



City of Palo Alto City Council Staff Report

(ID # 9393)

Report Type: Action Items

Meeting Date: 8/20/2018

Summary Title: Stanford Fire Protection Services Agreement and Settlement of Prior Claim

Title: Approval of Agreements Between the City of Palo Alto and the Board of Trustees of the Leland Stanford Junior University: 1) Agreement for Fire Protection Services to Stanford University for the Period July 1, 2018 - June 30, 2023, and 2) Settlement Agreement for Overpayment Claim by Stanford University regarding Fire Protection Services

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that City Council approve the attached agreements with the Board of Trustees of the Leland Stanford Junior University (“Stanford”)

- 1) Settlement of a claim by Stanford for prior overpayment (“Settlement Agreement”), through payment by the City to Stanford University in the amount of \$5.5 million and credit for termination of prior agreement apparatus value (Attachment A); and
- 2) Palo Alto-Stanford Fire Protection Agreement for the provision of Fire Protection Services by the City to the Stanford University campus (“Agreement for Services”) for the period of July 1, 2018 to June 30, 2023, to automatically renew to June 30, 2028 unless terminated by either party (Attachment B).

Executive Summary

The original 1976 agreement has demonstrated the efficiency and mutual benefit to both agencies gained by integrated services on campus and throughout the City. The two agreements recommended to be approved will maintain the partnership between the City and Stanford that began in 1976 however, updated for new terms based on current staffing, deployment models, and costing models. Through settlement of an outstanding claim from Stanford filed in 2013 concurrent with notice to terminate the 1976 agreement for fire services, and a new fire agreement services contract for the near term through 2023 with a renewal through 2028 unless otherwise terminated, these agreements provide a framework for both

the City and Stanford to move forward with.

Background

The City of Palo Alto has provided fire protection services to Stanford University since October 1976, when the City's fire department and Stanford's private fire protection company were consolidated. The City and Stanford entered into a fire services Agreement for a term of 50 years, providing however that either party could terminate the Agreement by providing written notice to the other party. The Agreement was amended in 1981 and restated in 2006 related to services provided to the Stanford Linear Accelerator (SLAC). In 2012, fire protection services to SLAC were transitioned from the City of Palo Alto to the Menlo Park Fire Protection District.

On October 8, 2013, Stanford notified the City that it was exercising its option to terminate the Agreement effective at least one year, and no more than two years, from the date of notice. Stanford also asserted a claim for overpayment since discontinuance of City fire services to SLAC. Stanford subsequently solicited proposals from other fire protection service providers, but did not select an alternative provider.

In January 2016, Stanford and Palo Alto agreed that Palo Alto would continue to provide fire services to Stanford while the parties negotiated a new long term agreement. Amendments to the Palo Alto-Stanford Fire Protection Agreement have been approved during this interim period to continue a negotiated payment and services. A final fifth amendment is also recommended to be considered on this August 20, 2018 Council meeting for services up to this recommended longer term agreement.

- Amendment Three: extension of terms through October 8, 2016 (December 2015, City Manager Report 6399 <https://www.cityofpaloalto.org/civicax/filebank/documents/50022>)
- Amendment Four: extension of terms through June 30, 2017 (December 2016, Office of the City Attorney <https://www.cityofpaloalto.org/civicax/filebank/documents/55187>)
- Amendment Five: recommended extension of terms through June 30, 2018 (to be considered by City Council on August 20, 2018)

Discussion

Since 2016, representatives from the City and Stanford have met periodically to discuss alternative service and cost allocation models for current and future service requirements. The City also began formal meet and confer sessions with the International Association of Firefighters (IAFF). These discussions have resulted in staffing and deployment changes as now reflected in the Fire Department FY 2019 Adopted Budget, as approved by the City Council in October 2017 (City Manager Report 8530 <https://www.cityofpaloalto.org/civicax/filebank/documents/61420>).

The parties have now reached agreement on a full set of terms to address future fire service

terms included in the “Agreement for Services” as well as the resolution of Stanford’s claim for overpayment for services received since demobilization of the SLAC station in the “Settlement Agreement.”

Key business terms of the recommended Settlement Agreement (Attachment A) include:

1. In consideration of the release of claims and mutual agreements related to past services, the City will pay Stanford the sum of \$5.5 million on or on or before July 1, 2019.
2. The original (1976) agreement for fire services will be terminated in full.
3. The original agreement provides for liquidation of fire apparatus provided by Stanford at the outset of the agreement, at present value. The parties have mutually determined this value to be \$1,010,000. The City will credit this value against payments due from Stanford for future fire protection services as determined by the Agreement for Services (future) over the next four years.

Key terms of the Agreement for Services for future fire services (Attachment B) include:

1. The agreement will span the period of July 1, 2018 through June 30, 2023. Unless either party notifies the other party of non-renewal by January 1, 2022, the agreement will automatically renew for one five-year term through June 30, 2028.
2. Either party can terminate the agreement with two years written notice. In the event of termination, the City and Stanford will endeavor to create a transition plan to ensure continuity of service within 12 months of notice.
3. The City will provide all-risk emergency services as provided by Palo Alto Fire Department (PAFD) to other areas of Palo Alto. Ambulance services will be provided, however, Stanford shall not pay for these services.
4. The City and Stanford will work together to design and institute a fire alarm reduction program on the Stanford Campus that is customized to meet Stanford’s requirements to reduce unwanted, unwarranted and false smoke, fire, and water flow alarms. The City will no longer respond to supervisory or troubled alarms, these will be forwarded to the Stanford Fire Marshal’s Office.
5. The City will ensure response times 90% of the time, consistent with service in Palo Alto and system-wide performance standards. These standards are (1) 8 minutes or less within the urban response zone, (2) 15 minutes within the non-residential but high pedestrian traffic area, and (3) 20 minutes within the remote open-space area. Exhibit A to the agreement outlines a map identifying these different zones.

6. The City will provide quarterly reports of actual response times. Should response times not meet the standard, the Fire Chief and Stanford's Contract Administrator may request review and recommend actions to meet the standards. Response time issues that cannot be resolved by the Fire Chief and Contract Administrator will be referred to the City Manager and Stanford's Vice President for resolution. Should the City Manager and Vice President be unable to resolve the issue, a specified dispute resolution process involving mediation and potentially arbitration would be followed.
7. Stanford will notify the City monthly of upcoming on-campus changes such as construction projects, road modifications, events, and other changes likely to impact emergency response performance. If determined to impact response times, the parties will negotiate regarding the additional resources or other actions needed to mitigate the identified impact within a reasonable time within 6 months of identification.
8. The Stanford Fire Station (Station 6) will be staffed with six daily positions and no less than one fire engine, the equivalent of one rapid response vehicle ("RRV"), and one fire ladder truck. The Fire Chief retains sole operational authority and responsibility for deployment of PAFD personnel and equipment. Except for temporary or emergency situations or otherwise agreed, the City will notify Stanford prior to making material changes and demonstrate no disproportionate impact to Stanford. A dispute resolution process is specified for any disagreement on changes.
9. Costs to Stanford will be based on an agreed-upon methodology that allocates expenses for 4.5 daily positions and associated equipment directly to Stanford, and a proportionate share of other citywide positions as shared resources. Annual escalation factors are established based on negotiated labor agreements and the annual adopted budget.
10. Stanford will contribute incremental charges for the maintenance and replacement of vehicles and equipment. Should the agreement be terminated, the City may at its option refund replacement charges paid by Stanford or sell vehicles and equipment purchased for the Stanford Fire Station to Stanford, for up to the depreciated value.
11. Stanford will reimburse the City for capital improvements for the Stanford Station or a proportional share of system-wide projects.

In order to provide sufficient time for the parties to finalize the required agreements and approvals, the City Attorney's Office executed an extension to August 31, 2018 of the tolling agreement preserving Stanford's claim for prior overpayment. In addition, as reported earlier in this report, a fifth amendment to extend services through June 30, 2018, or until this new long term Agreement for Services is executed, is recommended for City Council review and approval on August 20, 2018.

Resource Impact

Funding for the Settlement Agreement of \$5.5 million to be paid no later than July 1, 2019, will need to be identified in both the FY 2019 budget and/or during the FY 2020 budget process. It is anticipated that some funding can be provided from the General Fund Budget Stabilization Reserve (BSR) which is currently above the City Council approved target of 18.5% by approximately \$2 million in the FY 2019 Adopted Budget. The BSR levels will be monitored closely through the close of the FY 2018 financials and should additional funding be available, staff will provide an update to the City Council either through the Comprehensive Annual Financial Report or through the FY 2019 Mid-Year Budget Review on the BSR levels.

The FY 2019 Adopted Budget assumed \$6.5 million payments from Stanford University for fire services throughout the year in the General Fund. Based on the terms of these agreements, it is anticipated that revenues of \$6.1 million (including the credit for vehicles and equipment outlined in the Settlement Agreement) would fall approximately \$400,000 below budget estimates. Staff recommends delaying any change in the current FY 2019 budget appropriation ordinance to allow for a review of all General Fund revenues during the course of FY 2019. Balancing adjustments, if needed, would be brought forward as part of the FY 2019 Mid-Year Budget Review to align with these final contract terms. The ongoing implications of these agreements will be factored into the development of the FY 2020 budget, beginning with the FY 2020-2029 Long Range Financial Forecast.

Policy Implications

The recommended agreements resolve a longstanding (since 2012) dispute between the City and Stanford University as well as establish a mutually agreeable basis for continued services for the next five years. Subject to continued positive experiences by both parties during this period, services will continue for an additional five years. Experience under the prior agreements has demonstrated the efficiency and mutual benefit to both agencies gained by integrated services on campus and throughout the City; therefore, the recommended action is in the City's best interest to finalize a new long-term relationship between the parties.

Environmental Review

This action does not constitute a project as defined by California Environmental Quality Act (CEQA) Guidelines Section 15378.

Attachments:

- Attachment A: Settlement Agreement
- Attachment B: Agreement for Services

MUTUAL TERMINATION, SETTLEMENT AND RELEASE

This Mutual Termination, Settlement and Release Agreement (hereinafter, the “Settlement Agreement”) is made and entered into as of July 1, 2018 (the “Effective Date”), between The Board of Trustees of the Leland Stanford Junior University (“Stanford”), a body having corporate powers under the laws of the State of California, and the City of Palo Alto (“Palo Alto”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of California. Stanford, on the one hand, and Palo Alto, on the other, shall be referred to individually as “Party” and collectively as the “Parties.”

Recitals

WHEREAS, Stanford and Palo Alto entered into the “Palo Alto-Stanford Fire Protection Agreement,” dated October 1, 1976, as amended on September 1, 1980 (the “First Amendment”), June 26, 2006 (the “Second Amendment”), January 25, 2016 (the “Third Amendment”), on or about October 2016 (the “Fourth Amendment”), and by the fifth amendment that is to be entered into by the Parties on or before the Effective Date (the “Fifth Amendment”), collectively with all subsequent amendments as referenced above, the “Original Agreement”;

WHEREAS, Stanford terminated the fire protection services from Palo Alto for the Stanford Linear Accelerator Laboratory (“SLAC”) in April of 2012;

WHEREAS, Stanford asserts that it may have claims against Palo Alto concerning payments that were made by Stanford under the Original Agreement after April 2012 (the “Payment Dispute”);

WHEREAS, the Parties desire to terminate the Original Agreement, settle all disputes arising out of the Original Agreement (including, without limitation, the Payment Dispute), and enter into a new fire service agreement (the “New Service Agreement”) on the Effective Date;

NOW THEREFORE, in consideration of good and valuable consideration of the releases, mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by the Parties, Stanford and Palo Alto, intending to be legally bound, agree as follows:

I. Settlement Payments and Termination

1. Palo Alto shall pay the sum of \$5,500,000 (Five Million and Five Hundred Thousand US Dollars) (the “**Settlement Funds**”) to Stanford no later than July 1, 2019.

2. The Original Agreement is hereby terminated effective as of the Effective Date.

3. In lieu of Palo Alto’s obligations to sell all excess fire department vehicles under Section 3.10(b) of the Original Agreement and its obligations to return the property as described in Section 4.1 and Section 4.2 of the Original Agreement to Stanford, which are due upon termination of the Original Agreement, Palo Alto shall instead, provide a service credit to Stanford in the amount of \$1,010,000 (One Million and Ten Thousand US Dollars) (“Apparatus Credit”), which shall be used to offset the fees payable by Stanford under the New Service Agreement as further described below:

(a) Palo Alto shall deduct \$252,500 (Two Hundred Fifty-Two Thousand and Five Hundred Dollars) from the final invoice of each fiscal year during the Term of the New Service Agreement (i.e. the June 30th invoice) until the Apparatus Credit is exhausted (i.e. after 4 years); and

- (b) If the New Service Agreement is terminated early for any reason, Palo Alto shall refund the remaining Apparatus Credit, if any, to Stanford, upon termination of the New Service Agreement.

4. If any amount payable under this Settlement Agreement (or any portions thereof) is not paid or credited in accordance with Section 1 or Section 3 hereof, Stanford shall have the right (without limiting any other remedy that Stanford may have) to offset the unpaid or uncredited amount, plus an interest from any fees that are payable by Stanford under the New Service Agreement. Such interest shall accrue at the rate of Three Percent (3%) per annum from the Effective Date, until it is paid or credited.

II. Mutual Releases and Covenant Not to Sue

5. Stanford, for itself, its trustees, officers, employees, agents, administrators, successors and assigns, hereby releases and forever discharges, and covenants not to sue Palo Alto, its past and present officers, employees, agents, administrators, successors, and assigns, from any claims, causes of actions, and damages of whatsoever kind or nature, either in law or in equity, past, present and future, known or unknown which Stanford now has, or which may hereafter accrue or otherwise be acquired by Stanford, on account of, related to, or in any way arising out of the Original Agreement.

6. Palo Alto, for itself, its officers, employees, agents, administrators, successors and assigns, hereby releases and forever discharges, and covenants not to sue Stanford, its past and present trustees, officers, employees, agents, administrators, successors, assigns, from any claims, causes of actions, and damages of whatsoever kind or nature, either in law or in equity, present and future, known or unknown which Palo Alto now has, or which may hereafter accrue or otherwise be acquired by Stanford, on account of, related to, or in any way arising out of the Original Agreement.

7. Each Party expressly acknowledges and agrees that the releases contained in this Settlement Agreement include a waiver of all rights under Section 1542 of the California Civil Code, which provides:

A general Release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

The Parties, and each of them, may hereafter discover facts other than or different from those which they know or believe to be true with respect to the subject matter of the released claims, but they hereby expressly waive and fully, finally, and forever settle and release any known or unknown, suspected or unsuspected, asserted or unasserted, contingent or non-contingent, accrued or unaccrued claim, loss, or damage with respect to the released claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of such additional or different facts. The foregoing release of unknown, unanticipated, unsuspected, or unaccrued losses or claims with respect to the released claims is contractual and intentional, and not a mere recital.

III. Additional Terms and Conditions

8. This Settlement Agreement sets forth and constitutes the entire agreement between the Parties with respect to its subject matter and supersedes any and all prior agreements, understandings, promises, warranties, and representations made by each to the other concerning its subject matter. This Settlement Agreement may be modified only by a written document signed by the Parties. No waiver of

this Settlement Agreement or of any of the promises, obligations, terms, or conditions in this Settlement Agreement is valid unless it is written and signed by the Party against whom the waiver is to be enforced.

9. This Settlement Agreement may be executed in identical counterparts, each of which shall constitute an original and all of which shall constitute one and the same Agreement. Copies of all or part of this Settlement Agreement, including signatures thereto, which are copied or transmitted by facsimile or electronic mail are presumed valid.

10. This Settlement Agreement is binding on the Parties, their predecessors, successors, parents, subsidiaries, affiliates, assignees, agents, directors, officers, employees, shareholders, and attorneys. Each of the signatories of this Settlement Agreement represents and warrants that he or she is authorized to execute this Settlement Agreement on behalf of his or her respective Party and by such signature to bind that Party to this Settlement Agreement and that it has not sold assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Settlement Agreement.

11. By signing this Settlement Agreement, each Party agrees to bear its own attorneys' fees and costs arising prior to the date of execution of this Settlement Agreement. Furthermore, in entering this Settlement Agreement, the Parties represent that they have relied upon the legal advice of counsel and that the terms of this Settlement Agreement have been completely read and explained to each Party by its attorneys, and that those terms are fully understood and voluntarily accepted by both Parties.

12. This Settlement Agreement and all matters related to or arising out of it are governed by and will be construed in accordance with the laws of the State of California, with exclusive jurisdiction in State or Federal courts located in Santa Clara County, California. If any part or provision of this Settlement Agreement is finally determined to be invalid or unenforceable under applicable law by a court of competent jurisdiction, that part or provision is ineffective to the extent of such invalidity or unenforceability, without affecting the remaining parts of the part or provision or the remaining parts or provisions of this Settlement Agreement.

