

COPY

AGREEMENT NUMBER

06G-LA22

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

County of Napa through the Napa County Sheriff's Department

The term of this

Agreement is: July 1, 2006 through June 30, 2007

3. The maximum amount \$

\$95,268.00

of this Agreement is:

4. 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/Project Narrative

8 pages

Exhibit B - Budget Estimate

1 page

Exhibit C - General Terms and Conditions

GTC 304*

Exhibit D - Payment Provisions

2 pages

Exhibit E - Special Terms and Conditions

1 page

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.ols.dgs.ca.gov/Stand+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)

County of Napa through the Napa County Sheriff's Department

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

**1535 Airport Boulevard
Napa, CA 94559**

STATE OF CALIFORNIA

AGENCY NAME

Department of Alcoholic Beverage Control

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Dennis J. Clear, Assistant Director, Administration

ADDRESS

**3927 Lennane Drive, Suite 100
Sacramento, CA 95834**

APPROVED AS TO FORM

Office of County Counsel

By: [Signature]

Date: 7/13/06

**California Department of General
Services Use Only**

☒ Exempt per

GC14616

Departmental Background:

The Napa County Sheriff's Office (NSO) was founded in 1850 when California first became a State. NSO is an equal opportunity employer, a drug-free workplace and strives to hire only the highest quality personnel. NSO has 98 sworn Deputies and 32 non-sworn personnel. It provides law enforcement services to the City of American Canyon and the Town of Yountville. Napa County consists of 794 square miles and has a population of 132,339 (2004 Census).

The Sheriff's Office consists of two divisions, Operations Division and the Civil/Coroner Division. Each of these divisions is commanded by a Captain and the Undersheriff oversees the operation of both Divisions. The Operations Division consists of the Patrol Bureau, Investigations Bureau, Narcotics Bureau and the Sheriff's Activity's League. The Civil/Coroner Division consists of the Court Security Bureau, Coroner's Bureau, Civil Process Bureau and Technical Services.

The contract City of American Canyon is commanded by a Captain and is a division to itself. American Canyon has 10 patrol officers, 2 motor officers, a School Resource Officer, a K-9 Officer, a Community Resource Officer, 3 Sergeants and 2 non-sworn Police Assistants.

The contract Town of Yountville is a section of the Patrol Bureau and has a sergeant and two deputies assigned to handle calls for service within the town.

The function of the Patrol Bureau is to handle calls for service and identify problem areas within the jurisdiction of NSO. In 2005, the Patrol Bureau handled 27,840 calls for service. The Patrol Bureau is commanded by a Lieutenant and has four patrol shifts. Each shift is supervised by a sergeant and consists of 4-5 patrol deputies. Each deputy is assigned to a beat and responsible for all calls for service and recognizing/handling problem areas within their assigned beat. Each beat is very large in size and the assigned deputy often works their assigned beat alone during the scheduled shift. Deputies work with other beat deputies to complete NSO's mission.

The Patrol Division is also responsible for the Lake Berryessa area. The lake area encompasses portions of two large beats and is in the more remote portions of Napa County. This creates unique problems for law enforcement. This area generates a large number of calls for service during the spring and summer months and drains the departmental resources due to the large influx of people. This is especially true during the three major holiday weekends. The vast majority of the calls for service in this area are directly related to drug/alcohol use and abuse. The Lake Area is currently staffed with a sergeant and three deputies. The sergeant and two deputies are responsible for lake patrol (water operations) using the departmental boats. The third deputy is a K-9 unit and responsible for the vast majority of calls for service on land. This deputy is assisted by the other lake deputies whenever possible.

If the Napa County Sheriff's Dept. is fortunate enough to receive grant funds, the Patrol Division Lieutenant will appoint a deputy to oversee the daily operation of the grant and act as an ABC Liaison/Grant Director (GD). A Grant Team will be created of 8-10 deputies to conduct the grant operations, work with CA-ABC, other agencies and train/educate interested groups, licensees and allied law enforcement officers.

