

*STAFF REPORT**CITY OF OCEANSIDE*

---

DATE: August 20, 2014

TO: Honorable Mayor and City Councilmembers

FROM: Police Department

SUBJECT: **RESOLUTION ACCEPTING \$49,561 IN GRANT FUNDS FROM THE STATE OF CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL TO REDUCE ALCOHOL-RELATED CRIME**

**SYNOPSIS**

Staff and the Police and Fire Commission recommend that the City Council adopt a resolution accepting \$49,561 in grant funds from the State of California Department of Alcoholic Beverage Control (ABC), awarded to the City to reduce alcohol-related crime; appropriating these funds to the Police Department; approving the grant budget; and authorizing the City Manager, or designee, to execute the Agreement and all other required documents.

**BACKGROUND**

Since 1995 the State of California Department of Alcoholic Beverage Control (ABC) has awarded grants to local law enforcement agencies to develop an effective, comprehensive and strategic approach to eliminating the crime and public nuisance issues associated with problem alcoholic beverage outlets. Problematic operations contribute disproportionately to the incidence of drug dealing, public drunkenness, drunk driving, underage drinking, and assaults. Excessive complaints and calls for service at problem outlets divert already scarce police resources.

The goals of the Alcoholic Beverage Control Grant Assistance Program (ABC GAP) are to achieve the goals and objectives of the local law enforcement agencies within the grant agreements; establish close working relationships between ABC district offices and local law enforcement agencies; to prioritize law enforcement efforts toward those licensed outlets that cause alcohol-related crime; to develop records management systems to ensure police reports are systematically sent to the ABC district offices as required by law; and to assist in the training of local law enforcement officers.

**ANALYSIS**

In May of 2014, Oceanside Police Department (OPD) was notified that their 2014/2015 GAP grant proposal was selected for funding in the amount of \$49,561. The grant funds

will be used for overtime to conduct enforcement operations and general undercover operations that target problematic ABC licensed establishments; approximately 660 hours of overtime for sergeants and officers to conduct five IMPACT operations, 5 Minor Decoy/Shoulder Tap operations and 10 general undercover operations between July 1, 2014, and June 30, 2015. Grant funds will cover registration and travel expenses for two officers to attend a mandatory training conference in July of 2014, which offers valuable training in alcohol enforcement. The grant will also cover the purchase of two Nikon D3200 Cameras, two Olympus Digital Voice Recorders, and three Leupold Bx-2 Acadia Binoculars, which will be used in the assistance of undercover operations as well as shoulder tap and minor decoy programs.

**FISCAL IMPACT**

Acceptance and appropriation of the grant funds in the amount of \$49,561 will allow for overtime without impacting the General Fund. ABC will reimburse OPD for the approved expenses. The City of Oceanside Financial Services Department set up business unit 817140000272 to track expenditures under this agreement. Reimbursement will be deposited into account 817140000272.4376. There is no requirement for matching funds from the City of Oceanside.

The appropriations by business unit and object code are detailed below.

<b>Expenditures</b>	<b>Amount</b>	<b>Business Unit</b>
Overtime	\$44,439	817140000272.5120
Fringe Benefits	\$644	817140000272.5207
Equipment	\$2,478	817140000272.5330
Travel Expenses	\$2,000	817140000272.5345
Total Amount of Funds	\$49,561	
<b>Revenue</b>	<b>Amount</b>	<b>Business Unit</b>
Total Revenue	\$49,561	817140000272.4376

**COMMISSION OR COMMITTEE REPORT**

The Police and Fire Commission reviewed this matter at its regular quarterly meeting on July 17, 2014, and recommended City Council approval of staff recommendations.