13. Each Party shall keep this Settlement Agreement and its terms confidential, except (a) as required by law or governmental audit, (b) to accountants for tax and accounting purposes, (c) for the internal business needs of each Party, or (d) as is necessary to effectuate any term or provision of this Settlement Agreement or to enter, obtain or enforce this Settlement Agreement or the releases set forth herein. Stanford understands and agrees that Palo Alto may be required to disclose this Agreement pursuant to one or more provisions of local, state or federal law, including without limitation the California Public Records Act.

14. It is understood and agreed that this is a compromise settlement of disputed claims, and that nothing herein shall be construed as an admission of liability or acceptance of responsibility by any Party with respect to any of the claims or rights covered by this Settlement Agreement.

15. The Parties have participated jointly in the negotiation, drafting, and editing of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring one Party by virtue of the authorship of any of the provisions of this Agreement.

IN WITNESS WHEREOF, each Party has caused this Settlement Agreement to be executed by its duly authorized officers or representatives.

The Board of Trustees of the Leland Stanford Junior University

By: _____

Print Name: _____

Print Title: _____

Date Signed: _____

City of Palo Alto

By: _____

Print Name: _____

Print Title: _____

Date Signed: _____

**PALO ALTO-STANFORD FIRE PROTECTION AGREEMENT
DRAFT TO STANFORD**

This Palo Alto-Stanford Fire Protection Agreement (“Agreement”) is entered by and between the BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY (“Stanford”), a body having corporate powers under the laws of the State of California, and the CITY OF PALO ALTO (“Palo Alto” or the “City”), a chartered municipal corporation duly organized and existing under and by virtue of the laws of the State of California.

RECITALS

WHEREAS, Stanford and Palo Alto entered into the “Palo Alto-Stanford Fire Protection Agreement,” dated October 1, 1976, as amended on September 1, 1980 (“First Amendment”), June 26, 2006 (“Second Amendment”), January 25, 2016 (the “Third Amendment”), on or about October 2016 (the “Fourth Amendment”), and by the fifth amendment that is to be entered into by the Parties before the Effective Date, collectively with all subsequent amendments as referenced below, the “Original Agreement”;

WHEREAS, the Parties enter into a separate mutual termination, settlement and mutual release agreement on the same Effective Date to terminate and settle all claims related to the Original Agreement (the “Settlement Agreement”).

WHEREAS, the parties desire to establish new terms for provision of the Fire Protection Services (as defined in Section 2.1(a) below) under this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, it is agreed as follows:

1 EFFECTIVE DATE AND TERMINATION.

1.1 Effective Date.

This Agreement shall be effective as of July 1, 2018 (“Effective Date”).

1.2 Term.

Unless sooner terminated pursuant to section 1.4 (Option to Terminate) or section 1.5 (Termination for Substantial Failure of Performance), or unless extended by agreement of the parties, this Agreement shall terminate on June 30, 2023 (the “Initial Term”). This Agreement will renew automatically for one (1) five-year term (from July 1, 2023 through June 30, 2028) (the “Renewal Term”), unless either party provides the other with written notice of non-renewal by January 1, 2022. The parties are under no obligation to renew the Agreement. If the Agreement is automatically renewed during the Renewal Term as provided for herein, and the parties agree to begin negotiation of an extension to the term of this Agreement, then the parties shall commence the negotiation on or before July 1, 2026, in order to allow time for an orderly extension of the term, including negotiation of amendments to the substantive provisions of this Agreement, if needed.

1.3 Notice of New Provider.

In the event of non-renewal or termination of the Agreement for any reason, to facilitate the transition to a new provider of Fire Protection Services, the parties shall work together to ensure a smooth transition and Stanford shall share the identity of the party with whom Palo Alto shall work with to begin the transition as soon as possible, which can be a new provider, an intermediary, or Stanford's own operation (the "New Provider"). The Parties acknowledge and agree that it is in their mutual interest to ensure a smooth transition and Stanford shall endeavor to notify the City of the identity of the New Provider at least six (6) months before the effective date of termination. The parties shall work together to begin transition planning as soon as the notice for non-renewal or termination is provided hereunder, and shall endeavor to create a transition plan within 12 months from the date of such notice. Stanford's failure to timely identify the New Provider shall not operate to extend or renew the term of this Agreement beyond the date identified in the notice of non-renewal or the effective date of termination.

1.4 Option to Terminate.

Either party may terminate this Agreement for convenience at any time with two years' written notice of termination, except for modified notice and termination periods as provided in section 3.4.1(f) below. Except for the shorter notice period provided in section 3.4.1(f), the termination shall become effective 2 years from the date of written notice. Stanford shall notify Palo Alto in writing of the New Provider of Fire Protection Services for the Stanford Campus in accordance with Section 1.3 above. The terminating party shall not be liable for any loss or damage caused by a termination pursuant to this section 1.4 and section 3.4.1(f) below. It is expressly provided that termination pursuant to this section may be made with or without cause, for any reason whatsoever, at the sole discretion of the terminating party.

1.5 Termination for Substantial Failure of Performance.

Without limiting any other remedy that may be available, this Agreement may be terminated for a substantial failure of performance pursuant to the following procedure. The party aggrieved by a substantial failure of performance shall, if it elects to exercise its right to terminate pursuant to this Section, serve a written notice describing the substantial failure. If the substantial failure is not cured within 60 days (except as provided in Section 2.6.1(d) below), the aggrieved party may serve a written notice of termination. This Agreement shall then terminate on the earlier of (a) the date that a New Provider is ready to provide Fire Protection Services to the Stanford Campus ("Transition Date"), as determined by Stanford, provided that Stanford has provided Palo Alto written notice of the Transition Date no less than 3 months prior, (b) two years after the delivery of the notice of termination for breach; or (c) the end of the term of this Agreement as set out in section 1.2 (Term), unless the aggrieved party agrees to extend the termination date in writing during the Dispute Resolution process set out in Section 8 hereof. The rights accorded to the aggrieved party by this section 1.5 shall be in addition to any other rights accorded by this Agreement or by law.

2 FIRE PROTECTION SERVICES.

2.1 Stanford Campus - Fire Protection Service Area.

- (a) Palo Alto shall provide firefighting, first responder, rescue, fire investigation,

and such other services as described herein or as provided by the Palo Alto Fire Department within the City of Palo Alto during the Term (collectively, “Fire Protection Services”) under this Agreement to the Stanford Campus, as shown on the map attached as Exhibit A and defined below in section 9.1 (Definitions).

(b) If at any time during the Term of this Agreement the State of California’s Division of Forestry, Menlo Park Fire Department, or the Woodside Fire District, should withdraw primary responsibility for providing fire protection services to those areas indicated in Exhibit A, then this Agreement may be amended, by mutual agreement of the parties in writing, to cover such additional areas.

(c) In the event that the area of the Stanford Campus as defined in this Agreement is expanded or reduced, or there are material changes to the number, size or type of structures, or changes in the number of residents, students, or employees on the Stanford Campus and such material changes result in a material increase or decrease in the utilization of the Fire Protection Services or a material impact on the City’s ability to meet its Response Time Standards, Fire Protection Services resources allocated to Stanford under this Agreement may be modified by the parties as provided under section 2.7(c) of this Agreement or upon mutual agreement in writing.

2.2 Palo Alto Fire Protection Services.

(a) Palo Alto shall provide at least such Fire Protection Services as the Palo Alto Fire Department (“PAFD”) provides within the City of Palo Alto and as are normally rendered by fire departments in San Mateo and Santa Clara Counties, in similar circumstances, at the time such response is made. Without limiting the generality of the foregoing, Palo Alto shall provide fire suppression, technical rescue (including confined space rescue and support), paramedic and medical services, hazardous material response, fire investigation, appropriate technical alarms and other services, and such other services as described in this Section 2, as part of the Fire Protection Services. Palo Alto shall provide Fire Protection Services in a manner consistent with (i) industry standards for similar types of services in the United States; and (ii) the level and quality it provides to the rest of the City of Palo Alto for similar types of services, except as otherwise expressly provided herein.

(b) Palo Alto shall also participate in Stanford’s emergency drills, as appropriate.

2.3 Ambulance Services.

Palo Alto shall provide emergency medical services, including both first responder and Ambulance Service, in the same manner and scope it has done since June 1, 1980 for both the City and the Stanford Campus (which is part of the Santa Clara County). Palo Alto is the approved paramedic services provider as defined under the California Health and Safety Code section 1797.201. This includes pre-hospital, emergency 9-1-1 basic and advanced life support services and ambulance transportation. Except as expressly provided in Section 2.9 below, Stanford shall not pay for ambulance services, including, without limitation, equipment, staffing, administrative and other associated costs in connection with the provision of ambulance service (the “Ambulance Service”), nor shall Stanford receive any revenue credit from cost recovery for Ambulance Service. For the avoidance of doubt, (i) the first responder and other emergency medical services (excluding Ambulance Service) shall be deemed part of

the Fire Protection Service and shall be subject to the Response Time and other performance standards set forth in Section 2.6 hereof; and (ii) even though Ambulance Service is not paid for by Stanford, Stanford shall be entitled to receive the same level of Ambulance Service as Palo Alto provides within the City of Palo Alto and as required by applicable laws. City will bill the transported patients its usual and customary ambulance transportation costs as allowed under Federal and State regulations. Stanford is not obligated to reimburse City for costs not reimbursed by health insurance carriers.

2.4 Fire Investigations, Building and Hazard Inspections.

(a) Palo Alto shall lead investigations of fires on the Stanford Campus in coordination with the Stanford Department of Public Safety and the University Fire Marshal. Nothing herein shall prevent Palo Alto from reporting any violations of law to applicable governmental authorities.

(b) Palo Alto fire crews shall conduct periodic familiarity examinations of buildings on the Stanford Campus, which shall be no less than once a year for key buildings identified jointly by the Stanford Contract Administrator and Chief. Palo Alto shall maintain a campus specific response map by addresses, building numbers and commonly-used place names to ensure rapid response.

(c) Nothing in this Agreement shall be construed to confer on Palo Alto, or any of its agents or employees any law enforcement power or law enforcement authority (including, without limitation, Building and Fire Codes) outside the city limits of Palo Alto, except such powers and authority as would exist in the absence of this Agreement. Similarly, nothing in this Agreement shall be construed as applying to the Stanford Campus any governmental statute, ordinance, code, or regulation, except that which would exist in the absence of this Agreement.

(d) Palo Alto shall provide timely and periodic real-time updates to the Stanford Contract Administrator and other designated communications contacts (if identified by Stanford) of fire investigations, significant hazardous materials spills, and other incidents likely to require coordination with Stanford stakeholders or those likely to generate media attention, as soon as possible and shall endeavor to coordinate with Stanford prior to responding to any media inquiry about such instances. Palo Alto shall promptly share all reports of fire investigations and reports on all responses to alarms within the Stanford Campus to the Stanford Contract Administrator upon completion of the final written reports.

2.5 Stanford Fire Protection Systems.

(a) Stanford in its sole discretion and at its own expense shall install, modify, operate, test and maintain the following fire protection systems on the Stanford Campus:

- 1) All water supply, storage, distribution and outlet facilities and equipment, including without limiting the generality of the foregoing, all fire hydrants, fire standpipe systems, automatic fire extinguishing systems, and like systems;
- 2) All fire detection and fire alarm systems (which will be connected to the Palo Alto 911 communication center); and
- 3) All portable fire extinguishers except those maintained by Palo

Alto in fire stations or on fire vehicles.

(b) Palo Alto shall not be responsible for the design, installation, modification, operation, testing, or maintenance of the systems described in subsection (a) of this section 2.5, except that Palo Alto shall provide periodic fire crew familiarity examinations in accordance with section 2.4 (Fire Investigations, Building/Hazard Inspections) herein along with monitoring with Stanford to ensure that the fire detection and fire alarm systems described in Section 2 are connected to the Palo Alto 911 communication center.

(c) Palo Alto and Stanford shall work together to design and institute a fire alarm reduction program on the Stanford Campus that is customized to meet Stanford's requirements. The program is designed to reduce unwanted, unwarranted and false smoke, fire and water flow alarms. The program shall not be more restrictive than that used in the City of Palo Alto and will not impose fines on Stanford or its residents, tenants and other occupants on the Stanford Campus. Stanford and Palo Alto will work collaboratively to reduce the instances of monitored fire and supervisory alarms.

(d) Palo Alto shall not respond to Supervisory or Trouble Alarms (except for fire pumps) as defined by the National Fire Protection Association (NFPA) National Fire Alarm and Signaling Code Standard 72. When such Supervisory or Trouble Alarms (except for fire pumps) are received in the dispatch center, the alarm details shall be forwarded to the on-duty or on-call technicians in the Stanford Fire Marshal's Office.

2.6 Performance and Monitoring.

2.6.1. Response Time Standard.

(a) Except as otherwise expressly set forth herein, Palo Alto's Response Time Standards should be system-wide and non-discriminatory for applicable neighborhoods of effort. In meeting the Response Time Standards for incidents on the Stanford Campus, Palo Alto shall timely respond with the engine companies and truck companies reasonably expected for the severity of the incident, but in no event less than the response it would normally provide to the rest of the City and Palo Alto shall, at minimum, respond without delay from the time of notice of the alarm to all active fire alarms with at least one apparatus, unless cancelled before arrival. As used throughout this Agreement, "Response Time" shall mean the time elapsed from the receipt by Palo Alto Communication of a request by anyone for emergency assistance, including, but not limited to a report of a fire and/or emergency medical incident and all active fire alarms to the time the first company and/or unit arrives at the scene of the emergency which prompted the request. Palo Alto shall respond to emergency calls for Fire Protection Services (including EMS calls) for the Stanford Campus within the Response Time and apparatus type and performance standards as set by the Palo Alto City Council for the City, except as modified by the minimum performance standards expressly set forth below (collectively, "Response Time Standards").

(b) During the Term, (1) the Response Time Standards for the portion of Stanford Campus that is labeled as "Area A" in Exhibit A, shall meet the Response Time and performance standards set by the City for the urban response zone, and shall be no less than eight minutes Response Time, 90 percent of the time, (2) the Response Time Standards for the non-residential but high pedestrian traffic area that is labeled as "Area B" in Exhibit A, shall be no less than 15 minutes Response Time, 90 percent of the time, and (3) the Response Time

Standards for the remote open-space area that is labeled as “Area C” in Exhibit A, shall meet the Response Time and performance standards set by the City for rural response zone, and shall be no less than 20 minutes Response Time, 90 percent of the time.

(c) Palo Alto shall provide to Stanford quarterly reports of actual system-wide Response Times and actual Response Times for the Stanford Campus as further described in Section 2.6.3 below.

(d) If Palo Alto does not meet the system-wide Response Time Standards required under this Agreement during a preceding quarter, either party may request that the Palo Alto Fire Chief and the Stanford Contract Administrator review Response Time performance and recommend actions to achieve the Response Time Standards.

(e) Palo Alto shall make good faith efforts to reach the Response Time Standards within a reasonable period not to exceed three months after the end of any quarter in which the standard was not achieved. Subject to any Response Time Exception agreed to by the parties as set forth in Section 2.6.4 below, the parties hereby acknowledge and agree that, (i) if any Response Time Standard failure is not cured within six (6) months after the end of any quarter in which the standard was not met; or (ii) if any Response Time Standard is not cured for more than 6 months in any rolling 12-month period, such failures shall be deemed substantial failure to perform and Stanford shall have the right, at its option, to terminate the Agreement pursuant to Section 1.5 of the Agreement, without any additional cure period, upon the occurrence of (i) or (ii) set forth above, notwithstanding anything contained herein to the contrary.

(f) Any issue regarding Response Times that is not resolved between the Chief and the Stanford Contract Administrator will be referred to Stanford’s Vice President and Palo Alto’s City Manager or their designees for resolution. Any issue regarding Response Time that the Vice President and City Manager or their designees do not resolve may be referred to dispute resolution as set out in section 8 (Dispute Resolution) below.

(g) Palo Alto’s failure to meet the Response Time Standards shall not entitle Stanford to a reduction in payments under this Agreement, service credit, or other liquidated damages under this Agreement.

2.6.2. Response Time Performance Measures.

(a) Palo Alto shall measure system-wide Response Time performance in accordance with its Community Risk Assessment and Standards of Cover, unless otherwise specified in this Agreement.

(b) Response Time performance measures shall include the following emergency incidents:

- 1) Fires of all type;
- 2) Emergency Medical Services (“EMS”) calls that are prioritized Charlie (C), Delta (D) and Echo (E) using the Palo Alto’s adopted Medical Priority Dispatching System (MPDS) approved by the Santa Clara County EMS Medical Director;
- 3) Motor vehicle accidents with injuries;

- 4) Rescue assignments to include vehicle accidents with entrapment and all technical rescues; and
- 5) Hazardous Materials incidents designated Level 2 defined as:

An incident involving a greater hazard or larger area than Level 1, and poses a threat to life and property. It may require an evacuation of the surrounding area or sheltering in place.