Problem Statement:

NSO has the County divided in six beats. The contract City of American Canyon and the Town of Yountville are included in the six beats. For the purpose of this grant the efforts of the Grant Team will focus their efforts into three regions of the County. The regions will combine beats to maximize their effectiveness. The regions have been defined based on calls for service, concentration of licensees and geographical restraints. The regions are defined below:

Region 1: The unincorporated area of Napa County from Imola Ave. in the City of Napa, south to the Solano County line. This includes the City of American Canyon.

Region 2: The unincorporated area of Napa County from Imola Ave. in the City of Napa, north to Tubbs Lane at the intersection of SR-29. This includes the Town of Yountville.

Region 3: The Lake Berryessa and surrounding communities, including Knoxville.

Region 1: American Canyon is a rapidly growing community with businesses and houses being built at a rapid rate. American Canyon's population was estimated at 15,000 people in January 2005. The population is estimated to be near 20,000 by 2007. Calls for service have increased dramatically over the last few years. There were 19,047 calls for service in 2005. Teenage drinking, party calls, DUI's and licensee compliance are a large problem in this region. In 2003, one of the American Canyon units responded to a loud party call with several intoxicated subjects. The officer was assaulted by some of the subjects and an officer involved shooting resulted from the emanate threat to his life. American Canyon PD and NSO personnel have responded to numerous "out of control" parties in recent years that have resulted in several arrests for DUI, public intoxication, resisting arrest, assaults and other alcohol related offences. Reports of "shots fired" or "shots heard" have been reported by citizens and law enforcement officers coming from these loud parties. Many have involved underage drinking and various gang activities from local and out of the area gangs.

In November 2005, NSO and CA-ABC conducted a Decoy/Shoulder Tap operation in this region. 40% of the businesses checked for compliance, in American Canyon, sold to the underage decoy. Not all of the licensees in American Canyon were inspected. It is speculated the non-compliance percentage for the remaining licensees will be between 20-40%

Underage drinking, along with other alcohol related offenses, continues to be a problem in this region. This region has many remote and rural locations that are used as "party spots." Officers and deputies working this region have had to prioritize their enforcement efforts based on, in-progress priority calls and reducing the rising theft rate in new construction areas due to the rapid residential and commercial expansion.

Highways 29, 121 and 12, travel through this region, bringing in the vast majority of visitors and commuters to Napa County. Napa County has a limited number of entry/exit points. This forces a large number of motorists through this region. DUI drivers pass through here from other regions and jurisdictions, causing large number of the traffic collisions. Staffing limits the

number of officers and deputies that are on these highways to reduce DUI's. Over the last 3 years, American Canyon Officers have made 210 DUI arrest, an average of 70 per year.

Region 2: This is the largest region and incorporates the Town of Yountville. It has the largest concentration of licensees, with the vast majority of them being wineries (type 20 licenses). There are several other license types in the region, including many type 47/48 licenses. NSO and CA-ABC conducted Decoy and Shoulder Tap operations in this region during November and December 2005. The compliance rating was poor. Ten out of fourteen businesses sold to decoys during the two operational days.

The California Highway Patrol (CHP) and NSO made numerous DUI arrests in this region, with the majority of the arrests made during the spring and summer months. NSO made 105 DUI arrests in this region in 2005 and turned over approximately 120 DUI's to CHP. In 2005, CHP made 595 DUI arrests. Of those arrests, 56 were under 21 and 13 were under 18 years of age. They investigated 103 DUI collisions, with 22 of the collisions involving injury or death. Two of the injury collisions involved DUI drivers under 21 and one driver under 18. Of the remaining 81 non-injury DUI collisions, five involved DUI drivers under 21 and none under 18.

This region sees a dramatic increase in population from tourists and migrant workers from April to October. Juvenile drinking and parties are an on-going problem because of the remoteness and rural settings in this region. There is a large private university in this region, Pacific Union College and a branch campus for the Napa Valley Community College. Several alcohol-related collisions have been investigated in this region, many involving underage drivers and fatalities. NSO believes continued Decoy Operations, education (public and licensees) and active visible patrol will help to reduce the loss of life and alcohol related offences. In 2005, there were 22 motor vehicle fatalities in this region. Seven of the deaths involved alcohol and/or drugs.

