

- f. Adopt a Resolution Authorizing the City Manager to Sign the Third Amended and Restated Agreement Between the Cities of Redwood City and San Carlos for Fire and Emergency Services for the Period of July 1, 2024 through June 30, 2027, with an Option to Extend the Agreement for up to Two Additional Years and Authorizing the One-Time Payment in the Amount of \$492,026 for Fiscal Year 2023-24.



CITY COUNCIL STAFF REPORT

MEETING DATE: June 24, 2024

ITEM TITLE: Adopt a Resolution Authorizing the City Manager to Sign the Third Amended and Restated Agreement Between the Cities of Redwood City and San Carlos for Fire and Emergency Services for the Period of July 1, 2024 through June 30, 2027, with an Option to Extend the Agreement for up to Two Additional Years, and Authorizing the One-Time Payment in the Amount of \$492,026 for Fiscal Year 2023-24.

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution authorizing the City Manager to sign the Third Amended and Restated Agreement ("Agreement") between the Cities of Redwood City and San Carlos for Fire and Emergency Services for the period of July 1, 2024 through June 30, 2027, with an option to extend the Agreement for up to two additional years, and authorizing a one-time payment in the amount of \$492,026 for Fiscal Year (FY) 2023-24.

FISCAL IMPLICATIONS:

The proposed contract includes a 5.505% annual cost increase and additional costs to share the costs of certain positions and services as noted in the table below. These costs have been incorporated into the Adopted FY 2024-25 Operating Budget.

The contract extension agreed to by both City Councils in May 2023 states that "the Participating Agencies acknowledge and agree that the Agreement, except as amended by this Addendum, remains unmodified and in full force and effect in accordance with its terms." Therefore, the contract extension through June 30, 2024, does not include any cost of living increase. As such, the Agreement proposes that the 5.505% increase be applied to the full FY 2023-24 year in a one-time lump sum amount of \$492,026.

SERVICES	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
(A) Administrative Services	624,719	659,110	695,394	733,676
(B) Command and Operations	7,523,363	7,937,524	8,374,485	8,835,500
(C) Fire Prevention	364,522	384,589	405,760	428,098
(D) Training	154,605	163,116	172,095	181,569
(E) Supplies and Services	295,853	312,140	329,323	347,452
(F) Contractual Costs	466,757	492,452	519,562	548,164
Additional costs				
Emergency Mgmt Coord 33%		33,000	34,817	36,733
Training Captain 20%		77,000	81,239	85,711
Wellness Program 20%		15,000	15,826	16,697
Recruitment 20%		27,000	28,486	30,055
GRAND TOTAL COSTS	\$9,429,820	\$ 10,100,931	\$ 10,656,987	\$ 11,243,655
increase over prior year	5.505%	7.117%	5.505%	5.505%
Total paid for FY 2023-24 to date	\$8,937,794			
one-time true-up cost	\$ 492,026			

BACKGROUND:

As summarized below, the City of San Carlos has been contracting for fire services from the City of Redwood City since 2011.

June 27, 2011 Agreement (Shared Services/Hybrid Model)

On June 27, 2011, the City of San Carlos ("SC") City Council unanimously approved a resolution to authorize the City Manager to execute an agreement with the City of Redwood City ("RWC") for Fire and Emergency Services in conjunction with the establishment of the San Carlos Fire Department (SCFD). The agreement provided for a "shared services/hybrid" model that would include the following:

- RWC Fire Chief and RWC Deputy Fire Chief to manage the SCFD.
- RWC Fire Marshal to provide fire prevention oversight and management.
- RWC Battalion Chief to provide coverage at incidents requiring command officer coverage.
- RWC Training Battalion Chief to assist the SCFD with mandatory training.
- Woodside Fire Protection District EMS Battalion Chief to provide emergency medical services oversight, with supervision from the RWC Fire Chief and RWC Deputy Fire Chief.
- Emergency Preparedness Coordinator services to be shared between SCFD and RWC.
- Truck company service during the first year of the agreement, with alternatives studied during that year.

On July 9, 2012, the SC City Council received a report from the RWC Fire Chief regarding the staffing situation in SC. The Chief stated that staffing was at a tipping point due to the number of vacancies and lack of trained personnel in the department. From the period of October 1, 2011 through July 9, 2012, the department had four resignations, three of whom were tenured employees from the former Belmont San Carlos Fire Department (BSCFD). The hiring of lateral firefighters had become difficult as well, and it was the Chief's opinion that the major contributor

to the staffing situation was directly related to the compensation package. As a result of these staffing issues and concerns presented by the Chief, the SC City Council directed the City Manager to begin discussions with RWC on what a full-service option would look like.

On February 25, 2013, the SC City Council reviewed the initial proposal from RWC related to providing full-service fire services. The Council also reviewed options to continue the hybrid model or invest more in total compensation under our current structure. Following those discussions, the SC City Council authorized the City Manager to move forward with negotiations with RWC for a full-service fire contract.

June 24, 2013 Amended and Restated Agreement (Full-Service Model)

On June 24, 2013, the City Council adopted resolutions to execute the Amended and Restated Agreement between RWC and SC for Fire and Emergency Services. While the cost for the full-service model would increase the SCFD costs by \$2 million, contracting with RWC had the potential to achieve future cost savings through station consolidation. The potential for a fire station consolidation would bring cost savings to both organizations. SC Fire Station 16 located at 1280 Alameda de las Pulgas and RWC Fire Station 12 located at 3700 Jefferson Avenue are adjacent stations/districts and were both in need of replacement. The ability to join them together into one fire station with two companies was discussed and studies were commenced to evaluate the costs and to ensure there would be no degradation of service. In addition, the County had made inquiries into having RWC and SC assume emergency response into Station 18's area.

The agreement to move from the hybrid model to a full-service model included the services from the hybrid model, plus the following key components:

- Five-year term from July 1, 2013 through June 30, 2018.
- Terms and conditions of the agreement, including costs associated with the CalPERS unfunded liabilities, were to be revisited on December 1, 2014. If the agencies were not able to come to an agreement, either party could terminate the contract upon written notice at least one year in advance, with an expiration date of June 30, 2016. The opportunity to terminate would be on or before June 30, 2017, with an effective date of June 30, 2018. Before sending a notice to terminate, the cities would be required to meet and confer and then mediate for up to 180 days.
- Cost of services reflected in Exhibit C were to be reviewed annually and amended to reflect actual increases or decreases in cost and would be brought forward to the Council each year.
- Increases and decreases in the actual costs incurred during the previous year would be subject to a "true-up" and reconciled and applied to the quarterly payment due to RWC.
- Supplies and services costs would not increase more than 2% per year which would also be reconciled against actual costs at the end of the fiscal year. Any payments in excess shall be a credit and any payment due will be applied to the next fiscal year.
- SC would hire and employ a Fire Prevention Officer (safety position).
- RWC's Fire Chief would act as the Fire Chief of SCFD with all powers and responsibilities entrusted to the Fire Chief by law.
- In addition to the Fire Chief, RWC would provide a Deputy Fire Chief to oversee the SCFD operations.
- SC City Manager could direct general operations of the SCFD through the RWC Fire Chief and may request that the fire department perform additional activities in SC

including attendance at community events, participation in community outreach, responses to local community concerns, and responses to declared or undeclared emergencies.

