CONTRACT FOR SPECIAL SERVICES

THIS CONTRACT is entered into this _____day of January, 2012, by and between the COUNTY OF SAN LUIS OBISPO (hereafter referred to as "County") and NATIONAL FOOD GROUP, INC; DBA: CSV SALES INC., an independent contractor (hereafter referred to as "Contractor").

RECITALS

WHEREAS, the County of San Luis Obispo has need for special services for special buys and opportunity food purchases to the San Luis Obispo County Sheriff's Office, Custody Division, Food Services (hereafter "Food Services"); and

WHEREAS, Contractor is specially trained, experienced, expert and competent to perform such special services;

NOW THEREFORE, the parties mutually agree as follows:

1. **Scope of Services**. Pursuant to this Contract, Contractor shall provide to the County the following special services:

A. Special spot food buys and opportunity food purchases

B. Contractor shall provide a written quotation. The quotation shall include, at a minimum, the product, the price (inclusive of delivery), the quantity, deadline response date, a contact name, and the vendor shall provide nutrition facts and ingredient list at time of offer.

C. All products must meet all applicable U.S.D.A. requirements, as well as any and all regulatory requirements of the County and the State of California.

D. All products must meet specifications. The County will reject non-conforming deliveries. Rejected deliveries shall be removed by the vendor within three (3) calendar days of notification, at his/her expense. The County will not be responsible, nor pay for rejected projects.

E. On request, sample of the product which you are offering shall be made available to the County. The County will designate where samples are to be delivered. All samples will be considered as furnished free to the County, and no samples will be returned to vendors. The County will have the sole right to determine if products offered are acceptable.

2. **Compensation**. County shall pay to Contractor as compensation in full for all services performed by Contractor pursuant to this Contract.

3. **Billing**. Contractor shall submit to the County, on a bi-weekly basis, a detailed statement of services performed during that preceding period, including the number of hours of work performed.

4. **Term of Contract**. This contract shall commence on the date first set forth hereinabove, and shall run through June 30, 2012. Thereafter, the Sheriff of the County of San Luis Obispo is authorized to renew this contract for three additional twelve (12) month periods with the concurrence of the Contractor. This contract shall be in effect from the date of its execution until expiration of the term unless it is extended pursuant to this provision. Any such extension may provide for adjustments to the contracted rates provided such rates are negotiated by both parties thirty (30) days in advance of each renewal date and thereafter set forth in writing.

5. **Termination of Contract for Convenience of Either Party**. Either party may terminate this contract at any time by giving to the other party thirty (30) days written notice of such termination. Termination shall have no effect on upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of said termination.

6. **Termination of Contract for Cause**. If Contractor fails to perform Contractor's duties to the satisfaction of the County or if Contractor fails to fulfill in a timely and professional manner Contractor's obligations under this Contract or if Contractor shall violate any of the terms or provisions of this Contract or if Contractor, Contractor's agents or employees fail to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon the County, then County shall have the right to terminate this Contract effective immediately upon the County giving written notice thereof to the Contractor. Termination shall have no affect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination. If County's termination of Contractor for cause is defective for any reason, including but not limited to County's reliance on erroneous facts concerning Contractor's performance, or any defect in notice thereof, County's maximum liability shall not exceed the amount payable to Contractor under paragraph 5 above.

7. **Equal Employment Opportunity**. During the performance of this Contract, Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and hereby promises to comply with the provision on contractor agreements contained in Presidential Executive Order Number 11246, and any amendments thereto.

8. **Entire Agreement and Modification**. This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. Contractor shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Contractor specifically

acknowledges that in entering into and executing this Contract, Contractor relies solely upon the provisions contained in this Contract and no others.

9. **Non-Assignment of Contract**. Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor may not assign, transfer, delegate or sublet any interest therein without the prior written consent of County and any such assignment, transfer, delegation, or sublease without the County's prior written consent shall be considered null and void.

10. **Governing Law and Venue**. This Contract has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. All duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Contract.

11. **Enforceability**. If any term, covenant, condition or provision of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

12. **Employment Status**. Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow County to exercise discretion or control over the professional manner in which Contractor performs the services which are the subject matter of this Contract; provided always however that the services to be provided by Contractor shall be provided in a manner consistent with all applicable standards and regulations governing such services.

Contractor understands and agrees that Contractor's personnel are not and will not be eligible for membership in or any benefits from any County group plan for hospital, surgical or medical insurance or for membership in any County retirement program or for paid vacation, paid sick leave, or other leave, with or without pay or for any other benefit which accrues to a County employee.

13. **Warranty of Contractor**.

A. Warranty of Contractor for Provision of Services. The Contractor warrants that Contractor has obtained and shall keep in full force and effect during the term of this Contract all permits, registrations and licenses necessary to accomplish the work specified in the Contract. Contractor warrants that it, and each of the personnel employed or otherwise retained by Contractor, will at all times, to the extent required by law, be properly certified and licensed under the Federal, State, and Local laws and regulations applicable to the provision of services herein.

