

INTRADEPARTMENTAL CORRESPONDENCE

BPC # 18-0226 2G

RECEIVED

JUN 15 2018

June 7, 2018
14.3

POLICE COMMISSION

REVIEWED

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police


RICHARD M. TEVANK
EXECUTIVE DIRECTOR

6/15/18
DATE

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND AWARD
ACCEPTANCE FOR THE 2018-2019 OPERATION ABC GRANT
FROM THE DEPARTMENT OF ALCOHOLIC 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 and award, 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 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 retroactively apply for and ACCEPT the grant award of \$100,000 from the State Department of Alcoholic Beverage Control (ABC) for Operation ABC for the period of July 1, 2018, to June 30, 2019;
 - B. AUTHORIZE the Chief of Police or his designee to execute the grant agreement for the period of July 1, 2018 through June 30, 2019, subject to the review of the City Attorney as to form;
 - C. AUTHORIZE the Controller to set up a grant receivable and appropriate \$100,000 to appropriation account, account number to be determined, within Fund No. 339, Department No. 70, for the receipt and disbursement 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. 001012, Salaries Sworn, \$62,786

Account No. 001092, Overtime Sworn, \$34,714

- G. 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 23rd year of funding for Operation ABC. The grant award will provide continued funding for the Citywide implementation of Operation ABC for Fiscal Year 2018-2019. 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 over 6,000 ABC licensed locations, the City accounts for 32 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 its focus from 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

The Honorable Board of Police Commissioners

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14.3

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 \$62,786 for the salary of a Police Sergeant II; \$34,714 for sworn overtime; and \$2,500 for mandatory travel to attend conferences convened by the State Department of ABC.

If you have any questions regarding this matter, please contact Commander Ruby Flores, Community Policing and Policy Group, at (213) 486-6605.

Respectfully,



CHARLIE BECK
Chief of Police

Attachments

INTRADEPARTMENTAL CORRESPONDENCE

June 7, 2018
14.3

TO: Chief of Police

FROM: Commanding Officer, Community Policing and Policy Group

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND AWARD
ACCEPTANCE FOR THE 2018-2019 OPERATION ABC GRANT
FROM THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

Attached for your approval and signature is the transmittal to the Board of Police Commissioners to accept grant funds for the 2018-2019 Department of Alcoholic Beverage Control (ABC) program. The Los Angeles Police Department will receive \$100,000 as reimbursement for grant activities from July 1, 2018 to June 30, 2019. This award will provide continued funding for the Citywide implementation of Operation ABC, which focuses on the enforcement of alcohol laws in ABC licensed businesses, sales of alcoholic beverages to minors, intoxicated patrons, illegal solicitation of alcohol and other criminal activities.

If you have any questions, please contact Senior Management Analyst Stella Larracas, Grants Section, at (213) 486-0380.



RUBY FLORES, Commander
Commanding Officer
Community Policing and Policy Group

BOARD OF
POLICE COMMISSIONERS
Approved
Secretary

June 19, 2018
Maria Silva

Attachments

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

3927 Leninane Drive, Suite 100
Sacramento, CA 95834
(916) 419-2500



RECEIVED

MAY 23 2018
May 16, 2018

ASSISTANT TO OFFICE
OF ADMINISTRATIVE SERVICES

To: OAS
Duo: OSVD

- Information Only
- Approp. action, retain & file
- Reply to correspondent by you
- Copy to COP
- Fact sheet to COP
- Invert. reply COP signature
- Forwarding documentation to COP

Chief Charlie Beck
Los Angeles Police Department
100 West 1st Street, Suite 1072
Los Angeles, CA 90012

#1165
RECEIVED-1

MAY 23 2018

OFFICE OF THE
CHIEF OF POLICE

Ret'd OSVD on 5-30-18
#1617

Dear Chief Beck:

Congratulations! Your agency has been selected by the Department of Alcoholic Beverage Control to receive funding for your 2018/2019 Alcohol Policing Partnership grant proposal in the amount of \$100,000. We look forward to working with your department to meet the goals and objectives in your proposal.