(c) Response Time performance measures shall not include the following non-emergency incidents:

- 1) Fire alarm calls where there is no confirmation of a fire or other emergency incident;
- 2) Low acuity EMS calls that are prioritized Omega, Alpha (A) and Bravo (B) using the Palo Alto's adopted Medical Priority Dispatching System (MPDS) approved by the Santa Clara County EMS Medical Director;
- 3) Non-injury motor vehicle accidents;
- 4) Minor, non-life or property threatening, Hazardous Materials incidents designated as Level 1;
- 5) Any call where units were cancelled prior to arrival; and
- 6) Service or public assistance calls where no threat to life or property exists.

2.6.3 Response Time Reporting.

(a) Palo Alto shall monitor the actual counts of and Response Times for all incidents responded to occurring within the Stanford Campus in all three areas as identified in Exhibit A. Palo Alto shall provide Response Time reports to Stanford as described below:

- 1) For any emergency incident Response Time performance within Area A of the Stanford Campus where the first arriving unit's Response Time exceeds 8 minutes (or such revised Response Time Standard as adopted by the City in accordance with Section 2.6.1 above), a non-compliance report will be prepared that explains the delay in Response Time. Such reports shall be provided to the Stanford Contract Administrator on a monthly basis provided however, that upon specific request by the Stanford Contract Administrator, a non-compliance report will be sent within three (3) business days of the request.
- 2) At least quarterly, the Palo Alto Fire Chief shall report the following information to the Stanford Contract Administrator or designee:
 - a. Response Time for the first arriving unit for each and all emergency incidents on the Stanford Campus, separated by the three areas identified on Exhibit A;
 - b. Response Time for the first arriving unit for all emergency incidents within Palo Alto City's identified service zones (i.e. Urban vs Rural);
 - c. Response Time for all non-emergency incidents on the Stanford

- Campus, which will be reported but not included in the performance time measures as described in Section 2.6.2(c) above,
- d. Summary of non-compliance reports for responses to the three response areas on Stanford Campus;
 - e. Number of incidents and total time spent for incident response into the City of Palo Alto from the Stanford Fire Station and the number of incidents and total time spent for incident response into Stanford from each of the other non-Stanford stations;
 - f. Recap of significant Stanford Campus' Central Campus incidents;
 - g. Confirmation that it has met the 90% Response Time Standards set forth for all three areas in subsection (a) of Section 2.6.1 (Response Time Standard), or if not met, (i) the parties shall discuss if a Response Time Exception shall apply in accordance with Section 2.6.4(c); or (ii) the City shall provide reasons for non-compliance and the City's proposed remediation plan ("Remediation Proposal"); and
 - h. Upon receipt of City's Remediation Proposal, the Chief and the Stanford Contract Administrator shall discuss and direct or recommend actions to resolve any non-compliance issues in accordance with Section 2.6.4(c) below. The parties shall use good faith to correct any inability to meet the Response Time Standards, within a reasonable time period of no more than 3 months from the date the issues are identified.

(3) The quarterly reports described in this Section 2.6.3, are due within thirty days of July 1, October 1, January 1, and April 1 each fiscal year. Failure to timely provide the reports in accordance with this Agreement, if not cured within the 60 day cure period after Stanford's provision of notice to the City, shall be deemed a substantial failure or performance as set forth in Section 1.5 hereof.

2.6.4 Response Time Performance Impacts Notification by Stanford.

(a) Stanford shall notify Palo Alto on a monthly basis of upcoming construction projects, road network modifications, Stanford campus events, and other material changes that are known to the Stanford Contract Administrator that are likely to adversely impact emergency response performance.

(b) Upon request by the Palo Alto Fire Chief, Stanford shall share with Palo Alto its analysis of the emergency response impact of planned projects and road networks including traffic calming devices, or such other information as reasonably requested by the Palo Alto Fire Chief to evaluate the situation.

(c) Should Stanford's analysis as described above or should the Palo Alto Chief, in accordance with Section 2.7(c) below, identify a potential impact to Palo Alto's ability to meet Response Time standards on the Stanford Campus under this Agreement, the parties shall negotiate regarding the additional resources necessary to mitigate the impact identified and/or

any necessary adjustments to the Response Time standards for the affected areas. Palo Alto Chief may implement actions and adjustments to the extent permitted under Section 2.7(c) below. Otherwise, all other changes shall only be implemented upon mutual agreement by the parties. Furthermore, any adjustments to the Response Time standards to take account of the potential impact shall be approved in writing by the parties (“Response Time Exceptions”), which approval shall specify the areas affected and the date, time and expected duration of the exception.

(d) If planned projects create new hazards, in particular hazards that require additional training or equipment, the parties shall negotiate regarding the additional resources necessary to mitigate the impact identified.

(e) The parties shall use good faith to address any inability to meet the Response Time standards within a reasonable time of no more than 6 months from the date the issues are identified.

2.7 Deployment of Resources.

(a) As of the Effective Date of this Agreement, Palo Alto shall provide the Stanford Fire Station with PAFD personnel and equipment as further described in Exhibit B. The Stanford Fire Station shall be staffed with six daily positions and associated backfill positions necessary for three daily shifts, as further described in Exhibit B. Palo Alto shall equip the Stanford Fire Station with no less than one fire engine, one rapid response vehicle (“RRV”), and one fire ladder truck. As used in this Agreement, Shift Staff shall mean the staff assigned to each station, as shown in Exhibit B.

(b) The Palo Alto Fire Chief has sole operational authority and responsibility for deployment of PAFD personnel and equipment to meet Response Time standards and any other performance standards under this Agreement, subject to Section 2.7(c) below. The parties commit to cooperating in good faith to achieve these standards.

(c) Except for temporary or emergency situations or by agreement of the parties after the Effective Date, the City and the Palo Alto Fire Chief shall not make any material change in personnel or equipment at the Palo Alto and Stanford Fire Stations during the Term except as provided below. The City and Palo Alto Fire Chief may make such changes, upon a minimum of 60 days’ prior written notice, if the City or Palo Alto Fire Chief can demonstrate that the material change in personnel or equipment will not have a disproportionate adverse impact on the Response Times on Stanford Campus, Stanford’s payment obligations, Stanford’s share of the costs relative to the other Palo Alto Stations and relative to actual deployment at the Stanford Fire Station, or otherwise have a material adverse impact to the Fire Protection Services for the Stanford Campus. The written notice shall explain the rationales for implementing the material changes, demonstrate how the material changes can conform to the requirements set forth in the preceding sentence, and provide sufficient information for Stanford to evaluate the likely impact. Subject to the foregoing, Stanford shall provide any objection to the material change within twenty-one days after receipt the written notice from the Palo Alto Fire Chief to the Stanford Contact Administrator. Any dispute as to deployment levels will be first reviewed and addressed by the Chief and the Stanford Contract Administrator. Any issue regarding deployment levels that is not resolved between the Chief and the Stanford Contract Administrator will be referred to Stanford’s Vice President and Palo Alto’s City Manager or their designees for resolution. Any

issue regarding deployment levels that the Vice President and City Manager or their designees do not resolve may be referred to dispute resolution as set out in section 8 (Dispute Resolution) below. For the avoidance of doubt, any increase in cost or share of costs (both relative to the other stations and relative to actual deployment at the Stanford Fire Station) that may result from the City or Palo Alto Fire Chief's exercise of the rights granted under this section shall not become effective unless the increase is approved by the parties via a written amendment to Exhibit B.

2.8 Dispatching and Communications.

Dispatching and emergency communications shall be covered by a separate dispatch service agreement between the parties and should be excluded from the Cost Allocation Methodology. Palo Alto shall exclude all fees payable by Stanford under such dispatch service agreement (including any overheads already allocated to Stanford under the dispatch services agreement), if any, from the calculation of costs payable by Stanford hereunder.

2.9 Events.

(a) For routine events on Stanford Campus that do not require a heightened level of fire protection services resources, Palo Alto will provide the usual and customary Fire Protection and EMS services in accordance with the Agreement.

(b) For Designated On-Site Presence Events (as defined below), Palo Alto shall provide the services described below for no additional fees: (1) a dedicated crew of five (5) personnel, cross-staffed to perform fire-fighting and ambulance service; (2) within the five (5) personnel crew, there shall be an officer (minimum of captain) who will attend pre-event briefings and remain at the venue joint command post for the duration of the event; and (3) within the five personnel staffing and assigned apparatus, there shall be at least one onsite dedicated ambulance unit staffed by 2 personnel. As used herein, "Designated On-Site Presence Events" shall be defined to include Stanford NCAA home football games, Commencement including related graduation ceremonies, and any 2 events as designated by Stanford per contract year when the attendance at a venue is expected to exceed 20,000 persons.

(c) For any event that (1) could require the on-site presence or a heightened level of fire protection emergency response at the event venue, such as a visit by a controversial speaker to deliver a speech to a large audience on Stanford Campus, but is not a Designated On-Site Presence Event as defined above, or (2) is a Designated On-Site Presence Event and is determined by Stanford to require additional support beyond the level described in Section 2.9(b) above, Stanford shall notify the City in advance of the event and the parties shall discuss the appropriate staffing and preparation in advance of the event, including any stand-by-ambulance service if requested by Stanford. The City will invoice Stanford based on hourly actual costs incurred by Palo Alto plus overhead, per the staffing plan mutually agreed to by the parties. For Designated On-Site Presence Events that require additional support beyond the level described in Section 2.9(b) above, Stanford shall be invoiced only for the portion of the services beyond what is provided under Section 2.9(b) above.

(d) Stanford may obtain additional stand-by-ambulance service from Palo Alto, via third party vendors contracted by the City ("Authorized Ambulance Providers"), for any event if Palo

Alto does not agree to provide its own ambulance service as provided in Section 2.9(c) above, provided that (i) Palo Alto shall ensure that such Authorized Ambulance Providers adhere to the County of Santa Clara Emergency Medical Services Agency, and the City of Palo Alto's protocols as required under applicable laws and regulations; and (ii) the City shall contractually require the Authorized Ambulance Providers to provide at least the same level of service as they provide to the City and to deliver the services in accordance with the agreements between the City of Palo Alto and such Authorized Ambulance Providers, with Stanford as the intended third party beneficiary to the terms set forth therein for services provided to Stanford hereunder. Palo Alto will invoice Stanford the amounts the City is obligated to pay under its contracts with the Authorized Ambulance Providers without any markup, and shall provide cost estimates to Stanford prior to the engagement. Palo Alto shall complete in a timely manner any and all authorizations required by the County Emergency Medical Services Agency to enable such arrangement. Palo Alto agrees that Authorized Ambulance Providers shall be authorized to perform ambulance transports for requests originating within the defined perimeter of the venue if Palo Alto's ambulance is not available to provide the transport, and with the goal that the closest available ambulance unit should be authorized to make the most expeditious transport unless the City's discretion to do so is limited by applicable laws, regulations, or the City's contractual obligations with the Authorized Ambulance Providers. The parties also acknowledge and agree that the decision by Palo Alto to allow an Authorized Ambulance Provider shall not be deemed an abdication of Palo Alto's rights or obligations pursuant to California Health and Safety Code section 1797.201.

3. STANFORD PAYMENTS.

3.1 Cost Allocation Methodology.

The parties agree to a "Cost Allocation Methodology" that equitably allocates costs based upon the resources assigned during the Term to each of the seven PAFD Fire Stations while dividing shared resources system-wide based upon actual deployment of personnel and resources per fire station during the Term, as provided for in the Cost Allocation Methodology Model and associated assumptions and explanations that are attached hereto and incorporated herein as Exhibit B-1 and Exhibit B -2 of this Agreement (collectively, Exhibit B). Upon request, at least annually, the City shall also provide Stanford with a copy of an active excel spreadsheet with built-in formulas based on the Cost Allocation Methodology for the current fiscal year so Stanford can verify the payment calculation on its own, provided however, that the Parties acknowledge that in the event of conflict between the active spreadsheet and the terms of this Agreement, this Agreement shall control. The Cost Allocation Methodology captures the full cost of the PAFD and the associated Citywide Overhead (defined below). Stanford's payments for Fire Protection Services shall be based on its allocated share of costs under the parties' agreed-upon Cost Allocation Methodology. The parties agree that the Cost Allocation Methodology and any subsequent changes made thereto as permitted hereunder shall adhere to the following principles: (i) Stanford shall only pay for its proportionate share of costs that is based on actual costs incurred and timely billed during the Term as agreed to per the Cost Allocation Methodology set forth herein, (ii) Stanford shall not be responsible for increases in a fire budget due to a disproportionate allocation (as measured historically) of interdepartmental and other non-personnel overhead costs to the fire department that could be disproportionately increased to make up for other City General Fund

structural budget deficits; (iii) the Cost Allocation Methodology and Stanford's total percentage share of the cost may not be modified unless mutually agreed to by the parties in writing as permitted under this Agreement; and (iv) as previously stated in Section 2.3, Stanford shall not pay for Ambulance Service, including Direct Station Costs, Shared Resources Costs, Administrative Costs, or otherwise associated with the Ambulance Service.

3.2 "Allocated Cost" Defined.

"Allocated Cost" shall mean Stanford's Direct Station Costs (defined below) and Stanford's allocated share of Shared Resources Costs (defined below), Administrative Costs (defined below), and Citywide Overhead associated with Palo Alto providing Fire Protection Services as determined under the Cost Allocation Methodology, and as further described below, but specifically exclude any costs for Ambulance Services or fire prevention services.

3.3 Allocated Cost Components.

3.3.1 "Direct Station Costs" Defined.

(a) As used herein, "Direct Station Costs" shall include the direct costs to Palo Alto of providing Fire Protection Services to areas within Palo Alto City limits or to the Stanford Campus for each of the stations based on consistent application of generally accepted accounting principles and practices that result in equitable charges to such services, as further detailed in Exhibit B, and based on the following methodology:

- 1) Salaries and benefits based on the average salary and benefits per job classification type using actual data used in the development of the applicable Palo Alto Adopted Fiscal Year Budget and the number of employees at each fire station that is allocated as that station's Direct Station Costs;
- 2) The Actuarially Determined Contributions (ADC) payments for Palo Alto's CalPERS retirement contributions, other post employment benefit costs, and Stanford's proportionate share of supplement contributions paid by the City into a Section 115 Trust equivalent not to exceed 10% of the annual ADC. Pre-funding or other payments above the aforementioned amount will only be included into the cost share formula for this Agreement by mutual agreement confirmed in writing;
- 3) Uniforms based upon the distribution of uniformed personnel in PAFD by dividing the PAFD annual uniform budget by the total number of PAFD uniformed personnel, excluding PAFD uniformed personnel in the prevention division, and applying the resulting per employee cost to total number of positions per fire station;
- 4) Service delivery supplies (e.g. medical supplies, small tools) based upon the distribution of PAFD Shift Staff in PAFD by dividing the PAFD annual service delivery supplied budget by the total number of PAFD Shift Staff and applying the resulting per employee cost to the total number of PAFD Shift Staff positions

per fire station; and

- 5) Fleet maintenance and replacement costs based on the allocated charges to each station from the Palo Alto Public Works Department for the maintenance and replacement of the equipment at each fire station

3.3.2. “Shared Resources Costs” Defined.

(a) As used herein, “Shared Resources Costs” are the costs for resources shared by all seven PAFD stations which are allocated proportionately based upon annual operating hours of the PAFD stations. All PAFD stations operate the same number of hours each year except PAFD Station 8, which is a seasonal station and operates only on high fire danger days for a 12-hour period. With approximately ten high fire danger days each year, PAFD Station 8 is expected to operate for 120 hours each year.

(b) “Shared Resources Personnel and Equipment” shall include a Battalion Chief, Breathing Support Unit, Wildland Engines, Specialty Equipment Trailers and Reserve Engines. Staffing for shared resources includes one daily position (the Battalion Chief) which constitutes to three overall positions (three shifts) and no backfill positions for a total of three overall positions. Salary and benefits for Shared Resources Personnel shall be based on the classification type and number of employees, the cost of which is allocated across each fire station by station percentage of total operating hours.

(c) Uniform Costs for Shared Resources Personnel shall be allocated based upon the distribution of uniformed personnel in the PAFD by dividing the PAFD’s annual uniform budget by total number of uniformed personnel and applying the resulting per employee cost by the total number of Shared Resources Personnel positions, and allocating the costs proportionately among the fire stations based upon total operating hours.

(d) Service delivery supply costs for Shared Resources Personnel shall be allocated based upon Shift Staff in the PAFD by dividing the PAFD’s annual cost of service delivery supplies by the total number of Shift Staff and applying the resulting per employee cost by the total number of Shared Resources Personnel positions, and allocating the costs proportionately among the fire stations based upon total operating hours.

(e) Fleet maintenance and replacement costs for Shared Resources Equipment shall be allocated based on the allocated charges to the PAFD from the Palo Alto Public Works Department for the maintenance and replacement of the Shared Resources Equipment.

(f) Administrative costs for the Shared Resources Personnel shall be allocated based upon the Shared Resources Personnel positions and allocating the costs proportionately among the stations based upon total operating hours.