This region also has areas with high concentrations of migrate farm workers, unemployed and homeless people, as well as numerous gang members. The gang activity rises and falls with increased law enforcement presence, and usually involves alcohol and drug use. These area generate a wide variety of calls for service that often involve drug and alcohol use/abuse. The majority of the assault calls involve alcohol. The calls range from assaults to loud party calls, under age drinking and DUI. Many assaults in this region occur at parties involving under age and early-20's people. The assaults are often numerous people fighting and sometimes involve weapons. Many of the victims require medical attention at hospital emergency rooms. The assaults usually occur in remote areas and house parties in this region. In 2005, NSO made 59 arrests for alcohol related offences in this region, many generated from these types of calls.

Region 3: This area is primarily directed toward Lake Berryessa and the areas directly associated with the Lake. Beginning in May and ending in late September, Lake Berryessa becomes a popular recreational location for the East Bay Area and neighboring counties. Lake Berryessa has the reputation as a "party destination" and brings a measurable "lawless element." We see large numbers of gang members from out of the area coming to the Lake in large groups. Drunkenness is common, along with underage drinking/drunkenness, drug use, DUI, BUI (boating under the influence), assaults and theft. This crowd is commonly hostile towards law enforcement and has thrown rocks and bottle at deputies numerous times in the past. They have

attempted take arrested persons from deputies and physical altercations have been directed at law enforcement officers. This area is often referred to as the "Wild Wild West" during the summer.

There are large numbers of boat crashes, water related injuries and drowning, many related to alcohol use. In 2005, NSO made 90 arrests for alcohol related offences, issued 64 citations for alcohol related offences and made six DUI arrests. CHP received over 50 DUI turnovers from NSO. The lake deputies made 22 arrests for BUI (boating under the influence). The vast majority of the violations cannot be acted upon because of staffing and officer safety concerns.

Staffing and budgetary constraints stretch NSO's ability to control this area to its limits. Deputies are required to continually handle priority calls in progress or reports of serious crimes, reducing their ability to be proactive and stop problems before they start. CA-ABC has assisted NSO during the summer of 2005 during two major holiday weekends. CA-ABC saw the large amount of underage alcohol consumption, drunkenness, DUI, BUI's and bars (type 47/48 licenses) that were overcrowded with people, and "obviously intoxicated patrons." being served. The lack of manpower, recourses and the crowds hostility towards law enforcement, limits and sometimes negates NSO and CA-ABC's ability to keep the situation under control. This area is greatly in need to extra, directed enforcement regarding alcohol related issues. This will reduce the loss of life and injury directly related to the drunken, unlawful behavior displayed here.

NSO has received information that a type 47 licensee in this region is possibly involved in narcotics activity and other ABC violations. NSO and CA-ABC began to investigate these claims and gather information. Due the nature of the alleged activity and the close-knit group possibly involved, intelligence gathering was slow and limited. NSO and CA-ABC began to gather good information that appeared to add validity to the claim, but staffing, budgetary constraints and other requirements limited and finally ended the investigation before any criminal conduct was determined. Since the investigation ended, information has been received that the activity continues. This grant would assist in following up on claims, that may not otherwise be handled.

In years past, events such as rap concerts, Outlaw Motorcycle Gang Runs and other non-sanctioned events have greatly impacted this area. These events are often scheduled without law enforcements knowledge. There are eight resorts and three public parks on the lake. These resorts will house several thousand people. Three of the resorts have Type 47 licenses and all have off-sales licenses. One resort was issued a 30 day suspension for selling to a minor and another off-sale premise was issued a 15 day suspension for selling alcohol to a minor during 2005. There are two other Type 48 licensees that generated numerous complaints from law enforcement and the public. This grant will allow NSO to address these problems in 2006/2007.

The Napa County District Attorney's Office has stated that they will prosecute violations for furnishing alcohol to minors, minors in possession of alcoholic beverages and other violations cited/arrested for as result of the grant operations. They regularly prosecuted these violations in the past and stated that will continue to do so in the future.