A grant contract will be forthcoming within the next couple of weeks which requires a resolution from your agency's governing body. A sample resolution was included in the Request for Proposal packet. **Due to the fact that these resolutions have to be put on your governing body's calendar, we ask that you do this as soon as possible.**

We are planning a two and a half-day training conference July 10 – 12, 2018, at the Embassy Suites by Hilton San Luis Obispo, 333 Madonna Road, San Luis Obispo. The conference can accommodate two attendees from each agency and it is recommended that your Project Director and the officer/deputy assigned to the grant program attend.

This conference will offer valuable training in alcohol enforcement and will also be an excellent opportunity for the officers and deputies from your agency to meet and share information with others. Attendees are encouraged to utilize a pre-registration session on Monday, July 9, 2018, from 4:00 – 5:00 p.m. in order to expedite the registration on the next day.

A block of rooms at a special conference rate of \$159.00 plus tax has been reserved for grant agency participants.¹ **PLEASE NOTE THAT ATTENDEES MUST MAKE RESERVATIONS BY THE HOTEL'S DEADLINE OF JUNE 15, 2018,** to guarantee the special room rate or availability. There will be a \$325.00 registration fee per person for the

¹ Based on the State regulations we are unable to reimburse those agencies that are within a 50 mile radius from the Embassy Suites by Hilton San Luis Obispo. The distance is based on the agency's physical headquarters address. Agency(s) that fall in this category are: **Cal Poly University Police Dept, Grover Beach Police Dept, and Santa Maria Police Dept.** Travel reimbursable costs for the aforementioned agency(s) will be limited to the registration fee only.

training that is reimbursable through the grant. Space at the hotel is limited and late registrants may be referred to nearby hotels.

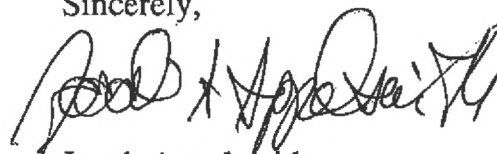
Participants must contact the Embassy Suites Hotel **directly** to make reservations. Below are three options:

1. Call (805) 549-0800 and ask for the Alcohol Beverage Control discount rate.
2. Go to www.embassysuitessanluisobispo.com and make a reservation using the Group Code XAB.
3. Go to website: http://embassysuites.hilton.com/en/es/groups/personalized/S/SLOCAES-XAB-20180709/index.jhtml?WT.mc_id=POG

Due to the short time frame for registering at the hotel, your prompt attention is appreciated. The special room rate will only be available until June 15, 2018, or until the group block is sold out, whichever comes first. We have also enclosed a conference registration form to be filled out and returned using the same time frame.

If you have any questions, please call grant Coordinator Suzanne Pascual at (916) 419-2572.

Sincerely,



Jacob Appelsmith
Director

Enclosure

Cc: Sergeant II Liferlando Garcia, Project Director

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

3927 Lennene Drive, Suite 100
Sacramento, CA 95834
(916) 419-2500 FAX (916) 419-2599



May 31, 2018

Chief Charlie Beck
Los Angeles Police Department
100 West 1st Street, Suite 1072
Los Angeles, CA 90012

Subject: Grant Contract 18G-LA25

Dear Chief Beck:

Enclosed are three (3) copies of the Standard Agreement STD 213 contract to be entered into between the Department of Alcoholic Beverage Control and the **Los Angeles Police Department** for the total amount of **\$100,000**.

To help expedite processing, please ensure below items are completed before returning documents.

1. Sign all three (3) STD 213 sets. **Each must have an original signature.**
2. A copy of your Governing Body's Resolution in acceptance of this funding.
3. Include your Federal Taxpayer's Identification Number here 95-6000735 and return this document with the signed STD 213's.
4. Return to my attention at the above letterhead address within 60 days of receiving letter/package. If you cannot, please contact me.

After receipt of the above information from your agency, I will process the contract package for approval. Upon approval, we will execute a fully signed contract for your records.

If you have any questions, I can be reached at (916) 419-2572 or suzanne.pascual@abc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Suzanne Pascual".

