed the statewide cost estimate. For this program, late claims may be filed until February 2010.

However, under this program, reimbursement is only authorized for those claimants that set up the new fire reporting system between 1990 and 1992. And, the State Fire Marshall no longer requires this type of reporting. It is unlikely that further claims will be filed.

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Reimbursement for this program is limited to one-time activities during a two-year period. Therefore, many eligible claimants may not have incurred the minimum threshold of \$1,000 to file reimbursement claims. In addition, because the claiming period goes back to 1990-1992, some claimants may not have retained the appropriate documentation to support a reimbursement claim.

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If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced.

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Comments on the Draft Staff Analysis

Staff issued the draft staff analysis on August 20, 2009.⁴ No comments were filed on the draft staff analysis.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$219,628** for costs incurred in complying with the *California Fire Incident Reporting System (CFIRS)* program.

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Adopted: August 1, 2008

PARAMETERS AND GUIDELINES

The New California Fire Incident Reporting System Manual – Version 1.0/July 1990

California Fire Incident Reporting System (CFIRS)

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I. SUMMARY OF THE MANDATE

All fire protection agencies in California have had a duty since January 1, 1974, to report “information and data to the State Fire Marshal relating to each fire” in their jurisdiction pursuant to Health and Safety Code section 13110.5, in the form, time and manner prescribed by the State Fire Marshal. The State Fire Marshal issued a manual and reporting forms in 1974 entitled the “California Fire Incident Reporting System” (CFIRS). This test claim, as amended, alleged that a 1987 amendment to the Health and Safety Code, and the 1990 edition of the CFIRS manual, imposed a reimbursable state-mandated program.

The Commission on State Mandates (Commission) adopted a Statement of Decision on December 4, 2006, concluding that the New California Fire Incident Reporting System Manual (Version 1.0, July 1990), mandated a new program or higher level of service on local agencies within the meaning of article XIII B, section 6 of the California Constitution, and imposed costs mandated by the state pursuant to Government Code section 17514, by requiring the local implementation of a computerized version of CFIRS, with submission of forms by diskette or magnetic tape.

- Claimants who incurred actual costs for implementing the new computerized CFIRS format from July 1, 1990 (the beginning of the reimbursement period), to June 30, 1992 (the date of the letter from the State Fire Marshal stating that computerized filing was no longer required), are eligible for one-time costs for acquiring and implementing any necessary hardware and software.

The Commission concluded that Health and Safety Code section 13110.5, as amended by Statutes 1987, chapter 345, does not impose a new program or higher level of service within the meaning of article XIII B, section 6 of the California Constitution. Because fire incident reporting was required by prior law, the Commission found that the 1990 CFIRS manual and related reporting forms do not mandate a new program or higher level of service for ongoing reporting of fire or other incidents, other than as described above.

II. ELIGIBLE CLAIMANTS

Any county, city, city and county, or fire district that incurred increased costs as a result of this reimbursable state-mandated program is eligible to claim reimbursement of those costs.

III. PERIOD OF REIMBURSEMENT

The test claim for this mandate was filed by the original test claimant, San Ramon Valley Fire Protection District, on December 31, 1991. When the test claim was filed, Government Code

section 17757 stated that "[a] test claim shall be submitted on or before December 31 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year." Therefore, the period of reimbursement begins July 1, 1990.

On June 30, 1992, a letter was issued by the State Fire Marshal stating that, effective immediately, fire incident reports may be submitted by hardcopy rather than diskette or tape. This letter rescinded the mandate. Therefore, the period of reimbursement is through June 29, 1992.

Actual costs for one fiscal year shall be included in each claim. Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any given fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Claimants may use time studies to support salary and benefit costs when an activity is task-repetitive. Time study usage is subject to the review and audit conducted by the State Controller's Office.

For each eligible claimant, the following activities are eligible for reimbursement, when the activities were conducted and/or costs were incurred from July 1, 1990 through June 29, 1992:

A. One-Time Activities from July 1, 1990 through June 29, 1992:

1. Purchase of necessary computer hardware to implement the CFIRS program per the 1990 version of the CFIRS manual.
2. Purchase and/or development of computer software or conversion of existing computer software necessary to implement the CFIRS program per the 1990 version of the CFIRS manual.
3. Installation and/or implementation of necessary computer hardware and/or software.
4. Creation of back-up copy(ies) of necessary computer software.
5. Training on utilization of necessary computer hardware and/or software for each employee. (One-time per employee.)
6. Training on the submittal of reports via the necessary computer hardware and/or software for each employee. (One-time per employee.)