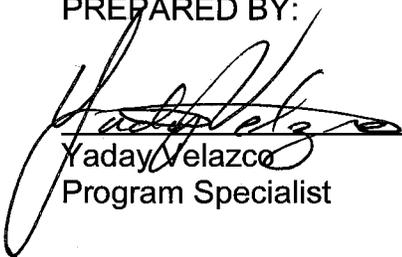
**CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

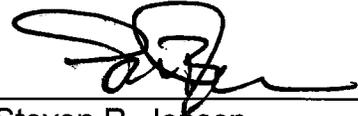
**RECOMMENDATION**

Staff and the Police and Fire Commission recommend that the City Council adopt a resolution accepting \$49,561 in grant funds from the State of California Department of Alcoholic Beverage Control (ABC), awarded to the City to reduce alcohol-related crime; appropriating these funds to the Police Department; approving the grant budget; and authorizing the City Manager, or designee, to execute the Agreement and all other required documents.

PREPARED BY:

  
\_\_\_\_\_  
Yaday Velazco  
Program Specialist

SUBMITTED BY:

  
\_\_\_\_\_  
Steven R. Jepsen  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager  
Frank McCoy, Police Chief  
James Riley, Financial Services Director



**ATTACHMENTS**

Attachment A – Resolution  
Attachment B – Grant Agreement

1 RESOLUTION NO. \_\_\_\_\_  
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
4 OCEANSIDE APPROVING FUNDS FROM THE GRANT  
5 ASSISTANCE PROGRAM ADMINISTERED BY THE  
6 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL.

7 WHEREAS, the City of Oceanside desires to undertake a certain project designated as  
8 2014/2015 Grant Assistance Program to be funded in part from funds made available through  
9 the Grant Assistance Program (GAP) administered by the Department of Alcoholic Beverage  
10 Control (hereafter referred to as ABC);

11 NOW, THEREFORE, the City Council of the City of Oceanside does ordain as follows:

12 SECTION 1. That the City Manager, Police Chief and/or their designees, of the City of  
13 Oceanside is authorized to execute on behalf of City Council the attached contract, including  
14 any extensions or amendments thereof and any subsequent contract with the State in relation  
15 thereto.

16 SECTION 2: That any liability arising out of the City of Oceanside's performance of this  
17 contract, including civil court actions for damages, shall be the responsibility of the City of  
18 Oceanside, the grant recipient and the authorizing agency. The State of California and ABC  
19 disclaim responsibility for any such liability.

20 SECTION 3: That the grant funds received hereunder shall not be used to supplant  
21 expenditures controlled by the grant recipient and the authorizing agency, and this award is not  
22 subject to local hiring freezes.

23 SECTION 4: To approve the expenditure plan, set forth in the staff report under the  
24 Fiscal Impact section, and to appropriate the funds to the Police Department.  
25  
26  
27  
28

1 INTRODUCTION at a regular meeting of the City Council of the City of Oceanside,  
2 California, held on the \_\_\_ day of \_\_\_\_\_, 2014, and, thereafter,

3 ///  
4 ///  
5 ///

6 PASSED AND ADOPTED at a regular meeting of the City Council of the City of  
7 Oceanside California, held on the \_\_\_ day of \_\_\_\_\_, 2014, by the following vote:

8 AYES:

9 NAYS:

10 ABSENT:

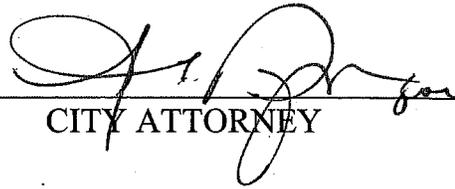
11 ABSTAIN:

12 \_\_\_\_\_  
13 MAYOR OF THE CITY OF OCEANSIDE

14  
15 ATTEST:

APPROVED AS TO FORM:

16 \_\_\_\_\_  
17 CITY CLERK

18 \_\_\_\_\_  
19   
20 CITY ATTORNEY

21 [A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING  
22 FUNDS FROM THE GRANT ASSISTANCE PROGRAM ADMINISTERED BY THE  
23 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL.]