Suzanne Pascual
Grant Coordinator

Enclosures

Cc: Sergeant II Liferlando Garcia, Project Director (enclosure not included)

SCOPE OF WORK

1. Summary

The City of Los Angeles is populated with more than 4 million residents¹. Since 1980, population growth has increased by over 35 percent. Los Angeles has an extremely diverse population consisting of 48.5 percent Hispanic, 28.7 percent Caucasian, 11.3 percent Asian/Pacific Islanders, 9.6 percent African American, and 1.9 percent Native American/Other. While 19 percent of the total population of Los Angeles falls below the federally determined poverty line², some neighborhoods, identified in the 2018/19 proposal, approach a 37 percent poverty rate. Unemployment, homelessness, and related problems, such as alcohol and substance abuse, are among the City's challenges. Urban blight continues to remain 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 for a 468 square mile area. Currently, the LAPD has over 9,900 sworn officers and 2,785 civilian employees who provide support services for uniformed and plainclothes personnel. The Department's sworn strength to population ratio (2.4 officers per 1,000 population) is among the lowest in the nation. 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. The City is divided into four geographical Bureaus: Central, South, West, and Valley, that provide police services in their respective 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 enforcement component responsible for ABC enforcement in addition to other vice-related duties.

Los Angeles has 6,316 ABC licensed locations with an estimated 45,000¹ individuals employed in the retail distribution of alcoholic beverages. The number of ABC-licensed establishments in the City accounts for seven percent of the total number of licensed locations statewide and 32 percent of all licenses in Los Angeles County. The goals and objectives of this project will focus ABC enforcement and educational activities from a centralized office (Operation ABC). Activities will include: managing ABC enforcement operations on a citywide basis, the collection and exchange of information for government and community purposes, and providing specialized training to community stakeholders. These efforts will reduce the recurrence of alcohol-related problems citywide. Due to the high volume of ABC establishments (3,052 off-sale and 3,264 on-sale), the LAPD is requesting the maximum funding amount of \$100,000.00. This will fund a full-time Sergeant II position at 50%, including 342 hours of overtime to conduct training and enforcement operations.

2. Problem Statement

A combination of population density, close proximity to ABC licensed premises, distributed over a large geographic area, continues to create significant policing problems for the LAPD. Los Angeles has in excess of 500 nightclubs; 150 of these clubs can serve over 500 patrons at a time. Additionally, due to the popularity and special events held at Dodger Stadium, Los Angeles Coliseum, Staples Center and attached LA Live Entertainment Center, housing 32 ABC licensed locations, the adult drinking population can surge significantly on any given occasion. As many as 100,000 patrons could potentially frequent any of the 3,264 on-sale ABC establishments. Bars serving intoxicated patrons can increase the potential of intoxicated drivers on busy freeways and surface streets. Because of community concerns, 12 ABC licensed premises are currently the subject of formal abatement investigations. Additionally, 49 percent of all formal complaint investigations conducted by Area vice units involve an ABC licensed establishment.

Exhibit A

In addition to the maintenance of an extremely effective ABC enforcement and education program, of continued concern are the problems associated with illegal solicitation of alcoholic beverages inside on-sale licensed premises (§§303a PC and 25657a/b B&P). This activity encourages intemperance and contributes to Part I and II crimes and drains the LAPD of its limited policing resources. In the past year, Olympic Area has experienced a myriad of issues in dealing with 12 Koreatown on-sale ABC licensed Karaoke bars, notorious for promoting the illegal solicitation of alcoholic beverages. Olympic Area has had a notable increase in sexual assaults at the same Koreatown bars that promote illegal alcoholic beverage solicitation schemes, along with numerous incidents of after-hours service and consumption of alcoholic beverages. Operation ABC and the Department of ABC have assisted Olympic Vice in conducting investigations at the 12 Koreatown locations. However, this illegal activity continues to manifest problems for the surrounding community.