B. Warranty of Contractor – Compliance with all Laws. The Contractor warrants that Contractor shall keep informed of, observe, and comply with, and cause all of its agents and personnel to observe and comply with all Federal, State, and local laws and rules and regulations made pursuant to such laws, which in any way affect the conduct of work under this contract. If any conflict arises between provisions of the scope of work or specifications in this contract and any law, then the Contractor shall immediately notify the County in writing.

14. Indemnification. Contractor shall defend, indemnify and hold harmless the County, its officers and employees from all claims, demands, damages, costs, expenses, judgments, attorney fees, or other losses that may be asserted by any person or entity, including Contractor, and that arise out of or are made in connection with the acts or omissions relating to the performance of any duty, obligation, or work hereunder. The obligation to indemnify shall be effective and shall extend to all such claims or losses in their entirety. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the County, its officers and employees.

15. Insurance Requirements. Contractor, at its sole cost, shall purchase and maintain the insurance policies set forth below on all of its operations under this Agreement. All of the insurance companies providing insurance for Contractor shall have, and provide evidence of, an A.M. Best & Co. rating of A:VII or above, unless exception is granted by the Risk Manager. Further, all policies shall be maintained for the full term of this Agreement and related warranty period if applicable.

A. Scope and Limits of Required Insurance Policies

1. Commercial General Liability. Policy shall include coverage at least as broad as set forth in Insurance Services Office Commercial General Liability Coverage (CG 00 01) with policy limits of not less than $1 million dollars combined single limit per occurrence. The policy shall be endorsed with the following specific language or contain equivalent language in the policy:

a. The County of San Luis Obispo, its officers and employees, is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement.

b. The insurance provided herein shall be considered primary coverage to the County of San Luis Obispo with respect to any insurance or self-insured retention maintained by the County. Further, the County's insurance shall be considered excess insurance only and shall not be called upon to contribute to this insurance.

c. The policy shall not be cancelled or materially changed without first giving thirty days prior written notice to the County of San Luis Obispo, Sheriff's Office.

2. Business Automobile Policy. The Policy shall include coverage at least as broad as set forth in the liability section of Insurance Services Office Business Auto Coverage (CA 00 01) with policy limits of no less than $1 million dollars combined single limit for each occurrence. Said insurance shall include coverage for owned, non-owned, and hired vehicles.

The policy shall be endorsed with the following specific language or contain equivalent language in the policy:

a. The County of San Luis Obispo, its officers and employees, is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement.

b. The policy shall not be cancelled or materially changed without first giving thirty days prior written notice to the County of San Luis Obispo, Sheriff's Office.

3. Workers' Compensation / Employer's Liability Insurance.

a. Workers' Compensation: policy shall provide statutory limits as required by State of California. Policy shall be endorsed with the following specific language or contain equivalent language in the policy:

1.) Contractor and its insurer shall waive all rights of subrogation against the County, its officers and employees for workers' compensation losses arising out of this Agreement.

2.) The policy shall not be cancelled or materially changed without first giving thirty days prior written notice to the County of San Luis Obispo, Sheriff's Office

b. Employer's Liability: The policy shall provide $1 million dollars per accident for bodily injury or disease.

B. Deductibles and Self-Insurance Retentions. All deductibles and/or self-insured retentions which apply to the insurance policies required herein will be declared in writing and approved by the County prior to commencement of this Agreement.

C. Proof of Insurance. Prior to commencement of work and annually thereafter for the term of this Agreement, Contractor will provide to the County of San Luis Obispo, Sheriff's Office, properly executed certificates of insurance clearly evidencing the coverage, limits, and endorsements specified in this Agreement. Further, at the County's request, the Contractor shall provide certified copies of the insurance policies within thirty days of request.

D. Absence of Insurance Coverage. County may direct Contractor to immediately cease all activities with respect to this Agreement if it determines that Contractor fails to carry, in full force and effect, all insurance policies with coverage levels at or above the limits specified in this Agreement. Any delays or expense caused due to stopping of work and change of insurance shall be considered Contractor's delay and expense.

16. Records. Contractor shall keep complete and accurate records for the services performed pursuant to this Contract and any records required by law or government regulation and shall make such records available to County upon request. Contractor shall assure the

confidentiality of any records that are required by law to be so maintained. Contractor shall prepare and forward such additional or supplementary records as County may reasonably request.

17. **Inspection Rights**. The Contractor shall allow the County to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under this Contract and to inspect evaluate and audit any and all books, records, and facilities maintained by Contractor and subcontractors, pertaining to such service at any time during normal business hours. Books and records include, without limitation, all physical records originated or prepared pursuant to the performance under this Contract including work papers, reports, financial records and books of account. Upon request, at any time during the period of this Contract, and for a period of five years thereafter, the Contractor shall furnish any such record, or copy thereof, to County. Contractor shall safeguard the accounting records and supporting documentation. Contractor shall make accounting records and supporting documentation available on demand to the County for inspection and audit. Disallowed costs shall be repaid to the County. The County may require having the Contractor's accounting records audited, at Contractor's expense, by an accountant licensed by the State of California. The audit shall be presented to the County Auditor-Controller within thirty (30) days after completion of the audit.

