



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

BOARD OF SUPERVISORS

**Gloria Molina**  
First District

**Yvonne Brathwaite Burke**  
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Fifth District

August 4, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO RATIFY STANDARD AGREEMENT NOS. 03-76006, 04-35979,  
AND 03-75385 FROM THE CALIFORNIA DEPARTMENT OF HEALTH  
SERVICES TO SUPPORT BEACH WATER QUALITY MONITORING AND  
PUBLIC NOTIFICATION SERVICES  
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Ratify the Director of Health Services', or his authorized designee's, acceptance of Standard Agreement No. 03-76006, for the period of October 1, 2003 through September 30, 2004, in the amount of \$25,000, Standard Agreement No. 04-35979, for the period of October 1, 2004 through September 30, 2005, in the amount of \$25,000, and Standard Agreement No. 03-75385, for the period of July 1, 2003 through June 30, 2006, in the amount of \$217,005 (Exhibit I), from the California Department of Health Services (CDHS), to support the Department of Health Services' Environmental Health Program in its provision of beach water quality monitoring and public notification services.
2. Delegate authority to the Director of Health Services, or his designee, to accept and sign any forthcoming Standard Agreements and amendments which do not exceed 30% of the total dollar amount of each Standard Agreement, with substantially similar terms, that provide funding to support the Department of Health Services' Environmental Health Program in its provision of beach water quality monitoring and public notification services, through June 30, 2009, upon review and approval by County Counsel and notification of the Board offices.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended actions the Board is: 1) ratifying the Department's acceptance of Standard Agreement Nos. 03-76006, 04-35979, and 03-75385, which due to Department oversight, were previously accepted and signed without Board approval, and 2) delegating authority to the Director of Health Services, or his authorized designee, to accept forthcoming Standard Agreements and amendments which support beach water quality monitoring and public notification services through June 30, 2009.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended actions are consistent with the principals of the Countywide Strategic Plan to improve the quality of life in Los Angeles County by monitoring the water quality at frequently used beaches along the coastline and providing notification when the quality of water is compromised.

FISCAL IMPACT/FINANCING:

The total program cost to provide beach water quality monitoring and public notification services for the period of July 1, 2003 through June 30, 2006, is \$479,353, which will be offset by \$217,005 in CDHS funds, as provided under the Standard Agreements, and \$262,348 in Environmental Health Program's existing fee revenue. Current Standard Agreement funding is included in the Fiscal Year (FY) 2005-06 Adopted Budget and will be requested in future FYs.

Funding having been previously expended under Standard Agreement No. 03-76006, for the period of October 1, 2003 through September 30, 2004, in the amount of \$25,000, and Standard Agreement No. 04-35979, for the period of October 1, 2004 through September 30, 2005, in the amount of \$25,000, was not included in the FY 2005-06 Adopted Budget for this action. (See Attachment A, for detail of total current and previous budgets under each Standard Agreement.)

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On March 18, 2003, the Board approved acceptance of pass through funds from the United States Environmental Protection Agency (EPA) of \$28,034 from the CDHS, to provide beach water quality monitoring and public notification services for the period of November 1, 2002 through September 30, 2003. The Board's approval, however, did not include a request for delegated authority for the Director, or his authorized designee, to execute any forthcoming Standard Agreements and amendments. This language is now included in Departmental Board requests for all current Standard Agreements and grants.

Thus, subsequent to the Board's acceptance of the initial Standard Agreement, the Department, without delegated authority, accepted from the CDHS, Standard Agreement No. 03-76006, for the period of October 1, 2003 through September 30, 2004, in the amount of \$25,000, Standard Agreement No. 04-35979, for the period of October 1, 2004 through September 30, 2005, in the amount of \$25,000, and Standard Agreement No. 03-75385, for the period of July 1, 2003 through June 30, 2006, in the amount of \$217,005.

Each Standard Agreement provides funding support to assist the DHS in conducting weekly testing for microbiological contaminants, including but not limited to, total coliform, fecal coliform, and enterococci bacteria in Los Angeles County coastal recreation waters from the Ventura County border to the City of Long Beach border, a distance of approximately 60 miles. For those beaches failing to meet bacteriological safety standards, DHS' Environmental Health Program provides public notification which at a minimum includes: 1) posting conspicuous warning signs at the beach to inform the public of the nature of the problem and the possibility of a health risk, 2) closing and restricting those beaches that are impacted by sewage or chemical spills, 3) reporting bacteria levels, warnings and closures to the CDHS, and 4) establishing a telephone hotline to inform the public of all beaches currently closed, posted, or otherwise restricted.

The Environmental Health Program is the regulatory agency within DHS that performs mandated services related to food, housing, water, liquid and solid waste, and vectors. Environmental Health Program's Recreation Health Unit is responsible for monitoring water quality at frequently used beaches along the coastline and providing public notification (e.g., posting signs) when the quality of water is compromised.

The agreement (Exhibit I) has been approved as to form by County Counsel.

Attachment A provides additional information. Attachment B is a copy of the Grant Management Statement form which the Board requires all County departments to file for grants exceeding \$100,000.

CONTRACTING PROCESS:

Not applicable. It is not appropriate to advertise Standard Agreements/grants on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

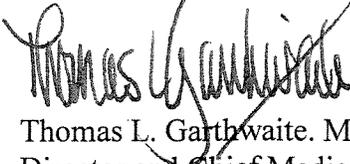
IMPACT ON CURRENT SERVICES (OR PROJECTS):

Board approval of this action will allow the Department to accept funds that will assist in offsetting its costs to support the continuance of beach water quality monitoring and public notification services through June 30, 2009.

The Honorable Board of Supervisors  
August 4, 2005  
Page 4

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:gti

Attachments (3)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

BLCDBEACH.GI

SUMMARY OF AGREEMENT

1. Type of Service:

The Environmental Health Program is a regulatory agency within DHS that performs mandated services related to food, housing, water, liquid and solid waste, and vectors. Environmental Health Program's Recreation Health Unit is responsible for monitoring water quality at frequently used beaches along the coastline and providing public notification (e.g., posting signs) when the quality of water is compromised.

2. Agency Address, Contact Person, and Telephone Number(s):

California Department of Health Services  
Environmental Health Services Section  
P.O. Box 997412, MS 7404  
Sacramento, California 95899-7413  
Attention: Mr. Raymond Tom  
Telephone: (916) 449-5694; Facsimile (FAX): (916) 449-5665  
Electronic Mail (e-mail) address: www.dhs.ca.gov

3. Term:

Current term: July 1, 2003 through June 30, 2006. (Standard Agreements to be accepted through June 30, 2009).

4. Financial Information:

The total program cost to provide beach water quality monitoring and public notification services for the period of July 1, 2003 through June 30, 2006, is \$479,353, which will be offset by \$217,005 in CDHS funds, as provided under the Standard Agreement, and \$262,348 in Environmental Health Program's existing fee revenue. Current Standard Agreement funding is included in the Fiscal Year (FY) 2005-06 Adopted Budget and will be requested in future FYs.

Funding having been previously expended under Standard Agreement No. 03-76006, for the period of October 1, 2003 through September 30, 2004, in the amount of \$25,000, and Standard Agreement No. 04-35979, for the period of October 1, 2004 through September 30, 2005, in the amount of \$25,000, was not included within the FY 2005-06 Adopted Budget for this action. (See below, for detail of total current and previous budgets under each Standard Agreement.)

	<u>Total Program Costs</u>	<u>Approved State Budget (Grant Amount)</u>	<u>Environmental Health Fee Revenue</u>
Standard Agreement No. 03-76006:	\$156,203	\$ 25,000	\$131,203
Standard Agreement No. 04-35979:	\$161,567	\$ 25,000	\$136,567
Standard Agreement No. 03-75385:	<u>\$479,353</u>	<u>\$217,005</u>	<u>\$262,348</u>
Total:	\$797,123	\$267,005	\$530,118

5. Geographic Area:

Coastal recreational waters from Ventura County's southern border to City of Long Beach southern border.

6. Accountable for Monitoring and Evaluation:

Arturo Aguirre, Director, Environmental Health.

