

CALIFORNIA COASTAL COMMISSION

STANDARD GRANT AGREEMENT

(Rev 11/2023)

STATE CONTROLLER'S OFFICE IDENTIFIER

3720-LCP2404

AGREEMENT NUMBER

LCP-24-04

FEDERAL ID NUMBER

95-2308629

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

STATE AGENCY'S NAME

California Coastal Commission

GRANTEE'S NAME

City of Morro Bay

2. The term of this

Agreement is: 1/7/2025 (or date of grant execution) Through 9/30/2026 (End Term Date)

3. The maximum amount
of this Agreement is:

\$750,000

Seven hundred fifty thousand dollars and zero 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 – Scope of Work	9 pages
EXHIBIT A1- Definitions	1 page
EXHIBIT B – Budget	2 pages
EXHIBIT B1 – Budget Detail and Payment Provisions	3 pages
EXHIBIT C – General Terms and Conditions	4 pages
EXHIBIT D – Special Terms and Conditions	4 pages
Check mark one item below as EXHIBIT D Attachment:	
<input checked="" type="checkbox"/> EXHIBIT D1 – Local Coastal Programs Terms and Conditions	9 pages
<input type="checkbox"/> EXHIBIT D2 – WHALE TAIL® Terms and Conditions	
EXHIBIT E – Grantee Certification Clauses Form (GCC-01/2019)	4 pages
EXHIBIT F – Amendment Template (Informal)	1 page

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

GRANTEE

California Coastal Commission
Use Only

GRANTEE'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

City of Morro Bay

BY (Authorized Signature)

Signed by:



Airlin Singewald

DATE SIGNED (Do not type)

01/14/2025

PRINTED NAME AND TITLE OF PERSON SIGNING

Airlin Singewald, Community Development Director

ADDRESS

955 Shasta Ave, Morro Bay CA 93442

STATE OF CALIFORNIA

AGENCY NAME

California Coastal Commission

BY (Authorized Signature)

Signed by:



Madeline Cavalieri

DATE SIGNED (Do not type)

01/16/2025

PRINTED NAME AND TITLE OF PERSON SIGNING

Madeline Cavalieri, Deputy Executive Director

ADDRESS

455 Market Street, Suite 200, Room 228, San Francisco, CA 94105

☒ This agreement is exempt from approval by the Department of General Services per SCM Vol. 1 4.06 (see 58 Ops. Cal. Atty. Gen 586 and 63 Ops. Cal. Atty. Gen. 290).

EXHIBIT A**SCOPE OF WORK**
(Local Coastal Programs)

1. Grantee agrees to expend grant funds provided by the Commission only for and in accordance with project activities as described under the Scope of Work attached hereto as EXHIBIT A.
2. The Project representatives during the term of this agreement, and the person authorized to sign grant amendments and RFFs on behalf of the grantee, will be:

State Agency: California Coastal Commission	Grantee: City of Morro Bay
Name: Kelsey Ducklow ("Grant Manager")	Name: Airlin Singewald, Community Development Director
Address: 455 Market St. Suite 300 San Francisco, CA 94105	Address: 955 Shasta Ave, Morro Bay CA 93442
Phone: (415) 904-2335	Phone: (805) 772-6291
Email: kelsey.ducklow@coastal.ca.gov	Email: asingewald@morrobayca.gov

3. Primary project contact:

State Agency: California Coastal Commission	Grantee City of Morro Bay
Section/Unit: Statewide Planning	Section/Unit:
Name: Carey Batha, LCP Grant Coordinator	Name: Kim Fowler, Planning Manager
Address: 455 Market St. Suite 300 San Francisco, CA 94105	Address: 955 Shasta Ave, Morro Bay CA 93442
Phone:	Phone: (805) 772-6577
Email: carey.batha@coastal.ca.gov	Email: kfowler@morrobayca.gov

