

LOS ANGELES POLICE COMMISSION

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POLICE ADMINISTRATION BUILDING
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LOS ANGELES, CA 90012-4112

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July 5, 2011

BPC #10-0069

The Honorable Antonio Villaraigosa
Mayor, City of Los Angeles
City Hall, Room 303
Los Angeles, CA 90012

The Honorable City Council
City of Los Angeles
c/o City Clerk's Office

Dear Honorable Members:

RE: TRANSMITTAL OF THE GRANT APPLICATION AND STANDARD AGREEMENT
FOR THE 2011-2012 OPERATION ABC GRANT AWARD FROM THE
DEPARTMENT OF ALCOHOL BEVERAGE CONTROL

At the regular meeting of the Board of Police Commissioners held Tuesday, July 5, 2011, the Board APPROVED the Department's report relative to the above matter.

This matter is being forwarded to you for approval.

Respectfully,

BOARD OF POLICE COMMISSIONERS

A handwritten signature in blue ink that reads "Maria Silva".

MARIA SILVA
Commission Executive Assistant

Attachment

c: Chief of Police

INTR-DEPARTMENTAL CORRESPONDENCE

BAE # 11-0269
8B

July 5, 2011
1.17

RECEIVED

JUN 29 2011

TO: The Honorable Board of Police Commissioners **REVIEWED** POLICE COMMISSION

FROM: Chief of Police


RICHARD M. JEFANK
EXECUTIVE DIRECTOR

6/30/11
DATE

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND STANDARD AGREEMENT FOR THE 2011-2012 OPERATION ABC GRANT AWARD FROM THE DEPARTMENT OF ALCOHOL BEVERAGE CONTROL

RECOMMENDED ACTIONS

1. That the Board of Police Commissioners (Board) REVIEW and APPROVE this report.
2. That the Board TRANSMIT the attached grant application, pursuant to Administrative Code Section 14.6(a), to the Mayor, Office of the City Administrative Officer (CAO), Office of the Chief Legislative Analyst, and to the City Clerk for committee and City Council consideration.
3. That the Board REQUEST the Mayor and City Council to:
 - A. AUTHORIZE the Chief of Police to ACCEPT the grant award of \$100,000 from the Department of Alcohol Beverage Control (ABC) for Operation ABC for the period of July 1, 2011, to June 30, 2012;
 - B. AUTHORIZE the Chief of Police or designee to execute the grant agreement for the period of July 1, 2011 through June 30, 2012, subject to the review of the City Attorney as to form and legality;
 - C. AUTHORIZE the Controller to set up the grant receivable in Fund No. 339 in the amount of \$100,000 and establish an appropriation account to be determined within Fund No. 339, Department No. 70, for the disbursements of Operation ABC grant funds;
 - D. AUTHORIZE the Los Angeles Police Department (LAPD) to submit grant reimbursement requests to the grantor and deposit the grant receipts in Fund No. 339, Department No. 70;
 - E. AUTHORIZE the LAPD to spend up to the total grant amount of \$100,000 in accordance with the grant award agreement;

- F. AUTHORIZE the Controller to increase appropriations as needed from Fund No. 339, Department No. 70, appropriation account number to be determined, to Fund No. 100, Department No. 70, account numbers and amounts as follows:

Account No. 701012, Salaries Sworn, \$63,066

Account No. 701092, Overtime Sworn, \$32,784

- G. AUTHORIZE by resolution the continued employment of one Police Sergeant II position, Classification Code 2227-2, within the LAPD for the period of July 1, 2011, to June 30, 2012;
- H. ADOPT the accompanying Resolution, as requested by the Grantor and subject to the review and approval of the City Attorney as to form, which endorses the grant agreement and agrees that any liability arising from the City's performance of activities funded by this grant shall be the responsibility of the City;
- I. AUTHORIZE the LAPD to prepare the Controller's instructions for any necessary technical adjustments, subject to the approval of the CAO, and instruct the Controller to implement the instructions.

DISCUSSION

This is the 16th year of funding for Operation ABC. The grant award would provide continued funding for the Citywide implementation of Operation ABC for Fiscal Year 2011-2012. Operation ABC is a comprehensive enforcement and prevention effort to identify disorderly outlets, reduce ABC violations and alcohol-related crimes, and to address the ABC-related quality of life issues. This project will include a wide range of strategies including training, education, and planning.