7. Approvals:

Public Health Programs & Services: John F. Schunhoff, Ph.D., Chief of Operations

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Christina A. Salseda, Deputy County Counsel

**Los Angeles County Chief Administrative Office  
Grant Management Statement for Grants Exceeding \$100,000**

Department: Health Services

Grant Project Title and Description  
California Department of Health Services (CDHS) - Beach Water Quality Monitoring and Public Notification Services

Funding Agency	Program (Fed. Grant #/State Bill or Code #)	Grant Acceptance
CDHS	03-75385	None

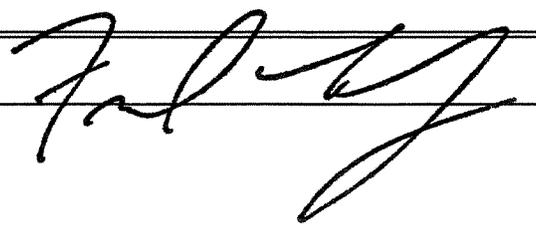
Total Amount of Grant	\$217,005	County Match Requirements	None
Grant Period: 7/01/03-	Begin Date: 07/01/03	End Date:	06/30/06
Number of Personnel Hired Under this	None	Full Time	0 Part 0

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant funded program?	Yes	No	X
Will all personnel hired for this program be placed on temporary ("N") items?	Yes	No	X
Is the County obligated to continue this program after the grant expires	Yes	X	No
If the County is not obligated to continue this program after the grant expires, the Department will:			
a). Absorb the program cost without reducing other services	Yes	X	No
b). Identify other revenue sources (Describe Environmental Health budget.)	Yes	X	No
c). Eliminate or reduce, as appropriate, positions/program costs funded by this grant.	Yes	NA	No

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head  Date 8/4/05

REGISTRATION NUMBER <b>4260070441282</b>	AGREEMENT NUMBER <b>03-75385</b>
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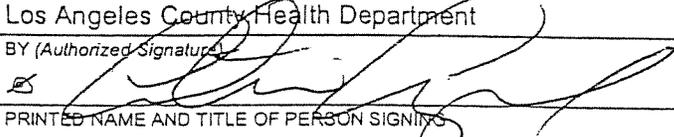
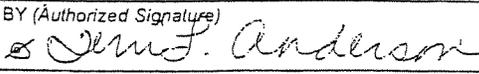
- This Agreement is entered into between the State Agency and the Contractor named below:  

STATE AGENCY'S NAME <b>California Department of Health Services</b>	(Also referred to as CDHS, DHS, or the State)
CONTRACTOR'S NAME <b>Los Angeles County Health Department</b>	(Also referred to as Contractor)
- The term of this Agreement is: **July 1, 2003** through **June 30, 2006**
- The maximum amount of this Agreement is: **\$ 217,005.00**  
**Two hundred seventeen thousand five dollars**
- The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work	3 pages
Exhibit A, Attachment I – AB411	7 pages
Exhibit A, Attachment II – Title 17	4 pages
Exhibit B – Budget Detail and Payment Provisions	3 pages
Exhibit B, Attachment I – Budget (Year 1)	1 page
Exhibit B, Attachment II – Budget (Year 2)	1 page
Exhibit B, Attachment III – Budget (Year 3)	1 page
Exhibit C * – General Terms and Conditions	<u>GTC 103</u>
Exhibit D(S) – Special Terms and Conditions (Attached hereto as part of this agreement)	18 pages
Exhibit E – Additional Provisions	1 page
Exhibit F – Contractor's Release	1 page
Exhibit G – Travel Reimbursement Information	2 pages

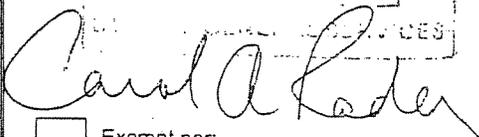
Items shown above with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at <http://www.ols.dqs.ca.gov/Standard+Language>.

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.) <b>Los Angeles County Health Department</b>	
BY (Authorized Signature) 	DATE SIGNED (Do not type)
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Arturo Aguirre, Director, Environmental Health</b>	
ADDRESS <b>5050 Commerce Drive, Baldwin Park, CA 91706</b>	
STATE OF CALIFORNIA	
AGENCY NAME <b>California Department of Health Services</b>	
BY (Authorized Signature) 	DATE SIGNED (Do not type) <b>7-1-04</b>
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Terri L. Anderson, Chief Contract &amp; Business Services Section</b>	
ADDRESS <b>1501 Capitol Avenue, Suite 71.2101, MS 1403, P.O. Box 997413 Sacramento, CA 95899-7413</b>	

*California Department of  
General Services Use Only*

**JUL - 8 2004**



Exempt per:

**Exhibit A**  
Scope of Work

1. Contractor agrees to provide to the Department of Health Services (DHS) the services described herein.

Contractor agrees to provide the beach water quality monitoring and public notification services as required by and in accordance with Assembly Bill 411, Statutes of 1997, Chapter 765 (Exhibit A, Attachment I) and Sections 7956 through 7962 of Title 17 of the California Code of Regulations (Exhibit A, Attachment II).

2. The services shall be performed at public beaches in the County of Los Angeles.
3. The services shall be provided during normal contractor working hours, Monday through Friday, excluding national holidays.
4. The project representatives during the term of this agreement will be:

<b>Department of Health Services</b> Raymond Tom Telephone: (916) 449-5694 Fax: (916) 449-5665	<b>Contractor</b> Richard Keababjian Telephone: (626) 430-5360 Fax: (626) 813-3000
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Direct all inquiries to:

<b>Department of Health Services</b> Environmental Management Branch Attention: Raymond Tom P.O. Box 997413, MS 7404 Sacramento, CA 95899-7413  Telephone: (916) 449-5694 Fax: (916) 449-5665	<b>Contractor</b> Los Angeles County Environmental Health Attention: Richard Keababjian 5050 Commerce Drive Baldwin Park, CA 91706-1423  Telephone: (626) 430-5360 Fax: (626) 813-3000
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Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this agreement.

**Exhibit A**  
Scope of Work

**5. Services to be Performed**

Contractor shall perform the following services:

- A. Testing, and coordinating the testing of, the waters adjacent to all public beaches within the jurisdiction of the County on at least a weekly basis from April 1 to October 31 of each year as required by and in accordance with Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations.
- B. Inspecting the public beaches to determine whether the standards established pursuant to Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations are being complied with. If it is found that a public beach is in violation of the standards, restricting the use of, or closing, the public beach or portion thereof in which the violation occurs until the standard is complied with.
- C. Investigating any complaint of a person of a violation of any standard established pursuant to Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations. If any violation of the standards is found, restricting the use of, or closing, the public beach or portion thereof until the standard is complied with.
- D. Whenever a public beach is posted, closed, or otherwise restricted in accordance with Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations, informing the agency responsible for the operation and maintenance of the public beach within 24 hours of the posting, closure, or restriction.
- E. Establishing a telephone hotline to inform the public of all beaches currently closed, posted, or otherwise restricted, and updating the telephone hotline as needed to convey changes in public health risks.
- F. Reporting any violation of the standards established pursuant to Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations to the district attorney.
- G. In the event of a known untreated sewage release, immediately testing the waters adjacent to the public beach and taking action pursuant to

**Exhibit A**  
**Scope of Work**

Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations.

- H. In the event of an untreated sewage release that is known to have reached recreational waters adjacent to a public beach, immediately closing those waters until it has been determined that the waters are in compliance with the standards established pursuant to Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations.
- I. Whenever any beach fails to meet the standards established pursuant to Assembly Bill 411, Statutes of 1997, Chapter 765, and Sections 7956 through 7962 of Title 17 of the California Code of Regulations, at a minimum, posting the beach with conspicuous warning signs to inform the public of the nature of the problem and the possibility of risk to public health. A warning sign shall be visible from each legal primary beach access point as identified in the coastal access inventory prepared and updated pursuant to Section 3053 of the Public Resources Code, and any additional access points identified by the Contractor.

**6. Allowable Informal Scope of Work Changes**

- A. The Contractor or the State may propose informal changes or revisions to the activities, tasks, deliverables and/or performance time frames specified in the Scope of Work, provided such changes do not alter the overall goals and basic purpose of the agreement.
- B. Informal SOW changes may include the substitution of specified activities or tasks; the alteration or substitution of agreement deliverables and modifications to anticipated completion/target dates.
- C. Informal SOW changes processed hereunder, shall not require a formal agreement amendment, provided the Contractor's annual budget does not increase or decrease as a result of the informal SOW change.
- D. Unless otherwise stipulated in this agreement, all informal SOW changes and revisions are subject to prior written approval by the State.
- E. In implementing this provision, the State may provide a format for the Contractor's use to request informal SOW changes. If no format is provided by the State, the Contractor may devise its own format for this purpose.

Exhibit A, Attachment I

BILL NUMBER: AB 411 CHAPTERED

BILL TEXT

CHAPTER 765

FILED WITH SECRETARY OF STATE OCTOBER 8, 1997

APPROVED BY GOVERNOR OCTOBER 7, 1997

PASSED THE ASSEMBLY SEPTEMBER 11, 1997

PASSED THE SENATE SEPTEMBER 8, 1997

AMENDED IN SENATE SEPTEMBER 5, 1997

AMENDED IN SENATE JUNE 19, 1997

AMENDED IN ASSEMBLY MAY 27, 1997

AMENDED IN ASSEMBLY APRIL 9, 1997

INTRODUCED BY Assembly Members Wayne and Shelley

(Coauthors: Assembly Members Bowen, Cunneen, Davis, Keeley, Knox, Kuehl, Lempert, and Scott)

(Coauthors: Senators Alpert, Craven, Karnette, Solis, and Watson)

FEBRUARY 20, 1997

An act to amend Sections 115880, 115885, and 115915 of the Health and Safety Code, relating to public beaches.

LEGISLATIVE COUNSEL'S DIGEST

AB 411, Wayne. Beach sanitation: posting.

Existing law requires the State Department of Health Services to adopt regulations establishing minimum standards for the sanitation of public beaches. Violation of these regulations adopted by the department is a crime.

This bill would require these regulations to require the testing of the waters adjacent to all public beaches, as defined, for microbiological contaminations, including, but not limited to, total coliform, fecal coliform, and enterococci bacteria, to establish protocols for determining the location of monitoring sites and monitoring frequency based on risks to public health, and for public notification of health hazards, including, but not limited to, the posting, closing, and reopening of public beaches, and to require that public beaches, with certain exceptions, be tested for microbiological contaminations, including, but not limited to, total coliform, fecal coliform, and enterococci bacteria on a weekly basis

from April 1 to October 31, inclusive, of each year if certain conditions are met. By changing the definition of a crime, this bill would impose a state-mandated local program.