EXHIBIT A**SCOPE OF WORK****Name of Local Government:** City of Morro Bay**Name of Project:** Waterfront Master Plan Update**Funding Source:** General Fund**Specific Program:** Local Coastal Program Local Assistance Grant Program**Federal Tax ID#:** 95-230-8629**Budget Summary:**

CCC funding:	\$750,000
<u>Other funding:</u>	<u>\$75,000</u>
Total project cost:	\$825,000

Term of Project: 1/7/2025 (or date of grant execution) to 9/30/2026

A. PROJECT DESCRIPTION

The City of Morro Bay is a small coastal community of approximately 10,700 in San Luis Obispo County located on Highway 1. The majority of the city is located in the Coastal Zone. The city has an active harbor and thriving commercial fishing industry, and its coastal amenities are a regional visitor destination. The community's coastal resources, such as the 2,300-acre Morro Bay Estuary, also provide key habitat for a number of permanent and migratory species, including keystone and sensitive species. As the city evolves, it is critical to maintain coastal resources and be environmentally responsible while continuing to provide economic and recreation benefits.

To support the City's waterfront area, a key economic market for the local economy, the city will update its 1996 Waterfront Master Plan (WMP) through funding support from the California Coastal Commission. An update to the Waterfront Master Plan is included as an integral implementation action within the City's LCP. Policy LU-8.1 states "Update the 1996 Waterfront Master Plan with a focus on addressing issues of sea level rise and future planning for Morro Rock".

The City's combined General Plan/ Local Coastal Program (LCP) Coastal Land Use Plan (LUP), also known as Plan Morro Bay, was adopted by the City and certified by the Coastal Commission in 2021. The City of Morro Bay LCP consists of the City's LUP (Plan Morro Bay),

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associated maps, the Waterfront Master Plan, and the City's Local Implementation Plan (IP), which consists of portions of the Zoning Code and Zoning map.

The current 1996 Waterfront Master Plan (WMP) boundary area covers the waterfront area from the north at Little Morro Creek and Morro Rock to the T-Piers/ Fishermen Working Area, to Embarcadero Visitor Area, and extending south to Tidelands Park which is characterized by the natural features of the bluff, sandspit, recreation/park use and the public boat launch and ramp area. The WMP includes identification of planning areas, transportation and harbor improvements, proposals for four separate planning areas, and waterfront design guidelines which are part of the City's Implementation Plan/Zoning Code. The goal of the Update project is to expand the scope of the WMP to:

- 1) Incorporate updates to sea level rise (SLR) projections from the previous SLR technical studies performed in support of the 2021 LCP;
- 2) Develop a feasibility and adaption study to address Embarcadero commercial and waterfront industrial development in the Harbor;
- 3) Expand the area covered by the WMP to include both sides of the Embarcadero from Tidelands Park to the pedestrian bridge across Morro Creek, the old wastewater treatment plant property (pending discussions with the Cayucos Sanitary District), and offshore wind; and
- 4) Update design and development standards for the planning areas of the Waterfront Master Plan.

The Project will also include formation of a WMP Advisory Committee to be appointed by the Council consisting of community members and stakeholders to inform policy development and provide recommendations as liaisons between the community, the Planning Commission and City Council.

An updated WMP will be submitted for certification as an LCP amendment. The WMP Update will build upon the policies in the LCP – Plan Morro Bay by incorporating policies specifically for the waterfront area, Morro Rock, extending north to Morro Creek and incorporating the “Pit” beach parking area along with the old Wastewater Treatment Plant site. This will allow for implementation of identified sea level rise adaptation policies and serve as update to previously adopted SLR policies in response to continued updated SLR projections.

The WMP update will be consistent with Plan Morro Bay which is organized around a framework for resiliency. Each element of the plan addresses different aspects of the community and identifies measurable actions to guide residents, decision-makers, businesses, and City staff toward achieving the vision. The plan includes goals and policies for increased resiliency to natural hazards and climate change effects. The plan also includes

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special emphasis on planning for strategies to reduce greenhouse gas emissions, sea level rise, increased drought and increased fires, and maximizes benefits to disadvantaged and low-income communities.