Licensee Types and Quantities: Total Licensees under NSO's jurisdiction: 335

Region 1: Total Licensees: 106 Type 47/48: 5 Type 20: 85 Others: 16

<u>Region 2:</u> Total Licensees: 207	Type 47/48: 19	Type 20: 168	Others: 20
<u>Region 3:</u> Total Licensees: 22	Type 47/48: 5	Type 20: 12	Others: 5

Directed Enforcement Efforts:

NSO believes that through directed enforcement the departmental goals and goals of this grant can be accomplished. The County has been divided into 3 regions and each has its similar, but unique problems. These problems have been clearly identified by their continual presence. An enforcement plan has been created and will be utilized to reach NSO's goals.

Decoy/Shoulder Tap Operations: NSO hopes to work with CA-ABC in conducting compliance inspections on licensees using underage decoys to attempt to purchase alcoholic beverages and solicit person to purchase alcoholic beverage for the decoy.

Premise Inspections: Inspect licensees to ensure proper conduct and meeting of licensee requirements using the IMPACT and ROSTF Programs. Ensure that there is an absence of criminal activity and not serving obviously intoxicated patrons, properly check ID's and meeting other Business & Professions Codes. Establish Operation Trapdoor with licensees.

Roving Patrol: NSO has found that vehicle and foot patrol by uniformed deputies is instrumental in locating and mitigating commonly reoccurring problems such as underage parties, loud party calls, DUI's and alcohol related offences that can not be handled without locating and dealing with the problem while it is occurring.

Training and Education Efforts:

Selected members of the Grant Team, once trained by CA-ABC, will be utilized to assist CA-ABC in scheduling and administering LEAD training to interested licensees. NSO currently has an informal process in place. These members will also assist Community, DARE and School Resources Officers in educating students about the dangers of drug and alcohol use/abuse. Interested community groups will be given information regarding drug and alcohol related issues and ABC enforcement activities. The Media will be used to relate information and enforcement efforts to the public and press releases will be prepared following most enforcement efforts.

The Grant Team will also train NSO personnel regarding alcohol related offenses, ABC issues and other topics related to licensees and ensuring their compliance with licensing issues.

NSO has already begun utilizing the media as a useful information tool after the Decoy/Shoulder Tap Operations that were conducted with CA-ABC. The Sheriff's Department's Public Information Officer received calls regarding these operations for an Associated Press (AP) wire story.

Allied Law Enforcement Assistance:

NSO would like to assist other law enforcement agencies with their grants. We realize the difficulty in having enough trained personnel to handle large scale events. We may also find

ourselves in a position during the summer months to request additional support. NSO and CA-ABC have worked together on several occasions during 2005. CA-ABC has assisted and trained NSO personnel at Lake Berryessa over holiday weekends and helped begin our Decoy/ Shoulder Tap Program. NSO has assisted CAL-ABC in working complaints at type 47/48 licensees and other issues. This relationship has been a positive one and hopefully will continue in years to come. Their assistance has been greatly appreciated and useful to our deputies in day to day patrol activities. We are requesting funds to be able to provide members of the Grant Team to work with CAL-AB and other Grant Agencies.

Calistoga Police Department has a Federal OTS Grant through CA-ABC to address underage drinking and other related issues. CPD has approached NSO and requested assistance. Napa Police Dept. is applying for a grant this year in hopes to expand their ABC Program. They have requested NSO to assist them with training/education and enforcement activities. NPD would like assistance teaching at their three high schools and enforcement at several problematic licensees. Three licensees are currently suspected of narcotics sales and generate many calls for service requiring NPD and NSO to respond. This grant will ensure that NSO, NPD, CA-ABC and CPD will be able to work in conjunction to reduce underage drinking and other alcoholic related issues through active enforcement and education.