24 G:\Word Documents\OPD\Resolutions\Reso - ABC Grant.doc

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

AGREEMENT NUMBER <b>14G-LA22</b>
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:  
 STATE AGENCY'S NAME  
**DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**  
 CONTRACTOR'S NAME  
**City of Oceanside through the Oceanside Police Department**
- The term of this Agreement is: **July 1, 2014** through **June 30, 2015**
- The maximum amount of this Agreement is: **\$ 49,561**
- 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	4 page(s)
Exhibit B – Budget Detail and Payment Provisions	3 page(s)
Exhibit C* – General Terms and Conditions	GTC 610
Check mark one item below as Exhibit D:	
<input checked="" type="checkbox"/> Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement)	1 page(s)
<input type="checkbox"/> Exhibit - D* Special Terms and Conditions	
Exhibit E – Additional Provisions	page(s)

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.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx](http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx)

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.) <b>City of Oceanside through the Oceanside Police Department</b>		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Frank S. McCoy, Chief</b>		
ADDRESS <b>3855 Mission Avenue Oceanside, CA 92058</b>		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME <b>Department of Alcoholic Beverage Control</b>		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Ed Jimenez, Assistant Director, Administration</b>		
ADDRESS <b>3927 Lennane Drive, Suite 100; Sacramento CA 95834</b>		
		<input checked="" type="checkbox"/> Exempt per: <b>SCM 4.04.(A)(3)</b>

## Exhibit A

### SCOPE OF WORK

#### 1. Summary (15 points)

##### a. Agency Description:

Oceanside Police Department (OPD) provides law enforcement services for the third largest city in San Diego County. The Department, led by Chief Frank McCoy, is comprised of three divisions each led by a Captain. Field Operations, the largest division, has twelve patrol teams, supervised by four lieutenants. OPD's commitment to community oriented policing is demonstrated by the number of special assignment teams: Harbor Unit, Traffic Services Unit, Neighborhood Policing Team, and School Safety Enhancement Team.

Investigations Division is divided into General Investigations (Robbery-Homicide, Family Protection, and Property Crimes Units) and Special Enforcement Section (SES), each under the supervision of a lieutenant. SES, comprised of Vice and Narcotics, Gangs and Uniformed Gang, is under the direction of Lt. Adam Knowland. The Vice and Narcotics Unit consists of 1 sergeant, 4 detectives and 1 civilian employee, and is responsible for monitoring the 296 ABC licenses issued within the city. OPD police officers are assigned to the San Diego County Gang Task Force, Narcotics Task Force, Jurisdictions Unified for Drug Gang Enforcement (J.U.D.G.E), Regional Auto Theft Task Force (R.A.T.T.), Innocence Lost Task Force (ILTF) and North County Human Trafficking Task Force.

OPD has 217 sworn positions and 81 civilian positions in the current fiscal year budget, however current staffing is at 200 sworn and 79 civilian. Given the current financial conditions, it is unknown how many of these vacant positions will be filled. Due to shortfalls in expected revenues, 7 police officer positions, 1 sergeant position, 1 lieutenant position and 10 civilian positions were unfunded in the last three fiscal years. Despite this reduction in force, the City of Oceanside has an overall decline in violent crimes for the last 5 years, due in part to OPD's participation in regional task forces and grant funds from the Office of Traffic Safety, California Emergency Management Agency (Cal GRIP), and the U.S. Department of Justice.

##### b. Funding Requested:

Total funding of \$49,561 to be spent as follows: \$44,439 for approximately 100 hours @ \$82.85 for sergeants, and 560 hours @ \$64.56 for police officers to conduct 5 IMPACT operations, 5 Minor Decoy/Shoulder Tap operations and 10 general undercover operations; \$644 for benefits (Medicare - 1.45%) for overtime; \$450 registration fee and \$1,550 for travel, per diem and lodging for 2 officers to attend the July 2014 GAP Conference. \$1,500 for two Nikon D3200 Cameras, \$204 for two Olympus Digital Voice Recorders, and \$774 for three Leupold Bx-2 Acadia Binoculars.

