

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

318A



FROM: Agricultural Commissioner's Office

SUBMITTAL DATE:
July 10, 2013

SUBJECT: Standard Agreement No. 13-0227-SA Regarding Egg Quality Control.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Standard Agreement No. 13-0227-SA in the amount of \$37,644 for FY 13/14; and
2. Authorize the chairman to sign the agreement.

BACKGROUND: This agreement is renewed annually and provides funding for the inspection and enforcement of California's Egg Quality Control standards. Revenue from this source was included in the Agricultural Commissioner's FY 13/14 budget request. This agreement was approved as to form by County Counsel.

John Snyder
John Snyder, Agricultural Commissioner/
 Sealer of Weights and Measures

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 37,644	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/2014

SOURCE OF FUNDS: California Department of Food and Agriculture	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE
 BY: *Denise C. Harden*
 Denise C. Harden

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
 Nays: None
 Absent: None
 Date: July 30, 2013
 xc: Ag. Comm.

Kecia Harper-Ihem
 Clerk of the Board
 By: *Kecia Harper-Ihem*
 Deputy

Prev. Agn. Ref.: 08/28/12 item 3.13 | **District:** ALL | **Agenda Number:**

3-14

ATTACHMENTS FILED
 WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
 BY: *Neal R. Kipnis*
 DATE: 7/11/13
 Departmental Concurrence

Dept't Recomm.: Policy
 Per Exec. Ofc.: Policy

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147

Thank you

COOPERATIVE AGREEMENT
SIGNATURE PAGE

AGREEMENT NUMBER
13-0227-SA

Department of Food and Agriculture
COOPERATIVE AGREEMENT
GAU-03 (Rev. 1/13)

1. This Agreement is entered into between the State Agency and the Recipient named below:

STATE AGENCY'S NAME
DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

RECIPIENT'S NAME
COUNTY OF RIVERSIDE

2. The term of this Agreement is: July 1, 2013 through June 30, 2014

3. The maximum amount of this Agreement is: \$37,644.10
Thirty-seven Thousand Six Hundred Forty-four Dollars and Ten Cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A: 10 Page(s)
• Recipient and Project Information
• Scope of Work

Exhibit B: 2 Page(s)
• Budget & Payment Provisions
• Budget

Exhibit C – General Terms and Conditions 2 Page(s)

ATTEST:
KECIA HARPER-IHEM, Clerk
By Karimata
DEPUTY

Name of Project: County Egg Inspections Program

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

RECIPIENT

RECIPIENT'S NAME (County's Name)
COUNTY OF RIVERSIDE

BY (Authorized Signature)
John J. Benoit

DATE SIGNED (Do not type)
7/30/13

PRINTED NAME AND TITLE OF PERSON SIGNING
JOHN J. BENOIT CHAIRMAN, BOARD OF SUPERVISORS

ADDRESS
4080 Lemon Street, Room 19, Riverside, CA 92502-1089

STATE OF CALIFORNIA

AGENCY NAME
DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

BY (Authorized Signature)
Crystal Myers

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING
CRYSTAL MYERS, MANAGER - FEDERAL FUNDS MANAGEMENT OFFICE

ADDRESS
1220 N STREET, ROOM 120
SACRAMENTO, CA 95814

MA

FORM APPROVED COUNTY COUNSEL
BY: Neal R. Kipnis DATE: 7/30/13

JUL 30 2013 3-14

EXHIBIT A

RECIPIENT AND PROJECT INFORMATION

1. CDFA hereby awards an Agreement to the Recipient for the project described herein:

Pursuant to CDFA Code (Articles 4 and 5, Sections 27551 through 27556), and the California Code of Regulations (Title 3, Division 3), CDFA will disburse funds for costs incurred in egg quality control activities.

