

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 Pismo Beach
Name: Kelsey Ducklow ("Grant Manager")	Name: Jorge Garcia (City Manager) and Scott Graham (Community Development Director)
Address: 455 Market St. Suite 200, Room 228 San Francisco, CA 94105	Address: 760 Mattie Road Pismo Beach, CA 93449
Phone: (415) 904-2335	Phone: 805-773-4658
Email: kelsey.ducklow@coastal.ca.gov	Email: jgarcia@pismo beach.org sgraham@pismo beach.org

3. Primary project contact:

State Agency: California Coastal Commission	Grantee: City of Pismo Beach
Section/Unit: Statewide Planning	Section/Unit: Community Development Dept.
Name: Carey Batha "Grant Coordinator"	Name: Brian Schwartz, Contract Planner and Cindy Jacinth, Planning Manager
Address: 455 Market St. Suite 200, Room 228 San Francisco, CA 94105	Address: 760 Mattie Road Pismo Beach, CA 93449
Phone: 415-687-9929	Phone: 805-574-0377
Email: carey.batha@coastal.ca.gov	Email: bschwartz@urbanplanningconcepts.com cjacinth@pismo beach.org

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Name of Local Government: City of Pismo Beach

Name of Project: City of Pismo Beach LCP Update

Funding Source: General Fund

Specific Program: Local Coastal Program Local Assistance Grant Program

Federal Tax ID#: 95-6000762

Budget Summary:

CCC funding: \$900,000

Other funding:

Total project cost: \$900,000

Term of Project: 7/30/2025 (or grant agreement execution date) – 12/31/2027

A. PROJECT DESCRIPTION

In this project, the City of Pismo Beach will update two portions of its Land Use Plan – the Safety Element and the Parks, Recreation, and Access Element – and the corresponding sections of its Implementation Plan, primarily to address sea level rise resilience. The City also proposes to update its sea level rise vulnerability assessment, perform an economic analysis of SLR impacts and adaptation strategy options, and update its adaptation plan with detailed, neighborhood-scale adaptation pathways for the various segments of the City shoreline. This technical work will reflect the most recent statewide Sea Level Rise Guidance and ensure compliance with SB 272.

B. TASKS *[narrative description of each task and subtask, including deliverables. All deliverables listed here must match the deliverables listed in Section C, below. You may copy/paste portions of your application as applicable]*

Task 1 - Project Management and Grant Administration – Overall project management includes regular team meetings, regular meetings/communication with Coastal Commission staff, preparation of meeting agendas, emails/calls/coordination with consultants, grant management, and documentation.

Deliverables:

- Quarterly progress reports, consultant invoices

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Task 2 – Data Collection, Analysis, and Update Sea Level Rise Vulnerability Assessment

This task includes a comprehensive inventory of information and data including non-georeferenced and georeferenced/geospatial data, applicable studies, reports, and assessments. Includes a review and research of the existing data and obtaining additional data where needed and compiling data into a geographic information system (GIS) that can be used to perform various queries to help guide decision making. The GIS would be used in combination with Coastal Storm Modeling System (CoSMoS) or other software systems to model sea level rise, flooding, and other coastal hazard impacts. Finally, analysis of the information and data gathered, and updating the 2019 Sea Level Rise Vulnerability Assessment is included in this task.

Subtask 2.1 Data Needs Assessment and Collection

This task will determine what type of data, extent of data needs (i.e. within entire coastal zone or just those areas immediately adjacent to the ocean) and what components are needed. Examples include zoning data, existing homes and structures, bluff and soil data, existing shoreline protection devices, sea level rise data, infrastructure, parks, trails, coastal access stairs, cultural and biological resources. Includes inventory of existing digital data (including but not limited to a variety of files types associated with geographic information systems and remote sensing data), and inventory of non-imagery data such as geo-technical reports, hydro-geological reports, soils studies, LIDAR scan of coastal bluffs, review and development of littoral processes information, coastal hazards analysis, FEMA flood reports, structural reports for shoreline protection devices, building permits, hazard mitigation plans, update existing sea level rise vulnerability assessment and existing adaptation plan. Task also involves coordination with various agencies and City departments to obtain additional needed data.