3.3.3 “Administrative Costs” Defined.

(a) As used herein, “Administrative Costs” shall include Fire Administration Costs, Support Services Costs, Information Technology Costs, Utilities Costs, and Fleet maintenance and replacement costs, as each is defined below, but specifically excludes any disaster emergency management services or fire prevention services.

(b) “Fire Administration Costs” include the salary and benefits based on the classification type and number of employees assigned to Fire Administration, as well as all

training, service and supply costs attributed to Fire Administration activities and shall be allocated across each fire station based upon the percentage of full-time equivalent positions (“FTE”) in each fire station.

(c) “Support Services Costs” include employee training and recruitment costs, EMS administration (but excluding costs directly related to Ambulance Service), and facilities management costs and shall be allocated based upon the number of personnel assigned to a fire station and then divided among the stations based upon operating hours.

(d) “Information Technology Costs” are based on the allocated charges to the PAFD from the Information Technology Department for the acquisition, maintenance and support of technology attributed to the Shared Resources personnel and shall be allocated across each PAFD fire station by FTE proportion.

(e) “Utilities Costs” are based on the allocated charges to the PAFD from the Palo Alto Utilities Department for the use of gas, electricity, water, sewer and garbage and are based on actual use from the prior year, unless otherwise already paid for by Stanford or covered by other agreement(s) between the parties. These costs are then allocated across each fire station based upon square footage of each station. No utility costs shall be allocated to the Stanford Fire Station under this Agreement as long as Stanford pays utilities directly for the Stanford Fire Station.

(f) “Fleet maintenance and replacement costs” are based on the allocated charges to the PAFD from the Public Works Department for the maintenance and replacement of the vehicles used by Fire Administration and Support Services personnel and shall be allocated across each PAFD fire station by FTE proportion.

3.3.4 “Citywide Overhead” Defined.

Citywide Overhead includes the total costs charged to the PAFD for shared administrative support provided by other departments/offices (e.g. City Attorney, City Auditor, City Clerk, City Manager, Administration Services, Human Resources, and Facilities Maintenance), but excluding the Director of the City Communication Center, to the non-administrative General Fund Departments, to the extent permitted under Federal Grant Payment Rules for state and local governments overhead charges. A systematic and rational methodology is used to calculate the amounts allocated depending on the nature of the overhead charge, determined by each administrative support and other department/office, as applicable.

3.4 Allocated Cost Calculation.

A baseline Cost Allocation Methodology will be completed based on the Fiscal Year 2018 Adopted Budget. Palo Alto will recalculate using the Cost Allocation Methodology after City Council’s adoption of a successor memorandum of agreement with the International Association of Firefighters (IAFF). In interim years, an Annual Cost Allocation Adjustment will be applied as defined further below.

3.4.1 Annual Costs Allocation Adjustment.

(a) An Annual Cost Allocation Adjustment will be applied to years between Cost Allocation Methodology calculations and will be based on the percentage change year over year from the Palo Alto’s Adopted Fiscal Year Budget. Advance notification of the estimated

percentage increase shall be provided to Stanford through Palo Alto's proposed budget process, which shall be no later than June 30th of the prior year (known as the "June Estimate").

(b) To accommodate the Stanford fiscal year budget planning process, no later than February 1 of each year during the term of this Agreement, Palo Alto shall deliver to Stanford a preliminary estimate of the Fire Protection Services allocated cost to Stanford under the parties' Cost Allocation Methodology for the next projected Palo Alto fiscal year ("February Forecasted Allocated Cost"). Should Stanford wish to meet to discuss the basis for the Forecasted Allocated Costs for the next fiscal year, Stanford must notify Palo Alto in writing no later than May 31st.

(c) In addition to the February Forecasted Allocated Cost and June Estimate, Palo Alto shall notify Stanford of the final Costs Allocation Adjustment annually by July 31st of the prior year ("Final Cost Adjustment"), and Palo Alto shall provide all data reasonably requested by Stanford to verify the calculation by August 15th of that year. This calculation will result in the "Adopted Cost Allocation".

(d) Palo Alto shall use its best efforts to prevent the Adopted Cost Allocation from exceeding February Forecasted Allocated Cost, and shall keep and maintain an audit trail of all relevant expenses.

(e) If Palo Alto fails to timely provide Stanford the June Estimate, February Forecasted Allocated Cost, or Final Cost Adjustment in accordance with this Agreement, Stanford's payment for the Adopted Cost Allocation will be equitably delayed, without interest, for each day of delay by Palo Alto.

(f) At any time during the Term, if the total annual cost percentage increase for Stanford's Adopted Cost Allocation (vs. the prior year's Adopted Cost Allocation) is more than the percentage increase for the annual average salary and benefits per job classification type for the positions assigned to Station 6 vs the prior year, (the "Annual Adjustment Cap"), Stanford shall have the right, upon written notice to the City, to renegotiate the cost model and shall only pay up to the Annual Adjustment Cap (instead of the Adopted Cost Allocation) until a new cost methodology is agreed to by the parties in writing. If the parties fail to reach an agreement within a year, either party may issue a termination notice in accordance with Section 1.4 above and the effective date of termination shall be one (1) year from the date of written notice.

3.5 Capital Acquisitions and Capital Costs.

(a) Palo Alto shall provide Stanford with the Annual Capital Improvement Plan as approved by City Council.

(b) "Capital acquisitions" shall mean the purchase, acquisition, lease of greater than one year, or fabrication of equipment (other than minor equipment), and any other acquisition of a right to use such equipment.

(c) "Capital Costs" shall mean the monetary costs of any purchase, acquisition, lease of greater than one year, or fabrication of equipment (other than minor equipment), and any other acquisition of a right to use such equipment.

(d) Palo Alto's purchase, acquisition, lease, development, landscaping, construction, substantial improvement and substantial alteration of real property or of

buildings, structures, roads or other improvements of real property, and the acquisition of a right to occupy or use such real property, buildings, etc., shall be without cost to Stanford.

(e) **Capital Costs Related to Vehicles/Equipment.** Stanford shall reimburse Palo Alto for Capital Costs related to vehicles and equipment under the Cost Allocation Methodology on an annual basis for vehicles and equipment specified in Exhibit B (currently one engine, one RRV, and 50% of the fire ladder truck). As part of the Shared Resources Equipment (as specified in Exhibit B), including Cost Allocation Methodology, costs associated with the replacement of vehicles and equipment shall be incrementally charged based on a replacement cycle schedule under Palo Alto's existing policy that requires that a pro-rated value annually be charged to Palo Alto departments and reserved in the Vehicle Replacement & Maintenance Fund. Costs to Stanford for future replacement of equipment used system-wide as Shared Resources Costs as well as Direct Station Costs associated with equipment directly used will be allocated as set forth in the Cost Allocation Methodology.

(f) However, should this Agreement terminate, the City may at its option, either (1) refund Stanford for the vehicles and equipment replacement charges paid by Stanford during the Term; or (2) sell any vehicles and/or equipment purchased for the Stanford Fire Station to Stanford and Stanford shall pay the City the depreciated value up to the expected life cycle replacement cost that the replacement charges were based on, for such vehicles and/or equipment. The Cost Allocation for Stanford under the current Cost Allocation Methodology provides for one fire engine, one RRV, and 50 percent of one fire ladder truck. Stanford's Capital Cost contributions will be accounted for separately by Palo Alto to facilitate the refund or the calculation of residual end of agreement purchase cost(s) in the event of the termination of this Agreement, as provided above. The accrued equipment/vehicle replacement payments shall be reported annually as part of the reconciliation report described in Section 3.7 below. All other vehicle costs associated with Shared Resources Equipment, including the Wildland Engines, shall remain with Palo Alto.

(g) **Capital Costs Related to Improvements to the Stanford Fire Station.** Stanford shall reimburse Palo Alto for Capital Costs related to any enhancements or necessary retrofitting of the Stanford Fire Station under the Cost Allocation Methodology Model on an annual basis in accordance with this section, but specifically excluding the training tower located at the Stanford Fire Station. Any station enhancements or modifications that are specific to the Stanford Fire Station alone and are not being implemented system-wide as part of an overall upgrade/change to Palo Alto's fire service provision must be reviewed and approved by Stanford in writing prior to implementation. Stanford reserves the right to implement necessary facility improvements to the Stanford Fire Station that do not also involve other Palo Alto fire stations using Stanford's own approved contractors. In the event that Palo Alto makes system-wide changes, such as upgrading the fire crew alert system, in all fire stations in the Palo Alto's first responder system, Stanford shall reimburse for the costs associated with the acquisition of materials and installation for the Stanford Fire Station. In the event that a specific station calculation is not feasible, Stanford shall pay the proportional share based on the number of stations impacted by the capital improvement. For example if the capital investment was constructed in all six stations, Stanford would reimburse 1/6 of the total project cost. However, if the system was installed in three stations, of which the Stanford Fire Station is one of the three, Stanford shall reimburse 1/3 of the total project cost. With respect to the training tower that is currently located at the Stanford Fire Station, the parties hereby

acknowledge and agree all above-the-ground repairs and upkeep shall be shared among the stations (i.e. Stanford shall be responsible for 1/6th of the costs) and that Stanford does not guarantee the City's use of that ground if the station is moved or if Stanford needs the ground for a different use. If the station is moved, Stanford shall provide notice to the City in accordance with Section 4.7 hereof. If Stanford needs the ground for a different use, it shall endeavor to provide reasonable advance notice to the City to allow the City to relocate the training tower.

(h) **Personnel-Related Capital Costs.** Stanford shall reimburse Palo Alto for personnel-related Capital Costs for equipment necessary for individual PAFD fire and rescue personnel who are paid for by Stanford for the Stanford Fire Station to safely complete their duties, which would include self-contained breathing apparatus, breathing apparatus. Such costs would be allocated based on the proportional share of total positions as described in the Cost Allocation Methodology.

(i) For the avoidance of doubt, Stanford is not responsible for ambulances or any related replacement or maintenance costs.

3.6 Payments.

(a) During each fiscal year hereof, Stanford shall pay Palo Alto its Adopted Cost Allocation as determined under the parties' Cost Allocation Methodology for such fiscal year in equal quarterly installments, each installment to be paid by the 30th day following the quarterly payment date or by the 30th day following Stanford's receipt of an invoice for the quarterly payment, whichever is later, unless otherwise adjusted per Section 3.4.1 (e), Section 3.4.1(f), or Section 3.7. The invoice dates for each quarter shall be as follows:

First quarter	September 30
Second quarter	December 31
Third quarter	March 31
Fourth quarter	June 30

Payments shall be delivered to:

Administrative Services Director
250 Hamilton Avenue
Palo Alto, California 94301

The first invoice shall include detailed calculation and relevant supporting documents as reasonably required for Stanford to verify the calculation for its payment obligation for the new fiscal year. The payments payable under this Agreement (inclusive of the Capital Acquisitions and Costs payable hereunder) represent the entire fees for the Fire Protection Services, and shall cover all personnel, apparatus and other costs.

(b) For the avoidance of doubt, the fees for Fire Protection Services from July 1, 2018, to June 30, 2019, shall be based on the numbers set forth in Exhibit B-1 hereof, which will be deemed as Final Cost Adjustment for this fiscal year.

(c) Palo Alto shall deduct the Apparatus Credit from the fourth quarter invoices during the Term in accordance with the terms set forth in Section 3 of the Settlement Agreement.

3.6.1 Capital Payments.

Palo Alto will invoice Stanford based on actual expenditures identified as Capital Acquisitions and Costs, with each installment to be invoiced pursuant to section 3.6 (Payments) above.

3.7 Reconciliation of Adopted Allocated Cost vs. Actual Allocated Cost.

On or before the submission to Stanford of the second quarter invoice of any given fiscal year, Palo Alto shall report final prior fiscal year PAFD actual costs versus the PAFD Adopted Budget including overhead charges (not typically displayed in the budget documents) and shall include detailed calculations of adjusted payments and relevant supporting documents as reasonably required for Stanford to verify the calculations.

(a) If the PAFD actual costs fall below the PAFD Adopted Budget, Palo Alto shall credit Stanford its share of the entirety of such savings based on the proportional share of the Cost Allocation Methodology model, which credit shall be applied to the second quarter's invoice payable under Section 3.6 above.

(b) If the PAFD actual costs exceed the PAFD Adopted Budget, then Stanford shall pay to Palo Alto its share of the entirety of these costs based on the proportional share of the Cost Allocation Methodology Model, subject to the terms set forth in Section 3.4.1(f) hereof, if applicable.

Palo Alto will provide Stanford with an invoice for all amounts due by Stanford pursuant to this section 3.7(b) and the payment shall be due 45 days after the receipt of the invoice by Stanford.

3.8 Late Payments.

If Stanford shall fail to pay any sum to Palo Alto when due, then such late payment shall accrue interest on a daily basis at the rate equal to the current annualized yield earned by the City's investment portfolio for the prior fiscal quarter, until fully paid, except as provided in Section 3.4.1 (e) or Section 3.4.1(f) above.

3.9 Reporting.

Stanford and Palo Alto staff will communicate quarterly to discuss the delivery of Fire Protection Services (including any proposed material changes in service to Stanford), any performance and operational issues not already covered by the response time reports described in Section 2.6(b) above, the terms of this Agreement, and financial updates, including an update on: the next fiscal year budget; current fiscal year expenditures; the capital plan, budget and assumptions; long-range plan and assumptions; and any contractual or other arrangement that may materially impact Stanford's expenses under this Agreement. Meetings can be scheduled to optimize the transmittal of updated financial information from Palo Alto for the Stanford budget process. Review of information may include:

- (a) Annual long range financial plan by month of February;
- (b) PAFD budget proposal submitted to Palo Alto's Finance Committee by the month of June;
- (c) Update of the PAFD budget monitoring, including a Budget to Actual report by expense group;

- (d) Portions of the Palo Alto Finance Committee “wrap up memo” which outlines changes to the PAFD budget proposal by the month of June;
- (e) The final budget for the PAFD approved by the City Council by the month of July;
- (f) Updated five-year capital plan annually by the month of July; a status update of capital acquisitions if there is material change; and
- (g) Annual Citywide Performance Report on the services delivered under this Agreement.

4 STANFORD FIRE STATION.

4.1 Operation of Stanford Fire Station.

Beginning on the Effective Date and continuing until the expiration, non-renewal or termination of this Agreement (as set forth below), Palo Alto, as an independent contractor and not as a lessee or tenant, shall occupy and operate the Stanford Fire Station (the “premises”). Palo Alto shall neither abandon nor vacate the premises without Stanford’s prior written approval except upon expiration, non-renewal or termination under Sections 1.2 (Term), 1.3 (Non-Renewal—Notice of New Provider) or 1.4 (Option to Terminate).

4.2 Use.

(a) Palo Alto shall use the premises solely for the purpose of providing Fire Protection Services, fire department-wide fire crew training at the training tower, and community risk reduction education programs (such as, but not limited to public self-help training programs) as are set forth in this Agreement.

(b) Palo Alto agrees that it will not commit or permit waste on the premises, shall allow no nuisances to exist or be maintained therein, and shall allow no spirituous, vinous, malt or other intoxicating liquors to be manufactured, stored, sold, consumed or permitted on, in or about the premises.

4.3 Conditions of Premises and Maintenance.

(a) Palo Alto shall keep the premises (i.e. the Stanford Fire Station) in a safe, neat and clean condition meeting at minimum, building and fire codes and the safety standards of Cal OSHA. Palo Alto shall also maintain in good working order, and replace when necessary, all furnishings, appliances, and minor fixtures, including those which have been transferred to Palo Alto. Palo Alto agrees not to remove any of said furnishings, appliances, or fixtures from the premises, except with the prior written approval of Stanford, and to deliver same to Stanford at the termination of this Agreement in good condition, reasonable wear and tear thereof excepted.

(b) Notwithstanding subsection (a) of this Section 4.3, Palo Alto at any time may and, upon any termination or expiration of this Agreement if so requested in writing by Stanford, shall remove from the premises any trade fixtures or equipment installed therein by Palo Alto, whether or not such fixtures are fastened to the improvements on the premises and regardless of the manner in which they are so fastened, but Palo Alto shall not remove any trade

fixtures without Stanford's written consent if such removal would result in impairing the structural strength of such improvements, and Palo Alto shall fully repair any damage occasioned by such removal and leave the improvements in a good, clean and neat condition. For the purposes hereof, fixtures or equipment installed by Palo Alto and relocated by Stanford pursuant to Section 4.7 (Relocation by Stanford of Stanford Fire Station) shall be deemed to have been installed by Stanford.

(c) Stanford shall maintain in good condition and repair the grounds surrounding the premises, the walls, ceiling, floors, and other structural components of the premises, the plumbing, heating and cooling systems, electrical conduits, outlets, switches and emergency generators. Stanford shall provide parking for on-duty personnel at the Stanford Fire Station.