- RWC Fire Chief and RWC Deputy Fire Chief would consult with the City Manager of SC regarding operations and services performed in SC.
- Personnel decisions of the RWC Fire Chief could be appealed or reviewed by the SC City Manager or the City Manager's designee.
- SC would retain ownership and maintenance of Fire Stations 13 and 16. RWC will lease the stations from SC.
- SC would retain ownership and maintenance of all existing fleet including fire engines, self-contained breathing apparatus, communication equipment, and personal protective equipment.

In addition to the approval of the agreement for fire services, on June 24, 2013, the SC City Council approved resolutions to transfer the personnel from the SCFD to the RWC Fire Department. This transfer agreement was approved by both the IAFF and AFSCME unions.

April 23, 2018 Second Amended and Restated Agreement

On April 23, 2018, the SC City Council approved the Second Amended and Restated Agreement for Fire and Emergency Services for the period of July 1, 2018 through June 30, 2023. For the most part, all terms were continued as originally negotiated in the first agreement. However, summarized below are the key changes that were included:

- Workers' Compensation – the calculation for workers' compensation changes due to a difference in headcount. The new agreement stated that the total amount of self-incurred worker's compensation would be paid based on the number of positions allocated to SC at an 80% confidence level. In the first agreement, the calculation was similar but started at 70%, increasing to 80% in Year 3 and beyond.
- CalPERS Unfunded Liability – the unfunded liability varied based on actuarial assumptions. SC and RWC agreed on a proposed structure for the payment of the unfunded liability:
 - Year 1 (FY 2018-19) – SC would pay 45% of the Unfunded Rate
 - Year 2 (FY 2019-20) – SC would pay 60% of the Unfunded Rate
 - Year 3 and beyond (FYs 2020-23) – would be determined based on the results of an actuarial study commenced by SC to be performed by Milliman, Inc. Actuarial Services. In the first agreement, SC paid 0% the first year, increasing 10% per year, to 40% in the fifth year.
- Truck Company Services – in the first agreement, the City contracted for 21 full-time employees, which included a relief firefighter position per shift, for a total of three relief staff that could backfill vacancies in either RWC or SC. As a result, RWC provided truck company services at no charge in consideration of RWC's ability to use relief staff in RWC stations. In the new agreement, it was recommended to eliminate the three relief staff positions and backfill with overtime. Since overtime is not pensionable, this was done to reduce overall pension costs. As a result of eliminating the relief staff, RWC would charge SC for providing truck company services in the amount of \$400,000, to be increased annually based on the percentage of labor cost increases.
- Fire Prevention and Oversight – the new agreement called for a split of outsourced fire prevention workload including plan checks, permit management, fire code enforcement, public education, and investigation services. SC would pay for 58.5% and RWC would

pay for 41.5% of the costs for any third-party plan check services. The new agreement also included a Shared Fire Prevention Officer that would be split equally between RWC and SC.

October 22, 2021 Amendment to the Second Amended and Restated Agreement

On June 28, 2021, the City Council approved an Amendment to the Second Amended and Restated Agreement which set the CalPERS unfunded rates for Year 3 and beyond (FYs 2020-23) based on information from the completed actuarial study. Although the actuarial report reflected that SC should be contributing at a lower percentage (30%), SC also recognized that there are benefits received from this partnership. Therefore, the City Council reviewed and approved the amended unfunded schedule as follows:

- Year 1 (FY 2018-19) – SC would pay 45% of the Unfunded Rate
- Year 2 (FY 2019-20) – SC would pay 45% of the Unfunded Rate
- Year 3 (FY 2020-21) – SC would pay 40% of the Unfunded Rate
- Year 4 (FY 2021-22) – SC would pay 45% of the Unfunded Rate
- Year 5 (FY 2022-23) – SC would pay 50% of the Unfunded Rate
- Year 6 and beyond would be determined by a new actuarial study

A new actuarial study was completed on October 4, 2023. The study found that if the goal is to achieve a “middle ground” between a more precise split of the liabilities, while also recognizing the value of other benefits of the SC/RWC arrangement, the actuaries recommended pausing future increases, leaving the rate at 50% and reassessing again at the start of the next 5-year period.

May 22, 2023 First Extension to the Second Amended and Restated Agreement

On May 22, 2023, the City Council adopted Resolution 2023-060 which extended the term of the Agreement six months through December 31, 2023, with an additional mutually agreed City Manager extension through March 31, 2024. Under the extension, the current terms of the Agreement will be extended, including the costs for services. In good faith, San Carlos remitted a payment in the amount of \$8,937,794 for FY 2023-24.

March 11, 2024 Second Extension to the Second Amended and Restated Agreement

On March 11, 2024, the City Council adopted Resolution 2024-021 which further extended the term of the Agreement through June 30, 2024, with one additional mutually agreed upon extension to August 31, 2024.

ANALYSIS:

Beginning with the initial contract negotiations in 2011, a key component was established between RWC and SC that contract terms be based on the actual costs of services. Unlike a Joint Powers Authority (JPA) arrangement wherein member agencies have input and authority over budget and employment decisions, the Agreement with RWC did not allow for that. In exchange for this lack of governance, both agencies agreed that there would not be overhead allocation charges and instead it would be a direct cost of service model similar to SC's contract with the Sheriff's Office. As such, the structure of the contract was based on Government Code Section 51350. Although this Code Section applies to counties and cities, the agreement between both RWC and SC is that the costs for services should be fair and neutral. The past 10 years of the Agreement reflect

the extensive efforts that have been made to account for these costs.

Based on an analysis using FY 2022-23 budget numbers, SC currently pays the most per staffed equipment – see below. Using a staffed equipment scenario is the best method to analyze the services across multiple organizations. The SC budget includes the direct costs for the RWC agreement, building and vehicle maintenance, and utility costs for the stations and equipment owned by SC.