B. TASKS**Task 1 – Grant Administration and Project Management**

Subtasks:

1.1: Project Management: The City will coordinate essential project management tasks, including project team check-ins, milestone reporting, and grant administration. Quarterly check-in meetings between City and CCC staff will be conducted to coordinate on grant reporting, deliverables, and WMP consistency with Coastal Act and CCC staff guidance. This will be an ongoing task throughout the project.

1.2: Grant Reporting: Quarterly progress reports and Requests for Funds (RFFs) will be submitted to CCC staff/

1.3: RFP and Consultant Contract: The City will prepare a Request for Proposals (RFP) to obtain and execute a contract with a consultant to prepare the Waterfront Master Plan (Task3), facilitate public engagement (Task 2), and prepare the technical studies (SLR vulnerability assessment update, Task 1).

Deliverables:

- Quarterly progress reports and Requests for Funds
- Quarterly check-in meetings
- Request for proposals and contract to hire consultant(s)

Task 2 – Prepare Sea Level Rise Adaptation and Feasibility Report

Subtasks:

2.1: Update previously completed technical studies. The City will utilize the latest guidance on sea level rise projections to update previously completed technical studies that were based on OPC's 2018 guidance, including: 1) ESHA Analysis: 2050 Sea Level Rise Scenario (Rincon: August 2018); and 2) Sea Level Rise Adaptation Strategy Report (Moffatt and Nichol; January 2018). These updates will be outlined in a draft technical memorandum for CCC staff to review. A final technical memorandum will be prepared to incorporate CCC staff comments.

2.2: Develop Draft Sea Level Rise Adaptation and Feasibility Report. This report will:

- Incorporate and rely on analysis from the City's two existing sea level rise studies, with any necessary technical updates for compliance with the latest State guidance (See Subtask 2.1).
- Focus on the proposed boundary area of the Waterfront Master Plan Update and address Embarcadero commercial and waterfront industrial development in the Harbor.

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- Inform the development of a timeline to relocate underdeck utilities (including water and wastewater infrastructure), decks, piers, and other immobile bayside lateral accessways raised to heights above the sea level rise inundation zone.
- Identify triggers for implementing sea level rise adaptation strategies, including potentially raising infrastructure along the waterfront. Prioritize high risk areas.
- Support the City's efforts to identify funding (e.g., grants, etc.) for protecting infrastructure from sea level rise.

The Adaptation and Feasibility Report implements the LCP goals and policies summarized below:

- LCP Goal LU-8 – Morro Bay's downtown and waterfront areas are active and welcoming locations for shopping, recreation, public access, visitor-serving needs, and coastal services.
- LCP Policy LU-8.7 - Development shall include all feasible measure measures to avoid or mitigate against coastal hazard threats and potential impacts to coastal resources.
- LU-8.12 – Develop information on effects of coastal hazards with a goal to increase funding for improvements related to vulnerabilities and impacts to infrastructure associated with changes in sea level elevation.
- Policy C-7.19 – Consider the relocation of critical water and wastewater infrastructure, as necessary and feasible, to protect hose services from the effects of sea level rise and other coastal hazards.

The Draft Adaptation and Feasibility Report will be sent to CCC staff for a 6-8 weeks review and shared with stakeholders (see Task 3).

2.3 Review and Finalize the Adaptation and Feasibility Report. The Draft Adaptation and Feasibility Report will be sent to CCC staff for a 6-8 weeks review and shared with stakeholders (see Task 3). Comments will be incorporated in a Final Adaptation and Feasibility Report.

Deliverables:

- Draft technical memorandum updating two previous sea level rise technical studies
- Final technical memorandum updating previous sea level rise technical studies
- Draft SLR Adaptation and Feasibility Report for 6-8 weeks CCC staff review
- Finalize SLR Adaptation and Feasibility Report

Task 3 – Community Engagement

Community engagement strategies would also include 2 community workshops, and online survey to solicit community and stakeholder feedback and input. The City will take proactive steps to involve underserved communities, such as the AB 1550 low-income area, in its public engagement efforts. This may include placing additional focus on low-income areas when advertising public meetings and workshop for the WMP update, providing a wide range of options for public participation, and establishing a focus group to represent the interests of underserved neighborhoods.