2. The Managers for this Agreement are:

FOR CDFA:		FOR RECIPIENT:	
Name:	Penny Short	Name:	John Snyder
Section/Unit:	Animal Health and Food Safety Services Division / Meat, Poultry and Egg Safety Branch	Section/Unit:	COUNTY OF RIVERSIDE
Address:	1220 N Street	Address:	4080 Lemon Street, Room 19
City/State/Zip:	Sacramento, CA 95814	City/State/Zip:	Riverside, CA 92502-1089
Phone:	916-900-5091	Phone:	951-955-3045
Email Address:	penny.short@cdfa.ca.gov	Email Address:	agdept@rivcoag.org

3. For a detailed description of work to be performed and duties, see Scope of Work.

STATE EGG QUALITY ENFORCEMENT WORKPLAN

July 1, 2013 – June 30, 2014

The County agrees to provide wholesale, production and retail surveillance egg inspection services for the Egg, Safety and Quality Management Program (ESQM). The inspections shall be performed as provided in the Food and Agricultural Code, Division 12, Part 4, Chapter 1 (commencing with Section 27501); the California Code of Regulations, Title 3, Subchapter 3 and any State policies and procedures.

This agreement is effective from July 1, 2013 through June 30, 2014. The County will receive payments upon submission of completed quarterly Compliance and Risk Based Inspection (CRBI) reports, Production and Wholesale Report 9 and Retail Surveillance Report 9 forms, ESQM/County Cost Agreement and ESQM/ Agreement Supplemental-A forms, as appropriate for the functions listed below:

- Production and Wholesale Inspections
- Retail Surveillance Inspections

Disbursements will be made for work completed in quarterly payments as follows: July 1 to September 30 (1st quarter), October 1 to December 31 (2nd quarter), January 1 to March 31 (3rd quarter), and April 1 to June 30 (4th quarter). Late submission of invoices will cause delay in review of county paperwork processing procedures and in payments to counties by ESQM.

Penalties imposed by the County for violations shall remain in the County.

Compliance and Risk Based Inspection (CRBI) for shell eggs:

The Counties and ESQM will inspect 1% of annual cases available, provided by the company. Facilities achieving a compliance rate of 90% or better during a period of one quarter (3 months), the inspection rate will drop to 0.5% (one half percent of egg cases available). Should the compliance rate fall below 90% or Risk Based violations are beyond the acceptable levels, then inspections shall revert back to 1% rate.

Purpose:

- Ensure quality and food safety compliance.
- Focused on egg handlers not achieving 90% compliance or better.
- Allows ESQM to concentrate on Production and Wholesale facilities that need closer monitoring.
- Allow time to inspect Retail facilities.

Production eligibility:

- Producers and or Producer/Packers with a flock size of 3,000 or more layers shall participate in CRBI.

Wholesale/Distribution eligibility:

- The base-line for Wholesale and Distributors shall be 12,000 egg cases minimum available per year.
- Wholesale and Distributors with less than 12,000 egg cases per year shall be inspected at the retail surveillance level.

Egg Quality Assurance Resources and Workload History:

ESQM has taken the total amounts for Fiscal Years 2010-11 and 2011-12 for an average amount of hours spent doing egg inspections, to base their agreement hours for inspection for Fiscal year 2013-14. These figures were based off of Report 9 billing documents provided by your County. Future agreements will be based off of prior year billing hours and reported eggs available documents.

Riverside County Department of Agriculture has averaged 1,050 work hours during the 2010 through 2011 fiscal years providing 2,506 production and 4,290 wholesale 100-egg samples. One Deputy Agricultural Commissioner/Sealer and licensed Agricultural Weight and Measure Inspectors have supported these activities.

