

Term Sheet
for
Revised Professional Services Agreement
between Pets in Need (PIN) and City of Palo Alto (City)
(Agreement)
Dated March 16, 2023

This Term Sheet sets forth certain mutually agreed business terms that shall be included in any revised Agreement the parties may elect to enter into. This Term Sheet is binding on the parties. However, it does not create any obligation whatsoever on the part of either party to enter into any revised Agreement.

Term:

- A. Five years with ability to mutually extend an additional five years.

Improvements to Premises:

- B. City will allocate \$2,500,000 in one lump sum in Fiscal Year 2024 for the shelter capital improvements to be specified in the Agreement. PIN will pay for all costs more than \$2,500,000, contingent on agreement of the parties with respect to ownership of each such improvements. The following conditions apply:
- Final budget is subject to City Council approval.
 - City and PIN will agree on a prioritized project list within 60 days after the Agreement is executed.
 - City will manage all phases of capital improvement projects to include planning, design, and construction, with input from PIN.
- C. PIN may undertake additional capital improvements not specified in the Agreement at its own cost with City review and approval. PIN will comply with all public agency and other legal requirements for capital projects, including prevailing wage laws.
- D. If PIN is no longer the City's operator of the Palo Alto Animal Shelter, any improvements funded by PIN that are not attached to an existing building, and that can be easily removed will be the property of PIN. Building or room additions, stand-alone buildings and other permanent fixtures will remain the property of the City.

Compensation:

- E. Annual compensation to PIN will start at \$1.37M for Year 1 and increase annually at a minimum of the CPI cost-of-living increase for each year.
- F. City will cover all costs of delivering any additional services City requires of PIN above and beyond the original 2019 Agreement (such as additional spay neuter requirements).
- G. PIN may also provide additional services not specified in the new Agreement at its own expense. Services must comply with all applicable laws and City policies. PIN will notify City staff 14 days before providing such services.

Scope of Services:

PIN will provide the services specified in the current Agreement, with the following modifications:

- H. **Spay/neuter.** PIN will provide low-cost, high-quality spay/neuter services to dogs and cats to the best of its ability, prioritizing residents of Palo Alto, Los Altos, and Los Altos Hills.
- I. **After-hours emergency vet care.** For animals on stray hold, Palo Alto will pay for any after-hours emergency vet services.
- J. **Cruelty investigations.** PIN will provide veterinary care, including appropriate medical records, for live animals that are impounded as part of cruelty investigations. However, PIN will not have an obligation to provide additional services related to cruelty investigations, including after-hours emergency veterinary care, post-mortem examinations of animals that are deceased upon arrival at PIN, and off-site crime scene investigations, but may do so in its sole discretion.

City and PIN agree to the following:

- K. **Trap/Neuter/Return Program.** Both parties will work together to implement a Trap/Neuter/Return program that the community will support, and which will humanely reduce the feral cat population in the community.
- L. **Animal Welfare.** PIN and Palo Alto will review animal welfare policies to ensure all policies are up-to-date and in line with shelter best practices.
- M. **Existing City Policy.** Pets in Need will comply with all applicable municipal and other laws, and with the City's shelter policies attached as Exhibit A. City approves PIN's shelter policies attached as Exhibit B. If either PIN or the City has an interest in revising a policy set forth on Exhibit A or B, it will notify the other party in writing.

Notices from PIN will be addressed to the Supervising Animal Control Officer. The Supervising Animal Control Officer will advise the PIN Executive Director in writing within five (5) business days whether review and approval are deemed necessary. Review and approval will be deemed necessary only if the proposed revision will result in (a) a change to the terms of the Services Agreement, or (b) a material change in the level of risk to the City, in services to residents of Palo Alto and/or the contract cities, or in roles and duties of City staff.

Notices from the City will be addressed to the PIN Executive Director, who will advise the City in writing within five (5) business days whether review and approval are deemed necessary. Review and approval will be deemed necessary only if the proposed revision or addition will result in (a) a change to the terms of the Agreement or the cost to PIN of performance of the Agreement, or (b) a material change in the level of risk to PIN, in services to residents of Palo Alto and/or the contract cities, or in roles and duties of PIN staff.

In either case, if the response is not an approval, the parties will meet within five (5) business days of receipt of the response and attempt in good faith to reach an

agreement. The subject policy may be revised only upon the written agreement of both parties.

All City and PIN policies relating to the operation of the Palo Alto Animal Shelter will be kept in a shared online folder and be accessible to all PIN and City staff.

N. **Corrective Action Plan.** The City and Pets in Need agree to work in good faith to meet the obligations described in the Scope of Services and Capital Improvements sections of the Agreement. If either party determines that it will not meet a due date or will fail to deliver a service, it will promptly send a written corrective action plan to the other party. The corrective action plan will include the following information:

- Task that will not be met.
- Justification for failure to complete task
- Plan to correct including timeline to reach full compliance
- Weekly progress updates to Project Manager (of either the City or PIN)

If the timeline to reach full compliance is not acceptable to the other party, or if compliance has not been met by the due date identified in the corrective action plan, the parties will meet and confer to determine next steps.

Force Majeure

- O. Standard Force Majeure provision to be added, including epidemics and quarantines.