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Subtasks:

3.1: Community workshops on visioning

3.2: Community survey on preferences (resiliency and design)

3.3: Commence WMP Update Advisory committee (WMPAC). Similar to the approach utilized with Plan Morro Bay: GP/LCP Update, the City will form a WMP Advisory Committee (WMPAC) consisting of community members and local stakeholders to act in an advisory capacity and provide recommendations to the Planning Commission and City Council for consideration. The WMPAC will hold monthly public meetings to provide recommendations on policy and design components of the WMP.

Deliverables:

- (If necessary) City Council staff report regarding formation of WMPAC
- 2 community workshop agendas and meeting minutes
- Summary of community feedback from online survey
- At least 8 public meetings held of the WMPAC
- Memo summarizing the WMPAC meetings and recommendations

Task 4 – Develop Draft Waterfront Master Plan Update

Subtasks:

4.1: Develop Admin Draft of WMP Update. This task includes developing an Administrative Draft of the Waterfront Master Plan. This will include coordinating with Coastal staff on content of the WMP and conclusions, as well as Coastal Act compliance, and a minimum 6-8 weeks review of the admin draft.

4.2: Develop Public Review Draft WMP Update. A revised Public Review Draft that incorporates CCC staff comments will be developed. The Draft WMP will be posted online and will be reviewed with the WMPAC (see Task 3), the Planning Commission, and City Council with the goals of seeking maximum community input.

4.3: Produce Final WMP Update. Incorporate public review comments into a final draft WMP update for adoption (Task 5).

Deliverables:

- Administrative Draft WMP Update for 6-8 weeks CCC staff review
- Public Review Draft WMP Update
- Summary of public comments and City staff responses
- Final WMP Update

Task 5 - Adoption Hearings of WMP Update – Final Document

This task includes finalizing the WMP Update based on technical studies completed, community engagement and input received, and producing the final document. Adoption

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hearings with Planning Commission and City Council will be held followed by submittal of an LCP amendment to the Coastal Commission to the Implementation Plan (IP).

Subtasks:

5.1: Adoption Hearings with Planning Commission and City Council

5.2: Submit adopted WMP for LCP Amendment Certification

Deliverables:

- Planning Commission staff report with attached WMP Update
- City Council staff report with attached WMP Update
- Adopted WMP submitted to CCC submitted for certification as an LCP Amendment

C. SCHEDULE

Project start/end dates: 12/1/2024 (or date of grant execution) to 9/30/2026

Task 1. Grant Administration & Project Management	Projected start/end dates: 1/7/2025 – 9/30/2026
1.1 Project Management	1/7/2025 – 9/30/2026
1.2 Grant Reporting	1/7/2025 – 9/30/2026
1.3 RFP and consultant contract	1/7/2025 – 9/30/2026
Outcome/Deliverables: <ul style="list-style-type: none"> a. Quarterly progress reports and RFFs and check-in meetings b. Request for Proposals c. Executed contract with consultant 	<ul style="list-style-type: none"> a. Quarterly b. 1/7/2025 c. 3/31/2025
Task 2. Prepare SLR Adaptation and Feasibility Report	Projected start/end dates: 4/1/2025 – 12/31/2025
2.1 Update Previously Completed Technical Studies	4/1/2025 – 7/31/2025
2.2 Develop Draft Sea Level Rise Adaptation and Feasibility Report	8/1/2025 – 10/31/2025
2.3 Review and Finalize the Adaptation and Feasibility Report	10/31/2025 – 12/31/2025
Outcome/Deliverables <ul style="list-style-type: none"> a. Draft technical memorandum updating two previous SLR technical studies b. Final technical memorandum updating previous SLR technical studies c. Draft SLR Adaptation and Feasibility Report for 6 – 8 weeks CCC staff review d. Final SLR Adaptation and Feasibility Report 	<ul style="list-style-type: none"> a. 5/31/2025 b. 7/31/2025 c. 10/31/2025 d. 12/31/2025
Task 3. Community Engagement	Projected start/end dates: 5/1/2025 – 6/30/2026