Riverside County has seen fluctuating numbers for production eggs declining over fiscal year 2012, while the numbers of wholesale eggs have fluctuated. The following are the expected production and wholesale egg numbers for the current fiscal year as well as the past three years:

- Fiscal Year 2010-11, production eggs available – 1,773,112 cases; wholesale eggs available – 3,267,000 cases. A total of 5,049,112 cases available at nine facilities. The 2010-11 cases available totals included USDA shielded eggs which did not count towards the agreement inspection requirements.
- Fiscal Year 2011-12, production eggs available – 1,655,529 cases; wholesale eggs available – 2,302,920 cases. A total of 3,958,449 cases available at seven facilities. The 2011-12 cases available totals included USDA shielded eggs which did not count towards the agreement inspection requirements.
- Fiscal Year 2012-13, production eggs available – 1,548,417 cases; wholesale eggs available – 2,301,840 cases. A total of 3,850,257 cases available at seven facilities. The 2012-13 cases available totals included USDA shielded eggs which did not count towards the agreement inspection requirements.
- Fiscal Year 2013-14, production eggs available – 1,560,000 cases; wholesale eggs available – 2,652,000 cases. A total of 4,212,000 cases available at six facilities. The 2013-14 cases available totals included USDA shielded eggs which did not count towards the agreement inspection requirements.

Enforcement Response:

Initially, enforcement response will be centered upon an educational response to help individuals and industry come into compliance for minor infractions of laws and regulations. Subsequent enforcement will entail utilization of the existing compliance process.

CRBI for Production and Wholesale Inspections:

- Conduct Production and Wholesale egg sample inspections based on CRBI, at the reported annual cases available for the fiscal year.
- Track and report time per inspection.
- If the desired CRBI levels of compliance (determined by ESQM), have been reached, the number of quarterly inspections shall be done at a one half the required levels. Any remaining time allotted for these inspections will be devoted to Retail Surveillance inspections.
- CRBI will revert to original levels if required compliance is not maintained.
- Efficient timely inspections and reporting to ESQM will be necessary to assist in assuring that industry gets credit for maintaining acceptable CRBI levels.

Expected Outcome:

- Through timely record reporting and by working closely with processors and ESQM the necessity to maintain current levels of annual cases available should decrease within the first three months.
- Tracking of time per inspection allows for the County to assure efficient inspecting methods.
- Acceptable risk based levels become an incentive to industry to maintain higher food safety standards.

Retail Surveillance Inspections:

- Retail Surveillance shall consist of: Certified and Un-Certified Farmer's Markets, Swap Meets, Flea Markets, Brick and Mortar Buildings, and any other facilities that sell eggs to the public.
- Conduct visual inspection of egg packages at retail locations assuring the eggs are not past the sell by date and that cartons meet all labeling requirements.
- Ensure, through visual examination that eggs are within tolerance for external defects:
 - Leakers
 - Dirts
 - Stains
 - Underweights
- A cursory egg quality inspection shall be done at each location.
- Ensure that advertising signs and placards are in compliance.
- Perform outreach to proprietors:
 - Stock rotation
 - Safe handling procedures
 - Obtaining eggs from reputable sources
 - Proper disposition of expired eggs
- Any eggs which are cause for food safety concerns may be reconditioned by the retail proprietor if they are from the same lot; if they cannot be reconditioned, they are to be placed off sale and destroyed unless the processor/packer agrees to pick up the product for processing into egg products. All eggs are to be reconditioned or destroyed in the presence of the inspector prior to leaving the premises.
- All producers selling at certified farmers markets must meet all labeling, grading and size requirements. Any violations found will be followed up on in a timely manner.
- Ensure that eggs are not being re-packed by someone other than a registered egg handler/ processor.
- Any eggs being received from out of state processors should be tracked to ensure they are registered with CDFA.
- All retail locations inspected will be tracked by the county and reports outlining the number of locations inspected, violations found, hours for inspections, how violations were corrected should be made available to ESQM on a monthly basis.
- Ensure that any eggs found at retail which have been produced by an exempt CRBI producer (flocks of less than 3,000 birds) meet all labeling and food safety requirements.

Expected Outcome:

- A higher level in compliance for egg safety and labeling at the retail level.
- Assurance that fewer eggs are being re-packed by unregistered individuals.
- The ability to bring small producers, selling at certified farmers markets, swap meets and flea markets, into compliance with state laws and regulations.
- Develop a better knowledge of where out of state eggs are sold to ensure quality and other standards, when passing through distribution centers.