Agency Served	Organization Type	Service Agreement Basis	Engine Companies*	Truck Company	Ops Budget FY 22-23	# Staffed Equipment	***Ops Cost Per Staffed Equipment	Associated Annual Costs
San Carlos	City	Contract	2	0	\$9,387,000	2	\$4,693,500	\$2,362,300
Belmont	Fire District	JPA	2	0	\$8,982,696	2	\$4,491,348	\$3,334,930
Coastside Fire	Fire District	JPA	3	0**	\$9,350,447	3	\$3,116,815	\$3,997,951
Foster City	City	JPA	2	0	\$8,960,282	2	\$4,480,141	\$2,360,515
Burlingame	City	JPA	2	1	\$12,501,367	3	\$4,167,122	\$582,500
Hillsborough	City	JPA	2	0	\$9,023,098	2	\$4,511,549	\$225,000
Millbrae	City	Contract	2	0	\$8,655,032	2	\$4,327,516	\$1,966,953
San Bruno	City	Standalone	2	1	\$10,445,818	3	\$3,481,939	\$2,242,623
* All engine companies have 3 person staffing								
** Coastside has a truck cross-staffed								
*** Equipment costs set by total cost divided by the number of pieces of equipment								

The contract that has been in place between SC and RWC for the past 10 years includes the sharing of costs for Fire Administration. These costs would otherwise be paid for entirely by RWC. Using the FY 2022-23 contracted costs amounted to savings (through shared costs) in the amount of \$1,521,845 to RWC. In addition to the savings RWC achieves associated with shared positions, there is also cost sharing among the truck services costs totaling \$441,504 and to a lesser extent, supplies and services. SC pays 100% of the costs of staffing the two fire stations in SC, including six fire Captains and 12 Firefighter/Engineer positions.

For these reasons, the new Agreement has been drafted with the same framework of the original agreement negotiated in 2013. Acknowledging that there have been cost increases over the past few years, it was proposed that San Carlos would agree to cost increases of 5.505% in each year of the Agreement. This escalator was based on the average five-year increase of the actual costs of services under the old agreement as shown in the table below.

RWC 5-Year Contract Costs	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Admin Services	497,609	530,685	548,893	579,886	592,123
Command/Operations	5,926,906	6,161,120	6,453,642	6,812,350	7,130,812
Fire Prevention	263,022	291,605	322,392	334,056	345,502
Training	119,518	127,362	141,040	141,399	146,538
Supplies/Services	259,060	264,241	269,527	274,918	280,416
Contractual Costs	400,894	412,899	425,260	433,746	442,403
Total before true-up	\$7,467,009	\$7,787,912	\$8,160,754	\$8,576,355	\$8,937,794
True-up costs	(4,981)	(140,970)	14,191	115,450	TBD
Total Contract Costs	\$7,462,028	\$7,646,942	\$8,174,945	\$8,691,805	\$8,937,794
% incr per Exhibit C		4.30%	4.79%	5.09%	4.21%
Avg 5yr increase after true-up					5.505%

Recognizing that most of the costs are associated with compensation, a survey of other agencies found the following increases have been negotiated through FY 2024-25:

- San Mateo Consolidated: 4% increase effective July 2024

- Central County Fire: 5% increase effective July 2024

Therefore, to provide for better budget planning and in accordance with other compensation increases, San Carlos recommends that the Agreement increase by a 5.505% each year. In addition, since the contract extension through June 30, 2024, does not include any cost-of-living increase, the Agreement proposes that this 5.505% increase be applied to the full FY 2023-24 year in a one-time lump sum amount of \$492,026.

Following discussions with the Fire Department, SC understands that there are additional services being provided that have not been included in the Agreement before. Therefore, SC has agreed to pay for a portion of the following positions: Emergency Management Coordinator (CERT) Employee to be split 33%/67% with Redwood City for a total of \$33,000 and Training Captain to be split 20%/80% with Redwood City for a total of \$77,000. In addition to sharing these two positions, SC has agreed to pay 20% of the \$75,000 wellness program in the amount of \$15,000 and to cover 20% of the costs of the \$135,000 recruitment contract in the amount of \$27,000. These services would increase at the same rate of 5.505% over the term of the Agreement. This amounts to shared costs or savings to RWC in the amount of \$2.3 million in FY 2024-25 as reflected in the table below:

SHARED SERVICES COST			
Position	FTE	FY 2022-23	Proposed FY
		SC Costs	2024-25 SC Costs
Fire Chief	0.25	\$ 134,469	\$ 149,682
Deputy Fire Chief	0.66	\$ 325,123	\$ 361,904
Battalion Chief	1.00	\$ 437,682	\$ 467,717
Training Battalion Chief	0.33	\$ 146,538	\$ 163,116
Fire Marshal	0.33	\$ 155,929	\$ 173,569
Management Analyst	0.33	\$ 74,001	\$ 82,373
Administrative Assistant	0.33	\$ 58,530	\$ 65,152
Fire Prevention Secretary	0.33	\$ 48,816	\$ 54,339
Shared Fire Prevention Officer	0.50	\$ 140,757	\$ 156,681
Truck Services		\$ 441,504	\$ 491,452
TOTALS	4.06	\$ 1,963,349	\$ 2,165,985
Proposed Shared Positions			
Emergency Mgmt Coordinator 33%	0.33		33,000
Training Captain 20%	0.20		77,000
Wellness Program 20%			15,000
Recruitment 20%			27,000
SAVINGS TO RWC THROUGH CONTRACT		\$ 1,963,349	\$ 2,317,985
% increase from FY 2022-23			18%

Per Section 2.h.4 of the Agreement, increases and decreases in the actual costs incurred during the previous year will be reconciled and applied to the quarterly payment due to RWC. This benefits both parties in that if the budget is understated, RWC will have an avenue to collect what might not have been accounted for in the budget. Similarly, if the budget were to be estimated too high, SC would then be credited for the amounts paid over the actual costs.

Below is a chart that reflects the historical costs and true-up calculations over the past 10 years. As noted below, both agencies have benefited from this process.

Fiscal Year	Contract Costs	True-Up Amount	Actual Cost of Services
2013-14	\$ 5,570,024	\$ (392,270)	\$ 5,177,754
2014-15	\$ 5,822,411	\$ 119,232	\$ 5,941,643
2015-16	\$ 6,319,005	\$ 102,660	\$ 6,421,665
2016-17	\$ 6,639,230	\$ (58,172)	\$ 6,581,058
2017-18	\$ 6,966,771	\$ (210,244)	\$ 6,756,527
2018-19	\$ 7,467,009	\$ (4,981)	\$ 7,462,028
2019-20	\$ 7,787,912	\$ (140,970)	\$ 7,646,942
2020-21	\$ 8,160,754	\$ 14,191	\$ 8,174,945
2021-22	\$ 8,576,355	\$ 115,450	\$ 8,691,805
2022-23	\$ 8,937,794	TBD	\$ 8,937,794

