

**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:

<b>State Agency:</b>	<b>Grantee:</b>
California Coastal Commission	City of San Clemente
Name: Kelsey Ducklow ("Grant Manager")	Name: Adam Atamian, Community Development Director
Address: 455 Market St. Suite 200, Room 228 San Francisco, CA 94105	Address: 910 Calle Negocio, San Clemente, CA 92673
Phone: (415) 904-2335	Phone: (949) 361-6100
Email: <a href="mailto:kelsey.ducklow@coastal.ca.gov">kelsey.ducklow@coastal.ca.gov</a>	Email: <a href="mailto:atamiana@san-clemente.org">atamiana@san-clemente.org</a>

3. Primary project contact:

<b>State Agency:</b>	<b>Grantee:</b>
California Coastal Commission	City of San Clemente
Section/Unit: Statewide Planning Unit	Section/Unit:
Name: Shahar Amitay, Coastal Program Analyst III	Name: Leslea Meyerhoff, AICP
Address: 301 E Ocean Blvd, Suite 300 Long Beach, CA 90802	Address: 910 Calle Negocio, San Clemente, CA 92673
Phone: (562) 590-5071	Phone: (760) 845-8028
Email: <a href="mailto:shahar.amitay@coastal.ca.gov">shahar.amitay@coastal.ca.gov</a>	Email: <a href="mailto:LesleaM@san-clemente.org">LesleaM@san-clemente.org</a>

## EXHIBIT A

### SCOPE OF WORK

**Name of Local Government:** City of San Clemente

**Name of Project:** Developing a reliable method to estimate recreation demand at San Clemente's Beaches

**Funding Source:** General Fund

**Specific Program:** Local Coastal Program Local Assistance Grant Program

**Federal Tax ID#:** 95-6000775

**Budget Summary:**

CCC funding:	\$59,000.00
<u>Other funding:</u>	<u>\$12,000.00</u>
Total project cost:	\$71,000.00

**Term of Project:** *June 01, 2025 (or grant agreement execution date) – June 30, 2026*

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#### A. PROJECT DESCRIPTION

A fundamental element in Local Coastal Programs (LCPs) is a clear understanding of beach use and recreation. To help address this locally, the City of San Clemente (City) engaged Dr. Phil King, formerly of San Francisco State University and now with Ceto Consulting LLC (“Ceto”), who has conducted economic analyses for more than a dozen local coastal programs (LCPs) across California. Dr. King has identified a persistent data gap in coastal planning: The lack of reliable beach attendance data. Even where lifeguard or observational counts are available, research by King and McGregor<sup>1</sup> (2012) demonstrates that such estimates can differ substantially from actual visitation levels. This highlights the need for improved, systematic approaches to collecting attendance data for use in coastal planning and decision-making.

The City is proposing to address this gap by piloting a project that will also provide value to other jurisdictions across the region. The project will use video analytics and digital technology to count individuals on the sand, in the nearshore, and surfing. These counts will be recorded at hourly intervals throughout San Clemente's beaches. The video-based counts will be calibrated and validated using cellphone-derived mobility data from geographic polygons that correspond to each camera's field of view.

<sup>1</sup> King, P. and McGregor, A. 2012. "Who's counting: An analysis of beach attendance estimates and methodologies in southern California." *Ocean & Coastal Management*, 10.1016/j.ocecoaman.2011.12.005, 17-25.

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Ceto, in partnership with Surfline, will analyze anonymized mobile device location data provided by Placer.ai to estimate beach visitation patterns. This dataset enables the team to assess daily and hourly visitation, average duration of stay, and seasonal trends. It includes anonymized information about each visitor's home census block group, supporting demographic and spatial analysis while maintaining privacy. By overlaying these data with CalEnviroScreen 4.0 and identifying SB535-designated Disadvantaged Communities (DACSs), the project will evaluate which communities are accessing San Clemente's beaches and which are not. This analysis will provide important insights into regional coastal access and support the City's efforts to improve equitable access to public coastal resources.

Surfline/WaveTrak, Inc. is a California-based company that provides surf forecasting, live surf camera feeds, and data-driven insights for coastal and ocean recreation. Surfline operates a global network of coastal cameras and is recognized for integrating technology and analytics to improve the safety and experience of ocean users.

Surfline's software uses video analytics to identify beach activities such as surfing, paddling, and sitting. It provides hourly counts of people in the water and tracks individual surfing rides. These data support analysis of usage patterns, peak activity times, and visit durations, all of which inform local coastal management and planning.