The County shall:

- Each County inspector assigned to egg inspections, will be certified by ESQM, to conduct shell egg inspections.
- Submit an annual cases available worksheet for qualifying CRBI Producer/Wholesale facilities.
- Maintain work records for each inspector/biologist on a daily basis, showing work performed under this agreement together with copies of the quarterly CRBI worksheets, Report 9 for Production and Wholesale and Retail Surveillance, ESQM/County Cost Agreement and the ESQM/County Cost Supplemental-A forms.
- Copies of the CRBI worksheet will be given to the plant management after each inspection.
- Submit completed CRBI reports, Production and Wholesale Report 9 and Retail Surveillance Report 9 forms, ESQM/County Cost Agreement and ESQM/ Agreement Supplemental-A forms by the 10th working day of the following month, for each month completed. Mail all the completed worksheets and forms to the State District Supervisor in your area.
- Maintain all records for a period of three years after final payment.
- Permit the State to inspect such books, records, accounts, and other materials relevant to this agreement.
- Furnish the necessary inspection equipment, transportation, office space, supplies, and support services for carrying out the inspection work under this agreement.
- Notify the district supervisors of any new inspector/biologist prior to inspecting eggs in the county.
- Ensure inspection hours are completed within the quarter or forfeit any hours remaining. Inspection hours will start over each quarter.
- Provide inspection reports, as requested to ESQM and the Shell Egg Advisory Committee.

Failure to meet above minimums will result in a County Agricultural Commissioner's agreements compliance meeting and possible agreement amendments.

State Oversight and Expectations:

- ESQM shall provide annual training for County shell egg inspectors.
- ESQM shall hold Certification exams biennially, for conducting shell egg inspections.
- ESQM shall provide (1) smock per production facility inspector, annually; hair nets, shoe covers, training materials, forms manuals, or any other equipment needed for performing inspections.
- The County shall make inspectors available to complete shell egg and retail inspections with ESQM supervisors on a monthly basis for the first year of the

agreement. These requirements may be made quarterly if County inspectors meet expected goals.

- ESQM shall complete periodic random inspections within the County.
- ESQM shall review all reports provided by the County and provide feedback as to the efficiency of the County program.
- ESQM shall review all County billing information.
- Payment to counties for contracted egg inspection work shall be paid quarterly pending approval by program supervisor for state enforcement program.

(SO-pending)

Wholesale/Production

COUNTY/Qtr: County Code / Contract:	MONTH AND YEAR:		
EGG INSPECTION	Production	Wholesale	Total
1. PREMISES INSPECTED	0	0	0
2. LOTS INSPECTED	0	0	0
3. DOZENS INSPECTED	0	0	0
4. LOTS REJECTED	0	0	0
5. DOZENS REJECTED FOR:	0	0	0
A. CATEGORY 1 - REFRIGERATION ISSU	0	0	0
B. CATEGAORY 2 - DIRTS (FECAL), LEAKERS, ROTS	0	0	0
C. CATEGORY 3 - DIRTS (NON-FECAL), BLOOD SPOTS, CHECKS	0	0	0
D. CATEGORY 4 - LABELING ISSUES, UNDERWEIGHTS, UNDERGRADES	0	0	0
6. TOTAL DOZENS REJECTED	0	0	0
7. TOTAL HOURS EGG INSPECTION	0	0	0
8. NUMBER OF CASES	0	0	0
9. NONCOMPLIANCE NOTICE ISSUED	0	0	0
10. LOTS EXAMINED	0	0	0
11. REGISTRATIONS ISSUED	0	0	0