18. **Notices**. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by first class mail to the County at:

Ian S. Parkinson
Sheriff-Coroner
P.O. Box 32
1585 Kansas Ave.
San Luis Obispo, CA 93405

and to the Contractor:

National Food Group, Inc; DBA: CSV Sales Inc.
10803 Thornmint Road
San Diego, CA 92927

19. **Cost Disclosure - Documents and Written Reports**. Pursuant to Government Code section 7550, if the total cost of this Contract is over $5,000.00, the Contractor shall include in all final documents and in all written reports submitted a written summary of costs, which shall set forth the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of such documentation or written report. The contract and subcontract numbers and dollar amounts shall be contained in a separate section of such document or written report.

20. **Reports**. Written reports shall be submitted monthly by Contractor to County by the 10th day of each month succeeding the month within which the report is concerned. The report shall describe the work performed, personnel involved and accomplishments made during the preceding months, and the manner in which all conditions and specification of the contract are being met, plus any problems anticipated in performing said work in the future.

21. **Copyright**. Any reports, maps, documents or other materials produced in whole or part under this Contract shall be the property of the County and none shall be subject to an application for copyright by or on behalf of Contractor.

22. **Findings Confidential**. No reports, maps, information, documents, or any other materials given to or prepared by Contractor under this Contract which County requests in writing to be kept confidential, shall be made available to any individual or organization by Contractor without the prior written approval of County. However, Contractor shall be free to disclose such data as is publicly

23. **Equipment and Supplies.** Contractor will provide all necessary equipment and supplies in order to carry out the terms of this Contract.

24. **Nonappropriation of Funds.** In the event that the term of this contract extends into fiscal years subsequent to that in which it was approved, continuation of the contract is contingent on the appropriation of funds by the San Luis Obispo County Board of Supervisors or, if applicable, the provision of State or Federal funding source. If County notifies Contractor in writing that the funds for this contract have not been appropriated or provided, this contract will terminate. In such an event, the County shall have no further liability to pay any funds to the Contractor or to furnish any other consideration under this contract, and the Contractor shall not be obligated to perform any provision of this contract or to provide services intended to be funded pursuant to this contract. If partial funds are appropriated or provided, the County shall have the option to either cancel this contract with no liability to the County or offer a contract amendment to the Contractor to reflect the reduced amount.

25. **Fiscal Controls.** Contractor shall adhere to the accounting requirements, financial reporting, and internal control standards as described in the *Auditor-Controller Contract Accounting and Administration Handbook*, ("Handbook") which contains the minimum required procedures and controls that must be employed by Contractor's accounting and financial reporting system, and which is incorporated herein by reference. Contractor shall require subcontractors to adhere to the Handbook for any services funded through this contract, unless otherwise agreed upon in writing by County.

A. The Handbook is available at http://www.slocounty.ca.gov/AC/, under Policies and Procedures or at the Auditor-Controller's Office, 1055 Monterey Street, Room D220, County Government Center, San Luis Obispo CA, 93408.

B. The Office of Management and Budget (OMB) circulars are available at http://www.whitehouse.gov/omb/circulars.

26. **State Audit.** Pursuant to California Government Code section 8546.7, every County contract involving the expenditure of funds in excess of ten thousand dollars ($10,000) is subject to examination and audit of the State auditor for a period of three years after final payment under the contract. Contractor shall permit the State Auditor to have access to any pertinent books, documents, papers and records for the purpose of said audit.

27. **Corporate and Signatory Authority.** If the Contractor is a corporation, Contractor represents and warrants that it is and will remain, throughout the term of this contract, either a duly organized, validly existing California corporation in good standing under the laws of the State of California or a duly organized, validly existing foreign corporation in good standing in the state of incorporation and authorized to transact business in the State of California. Contractor warrants that it has full power and authority to enter into and perform this contract, and the person signing this contract warrants that he or she has been properly authorized and empowered to enter into this contract.

28. **Force Majeure.** Neither the County nor the Contractor shall be deemed in default in the performance of the terms of this contract if either party is prevented from performing the terms of this contract by causes beyond its control, including without limitation: acts of God; rulings or decisions by municipal, federal, state or other governmental bodies; any laws or regulations of such municipal, federal, state or other governmental bodies; or any catastrophe resulting from flood fire, explosion, or other causes beyond the control of the defaulting party. Any party delayed by force majeure shall, as soon as reasonably possible, give the other party written notice of the delay. The party delayed shall use reasonable diligence to correct the cause of the delay, if correctable, and if the condition that caused the delay is corrected, the party delayed shall immediately give the other parties written notice thereof and shall resume performance under this contract.

IN WITNESS THEREOF, County and Contractor have executed this Contract on the day and year first hereinabove set forth.

COUNTY OF SAN LUIS OBISPO,
A public entity in the State of California

By: _____
Chairman of the Board of Supervisors

Date:

CONTRACTOR:
NATIONAL FOOD GROUP, INC; DBA: CSV SALES INC.

By: _____
Sean Zecman
President

Date: 1/16/12

ATTEST:

_____
Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

WARREN JENSEN
County Counsel

By: _____
Deputy County Counsel

at 1/4/12