Subtask 2.2 Update 2019 Sea Level Rise Vulnerability Assessment-Using the compiled data and best available science as outlined in Task 2.1, update 2019 Sea Level Rise Vulnerability Assessment based on the most recent Ocean Protection Council (OPC) SLR guidance from 2024. Vulnerability analysis will be based on neighborhood / sub-area geographic extents, based on similar physical characteristics and adjacent land uses. A new SLR hazard, coastal groundwater emergence, will be investigated under this task to identify vulnerable features within the City. This report will ensure that hazard maps, impact projections, and terminology are updated to reflect the most current scientific understanding.

Deliverables:

- Draft Sea Level Rise Vulnerability Assessment for 6-week CCC review (update to 2019 version)
- Final Sea Level Rise Vulnerability Assessment (appendix to LCP)

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Task 3 – Economic Analysis – Economic analysis will consist of a two-part strategy. The initial part will be a memorandum that outlines the anticipated data inputs, assumptions, and analytical approaches to be used in the economic impact analysis consistent with SB 272 and will include analysis methodology for various replacement costs. The second part will consist of a cost/benefit analysis and will inform the adaptation plan and strategies.

Subtask 3.1 – Economic Impact Analysis - This Memorandum will include analysis methodology for infrastructure replacement cost and recreational value loss, in addition to direct property impacts. Direct property impacts are anticipated to consist of market value or real property value loss, structural damage, demolition, and cleanup costs. No more than six total scenarios will be analyzed, which are assumed to be three permanent scenarios and three temporary/flood scenarios.

Deliverables:

- Draft Economic Impact Analysis for 6-week CCC review
- Final Economic Impact Analysis (appendix to LCP)

Subtask 3.2 - Cost Benefit Analysis - This analysis will help determine which adaptation scenario provides the greatest net monetary benefit by comparing the costs and benefits of each option. This analysis will include an evaluation of the City's coastal assets, both protected and unprotected, as well as coastal resources, coastal habitats, public access, and recreational resources. Fully complying with SB272, the economic analysis will include costs of damage from coastal hazards and sea level rise associated with critical public infrastructure and recommend approaches for implementing sea level rise adaptation strategies. The cost/benefit analysis will incorporate sea level rise probabilities from the Ocean Protection Council and utilize the results of the Sea Level Rise Vulnerability Assessment and Sea Level Rise Adaptation Plan.

Deliverables

- Draft Cost/Benefit Analysis for 6-week CCC review (update to 2019 version)
- Final Cost/Benefit Analysis (appendix to LCP)

Task 4 – Visioning and Public Outreach

This task will involve up to four different public workshops to discuss general impacts related to sea level rise, results of the technical studies as outlined in Subtask 2.2, discuss different adaptation strategies including protect, accommodate, hybrid, and retreat, and develop preferred approaches to SLR and adaptation. The workshops will include various outreach strategies to engage the community with an emphasis to focus on reaching underserved or underrepresented populations such as workshops, mailers in utility bills, announcements at public hearings, flyers at various locations (post offices, coffee shops,

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supermarkets, and local schools, etc.). Workshops/public meetings could be located at coastal bluff parks, downtown pier plaza, local schools, or other locations. Coordination and/or meetings with local stakeholder groups such as the Shell Beach Improvement Group, shoreline property owners, and hotel representatives, are included in this task. If formalized, this task would also include regular meetings with a Local Coastal Program Advisory Committee consisting of decisionmakers and various members of the public.

Deliverables:

- Workshop presentation materials, flyers, handouts, etc.

Task 5 – Update 2020 Sea Level Rise Adaptation Plan- This task will result in a segment / sub-area specific SLR Adaptation Plan update that will expand upon the strategies previously presented in the City's Adaptation Plan (2020). This update is intended to provide actionable project-level strategies to be further advanced by the City. The study area will be divided into various segments based on similar physical characteristics and adjacent land usages. It will analyze where adaptive retreat and soft and hard armoring techniques would be most appropriate. A component to this task will be to inventory existing public access and identify opportunities for future public access. The sea level rise adaptation plan will include near-term, medium term, and long-term adaptation strategies.