This bill would, subject to appropriation of sufficient funds, require local health officers to be responsible for testing waters adjacent to public beaches within their jurisdiction. This bill would require the local health officer to immediately test the waters adjacent to a public beach and to take related action in the event of a known untreated sewage release, and in the event of an untreated sewage release that is known to have reached recreational waters adjacent to a public beach, would require the local health officer to immediately close those waters until it has been determined by the local health officer that the waters are in compliance with the standards. By increasing the duties of local health officers, this bill would impose a state-mandated local program.

Existing law requires the health officer having jurisdiction of the area in which a public beach is created to close, or restrict the use of, the public beach if he or she finds any violation of the standards.

This bill would, instead, authorize the health officer to close, or restrict the use of, the public beach if he or she finds that a violation exists.

Existing law requires the department, upon investigation of a complaint, to close, or restrict the use of, any public beach if it finds that a violation exists.

This bill would, instead, authorize the department to close, or restrict the use of, a public beach if it finds that a violation exists.

Existing law requires the local health officer to post a beach with conspicuous warning signs whenever the beach fails to meet certain bacteriological standards, and it is determined that the cause of the elevated levels constitutes a public health hazard.

This bill would, in addition, require the local health officer to post a beach with conspicuous warning signs, as described, whenever the beach fails to meet the standards developed by the department established pursuant to this bill.

Existing law requires each local health officer to notify the Director of Parks and Recreation when a public beach is in violation of the sanitation standards.

This bill would, instead, require the local health officer to notify the agency responsible for the operation and maintenance of the public beach within 24 hours of any public beach posting, closure, or restriction, and would, subject to appropriation, require the agency responsible for the operation and maintenance of the public beach to establish a telephone hotline and update it as need to convey changes in public health risks, to inform the public of

beach postings, closures, and restrictions. By increasing the duties of the local health officer, this bill would impose a state-mandated local program.

This bill would make any duty imposed upon a local public officer or agency pursuant to these provisions mandatory only during a fiscal year in which the Legislature has appropriated sufficient funds, as determined by the State Director of Health Services, in the annual Budget Act or otherwise for local agencies to cover the costs to those agencies associated with the performance of those duties, and would require the director to annually, within 15 days after enactment of the Budget Act, file a written statement with the Secretary of the Senate and with the Chief Clerk of the Assembly memorializing whether sufficient funds have been appropriated.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that for certain mandates, no reimbursement is required by this act for a specified reason. With regard to other mandates, this bill would provide that no reimbursement shall be made from the State Mandates Claims Fund for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 115880 of the Health and Safety Code is amended to read:

115880. (a) The department shall by regulation, in consultation with local health officers and the public, establish minimum standards for the sanitation of public beaches, including, but not limited to, the removal of refuse, as it determines are reasonably necessary for the protection of the public health and safety.

(b) Prior to final adoption by the department, the regulations and standards required by this section shall undergo an external comprehensive review process similar to the process set forth in Section 57004 of the Health and Safety Code.

(c) The regulations shall, at a minimum, do all of the following, by December 31, 1998:

(1) Require the testing of the waters adjacent to all public beaches for microbiological contaminants, including, but not limited to, total coliform, fecal coliform, and enterococci bacteria. The

department may require the testing of waters adjacent to all public beaches for microbiological indicators other than those set forth in this paragraph, or a subset of those set forth in this paragraph, if the department affirmatively establishes, based on the best available scientific studies and the weight of the evidence, that the alternative indicators are as protective of the public health.

(2) Establish protective minimum standards for total coliform, fecal coliform, and enterococci bacteria, or for other microbiological indicators that the department determines are appropriate for testing pursuant to paragraph (1).

(3) Establish protocols for all of the following:

(A) Determining monitoring site locations and monitoring frequency based on risks to public health.

(B) Making decisions regarding public notification of health hazards, including, but not limited to the posting, closing, and reopening of public beaches.

(4) Require that the waters adjacent to public beaches be tested for total coliform, fecal coliform, and enterococci bacteria, or for other microbiological indicators that the department determines are appropriate for testing pursuant to paragraph (1). Except as set forth in paragraph (5), testing shall be conducted on at least a weekly basis, from April 1 to October 31, inclusive, of each year, beginning in 1999, if all of the following apply:

(A) The beach is visited by more than 50,000 people annually.

(B) The beach is located on an area adjacent to a storm drain that flows in the summer.

(5) The monitoring frequency and locations established pursuant to this subdivision and related regulations may only be reduced or altered after the testing required pursuant to paragraph (4) reveals levels of microbiological contaminants that do not exceed for a period of two years the minimum protective standards established pursuant to paragraph (2).

(d) The local health officer shall be responsible for testing the waters adjacent to, and coordinating the testing of, all public beaches within his or her jurisdiction.

(e) The local health officer may meet the testing requirements of this section by utilizing test results from other agencies conducting microbiological contamination testing of the waters under his or her jurisdiction.

(f) Any city or county may adopt standards for the sanitation of public beaches within its jurisdiction that are stricter than the standards adopted by the state department pursuant to this section.

(g) For purposes of this section, "public beach" means any public beach located within the coastal zone, as defined in Section 30103 of the Public Resources Code.

(h) Any duty imposed upon a local public officer or agency

pursuant to this section shall be mandatory only during a fiscal year in which the Legislature has appropriated sufficient funds, as determined by the State Director of Health Services, in the annual Budget Act or otherwise for local agencies to cover the costs to those agencies associated with the performance of these duties. The State Director of Health Services shall annually, within 15 days after enactment of the Budget Act, file a written statement with the Secretary of the Senate and with the Chief Clerk of the Assembly memorializing whether sufficient funds have been appropriated.

SEC. 2. Section 115885 of the Health and Safety Code is amended to read:

115885. The health officer having jurisdiction over the area in which a public beach is created shall:

(a) Inspect the public beach to determine whether the standards established pursuant to Section 115880 are being complied with. If the health officer finds any violation of the standards, he or she may restrict the use of, or close, the public beach or portion thereof in which the violation occurs until the standard is complied with.

(b) Investigate any complaint of a person of a violation of any standard established by the department pursuant to Section 115880. If the health officer finds any violation of the standards prescribed by the department, he or she may restrict the use of, or close, the public beach or portion thereof until the standard is complied with. If the person who made the complaint is not satisfied with the action taken by the health officer, he or she may report the violation to the department. The department shall investigate the reported violation, and, if it finds that the violation exists, it may restrict the use of or close the public beach or portion thereof until the standard violated is complied with.

(c) (1) Whenever a beach is posted, closed, or otherwise restricted in accordance with Section 115915, the health officer shall inform the agency responsible for the operation and maintenance of the public beach within 24 hours of the posting, closure, or restriction.

(2) The health officer shall establish a telephone hotline to inform the public of all beaches currently closed, posted, or otherwise restricted. The hotline shall be updated as needed in order to convey changes in public health risks.

(d) Report any violation of the standards established pursuant to Section 115880 to the district attorney, or if the violation occurred in a city and, pursuant to Section 41803.5 of the Government Code, the city attorney is authorized to prosecute misdemeanors, to the city attorney.

(e) In the event of a known untreated sewage release, the local

health officer shall immediately test the waters adjacent to the public beach and to take action pursuant to regulations established under Section 115880.

(f) Notwithstanding any other provision of law, in the event of an untreated sewage release that is known to have reached recreational waters adjacent to a public beach, the local health officer shall immediately close those waters until it has been determined by the local health officer that the waters are in compliance with the standards established pursuant to Section 115880.

(g) Any duty imposed upon a local public officer or agency pursuant to this section shall be mandatory only during a fiscal year in which the Legislature has appropriated sufficient funds, as determined by the State Director of Health Services, in the annual Budget Act or otherwise for local agencies to cover the costs to those agencies associated with the performance of these duties. The State Director of Health Services shall annually, within 15 days after enactment of the Budget Act, file a written statement with the Secretary of the Senate and with the Chief Clerk of the Assembly memorializing whether sufficient funds have been appropriated.

SEC. 3. Section 115915 of the Health and Safety Code is amended to read:

115915. (a) Whenever any beach fails to meet the bacteriological standards established pursuant to subdivision (b) of Section 115880, the health officer shall, at a minimum, post the beach with conspicuous warning signs to inform the public of the nature of the problem and the possibility of risk to public health.

(b) A warning sign shall be visible from each legal primary beach access point, as identified in the coastal access inventory prepared and updated pursuant to Section 30531 of the Public Resources Code, and any additional access points identified by the health officer.

(c) Any duty imposed upon a local public officer or agency pursuant to this section shall be mandatory only during a fiscal year in which the Legislature has appropriated sufficient funds, as determined by the State Director of Health Services, in the annual Budget Act or otherwise for local agencies to cover the costs to those agencies associated with the performance of these duties. The State Director of Health Services shall annually, within 15 days after enactment of the Budget Act, file a written statement with the Secretary of the Senate and with the Chief Clerk of the Assembly memorializing whether sufficient funds have been appropriated.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because this act creates a new crime or infraction, eliminates a

crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Moreover, as to other costs, no reimbursement shall be made from the State Mandates Claims Fund pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code for costs mandated by the state pursuant to this act. It is recognized, however, that a local agency or school district may pursue any remedies to obtain reimbursement available to it under Part 7 (commencing with Section 17500) and any other provisions of law.