Surfline currently has installed cameras along the San Clemente coast to monitor surf conditions. A valuable byproduct of this monitoring is the ability to estimate the number of surfers in the water, along with the number of people on the sand and in the nearshore. These estimates support evaluation of the economic value of beach use and the fiscal impacts of maintaining a popular sandy beach.

San Clemente is home to significant surfing resources located offshore and adjacent to the city, including high-quality breaks at the San Clemente Pier, T-Street, Cotton's Point, and other locations. These surfing areas provide important recreational and community benefits.

Surfer counts generated from camera footage will enable analysis of how these resources are used by different populations. Surfline's software will also generate baseline metrics to help categorize surf resources within the city. These include surfer ride length, ride time, wave breaking type, and significant wave height. This data will be made available to the City and may be shared with partners and the public. Combined with beachgoer counts, these indicators will help assess surf quality during the project period and may serve as a baseline for evaluating impacts from future beach nourishment or shoreline changes.

Finally, the same video and mobility data tools will allow Ceto to analyze visitation patterns for non-surfers. This includes detailed records of visit timing, frequency, and length of stay, supporting a more comprehensive picture of how San Clemente's beaches are used.

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### **Project in Relation to Coastal Commission's Priorities**

High-quality social science data is essential for effective planning, whether focused on climate adaptation or environmental justice. At the most basic level, this includes understanding how many people visit the beach each day, how and where they recreate, and where they come from. This information allows planners to estimate travel costs (which reflect the value visitors place on the beach) and to determine whether visitors are coming from underserved communities.

This project will provide data to answer all of these questions. The use of camera-based observations will enable the City to document who uses its beaches, where they go, and whether they engage in surfing or other types of recreation.

The study also addresses broader environmental and social equity concerns. By analyzing visitor data in combination with CalEnviroScreen 4.0 and identifying SB535-designated Disadvantaged Communities (DACs), the project will determine how many visitors originate from environmentally burdened or underserved areas and when they tend to visit. These insights will help assess the equity of coastal access across socioeconomic groups.

Additionally, the data will support an economic impact analysis of beach visitation. By applying intercept survey data from other Southern California beaches, the City will estimate total annual visitor spending, sales tax revenue, and transient occupancy tax revenue. These estimates will be disaggregated by beach area as needed, with particular attention to the percentage of overnight visitors and their lodging choices, which are key factors in local economic contribution.

## **B. TASKS**

### **Task 1. Project Initiation and Setup**

#### **1. New Camera Installation:**

Surfline will install a new camera on the south side of pier in San Clemente which will observe the area to the south of the San Clemente pier between the pier and T-Street and allow for software derived counting of beach attendees in this area. Surfline will install, operate, maintain, and retain full ownership of the new camera for the duration of the project. The approximate field of view of this new camera is shown in Figure 1.

### **Task 2. Description of Methods**

#### **1. Data Capture and Processing:**

Using the new camera, the project team will collect daily data on hourly attendance during daylight hours for 8 to 10 months, including the high season. Surfline's camera placement will allow the team to estimate attendance at San Clemente's

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main beach, both north and south of the pier, as well as at T-Street, which comprises the bulk of the City's beach attendance.

Surfline will run its proprietary software on all footage captured by the new camera and four existing cameras for one year from the start of the project. The software will also be applied to historical footage from the existing cameras from the prior year, enabling the analysis to begin immediately. The existing cameras include:

- Two cameras in the T-Street area: one with a close-up view of the surfing zone, and a second (T-Street Overview) with a wider perspective including both the beach and the surf zone
- One camera at San Clemente Pier, Northside, capturing surf activity just north of the pier
- One camera mounted on the pier, facing south toward the beach (T-Street Lefts)

The software will generate hourly counts of surfers and beachgoers within each camera's field of view. This attendance data will be accessible in near real-time via an online portal and can be downloaded for analysis.

### 2. Cellphone-Derived Visitation Data:

Ceto, in partnership with Surfline, will analyze anonymized mobile device location data provided by Placer.ai to estimate beach visitation in the same geographic areas observed by Surfline's cameras. Custom polygons will be drawn to match each camera's field of view, ensuring alignment between video-based counts and cellphone-derived datasets. This integrated approach will allow the team to assess daily and hourly visitation, length of stay, and seasonal trends.

The dataset includes anonymized information about each visitor's home census block group, which supports demographic and spatial analysis while maintaining privacy. By overlaying this data with CalEnviroScreen 4.0 and identifying SB535-designated Disadvantaged Communities (DACS), the project will evaluate how many visitors originate from environmentally burdened or underserved areas. These insights will support an environmental justice framework and provide a clearer picture of regional equity in coastal access.