The true-up process will be completed within 12 months following the second fiscal year and every year thereafter for the term of the Agreement. Increases and decreases in the actual cost of services incurred during any fiscal year shall be carried on the books of Redwood City as a credit or charge in the fiscal year following the bi-annual true-up process.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution authorizing the City Manager to sign the Third Amended and Restated Agreement between the Cities of Redwood City and San Carlos for Fire and Emergency Services for the period of July 1, 2024 through June 30, 2027, with an option to extend the Agreement for up to two additional years, and authorizing the one-time payment in the amount of \$492,026 for FY 2023-24; or
2. Do not adopt the Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Greg Rubens, City Attorney

Approved for submission by:



Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution
Exhibit A to Resolution - Fire and Emergency Services Agreement

RESOLUTION NO. 2024 – ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CARLOS
AUTHORIZING THE CITY MANAGER TO SIGN THE THIRD AMENDED AND RESTATED
AGREEMENT BETWEEN THE CITIES OF REDWOOD CITY AND SAN CARLOS FOR FIRE
AND EMERGENCY SERVICES FOR THE PERIOD OF JULY 1, 2024 THROUGH JUNE 30,
2027, WITH AN OPTION TO EXTEND THE AGREEMENT FOR UP TO TWO ADDITIONAL
YEARS, AND AUTHORIZING THE ONE-TIME PAYMENT IN THE AMOUNT OF \$492,026
FOR FISCAL YEAR 2023-24.**

WHEREAS, the City of San Carlos provides fire and emergency services to the residents, businesses and properties within its jurisdiction; and

WHEREAS, on April 23, 2018, the City Council approved the Second Amended and Restated Agreement for Fire and Emergency Services for the period of July 1, 2018 through June 30, 2023; and

WHEREAS, on May 22, 2023, the City Council approved Resolution 2023-060 which extended the term of the Agreement six months through December 31, 2023, with an additional mutually agreed City Manager extension through March 31, 2024; and

WHEREAS, on March 11, 2024, the City Council approved Resolution 2024-021 which further extended the term of the Agreement through June 30, 2024, with one additional mutually agreed upon extension through August 31, 2024; and

WHEREAS, the attached Agreement incorporates most of the same terms that have been in place for the past ten years with an inflationary escalator of 5.505% in each year of the Agreement; and

WHEREAS, San Carlos agrees to share the costs of the following positions and programs in Fiscal Year (FY) 2024-25 and whereby these costs will also increase by 5.505% over the term of the Agreement:

- o 33% of the Emergency Management Coordinator in the amount of \$33,000
- o 20% of the Training Captain in the amount of \$77,000
- o 20% of the Wellness Program in the amount of \$15,000
- o 20% of the Recruitment costs in the amount of \$27,000

WHEREAS, the attached Agreement includes a provision for a one-time retroactive payment in the amount of \$492,026 to cover the cost increases for services provided to San Carlos during FY 2023-24.

NOW, THEREFORE BE IT RESOLVED, that the San Carlos City Council hereby authorizes the City Manager to sign the Third Amended and Restated Agreement between the Cities of Redwood City and San Carlos for Fire and Emergency Services for the period of July 1, 2024, through June 30, 2027, with an option to extend the Agreement for up to two additional years, and authorizing the one-time payment in the amount of \$492,026 for FY 2023-24.

* * * * *

I, City Clerk Crystal Mui, hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Carlos at a scheduled meeting thereof held on the 24th day of June 2024, by the following vote:

AYES, COUNCILMEMBERS:

NOES, COUNCILMEMBERS:

ABSENT, COUNCILMEMBERS:

CITY CLERK of the City of San Carlos

APPROVED:

MAYOR of the City of San Carlos

Exhibit A. Third Amended and Restated Agreement for Fire and Emergency Services

**THIRD AMENDED AND RESTATED AGREEMENT
BETWEEN CITIES OF REDWOOD CITY AND SAN
CARLOS FOR FIRE & EMERGENCY SERVICES**

This Third Amended and Restated Agreement ("Agreement") is entered into as of _____, 2024 ("Effective Date") by and between the City of Redwood City, a charter city and municipal corporation of the State of California ("Redwood City"), and the City of San Carlos, a municipal corporation of the State of California ("San Carlos"), collectively "Participating Agencies."

RECITALS

WHEREAS, the Participating Agencies are public corporations organized and operating under the laws of the State of California; and

WHEREAS, the Participating Agencies have the authority to perform fire protection activities, emergency medical services, and other related activities for their respective agencies and for each other; and

WHEREAS, the Participating Agencies entered into that certain Agreement between Cities of Redwood City and San Carlos for Fire and Emergency Services dated July 7, 2011, as amended by a First Amendment dated October 19, 2011 and a Second Amendment dated August 13, 2012, for the delivery of certain fire and emergency services (collectively, "Original Agreement"); and

WHEREAS, the Original Agreement was amended and restated on July 1, 2013 (the "Amended and Restated Agreement"); and

WHEREAS, in connection with the Amended and Restated Agreement, the Participating Agencies entered into that certain Agreement for Transfer of Fire Services Personnel from the City of San Carlos to the City of Redwood City, dated July 1, 2013 (the "Transfer Agreement"), and certain sections of the Transfer Agreement, including, among others, Section 2.6.1 regarding the eligibility of certain employees for the San Carlos longevity incentive benefit, survive and remain in full force and effect; and

WHEREAS, the Participating Agencies entered into a Second Amended and Restated Agreement, dated May 18, 2018 for the period of July 1, 2018 through June 30, 2023; and

WHEREAS, the Participating Agencies executed an Addendum to the Second Amended and Restated Agreement on May 22, 2023 to extend the term through March 31, 2024 and a Further Addendum on March 11, 2024 to extend the term to August 31, 2024; and

WHEREAS, this contractual arrangement is intended to achieve an effective and efficient delivery of service from Redwood City to San Carlos to the benefit of both Participating Agencies; and

WHEREAS, the Participating Agencies desire to amend and restate the agreement for delivery of fire and emergency services pursuant to this Agreement.

AGREEMENT

NOW THEREFORE, the Participating Agencies, for and in consideration of the mutual benefits, covenants and agreements set forth herein, agree as follows:

1. Services.

(a) San Carlos agrees to retain a fire department including certain personnel and infrastructure at its sole cost sufficient to provide specified fire and emergency services, as more particularly described in **Exhibit "A"** attached hereto and incorporated herein by reference (collectively "San Carlos Obligations").

(b) Redwood City agrees through its Fire Department to provide to San Carlos fire and emergency services, such as fire suppression, prevention, investigation, training, and emergency medical services, all as more particularly described in **Exhibit "B"** attached hereto and incorporated herein by reference (collectively, "Services"). The Participating Agencies acknowledge that Redwood City provides IT systems, network infrastructure, cybersecurity, help desk support, telephone service, and in some cases, hardware and software upgrades/replacements to both Redwood City and San Carlos fire stations at little to no cost to San Carlos.