Also, notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

**Exhibit A, Attachment II**

**Title 17 of the California Code of Regulations**

**Group 10. Sanitation, Healthfulness and Safety of Ocean Water-Contact Sports Areas**

**Article 2. Definitions**

**7956. Storm Drain.**

"Storm drain" means a conveyance through which water flows onto or adjacent to a public beach and includes rivers, creeks, and streams, whether in natural or in man-made channels.

NOTE: Authority cited: Sections 100275, 115880, and 116075, Health and Safety Code. Reference: Sections 115880, 116075, and 116080, Health and Safety Code.

**HISTORY:**

1. New section filed 7-26-99 as an emergency; operative 7-26-99 (Register 99, No. 31). A Certificate of Compliance must be transmitted to OAL by 11-23-99 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 7-26-99 order transmitted to OAL 10-15-99 and filed 11-30-99 (Register 99, No. 49).

**Article 4. Healthfulness**

**7957. Physical Standard.**

No sewage, sludge, grease, or other physical evidence of sewage discharge shall be visible at any time on any public beaches or water-contact sports areas.

NOTE: Authority cited: Sections 208, and 24156, Health and Safety Code. Reference: Sections 24156, Health and Safety Code.

**HISTORY:**

1. New NOTE filed 3-20-84 (Register 84, No. 12).

**7958. Bacteriological Standards.**

(a) The minimum protective bacteriological standards for waters adjacent to public beaches and public water-contact sports areas shall be as follows:  
(1) Based on a single sample, the density of bacteria in water from each sampling station at a public beach or public water contact sports area shall not exceed:

- (A) 1,000 total coliform bacteria per 100 milliliters, if the ratio of fecal/total coliform bacteria exceeds 0.1; or
  - (B) 10,000 total coliform bacteria per 100 milliliters; or
  - (C) 400 fecal coliform bacteria per 100 milliliters; or
  - (D) 104 enterococcus bacteria per 100 milliliters.
- (2) Based on the mean of the logarithms of the results of at least five weekly samples during any 30-day sampling period, the density of bacteria in water from any sampling station at a public beach or public water contact sports area, shall not exceed:
- (A) 1,000 total coliform bacteria per 100 milliliters; or
  - (B) 200 fecal coliform bacteria per 100 milliliters; or
  - (C) 35 enterococcus bacteria per 100 milliliters.
- (b) Water samples shall be submitted for bacteriological analyses to a laboratory certified by the Environmental Laboratory Accreditation Program, California Department of Health Services in microbiology for methods for the analysis of the sample type.

NOTE: Authority cited: Sections 100275, 115880, and 116075, Health and Safety Code. Reference: Sections 115880, 116075, and 116080, Health and Safety Code.

**HISTORY:**

1. Amendment filed 7-15-85; effective thirtieth day thereafter (Register 85, No. 29).
2. Repealer and new section and amendment of Note filed 7-26-99 as an emergency; operative 7-26-99 (Register 99, No. 31). A Certificate of Compliance must be transmitted to OAL by 11-23-99 or emergency language will be repealed by operation of law on the following day.
3. Certificate of Compliance as to 7-26-99 order transmitted to OAL 10-15-99 and filed 11-30-99 (Register 99, No. 49).

**7959. Bacteriological Sampling.**

- (a) In order to determine that the bacteriological standards specified in Section 7958 above are being met in a water-contact sports area designated by a Regional Water Quality Control Board in waters affected by a waste discharge, water samples shall be collected at such sampling stations and at such frequencies as may be specified by said board in its waste discharge requirements.
- (b) In waters of a public beach or water-contact sports area that has not been so designated by a Regional Water Quality Control Board, water samples shall be collected at such frequencies as may be determined by the local health officer or Department. Local health officers shall be responsible for the proper collection and analysis of water samples in such areas.

NOTE: Authority cited: Sections 208, and 24156, Health and Safety Code.  
Reference: Sections 24156 and 24157, Health and Safety Code.

**HISTORY:**

1. Amendment filed 7-15-85; effective thirtieth day thereafter (Register 85, No. 29).

**7960. Corrective Action.**

(a) When a public beach or public-water-contact sports area fails to meet any of the standards as set forth in Section 7957 or 7958 above, the local health officer or the Department, after taking into consideration the causes therefor, may at his or its discretion close, post with warning signs, or otherwise restrict use of said public beach or public water-contact sports area, until such time as corrective action has been taken and the standards as set forth in 7957 and 7958 above are met.

NOTE: Authority cited: Sections 208, and 24156, Health and Safety Code.  
Reference: Sections 24156 and 24157, Health and Safety Code.

**HISTORY:**

1. Amendment filed 7-15-85; effective thirtieth day thereafter (Register 85, No. 29).

**7961. Public Beaches Visited by More than 50,000 People Annually and Adjacent to Storm Drains.**

(a) Waters adjacent to a public beach shall be tested for bacteria identified in Section 7958 on at least a weekly basis from April 1 to October 31, inclusive, if the beach is

- (1) Visited by more than 50,000 people annually, and
- (2) Located adjacent to a storm drain that flows in the summer.

(b) Water samples shall be taken from locations that include areas affected by storm drains. Samples shall be taken in ankle- to knee-deep water, approximately 4 to 24 inches below the water surface.

(c) When testing reveals that the waters adjacent to a public beach fail to meet any of the standards set forth in Section 7958(a)(1), the local health officer shall post the beach pursuant to Health and Safety Code Section 115915, and shall use the standards of Sections 7958(a)(1) and (2) in determining the necessity to restrict the use of or close the public beach or portion thereof.

(d) In the event of a known release of untreated sewage into waters adjacent to a public beach, the local health officer shall:

- (1) Immediately post and close the beach or a portion thereof, or otherwise restrict its use until the source of the sewage release is eliminated;
- (2) Sample the affected waters; and

(3) Continue closure or restriction of the beach or a portion thereof and posting the beach until testing results establish that the standards of Sections 7958(a)(1) are satisfied.

NOTE: Authority cited: Sections 100275, 115880, and 116075, Health and Safety Code. Reference: Sections 115880, 116075, and 116080, Health and Safety Code.

**HISTORY:**

1. New section filed 7-26-99 as an emergency; operative 7-26-99 (Register 99, No. 31). A Certificate of Compliance must be transmitted to OAL by 11-23-99 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 7-26-99 order transmitted to OAL 10-15-99 and filed 11-30-99 (Register 99, No. 49).

**7962. Duties Imposed on a Local Public Officer or Agency.**

(a) Pursuant to Health and Safety Code Sections 115880(h), 115885(g), and 115915(c), any duty imposed upon a local public officer or agency by Section 7961 shall be mandatory only during a fiscal year in which the Legislature has appropriated sufficient funds, as determined by the State Director of Health Services, in the annual Budget Act or otherwise for local agencies to cover the costs to those agencies associated with performance of these duties.

NOTE: Authority cited: Section 100275, Health and Safety Code. Reference: Sections 115880, 115885, and 115915, Health and Safety Code.

**HISTORY:**

1. New section filed 7-26-99 as an emergency; operative 7-26-99 (Register 99, No. 31). A Certificate of Compliance must be transmitted to OAL by 11-23-99 or emergency language will be repealed by operation of law on the following day.
2. Certificate of Compliance as to 7-26-99 order transmitted to OAL 10-15-99 and filed 11-30-99 (Register 99, No. 49).

**Exhibit B**  
Budget Detail and Payment Provisions

**1. Invoicing and Payment**

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.
- B. Invoices shall include the Agreement Number and shall be submitted in triplicate not more frequently than monthly in arrears to:

Department of Health Services  
Environmental Management Branch  
Attn: Connie Zakaria  
P.O. Box 997413, MS 7400  
Sacramento, CA 95899-7413

The State, at its discretion, may designate an alternate invoice submission address. A change in the invoice address shall be accomplished via a written notice to the Contractor by the State and shall not require an amendment to this agreement.

C. Invoices shall:

- 1) Be prepared on company letterhead. If invoices are not on produced letterhead invoices must be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this contract.
- 2) Bear the Contractor's name as shown on the agreement.
- 3) Identify the billing and/or performance period covered by the invoice.
- 4) Itemize allowable costs for the billing period.

**2. Budget Contingency Clause**

- A. 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.

**Exhibit B**  
Budget Detail and Payment Provisions

- B. 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.

**3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**4. Amounts Payable**

- A. The amounts payable under this agreement shall not exceed:

- 1) \$72,335 for the budget period of 07/01/03 through 06/30/04.
- 2) \$72,335 for the budget period of 07/01/04 through 06/30/05.
- 3) \$72,335 for the budget period of 07/01/05 through 06/30/06.

- B. Reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.

**5. Timely Submission of Final Invoice**

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.
- B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.
- C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a "**Contractor's Release (Exhibit F)**" acknowledging submission of the final invoice to the State and certifying the approximate percentage amount, if any, of recycled products used in performance of this agreement.