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3.1 Community workshops on visioning	5/1/2025 – 6/30/2025
3.2 Community survey on preferences (resiliency and design)	5/1/2025 – 6/30/2025
3.3 Commence WMP Update Advisory committee (WMPAC)	1/30/2025
Outcome/Deliverables <ul style="list-style-type: none"> a. (If necessary) City Council staff report regarding formation of WMPAC b. Two (2) community workshop agendas and meeting minutes c. Summary of community feedback from online survey d. At least 8 public meetings held of the WMPAC e. Memo summarizing the WMPAC meetings and recommendations 	<ul style="list-style-type: none"> a. 1/30/2025 b. 6/30/2025 c. 6/30/2025 d. 6/30/2026 e. 6/30/2026
Task 4. Develop Draft Waterfront Master Plan Update	Projected start/end dates:
4.1 Develop Admin Draft of WMP Update	4/1/2025 – 1/31/2026
4.2 Develop Public Review Draft WMP Update	2/1/2026 – 3/31/2026
4.3 Produce Final WMP Update	4/1/2026 – 6/30/2026
Outcome/Deliverables <ul style="list-style-type: none"> a. Admin Draft WMP update for 6–8 weeks CCC staff review b. Public Review Draft WMP Update c. Summary of public comments and City staff responses d. Final WMP update 	<ul style="list-style-type: none"> a. 1/31/2026 b. 3/31/2026 c. 5/31/2026 d. 6/30/2026
Task 5. Adoption Hearings of Waterfront Master Plan Update – Final Document & LCP Amendment	Projected start/end dates:
5.1 Adoption Hearings with Planning Commission and City Council	6/30/2026 – 9/30/2026
5.2. Submit adopted WMP for LCP Amendment Certification	11/1/2025 – 9/30/2026
Outcome/Deliverables <ul style="list-style-type: none"> a. Planning Commission staff report with attached WMP Update b. City Council staff report with attached WMP Update c. Adopted WMP submitted to CCC submitted for certification as an LCP Amendment 	<ul style="list-style-type: none"> a. 9/30/2026 b. 9/30/2026 c. 9/30/2026

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D. BENCHMARK SCHEDULE

ACTIVITY	COMPLETION DATE
Task 2 – Updated Technical Studies	7/31/2025
Task 2 – SLR Adaptation and Feasibility Report	12/31/2025
Task 3 – Formation of WMPAC	1/30/2025
Task 4 – Admin Draft Waterfront Master Plan Update	1/31/2026
Task 5 – Adoption Hearings	9/30/2026