The LAPD has placed considerable emphasis on combating illegal alcoholic beverage solicitations throughout the city. During the 2017/18 ABC grant year, Operation ABC expended in excess of 400 personnel hours investigating problems relating to soliciting alcoholic beverages inside on-sale locations; it is anticipated that an equal number of personnel hours will be expended during the 2018/19 grant period. During this time period, 18 licensed locations were the subject of alcoholic beverage solicitation investigations resulting in 43 arrests. On a Citywide level, in excess of 30 licensed locations have been identified by Area vice personnel as being involved in promoting this activity. During the past five ABC grants, investigations at 80 ABC locations have resulted in 427 arrests for crimes relating to the illegal solicitation of alcoholic beverages. 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.

To continue our efforts of reducing the availability of alcoholic beverages to underage individuals, the LAPD must rely on a combination of enforcement and education. Minor decoy, shoulder tap and trap door operations in combination with community outreach will aid in preventing minors from having access to alcoholic beverages. During the 2016/17 grant year, while inspecting 586 licensed ABC locations, the LAPD achieved a very respectable compliance rate in regards to minor decoy operations (87% overall). LAPD conducted 37 shoulder tap operations along with three trap door operations. LAPD will continue to conduct trap door operations at ABC licensed establishments near local college campuses to combat the growing problem of minors utilizing counterfeit ID's to purchase alcoholic beverages.

The Standardized Training for Alcohol Retailers (STAR) educational program continues to be in high demand by retailers seeking ABC training from subject matter experts. In the 2017 calendar year, Operation ABC conducted 194 presentations with a total attendance of 6,904 individuals. This represents an eight percent increase in the number of presentations and a small decrease in attendance in comparison to 2016. The increase in presentations is directly attributed to the STAR Corporate Partners program, which has become a core component of the LAPD's ABC training vehicle and should be expanded during the upcoming grant period. A modification of the Responsible ABC Retailers program, the STAR Corporate Partners program promotes responsible beverage training and formally recognizes corporations for their training commitments. In recent months, Superior Grocers and 213 Hospitality joined the ranks of STAR Corporate Partners.

Operation ABC will continue to add STAR training presentations specifically catered toward the Korean and Spanish speaking ABC retail communities. This grant will enable the LAPD to continue to place additional emphasis on bilingual, Korean and Spanish ABC training program. LAPD is the only agency to offer bilingual ABC training in Korean and Spanish languages in Southern California.

Exhibit A

By participating in community events, Operation ABC will be able to reduce alcohol-related crime by alerting at-risk adolescents to the problems associated with alcoholic beverage consumption. By attending college and high school events, we can optimize our impact and interact with students who are most likely to experiment with dangerous drinking patterns. In combining the above preventive approach with traditional enforcement operations (minor decoy, shoulder tap and trap door operations); Operation ABC will continue to be very proactive in their efforts to reduce the availability of alcoholic beverages to underage individuals.

The size of the City as it relates to sworn personnel continues to hamper consistent code enforcement and successful control of ABC problem premises. The emphasis on patrol functions, while important to community policing, reduces the number of officers in vice units, affecting ongoing enforcement, as well as the units' ability to undertake more proactive and preventive measures. The Alcoholic Beverage Control Grant 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. 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 designed to reduce ABC violations and alcohol-related crimes; thereby enhancing the quality of life in our many business and residential communities. This proposal includes a wide-range of strategies, including training, education, planning, and enforcement. *Training* will focus on ABC licensed establishments and their employees, police department employees, as well as public service organizations involved in alcohol-related issues. *Education* will include the maintenance of an online training vehicle allowing law enforcement personnel on a statewide level the ability to obtain investigative expertise by reviewing enforcement specific articles via the internet. The continued maintenance of an active internet link via the Operation ABC webpage, will allow the ABC retail community direct access to unit personnel. This access has proven vital in keeping the retail community abreast of training opportunities and as a conduit to respond to their many concerns. *Planning* will focus on issuance of ABC licenses, conditional use permits, and the impact of alcohol establishments in Los Angeles. Lastly, *Enforcement* will focus on ABC enforcement operations, minor decoy, shoulder tap, trap door operations, intoxicated service and disorderly house/abatement investigations. The project will allow for the continuation of the LAPD's efforts to combat the many problems associated with the illegal solicitation of alcoholic beverages inside on-sale licensed ABC premises. Grant personnel will purchase new equipment to aid in our educational efforts through the enhancement of 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 effectively manage ABC-related problems (criminal and administrative violations).
4. Continue to enhance partnerships with corporate business operators committed to promoting responsible ABC sales and services.