2. Staffing and Compensation.

(a) San Carlos shall pay Redwood City a fee for the Services pursuant to the staffing and compensation schedule described in **Exhibit "C"**, attached hereto and incorporated herein by reference. No other staffing, assistance or compensation for the Services shall be allowed except for items covered by subsequent amendments to this Agreement in writing.

(b) Within thirty days of the execution of this Agreement, San Carlos shall make a retroactive payment of \$492,026 to catch up on increases in costs for Fiscal Year ("FY") 2023-24.

(c) Effective July 1, 2024, and every year of the Agreement thereafter, the cost for services will increase by 5.505% from the immediately preceding Fiscal Year costs pursuant to Exhibit "C."

(d) Effective July 1, 2024, San Carlos agrees to share the costs of the following positions and programs in FY 2024-25. These costs will also increase by 5.505% annually over the term of the Agreement:

1. 33 percent of the actual cost of the Emergency Management Coordinator, initially in the amount of \$33,000
2. 20 percent of the actual cost of the Training Captain in the initial amount of \$77,000
3. 20 percent of the actual cost of the Wellness Program in the initial amount of \$15,000
4. 20 percent of the actual cost of recruitment costs in the initial amount of \$27,000.

(e) The actual cost of the Services shall be reviewed and amended annually to reflect all of the following:

(i) San Carlos shall pay the actual increase in the Personnel Staffing costs, including the then applicable "Employer Normal Cost" or its equivalent as shall be provided by CalPERS and the self-insured workers compensation cost, associated with providing the Services (which are included in **Exhibit "C"**, Items A-D).

(1) The actual increase in the self-insured workers compensation cost will be based on recommendations outlined in an actuarial report provided to Redwood City by its actuary. Each year Redwood City shall have an actuarial study performed on the Fire Department (exclusive of Labor Code section 4850 benefits and Temporary Disability time) for the primary purpose of providing Redwood City with a reasonably accurate estimate of the self-insured workers compensation cost associated with providing the Services for the following fiscal year. San Carlos shall pay Redwood City for 1/3 of the cost of the actuarial study but not to exceed One Thousand Dollars (\$1,000) in any given year. The actuarial report shall reflect an 80% Confidence Level.

(2) The total amount of self-insured workers compensation that San Carlos will pay shall be based on the number of positions allocated to San Carlos. For example, if the actuarial report determines that the cost of workers compensation at the 80% confidence level is \$1 million with 65 positions allocated to Redwood City and 18 positions allocated to San Carlos, the actual cost to San Carlos would be 21.69% of \$1 million or \$216,900.

(3) Redwood City is currently making reasonable efforts to reduce its workers compensation costs, though implementation of "best practices". San Carlos acknowledges the efforts that Redwood City is currently making to reduce workers compensation costs, including safety prevention and early detection programs as well as early engagement and weekly management of workers' compensation claims. San Carlos further acknowledges that Redwood City may alter such efforts in its sole and absolute discretion as dictated by the best interests of its program.

(4) San Carlos shall pay the CalPERS Unfunded Liability associated with providing the Services (which are included in **Exhibit "C"**, Item F) at 50% of the "Unfunded Rate" or its equivalent as shall be provided by CalPERS.

(5) San Carlos shall pay the other post-employment benefits (OPEB) Unfunded Liability associated with providing the Services (which are included in Exhibit "C", Item F) at 50% of the "Unfunded Rate."

(f) Redwood City shall submit quarterly invoices to San Carlos pursuant to this Agreement and payments shall be made by San Carlos to Redwood City within thirty (30) days of invoice.

(g) The City Managers of the Participating Agencies may extend any deadline set forth in this Section 2 through a written agreement signed by both City Managers.

(h) During the term of the Agreement, the Participating Agencies will verify the actual cost of services through a true-up process shall be as follows:

1. Salaries and benefits will be reconciled based on actual costs.
2. The Unfunded Liability cost shall reflect the 50% rate set forth in Subsections 2(e)(i)(4) and 2(e)(i)(5) above for the term of the Agreement and will be calculated and applied at the end of the fiscal year based on the actual headcount charged to the contract. This is based on the actuarial report completed in October 2023. The Unfunded Liability cost shall reflect the terms of Subsections 2(e)(i)(4) and 2(e)(i)(5) and the workers' compensation cost shall reflect the terms of Subsection 2(e)(i)(1), and such costs are not subject to review by San Carlos.
3. Supplies and services charges will not be reconciled.
4. The true-up process will be completed within 12 months following the second fiscal year and every year thereafter for the term of the Agreement. Increases and decreases in the actual cost of services incurred during any fiscal year shall be carried on the books of Redwood City as a credit or charge in the fiscal year following the bi-annual true-up process. Any payments by San Carlos in excess of actual cost shall be carried on the books of Redwood City as a credit against the Personnel Staffing costs in the fiscal year following the true-up process, with one quarter of the amount applied in each of the four quarterly payments. Any shortfall in payment of actual cost of services shall be added to the Personnel Staffing costs in the fiscal year following the true-up process, with one quarter of the amount applied in each of the four quarterly payments.

(i) Redwood City will prepare an annual report prepared with the key Fire Department performance data for presentation to San Carlos by February 15 of each year. The report will include calls for service trends in San Carlos, response times for service calls, and information about community engagement activities. The City Managers shall meet by March 15 each year to discuss the annual report and any issues both Participating Agencies want to discuss.

(j) Following the second fiscal year, either Participating Agency shall have the right to request an independent audit no more than annually for the purpose of verifying the actual cost of providing the Services to San Carlos. The cost of the audit shall be borne equally by the Participating Agencies. The parties shall agree on a mutually acceptable auditor.

3. Relationship of the Participating Agencies.

(a) Redwood City's Fire Chief shall act as Fire Chief over the Redwood City Fire Department and the San Carlos Fire Department with all the powers and responsibilities

entrusted to him by law. Redwood City's City Manager alone shall exercise supervisory authority over the Redwood City Fire Chief. In the event of a Fire Chief vacancy, the San Carlos City Manager will be consulted on the recruitment and selection process.

(b) San Carlos shall provide Redwood City and its Fire Chief with all necessary regulations, policies, procedures, manuals, and other information, to facilitate supervision of San Carlos Fire Department employees. Grievances, claims, and causes of action that may develop or accrue relating to San Carlos Fire Department employees shall be addressed and handled by San Carlos personnel and Redwood City personnel shall have the duty to cooperate. Personnel decisions of the Redwood City Fire Chief with respect to San Carlos Fire Department employees may be appealed to or reviewed by the San Carlos City Manager or other designated person as specified by San Carlos Municipal Code or by contract.