With almost 6,000 ABC licensed locations, the City accounts for almost 40 percent of all licenses in Los Angeles County, more than all other counties statewide. In addition, the immense population of Los Angeles and a shortage of police officers make it difficult to oversee and maintain compliance with all ABC locations. Operation ABC will continue to focus on one centralized office that collects and exchanges information for government and community purposes, provides training to all stakeholders and conducts enforcement operations to reduce the recurrence of alcohol related problems Citywide.

The LAPD will continue current efforts by replicating effective practices and expanding upon proven methods such as Standardized Training for Alcohol Retailers, Shoulder Tap, Minor Decoy, and Drunk Decoy. Since the project was initiated in 1996, Operation ABC has closed more than 89 non-compliant outlets, which has had a corresponding positive impact on the quality of life in the surrounding neighborhoods. Another area of concern is the number of new licenses being issued in Los Angeles. The Responsible Retailer Program

continues to be a successful tool utilized by the Los Angeles Zoning Administration as a mandated requirement for new licensees to obtain their zoning permit to sell alcohol.

The funding from the Department of ABC will enable the LAPD to continue to work closely with the Planning Department, Department of Building and Safety, Fire Department, and the Los Angeles County Public Health Department to enforce a broad range of code violations. The LAPD will also continue its partnership with the City Attorney's Citywide Nuisance Abatement Program (CNAP) and the Community Problems Unit. The partnership with CNAP continues to allow Operation ABC to investigate ABC violations effectively, along with narcotic violations occurring within problem ABC outlets.

The grant award budget includes \$63,066 for salaries and \$32,784 for overtime, \$2,500 in equipment for computer and related equipment, and \$1,650 for mandatory travel to attend conferences convened by the Department of ABC.

The agreement and supporting documentation were received by the LAPD from the Department of Alcoholic Beverage Control in mid-June. Upon review, it is now being transmitted for approval.

If you have any questions regarding this matter, please contact Police Administrator Maggie Goodrich, Information Technology Bureau, at (213) 486-0370.

Respectfully,



CHARLIE BECK
Chief of Police

BOARD OF
POLICE COMMISSIONERS
Approved *July 5, 2011*
Secretary *Maria Silva*

Attachments

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

AGREEMENT NUMBER 11G-LA14
REGISTRATION NUMBER

1. 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 Los Angeles through the Los Angeles Police Department

2. The term of this Agreement is: July 1, 2011 through June 30, 2012

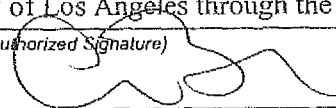

3. The maximum amount of this Agreement is: \$ 100,000

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

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.) City of Los Angeles through the Los Angeles Police Department		
BY (Authorized Signature) 	DATE SIGNED (Do not type) June 16 2011	
PRINTED NAME AND TITLE OF PERSON SIGNING Charlie Beck, Chief		
ADDRESS 100 West 1st Street, Suite 1072 Los Angeles, CA 90012		
STATE OF CALIFORNIA		<input checked="" type="checkbox"/> Exempt per: SCM 4.04.3
AGENCY NAME Department of Alcoholic Beverage Control		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Ed Jimenez, Assistant Director, Administration		
ADDRESS 3927 Lennane Drive, Suite 100; Sacramento, CA 95834		

PROJECT NARRATIVE

Exhibit A

1. Summary

The City of Los Angeles is populated with more than 4 million residents¹. Population growth has increased by over 27 percent since 1980. Los Angeles has evolved into a community with a diverse population consisting of: 44.6 percent Hispanic, 31 percent Caucasian, 12 percent Asian/Pacific Islanders, 9.5 percent African American, and .8 percent Native Americans. While 19 percent of the total population of Los Angeles falls below the federally determined poverty line², some neighborhoods targeted in the 2011/2012 proposal approach 37 percent. Increasing unemployment, homelessness, and related problems such as alcohol and substance abuse, are among the City's challenges. Urban blight remains visible in some neighborhoods and is often associated with disorderly ABC-licensed locations.

The Los Angeles Police Department (LAPD) is a full-service organization providing emergency response, crime suppression, investigative functions and traffic control. Currently, the LAPD has 9,888 sworn officers to provide police services for 468 square miles. Approximately 2,870 civilians provide support services for the LAPD. The Department's sworn strength to population ratio (2.3 officers per 1,000 population) is among the lowest of the nation's largest cities. A five-member Police Commission provides oversight over the LAPD's policies and procedures. The Department's administrative structure consists of the Chief of Police and offices immediately accountable to the Chief, such as Government Liaison, Community Affairs and Bureau of Professional Standards, etc. The City is divided into four geographical Bureaus: Central, South, West, and Valley, that provide police services in the communities. Each bureau is subdivided into four to seven areas (for a total of 21 Areas citywide), administered by Captains. Each Area has a small vice unit responsible for ABC enforcement in addition to other vice-related duties.