**Exhibit B**  
**Budget Detail and Payment Provisions**

**6. Allowable Line Item Shifts**

- A. Cumulative line item shifts of up to \$25,000 or 10% of the annual agreement total may be made, whichever is greater, up to a cumulative annual maximum of \$50,000, provided the annual agreement total does not increase or decrease.
- B. Line item shifts meeting this criteria shall not require a formal agreement amendment.
- C. Contractor shall adhere to State requirements regarding the process to follow in requesting approval to make line item shifts.
- D. Line item shifts may be proposed/requested by either the State or the Contractor.

Exhibit B, Attachment I  
Budget  
(Year 1)  
(07/01/03 through 06/30/04)

Personnel	\$ 17,205
Fringe Benefits	\$0
Operating Expenses	\$ 12,009
Equipment	\$0
Travel	\$0
Subcontracts	\$0
Other Costs (Laboratory)	\$ 43,121
Indirect Costs	\$0
<b>Total</b>	<b>\$ 72,335</b>

Exhibit B, Attachment II  
Budget  
(Year 2)  
(07/01/04 through 06/30/05)

Personnel	\$ 17,205
Fringe Benefits	\$ 0
Operating Expenses	\$ 12,009
Equipment	\$ 0
Travel	\$ 0
Subcontracts	\$ 0
Other Costs (Laboratory)	\$ 43,121
Indirect Costs	\$ 0
<b>Total</b>	<b>\$ 72,335</b>

**Exhibit B, Attachment III**  
Budget  
(Year 3)  
(07/01/05 through 06/30/06)

Personnel	\$ 17,205
Fringe Benefits	\$ 0
Operating Expenses	\$ 12,009
Equipment	\$ 0
Travel	\$ 0
Subcontracts	\$ 0
Other Costs (Laboratory)	\$ 43,121
Indirect Costs	\$ 0
<b>Total</b>	<b>\$ 72,335</b>

## Special Terms and Conditions

*(For State funded subvention, local assistance and direct service contracts and grant agreements)*

The use of headings or titles throughout this exhibit is for convenience only and shall not be used to interpret or govern the meaning of any specific term or condition. The terms "contract", "Contractor" and "Subcontractor" shall also mean, "grant", "Grantee" and "Subgrantee" respectively.

### Index of Special Terms and Conditions

1. Travel and Per Diem Reimbursement
2. Procurement Rules
3. Equipment Ownership / Inventory / Disposition
4. Subcontract Requirements
5. Income Restrictions
6. Audit and Record Retention
7. Site Inspection
8. Intellectual Property Rights
9. Prior Approval of Training Seminars, Workshops, or Conferences
10. Confidentiality of Information
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22. Contract Uniformity (Fringe Benefit Allowability)

## 1. Travel and Per Diem Reimbursement

(Applicable if travel and/or per diem expenses are reimbursed with contract funds.)

Reimbursement for travel and per diem expenses from DHS under this agreement shall, unless otherwise specified in this agreement, be at the rates currently in effect, as established by the California Department of Personnel Administration (DPA), for nonrepresented state employees. If the DPA rates change during the term of the agreement, the new rates shall apply upon their effective date and no amendment to this agreement shall be necessary. Exceptions to DPA rates may be approved by DHS upon the submission of a statement by the Contractor indicating that such rates are not available to the Contractor. No travel outside the State of California shall be reimbursed without prior written authorization from DHS.

## 2. Procurement Rules

(Applicable to all agreements in which equipment, miscellaneous property, commodities and/or supplies are furnished by DHS or expenses for said items are reimbursed with state funds.)

### a. Equipment definitions

Wherever the term equipment and/or miscellaneous property is used, the following definitions shall apply:

- (1) **Major equipment:** A tangible or intangible item having a base unit cost of \$5,000 or more with a life expectancy of one (1) year or more and is either furnished by DHS or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.
- (2) **Minor equipment:** A tangible item having a base unit cost of less than \$5,000 with a life expectancy of one (1) year or more that is listed on the DHS Asset Management Unit's Minor Equipment List and is either furnished by DHS or the cost is reimbursed through this agreement. Contractors may obtain a copy of the Minor Equipment List by making a request through the DHS program contract manager.
- (3) **Miscellaneous property:** A specific tangible item with a life expectancy of one (1) year or more that is either furnished by DHS or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, typewriters, desktop calculators, portable dictators, non-digital cameras, etc.

b. **Government and public entities** (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this agreement. Said procurements are subject to Paragraphs d through h of Provision 2. Paragraph c of Provision 2 shall also apply, if equipment purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

c. **Nonprofit organizations and commercial businesses**, whether acting as a contractor and/or subcontractor, may secure commodities, supplies, equipment and services related to such purchases for performance under this agreement.

- (1) Equipment purchases shall not exceed \$50,000 annually.

To secure equipment above the annual maximum limit of \$50,000, the Contractor shall make arrangements through the appropriate DHS program contract manager, to have all remaining equipment purchased through DHS' Purchasing Unit. The cost of equipment purchased by or through DHS shall be deducted from the funds available in this agreement. Contractor shall submit to the DHS program contract manager a list of equipment specifications for those items that the State must procure. The State may pay the vendor directly for such arranged equipment purchases and title to the equipment will remain with DHS. The equipment will be delivered to the Contractor's address, as stated on the face of the agreement, unless the

### 3. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or miscellaneous property is furnished by DHS and/or when said items are purchased or reimbursed with state funds.)

- a. Wherever the term equipment and/or miscellaneous property is used in Provision 3, the definitions in Provision 2, Paragraph a shall apply.

All equipment and/or miscellaneous property that are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement and not fully consumed in performance of this agreement shall be considered state equipment and the property of DHS.

- (1) DHS requires the reporting, tagging and annual inventorying of all equipment and/or miscellaneous property that is furnished by DHS or purchased/reimbursed with funds provided through this agreement.

Upon receipt of equipment and/or miscellaneous property, the Contractor shall report the receipt to the DHS program contract manager. To report the receipt of said items and to receive property tags, the Contractor shall use a form or format designated by DHS' Asset Management Unit. If the appropriate form (i.e., Contractor Equipment Purchased with DHS Funds) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager.

- (2) If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of state equipment and/or miscellaneous property to the DHS program contract manager using a form or format designated by DHS' Asset Management Unit. If an inventory report form (i.e., Inventory/Disposition of DHS-Funded Equipment) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager. Contractor shall:

(a) Include in the inventory report, equipment and/or miscellaneous property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).

(b) Submit the inventory report to DHS according to the instructions appearing on the form or issued by the DHS program contract manager.

(c) Contact the DHS program contract manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or miscellaneous property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by DHS' Asset Management Unit.

- b. Title to state equipment and/or miscellaneous property shall not be affected by its incorporation or attachment to any property not owned by the State.

- c. Unless otherwise stipulated, DHS shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or miscellaneous property.

- d. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or miscellaneous property.

- (1) In administering this provision, DHS may require the Contractor and/or Subcontractor to repair or replace, to DHS' satisfaction, any damaged, lost or stolen state equipment and/or miscellaneous property. In the event of state equipment and/or miscellaneous property theft, Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the DHS program contract manager.

- e. Unless otherwise stated by the program funding this agreement, equipment and/or miscellaneous property purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall only be used for performance of this agreement or another DHS agreement.
- f. Within sixty (60) calendar days prior to the termination or end of this agreement, the Contractor shall provide a final inventory report of equipment and/or miscellaneous property to the DHS program contract manager and shall, at that time, query DHS as to the requirements, including the manner and method, of returning state equipment and/or miscellaneous property to DHS. Final disposition of equipment and/or miscellaneous property shall be at DHS expense and according to DHS instructions. Equipment and/or miscellaneous property disposition instructions shall be issued by DHS immediately after receipt of the final inventory report. At the termination or conclusion of this agreement, DHS may at its discretion, authorize the continued use of state equipment and/or miscellaneous property for performance of work under a different DHS agreement.

**g. Motor Vehicles**

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under this agreement.)

- (1) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, within thirty (30) calendar days prior to the termination or end of this agreement, the Contractor and/or Subcontractor shall return such vehicles to DHS and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to DHS.
- (2) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a subcontractor may only use said vehicles for performance and under the terms of this agreement.
- (3) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.
- (4) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this agreement or any period of contract extension during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

**Automobile Liability Insurance**

- (a) The Contractor, by signing this agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of \$1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, to the Contractor and/or Subcontractor.
- (b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the DHS program contract manager.

- (c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this agreement or until such time as the motor vehicle is returned to DHS.
- (d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.
- (e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:
  - [1] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Health Services).
  - [2] The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this agreement and any extension or continuation of this agreement.
  - [3] The insurance carrier shall notify the State of California Department of Health Services, in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to the agreement number for which the insurance was obtained.
- (f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by DHS, in writing, if this provision is applicable to this agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.
- (g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, DHS may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.

#### 4. Subcontract Requirements

(Applicable to agreements under which services are to be performed by subcontractors including independent consultants.)