4.4 Alterations.

Palo Alto shall not make or suffer to be made any alterations of or additions to the premises, the improvements thereon, or any part thereof without first obtaining the written consent of Stanford first, and any additions to or alterations of the premises, except movable furniture and trade fixtures, shall become a part of the realty and belong to Stanford, provided, however, that if so notified by Stanford at the time Stanford consents to such alteration, Palo Alto shall, prior to such termination, at its sole cost remove such alterations or additions so specified and restore the premises to their condition existing at the Effective Date of this Agreement.

4.5 Mechanics' Liens.

Palo Alto agrees to keep all of the premises and every part thereof and any improvements thereon free and clear of and from any and all mechanics', materialmen's or other liens for work, labor, services or materials used or furnished to be used upon the premises for or in connection with any operations of Palo Alto, any alteration, improvement or repairs or additions which Palo Alto may make or permit or cause to be made or any work or construction by, for or permitted by Palo Alto on the premises and at all times promptly and fully to pay and discharge any and all claims upon which any such lien may or could be based and to save and hold Stanford and all of the premises and any improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Palo Alto agrees to give Stanford written notice in advance of making any alteration, addition or improvement so that Stanford may post notice of Stanford's non-responsibility.

4.6 Destruction of Premises.

(a) If the premises are totally or partially destroyed or damaged by any cause, Stanford shall be responsible for rebuilding or replacing the destroyed or damaged portion of the premises with materials and to the design at least equivalent to those existing prior to the destruction or damage within a reasonable time, not to exceed one year. Until the destroyed or damaged portions are fully and permanently rebuilt or replaced, Stanford shall provide reasonable temporary facilities to Palo Alto, and Palo Alto shall continue to perform in accordance with this Agreement to the extent reasonably permitted by such temporary facilities. Costs of the rebuilding or replacement shall be borne as hereinafter set forth.

(b) Stanford shall insure the entire building in which the premises are located,

including all improvements thereto. Such policy of insurance shall include provisions for:

- 1) A ninety percent (90%) replacement value.
- 2) A blanket amount for building and contents.
- 3) Fire, extended coverage, vandalism and malicious mischief, and such other perils ordinarily insured by Stanford on its own properties.
- 4) A provision that the replacement cost can permit reconstruction on another site.

The ninety percent (90%) replacement value of the building and property to be insured as of the Effective Date is _____ [_____ Dollars] (\$_____.00). As long as this Agreement is in effect, the staffs of Stanford and Palo Alto shall agree to a statement setting forth the then current ninety percent (90%) replacement value of the building and property to be insured within sixty (60) days of the anniversary date of this Agreement.

The “replacement value” shall be deemed to be the cost to rebuild or replace the destroyed or damaged property with like materials and to the design at least equivalent to those existing prior to destruction or damage, increased by the cost of any change which would be required by applicable governmental regulations.

The cost of said insurance shall be borne jointly by Palo Alto and Stanford on a pro rata basis reflecting the relative percentage of the square footage used by each.

Any deductible applicable under said insurance policy to a particular claim shall be shared by Palo Alto and Stanford on a pro rata basis in accordance with their respective interest in, and the extent of damage to, the portion of the building and/or items destroyed or damaged, provided that neither party has primary or secondary liability for the destruction or damage. Any damages, claims or liabilities not covered by said insurance policy shall be governed by the provisions of section 7.6 (Indemnity) hereof.

(c) Neither partial nor total destruction of the premises shall cause this Agreement to terminate.

(d) Nothing in this Section 4.6 shall be construed as waiving or releasing either party from any liability or obligation arising from this Agreement or by law, including without limitation liability for negligence or willful acts.

4.7 Relocation by Stanford of Stanford Fire Station.

Stanford may relocate the premises to a different portion of the Stanford Campus or to any other building then existing so long as such new premises are reasonably comparable to the previous premises, and such relocation may or may not include the training tower at the Stanford Fire Station. Such relocation may be effected at any time and for any reason. Palo Alto shall not have any right to any particular location or design of the premises, but Stanford will consider Palo Alto’s technical input. When the final move date is determined, Stanford shall give Palo Alto 120 days’ prior written notice of such relocation and, before the expiration of such 120 days, Palo Alto shall have completely vacated the previous premises and shall have completely relocated to the new premises. All cost and expense of removing, transporting,

and installing all furniture, appliances, fixtures and equipment from the previous premises to the new premises shall be borne by Stanford. Palo Alto shall be relieved of its obligation to meet or exceed the level of services, set forth in Section 2 (Fire Protection Services) hereof, but only to the extent it is prevented from doing so during and by the relocation of the premises.

4.8 Public Utilities.

All water, gas, electricity or other public utilities used upon or furnished to the premises (except telecommunication service) during the term hereof shall be paid by Stanford, provided that the quantities thereof shall at all times be reasonable for the use of the premises herein provided. Palo Alto agrees to use the premises in accordance with reasonable guidelines, programs and policies for energy conservation promulgated by Stanford.

4.9 Rights Reserved.

No leasehold interest or other interest in real property is created by this Agreement.

5 PERSONNEL.

5.1 Independent Contractor Relationship.

This Agreement creates only an independent contractor relationship between Stanford and Palo Alto and shall not be construed as creating an employer-employee relationship. Firefighters and other employees engaged by Palo Alto shall be employees of Palo Alto and not the employees of Stanford for any purpose, and all such firefighters and other employees shall be under Palo Alto's supervision, direction and control.

6 ASSIGNMENT; ANNEXATION.

6.1 No Assignment.

Except as expressly provided herein, neither Palo Alto nor Stanford shall voluntarily or involuntarily assign, delegate, subcontract, pledge, hypothecate, or encumber any right, duty or interest, in whole or in part, in or of this Agreement.

6.2 Assignment to Fire Protection District.

(a) If part of the Stanford Campus shall be included in a fire protection district, then the appropriate part of the rights, duties, and interests hereunder may be assigned to said fire protection district. If such assignment is refused, in whole or in part, by such district, then this Agreement shall be amended so, as to terminate the rights, duties and interests refused by the district.

(b) If all of the Stanford Campus shall be included in a fire protection district, then all of Stanford's interest in this Agreement and the duties required of Stanford hereunder may be assigned to said district. If said district shall refuse to accept such assignment, then this Agreement shall be terminated as provided in section 1.4 (Option to Terminate). If said district shall refuse to accept a part of such assignment, then this Agreement shall be amended so as to terminate the rights, duties and interests refused by the district.

(c) The assignments referred to in this section 6.2 shall be tendered to the fire

protection district as soon as possible after the district is formed.

(d) If any governmental entity, other than Palo Alto, assumes responsibility for providing full fire protection services to part or all of the Stanford Campus, then the provisions of this section 6.2 shall apply to such entity in the same manner as if such entity were a fire protection district.

6.3 Annexation.

If all or any part of the Stanford Campus hereafter is annexed to Palo Alto, then this Agreement shall terminate as to the lands so annexed and the costs funded by Stanford shall be revised accordingly.

7 MISCELLANEOUS.

7.1 Notices.

All notices, demands or other writings in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered or certified and postage prepaid, and addressed as follows:

To Stanford: Director of Public Safety
Stanford University
711 Serra Street
Stanford, California 94305

Copy to: Vice President and General Counsel
Stanford University
Building 170, Third Floor, Main Quad
P.O Box 20386
Stanford, California 94305

To Palo Alto: City Clerk
City Hall
250 Hamilton Avenue
Palo Alto, California 94301

Copy to: City Manager
City Hall
250 Hamilton Avenue
Palo Alto, California 94301

The address to which any notice, demand or other writing may be given or made or sent to any party may be changed by written notice given by such party as above provided.

7.2 Governmental Laws and Regulations.

Palo Alto and Stanford agree to comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations which

affect this Agreement or any activity, duty, obligation, performance, or occupancy or use of real or personal property which arise from this Agreement.

7.3 No implied Waiver.

Neither party may waive or release any of its rights or interests in this Agreement except in writing. Failure to assert any right arising from this Agreement shall not be deemed or construed to be a waiver of such right.

7.4 No Third Party Beneficiaries.

This Agreement shall not be deemed or construed to confer upon any person or entity, other than the parties hereto, any right or interest, including, without limiting the generality of the foregoing, any third-party beneficiary status or any right to enforce any provision of this Agreement.

7.5 Insurance.

(a) During the term of this Agreement, each party hereto shall procure and maintain in full force and effect (i) bodily injury liability insurance and (ii) property damage liability insurance with a combined single incident limit of not less than Five Million Dollars (\$5,000,000.00) per occurrence. All of such insurance shall inure (to the extent of the aforesaid limits, subject, however, to such changes in said limits as may be made from time to time as set forth below) to the performance by such party of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property in Section 7.6 (Indemnity) hereof.

(b) If either party shall at any time deem the limits of any of such insurance then carried to be either excessive or insufficient, or the cost thereof to be prohibitive, the parties shall endeavor to agree upon the proper and reasonable limits for such insurance, if any, then to be carried. If the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance, if any, then to be carried shall be determined by an impartial third person chosen by the Presiding Judge of the Superior Court of the County of Santa Clara, acting in an individual and not a judicial capacity, upon application by either party made after thirty (30) days' prior written notice to the other party of the time and place of such application, and the decision of such impartial third person as to such limits then to be carried shall be binding upon the parties. Such insurance, if any, shall be carried with the limits as thus agreed upon or determined until such limits shall again be changed pursuant to the provisions of this subsection (b). The expenses of such determination shall be borne equally between Palo Alto and Stanford.

(c) All of the insurance provided for under this Section 7.5 and all renewals thereof shall be issued by good, responsible and standard companies and in such form and substance as are customarily carried by parties in similar circumstances. Each party shall provide thirty (30) days' prior written notice to the other party in the event of cancellation or material alteration of coverage. Each party shall deliver a certificate of insurance evidencing coverage upon request by the other party.

(d) Either party may elect to insure for its bodily injury and/or property damage risk exposure provided for under this Agreement either through insurance, self-insurance or through joint entity pooled risk arrangements.

7.6 Indemnity.

(a) Each Party (the “Indemnitor”) shall indemnify and defend the other Party (“Indemnitee”) and its officers, employees, agents, administrators, successors, and assigns, from and against any and all claims made or threatened by any third party and all related losses, expenses, damages, costs and liabilities, including reasonable attorneys' fees and expenses incurred in investigation or defense, to the extent the foregoing arises out of or relates to any error, negligent act, omission or willful misconduct by the Indemnitor, its employees, and/or agents in Indemnitor’s performance under this Agreement.

(b) The Indemnitee shall promptly notify the Indemnitor once it is aware of a potential action and shall cooperate with the Indemnitor in all reasonable respects in connection with the defense of any such action at the expense of the Indemnitor. The Indemnitor may, upon written notice to the Indemnitee, undertake to conduct all proceedings or negotiations in connection with the action, assume the defense thereof, including settlement negotiations in connection with the action, and will be responsible for the costs of such defense, negotiations and proceedings. The Indemnitor will have sole control of the defense and settlement of any claims for which it provides indemnification hereunder, provided that the Indemnitor will not enter into any settlement of such claim without the prior approval of the Indemnitee, which approval will not be unreasonably withheld. The Indemnitee shall have the right to retain separate counsel and participate in the defense of the action or claim at its own expense.

7.7 Streets and Roads.

Stanford hereby reserves the right at any time during the term hereof to close to travel any of its lands, to erect and maintain gates at any point thereon, to regulate and prevent traffic of every or any kind thereon, to prescribe the methods of use thereof, and to maintain complete dominion over the same, including the right to prescribe the kind or kinds of vehicles that may travel the same or any designated part thereof, provided that at all times during the term hereof:

(a) Stanford shall provide Palo Alto with reasonable access to the fire stations located on the Stanford Campus (subject to interruptions caused by maintenance operations),

(b) Stanford consents, to the extent it is able, to Palo Alto’s entry onto the Stanford Campus for the purpose of responding to emergency alarms, and

(c) Stanford shall advise Palo Alto in advance of all material changes in its roadway systems that are known to the Stanford Contract Administrator. If any change is likely to preclude Palo Alto from satisfying the Response Time standards, such changes shall be reported and reviewed in accordance with Section 2.6.4 (Response Time Performance Impacts Notification by Stanford) above.

7.8 Force Majeure.

A party hereto shall not be liable for any failure to perform as required by this Agreement to the extent such failure to perform is caused by any reason beyond the reasonable control of such party, including for example and without limitation: Strikes, labor disturbances or labor disputes of any character, accidents, failure of any governmental approval required for full performance, riots, civil disorders or commotions, war, acts of aggression, floods, earthquakes, Acts of God, explosion, or similar occurrences; provided

that, such party shall exercise its best efforts to provide the best possible alternative performance and to prevent the foregoing occurrences from obstructing full performance. Such occurrences shall not constitute a basis for termination of this Agreement under Section 1.5 (Termination for Substantial Failure of Performance) and shall not affect this Agreement except as expressly provided for in this Section 7.8.

7.9 No Warranties.

ALL PERSONAL PROPERTY TRANSFERRED HEREUNDER BY STANFORD TO PALO ALTO, OR BY PALO ALTO TO STANFORD UPON ANY TERMINATION OR EXPIRATION OF THIS AGREEMENT, INCLUDING ALL VEHICLES, EQUIPMENT, MACHINERY, FURNISHINGS, APPLIANCES, SUPPLIES, GOODS AND MATERIALS, ARE TRANSFERRED "AS IS, WHERE IS," WITHOUT ANY WARRANTY WHATSOEVER, WHETHER EXPRESS OR IMPLIED. PALO ALTO AND STANFORD AGREE THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Palo Alto and Stanford shall fully inspect all such personal property before accepting delivery thereof and before using such property.

7.10 Inspection by Fire Chief.

At the request of the Palo Alto Fire Chief, Stanford shall make available copies of any plans and specifications for the systems described in Section 2.5 (Stanford Fire Protection Systems), building plans and proposals for changes in the roadway system, to the extent available to the Stanford Contract Administrator, for inspection by the Palo Alto Fire Chief on site at Stanford, provided that such documents pertain to the Stanford Campus. The Palo Alto Fire Chief may comment on such documents but in no event shall Stanford be obligated to change any of such plans, specifications or proposals. Any such documents delivered to Palo Alto shall be returned to Stanford within a reasonable time. Stanford may, at its discretion, restrict access to any such documents for the purpose of preserving the confidentiality of such documents.

7.11 Non-Discrimination.

In satisfying the obligations created hereunder, neither party shall discriminate against any person on the basis of race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person.

7.12 Authorized Representative.

All consents, approvals, interpretations, and waivers relating to this Agreement shall bind a party only when executed by such party's Authorized Representative. Palo Alto's Authorized Representative shall be its City Manager and Stanford's shall be its Vice President and General Counsel. Superiors and successors of, and agents expressly authorized in writing by, said City Manager or Vice President and General Counsel, as the case may be, shall also be Authorized Representatives.

7.13 Entire Agreement; Modification of Agreement.

This Agreement, including all exhibits attached to and incorporated herein, represents the entire agreement between the parties with respect to the subject matter of this

Agreement. This Agreement supersedes all prior agreements, representations, statements, negotiations and undertakings whether oral or written, with regard to the subject matter of this Agreement. Any amendment or modification to this Agreement shall be by written instrument and shall only be effective upon execution by the duly authorized representatives of the parties and approval in the same manner as this Agreement.

7.14 Governing Law; Venue.

This Agreement shall be governed and interpreted by the laws of the State of California without regard to its conflict of law provisions. The venue for any dispute relative to this Agreement shall be in Santa Clara County, California.

7.15 Section Headings.

The section headings contained in this Agreement are for convenience of reference and are not intended to define the scope of any provision of this Agreement.

7.16 Execution; Counterparts.

(a) Original copies of this Agreement shall be executed by the respective party's authorized signatory(ies).

(b) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original agreement, but all of which shall be considered one instrument and shall become a binding agreement when one or more counterparts have been signed by the authorized representatives of the parties and delivered to the other party.

7.17 Severability.

If any term or provision of this Agreement shall be found illegal or unenforceable, this Agreement shall remain in full force and effect and such term or provision shall be deemed stricken.

8 DISPUTE RESOLUTION.

Any dispute, controversy or claim concerning or relating to this Agreement (a "Dispute") shall be resolved in the following manner:

(a) Disputes shall first be referred to the Chief and the Stanford Contract Administrator, and if either of them decides at any time that the Chief and the Stanford Contract Administrator are unable to resolve the dispute among themselves, elevated to the City Manager and Vice President or their designees for resolution, as further described below.

(b) The parties shall use all reasonable efforts to resolve the Dispute through direct discussions in accordance with this Section 8. Either party may give the other party written notice of any Dispute, and within ten (10) days after such notice is given, the receiving party shall submit to the other party a written response. The notice and response shall include a statement of that party's position and a summary of arguments supporting that position.