Los Angeles has 5,733 ABC licensed locations (including bars, night clubs, restaurants, liquor stores and markets) with over 45,000⁴ individuals employed to sell and distribute alcoholic beverages. The number of ABC-licensed establishments in the City accounts for seven percent of the total number of licensed locations state-wide and 37 percent of all licenses in Los Angeles County. The goals and objectives of this project is to continue focus in one centralized office (Operation ABC) that oversees ABC enforcement operations, collects and exchanges information for government and community purposes, and provides training to all stakeholders. These efforts will reduce the recurrence of alcohol-related problems citywide. The Department is requesting the maximum fund amount of \$100,000.00. This will fund a full time Sergeant II position, including overtime to conduct training and enforcement operations, funds to purchase equipment along with travel funds to attend ABC conferences.

2. Problem Statement

An oversaturation of individuals living and working in close proximity to many ABC licensed locations over a large area continues to create policing problems. Los Angeles has in excess of 500 nightclubs; approximately 150 of these can serve over 500 people at a time. Additionally, due to the popularity of the many special events and recreational venues (Staples Center with attached LA Live entertainment center housing 32 ABC licensed locations, Academy Awards, Dodger, Clippers and Lakers athletic events, etc.) the adult drinking population can increase significantly on any given evening. As many as 100,000 patrons could frequent any one of the 3,000 on-sale ABC establishments. There is a continuing problem of bars serving intoxicated patrons which potentially places intoxicated drivers on extremely busy freeways and 8,560 surface street miles. Because of community concerns, 48 ABC licensed premises are currently the subject of formal abatement investigations. Past ABC grants have established parameters that effectively deal with problematic premises and havens for criminal activity. They have resulted in the permanent closure of 97 ABC establishments. The LAPD relies heavily on ABC's progressive discipline process to resolve our many problems pertaining to licensed locations which negatively impact the community. We

Exhibit A

also utilize a number of tried and tested processes to eliminate disorderly premises including: civil abatement process, zoning variances, Employment Enforcement Task Force operations, Building and Safety enforcement, Health Department inspections, as well as Fire Department oversight.

Of continued concern, and a primary focus of the 2010/2011 grant, is the problem of illegal solicitation of alcoholic beverages inside on-sale licensed premises (§§303a PC and 25657a/b B&P). This activity encourages intemperance and has been directly tied to many Part I and II Crimes. During the past six months, locations catering to this type of activity have been the site of a homicide (Harbor Area), an attempted murder (Mission Area), a robbery (Foothill Area) and many other crimes which cause a drain on LAPD resources. On a Citywide level, in excess of 100 licensed locations have been identified by Area vice personnel as being involved in promoting this activity. During the past year, investigations at 33 ABC locations have resulted in 155 arrests for crimes relating to the illegal solicitation of alcoholic beverages and the problem continues relatively unabated. These investigations are extremely complex and require officers who are well trained and versed in the nuances of the activity to obtain criminal and administrative filings.

The LAPD has been alerted by the Los Angeles Unified School District (LAUSD) Police that the use of alcoholic energy drinks (AED) is prevalent among high school students. Alcoholic energy drinks are confiscated from high school students on a regular basis. Similar information was provided by the Department of ABC during a training seminar in July 2010. In January 2011, two teenage boys were found dead in an abandoned Huntington Beach apartment with an empty AED can next to their lifeless bodies. In November 2010, these products received national media attention following the hospitalization of nine Central Washington University freshman students after consuming AED's at a party. College students have referred to specific AED products as "blackout in a can". The use of AED products by underage individuals is growing at an alarming rate and therefore is a concern to the LAPD.

The LAPD uses minor decoy and decoy shoulder tap operations to aid in reducing the availability of alcoholic beverages to underage individuals. To that end, 1,584 ABC licensed locations were inspected via the minor decoy program and 1,240 individuals were solicited during decoy shoulder tap operations in 2010. These operations resulted in the highest yearly compliance rate to date; with an 87 percent compliance relating to minor decoy operations and 89 percent for decoy shoulder tap operations.