Exhibit A

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 10 problematic ABC licensed establishments by July 31, 2018
 - a. This is to include eight 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, 2019
3. To assist Area Vice Units and ABC district personnel in conducting 50 plain-clothes operations at ABC establishments Citywide by June 30, 2019.
4. To conduct a minimum of 60 Minor Decoy operations by June 30, 2019.
5. To conduct a minimum of 30 Shoulder Tap operations by June 30, 2019.
6. To conduct a minimum of 2 Trap Door operations by June 30, 2019
7. To conduct a minimum of 100 IMPACT inspections by June 30, 2019.
8. To conduct a minimum of 70 STAR presentations (12 Spanish, 5 Korean).
9. To participate in two college or high school community events by June 30, 2019.
10. Maintain access to Operation ABC personnel via webpage Internet link allowing ABC retailers and the public to exchange of information or the answering of ABC-related questions through June 30, 2019
11. To continue quarterly publication of the Operation ABC newsletter through June 30, 2019.
 - a. Maintain the "back-bar inspection" portion of the Operation ABC newsletter as an online training vehicle accessible to law enforcement personnel on a statewide level.
 - b. Produce four ABC-related training articles by June 30, 2019.
12. To post 75 Responsible ABC Retailer Program Placards at retail locations Citywide.
13. To utilize the "STAR Corporate Partners Program" promoting ABC training on a corporate level and identify three additional corporations to participate in the program by June 30, 2019
14. To provide 25 ABC training sessions to the Department's vice units by June 30, 2019.
15. To conduct a minimum of 12 ABC liaison meetings reviewing reports.
16. Announce the grant award via a press conference or other media event by July 31, 2018
17. Issue periodic press releases regarding grant activity or enforcement operations.

4. Project Personnel

Operation ABC is staffed by a Project Director, Sergeant II Liferlando Garcia and the Project Coordinator, Sergeant II Craig Nollner who are assigned to Detective Support and Vice Division. Sergeant Garcia has 28 years of experience with the Department (10 years coordinating alcohol enforcement and educational programs within Operation ABC). Sergeant Nollner has 25 years of law enforcement experience with 5 years in vice assignments and two years coordinating alcohol enforcement programs within Operation ABC. Sergeants Nollner 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. Due to their training and enforcement experience, Operation ABC supervisors have developed a certain level of expertise that is needed to investigate disruptive licensed establishments due to the complexity of ABC law. Sergeants Nollner and Garcia will be available to respond and assist in handling alcohol related incidents and investigations throughout the City of Los Angeles twenty-four hours a day.

BUDGET DETAIL

Exhibit B

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
A. Personnel Services (Straight Time Salaries, Overtime, and Benefits)	(Round budget amounts to nearest dollar)
A.1 Straight Time Sergeant II salary \$125,572 (project Coordinator at 50%)	\$62,786.00
A.2 Overtime 369.30 hours @ \$94.00 per hour	\$34,714.00
A.3 Benefits None	
TOTAL PERSONNEL SERVICES	\$97,500.00
B. Operating Expenses (maximum \$2,500)	
TOTAL OPERATING EXPENSES	\$0.00
C. Equipment (maximum \$2,500)	\$0.00
TOTAL EQUIPMENT	\$0.00
D. Travel Expense/Registration Fees (maximum \$2,500)	
Registration fee for July 2018 GAP Conference attendee is \$325 each	\$ 650.00
Transportation, Lodging, Per Diem cost	\$ 1,850.00
TOTAL TRAVEL EXPENSE	\$2,500.00
TOTAL BUDGET DETAIL COST, 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 2018.
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 can 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 2018, for the purposes of this program.
4. **Contractor Certifications:** By signing this agreement, Contractor certifies compliance with the provisions of CCC 04/2017, Standard Contractor Certification Clauses. This document may be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.
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.