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DATE: April 1, 2010

TO: PROSPECTIVE APPLICANTS

SUBJECT: **ADDENDUM #1 – REQUEST FOR APPLICATION (RFA) RFA - 11
LOCAL INCENTIVE AWARD (LIA) AND NON-PROFIT INCENTIVE
AWARD (NIA) PROGRAMS**

The information contained in Addendum #1 takes precedence over the original RFA. All other terms and requirements of the RFA not specified in this memorandum remain unchanged. Applications are to be submitted in response to the RFA as herein amended.

The following information is part of Addendum #1:

Page 18, paragraph F, entitled "Subcontracts", section a) v., should read - Attach a separate detailed subcontractor budget justification (subcontractor information only) breaking out the nine-line items. Agencies contributing State Share must use Form #4. Agencies with a subcontract or consultant paid from Federal Share budget over **\$5,000** and utilizing line items beyond Personnel Salaries must also use Form #4.

Page 19, paragraph F, entitled "Subcontracts", section c) should read - Use both the Budget Justification Form #4 and Form #10, entitled Subcontractor Budgets to provide information. (If Subcontractor Budget is over **\$5,000** the subcontractor must use Form #4).

Page 19, paragraph F, entitled "Subcontracts", section d) should read - Subcontracts are limited to 25% of overall contract total with the exception of subcontracts with agencies exempt from public contract code bidding requirements.

Additional Clarifying Information on Subcontract and or Consultant Budget Items

1. No subcontracting to circumvent competitive bidding. Subcontracting without limitation: Services may be subcontracted without restriction only as stated per the **State Contract Manual (SCM) Vol, 1, 3.06D:**

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- a. The primary agreement is a subvention agreement, or
 - b. The total of all subcontracts does not exceed \$50,000 or 25% **of the total contract**, whichever is less, and that subcontracting is not done for the purpose of circumventing competitive bidding requirements.
2. **SCM 3.06 E:** Subcontracting subject to these conditions: If the total of all subcontracts exceeds \$50,000 or 25% of the total contract, whichever is less, then subcontracting shall be permissible only if:
- a. Justification from the contractor why these services can not be civil service positions, and/or
 - b. Certification that the subcontractor has been selected by the prime contractor pursuant to a bidding process requiring at least three bids from responsible bidders, and/or
 - c. Prior written approval from Department of General Services or the Office of Legal Services has been received, and/or
 - d. Approval by the Agency Secretary or highest Executive Officer, attesting that the selection of the particular subcontractor/consultant(s) without competitive bidding was necessary to promote the agency/department program needs and was not done for the purpose of circumventing competitive bidding requirements.

Information on subcontracting can be found in the State Contract Manual located at <http://www.ols.dgs.ca.gov/Contract+Manual/Chapters4through6.htm>.

Thank you for your interest in the *Network's* LIA/NIA RFA and we look forward to receiving your application.