##### c. Goals and Objectives:

The project goals are: to target those licensed outlets that cause alcohol-related crimes and to strengthen the working relationship between OPD and the Alcoholic Beverage Control (ABC) district office. The project objectives are: to identify and target problematic ABC licensed establishments; to conduct five (5) IMPACT inspections; to conduct five (5) "Shoulder Tap" and/or "Minor Decoy" operations; to conduct ten (10) general undercover operations; and to provide continuing education to patrol officers on ABC laws. OPD will strengthen the multi-agency partnership with ABC, City of Oceanside Code Enforcement (CE), and Oceanside Fire Department.

##### d. Number of ABC Licensed Locations:

The City of Oceanside has 274 ABC Licensed Locations; 163 on-sale and 111 off-sale.

## SCOPE OF WORK

### 2. Problem Statement (25 points)

Oceanside, with 3.7 miles of the widest beaches in San Diego County, a recreational pier, and a small craft harbor, has long been a vacation destination for sand, surf and sun enthusiasts. A light commuter rail brings fun-seeking passengers from inland areas to the downtown/beach area. In 2008, a 4-star resort hotel opened, and in 2014 a new hotel which comprises of 149 Suites, opened in the downtown area, making this area even more attractive to people, especially teenagers, seeking to "get away" and relax and engage in a "party atmosphere".

In the downtown business area, tourist-related businesses compete with businesses that cater to the needs of the young Marines stationed at Marine Corps Base Camp Pendleton just to the north of Oceanside. Oceanside is also home to a community college with over 10,000 students and a large unregulated migrant and homeless population, three sub-populations at high-risk for abusing drugs, especially alcohol. Most out of the 13 documented Black, Samoan and Hispanic gangs that call Oceanside "home" fund their criminal activity with drug and sex trafficking. This creates an atmosphere where third party transactions become a regular occurrence and the potential for crime increases dramatically.

Due to alcohol consumption and obvious intoxication, there has been a steady increase in the number of alcohol related crimes, such as public drunkenness, street robberies and serious assaults including homicide committed in and around ABC licensed establishments and parking lots. In 2013 there were a total of 1238 arrests for PC 647(f) drunk in public, which showed an increase from 2012 (1160 arrests) of 6.7%, 377 Arrests for CVC 23152 DUI with 5 of those arrests being juveniles which was an increase from 2012 (292 arrests) of 29%, and 22 crime reports taken for Juvenile alcohol related crimes which include CVC 23152 DUI and PC 647(f) Drunk in Public. In 2013, the downtown area, which encompasses the area of our downtown bar and restaurant area, had a large amount of violent crimes occur to include: 3 Murders, 6 Rapes, 32 Robberies, and 80 aggravated assaults. One of the recurring crime trends over the past two years has been robberies or other violent assaults that occur in or around the downtown bar scene. Intoxicated subjects in the downtown area are often targeted in street robberies or become involved in other violent altercations.

OPD officers and detectives have noticed an alarming number of documented gang members frequenting certain downtown bars. Several times over the past two years, motorcycle gangs have congregated in one bar, which lead to one instance of uniformed officers and undercover detectives staging and entering the establishment in tactical formation to reduce the threat of violence. Members of rival gangs have taken turns at gathering in another downtown bar.

Of the 274 active ABC retail licenses within the city limits, approximately 22% (24 out of 111) off-sale and 36% (60 out of 163) on-sale establishments are in the downtown area which is within walking distance of the pier and surrounding beaches. Business owners and their service employees are ignorant of current laws related to alcohol sales, possession and or customers consumption and lack the ability to recognize obviously intoxicated customers who then drive under the influence, become victims of crimes and or participate in alcohol related crimes.

Due to a low ratio of sworn officer to population, OPD has had to develop creative ways of providing full services to the public, especially in the area of alcohol related educational intervention and enforcement. With the continuing downturn in the economy and California's "bare-bones" budget, it is unlikely the Department will be adding new sworn positions, and it is very probable overtime for existing officers will be at a premium.