EXHIBIT A1

DEFINITIONS

1. The term “Agreement”; this Grant Agreement.
2. The term “Budget Act”; the annual enacted version of the Budget Bill which makes appropriations for the support of the government of the State of California.
3. The term “Chief Deputy Director”; the Chief Deputy Director of the Commission.
4. The terms “Commission” or “Coastal Commission” and the acronym “CCC” all refer to the California Coastal Commission.
5. The term “Executive Director”; the Executive Director of the Commission.
6. The term “Grant” or “Grant Funds”; in the case of LCP grants, the money provided by the California Climate Investments program or, in the case of Public Education grants, sales and renewals of the WHALE TAIL® Specialty License Plate, or California’s Voluntary Tax Check-Off Program, or General Fund/Local Assistance, and administered by the Coastal Commission to the Grantee pursuant to this Agreement.
7. The term “Grant Manager”; the representative of the Commission with authorization per the Executive Director to administer and provide oversight of the Grant.
8. The term "Grantee"; an applicant who has a signed agreement for Grant Funds.
9. The term "Project"; the activity described under the Scope of Work, attached as EXHIBIT A, to be accomplished with Grant Funds.
10. The term “Project Budget”; the Commission approved cost estimate submitted to the Commission’s Grant Manager for the Project. The Project Budget shall describe all labor and material costs of completing each component of the Project. The Project Budget shall contain itemized amounts permissible for each item or task described in the Scope of Work. The Project Budget must include the set administrative and indirect costs agreed upon by the Parties if applicable.
11. The term “Public Agency”; any State of California department or agency, a county, city, public district or public agency formed under California law.
12. The term “Scope of Work” refers to EXHIBIT A, including the approved Project Description, Tasks, and Schedules.
13. The term “Termination Date”; the date by which all activity for the project must be concluded, as specified in the signature page of this Agreement. Work performed after this date cannot be reimbursed.

EXHIBIT B**BUDGET**

City of Morro Bay	CCC Grant Total	Match/Other Funds	Total (LCP Grant Funds + Match/Other Funds)
LABOR COSTS¹			
County/City Staff Labor			
Task 1 – Grant Administration		\$5,000	\$5,000
Task 2 – Technical Study Reports Update		\$10,000	\$10,000
Task 3 – Community Engagement		\$20,000	\$20,000
Task 4 – Prepare Admin Draft of WMP		\$20,000	\$20,000
Task 5 – Adopt Final WMP Update Document		\$20,000	\$20,000
Total Labor Costs		\$75,000	\$75,000
DIRECT COSTS			
County/City Staff Project Supplies			
A			
B, etc.			
Total			
County/City Staff Travel in State²			
Mileage			
Hotel, etc.			
Total			
Consultants³/Partners			
Consultant A (Primary Consultant)			
Task 1 – Grant Administration	\$35,000		\$35,000
Task 2 – Technical Study Updates	\$110,000		\$110,000
Task 3 – Community Engagement	\$150,000		\$150,000
Task 4 – Waterfront Mater Plan	\$250,000		\$250,000

¹ Amount requested should include total for salary and benefits.

² Travel reimbursement rates are the same as similarly situated state employees.

³ All consultants must be selected pursuant to a bidding and procurement process that complies with all applicable laws.

EXHIBIT B

City of Morro Bay	CCC Grant Total	Match/Other Funds	Total (LCP Grant Funds + Match/Other Funds)
Task 5 – Adoption Hearings & LCP Amendment	\$45,000		\$45,000
Consultant B, etc. (Technical Consultant)			
Task 1 – Grant Administration	\$10,000		\$10,000
Task 2 – Technical Study Updates	\$110,000		\$110,000
Task 3 – Community Engagement	\$15,000		\$15,000
Task 4 – Waterfront Mater Plan	\$25,000		\$25,000
Task 5 – Adoption Hearings & LCP Amendment	\$0		\$0
Consultants Total	\$750,000		\$750,000
Total Direct Costs	\$750,000		\$750,000
OVERHEAD/INDIRECT COSTS⁴			
Total County/City Staff Overhead/Indirect Costs			
TOTAL PROJECT COST	\$750,000	\$75,000	\$825,000

⁴ Indirect costs include, for example, a pro rata share of rent, utilities, and salaries for certain positions indirectly supporting the proposed project but not directly staffing it. Amount requested for indirect costs should be capped at 10% of amount requested for “Total Labor.”