RETAIL

(SO-pending)a

COUNTY/Qtr: County Code / Contract:	MONTH AND YEAR:
EGG INSPECTION	Retail
1. PREMISES INSPECTED	0
A. PREMESIS WITHOUT PRODUCT	0
2. LOTS INSPECTED	0
3. LOTS EXAMINED	0
4. LOTS REJECTED	0
5. DOZENS INSPECTED	0
6. DOZENS REJECTED FOR:	
A. IMPROPER MARKING	0
1. Container	0
2. Advertisement/Placard	0
B. QUALITY	0
C. SELL BY DATE	0
7. TOTAL DOZENS REJECTED	0
8. TOTAL HOURS EGG INSPECTION	0
9. NONCOMPLIANCE NOTICE ISSUED	0
A. UN-REGISTERED	0

INSTRUCTIONS: Send to State Supervisor, no later than the 10th of the month following the end of the reporting quarter. Retain a copy for your records.

ESQM / County Cost Agreement Form

1. COOPERATING AGENCY (Name and Location)

California Department of Food and Agriculture
 1220 N Street, Sacramento CA 95814

QUARTERLY REPORT FORM

2. REPORTING QUARTER (From-Thru)

ACTUAL DIRECT COSTS

3. PERSONNEL SALARY COSTS

	Travel Hours	Work Hours	Total Hours	Total Cost	
a. Inspector				\$ -	HOURS X ___/HOUR
a. Inspector				\$ -	HOURS X ___/HOUR
a. Inspector				\$ -	HOURS X ___/HOUR
a. Inspector				\$ -	HOURS X ___/HOUR
a. Inspector				\$ -	HOURS X ___/HOUR
b. Supervisor				\$ -	HOURS X ___/HOUR
c. TOTAL PERSONNEL SALARY COSTS (a+b).....				\$ -	

4. TRAVEL COSTS

c. Travel miles _____ times \$ _____ cents per mile.....

f Total Travel Costs (d).....

Explanation -

5. TOTAL ACTUAL DIRECT COSTS (e).....

\$ -

INDIRECT COST (If Applicable)

6. Applicable portion of line 7 times up to 25% Approved
 Percentage Rate.

\$ -

Calculation
 3c X 25%

7. TOTAL QUARTERLY COSTS (5+6).....

\$ -

8. REMARKS(continue on reverse if needed)

COMBINED TOTALS

11. SIGNATURE OF COUNTY REPRESENTATIVE

TITLE

Program Supervisor

13. DATE

14. SIGNATURE OF STATE SUPERVISOR

15. DATE

1. STATE AND CODE

2a. QUARTER

2b. FISCAL YEAR

3. NAME OF INSPECTOR (Please print)

ESQM / County Cost Agreement Form (Supplemental - A)

Insp. #:	DATE	REGISTRANT (Location)	TYPE OF INSP (R,P,W)	TRAVEL FROM	TRAVEL TO	FACILITY INSP. HOURS	MILES DRIVEN	WORK HOURS	DOZENS	CASES	LOTS	COMMENTS (see remarks) ✓
				TIME:	TIME:							
1				TIME:	TIME:							
				TIME:	TIME:							
2				TIME:	TIME:							
				TIME:	TIME:							
3				TIME:	TIME:							
				TIME:	TIME:							
4				TIME:	TIME:							
				TIME:	TIME:							
5				TIME:	TIME:							
				TIME:	TIME:							
6				TIME:	TIME:							
				TIME:	TIME:							
7				TIME:	TIME:							
				TIME:	TIME:							
8				TIME:	TIME:							
				TIME:	TIME:							
9				TIME:	TIME:							
				TIME:	TIME:							
10				TIME:	TIME:							
				TIME:	TIME:							

REMARKS

EXHIBIT B

BUDGET 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 Recipient for actual allowable expenditures incurred in accordance with this Agreement and stated herein, which is attached hereto and made a part of this Agreement.

Original invoices must include the Agreement Number, dates-of-service, type of work performed, and when applicable, a breakdown of the costs of parts and materials, labor charges, and any other relevant information required to ensure proper invoices are submitted for payment.