The equipment requested will be used in the assistance of undercover operations as well as shoulder tap and minor decoy programs. The cameras requested will be utilized to take covert photographs during surveillance of subjects in and around the bars utilizing the zoom lenses. This will aid in later identification of subjects and employees involved in criminal activity

## SCOPE OF WORK

including over serving as well as narcotics sales. The cameras will also be utilized in taking evidentiary photos of the subjects involved, violations observed at establishments and photos of any alcohol purchased during the operations. The digital recorders will be utilized to record suspect and witness statements as well as recording conversations that may be occurring inside the establishments or taking place over the wire while undercover subjects are inside the business. The binoculars will be utilized to conduct surveillance from a distance of the shoulder tap operations, minor decoy operations and undercover operations. This will allow detectives to monitor the activities to ensure the safety of our decoys and undercover officers while being at a distance in order to not jeopardize the operation.

This application is submitted with the full knowledge and approval of the City Manager's office. The Oceanside City Council will pass a resolution to accept grant funds once awarded.

### 3. Project Description (25 points)

**Objective #1:** To educate patrol officers on ABC laws and their enforcement, enhance data collection and entry into the OPD database of all ABC premises in the city through roll call training.

**Strategy 1:** Two OPD Vice detectives and/or supporting patrol officers with specific ABC background will provide 6 - 15 minute "roll call" training sessions for patrol officers on ABC law, various enforcement strategies, specifics of the TRACE program, and licensing inspections and enforcement. This training will include familiarization with the web-based database created by OPD for tracking alcohol related issues involving ABC regulated establishments within the city. OPD anticipates that this training will create a better exchange of information between multi-disciplinary members and lead to quicker solutions to concerns with troublesome premises. This training will be done on the detectives' normal duty time. Cost to OPD - 2 detectives/ officers 1.5 hours each (6 x 15 min. roll call trainings)

**Objective #2:** To conduct operations enforcing applicable laws, and to educate and bring into compliance off-sale and on-sale ABC licensed premises and their employees.

**Strategy 1:** OPD detectives will conduct 5 IMPACT (Informed Merchants Preventing Alcohol Crime Related Tendencies) inspection operations during the grant period. We anticipate inspecting approximately 8 ABC Licensed establishments within the city per operation. These inspections ensure compliance with all license conditions, laws and local ordinances, discuss potential problems and work with merchants to correct violations. These operations will be conducted during grant funded overtime.

**Strategy 2:** OPD detectives will conduct 5 Minor decoy/Shoulder tap operations citywide with assistance from ABC investigators. Volunteers (aka decoys), under the age of 20, will either enter retail establishments and attempt to purchase alcohol during minor decoy operations, or solicit adults outside ABC licensed stores to purchase the alcohol for the decoy during shoulder tap operations. For those employees from the business who sell to the decoy, enforcement and education will be immediate for failure to check proper identification and or sale of alcohol to the minor. For those who purchase alcohol for the decoy, they will be arrested and issued a citation to appear in court for furnishing alcohol to a minor. Both types of operations will be conducted under the direct observation of law enforcement officers. The operations will be conducted during grant funded overtime.

**Strategy 3:** OPD detectives will set up 2 LEAD (License Education on Alcohol and Drugs) training sessions during the grant year in cooperation with ABC, and the Oceanside Police Department Training Division for owners, managers and employees of businesses. We will require 100% compliance from all businesses. This training will be done on the detectives' normal duty time. Cost to OPD - 2 detectives 6 hours each for each training session.

**Objective #3:** Conduct task force ops. investigating problematic ABC licensed establishments.

## SCOPE OF WORK

Strategy 1: OPD detectives will conduct 10 general undercover operations at ABC licensed locations known for producing high numbers of intoxicated patrons as well as other alcohol and or drug related crimes. Agencies assisting in the enforcement will be from ABC, code enforcement, Fire Department, and other agencies with specific enforcement or regulatory responsibilities needed during specific operations. Additional operations will be conducted as a task force operation, to include Oceanside Police, ABC and BSIS investigators. These operations will be conducted during grant funded overtime.