(c) Subject to the memorandum of understanding with affected labor groups, mutual aid agreements, state law and federal law, the San Carlos City Manager as the Director of Emergency Services in San Carlos shall have all the powers and authority under law during a declared Emergency in San Carlos. In addition to the above provisions, the San Carlos City Manager may direct general operations of the Fire Department in San Carlos, through the Redwood City Fire Chief, acting as Fire Chief for San Carlos, and may request the Fire Department in San Carlos, through the Redwood City Fire Chief, acting as Fire Chief for San Carlos, to perform additional activities in the City of San Carlos as are usual and customary for a municipal fire department (as the Redwood City Fire Department is available to provide these additional services), including attendance at community events, participation in community education and outreach, response to localized community concerns or conditions and response to declared or undeclared emergencies. In the event of a dispute between the Participating Agencies as to the San Carlos City Manager's direction regarding general operation of the San Carlos Fire Department or the additional activities requested, the City Managers shall promptly meet and confer to resolve such disputes.

4. Employment of Personnel.

(a) The Redwood City Fire Chief, and any other officers, agents and employees of Redwood City are not, and shall not be deemed, San Carlos employees for any purpose. Redwood City shall be solely responsible for all salary, benefits, workers' compensation, and insurance for its personnel providing services pursuant to this Agreement, and said personnel shall be considered solely employees of Redwood City for all supervisory, disciplinary and other employment related purposes. The San Carlos City Manager may request reassignment of personnel assigned to San Carlos at any time. The Redwood City Fire Chief and the San Carlos City Manager shall meet and confer regarding the request within ten (10) days with the understanding that all personnel assignment decisions are within the Redwood City Fire Chief's ultimate discretion. The City Managers of the Participating Agencies may extend this deadline through a written agreement signed by both City Managers.

(b) The officers, agents and employees of San Carlos are not, and shall not be deemed, Redwood City employees for any purpose. San Carlos shall be solely responsible for all salary, benefits, workers' compensation, and insurance for its personnel providing services pursuant to this Agreement, and said personnel shall be considered solely employees of San Carlos for employment related purposes, except that the Redwood City Fire Chief and officers shall supervise San Carlos Fire Department employees and shall apply the applicable labor agreement for San Carlos for purposes of discipline and grievances.

(c) The Participating Agencies acknowledge and agree that nothing within this

Agreement for providing the services creates a “special relationship,” as that term may be defined by law, is created or established, with the other agency, or their officials, officers, employees, or successors, or with any third party as a result of this Agreement. Further, nothing in this Agreement is intended to or shall in any manner affect or limit the privileges or immunities or other protections accorded to Redwood City or its employees under federal law or state law or other law or to San Carlos or its employees under federal law or state law or other law.

5. Use of Facilities.

(a) San Carlos shall furnish, at its sole cost and expense, the fire stations, furniture and furnishings, supplies, utilities (including electricity, gas, and water), apparatus and equipment (collectively, “Facilities”) described in **Exhibit “A”** for use by Redwood City during the Term of this Agreement in order for Redwood City to provide its Services to San Carlos, all as more particularly described in **Exhibit “B”**. San Carlos shall use, and shall cause its employees to use, due care at all times to avoid damage or harm to Redwood City’s personal property stored or found within the Facilities.

(b) Except as may reasonably be required for repair, maintenance, access by Fire Prevention Officer in the course of her/his duties pursuant to this Agreement, and limited use by San Carlos that will not interfere with Redwood City’s use of the Facilities (as more fully described in that certain Lease to be executed between the Participating Agencies), or in a declared or other emergency, Redwood City shall have the exclusive right to use the Facilities during the Term of this Agreement. Redwood City shall use, and shall cause its employees to use due care to avoid damage or harm to San Carlos’ Facilities. Redwood City shall at all times during use keep the Facilities in a safe, secure, broom-clean and slightly condition. Redwood City shall execute a Lease for use of said San Carlos Facilities, in the form attached hereto as **Exhibit “D”**.

6. Term.

(a) The term of this Agreement shall commence on July 1, 2024, and shall expire on June 30, 2027 (“Term”). The Participating Agencies may mutually agree to extend the Agreement for two additional years through June 30, 2029. Any such extension(s) shall be on the same terms as this Agreement, including the annual increases, and the City Managers of the Participating Agencies are hereby authorized to execute such extension(s). .

(b) San Carlos shall notify Redwood City no later than January 1, 2026 of its desire for Redwood City to continue to provide Fire and Emergency Services for and on behalf of San Carlos after the expiration of the Term. Upon such notice, the Participating Agencies shall meet and confer for a period of up to ninety (90) days to negotiate and reach a mutual agreement for the Services to take effect upon expiration of this Agreement. If no agreement is reached by the Participating Agencies during this ninety (90) day period, then the parties shall mediate any disputes as set forth in Section 15 until a total of one hundred eighty (180) days has elapsed. If the Participating Agencies cannot reach mutual agreement on terms and conditions on or before November 30, 2026, then the Agreement shall terminate and be of no further force or effect as of June 30, 2027.

(c) Each Participating Agency shall fully discharge all obligations that accrue under this Agreement prior to expiration or earlier termination of the Term. The Participating

Agencies shall meet and confer in good faith to engage in an orderly termination of this Agreement, including reaching agreement on the financial expense of supporting retiree benefits, including pensions, health care, and insurance, associated with Redwood City having provided the Services to San Carlos, and if agreement is not reached within ninety (90) days, then the parties shall mediate any disputes as set forth in Section 15.

(d) The City Managers of the Participating Agencies may extend any deadline set forth in this Section 6 through a written agreement signed by both City Managers, so long as the deadlines do not extend past the term of the Agreement, as may be extended in accordance with Section 6(a).

7. Indemnification.

(a) Redwood City shall defend, hold harmless and indemnify San Carlos, its officers, agents and/or employees from any claims for injuries to persons (including workers' compensation claims) and/or damage to property, which arise out of the terms and conditions of this Agreement and which result from the negligent acts or omissions of Redwood City, its officers, agents, and/or employees.

(b) San Carlos shall defend, hold harmless and indemnify Redwood City, its officers, agents and/or employees from any claims for injuries to persons (including workers' compensation claims) and/or damage to property, which arise out of the terms and conditions of this Agreement and which result from the negligent acts or omissions of San Carlos, its officers, agents, and/or employees.

(c) In the event of concurrent negligence of Redwood City, its officers and/or employees, and San Carlos, its officers and/or employees, then the liability for any and all claims for injuries or damage to persons and/or property which arise out of terms and conditions of this Agreement shall be apportioned according to the California theory of comparative negligence. This Section shall include, without limitation, any actions, claims, suits, demands, and liability of every name, kind, and description brought for, or on account of injuries to or death of any person, including Redwood City and/or San Carlos, or damage to property of any kind whatsoever and to whomsoever belonging. The duty to indemnify and hold harmless as set forth herein shall include the duty to defend as set forth in Civil Code Section 2778.