Deliverables

- Draft Sea Level Rise Adaptation Plan for 6-week CCC review (update to 2020 version)
- Final Sea Level Rise Adaptation Plan (appendix to LCP)

Task 6 – Coastal Hazards Policy Development

This task will develop goals, policies, and action items for each planning area and establish criteria for both shoreline protection devices and adaptation measures. Measures will include a phased approach and include short term, medium term, and long-term strategies and implementation items for each planning area and will be addressed in both the Safety Element and Parks, Recreation, and Access Element. Policies for protection of beaches, parks, coastal access trails, and open space, will be included. Develop a priority system that emphasizes public access and coastal protection and considers new seawalls and maintenance of existing seawalls, under specific circumstances after less impactful strategies have been analyzed and determined infeasible. This includes the most imminently threatened structures and infrastructure. Policies will contain prioritized options for the City and landowners to use a variety of techniques as appropriate including retreat, bluff stabilization, structural retrofits/floodproofing, sand supply/replenishment, dune enhancement, transfer of development rights (TDRs), and sea walls, as appropriate.

Deliverables:

- Draft coastal hazards policies for 6-week CCC review

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Task 7 – Safety Element Update

Based on comments received by the public, decisionmakers, and CCC staff on the draft policies, an updated Safety Element will be created. The updated Safety Element will be a comprehensive, user-friendly planning resource with the objective to enhance and offer long-term protection from coastal erosion and sea level rise to coastal amenities, public infrastructure, residences, and natural and cultural resources on a neighborhood scale. Develop a priority system that emphasizes public access and coastal protection and considers new seawalls and maintenance of existing seawalls, under specific circumstances after less impactful strategies have been analyzed and determined infeasible. The Safety Element will contain maps, policies and action items for each neighborhood planning area. The Safety Element will incorporate non-coastal hazards sections contained in the current draft Safety Element. The final document will be an up-to-date policy and action document that will serve as a key coastal planning and resiliency tool for the City.

Deliverables:

- Draft Safety Element for 6-week CCC review
- Final Safety Element

Task 8 – Parks, Recreation, and Coastal Access (PRA) Element Update –The PRA Element is a key component of the City of Pismo Beach’s LCP. Capitalizing on the technical mapping and studies conducted in Tasks 2.1, and 2.2, to incorporate adaptation strategies, the PRA Element will be updated to map existing and future coastal trails, coastal parks, scenic vistas, and coastal access points. The focus of the PRA update is to protect and enhance the coast’s natural and cultural resources and expand coastal access for the future. Policies will also include providing coastal educational materials in the form of signage, and plan for associated facilities in each planning area including benches, restrooms, and solid waste so residents and visitors can appreciate and enjoy the coastal experience.

Deliverables:

- Draft PRA Element for 6-week CCC review
- Final PRA Element

Task 9 – Zoning Code/Implementation Plan Update

Tasks include updates to the Zoning Code/Implementation Plan based on the updated Safety Element and PRA with updated standards on coastal access, bluff-top access, and parkland requirements. Included in this task is coordination with CCC staff and revisions based on CCC staff and public comments.

Deliverables:

- Draft Zoning Code/Implementation Plan for 6-week CCC review

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- Final Zoning Code/Implementation Plan

Task 10 – Local Public Meetings/ Public Hearings

This task involves two public study sessions with decisionmakers, and various public hearings with the Planning Commission, City Council, and CCC. The Safety Element, PRA, and associated revisions to the Zoning Ordinance/IP are anticipated to be brought concurrently to public hearings. Public hearings (including two Planning Commission and three City Council), document revisions, formal submittal to CCC and a CCC hearing are included in this task.