(c) Within twenty (20) days of written notice that there is a Dispute, the parties shall agree on the name and title of the person who will represent that party in any negotiation and meet and confer in an effort to reach an amicable resolution of the Dispute;

(d) If the Dispute has not been resolved as a result of the procedures stated above

within thirty (30) days of written notice that there is a Dispute, the Dispute shall be submitted to mediation before a mediator chosen by the parties, prior to and as a condition precedent to either party proceeding with litigation to resolve the Dispute, provided, however, that if the parties do not mutually agree on a mediator within forty (40) days of written notice that there is a Dispute, or if the Dispute is not resolved through mediation within ninety (90) days of written notice that there is a Dispute, then either party may pursue any remedy available under California law.

(e) As authorized and permitted by Government Code Sections 930.2 through 930.6, the dispute-resolution procedure set forth in Sections 8(a) through 8(d) of this Agreement satisfies the requirement that Stanford present a government claim to the City for claims and causes of action arising out of or relating to this Agreement. Stanford shall not be required to present a claim pursuant to Government Code Sections 905 and 910 through 913.2 as a prerequisite to filing a civil action for money or damages against Palo Alto on any cause of action arising from or related to this Agreement. Either party must file any civil action for money or damages arising from or related to this Agreement within two years of accrual of the cause of action. The limitations period for commencing a civil action hereunder shall be automatically tolled during the pendency of any dispute resolutions procedures set forth in Sections 8(b) to 8(d) above for a period not to exceed 120 days. Informal discussions before submission of a written notice of dispute pursuant to section 8(b) will not automatically toll the limitations period. The parties may agree in writing to additional periods of tolling. No tolling period under this Agreement, whether automatic or otherwise, will revive a claim that accrued more than two years before the commencement of the tolling period. In addition to automatic tolling set out above, the two-year limitations period under this Agreement is subject to tolling under the discovery rule, equitable tolling, and any other applicable principle under California law. For example, under the discovery rule, the limitations period for a cause of action that was revealed in a report or information required and due under this Agreement would be tolled for any period of delay in providing the report or information to the extent that the aggrieved party would not have reasonably known or suspected the basis for the cause of action before the delivery of the report or information. Except as expressly provided in this Agreement, the parties understand and agree that nothing in this Agreement waives, excuses, or modifies any provision, requirement, or procedure of the Government Claims Act, Government Code section 810 et seq. The provisions of this subsection 8(e) shall survive the termination or expiration of this Agreement.

(f) The parties may (but are not required to) elect to submit a Dispute to binding arbitration instead of judicial resolution. Palo Alto has declined to agree to the blanket use of binding arbitration to resolve disputes. However, if Palo Alto elects to not proceed with a binding arbitration, Stanford shall have the right to disclose to the public that a lawsuit is filed because Palo Alto does not want to arbitrate. Any arbitration agreed to by the parties shall be administered in Santa Clara County, California by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, except that parties shall agree on the arbitrator. Any court proceedings in aid of arbitration shall be commenced in Santa Clara County.

9 DEFINITIONS AND EXHIBITS.

9.1 Definitions.

The following words and phrases shall have the following meanings for the

purposes of this Agreement.

- (a) “PAFD” refers to the Palo Alto Fire Department.
- (b) “Chief” shall refer to the Palo Alto Fire Chief.
- (c) “Stanford Contract Administrator” refers to Stanford’s Director of Public Safety, or that person’s designee. Stanford may designate a new Stanford Contract Administrator upon prior written notice to the City.
- (d) “City Manager” shall refer to the Palo Alto City Manager, or that person’s designee.
- (e) “Vice President” shall refer to Stanford’s Vice President and General Counsel, or that person’s designee. Stanford may designate a new Vice President upon prior written notice to the City.
- (f) “Response Time” shall have the meaning set forth in Section 2.6(a) hereof.
- (g) “Stanford Campus” shall mean all areas, excluding SLAC, whether in San Mateo or in Santa Clara Counties, enclosed by the outer boundaries of the Lands of the Leland Stanford Junior University, as shown in Exhibit A hereof, but excluding those areas which are shown on Exhibit A as served by the State of California’s Division of Forestry, Menlo Park Fire Departments, or the Woodside Fire District. For the avoidance of doubt, Stanford Campus shall include the Areas A, B, and C as defined in Section 2.6.1(a), unless otherwise expressly excluded in this Agreement.
- (h) “Term” shall mean the Effective Date of the Agreement until expiration or termination of this Agreement as provided herein.

9.2 Exhibits.

The following exhibits are attached and incorporated into this Agreement by reference as though fully set forth herein.

- A. Exhibit A, “Stanford Campus Map”
- B. Exhibit B-1, “Cost Allocation Methodology”
- C. Exhibit B-2, “Fire Services Deployment and Cost Allocation Model Methodology Assumptions”

[SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.]

Party Signatures to the Agreement

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in duplicate by the persons thereunto duly authorized as of the date first mentioned.

City of Palo Alto

**The Board of Trustees of the Leland
Stanford Junior University**

By:

By:

Name:

Name:

Title:

Title:

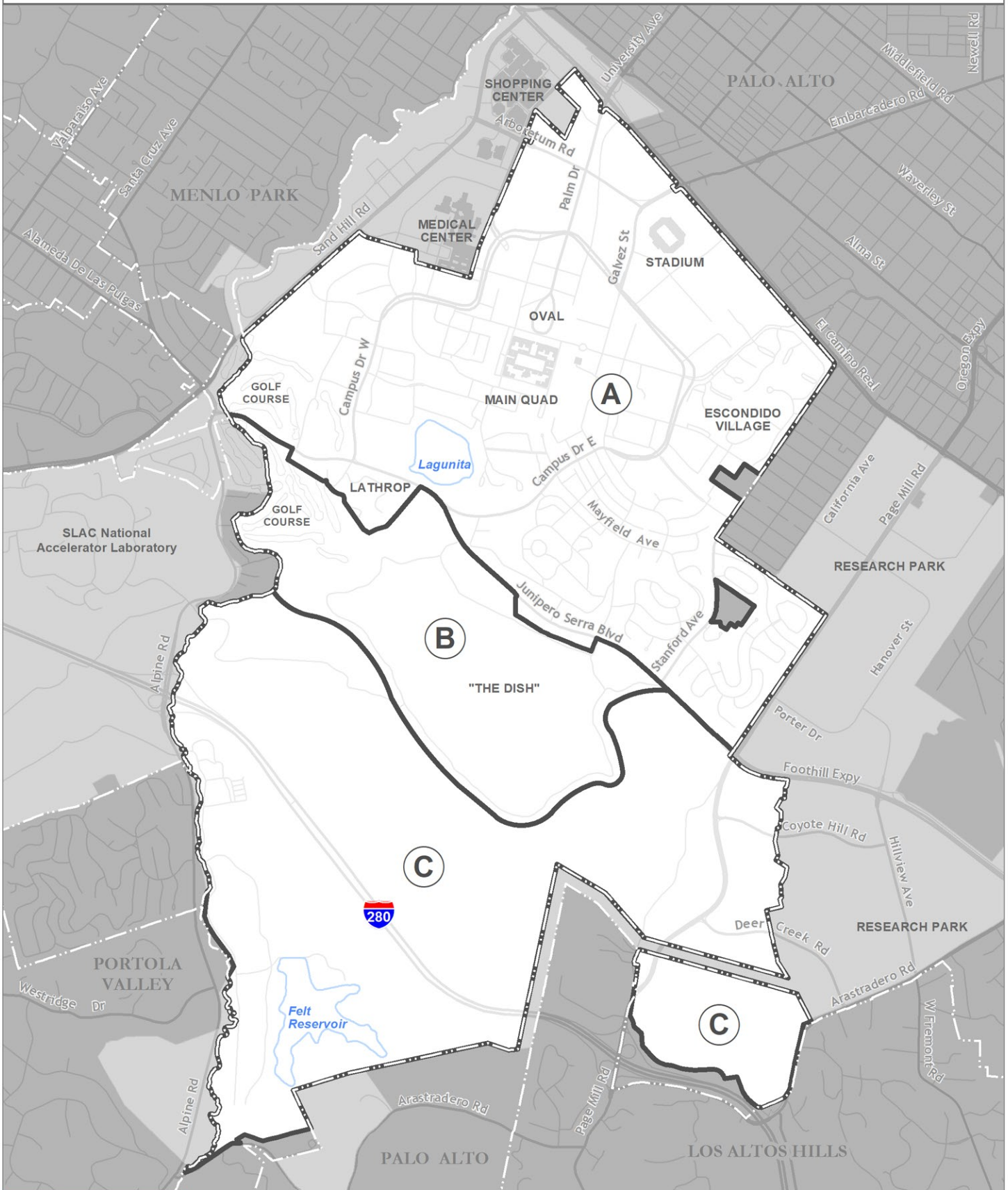
Date Signed:

Date Signed:

Exhibit A
Stanford Campus Map

See Attached Exhibit A-1 and Exhibit A-2

Exhibit A. Palo Alto Fire Department Response Areas at Stanford University



Area A: Primary Central Campus Response Area/Urban
 Area B: Academic Reserve/Dish Loop
 Area C: Rural

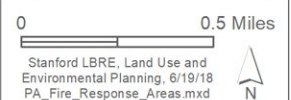


Exhibit A-2

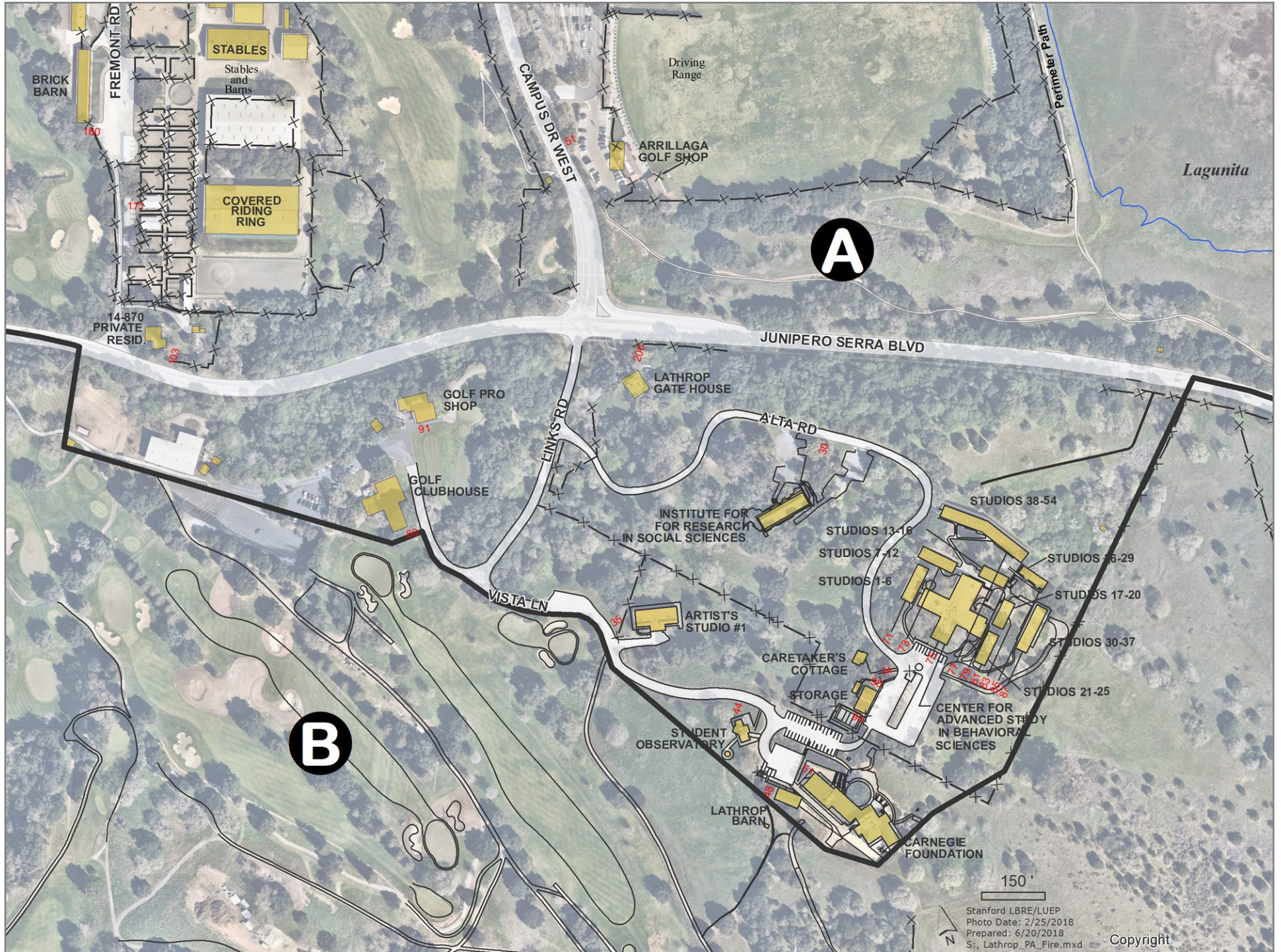


Exhibit B-1
Cost Allocation Methodology

See attached Exhibit B-1

Please refer to Exhibit B-2 and Section 3 of the Agreement for assumptions, definitions and methods for the Cost Allocation Methodology calculations.

	A	B	C	D	E	F	G	H	I	J	K	
1		Palo Alto Fire Department Stanford Cost Allocation Methodology										
2		<i>All costs are based on FY18 Adopted Budget</i>										
4		Station Number	Station 1	Station 2	Station 3	Station 4	Station 5	Station 6 - SU	Station 6-PA	Station 8	TOTAL	
5		Address	301 Alma St	2675 Hanover Street	799 Embarcadero Rd	3600 Middlefield Rd	600 Arastradero Rd		711 Serra St	3000 Page Mill Rd		
6		Station Operating Hours	8760	8760	8760	8760	8760		8760	120	52680	
7		Percentage of Total Operating Hours	17%	17%	17%	17%	17%		17%	0%	100%	
8		Size (Sq. Ft)	10,436	8,131	4,300	4,300	3,666		Not Included	1,569	32,402	
9		Size Proportion	32%	25%	13%	13%	11%		0%	5%	100%	
10	Metrics	Assigned Equipment	Engine 61 Medic 61	Engine 62 Medic 62 (12 hr OT)	Engine 63 Medic 63 (XS 12 Hr PM)	Engine 64 Medic 64 (XS 24 Hr)	Engine 65 (XS 24 Hr)		Engine 66 Truck 66 RRV 66 (new)	Engine 362		
		Daily Staffing	5 Daily Positions	3 Daily Positions	3 Daily Positions	3 Daily Positions	3 Daily Positions	4.5 Daily Positions	1.5 Daily Positions (50% of Truck Crew)	Staffed only on high fire danger days	23.0	
11												
12			Shift Staff (Daily x 3 shifts)	15	9.0	9.0	9.0	9	13.5	4.5	Overtime	69.0
13			Backfill	3.0	1.5	1.5	1.5	1.5	2.2	0.7	0.00	12.0
14			Total FTE (Shift Staff + Backfill + OT)	18.0	13.5	10.5	10.5	10.5	15.7	5.2	0.12	84.1
15			FTE Proportion	21%	16%	12%	12%	12%	19%	6%	0%	100%
17			Station Direct Costs									
18			Salary & Benefits	\$4,720,192	\$3,414,244	\$2,827,324	\$2,827,324	\$2,827,324	\$4,240,986	\$1,413,662	\$24,508	\$22,295,565
19			Uniforms***	\$16,879	\$12,626	\$9,812	\$9,812	\$9,812	\$14,719	\$4,906	\$116	\$78,682
20			Service delivery supplies (medical supplies, small tools, etc.)***	\$145,775	\$109,045	\$84,747	\$84,747	\$84,747	\$127,120	\$42,373	\$999	\$679,553
21			Fleet Maintenance & Replacement Allocation	\$135,313	\$186,873	\$138,670	\$116,837	\$157,692	\$195,662	\$117,291	\$0	\$1,048,337
22			Subtotal	\$5,018,159	\$3,722,788	\$3,060,553	\$3,038,720	\$3,079,575	\$4,578,487	\$1,578,233	\$25,622	\$24,102,137
24			Shared Resources (Battalion Chief, Breathing Support Unit, Wildland Engines, Specialty Equipment Trailers, and Reserve Engines. 1 Full Time Daily Staff, 3 FTE with overtime and backfill positions)									
25			Salary & Benefits*	\$183,648	\$183,648	\$183,648	\$183,648	\$183,648	\$183,648	\$0	\$2,516	\$1,104,405
26		Uniforms*	\$467.23	\$467	\$467	\$467	\$467	\$467	\$0	\$6	\$2,810	
27		Service delivery supplies (medical supplies, small tools, etc.)*	\$4,035	\$4,035	\$4,035	\$4,035	\$4,035	\$4,035	\$0	\$55	\$24,267	
28		Fleet Maintenance & Replacement Allocation*	\$106,448.17	\$106,448	\$106,448	\$106,448	\$106,448	\$106,448	\$0	\$1,458	\$640,147	
29		Administrative Cost Share* (Share for 3.0 FTE)	\$31,339	\$31,339	\$31,339	\$31,339	\$31,339	\$31,339	\$0	\$429	\$188,460	
30		Subtotal	\$325,937	\$325,937	\$325,937	\$325,937	\$325,937	\$325,937	\$0	\$4,465	\$1,960,090	
32		Administrative Costs										
33		Fire Administration (Executive Administration, Technical and Support Staff)***	\$463,896	\$347,012	\$269,688	\$269,688	\$269,688	\$404,532	\$134,844	\$3,178	\$2,162,525	
34		Support Services (Training/Recruitment, EMS Administration, Facilities Management)***	\$466,091	\$348,654	\$270,964	\$270,964	\$270,964	\$406,446.30	\$135,482	\$3,193	\$2,172,759	
35		Information Technology (Computers, tablets, software, maintenance, support)***	\$193,749	\$144,932	\$112,637	\$112,637	\$112,637	\$168,956	\$56,319	\$1,327	\$903,194	
36		Utilities (Gas, Electricity, Garbage)**	\$38,896	\$30,305	\$16,027	\$16,027	\$13,664	\$0	\$0	\$5,848	\$120,767	
37		Fleet Maintenance & Replacement Allocation***	\$8,351	\$6,247	\$4,855	\$4,855	\$4,855	\$7,282	\$2,427	\$57	\$38,929	
38		Subtotal	\$1,170,984	\$877,150	\$674,171	\$674,171	\$671,808	\$987,216	\$329,072	\$13,603	\$5,398,173	
40		Grand Total	\$6,515,080	\$4,925,875	\$4,060,661	\$4,038,828	\$4,077,320	\$5,891,641	\$1,907,305	\$43,690	\$31,460,400	
41		Total Cost Fire Department Proportion	21%	16%	13%	13%	13%	19%	6%	0%	100%	
43		Citywide Overhead****	\$421,625	\$321,238	\$261,006	\$261,006	\$261,006	\$381,471	\$120,464	\$0	\$2,007,740	
45		Grand Total + Overhead	\$6,936,705	\$5,247,113	\$4,321,668	\$4,299,835	\$4,338,327	\$6,273,111	\$2,027,769	\$43,690	\$33,488,217	
46		Grand Total with Overhead Proportion	21%	16%	13%	13%	13%	19%	6%	0%	100%	

Calculation Notes

*Costs allocated by Station Proportion (% of number of overall stations)

**Costs allocated by Size Proportion (% of overall station square footage)

***Costs allocated by FTE Proportion (or total FTE)

****City overhead per city indirect cost plan, which has been allocated based on total station percentage of Department Costs.