Project Objectives:

A Grant Team of 8-10 Deputies will be created and trained to address the alcohol related problems within American Canyon, Yountville and the unincorporated areas of Napa County. The Napa County Sheriff's Office will, during this project, achieve the following goals:

- Educate the public about the dangers of drug/alcohol use, especially high school and middle school students (two training sessions per month).
- Educate licensees through the IMPACT, ROSTF and LEAD programs about laws and ramifications of selling alcohol to underage and intoxicated persons (two LEAD trainings per quarter, IMPACT and ROSTF monthly) .
- Identify disruptive, disorderly and problematic retail alcoholic beverage outlets in order to reduce alcohol related crimes through active enforcement.
- Conduct monthly (12) training to Law Enforcement Officers regarding ABC laws and investigations; Grant Team and patrol deputies share information for directed enforcement activities and training concerns.
- Work with allied law enforcement agencies, such as CA-ABC, Napa PD, St. Helena PD, CHP and Calistoga PD to share information and meet grant goals (two per quarter).
- Conduct enforcement and training efforts on a regional basis, quarterly, in order to maximize enforcement efforts during peak times, at proper locations and ensure our training/educational goals are met.

Methods and Procedures:

Quarter #1: The preparation stage of the grant period will be used for training the Grant Team and attend the first Grant Seminar. The Grant Team will identify licensee that generate the most

calls for service, pose the most problems due to criminal activity and train the licensees using the LEAD, ROSTF and IMPACT Programs. Monthly training will be provided to NSO and allied Law Enforcement Officers about ABC laws and procedures. Since NSO has begun to establish an Alcohol Enforcement Program whose deputies (2) have been trained by CA-ABC Investigators from the Santa Rosa Office, selected enforcement operations will continue, such as Shoulder Tap and Decoy Operations (two this quarter) and roving patrols (eight this quarter) for underage drinking, DUI's and loud parties. The Grant Team will also be assigned to seek out community groups and disseminate information to them about the grant, our education and enforcement efforts. Region 3 will be the primary focus of enforcement activity due to the high volume of calls in the Lake Berryessa area.

Quarter #2: The information and education portions of the grant will be in place and operating throughout the county, City of American Canyon and the Town of Yountville. The focus of education will shift to middle school and high school students since they will have returned to school. Particular attention will be paid to "at-risk" students who have a strong likelihood of experimenting with drugs and alcohol. The large numbers of wineries and tasting rooms, in Napa County will be the primary focus of IMPACT and LEAD Programs. The pre-grant Decoy Operations showed a lack of compliance by these types of licensees. This quarter will encompass the holiday season and bring many tourists to our county. Our enforcement efforts will continue utilizing previously described efforts and the TAPPED Program will be outlined and implemented. Monthly training for Law Enforcement Officers will continue as well and identifying community groups to educate. Undercover operations will occur in American Canyon, Yountville and Napa County.

Quarter #3: Two deputies will attend the mid-year Grant Conference. We will evaluate our program to ensure that our goals are being met. We will adjust the grants activities accordingly, if needed, to ensure our goals are met by the end of the grant period. At least one LEAD training will be held this quarter in preparation for the spring months that begin the influx of tourists to American Canyon, Yountville and Napa County. Grant Team members will meet with various Law Enforcement Agencies to access how to assist them with ABC related issues, either through additional training or enforcement efforts in conjunction with those agencies efforts. Education/information will continue with the students. During this period, NSO has traditionally had less alcohol related crimes, so enforcement efforts will be tailored based on complaints received and information about problems from reliable sources.

Quarter #4: During this quarter, the Grant Team will attempt to identify what licensees have not had representatives attend LEAD Training or who have not benefited from our education and information efforts and conduct at least one LEAD Training. These licensees will be urged to attend and every effort will be made to provide that training to them. Our enforcement efforts will continue and conducted with other County Law Enforcement agencies. The Grant Team will offer assistance to Napa, St. Helena and Calistoga Police Departments for their high school graduations. Education in the schools will continue. The Grant Director will prepare the final report detailing the grant activities.

Method of Evaluation:

The evaluation process will consist of statistical data collected from enforcement and training activities in all three regions. It will be compiled monthly and forwarded to CA-ABC. The data will indicate the number of hours directed toward education, training and enforcement. The data will include number of premises inspected, compliance ratings, types of training/education conducted (LEAD, school, public, LE) and enforcement documents issued. A detailed narrative will describe the positive efforts made by the program and will include all press releases. A description of the need to continue ABC activities in the regions will be included in the narrative.