- a. Prior written authorization will be required before the Contractor enters into or is reimbursed for any subcontract for services costing \$5,000 or more. Except as indicated in Paragraph a(3) herein, when securing subcontracts for services exceeding \$5,000, the Contractor shall obtain at least three bids or justify a sole source award.
  - (1) The Contractor must provide in its request for authorization, all particulars necessary for evaluating the necessity or desirability of incurring such cost.
  - (2) The State may identify the information needed to fulfill this requirement.
  - (3) Subcontracts performed by the following entities or for the service types listed below are exempt from the bidding and sole source justification requirements:
    - (a) A local governmental entity or the federal government,
    - (b) A State college or university from any State,
    - (c) A Joint Powers Authority,

- (d) An auxiliary organization of a California State University or a California community college,
  - (e) A foundation organized to support the Board of Governors of the California Community Colleges,
  - (f) An auxiliary organization of the Student Aid Commission established under Education Code § 69522,
  - (g) Entities of any type that will provide subvention aid or direct services to the public,
  - (h) Entities and/or service types identified as exempt from advertising in State Administrative Manual Section 1233 subsection 3. View this publication at the following Internet address: <http://sam.dgs.ca.gov>.
- (4) Unless otherwise mandated by the funding agency (i.e., federal government), DHS may only pay the Contractor's overhead charges or indirect costs on the first \$25,000 of each subcontract.
- b. DHS reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this agreement.
- (1) Upon receipt of a written notice from DHS requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by DHS.
- c. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) of \$5,000 or more are subject to the prior review and written approval of DHS. DHS may, at its discretion, elect to waive this right. All such waivers shall be confirmed in writing by DHS.
- d. Contractor shall maintain a copy of each subcontract entered into in support of this agreement and shall, upon request by DHS, make said copies available for approval, inspection, or audit.
- e. Sole responsibility rests with the Contractor to ensure that subcontractors, used in performance of this agreement, are paid in a timely manner. The timeliness of said payments may be affected by the timeliness of payments issued by DHS to the Contractor.
- f. The Contractor is responsible for all performance requirements under this agreement even though performance may be carried out through a subcontract.
- g. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this agreement.
- h. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:
- "(Subcontractor Name) agrees to maintain and preserve, until three years after termination of (Agreement Number) and final payment from DHS, to permit DHS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records."
- i. Unless otherwise stipulated in writing by DHS, the Contractor shall be the subcontractor's sole point of contact for all matters related to performance and payment under this agreement.
- j. Contractor shall, as applicable, advise all subcontractors of their obligations pursuant to the following numbered provisions of this Exhibit: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 17.

## 5. Income Restrictions

Unless otherwise stipulated in this agreement, the Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor

under this agreement shall be paid by the Contractor to DHS, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by DHS under this agreement.

## 6. Audit and Record Retention

(Applicable to agreements over \$10,000.)

- a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures, and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purposes of this provision.
- b. The Contractor's and/or Subcontractor's facility or office or such part thereof as may be engaged in the performance of this agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.
- c. Contractor agrees that DHS, the Department of General Services, the Bureau of State Audits, or their designated representatives shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this agreement. (GC 8546.7, CCR Title 2, Section 1896).
- d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this agreement, or by subparagraphs (1) or (2) below.
  - (1) If this agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
  - (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.
- f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this agreement, reduce its accounts, books and records related to this agreement to microfilm, computer disk, CD ROM, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

## 7. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

## 8. Intellectual Property Rights

### a. Ownership

- (1) Except where DHS has agreed in a signed writing to accept a license, DHS shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.
- (2) For the purposes of this agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or here after come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.
  - (a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.
- (3) In the performance of this agreement, Contractor will exercise and utilize certain of its Intellectual Property in existence prior to the effective date of this agreement. In addition, under this agreement, Contractor may access and utilize certain of DHS' Intellectual Property in existence prior to the effective date of this agreement. Except as otherwise set forth herein, Contractor shall not use any of DHS' Intellectual Property now existing or hereafter existing for any purposes without the prior written permission of DHS. **Except as otherwise set forth herein, neither the Contractor nor DHS shall give any ownership interest in or rights to its Intellectual Property to the other Party.** If during the term of this agreement, Contractor accesses any third-party Intellectual Property that is licensed to DHS, Contractor agrees to abide by all license and confidentiality restrictions applicable to DHS in the third-party's license agreement.
- (4) Contractor agrees to cooperate with DHS in establishing or maintaining DHS' exclusive rights in the Intellectual Property, and in assuring DHS' sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this agreement, Contractor shall require the terms of the agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to DHS all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or DHS and which result directly or indirectly from this agreement or any subcontract.
- (5) Contractor further agrees to assist and cooperate with DHS in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce DHS' Intellectual Property rights and interests.

**b. Retained Rights / License Rights**

- (1) Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this agreement. Contractor hereby grants to DHS, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.
- (2) Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of DHS or third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

**c. Copyright**

- (1) Contractor agrees that for purposes of copyright law, all works [as defined in Section a, subparagraph (2)(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to DHS to any work product made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.
- (2) All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, shall include DHS' notice of copyright, which shall read in 3mm or larger typeface: "© 2001, State of California, Department of Health Services. This material may not be reproduced or disseminated without prior written permission from the Department of Health Services." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

**d. Patent Rights**

With respect to inventions made by Contractor in the performance of this agreement, which did not result from research and development specifically included in the agreement's scope of work, Contractor hereby grants to DHS a license as described under Section b of this provision for devices or material incorporating, or made through the use of such inventions. If such inventions result from research and development work specifically included within the agreement's scope of work, then Contractor agrees to assign to DHS, without additional compensation, all its right, title and interest in and to such inventions and to assist DHS in securing United States and foreign patents with respect thereto.

**e. Third-Party Intellectual Property**

Except as provided herein, Contractor agrees that its performance of this agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining DHS' prior written approval; and (ii) granting to or obtaining for DHS, without additional compensation, a license, as described in Section b of this provision, for any of Contractor's or third-party's Intellectual Property in existence prior to the effective date of this agreement. If such a license upon the these terms is unattainable, and DHS determines that the Intellectual Property should be included in or is required for Contractor's performance of this agreement, Contractor shall obtain a license under terms acceptable to DHS.

**f. Warranties**

(1) Contractor represents and warrants that:

- (a) It is free to enter into and fully perform this agreement.
- (b) It has secured and will secure all rights and licenses necessary for its performance of this agreement.
- (c) Neither Contractor's performance of this agreement, nor the exercise by either Party of the rights granted in this agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.
- (d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.
- (e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.
- (f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to DHS in this agreement.
- (g) It has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- (h) It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Contractor's performance of this agreement.

(2) DHS MAKES NO WARRANTY THAT THE INTELLECTUAL PROPERTY RESULTING FROM THIS AGREEMENT DOES NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR THE LIKE, NOW EXISTING OR SUBSEQUENTLY ISSUED.

**g. Intellectual Property Indemnity**

- (1) Contractor shall indemnify, defend and hold harmless DHS and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of DHS' use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this agreement. DHS reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against DHS.
- (2) Should any Intellectual Property licensed by the Contractor to DHS under this agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve DHS' right to use the licensed Intellectual Property in accordance with this agreement at no expense to DHS. DHS shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for DHS to continue using the licensed Intellectual Property; or, replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original licensed Intellectual Property. If such remedies are not reasonably available, DHS shall be entitled to a refund of all monies paid under this agreement, without restriction or limitation of any other rights and remedies available at law or in equity.
- (3) Contractor agrees that damages alone would be inadequate to compensate DHS for breach of any term of this Intellectual Property Exhibit by Contractor. Contractor acknowledges DHS would suffer irreparable harm in the event of such breach and agrees DHS shall be entitled to obtain equitable relief, including without limitation an injunction, from a court of competent jurisdiction, without restriction or limitation of any other rights and remedies available at law or in equity.

**h. Federal Funding**

In any agreement funded in whole or in part by the federal government, DHS may acquire and maintain the Intellectual Property rights, title, and ownership, which results directly or indirectly from the agreement; except as provided in 37 Code of Federal Regulations part 401.14; however, the federal government shall have a non-exclusive, nontransferable, irrevocable, paid-up license throughout the world to use, duplicate, or dispose of such Intellectual Property throughout the world in any manner for governmental purposes and to have and permit others to do so.

**i. Survival**

The provisions set forth herein shall survive any termination or expiration of this agreement or any project schedule.

## 9. Prior Approval of Training, Seminars, Workshops or Conferences

Contractor shall obtain prior DHS approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this agreement and of any reimbursable publicity or educational materials to be made available for distribution. The Contractor shall acknowledge the support of the State whenever publicizing the work under this agreement in any media. This provision does not apply to necessary staff meetings or training sessions held for the staff of the Contractor or Subcontractor to conduct routine business matters.

## 10. Confidentiality of Information

- a. The Contractor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this agreement or persons whose names or identifying information become available or are disclosed to the Contractor, his/her employees, agents, or subcontractors as a result of services performed under this agreement, except for statistical information not identifying any such person.
- b. The Contractor and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the Contractor's obligations under this agreement.
- c. The Contractor and its employees, agents, or subcontractors shall promptly transmit to the DHS program contract manager all requests for disclosure of such identifying information not emanating from the client or person.
- d. The Contractor shall not disclose, except as otherwise specifically permitted by this agreement or authorized by the client, any such identifying information to anyone other than DHS without prior written authorization from the DHS program contract manager.
- e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

## 11. Documents, Publications and Written Reports

(Applicable to agreements over \$5,000 under which publications, written reports and documents are developed or produced. Government Code Section 7550.)