Fleet costs are estimated based upon vehicle type, prior years actual maintenance, and estimated replacement costs.

All Office of Emergency Services and Fire Prevention Costs have been removed

Salary Calculations

Salary and benefits are shown based on the amounts used to develop the FY18 Adopted budget. Benefits include medical, dental, pension as well as departmentwide costs such as disability and workers comp.

Average Salaries and Benefits by Position, FY18					
Position	FTE	Average Salary	Average Overtime	Average Benefits	Average Total Cost*
Administrative Assistant	1.00	\$ 82,790	\$ -	\$ 86,195	\$ 168,985
Administrative Associate	2.00	\$ 72,903	\$ -	\$ 55,853	\$ 128,756
Battalion Chief	3.00	\$ 169,161	\$ -	\$ 198,974	\$ 368,135
Business Analyst	0.80	\$ 114,401	\$ -	\$ 79,128	\$ 193,529
Deputy Director Technical Services	0.20	\$ 39,593	\$ -	\$ 34,561	\$ 74,154
Deputy Fire Chief	2.00	\$ 209,362	\$ -	\$ 170,476	\$ 379,837
EMS Chief	1.00	\$ 143,517	\$ -	\$ 158,134	\$ 301,651
EMS Data Specialist	1.00	\$ 78,541	\$ -	\$ 77,822	\$ 156,364
Fire Apparatus Operator	26.00	\$ 128,561	\$ 9,570	\$ 124,574	\$ 262,704
Fire Captain	21.00	\$ 146,656	\$ 10,917	\$ 144,138	\$ 301,711
Fire Chief	1.00	\$ 243,384	\$ -	\$ 175,229	\$ 418,613
Fire Inspector	1.10	\$ 148,005	\$ -	\$ 145,462	\$ 293,468
Fire Marshall	0.05	\$ 9,467	\$ -	\$ 8,345	\$ 17,812
Firefighter	34.00	\$ 121,272	\$ 9,027	\$ 120,227	\$ 250,527
GIS Specialist	0.50	\$ 60,015	\$ -	\$ 41,146	\$ 101,161
Hourly	0.55	\$ 51,966	\$ -	\$ 12,305	\$ 64,272
Senior Management Analyst	1.00	\$ 143,898	\$ -	\$ 115,643	\$ 259,541
Training Battalion Chief	1.00	\$ 174,718	\$ -	\$ 206,989	\$ 381,707
Training Captain	1.00	\$ 151,539	\$ -	\$ 149,750	\$ 301,289

*For all positions over 1.0 FTE costs are shown on the average for 1.0 FTE. For positions that are less than 1.0 FTE costs are shown as the total cost for the partial FTE.

Station 1				
Daily				
Position	Positions	Total w/Backfill		Salary & Benefits
Fire Captain	1.00	3.00	\$	905,132
Fire Apparatus Operator	1.00	3.71	\$	975,758
Firefighter	1.00	3.78	\$	946,434
24 Hr Medic Unit (Station TBD)	2.00	7.56	\$	1,892,868
Total	5.00	18.05	\$	4,720,192

C18

Station 2				
Daily				
Position	Positions	Total w/Backfill		Salary & Benefits
Fire Captain	1.00	3.00	\$	905,132
Fire Apparatus Operator	1.00	3.71	\$	975,758
Firefighter	1.00	3.78	\$	946,434
12 Hour Ambulance Overtime		3.01	\$	586,920
Total	3.00	13.50	\$	3,414,244

D18

Salary Calculations

Salary and benefits are shown based on the amounts used to develop the FY18 Adopted budget. Benefits include medical, dental, pension as well as departmentwide costs such as disability and workers comp.

Station 3				
Daily				
Position	Positions	Total w/Backfill	Salary & Benefits	
Fire Captain	1.00	3.00	\$	905,132
Fire Apparatus Operator	1.00	3.71	\$	975,758
Firefighter	1.00	3.78	\$	946,434
Total	3.00	10.49	\$	2,827,324

E18

Station 4				
Daily				
Position	Positions	Total w/Backfill	Salary & Benefits	
Fire Captain	1.00	3.00	\$	905,132
Fire Apparatus Operator	1.00	3.71	\$	975,758
Firefighter	1.00	3.78	\$	946,434
Total	3.00	10.49	\$	2,827,324

F18

Station 5				
Daily				
Position	Positions	Total w/Backfill	Salary & Benefits	
Fire Captain	1.00	3.00	\$	905,132
Fire Apparatus Operator	1.00	3.71	\$	975,758
Firefighter	1.00	3.78	\$	946,434
Total	3.00	10.49	\$	2,827,324

G18

Salary Calculations

Salary and benefits are shown based on the amounts used to develop the FY18 Adopted budget. Benefits include medical, dental, pension as well as departmentwide costs such as disability and workers comp.

Station 6 - Stanford Share				
Position	Daily		Total w/Backfill	Salary & Benefits
	Positions			
Engine 66				
Fire Captain	1.00		3.00	\$ 905,132
Fire Apparatus Operator	1.00		3.71	\$ 975,758
Firefighter	1.00		3.78	\$ 946,434
Truck 66				
Fire Captain	0.50		1.50	\$ 452,566
Fire Apparatus Operator	0.50		1.86	\$ 487,879
Firefighter	0.50		1.89	\$ 473,217
Total	4.50		15.74	\$ 4,240,986

H18

Station 6 - Palo Alto Share				
Position	Daily		Total w/Backfill	Salary & Benefits
	Positions			
Fire Captain	0.50		1.50	\$ 452,566
Fire Apparatus Operator	0.50		1.86	\$ 487,879
Firefighter	0.50		1.89	\$ 473,217
Total	1.50		5.25	\$ 1,413,662

I18

Station 8

Station 8 is staffed on overtime on high fire danger days only. This is approximately 10 days per year for 12 hours each day for a total of 120 staff hours. With shift positions working a total of 2,912 per

Position	Annual Budgeted		Hours	Total
	Salary	Overtime rate		
Fire Captain	\$146,656	\$ 75.54	120	\$9,065
Fire Apparatus Operator	\$128,561	\$ 66.22	120	\$7,947
Firefighter	\$121,272	\$ 62.47	120	\$7,496
Total			360	\$24,508

J18

Shared Resources				
Position	Daily		Total w/Backfill	Salary & Benefits
	Positions			
Battalion Chief	1.00		3.00	\$ 1,104,405
Total	1.00		3.00	\$ 1,104,405

K25

Fleet Costs - FY18 Allocations Per Station

Fleet is managed through the Public Works Department and all maintenance and replacement costs are charged to the Fire Department through an annual allocation. The Existing maintenance and replacement costs totaled \$1.7 million for FY18. The costs for the New Stanford Vehicles are estimated on allocated costs for similar vehicle costs.

Fleet Allocations				Cell on Main
Station Assignment	O&M	Replacement	TOTAL	Page
Station 1	\$ 25,313	\$ 110,000	\$ 135,313	C21
Station 2	\$ 84,873	\$ 102,000	\$ 186,873	D21
Station 3	\$ 44,670	\$ 94,000	\$ 138,670	E21
Station 4	\$ 22,335	\$ 94,502	\$ 116,837	F21
Station 5	\$ 41,692	\$ 116,000	\$ 157,692	G21
Station 6 - PA	\$ 28,291	\$ 89,000	\$ 117,291	I21
Shared Resources	\$ 320,297	\$ 319,850	\$ 640,147	K28
Administration & Support Services	\$ 25,313	\$ 15,006	\$ 40,319	Pg. 8
Grand Total	\$ 592,783	\$ 940,358	\$ 1,533,141	

Station 6 - Stanford Share Detail				
Vehicles	O&M	Replacement	TOTAL	
Fire Engine	\$ 14,890	\$ -	\$ 14,890	
Ladder Truck - 50%	\$ 28,291	\$ 89,000	\$ 117,291	
RRV (Based on average ambulance costs)	\$ 18,364	\$ 45,117	\$ 63,481	
Grand Total	\$ 61,545	\$ 134,117	\$ 195,662	H21

Equipment Management Division
2018 Fire Vehicle Allocated Charges Detail

Unit	Year	Manufacturer	Vehicle Type	Description	Station Assignment	FY18 Fleet O&M	FY18 Fleet Replacement
6002	2010	FORD	ESCAPE XLS	Deputy Chief Vehicle	Administration & Support Services	\$ 9,678	\$ 4,000
6003	2012	HONDA	CIVIC GX SEDAN CNG	Fire Chief Vehicle	Administration & Support Services	\$ 7,445	\$ 5,000
6006	2002	CHEVROLET	BLAZER	Training Battalion Chief Vehicle	Administration & Support Services	\$ 2,233	\$ -
6007	2016	GMC	TERRAIN	Deputy Chief Vehicle	Administration & Support Services	\$ 1,489	\$ 586
6034	2003	FORD	RANGER EXT CAB PICKUP	Fire Inspector Vehicle	Prevention	\$ 2,233	\$ -
6047	2013	CHEVROLET	E-450/BRAUN AMBULANCE	Ambulance	Station 5	\$ -	\$ 44,000
6048	2013	CHEVROLET	E-450/BRAUN AMBULANCE	Ambulance	Station 3	\$ -	\$ 44,000
6045	2011	CHEVROLET	G4500/LEADER AMBULANCE	Ambulance	Station 4	\$ 22,335	\$ 44,502
6046	2011	CHEVROLET	G4500/LEADER AMBULANCE	Reserve Ambulance	Shared Resources	\$ 29,780	\$ 44,200
6050	2015	CHEVROLET	G4500/LEADER AMBULANCE	Ambulance	Station 1	\$ 25,313	\$ 47,000
6051	2015	CHEVROLET	G4500/LEADER AMBULANCE	Ambulance	Station 2	\$ 32,758	\$ 47,000
6117	1991	PIERCE-ARROW	FIRE ENGINE	Reserve Engine	Shared Resources	\$ 17,868	\$ -
6120	1992	INTERNATIONAL	E-9 4800 4X4 CREW CAB PUM	Specialty Equipment	Shared Resources	\$ 4,467	\$ -
6121	2008	SPARTAN/LTI	INTERNATIONAL/PIERCE TYPE III	Specialty Equipment	Shared Resources	\$ 16,379	\$ 74,000
6123	2005	SPARTAN/KME	AIR LIGHT AND POWER UNIT	Specialty Equipment	Shared Resources	\$ 3,722	\$ -
6124	1999	SPARTAN/LTI	75' QUINT FIRE AERIAL	Reserve Truck	Shared Resources	\$ 14,890	\$ -
6125	2014	PIERCE-ARROW	TRACTOR DRAWN AERIAL - 50%	Ladder Truck - 50%	Station 6 - Stanford	\$ 28,291	\$ 89,000
6125	2014	PIERCE-ARROW	TRACTOR DRAWN AERIAL - 50%	Ladder Truck - 50%	Station 6 - PA	\$ 28,291	\$ 89,000
6127	2017	PIERCE-ARROW	100 FT LADDER	Reserve Truck	Shared Resources	\$ 22,335	\$ -
6144	2009	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 1	\$ -	\$ 63,000
6145	2009	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 2	\$ 52,115	\$ 55,000
6146	2009	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 3	\$ 44,670	\$ 50,000
6147	2009	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 4	\$ -	\$ 50,000
6148	2009	PIERCE-ARROW	FIRE ENGINE	Reserve Engine	Shared Resources	\$ 96,785	\$ 40,000
6149	2009	PIERCE-ARROW	FIRE ENGINE	Reserve Engine	Shared Resources	\$ 78,917	\$ 40,000
6150	2017	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 5	\$ 41,692	\$ 72,000
6151	2018	PIERCE-ARROW	FIRE ENGINE	Fire Engine	Station 6 - Stanford	\$ 14,890	\$ -
6160	2015	CHEVROLET	SUBURBAN 4X4	Battalion Chief Vehicle	Shared Resources	\$ -	\$ 23,000
6170	1995	PACE AMERI	HAZARDOUS MATERIALS RESPO	Specialty Equipment	Shared Resources	\$ -	\$ 3,000
6176	2001	FORD	F-550 WILDLAND FIREFIGHTING UNIT	Specialty Equipment	Shared Resources	\$ 4,467	\$ 14,000
6178	2008	FORD	F-550 WILDLAND FIREFIGHTING UNIT	Specialty Equipment	Shared Resources	\$ 25,313	\$ 24,950
6185	2000	FORD	F-550 UTILITY VEHICLE	Specialty Equipment	Shared Resources	\$ -	\$ 35,000
6215	2001	CHEVROLET	K-2500 SUBURBAN	Specialty Equipment	Administration & Support Services	\$ 4,467	\$ 13,382
6216	2000	WELLS CARGO	14' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 2,900
6217	2003	WELLS CARGO	14' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ 3,722	\$ 1,600
6218	2006	WELLS CARGO	16' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,500
6219	2009	MIRAGE	20' ENCLOSURE	Specialty Equipment	Shared Resources	\$ 1,653	\$ -
6220	2000	WELLS CARGO	14' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 4,000
6242	2002	MAGNUM FIRE	C02 EXTINGUISHER TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,700
6430	1998	FORD	WINDSTAR PASSENGER VAN	Fire Inspector Vehicle	Prevention	\$ -	\$ (6,723)
6433	1998	FORD	WINDSTAR PASSENGER VAN	EMS Chief Vehicle	Administration & Support Services	\$ -	\$ (7,962)
6453	2007	HONDA	CIVIC GX SEDAN	Fire Inspector Vehicle	Prevention	\$ -	\$ 1,800
6455	2012	HONDA	HONDA CIVIC GX SEDAN	Fire Inspector Vehicle	Prevention	\$ -	\$ 2,900
6456	2007	HONDA	CIVIC GX SEDAN	Fire Inspector Vehicle	Prevention	\$ -	\$ 2,000
6457	2016	GMC	TERRAIN	Fire Marshall Vehicle	Prevention	\$ 32,758	\$ -
6432	1998	FORD	WINDSTAR PASSENGER VAN	Fire Inspector Vehicle	Prevention	\$ -	\$ (8,868)
6501	2009	FORD	F-550 UTILITY	Specialty Equipment	Shared Resources	\$ -	\$ -
6540	1999	PACE AMERICAN	12' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 2,000
6541	1999	PACE AMERICAN	12' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,000
6542	1999	PACE AMERICAN	12' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,000
6543	1999	PACE AMERICAN	12' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,000
6544	1999	PACE AMERICAN	12' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 1,000
6545	2000	WELLS CARGO	14' CARGO TRAILER	Specialty Equipment	Shared Resources	\$ -	\$ 4,000
TBD	TBD	TBD	TBD	RRV (Based on average ambulance costs)	Station 6 - Stanford	\$ 18,364	\$ 45,117

Allocation of Costs based on FTE Proportion

This outlines the share of FTE driven costs for Station Personnel and Shared Resources Personnel, which is used to derive the per station costs.