B. Unless stated in Exhibit A, Scope of Work, monthly invoices must be submitted within thirty (30) days after the end of each month in which work under this Agreement was performed to the CDFA Agreement Manager.

C. A final invoice will be submitted for payment no more than thirty (30) days following the expiration date of this Agreement, unless an alternate deadline is agreed to by the CDFA Agreement Manager. The invoice must 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.

2. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted by the State Budget Act for purposes of this program, the State will have the option to either cancel this Agreement with no liability occurring to the State, or offer to amend the Agreement to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, California Government Code Title 1, Division 3.6, Part 3, Chapter 4.5, commencing with Section 927 – The California Prompt Payment Act.

4. Allowable Line Item Shifts

A. Upon approval of the CDFA Agreement Manager, line item shifts of up to ten percent (10%) of a budget category amount are allowed without changes to Exhibit B, Budget, so long as the annual Agreement total dollar amount neither increases nor decreases.

B. The Recipient must obtain approval from the CDFA Agreement Manager when a line item shift amount is over ten percent (10%).

5. Allowable Expenses/Fiscal Documentation

A. The Recipient will comply with all applicable State regulations.

B. The Recipient will maintain adequate documentation for expenditures subject to this Agreement to permit the determination of the allowability of expenditures reimbursed by the State under this Agreement. If CDFA cannot determine expenditures are allowable under the terms of this Agreement because records are nonexistent or inadequate according to generally accepted accounting principles, the CDFA may disallow the expenditure.

C. If domestic travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established in Title 2, California Code of Regulations, Sections 599.619 and 599.630.

D. If international travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. The maximum rates allowable are those established in a per diem supplement to Section 925, Department of State Standardized Regulations. All international travel must comply with the "Fly America Act" U.S.C. Title 49 § 40118, government-financed air transportation.

E. The Recipient will maintain and have available, upon request by CDFA, all financial records and documentation pertaining to this Agreement. These records and documentation will be kept for three (3) years after completion of the Agreement period or until final resolution of any performance/compliance review concerns or litigation claims.

6. Budget

For a detailed budget for all work to be performed under the Scope of Work, see attached Budget.

County of Riverside
STATE SHELL EGG ENFORCEMENT
FISCAL DISPLAY
 July 1, 2013 through June 30, 2014

July 1, 2013 through June 30, 2014
 Inspections Based on Actual Time Worked¹

Employee	Biologist/Inspector Classification	Hourly Rate	Benefit Rate	Total # of Hours per	Reimbursement per Quarter	Number of Quarters	Total Reimbursement
Yadi Jimenez	Agricultural & Standards Investigator III	\$ 20.50	\$ 10.08	165	\$ 5,045.70	4	\$ 20,182.80
Stephanie Van Stockum	Agricultural & Standards Investigator III	\$ 20.43	\$ 10.06	35	\$ 1,067.15	4	\$ 4,268.60
Lucy Candelario	Agricultural & Standards Investigator IV	\$ 22.43	\$ 10.60	35	\$ 1,156.05	4	\$ 4,624.20
<hr/>							
Employee	Supervisory Classification	Hourly Rate	Benefit Rate	Total # of Hours per	Reimbursement per Quarter		
Ronald Bray	Deputy Commissioner	\$ 43.32	\$ -	6	\$ 259.92	4	\$ 1,039.68
<hr/>							
Total Reimbursement 07/01/2013 through 06/30/2014					\$ 7,528.82	4	\$ 30,115.28

Personal Services 07/01/2013 - 06/30/2014
 Total Personal Services: \$ 30,115.28
 County Indirect Recovery - 25% \$ 7,528.82
Contract Total: \$ 37,644.10

¹ Effective July 1, 2013 the methodology of egg inspection changed from an average per 100-egg sample to actual cost recovery.

Hours will be applied to Production/Wholesale and Retail Inspections. These inspections will be performed regularly during the quarter to assure consistent compliance. Consideration will be given to compliance history and food safety violations, in determining frequency of inspections at Production/Wholesale and where Retail inspection hours will be applied.