ABC Liaison:

NSO has begun to establish a positive and productive working relationship with members of the ABC Office, Santa Rosa. We communicate at least weekly relating to a wide variety of topics of interest to both agencies. CA-ABC was helpful in assisting NSO this summer with enforcement at Lake Berryessa and in setting up our ABC Enforcement Operations. This grant will continue the excellent relationship we have created and will greatly benefit NSO.

The Lead Grant Deputy will be assigned as NSO-ABC Liaison/ Grant Director and will work closely with CA-ABC to continue that relationship and work to enhance each agency's efforts. This deputy will ensure all activity related to licensed premises will be documented and copies forwarded to the Santa Rosa ABC Office.

NSO and the Santa Rosa ABC Office are currently working to establish a training program to share information and train each other's sworn personnel about various types of enforcement activities. One of NSO's SWAT members has assisted the Santa Rosa Investigators in planning and serving search warrants in regards to low and medium risk operations. This grant will help to ensure such training will continue and both agencies will gain from it.

Currently, NSO and Santa Rosa ABC Investigators have conducted Shoulder Tap/Decoy Operations in American Canyon, Yountville and Napa County. They have worked together at Lake Berryessa for holiday weekends, conducted premise inspections and investigated complaints of narcotic sales and other ABC violations at on-sale premises. NSO hopes to continue these operations and the excellent relationship that has been established.

Statement of Intent:

If the Napa County Sheriff's Department is chosen to receive funding through this program, they will be used efficiently, effectively and in compliance with the mission of the California Alcoholic Beverage Control. Once all the grant funding has been utilized, we will continue to use the training, equipment and expertise gained from this program. Also, we will continue to work with CA-ABC in the efforts to stop illegal activities associated with alcohol and drugs. It is our intent to continue this program after the grant period in order to better serve our communities.

BUDGET ESTIMATE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
A. Personnel Services (salaries, overtime, and benefits)	(Round all budget amounts to nearest dollar)
1400 Hours of Overtime for NSO Deputies at \$61.62 per hour: Undercover/Decoy Operations: 160 hours LE Training and Public Education: 180 hours Enforcement Activities (vehicle & foot patrol): 740 hours Premise Inspections/Licensee Training: 160 hours Allied Agency Assistance: 160 hours -These totals included The County and 2 contract cities.	\$86,268.00
TOTAL PERSONNEL SERVICES	\$86,268.00
B. Operating Expenses (maximum \$2,500)	
Decoy, Shoulder Tap and Undercover Operations "Buy Money" Also includes postage to mail training information to licensees.	\$2,500.00
TOTAL OPERATING EXPENSES	\$2,500.00
C. Equipment (maximum \$3,000)	
Video Camera Digital Camera Body Wire and recording device Video Tapes Additional Digital Media Cards	\$3,000.00
TOTAL EQUIPMENT	\$3,000.00
D. Travel Expense/Registration Fees (maximum \$3,500)	
Summer 2006 Grant Conference Hotel/Airfare Winter 2007 Grant Conference Hotel/Airfare Registration Fees Transportation Travel Expenses	\$3,500.00
TOTAL TRAVEL EXPENSE	\$3,500.00
TOTAL BUDGET ESTIMATE, ALL CATEGORIES	\$95,268.00

Payment Provisions

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 2006.
2. Revisions to the "Project Narrative" and the "Budget Estimate" may be requested by a change request letter submitted by the Contractor. If approved by the State, the revised Grant Assistance Program Narrative and/or Budget Estimate supersede and replace the previous documents bearing those names. A contract amendment will be required to implement any such changes with the exception that changes in a budget line item of expense not to exceed five percent (5%) of the line item may be authorized without requiring a contract amendment if the total amount of the contract remains 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 Estimate" 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.

7. Prior authorization by the State in writing is required before Contractor will be reimbursed for any purchase order or subcontract exceeding \$3,000 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 approved by the Office of Legal Services, State Department of General Services, if required, and if adequate funds are appropriated in Item 2100-101-3036, Budget Act of 2006, for the purposes of this program.
4. Contractor Certifications: By signing this agreement, Contractor certifies compliance with the provisions of CCC 304, Standard Contractor Certification Clauses. This document may be viewed at: www.dgs.ca.gov/contracts.
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.