FTE Share			
	Station Direct Costs	Shared Resources	Total
FTE Count	84.01	3.00	87.01
FTE Proportion	97%	3%	100%
Direct Costs			
Uniforms*	\$ 78,682	\$ 2,810	\$ 81,492
Service delivery supplies (medical supplies, small tools, etc.)	\$ 679,553	\$ 24,267	\$ 703,820
Administrative Costs			
Fire Administration (Executive Administration, Technical and Support Staff)**	\$ 2,162,525	\$ 77,225	\$ 2,239,750
Support Services (Training/Recruitment, EMS Administration, Facilities Management)	\$ 2,172,759	\$ 77,591	\$ 2,250,350
Information Technology (Computers, tablets, software, maintenance, support)	\$ 903,194	\$ 32,254	\$ 935,448
Utilities (Gas, Electricity, Garbage) (allocated by station size, not FTE)	\$ 120,767	\$ -	\$ 120,767
Fleet Maintenance & Replacement Allocation	\$ 38,929	\$ 1,390	\$ 40,319
<i>Administrative Costs Subtotal</i>	\$ 5,398,173	\$ 188,460	\$ 5,586,633

K19

K20

K26

K27

K38

K29

*\$5,433 has been allocated to Fire Prevention and removed from total Uniform budget shown on page13.

**Seven percent (7%) of the Fire Chief in the amount of \$29,108 has been allocated to Fire Prevention and removed from the total Fire Administration Costs shown on pg. 11

Fire Administration Costs

Fire Administration staff, supply and services costs are shown below. These include all administrative and management staff primarily focused on the Administration of the Fire Department as a whole.

Fire Administration				
Staff, Supply and Services Cost Calculation				
Position	FTE	Salary	Benefits	Total Cost
Administrative Assistant	1.00	\$82,790	\$86,195	\$168,985
Administrative Associate II	2.00	\$72,903	\$55,853	\$257,512
Business Analyst	0.80	\$114,401	\$79,128	\$193,529
Deputy Fire Chief	1.00	\$209,362	\$170,476	\$379,837
Deputy Director Technical Services	0.20	\$39,593	\$34,561	\$74,154
Fire Chief	1.00	\$243,384	\$175,229	\$418,613
GIS Specialist	0.50	\$60,015	\$41,146	\$101,161
Sr. Management Analyst	1.00	\$143,898	\$115,643	\$259,541
Hourly Support	0.55	\$51,966	\$12,305	\$64,272
Training (meetings, courses, conferences, and professional development)				\$25,090
Services & Supplies (communication, professional services, office supplies, printing)				\$326,164
Total Fire Administration Costs				\$2,268,858

Support Services Costs

Fire Support Services staff, supply and services costs are shown below. As shown in the organizational chart on page 250 of the Budget, support services includes EMS Administration, Training and recruitment, as well as facilities management. The costs shown below include all administrative and management staff primarily focused on the Support Services activities of the Fire Department. The total does not match the amount shown on page 256 of the budget book in the Dollars by Division Table because the some personnel are shown in the Emergency Response and Training categories. The amounts below accurately reflect Support Services staff and costs.

Support Services (Training/Recruitment, EMS Administration, Facilities Management)

Staff, Supply and Services Cost Calculation

Position	FTE	Salary	Benefits	Total Cost
Training Battalion Chief	1.00	\$174,718	\$206,989	\$381,707
Training Captain	1.00	\$151,539	\$149,750	\$301,289
Deputy Fire Chief	1.00	\$209,362	\$170,476	\$379,837
EMS Chief	1.00	\$143,517	\$158,134	\$301,651
EMS Data Specialist	1.00	\$78,541	\$77,822	\$156,364
Training (meetings, courses, conferences, and professional development)				\$199,292
Services & Supplies (backgrounds, testing, professional services, training equipment, office supplies)				\$530,210
Total Salary and Fringe Benefits				\$2,250,350

Fire Prevention Costs Excluded

Fire Prevention costs have been excluded, as these activities are not included in services provided to Stanford.

Salaries and Benefits	
Position	Amount
0.05 FTE Fire Marshall	\$17,812
1.10 FTE Fire Inspector	\$322,814
Subtotal	\$340,626

Operating Costs	
Type	Amount
Professional Services	\$ 5,000
Subtotal	\$ 5,000

Fleet Costs	
Type	Amount
Fleet O&M	\$ 34,991
Fleet Replacement*	\$ (8,891)
Subtotal	\$ 26,100

*In FY18 an adjustment was made to correct an overestimation of replacement costs for the Prevention Vehicles.

Administrative Cost Share	
Type	Amount
Uniforms for 6.0 FTE Prevention Staff	\$ 5,433
Fire Chief (7%)	\$ 29,108
Subtotal	\$ 34,541

Grand Total	\$ 406,268
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Allocated Charges to Fire Department FY18 Budget

Charge	Sum of Original Budget	
Citywide Overhead	\$	2,007,740
Information Technology	\$	935,448
Utilities	\$	120,767
Vehicle Maintenance	\$	670,955
Vehicle Replacement	\$	1,020,467
Grand Total	\$	4,755,377

K43

All Non-Salary Costs by Area, FY18 Budget

Area	Budget	
Fire Administration	\$	351,254
City Allocations	\$	4,755,377
Direct & Shared Resources Service Supplies and Tools	\$	703,820
Direct & Shared Resources Uniform replacement	\$	86,925
Support Services	\$	729,502
Prevention	\$	5,000
Grand Total	\$	6,631,877

Exhibit B-2
Fire Services Deployment and Cost Allocation Model Methodology Assumptions

Stanford and Palo Alto agree that Stanford will be charged for the Direct Station Cost associated with fire department staffing and apparatus located at Station 6 located on the Stanford campus as further clarified in the deployment section below and a portion of shared cost as further described in this Exhibit and the Agreement. Specific details are explained below.

By agreement, the expenses associated with the Fire Prevention Office within the Palo Alto Fire Department will be excluded from the calculations during the Term. The Fire Prevention expenses that have been excluded are shown on page 11 of Exhibit B-1.

Stanford is not responsible for paying expenses attributable to the Office of Emergency Services (OES), which is its own department separate from the Fire Department. If at some point in the future the OES were to become part of the Fire Department, the expenses would be excluded from calculations to determine Stanford's cost similar to the way in which Fire Prevention expenses are excluded.

Direct and indirect costs associated with Station 6 (i.e. the Stanford Station) operations will be \$6,342,115 for year one of the contract (July 1, 2018 to June 30, 2019). The cost allocation summary is based upon the Fiscal Year (FY) 2018 Budget to serve as the base for the new long term contract. The FY 2019 Adopted Budget for the Fire Department increased 1.1% therefore, the FY 2019 invoicing will be $\$6,273,111 + \$69,004 = \$6,342,115$.

Station 6 Deployment Model and Cost Allocation

During the Term, Station Six, located on Stanford Campus, will be staffed with a total of six daily positions with a potential staffing complement including two Captains, two Fire Apparatus Operators and two Firefighters. The six daily positions translate to 18 overall positions (three shifts) and 3.0 backfill positions for a total of 21.0 positions.

During the Term, equipment and staffing assigned to Station 6 will include one Fire Engine, one Rapid Response Vehicle (RRV), and one fire ladder truck (the "Fire Truck"). Utilizing a new cross-staffed deployment model, the Fire Engine crew will be cross-staffed with the Rapid Response Vehicle. The crew will either respond on the engine or the RRV depending upon the type of call.

As the Fire Truck is a specialty response apparatus primarily used for high-rise rescues and Stanford campus has a significant number of high rise residential buildings in the PAFD service area, the Fire Truck will be housed at Station 6 and the costs for the staffing and the apparatus cost for the Fire Truck will be shared 50/50 between Palo Alto and Stanford.

Therefore, the direct resources designated for Stanford University will be a Fire Engine staffed with 3 Daily Personnel plus backfill, 50% of the Fire Truck staffed by 3 Daily Personnel, which equates to 1.5 FTEs plus back fill for Stanford and 1.5 FTEs for Palo Alto plus backfill. Total daily staffing will be 6 FTEs of which Stanford pay for 4.5 daily FTEs plus its portion of backfill and Palo Alto pays for 1.5 FTEs and its portion of backfill. With 3 shifts and a 0.5 backfill factor, the total annual FTE designated as Stanford's share will be 15.7 FTEs. These staffing assumptions can be found in lines 11 through 15 on page 1 of Exhibit B-1.

In summary, the Parties agree that during the Term, (1) Stanford will only be responsible for applicable costs associated with 4.5 daily positions plus a proportional share of backfill and Palo Alto will be

responsible for applicable costs associated with 1.5 daily positions (i.e. 50% of the Fire ruck crew), even though the total number of personnel for Station 6 is 6 daily positions; and (2) Stanford will be responsible for the costs associated with 1 fire engine, 1 RRV, and 50% of the Fire Truck and Palo Alto will be responsible for 50% of the costs associated with the Fire Truck, and the Fire Truck shall be located at Station 6. The Parties agree that such allocation cannot not be modified during the Term except as provided under section 2.7(c) or via written amendment signed by the Parties.

Shared Resources

This model also assumes that the Battalion Chief and Reserve apparatus are resources shared by all stations and will be allocated proportionately based upon annual operating hours per each station.

During the Term, this model assumes all stations will operate the same number of hours each year except Station 8 which is a seasonal station and operates only on high fire danger days for a 12 hour period. With approximately 10 high fire danger days each year, Station 8 is expected to operate for 120 hours each year though may vary depending on risks of a particular season.

Shared resources include the Battalion Chief, Breathing Support Unit, Wildland Engines, Specialty Equipment Trailers and Reserve Engines. Staffing for shared resources includes 1 daily position (the Battalion Chief) which results in 3 overall positions for the three shifts and no backfill positions.

Allocation Methodology

Costs have been allocated using criteria related to the expense type in an effort to share costs in the fairest manner. As a result, employee training and recruitment costs, EMS administration (but excluding any costs for the Ambulance Service), and overall Fire administration costs have been allocated based upon the number of personnel assigned to a station (but excluding the portion of personnel at Station 6 that is paid for by the City as expressly provided herein for the Fire Truck staffing) since most of these costs are associated with personnel. These costs have also been allocated to the Shared Resources based upon staffing and then divided among the stations based upon operating hours. Salaries and benefits and fleet costs have been allocated based upon actual personnel and vehicles assigned to a station or the shared resources (but excluding the portions of personnel and vehicles at Station 6 that are paid for by the City). The primary objective of this approach was to allocate costs based upon the resources assigned to a station while dividing shared resources proportionate to operating hours of each station since all stations stand to benefit from access to these resources.

If any portion of the Fire Protection Service is privatized or otherwise restructured (e.g. privatization of the EMS Service) and such change may increase Stanford's cost or share or cost, such change shall be deemed a modification to the Cost Allocation Methodology and should therefore be reviewed by the Parties in accordance with this Agreement.

The number of personnel assigned to each Station during the Term is described in Exhibit B-1 above and shall only be adjusted in accordance with Section 2.7(c) of this Agreement or via a written amendment to Exhibit B-1.

Allocation Details

Station Direct Costs

Salary and benefits (line 18) are based on the average salary and benefits per job classification type, using

actual data used in the development of the Adopted Fiscal Year (FY) 2018 Budget. Salary and benefits are based on the classification type and number of employees at each station . Back up for these costs are shown on the Salary Calculation pages (page 3 - 5).

Uniform costs (line 19) are allocated based upon the distribution of uniformed personnel in the department. The annual uniform budget was divided by total number of uniformed personnel. Uniformed personnel in Prevention were accounted for and those costs were removed. This per employee cost was then applied to the number of total positions per station (line 14) (but excluding the portion of personnel at Station 6 that is paid for by the City).

Service delivery supply costs (line 20) were also allocated based upon personnel in each station (but excluding the portion of personnel at Station 6 that is paid for by the City). The annual cost of service delivery supplies was divided by the total number of shift staff. This cost was then applied to the number of total positions in each station (line 14).

Fleet maintenance and replacement allocation costs (line 21) are based on the allocated charges to the Fire Department from the Public Works Department for the maintenance and replacement of the equipment at each station (line 10) (but excluding the portion of the apparatus costs at Station 6 that is paid for by the city (e.g. 50% of the Fire Truck)). Pages 6 and 7 provide further detail on the cost breakdown though when the cost model is updated, allocations may be adjusted based on replacement costs and replacement cycles, for example, the current FY 2018 worksheet assumes no replacement cost for the Fire Engine at Station 6 as it was recently replaced, however, in future years a cost for replacement would be added. The City's fleet is governed by the "Vehicle and Equipment use, Maintenance, and Replacement" policy which currently articulates the following replacement schedule: Fire pumper engines 20 years/85,000 miles, Truck aerial's 15 years/85,000 miles. The number and type of equipment and apparatus assigned to each station during the Term is described in Exhibit B-1 above and shall only be adjusted in accordance with Section 2.7(c) of this Agreement or via a written amendment to Exhibit B-1.

Shared Resources

Salary and benefits (line 25) are based on the average salary and benefits per job classification type, using actual data used in the development of the Adopted FY 2018 Budget. Salary and benefits are based on the classification type and number of employees assigned to Shared Resources, which are then spread across each station by station percentage of total operating hours (line 7). Back up for these costs are shown on the Salary Calculation pages (page 3 - 5).

Uniform costs for shared resources personnel (line 26) are allocated based upon the distribution of uniformed personnel in the Department. The annual uniform budget was divided by total number of uniformed personnel. This per employee cost was then applied to the number of total positions assigned to Shared Resources section (3.0 positions). These costs are then shared proportionately among the stations based upon total operating hours (line 7).

Service delivery supply costs for shared resources (line 27) are also allocated based upon shift staff in the Department. The annual cost of service delivery supplies was divided by the total number of shift staff. This cost was then applied to the number of total positions in the Shared Resources section (3.0 positions). These costs are then shared proportionately among the stations based upon total operating hours (line 7).

Fleet maintenance and replacement allocation costs for shared resources (line 28) are based on the allocated charges to the Fire Department from the Public Works Department for the maintenance and replacement of the equipment in the Shared Resources section. Pages 6 and 7 provide further detail on the cost breakdown.

The Administrative Cost Share (line 29) calculations are addressed in the next section.

Administrative Costs

Fire Administration (line 33) includes the salary and benefits based on the classification type and number of employees assigned to Fire Administration, as well as all training, service and supply costs attributed to Fire Administration activities. These costs are detailed on the Fire Administration back-up pages (pages 8-9), and are spread across each station based upon the percentage of FTE in each station (line 15). Administrative costs associated with the Shared Resource personnel have been allocated based upon the 3.0 personnel assigned to Shared Resources (line 29); these costs are spread to the stations based upon proportion of total operating hours.

Support Services (line 34) includes the salary and benefits based on the classification type and number of employees assigned to Support Services, as well as all training, service and supply costs attributed to Support Services activities. These costs are detailed on the Support Services page (page 10), and are spread across each station by percentage of FTE at each station (line 15).

Information Technology costs (line 35) are based on the allocated charges to the Fire Department from the Information Technology Department for the acquisition, maintenance and support of technology attributed to the Shared Resources personnel. These costs are then spread across each station by FTE proportion (line 15).

Utilities costs (line 36) are based on the allocated charges to the Fire Department from the Utilities Department for the use of gas, electricity, water, sewer and garbage. These charges are based on actual use from the prior year. These costs are then spread across each station, excluding Station 6, based upon square footage of each station (line 9). No utility costs are allocated to Station 6 since Stanford pays utilities directly for this Station.

Fleet maintenance and replacement allocation costs (line 37) are based on the allocated charges to the Fire Department from the Public Works Department for the maintenance and replacement of the vehicles used by Fire Administration and Support Services personnel, which are then spread across each station based upon the percentage of FTE at each station (line 15). Pages 6 and 7 provide further detail on the cost breakdown.

Citywide Overhead

Citywide Overhead (line 43) includes the total costs charged to the Fire Department based upon the City's indirect cost plan, which is then spread to each station based upon the total station cost percentage of department costs (line 41). These charges include administration and support provided by the City Attorney, City Auditor, City Clerk, City Manager, Administrative Services, Human Resources, and Facilities Maintenance (PWD) to the non-administrative General Fund Departments. The non-administrative General Fund Departments are the Community Services, Fire, Library, Police, Planning and Community Environment, Development Services, and Public Works. The basis of allocation depends on the nature of the charge, which is determined by each administration/support department. For example, ratio of square footage may be used to allocate facilities management charges. Other charges may be allocated based on number of work orders, budgeted dollars, or FTE count. The departments which allocate charges out are asked to verify the basis for allocation as part of the budget process.