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **Approval**

This Agreement is of no force or effect until signed by both parties. The Recipient may not invoice for work performed prior to the commencement date or completed after the termination date of this Agreement.

2. **Assignment**

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the CDFA, in the form of a form of writing.

3. **Indemnification**

The Recipient agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Recipient in the performance of this Agreement.

4. **Disputes**

The Recipient will continue with the responsibilities under this Agreement during any dispute. In the event of a dispute, the Recipient will file a "Notice of Dispute" with the CDFA within ten (10) days of discovery of the problem. The Notice of Dispute will contain the Agreement number. Within ten (10) days of receipt of the Notice of Dispute, the Agency Secretary, or Designee, will meet with the Recipient, CDFA Program Management, and Federal Funds Management for the purpose of resolving the dispute. The decision of the Agency Secretary or Designee will be final. In the event of a dispute, the language contained within this Agreement will prevail.

5. **Potential Contractors**

The Recipient must obtain prior approval from the CDFA Agreement Manager before hiring contractors, consultants or both. Recipient must follow their organization's written procurement policy and in the absence of a written policy, the organization must conduct a competitive bid process. All contractors must have the proper licenses/certificates required in their respective disciplines.

If the Recipient contracts for a portion of the work required by this Agreement, nothing contained in this Agreement or otherwise, will create any contractual relation between the State and any contractors, and no contract will relieve the Recipient of their responsibilities and obligations hereunder. The Recipient agrees to be as fully responsible to the State for the acts and omissions of its contractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Recipient. The Recipient's obligation to pay its contractors is an independent obligation from the State's obligation to make payments to the Recipient. As a result, the State will have no obligation to pay or to enforce the payment of any moneys to any contractor.

6. **Independent Recipient/Contractor**

The Recipient, and the agents and employees of Recipient, in the performance of this Agreement, will act in an independent capacity and not as officers or employees or agents of the State.

7. **Non-Discrimination Clause**

During the performance of this Agreement, Recipient and its contractors will not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability, mental disability, medical condition, age, marital status, and denial of family care leave.

The Recipients and contractors will insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Recipient and contractors will comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Recipient and its contractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining unit or other Agreement.

The Recipient will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

8. Governing Law

This Agreement is governed by and will be interpreted in accordance with all applicable State laws.

9. Unenforceable Provision

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and will not be affected thereby.

10. Excise Tax

The State of California is exempt from Federal excise taxes and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another State.

11. Right to Terminate

CDFA reserves the right to terminate this Agreement subject to thirty (30) days written notice to the Recipient. The Recipient may submit a written request to terminate this Agreement only if CDFA substantially fails to perform its responsibilities as provided herein. However, the Agreement can be immediately terminated for cause.

12. Termination for Cause

The State may terminate this Agreement and be relieved of any payments should the Recipient fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed necessary by the State. All costs to the State will be deducted from any sum due the Recipient under this Agreement and the balance, if any, will be paid to the Recipient upon completion of the work.

13. Reporting Requirements

The Recipient agrees to complete all reporting requirements listed in Exhibit A, Scope of Work.

14. Publicity and Acknowledgement

The Recipient agrees that it will acknowledge CDFA's support whenever projects funded, in whole or in part, by this Agreement are publicized in any news media, brochures, or other type of promotional material.

15. Amendments

Changes to Exhibit A, Scope of Work, Exhibit B, Budget or the Agreement term, must be requested in writing to the CDFA Agreement Manager via letter, fax or email no later than thirty (30) days prior to the requested implementation date. CDFA Agreement Manager will respond in writing via letter, fax or email as to whether the proposed changes are accepted. Any changes to the Scope of Work, Budget, or Agreement term must be approved in writing by CDFA prior to implementation. If approved by CDFA, the agreed upon changes will be made and become part of this Agreement.