Any document, publication or written report (excluding progress reports, financial reports and normal contract communications) prepared as a requirement of this agreement shall contain, in a separate section preceding the main body of the document, the number and dollar amounts of all contracts and subcontracts relating to the preparation of such document or report, if the total cost for work by nonemployees of the State exceeds \$5,000.

## 12. Dispute Resolution Process

- a. A Contractor grievance exists whenever the Contractor believes there is a dispute arising from DHS' action in the administration of an agreement. If the Contractor believes there is a dispute or grievance between the Contractor and DHS, both parties shall follow the procedure outlined below.
  - (1) The Contractor should first discuss the problem informally with the DHS program contract manager. If the problem cannot be resolved at this stage, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons

therefore. Should the Contractor disagree with the Branch Chief's decision, the Contractor may appeal to the second level.

- (2) The Contractor must prepare a letter indicating the reasons for disagreement with Branch Chief's decision. The Contractor shall include with the letter a copy of the Contractor's original statement of dispute with any supporting documents and a copy of the Branch Chief's response. This letter shall be sent to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's decision. The Deputy Director of the division funding this agreement or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director of the division funding this agreement or his/her designee shall be returned to the Contractor within twenty (20) working days of receipt of the Contractor's letter.
- b. If the Contractor wishes to appeal the decision of the Deputy Director of the division funding this agreement or his/her designee, the Contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder. (Title 1, Subchapter 2.5, commencing with Section 251, California Code of Regulations.)
- c. Disputes arising out of an audit, examination of an agreement or other action not covered by subdivision (a) of Section 20204, of Chapter 2.1, Title 22, of the California Code of Regulations, and for which no procedures for appeal are provided in statute, regulation or the agreement, shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22, California Code of Regulations.
- d. Unless otherwise stipulated by DHS, dispute, grievance and/or appeal correspondence shall be directed to the DHS program contract manager.

### 13. Financial and Compliance Audit Requirements

- a. The definitions used in this provision are contained in Section 38040 of the Health and Safety Code, which by this reference is made a part hereof.
- b. Direct service contract means a contract for services contained in local assistance or subvention programs or both (see Health and Safety [H&S] Code section 38020). Direct service contracts shall not include contracts, grants, or subventions to other governmental agencies or units of government nor contracts with regional centers or area agencies on aging (See H&S Code section 38030).
- c. The Contractor, as indicated below, agrees to obtain one of the following audits:
  - (1) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives \$25,000 or more from any State agency under a direct service contract; the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to Generally Accepted Auditing Standards. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, and/or
  - (2) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives less than \$25,000 per year from any State agency under a direct service contract, the Contractor agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this agreement. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, and/or
  - (3) If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends \$300,000 or more in Federal awards, the Contractor agrees to obtain an annual single,

organization wide, financial and compliance audit according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations". An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs c(1) and c(2) above. The audit shall be completed by the end of the ninth month following the end of the audit period. The requirements of this provision apply if:

- (a) The Contractor is a recipient expending Federal awards received directly from Federal awarding agencies, or
  - (b) The Contractor is a subrecipient expending Federal awards received from a pass-through entity such as the State, County or community based organization.
- (4) If the Contractor submits to DHS a report of an audit other than an OMB A-133 audit, the Contractor must also submit a certification indicating the Contractor has not expended \$300,000 or more in federal funds for the year covered by the audit report.
- d. Two copies of the audit report shall be delivered to the DHS program funding this agreement. The audit report must identify the Contractor's legal name and the number assigned to this agreement. The audit report shall be due within 30 days after the completion of the audit. Upon receipt of said audit report, the DHS program contract manager shall forward the audit report to DHS' Audits and Investigations Unit.
  - e. The cost of the audits described herein may be included in the funding for this agreement up to the proportionate amount this agreement represents of the Contractor's total revenue. The DHS program funding this agreement must provide advance written approval of the specific amount allowed for said audit expenses.
  - f. The State or its authorized designee, including the Bureau of State Audits, is responsible for conducting agreement performance audits which are not financial and compliance audits. Performance audits are defined by Generally Accepted Government Auditing Standards.
  - g. Nothing in this agreement limits the State's responsibility or authority to enforce State law or regulations, procedures, or reporting requirements arising thereto.
  - h. Nothing in this provision limits the authority of the State to make audits of this contract, provided however, that if independent audits arranged for by the Contractor meet Generally Accepted Governmental Auditing Standards, the State shall rely on those audits and any additional audit work and shall build upon the work already done.
  - i. The State may, at its option, direct its own auditors to perform either of the audits described above. The Contractor will be given advance written notification, if the State chooses to exercise its option to perform said audits.

#### 14. Novation Requirements

If the Contractor proposes any novation agreement, DHS shall act upon the proposal within 60 days after receipt of the written proposal. DHS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, DHS will initiate an amendment to this agreement to formally implement the approved proposal.

#### 15. Payment Withholds

(Applicable only if a final report is required by this agreement. Not applicable to government entities.)

Unless waived or otherwise stipulated in this agreement, DHS may, at its discretion, withhold 10 percent (10%) of the face amount of the contract, 50 percent (50%) of the final invoice, or \$3,000 whichever is greater, until DHS receives a final report that meets the terms, conditions and/or scope of work requirements of this agreement.

**16. Performance Evaluation**

(Not applicable to grant agreements.)

DHS may, at its discretion, evaluate the performance of the Contractor at the conclusion of this agreement. If performance is evaluated, the evaluation shall not be a public record and shall remain on file with DHS. Negative performance evaluations may be considered by DHS prior to making future contract awards.

**17. Officials Not to Benefit**

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this agreement, or to any benefit that may arise therefrom. This provision shall not be construed to extend to this agreement if made with a corporation for its general benefits.

**18. Year 2000 Compliance**

(Applicable to agreements in which Information Technology (IT) services are provided to DHS or if IT equipment is procured.)

The Contractor warrants and represents that the goods or services sold, leased, or licensed to the State of California, its agencies, or its political subdivisions, pursuant to this agreement are "Year 2000 Compliant." For the purposes of this agreement, a good or services is Year 2000 compliant if it will continue to fully function before, at, and after the Year 2000 without interruption and, if applicable, with full ability to accurately and unambiguously process, display, compare, calculate, manipulate, and otherwise utilize date information. This warranty and representation supersedes all warranty disclaimers and limitations and all limitations on liability provided by or through the Contractor.

**19. Prohibited Use of State Funds for Software**

(Applicable to agreements in which computer software is used in performance of the work.)

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

**20. University of California Mutual Indemnification**

(Applicable only to agreements entered with the Regents of the University of California or a University of California campus under its jurisdiction.)

- a. The State and the Regents of the University of California shall mutually defend, indemnify and hold each other and their respective agencies, officers, employees, and agents harmless from and against any and all liability, loss, expense, attorneys' fees, or claims for injury or damages arising out of the performance of this contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of either the State or the Regents of the University of California.
- b. It should be expressly understood that the obligations hereunder shall be conditioned upon this contract being one that falls within the purview of Section 895 of the Government Code.

**21. Union Organizing**

(Applicable only to grant agreements.)

Grantee, by signing this agreement, hereby acknowledges the applicability of Government Code 16645 through 16649 to this agreement. Furthermore, Grantee, by signing this agreement, hereby certifies that:

- a. No state funds disbursed by this grant will be used to assist, promote or deter union organizing.
- b. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure.
- c. Grantee shall, where state funds are not designated as described in b herein, allocate, on a pro-rata basis, all disbursements that support the grant program.
- d. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee will maintain records sufficient to show that no state funds were used for those expenditures, and that Grantee shall provide those records to the Attorney General upon request.

**22. Contract Uniformity (Fringe Benefit Allowability)**

(Applicable only to nonprofit organizations.)

Pursuant to the provisions of Article 7 (commencing with Section 100525) of Chapter 3 of Part 1 of Division 101 of the Health and Safety Code, DHS sets forth the following policies, procedures, and guidelines regarding the reimbursement of fringe benefits.

- a. As used herein fringe benefits shall mean an employment benefit given by one's employer to an employee in addition to one's regular or normal wages or salary.
- b. As used herein, fringe benefits do not include:
  - (1) Compensation for personal services paid currently or accrued by the Contractor for services of employees rendered during the term of this agreement, which is identified as regular or normal salaries and wages, annual leave, vacation, sick leave, holidays, jury duty and/or military leave/training.
  - (2) Director's and executive committee member's fees.
  - (3) Incentive awards and/or bonus incentive pay.
  - (4) Allowances for off-site pay.
  - (5) Location allowances.
  - (6) Hardship pay.
  - (7) Cost-of-living differentials
- c. Specific allowable fringe benefits include:
  - (1) Fringe benefits in the form of employer contributions for the employer's portion of payroll taxes (i.e., FICA, SUI, SDI), employee health plans (i.e., health, dental and vision), unemployment insurance, worker's compensation insurance, and the employer's share of pension/retirement plans, provided they are granted in accordance with established written organization policies and meet all legal and Internal Revenue Service requirements.
- d. To be an allowable fringe benefit, the cost must meet the following criteria:
  - (1) Be necessary and reasonable for the performance of the agreement.
  - (2) Be determined in accordance with generally accepted accounting principles.
  - (3) Be consistent with policies that apply uniformly to all activities of the Contractor.
- e. Contractor agrees that all fringe benefits shall be at actual cost.