V. **CLAIM PREPARATION AND SUBMISSION**

Each of the following cost elements must be identified for the reimbursable activities identified in Section IV of this document. Each reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be

claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1., Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate) of the training session, dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1., Salaries and Benefits, and A.2., Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3., Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORDS RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the State Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND OTHER REIMBURSEMENTS

Any offsetting revenues the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any federal, state or non-local source shall be identified and deducted from this claim.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of local agencies to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

State Controller's Office
Claiming Data
August 18, 2009

PROGRAM NAME	FISCAL YEAR	PAYEE NAME	CLAIMED AMOUNT
288 CA FIRE INC RPT SYS - CFIRS	19911992	9830586 CITY OF NEWPORT BEACH	34,520
288 CA FIRE INC RPT SYS - CFIRS	19911992	9831748 CITY OF ROSEVILLE	46,689
288 CA FIRE INC RPT SYS - CFIRS	19911992	9836761 CITY OF SAN BERNARDINO	52,531
288 CA FIRE INC RPT SYS - CFIRS	19901991	704009 EL MEDIO FIRE PROT DIST	4,320
288 CA FIRE INC RPT SYS - CFIRS	19901991	9819272 CITY OF EL SEGUNDO	33,830
288 CA FIRE INC RPT SYS - CFIRS	19901991	9836761 CITY OF SAN BERNARDINO	47,738

Exhibit B

Hearing: September 25, 2009
 j:mandates/4000/4419/sce/dsa

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DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

September 11, 2009

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

The Department of Finance (Finance) has reviewed the Commission's draft staff analysis of the proposed statewide cost estimate for Claim No. CSM-4419/00-TC-02 "California Fire Incident Reporting System Manual."

Finance concurs with the Commission's staff recommendation to adopt the statewide cost estimate of \$219,628 for fiscal years 1990-1991 and 1991-1992. As noted in the draft staff analysis, the actual costs for this period may be higher or lower based on amended or late claims or audit findings.

As required by the Commission's regulations, a "Proof of Service" has been enclosed indicating that the parties included on the mailing list which accompanied your August 20, 2009 letter have been provided with copies of this letter via either United States Mail or, in the case of other state agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Carla Castañeda, Principal Program Budget Analyst at (916) 445-3274.

Sincerely,

Diana L. Ducay
Program Budget Manager

Enclosure

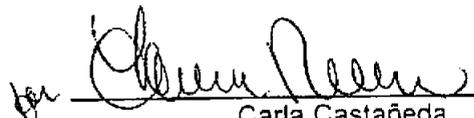
Attachment A

DECLARATION OF CARLA CASTAÑEDA
DEPARTMENT OF FINANCE
CLAIM NO. CSM-4419/00-TC-02

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

September 11, 2009
at Sacramento, CA


Carla Castañeda

PROOF OF SERVICE

Test Claim Name: California Fire Incident Reporting System Manual
Test Claim Number: CSM-4419/00-TC-02

I, the undersigned, declare as follows:

I am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within entitled cause; my business address is 915 L Street, 12 Floor, Sacramento, CA 95814.

On 9-11-09, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and nonstate agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, 12 Floor, for Interagency Mail Service, addressed as follows:

A-16
Ms. Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
Facsimile No. 445-0278

Ms. Bonnie Ter Keurst
County of San Bernardino
Office of the Auditor/Controller-Recorder
222 West Hospitality Lane
San Bernardino, CA 92415-0018

Ms. Hasmik Yaghobyan
County of Los Angeles
Auditor-Controller's Office
500 West Temple Street, Room 604

Mr. Steve Shields
Shields Consulting Group, Inc.
1536 36th Street
Sacramento, CA 95816

Ms. Annette Chinn
Cost Recovery Systems, Inc.
705-2 East Bidwell Street, #294
Folsom, CA 95630

Mr. Glen Everroad
City of Newport Beach
3300 Newport Boulevard
P.O. Box 1768
Newport Beach, CA 92659-1768

Mr. David Wellhouse
David Wellhouse & Associates, Inc.
9175 Kiefer Boulevard, Suite 121
Sacramento, CA 95826

Ms. Susan Geanacou
Department of Finance
915 L Street, Suite 1280
Sacramento, CA 95814

Ms. Carla Castaneda
Department of Finance
915 L Street, 12th Floor
Sacramento, CA 95814

Ms. Kate Dargan
Office of State Fire Marshal
P.O. Box 944246
Sacramento, CA 94244

Mr. Rick Terry
San Ramon Valley Fire Protection District
Fire Chief
1500 Bollinger Canyon road
San Ramon, CA 94583

Ms. Juliana F. Gmur
MAXIMUS
2380 Houston Avenue
Clovis, CA 93611

Mr. Rick Terry
San Ramon Valley Fire Protection District
Fire Chief
1500 Bollinger Canyon road
San Ramon, CA 94583

Ms. Juliana F. Gmur
MAXIMUS
2380 Houston Avenue
Clovis, CA 93611

Mr. Jolene Tollenaar
MGT of America
455 Capitol Mall, Suite 600
Sacramento, CA 95814

Mr. Leonard Kaye
County of Los Angeles
Auditor – Controller's Office
500 West Temple Street, Room 603
Los Angeles, CA 90012

Mr. William D. Ross
Law Offices of William D. Ross
520 S. Grand Avenue, Suite 300
Los Angeles, CA 90071

Mr. Allan Burdick
MAXIMUS
3130 Kilgore Road, Suite 400
Rancho Cordova, CA 95670

Ms. Ginny Brummels
State Controller's Office
Division of Accounting & Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Ms. Harmeet Barkschat
Mandate Resource Services, LLC
5325 Elkhorn Boulevard, #307
Sacramento, CA 95842

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on 9-11-09 at Sacramento, California.


Kelly Montelongo