8. Insurance. Each Participating Agency shall obtain and maintain for the duration of the Agreement and any and all amendments, insurance or an equivalent through a pooled risk group mutually acceptable to the Participating Agencies against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services under this Agreement.

(a) Coverages and Limits. Each Participating Agency, at its sole expense, shall maintain the types of coverages and minimum limits indicated below.

(i) Commercial General Liability Insurance. \$5,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, general aggregate limits shall apply separately to the services or work under this Agreement or the general aggregate shall be twice the required per occurrence limit.

(ii) Automobile Liability. \$5,000,000 combined single-limit per

accident for bodily injury and property damage.

(iii) Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance shall not be required if the Participating Agency has no employees and provides, to the other Participating Agency's satisfaction, a declaration stating this.

(b) Additional Provisions. Each Participating Agency shall ensure that the policies of insurance required under this Agreement contain, or are endorsed to contain, the following provisions:

(i) For Commercial General Liability Insurance and Automobile Liability Insurance: each Participating Agency, its officers, agents, volunteers and employees shall be named as additional insureds of the other.

(ii) This insurance shall be in force during the life of the Agreement and any extensions of it and shall not be canceled without thirty (30) days prior written notice to the other Participating Agency sent pursuant to the Notice provisions of this Agreement.

(c) Providing Certificates of Insurance and Endorsements. Prior to execution of this Agreement, each Participating Member shall furnish certificates of insurance and endorsements to City.

(d) Submission of Insurance Policies. The Participating Agencies reserve the right to require, at any time, complete and certified copies of any or all required insurance policies and endorsements.

9. Litigation Support. The Participating Agencies shall make their employees available to testify in any litigation brought regarding work or services performed under this Agreement.

(a) Should Redwood City request that San Carlos's employee testify in litigation following the termination of this Agreement, Redwood City shall compensate San Carlos for employee's costs and expenses in preparing for, traveling to, and testifying in such matters at the employee's then current hourly rate of compensation, unless such litigation is brought by San Carlos's employees or is based solely on allegations of San Carlos's negligence or wrongdoing.

(b) Should San Carlos request that Redwood City's employee testify in litigation following the termination of this Agreement, San Carlos shall compensate Redwood City for employee's costs and expenses in preparing for, traveling to, and testifying in such matters at the employee's then current hourly rate of compensation, unless such litigation is brought by Redwood City's employees or is based solely on allegations of Redwood City's negligent performance or wrongdoing.

10. Not a Joint Venture or Joint Powers Authority. The Participating Agencies intend by this Agreement to establish only a cost sharing arrangement of the Participating Agencies with regard to fire and emergency services, and do not intend to create a joint powers agency, partnership, joint venture, or joint enterprise of any kind.

11. No Third-Party Beneficiary. This Agreement is only for the benefit of the Participating Agencies as corporate entities and shall not be construed as or deemed to operate as an agreement for the benefit of any third party or parties, and no third party or parties shall have any right of action or obtain any right to benefits or position of any kind for any reason whatsoever.

12. Notices. All notices required or permitted to be given under this Agreement shall be in writing and mailed postage prepaid by certified or registered mail to the appropriate address indicated below.

To San Carlos:

San Carlos City Manager
600 Elm Street
San Carlos, CA 94070-1309

To Redwood City:

Redwood City City Manager
1017 Middlefield Road
Redwood City, CA 94063

13. Waiver. No failure on the part of any Participating Agency party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that any Participating Agency may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

14. Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by all of the Participating Agencies.

15. Mediation of Disputes. Should any dispute arise out of this Agreement, the parties shall first meet and confer. If after thirty (30) days (unless otherwise provided herein) the dispute has not been resolved in a mutually satisfactory manner, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. The City Managers of the Participating Agencies may extend the deadline through a written agreement signed by both City Managers. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached, neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs. If a party refuses or fails to participate in mediation in good faith prior to filing a lawsuit, then that party shall be barred from recovery of attorney's fees and costs of suit.

16. Dispute. In dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs, up to a maximum of fifteen thousand dollars (\$15,000).

17. Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of San Mateo.

18. Entire Agreement. This Agreement constitutes the complete and exclusive Statement of the Agreement between the Participating Agencies, and supersedes all prior terms, conditions, understandings or agreements. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by each Participating Agency to be bound, shall be binding on any of the Participating Agencies.

19. Interpretation. Unless provided otherwise, the terms “includes” and “including” are not limiting, and the term “days” shall mean calendar days.

20. Electronic Signatures. If both Participating Agencies agree, electronic signatures may be used in place of original signatures on this Agreement. Each Participating Agency intends to be bound by the signatures on the electronic document, is aware that the other party will rely on the electronic signatures, and hereby waives any defenses to the enforcement of the terms of this Agreement based on the use of an electronic signature.

IN WITNESS WHEREOF, the Participating Agencies have executed this Agreement as of the Effective Date.

City of Redwood City, a charter city and municipal corporation of the State of California By:	City of San Carlos, a municipal corporation of the State of California By:
Melissa Stevenson Diaz, City Manager	Jeff D. Maltbie, City Manager
ATTEST:	ATTEST:
By:	By:
City Clerk, Yessika Castro	City Clerk, Crystal Mui
Approved as to Form:	Approved as to Form:
By:	By:
Veronica Ramirez, City Attorney	Gregory J. Rubens, City Attorney

EXHIBIT "A"
SAN CARLOS OBLIGATIONS

San Carlos will retain one Fire Prevention Employee that Redwood City will supervise and support. San Carlos will retain ownership of all capital equipment and maintenance thereof. The billing and collection of fees for services rendered in San Carlos will be the responsibility of San Carlos.

A. Fire Prevention Officer

San Carlos will employ one Fire Prevention Officer who will work under the supervision of the Redwood City Fire Marshal.

The San Carlos Fire Prevention Officer, with the assistance of the Redwood City Fire Prevention Bureau, will provide the following specific activities:

- Wildland urban interface inspections and enforcement
- State and local mandated fire and life safety inspections
- Plan Checking
- New construction inspections
- Builder consultation
- Coordination and management of Company Inspection Program
- Develop and provide public education services
- Fire origin and cause determination and investigation of fires within the City of San Carlos
- Inspection, clearance, and issuance of fire permits
- Serve as a staff member within the San Carlos Emergency Operations Center during EOC activations and training exercises

B. Fee Collection

San Carlos will remain responsible for the actual billing and collection of fire prevention, code enforcement, inspection cost recovery, as well as report fees for San Carlos. Redwood City administrative staff will maintain and electronically forward the necessary information to the San Carlos Finance Department for the billing and collection of said revenue within sixty (60) days after the end of each month. San Carlos will retain all associated fees.