Knowing the general area of origin also allows the team to estimate visitor travel cost, the likelihood of overnight stays, and the broader economic implications of visitation. Ceto has used this methodology in other coastal planning efforts across Southern California, including work with Los Angeles County. Similar approaches have been used in other communities, such as Steamboat Springs, Colorado, to assess public access and recreation patterns.

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This mobility data allows the team to determine:

- a) how many people visit each beach polygon,
- b) how long they stay, and
- c) their general place of residence, identified at the census block group level.

All data is collected and analyzed in a fully anonymized and aggregated format.

### **3. Placer.ai Data Privacy and Methodology:**

Placer.ai collects data through a range of mobile applications, including those in travel, retail, gaming, and financial services, which have integrated its software development kit (SDK). When users grant location permissions, anonymized location data is transmitted to Placer.ai for analysis.

The data is stripped of any personally identifiable information, and additional safeguards such as hashing and aggregation ensure individual privacy. Analyses are only conducted when at least 50 unique devices are observed in a given location, which further protects user anonymity. Placer.ai also excludes any data known to be associated with users under the age of 18. As a result, all findings are presented at a population scale, with no personally identifiable information included.

### **Task 3. Results and Analysis**

#### **1. Attendance Data Analysis:**

The team will compile and analyze beach attendance data from the past year, and potentially from prior years if historical data is available. The primary goals of this analysis are:

- To model daily attendance, including identification of “peak” days when beach capacity may be exceeded (for example, July 4), which can help inform management and resource allocation.
- To model hourly attendance patterns during the day, along with analysis of where and how beach users access different areas of the beach at specific times.
- To model the “visitor-shed,” including analysis of visitation from inland communities and the recreational activities visitors pursue while at San Clemente’s beaches. This analysis will incorporate CalEnviroScreen 4.0 and SB535-designated Disadvantaged Communities (DACS) to evaluate how many visitors originate from environmentally burdened or underserved areas. The project will also describe socioeconomic and demographic patterns using an environmental justice lens, including spatial overlays and interpretation of disparities in coastal access.

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- To model how surfing activity differs from other forms of beach recreation, including variations by time of day, location, and visitor demographics.
- To estimate the economic impacts of beach visitation, including spending levels, sales tax revenue, and transient occupancy tax revenue, with disaggregation by beach area where feasible.

### 2. Sea Level Rise and Adaptation Considerations:

While a comprehensive analysis of sea level rise (SLR) is beyond the scope of this project, Ceto will outline how projected SLR and coastal erosion may impact the future “carrying capacity” of San Clemente’s beaches. The analysis will draw from existing SLR studies to evaluate what beach loss could mean for beach attendance, economic inputs, and the equitable distribution of recreational benefits.

In light of the attendance and economic data, the project will also consider whether there are recommendations for future adaptation strategies, including potential refinements to local adaptation goals. These recommendations will be informed by how physical changes to the beach may affect access, equity, and fiscal impacts.

### Task 4. Draft and Final Report

1. The team will prepare a comprehensive report summarizing findings and recommendations from the project. This report will be made available on the City of San Clemente’s website (City LCP Page), as well as on Surfline’s and CSU Channel Islands’ websites.
2. The report will include guidance on how the State and local jurisdictions can improve the collection and management of beach attendance data. It will also address how the study’s findings can inform the City’s long-range planning for sea level rise.
3. Based on the results, the report may recommend strategies to increase coastal recreation opportunities, particularly for underserved communities. It may also suggest methods to maintain and update a reliable baseline for beach attendance over time. Additional recommendations may relate to coastal adaptation planning, improvements to public services, and the evaluation of potential beach nourishment projects.

### Task 5. Preparation of Draft LCP Amendment

1. The City will initiate this task early in the project timeline. However, the content of the LCP Amendment will be directly informed by the data, findings, and recommendations produced in Tasks 1 through 4.
2. Once a draft LCP Amendment is developed, City staff will revise it based on public comments and feedback from California Coastal Commission (CCC) staff. The revised draft will be presented to the City Council for formal adoption, along with a request to authorize submittal to the CCC.

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3. Upon City Council authorization, staff will formally submit the LCP Amendment to the CCC and participate in the certification process.