The Standardized Training for Alcohol Retailers (STAR) educational program continues to be in high demand by retailers desiring ABC training. It is mandated by the Los Angeles Zoning Administration as a requirement for new licensees and within the court system as a Condition of Probation for alcohol-related offenses. In 2010, as a direct result of this new program, total attendance at STAR presentations increased by 36 percent and class size increased by 31 percent. Our educational process should continue to expand to encourage additional corporations to participate in this valuable program through the STAR Corporate Partners program. A modification of the Responsible ABC Retailer program, the STAR Corporate Partners program has generated substantial increases in the demand for ABC training. Corporate Partners program provides a solid footing for licensees at a corporate level, to maintain a safe and successful business through education and training. Without the ABC Grant and Operation ABC's vision to train the new ABC operators, our many successful educational programs would disappear.

Our last challenge is the sharing of our successes and the expansion of a training vehicle to enhance investigative expertise and provide ABC training for all law enforcement personnel. In 1997, Operation ABC developed the *ABC Debrief*, a quarterly publication distributed to community stakeholders. This periodical provides insight into ABC enforcement efforts and educational programs conducted on an ongoing basis by the LAPD. The "back-bar inspection" portion of this publication provides insight into educational and operational aspects of our enforcement programs. Operation ABC disseminates this periodical statewide from the Governor's office, local political offices, LAPD command staff as well as other ABC grant agencies in an effort to share our experience and knowledge to younger agencies just entering the ABC grant market.

Exhibit A

This grant will allow the LAPD to continue to adapt the current *ABC Debrief* into an online format and maintain an ABC training vehicle that can be accessed by law enforcement personnel on a state-wide level.

Unfortunately, the size of the City as it relates to sworn personnel continues to hamper consistent code enforcement and successful control of problem premises. The emphasis on patrol functions, while important to community policing, reduces the number of officers in the City's vice units, affecting ongoing enforcement, as well as the units' ability to undertake more proactive, preventive measures. The Alcoholic Beverage Control Grant support will allow Los Angeles to continue Operation ABC citywide and ensure its consistency with the ABC's 1997 Strategic Plan.

3. Project Description:

Our project will continue with the Grant funded Sergeant II position as well as the Department in-kind Sergeant II position; focusing 100 percent of their time on alcohol-related issues. Our Goals and Objectives will focus on ABC enforcement and education programs on a citywide basis. The proposed Operation ABC is a comprehensive enforcement and prevention effort to identify disorderly outlets, reduce ABC violations and alcohol-related crimes, and to address the ABC-related quality of life issues. This proposal includes a wide-range of strategies, including training, education and planning. Training strategies will focus on ABC licensed establishments and their employees, police department employees, as well as other public service organizations involved in alcohol-related issues. Educational strategies will also include the maintenance of an online training vehicle which will allow law enforcement personnel on a statewide level the ability to obtain additional investigative expertise by reviewing "back-bar inspection" articles via the Internet. Through the dissemination of an alcoholic energy drink advisory to LAUSD high school principals and ABC off-sale retailers, our educational efforts will focus on prevention strategies to minors and risk factors of alcohol use by young adults. This advisory will also be maintained for public access through the LAPD webpage. Planning strategies will focus on issuance of ABC licenses, conditional use permits, and the impact of alcohol establishments in Los Angeles. Enforcement strategies will focus on ABC enforcement operations, such as minor decoy and decoy shoulder tap operations, intoxicated service, disorderly house and abatement investigations. The project will also allow the continuation of our efforts to combat the problems associated with the illegal solicitation of alcoholic beverages which was initiated during the previous ABC grant period. The grant sergeant will purchase new equipment that will aid him in educational as well as training presentations and enforcement operations.

Project Goals:

1. Identify disruptive retail alcoholic beverage outlets throughout the City of Los Angeles for Disorderly House investigations.
2. Increase ABC licensee education and implement programs to prevent future violations.
3. Continue to develop innovative methods to manage ABC-related problems most effectively (both criminal and administrative violations).
4. Continue to expand partnerships with corporate business operators committed to promoting responsible ABC sales and services.
5. Continue to enhance the online training vehicle to provide law enforcement personnel on a statewide level access to ABC training material.
6. Publicize the program and enlist community support with alcohol-related problems.

Project Objectives:

1. Identify and target top 20 problematic ABC licensed establishments by July 31, 2011.
 - a. This is to include 10 locations involved in the illegal solicitation of alcoholic beverages.
2. To conduct a minimum of 12 multi-agency task force operations citywide by June 30, 2012.