## f. Earned/Accrued Compensation

- (1) Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See Provision f (3)(a) for an example.
- (2) For multiple year contracts, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the agreement. Holidays cannot be carried over from one contract year to the next. See f Provision (3)(b) for an example.
- (3) For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the agreement, cannot be claimed as an allowable cost. See Provision f (3)(c) for an example.

## (a) Example No. 1:

If an employee, John Doe, earns/accrues three weeks of vacation and twelve days of sick leave each year, then that is the maximum amount that may be claimed during a contract period of one year. If John Doe has five weeks of vacation and eighteen days of sick leave at the beginning of the agreement, the Contractor during a one-year agreement term may only claim up to three weeks of vacation and twelve days of sick leave actually used by the employee. Amounts earned/accrued in periods prior to the beginning of the agreement are not an allowable cost.

## (b) Example No. 2:

If during a three-year (multiple year) agreement, John Doe does not use his three weeks of vacation in year one, or his three weeks in year two, but he does actually use nine weeks in year three; the Contractor would be allowed to claim all nine weeks paid for in year three. The total compensation over the three-year period cannot exceed 156 weeks (3 x 52 weeks).

## (c) Example No. 3:

If during a single year agreement, John Doe works fifty weeks and used one week of vacation and one week of sick leave and all fifty-two weeks have been billed to DHS, the remaining unused two weeks of vacation and seven days of sick leave may not be claimed as an allowable cost.

EXHIBIT E  
Additional Provisions

**1. Contract Amendments**

Should either party, during the term of this agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the State's official agreement amendment process. No amendment will be considered binding on either party until it is formally approved by the State.

**2. Cancellation / Termination**

- A. This agreement may be cancelled or terminated without cause by either party by giving thirty (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation and include any final performance and/or payment/invoicing instructions/requirements.
- B. Upon receipt of a notice of termination or cancellation from DHS, Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent contract costs.
- C. Contractor shall be entitled to payment for all allowable costs authorized under this agreement, including authorized non-cancelable obligations incurred up to the date of termination or cancellation, provided such expenses do not exceed the stated maximum amounts payable.

### Contractor's Release

#### Instructions to Contractor:

With final invoice(s) submit one (1) original and two (2) copies. The original must bear the original signature of a person authorized to bind the Contractor. The additional copies may bear photocopied signatures.

#### Submission of Final Invoice

Pursuant to contract number 03-75385 entered into between the State of California Department of Health Services (DHS) and the Contractor (identified below), the Contractor does acknowledge that final payment has been requested via invoice number(s) \_\_\_\_\_, in the amount(s) of \$ \_\_\_\_\_ and dated \_\_\_\_\_. If necessary, enter "See Attached" in the appropriate blocks and attach a list of invoice numbers, dollar amounts and invoice dates.

#### Release of all Obligations

By signing this form, and upon receipt of the amount specified in the invoice number(s) referenced above, the Contractor does hereby release and discharge the State, its officers, agents and employees of and from any and all liabilities, obligations, claims, and demands whatsoever arising from the above referenced contract.

#### Repayments Due to Audit Exceptions / Record Retention

By signing this form, Contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. Contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment, will be refunded to the State.

All expense and accounting records related to the above referenced contract must be maintained for audit purposes for no less than three years beyond the date of final payment, unless a longer term is stated in said contract.

#### Recycled Product Use Certification

By signing this form, Contractor certifies under penalty of perjury that a percentage (0% to 100%) of the materials, goods, supplies or products offered or used in the performance of the above referenced contract meets or exceeds the minimum percentage of recycled material, as defined in Public Contract Code Sections 12161 and 12200.

#### Reminder to Return State Equipment/Property (If Applicable)

(Applies only if equipment was provided by DHS or purchased with or reimbursed by contract funds)

Unless DHS has approved the continued use and possession of State equipment (as defined in the above referenced contract) for use in connection with another DHS agreement, Contractor agrees to promptly initiate arrangements to account for and return said equipment to DHS, at DHS's expense, if said equipment has not passed its useful life expectancy as defined in the above referenced contract.

#### Patents / Other Issues

By signing this form, Contractor further agrees, in connection with patent matters and with any claims that are not specifically released as set forth above, that it will comply with all of the provisions contained in the above referenced contract, including, but not limited to, those provisions relating to notification to the State and related to the defense or prosecution of litigation.

Contractor's Legal Name (As on contract): \_\_\_\_\_

Signature of Contractor or Official Designee: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name/Title of Person Signing: \_\_\_\_\_

DHS Distribution:    Accounting (Original)    Program    CMU contract file

**Travel Reimbursement Information**  
**Effective October 1, 2001**

1. The following rate policy is to be applied for reimbursing the travel expenses of persons under contract.
  - a. Reimbursement shall be at the rates established for nonrepresented/excluded state employees.
  - b. Short Term Travel is defined as a 24-hour period, and less than 31 consecutive days, and is at least 50 miles from the main office, headquarters or primary residence. Starting time is whenever a contract employee leaves his or her home or headquarters. "Headquarters" is defined as the place where the contracted personnel spends the largest portion of their working time and returns to upon the completion of special assignments.
  - c. Contractors on travel status for more than one 24-hour period and less than 31 consecutive days may claim a fractional part of a period of more than 24 hours. Consult the chart appearing on page 2 of this exhibit to determine the reimbursement allowance. All lodging must be receipted. If contractor does not present receipts, lodging will not be reimbursed.

(1) Lodging (with receipts):

Travel Location / Area	Reimbursement Rate
Statewide (excluding the counties identified below)	\$ 84.00 plus tax
Counties of Los Angeles and San Diego	\$110.00 plus tax
<u>Counties of Alameda, San Francisco, San Mateo, and Santa Clara.</u>	<u>\$140.00 plus tax</u>

Reimbursement for actual lodging expenses exceeding the above amounts may be allowed with the advance written approval of the Deputy Director of the Department of Health Service or his or her designee. Receipts are required.

- (2) Meal/Supplemental Expenses (with or without receipts): With receipts, the contractor will be reimbursed actual amounts spent up to the maximum.

Meal / Expense	Reimbursement Rate
Breakfast	\$ 6.00
Lunch	\$ 10.00
Dinner	\$ 18.00
Incidental	\$ 6.00

- d. Out-of-state travel may only be reimbursed if such travel has been stipulated in the contract and has been approved in advance by the program with which the contract is held. For out-of-state travel, contractors may be reimbursed actual lodging expenses, supported by a receipt, and may be reimbursed for meals and supplemental expenses for each 24-hour period computed at the rates listed in c. (2) above. For all out-of-state travel, contractors must have prior Departmental approval and a budgeted trip authority.
- e. In computing allowances for continuous periods of travel of less than 24 hours, consult the chart appearing on page 2 of this bulletin.
- f. No meal or lodging expenses will be reimbursed for any period of travel that occurs within normal working hours, unless expenses are incurred at least 50 miles from headquarters.

2. If any of the reimbursement rates stated herein are changed by the Department of Personnel Administration, no formal contract amendment will be required to incorporate the new rates. However, DHS shall inform the contractor, in writing, of the revised travel reimbursement rates.
3. For transportation expenses, the contractor must retain receipts for parking; taxi, airline, bus, or rail tickets; car rental; or any other travel receipts pertaining to each trip for attachment to an invoice as substantiation for reimbursement. Reimbursement may be requested for commercial carrier fares; private car mileage; parking fees; bridge tolls; taxi, bus, or streetcar fares; and auto rental fees when substantiated by a receipt.
4. **Note on use of autos:** If a contractor uses his or her car for transportation, the rate of pay will be 34 cents maximum per mile. If the contractor is a person with a disability who must operate a motor vehicle on official state business and who can operate only specially equipped or modified vehicles may claim a rate of 37 cents per mile. If a contractor uses his or her car "in lieu of" air fair, the air coach fair will be the maximum paid by the State. The contractor must provide a cost comparison upon request by the state. Gasoline and routine automobile repair expenses are not reimbursable.
5. The contractor is required to furnish details surrounding each period of travel. Travel detail may include, but not be limited to: purpose of travel, departure and return times, destination points, miles driven, mode of transportation, etc.
6. Contractors are to consult with the program with which the contract is held to obtain specific invoicing procedures.

Travel Reimbursement Guide

Length of travel period	This condition exists...	Allowable Meal(s)
Less than 24 hours	Travel begins at 6:00 a.m. or earlier and continues until 9:00 a.m. or later.	Breakfast
Less than 24 hours	<ul style="list-style-type: none"> <li>• Travel period ends at least one hour after the regularly scheduled workday ends, or</li> <li>• Travel period begins prior to or at 5:00 p.m. and continues beyond 7:00 p.m.</li> </ul>	Dinner
24 hours	Travel period is a full 24-hour period determined by the time that the travel period begins and ends.	Breakfast, lunch, and dinner
Last fractional part of more than 24 hours	Travel period is more than 24 hours and traveler returns at or after 8:00 a.m.	Breakfast
	Travel period is more than 24 hours and traveler returns at or after 2:00 p.m.	Lunch
	Travel period is more than 24 hours and traveler returns at or after 7:00 p.m.	Dinner