### C. SCHEDULE

Project start/end dates: June 1, 2025 (or grant agreement execution date) – June 30, 2026

<b>Task 1. Project Initiation and Setup</b>	<b>June 1, 2025/May 15, 2025</b>
1.1 New Camera Installation	June 1, 2025/June 15, 2025
Outcome/Deliverables: a. Camera Installed on Pier	a. June 15, 2025
<b>Task 2. Description of Methods</b>	<b>June 15, 2025/Aug 30, 2025</b>
2.1 Data Capture and Processing	June 15, 2025/ Aug 30, 2025
2.2 Analyze Cell Phone Data	June 15, 2025/ Aug 30, 2025
Outcome/Deliverables: a. Memo re: Methods	a. Aug 30, 2025
<b>Task 3. Results and Analysis</b>	<b>Sept 1, 2025/May 1, 2026</b>
3.1 Attendance Data Analysis	Sept 1, 2025/May 1, 2026
Outcome/Deliverables a. Memo re: Results	a. May 1, 2026
<b>Task 4. Draft and Final Report</b>	<b>Sept 1, 2025/Aug 31, 2026</b>
4.1 Draft Report	Sept 1, 2025/Aug 31, 2026
Outcome/Deliverables a. Final Report	a. Aug 31, 2026
<b>Task 5. LCP Amendment</b>	<b>Sept 1, 2025/December 31, 2026</b>
5.1 Draft LCP Amendment	a. January 1, 2026/June 30, 2026
5.2 Final LCP Amendment	b. June 30, 2026 / December 31, 2026
Outcome/Deliverables a. Final LCP Amendment	December 31, 2026

**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
Task 1: Camera Installation and Setup	June 15, 2025
Task 2: Memo on Methodology for collecting data and explanation of how data will be used	August 30, 2025
Task 3: Memo on Draft Findings and Analysis	May 1, 2026
Task 4: Final Report Completed	August 30, 2026
Task 5: LCP Amendment	December 31, 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 "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.

**EXHIBIT A1**

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>
<b>LABOR COSTS<sup>1</sup></b>			
<b>County/City Staff Labor</b>			
<i>Task 1 – Setup</i>	\$0	\$500	\$500
<i>Task 2 – Methods</i>	\$0	\$500	\$500
<i>Task 3 – Results</i>	\$0	\$2,000	\$2,000
<i>Task 4 – Final Report</i>	\$0	\$4,000	\$4,000
<i>Task 5 – LCP Amendment</i>	\$0	\$5,000	\$5,000
<b>Total Labor Costs</b>	<b>\$0</b>	<b>\$12,000</b>	<b>\$12,000</b>
<b>DIRECT COSTS</b>			
<b>County/City Staff Project Supplies</b>			
Analysis Materials Cost	\$15,000		\$15,000
<b>Total</b>	<b>\$15,000</b>		<b>\$15,000</b>
<b>County/City Staff Travel in State<sup>2</sup></b>			
Mileage	\$0		\$0
Hotel, etc.	\$0		\$0
<b>Total</b>	<b>\$0</b>		<b>\$0</b>
<b>Consultants<sup>3</sup>/Partners</b>			
<b>Consultant – Ceto</b>			
<i>Task 1 – Setup</i>	\$3,000		\$3,000
<i>Task 2 – Methods</i>	\$8,000		\$8,000
<i>Task 3 – Results</i>	\$8,000		\$8,000
<i>Task 4 – Final Report</i>	\$6,000		\$6,000
<i>Task 5 – LCP Amendment</i>	\$0		\$0
<i>Additional Task: Fiscal Impacts</i>	\$12,000		\$12,000
<b>Consultant – Surfline</b>			
<i>Task 1 – Setup</i>	\$2,000		\$2,000
<i>Task 2 – Methods</i>	\$1,000		\$1,000
<i>Task 3 – Results</i>	\$2,000		\$2,000

<sup>1</sup> Amount requested should include total for salary and benefits.

<sup>2</sup> Travel reimbursement rates are the same as similarly situated state employees.

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

**EXHIBIT B**

<i>Jurisdiction Name</i>	<i>CCC Grant Total</i>	<i>Match/Other Funds</i>	<i>Total (LCP Grant Funds + Match/Other Funds)</i>
<b>Task 4 – Final Report</b>	\$2,000		\$2,000
<b>Task 5 – LCP Amendment</b>	\$0		\$0
<b>Consultants Total</b>	<b>\$44,000</b>		<b>\$44,000</b>
<b>Total Direct Costs</b>	<b>\$59,000</b>		<b>\$59,000</b>
<b>OVERHEAD/INDIRECT COSTS<sup>4</sup></b>			
<b>Total County/City Staff Overhead/Indirect Costs</b>			
<b>TOTAL PROJECT COST</b>	<b>\$59,000</b>	<b>\$12,000</b>	<b>\$71,000</b>

<sup>4</sup> 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: Shahar Amitay, Coastal Program Analyst II 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.

**EXHIBIT B1**

**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 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.