3. To assist area vice units and ABC district personnel in conducting 50 plain-clothes operations at ABC establishments citywide by June 30, 2012.
4. To conduct a minimum of 65 Minor Decoy operations by June 30, 2012
 - a. 15 operations will specifically address and target alcoholic energy drink products.
5. To conduct a minimum of 30 Shoulder Tap operations by June 30, 2012.
6. To conduct a minimum of 12 Drunk Decoy operations by June 30, 2012.
7. To conduct a minimum of 100 IMPACT inspections by June 30, 2012.
8. To conduct a minimum of 50 STAR presentations (8 Spanish, 2 Korean).
 - a. STAR training will be modified to include a block of instruction addressing the issue of the alcoholic energy drink products (§§23004 B&P and 307 PC).
9. Publish and disseminate an informational notice relating to the alcoholic energy drink products to LAUSD high school principals and off-sale ABC licensees on a Citywide basis by June 30, 2012.
10. Incorporate a link to the Operation ABC webpage which will allow ABC retailers and the public direct Internet access to Operation ABC personnel for the exchange of information or the answering of ABC-related questions by June 30, 2012.
11. Develop on and off-sale ABC premise inspection sheets standardizing the LAPD premise process on a Department-wide basis and implement via the Area vice units by June 30, 2012.
12. To continue quarterly publication of the *ABC Debriefer* newsletter through June 30, 2012.
13. To continue to utilize the “back-bar inspection” portion of the *ABC Debriefer* as an online training vehicle accessible to law enforcement personnel on a statewide level and produce (4) training articles by June 30, 2012.
14. Post 100 Responsible ABC Retailer Program Placards at retail locations citywide.
15. Continue to utilize the “STAR Corporate Partners Program” to provide training to ABC retail employees on a corporate-wide level and identify five additional corporations to participate in the program by June 30, 2012.
16. To provide a total of 25 ABC enforcement training sessions to the Department’s vice units by June 30, 2012.
17. To conduct a minimum of 12 ABC liaison meetings reviewing reports.
18. To attend ABC conference(s) and prepare training presentations as requested by ABC.
19. Announce the grant award via a press conference or other media event by July 31, 2011.
20. Issue periodic press releases regarding grant activity or enforcement operations.

4. Project Personnel

Operation ABC is staffed by a Project Director, Sergeant II Stephen Moore and the Project Coordinator, Sergeant II Liferlando Garcia who are assigned to Detective Support and Vice Division. Sergeant Moore has 33 years experience with the Department (14 years focused on vice-related enforcement with 12 years coordinating alcohol enforcement and educational programs within Operation ABC). Sergeant Garcia has 20 years of law enforcement experience with nine years in vice assignments. Sergeants Moore and Garcia have received specialized training in ABC law and enforcement strategies, have extensive teaching experience and are ABC instructors at the Department’s Vice School. The Project Director and the Coordinator are responsible for day-to-day implementation of this project. The Project Director and Coordinator meet weekly with the Area Vice units and ABC personnel to plan and schedule specific operations.

¹ State Department of Finance, 2001 estimate.

² Lipton G. Census Data, Community Services Block Grant 1994 Plan

⁴ Estimation based on 1,728 Informed Merchants Preventing Alcohol-Related Crime Tendencies (IMPACT) inspections (30 percent of total ABC locations) conducted between 1999 and 2004 by Operation ABC personnel. These inspections reported a total of 14, 478 employees working at licensed establishments.

BUDGET ESTIMATE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
A. Personnel Services (straight time salaries, overtime, and benefits)	(Round budget amounts to nearest dollar)
A.1 Salary: Police Sergeant II (Project Coordinator @ 60%	\$63,066.00
A.2 Overtime: 405.79 hours @ \$80.79 per hour	\$32,784.00
TOTAL PERSONNEL SERVICES	
B. Operating Expenses (maximum \$2,500)	\$95,850.00
TOTAL OPERATING EXPENSES	0
C. Equipment (maximum \$2,500)	
(Attach receipts for all equipment purchases to monthly billing invoice)	
Purchase computer and camera equipment to be utilized for training and investigative documentation purposes	\$2500.00
TOTAL EQUIPMENT	\$2500.00
D. Travel Expense/Registration Fees (maximum \$2,000)	
(Registration fee for July 2011 GAP Conference attendees is \$200 each)	
Registration fee for July 2011 GAP Conference - (2) attendees	\$400.00
Travel, lodging and per diem for July 2011 GAP Conference	\$1250.00
TOTAL TRAVEL EXPENSE	\$1650.00
TOTAL BUDGET ESTIMATE, ALL CATEGORIES	\$100,000.00

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 2011.
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.

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 2011, 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.
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.