Strategy 2: OPD detectives with the assistance of Field Operations officers will conduct unannounced inspections to target problem business and to educate and or impose sanctions for violations. This is especially important when targeting a business that consistently over-serves its patrons creating an atmosphere of numerous intoxicated subjects. These individuals become prone to violence, thereby causing a depletion of police services who must respond to control unruly crowds, patrons driving under the influence, and or the investigation of assaults, robberies and or other alcohol related crimes. These inspections will be done on the detectives' and or officers normal duty time. Cost to OPD - 2 detectives or officers 2 hours each per week (52 per year).

#### 4. Project Personnel (25 points)

The Special Enforcement Section (SES) of OPD's Investigations Division is led by Lieutenant Adam Knowland who enthusiastically supports the acquisition of this grant and will dedicate the personnel resources of his unit to ensure that operations are supported and staffed. He will direct that ABC grant operations be prioritized with the other responsibilities of SES in order to accomplish the goals of this grant proposal along with the mission and goals of OPD. The Vice and Narcotics Sergeant will be responsible for the day-to-day responsibility of grant activities. Vice Detective Ryan Erwin will be the co-lead detective. He has 12 years of experience as a police officer and has extensive experience in multi-jurisdictional task force operations as well as being the lead detective in a previous ABC Gap Grant. He assisted in our past ABC grant operations and during operations involving ABC Investigators and Special Agents from both CA and Federal agencies. Vice Detective Ryan Davis will be the Co-Lead Detective. Detective Davis has over 8 years of experience as a Police Officer and has worked in the Special Enforcement Section for more than three years. During that time, Detective Davis has assisted and participated in numerous ABC operations, worked with agencies from local, state and federal levels as well as task force operations. Narcotics Detectives J.R. Butler and Justin Pecchia will assist in the planning and execution of grant funded activities. All three have extensive experience in multi-jurisdictional task force activities. Gang Unit detectives will also assist in the planning and executing of grant funded activities.

Senior Office Specialist Pamela Woods will assist in data collection and tracking. She helped set up the data base that tracks all ABC licensed establishments in the city. The data base includes information on the person(s) who requested the license, conditions and restriction on the license, IMPACT inspection findings, and violations. Financial Services Director James Riley will function as the fiscal administrator. Program Specialist Yaday Velazco will be the primary administrative support for the grant and ensure the proper.

#### 5. Budget Estimate attachment. (5 points)

#### 6. Other Funding Sources attachment. (5 points)

**BUDGET DETAIL**

Exhibit B

<b>BUDGET CATEGORY AND LINE-ITEM DETAIL</b>	<b>COST</b> (Round budget amounts to nearest dollar)
<b>A. Personnel Services (Straight Time Salaries, Overtime, and Benefits)</b>	
<b>A.1 Straight Time</b>	
<b>A.2 Overtime</b> Est. 100 hours @ \$82.85 for sergeants and 560 hours @ \$64.56 for officers for enforcement operations	\$44,439
<b>A.3 Benefits - 1.45% Medicare</b>	\$644
<b>TOTAL PERSONNEL SERVICES</b>	\$45,083
<b>B. Operating Expenses (maximum \$2,500)</b>	
<b>TOTAL OPERATING EXPENSES</b>	
<b>C. Equipment (maximum \$2,500)</b> (Attach receipts for all equipment purchases to monthly billing invoice)	
Nikon D3200 Camera (2@\$750 each)	\$1,500
Olympus Digital Voice Recorder (2@\$102 each)	\$204
Leupold Bx-2 Acadia Binoculars (3@ \$258 each)	\$774
<b>TOTAL EQUIPMENT</b>	\$2,478
<b>D. Travel Expense/Registration Fees (maximum \$2,000)</b> (Registration fee for July 2014 GAP Conference attendee is \$225 each)	
Registration fee for the July 2014 GAP Conference for x 2	\$450
Travel, per diem and lodging for July 2014 GAP Conference x 2	\$1,550
<b>TOTAL TRAVEL EXPENSE</b>	\$2,000
<b>TOTAL BUDGET DETAIL COST, ALL CATEGORIES</b>	\$49,561