EXHIBIT B1**BUDGET DETAIL AND PAYMENT PROVISIONS**
(Local Coastal Programs)**1. Request for Funds**

- A. For performance of activities satisfactorily rendered during the term of this Agreement (as specified in EXHIBITS A and B), and upon receipt and approval of the Request for Funds Form described below (also referred to as the “RFF Form”), the Commission agrees to reimburse Grantee for actual expenditures incurred in accordance with the rates specified herein or attached hereto.
- B. Grantee shall submit each RFF form no more frequently than monthly (except as requested by the Commission) but no less frequently than quarterly (assuming activity occurred within that quarter) in arrears via email (preferred method) to your LCP grant coordinator or mailed in triplicate to:

California Coastal Commission Attn: Carey Batha 455 Market St, Suite 300 San Francisco, CA 94105	California Coastal Commission Attn: Jasmine Han 301 E Ocean Blvd, Suite 300 Long Beach, CA 90802
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- C. Each RFF form shall contain the following information:
1. Grantee’s name and address as shown in this Agreement.
 2. Invoice number and date of the RFF
 3. Time period covered by the RFF form during which work was actually done.
 4. Agreement number as shown on this Agreement.
 5. Original or digital signature of the Grantee, specifically the Project Representative, as identified in EXHIBIT A.
 6. Itemized costs by tasks and source of funds as listed in the Scope of Work for the billing period in the same or greater level of detail as indicated in the Project Budget (see EXHIBIT B), with supporting documentation. Only those costs and/or cost categories expressly identified in this Agreement may be reimbursed.
 7. Remaining balance listed by task number from the Scope of Work including the cumulative expenditures to date, the expenditures during the reporting period, and the unexpended balance of funds under this Agreement.
 8. The total amount of all other funds, including matching funds, under the Grantee Matching Funds section of the RFF.

EXHIBIT B1

- D. Attached to the RFF form, the Grantee shall submit a supporting progress report summarizing the work that was completed during the invoice period and the current status of the work for which disbursement is sought, including work by any consultant, and comparing it to the status required by the Scope of Work (budget, timeline, tasks, etc.). Progress reports must be submitted no less frequently than on a quarterly basis, even if an RFF is not submitted.
- E. Notwithstanding the foregoing, the Grant Manager of the Commission may request, and the Grantee shall provide, receipts or other source documents for any other direct expenditure or cost as described in the RFF form, as and when necessary to resolve any issue concerning reimbursement.
- F. The Grantee's failure to fully execute and submit a RFF form, including attachment of supporting documents, may relieve the Commission of its obligation to disburse funds to the Grantee unless and until the Grantee corrects all deficiencies.
- G. Any RFF form that is submitted without the required itemization and documentation will be considered "disputed" and will not be authorized. If the RFF form package is incomplete, inadequate or inaccurate, the Commission will inform the Grantee and will withhold payment until all required information is received or corrected. In the case of non-compliance, the Commission will issue a formal Invoice Dispute Notification [STD (209)] and take necessary action in resolving any disputed matter(s). Any penalties imposed on the Grantee by a consultant, or other consequence, because of delays in payment will be paid by the Grantee and is not reimbursable under this Agreement.
- H. Grant Funds in this award have a limited period in which they must be expended. Grantee expenditures funded by the Commission must occur within the term of the Grant Agreement and before the Termination Date.
- I. The Grantee shall expend Grant Funds in the manner described in the Scope of Work and Project Budget approved by the State. Expenditure on items contained in the approved Project Budget may vary by as much as ten percent with prior approval by the Commission Grant Manager, provided the grantee first submits a revised Project Budget for the purpose of amending the Project Budget. In any event, the total amount of the Grant Funds may not be increased, except by written amendment to this agreement and only if approved by the Commission.

2. **Budget Contingency Clause**

- A. It is mutually agreed that if the final Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the Grant Program, this Agreement shall be of no further force and

EXHIBIT B1

effect, and the Commission shall have no liability to pay any funds whatsoever to Grantee or to furnish any other consideration under this Agreement and Grantee shall not be obligated to continue performance under the provisions of this Agreement.

- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this Grant Program, the Commission shall have the option at its sole discretion to either cancel this Agreement with no liability accruing to the Commission or enter into an agreement amendment with Grantee to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made no later than 45 days following receipt of properly submitted, undisputed invoices except as otherwise set forth in, and in each case in accordance with, the California Prompt Payment Act, Government Code section 927, et seq.