Subtask 10.1 – Public Study Sessions

Host up to two public study sessions to provide the public and decision makers with the Draft Safety Element and Draft PRA Element for input and discussion.

Subtask 10.2 – Planning Commission Hearing

This task includes coordination with consultants, public noticing, preparation of staff reports, findings, presentation preparation, and hearing attendance, assuming two hearings.

Subtask 10.3 – City Council Hearing

This task includes coordination with consultants for document revisions based on Planning Commission and/or public feedback, meetings with key stakeholders, preparation of staff reports, research / presentation preparation, and hearing attendance. This subtask assumes three hearings.

Subtask 10.4 – Formal LCP Amendment Submittal and CCC Hearing

This task entails preparing the locally adopted Safety Element, PRA Element, and ZC/IP for submission as one LCP amendment to the CCC staff for review. The formal LCP amendment submittal package will be prepared in accordance with the LCP amendment submittal requirements of the Coastal Act and Article 7 of Title 14 of the California Code of Regulations. This involves compiling draft LCP amendment submittal materials including the proposed text changes, supporting technical studies and necessary administrative processing requirements (City resolutions and staff reports, public comments, etc.) Tasks also include coordinating with coastal staff and reviewing staff reports in preparation for attendance at CCC hearing(s). It is intended that all documents be taken together for a CCC hearing as a comprehensive GP/LCP package.

Deliverables:

- Planning Commission LCP Update and Staff Report
- City Council LCP Update and Staff Report

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- LCP Amendment application that includes all required materials for application submittal
- Preparation and attendance at CCC hearing(s)

C. SCHEDULE *[begin/end dates by task, including deliverables. This can be copied directly from the application and modified as needed. Specify dates for interim drafts as well as final deliverables as applicable (e.g., draft vulnerability assessment, final vulnerability assessment; administrative draft LUP, public review draft LUP)]*

Task 1. Project Management	7/30/25 - 12/31/27
Outcome/Deliverables: a. Quarterly progress reports, consultant invoices	a. Ongoing through grant term
Task 2. Data Collection, Analysis, and Technical Reports	7/30/25 – 11/31/25
2.1 Data Assessment and Collection	7/30/25-8/1/25
2.2 Update 2019 Sea Level Rise Vulnerability Assessment (SLRVA)	8/2/25-11/31/25
Outcome/Deliverables a. Draft SLRVA for CCC review b. Final SLRVA	a. 10/1/25 b. 11/31/25
Task 3 – Economic Analysis	12/1/25-4/1/26
Subtask 3.1 Economic Impact Analysis	12/1/25-4/1/26
Outcome/Deliverables a. Draft EIA for CCC review b. Final EIA	a. 2/1/26 b. 4/1/26
Subtask 3.2 Cost Benefit Analysis(CBA)	5/1/26-9/1/26
Outcome/Deliverables a. Draft CBA for CCC review b. Final CBA	a. 7/1/26 b. 9/1/26
Task 4 – Visioning and Public Outreach	5/1/26-8/1/26
Outcome/Deliverables a. Presentation materials, handouts, flyers, etc.	a. 5/1/26-8/1/26
Task 5- Update 2020 Sea Level Rise Adaptation Plan	8/15/26-11/15/26
Outcome/Deliverables a. Draft SLRAP for CCC review b. Final SLRAP	a. 9/15/26 b. 11/15/26