## **PAYMENT PROVISION**

**Exhibit B**

Page 1 of 2

1. **INVOICING AND PAYMENT:** Payments of approved reimbursable costs (per Budget Detail attached) shall be in arrears and made via the State Controller's Office. Invoices shall be submitted in duplicate on a **monthly basis** in a format specified by the State. Failure to submit invoices and reports in the required format shall relieve the State from obligation of payment. Payments will be in arrears, within 30 days of Department acceptance of Contractor performance, pursuant to this agreement or receipt of an undisputed invoice, whichever occurs last. Nothing contained herein shall prohibit advance payments as authorized by Item 2100-101-3036, Budget Act, Statutes of 2014.
2. Revisions to the "Scope of Work" and the "Budget Detail" may be requested by a change request letter submitted by the Contractor. If approved by the State, the revised Grant Assistance Scope of Work and/or Budget Detail supersede and replace the previous documents bearing those names. No revision cannot exceed allotted amount as shown on Budget Detail. The total amount of the contract must remain unchanged.
3. Contractor agrees to refund to the State any amounts claimed for reimbursement and paid to Contractor which are later disallowed by the State after audit or inspection of records maintained by the Contractor.
4. Only the costs displayed in the "Budget Detail" are authorized for reimbursement by the State to Contractor under this agreement. Any other costs incurred by Contractor in the performance of this agreement are the sole responsibility of Contractor.
5. Title shall be reserved to the State for any State-furnished or State-financed property authorized by the State which is not fully consumed in the performance of this agreement. Contractor is responsible for the care, maintenance, repair, and protection of any such property. Inventory records shall be maintained by Contractor and submitted to the State upon request. All such property shall be returned to the State upon the expiration of this contract unless the State otherwise directs.
6. If travel is a reimbursable item, the reimbursement for necessary traveling expenses and per diem shall be at rates set in accordance with Department of Personnel Administration rates set for comparable classes of State employees. No travel outside of the State of California shall be authorized. No travel shall be authorized outside of the legal jurisdiction of Contractor without prior authorization by the State.

## **PAYMENT PROVISION**

**Exhibit B**

Page 2 of 2

7. Prior authorization by the State in writing is required before Contractor will be reimbursed for any purchase order or subcontract exceeding \$2,500 for any articles, supplies, equipment, or services to be purchased by Contractor and claimed for reimbursement. Contractor must justify the necessity for the purchase and the reasonableness of the price or cost by submitting three competitive quotations or justifying the absence of bidding.
8. Prior approval by the State in writing is required for the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop or conference, and over any reimbursable publicity or educational materials to be made available for distribution. Contractor is required to acknowledge the support of the State whenever publicizing the work under the contract in any media.
9. It is understood between the parties that this contract may have been written before ascertaining the availability of appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if the contracts were executed after that determination was made.
10. **BUDGET CONTINGENCY CLAUSE** - It is mutually agreed that if the Budget Act of the current year and/or any subsequent 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.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, 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.

**Special Terms and Conditions**

1. **Disputes:** Any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Director, Department of Alcoholic Beverage Control, or designee, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Department shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the State a written appeal addressed to the Director, Department of Alcoholic Beverage Control. The decision of the Director of Alcoholic Beverage Control or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, Contractor shall proceed diligently with the performance of the contract and in accordance with the decision of the State.
2. **Termination Without Cause:** Either party may terminate this agreement at any time for any reason upon ten (10) days written notice. No penalty shall accrue to either party because of contract termination.
3. **Contract Validity:** This contract is valid and enforceable only if adequate funds are appropriated in Item 2100-101-3036, Budget Act of 2014, for the purposes of this program.
4. **Contractor Certifications:** By signing this agreement, Contractor certifies compliance with the provisions of CCC 307, Standard Contractor Certification Clauses. This document may be viewed at [www.ols.dgs.ca.gov/standard+language](http://www.ols.dgs.ca.gov/standard+language).
5. If the State determines that the grant project is not achieving its goals and objectives on schedule, funding may be reduced by the State to reflect this lower level of project activity.