

Term Sheet DRAFT
for
Revised Professional Services Agreement
between Pets in Need (PIN) and City of Palo Alto (City)
(Agreement)
Dated July 18, 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. If these funds are unspent in Fiscal Year 2024, the balance will be reappropriated to the same project in the Fiscal Year 2025 capital budget, subject to City Council approval. The following conditions apply:
- Final budget is subject to City Council approval.
 - City will manage all phases of capital improvement projects to include planning, design, and construction, with input from PIN.
 - City will contract with a reputable animal environment specialty architecture firm for design of any building improvements.
- C. Improvements will be prioritized in the following order:
- New cat and small animal area to include a specific intake area and meet and greet space.
 - Additional dog kennel improvements to include large guillotine doors and any needed safety retrofitting.
 - Retrofit medical suite to better accommodate large animals.
- D. 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.
- E. 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:

- F. 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 plus an annual contingency of \$20,000 for ancillary expenses.
- G. 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).
- H. 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.
- I. In addition to the monthly fee due to PIN under the new Agreement, City shall pay to PIN the difference between the monthly fee (1) specified for Year 5 in Exhibit B of the 2019 Agreement and (2) the monthly fee specified for Year 1 in the new Agreement, retroactive from the effective date of the new Agreement to June 1, 2023. By way of example only, if the Agreement is effective October 1, 2023, City shall pay to PIN the difference between the new monthly fee and the amounts due under the 2019 Agreement for the months of June, July, August, and September 2023. Based on the compensation agreed in this Term Sheet, the monthly additional fee shall be \$55,535.

Scope of Services:

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

- J. **Shelter hours.** PIN will maintain public access hours to the shelter seven days per week, for a minimum of 40 hours per week. The shelter may be closed to the public on PIN observed holidays.
- K. **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. Wait times for surgery for in-jurisdiction animals will be no more than one month, except in the event of unexpected and exceptional circumstances.
- L. **Vaccine Clinics.** PIN will provide low-cost vaccination clinics in Palo Alto a minimum of one time per week. PIN will work toward providing one after-hours or weekend clinic per month.
- M. **After-hours emergency vet care.** For animals on stray hold, City will pay for any after-hours emergency vet services.
- N. **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 at its sole discretion.
- O. **Disposal of Dead Wildlife.** Costs for disposal and cremation of dead wildlife will be the responsibility of the City.
- P. **Reporting.** PIN will submit monthly activity reports to include the following information:

- Medical statistics including spay and neuter, microchips, and vaccinations (number of clinics and number of animals vaccinated) for in jurisdiction and out of jurisdiction animals.
- Number of animals in and out of the shelter by type of animal and type of intake and outcome.
- City of origin of all animals upon shelter intake.

PIN will submit quarterly financial reports for the Palo Alto Animal Shelter to the City to include:

- Revenues from services received at the Palo Alto Animal Shelter, such as adoptions and medical services to include vaccines and spay/neuter surgeries.
- Expenditures to include staffing, contracts, animal care, indirect costs, and administrative operations.

City and PIN agree to the following:

- Q. **Feral Cat Policy.** Both parties will work together to develop a transparent and humane feral cat program that reflects sheltering best practices and takes into account the impact on public health and wildlife. The program will continue the current practice of not releasing feral cats.
- R. **Animal Welfare.** PIN and the City will regularly review generally accepted best animal welfare practices to ensure all policies in effect at the Palo Alto shelter are up-to-date and in line with shelter best practices.
- S. **Animal Shelter Software.** PIN is at liberty to acquire, at its own cost, new shelter management software that best meets its needs. The City will work with PIN to identify the minimum viable data that PIN will be required to add to the current, shared software system Chameleon upon PIN animal intake.
- T. **Existing City Policy.** PIN will comply with all applicable municipal and other laws, and with the City's shelter policies. PIN policies approved by the City will be specified in the new Agreement. If either PIN or the City has an interest in revising or creating a new policy, 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 CEO 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 CEO, 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.

- U. **Corrective Action Plan.** The City and PIN 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

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