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Task 6 – Coastal Hazards Policies	11/15/26-2/15/27
Outcome/Deliverables a. Draft Coastal Hazards Policies for CCC review	a. 2/15/27
Task 7 – Safety Element Update	3/1/27-7/1/27
Outcome/Deliverables a. Draft Safety Element for CCC review b. Final Safety Element	a. 5/1/27 b. 7/1/27
Task 8 – Parks, Recreation, and Coastal Access (PRA) Element Update	3/1/27-7/1/27
Outcome/Deliverables: a. Draft PRA for CCC review b. Final PRA for CCC review	a. 5/1/27 b. 7/1/27
Task 9 – Zoning Code / Coastal Implementation Plan (ZC/IP) Update	6/1/27-8/31/27
Outcome/Deliverables a. Draft ZC/IP Element for CCC review b. Final ZC/IP Element	a. 7/15/27 b. 8/31/27
Task 10 – Local Meetings/Public Hearings	7/15/27-12/31/27
Subtask 10.1 – Public Study Sessions	7/15/27-8/15/27
Subtask 10.2 – Planning Commission Hearing	8/15/27-8/15/27
Subtask 10.3 – City Council Hearing	9/15/27-9/15/27
Subtask 10.4 – LCP Amendment Submittal and CCC Hearing	9/20/27-12/31/27
Outcome/Deliverables a. Planning Commission LCP update and staff report b. City Council LCP update and staff report c. LCP Amendment Application to CCC d. Preparation and Attendance at CCC Hearing	a. 8/15/27 b. 9/15/27 c. 9/20/27 d. 12/31/27

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- D. BENCHMARK SCHEDULE** *[LCPs ONLY-Please include a list of benchmarks, or milestones, with completion date, that can be used to track whether the project is progressing according to the schedule. This can be copied from the application and modified as needed.]*

ACTIVITY	COMPLETION DATE
Public Workshops/Study Sessions	8/15/27
Send locally adopted Safety Element, PRA Element, and Zoning Code/IP to staff	9/20/27
LCP Amendment Application to CCC	9/20/27

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 “Deputy Executive Director”; the Deputy Executive 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.

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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
(Local Coastal Programs)

<i>Jurisdiction Name</i>	<i>CCC Grant Total</i>	<i>Match/Other Funds</i>	<i>Total (LCP Grant Funds + Match/Other Funds)</i>
LABOR COSTS¹			
County/City Staff Labor			
Task 1 – Project Management	\$5,000		\$5,000
Task 2 – Data Collection Analysis, Update SLRVA	\$5,000		\$5,000
Task 3 – Economic Analysis	\$5,000		\$5,000
Task 4 – Visioning and Outreach	\$5,000		\$5,000
Task 5 – Update SLRAP	\$5,000		\$5,000
Task 6 – Coastal Hazards Policies	\$10,000		\$10,000
Task 7– Safety Element Update	\$5,000		\$5,000
Task 8 – PRA Element Update	\$10,000		\$10,000
Task 9– ZC/IP Update	\$15,000		\$15,000
Task 10 – Public Hearings	\$15,000		\$15,000
Total Labor Costs	\$80,000		\$80,000
DIRECT COSTS			
County/City Staff Project Supplies			
A			
B, etc.			
Total			
County/City Staff Travel In State²			
Mileage			
Hotel, etc.			
Total			
Consultants³/Partners			
Task 1 – Project Management	\$130,000		
Task 2 – Data Collection, Analysis, Update SLRVA	\$100,000		
Task 3 – Economic Analysis	\$140,000		

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.

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<i>Jurisdiction Name</i>	<i>CCC Grant Total</i>	<i>Match/Other Funds</i>	<i>Total (LCP Grant Funds + Match/Other Funds)</i>
Task 4 – Visioning and Outreach	\$80,000		
Task 5 – Update SLRAP	\$115,000		
Task 6 – Coastal Hazards Policies	\$25,000		
Task 7 – Safety Element Update	\$40,000		
Task 8 – PRA Element Update	\$40,000		
Task 9 – ZC/IP Update	\$80,000		
Task 10 – Public Workshops / Hearings	\$70,000		
<i>Consultants Total</i>	\$820,000		
Total Direct Costs	\$820,000		\$820,000
OVERHEAD/INDIRECT COSTS⁴			
Total County/City Staff Overhead/Indirect Costs	0		
TOTAL PROJECT COST	\$900,000		\$900,000

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: Jasmine Han, Associate Governmental Program Analyst 301 E Ocean Blvd, Suite 300 Long Beach, CA 90802	California Coastal Commission Attn: Carey Batha 455 Market Street, Suite 200, Room 228 San Francisco, CA 94105
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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.

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- 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

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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.