C. Facilities

1. Fire Stations

San Carlos shall retain ownership of, and provide for use by Redwood City, the following:

- a. Fire Station 13 and associated fixtures* (525 Laurel Street., San Carlos, CA)
- b. Fire Station 16 and associated fixtures* (1280 Alameda de Las Pulgas, San Carlos, CA)

* Fixtures to include, but not be limited to, exercise equipment, refrigerators, stoves, compressors and electric generators.

San Carlos shall perform all routine maintenance and repairs on the Fire Stations in order to keep the Fire Stations in good working order, to all Cal and Fed OSHA requirements, and in a manner consistent with a clean and functional work environment. Items noted in the San Carlos Civic Facilities Master Plan dated March 16, 2012 (the "Plan"), are to be completed by San Carlos as set forth in the Plan. In addition, the Redwood City Fire Department may recommend improvements to the San Carlos Fire Station 13 and Fire Station 16. San Carlos has completely rebuilt Station 16 as part of the implementation of the Plan.

San Carlos shall directly, and at its sole cost, pay all charges for utilities associated with Fire Station 13 and Fire Station 16 including, but not limited to: water, sewer, electric, gas, pest control, landscape and trash collection.

San Carlos shall provide all necessary office equipment and furnishings (beds, night stands, bedroom desks, training room tables, chairs, kitchen tables, and day room furnishings, etc.) currently existing in the Fire Stations as of the Effective Date of this Agreement. Replacement thereof by San Carlos shall be by mutual agreement of Redwood City and San Carlos. The Redwood City Fire Department may recommend additional equipment and furnishings to the San Carlos Fire Station 13 and Fire Station 16.

2. Fleet

San Carlos shall retain ownership of, and provide for use by Redwood City, the following:

VEHICLE NUMBER	REPLACEMENT DESCRIPTION	PURCHASE COST	YEAR OF REPLACEMENT
SC08	2014 Ford Explorer	27,748	FY 2024-25
SC09	2014 Seagrave Pumper	658,464	FY 2031-32
SC10	2019 Hi-Tech Spartan Gladiator	599,998	FY 2034-35
NEW	2023 Hi-Tech Spartan Gladiator	901,000	FY 2039-40

San Carlos shall maintain, at the current level, all existing fleet associated with this Agreement, for use by Redwood City in providing its Services to San Carlos. Fire apparatus and smaller vehicles will be maintained and replaced by San Carlos under the Fleet Service Agreement in accordance with the standards and specifications established by the Redwood City Fleet Services Division and the Redwood City Fire Department and pursuant to the vehicle replacement schedule set forth in the foregoing table. The vehicle replacement schedule may be adjusted by mutual agreement of the Participating Agencies' City Managers.

Redwood City and San Carlos entered into that certain Agreement for Redwood City to Provide Fire Equipment Maintenance Services to San Carlos dated June 4, 2024 ("Fleet Service Agreement"). San Carlos shall maintain the Fleet Service Agreement in place for the entire Term of this Agreement.

3. Equipment

San Carlos will be responsible for the maintenance and replacement of all capital equipment

(equipment the amount of which collectively totals \$5,000 or more) located in the Fire Stations and on the Fleet (i.e. self-contained breathing apparatus, communication equipment and personal protective equipment) in accordance with the standards and specifications established by the Redwood City Fire Department and pursuant to the Equipment Replacement Schedule, available upon request.

Equipment used by Redwood City shall be of design, specification and quality that meet the standards of the Redwood City Fire Department and the Redwood City Fleet Services Division.

An Inventory dated October 2012 identifying all equipment owned by San Carlos to be used by Redwood City for the Fire Station, Fleet, and fire suppression duties is available for review upon request to Redwood City.

EXHIBIT “B”
REDWOOD CITY SERVICES

Redwood City will maintain firefighting personnel sufficient to deliver emergency and non-emergency services to be provided within the jurisdictional limits of the City of San Carlos.

Redwood City will provide San Carlos a full array of fire, emergency medical, and other emergency and non-emergency services. Such services will include the following, and as more specifically described below:

- Fire suppression
- Incident command
- Fire administration and support
- Emergency Medical Advanced Life Support (ALS) non-transport response
- Vehicle and technical rescue
- Training and personnel development
- Emergency management
- Assistance with and management of code enforcement, plans review, inspections, fire scene investigation, and public education

By mutual agreement of the City Managers of the Participating Agencies, Redwood City may provide the services contemplated by this Agreement directly or through the use of third-party contractors.

A. Fire Administration Services

Services will include a full array of emergency operations and routine fire service, administrative and support activities, including budget administration, records management, incident reporting, quarterly data analysis of emergency and non-emergency activities, cost accounting, and other services necessary to administer a full-service emergency service system. A Command Staff member will be available to attend San Carlos City Council meetings as necessary. Redwood City Fire Department personnel will be available to represent the City's interests at other meetings as necessary.

The services to be provided to San Carlos will be managed by the Redwood City Fire Chief. As an employee of Redwood City, the Fire Chief reports directly to the City Manager of Redwood City. The City Managers will work with each other as it relates to the services and operations provided in San Carlos.

In addition to the Fire Chief oversight, a Deputy Fire Chief will oversee the additional workload required to effectively manage the City of San Carlos Fire operations.

The San Carlos City Manager shall have Operational authority in San Carlos as described in Section 3(c) of the Agreement.

B. Command and Operational Services

Redwood City will provide San Carlos with a minimum of two fully staffed Advanced Life Support (ALS) companies. A fully staffed ALS company means a fire captain, firefighter paramedic, and firefighter. The Redwood City Fire Department will staff Fire Station 13 located at 525 Laurel Street and Fire Station 16 located at 1280 Alameda de Las Pulgas.

Services will include the initial response of a qualified command officer (Battalion Chief or higher) to all incidents requiring response under the protocols used by Fire Departments located in San Mateo County. A command officer will be available 24/7 with a response travel time average not to exceed ten minutes absent unusual circumstances. In addition to response activities, the command officers will coordinate the daily staffing of the two fire stations located in San Carlos and supervise station personnel during emergency and daily routine activities.

C. Truck Company Services

Truck Service is essential to emergency response and will be provided by Redwood City "Truck 9" out of Fire Station 9. Typical responsibilities of Truck Company personnel include conducting primary search, rescuing trapped victims, ventilation, forcible entry, laddering the fire building, checking for fire extension, accessing concealed spaces, providing ladder-pipe water application, providing above ground access, extricating victims from vehicle collisions with the Jaws of Life, performing complex rope and other technical rescue operations. Truck Company functions are essential to support suppression efforts of Engine Company personnel. Truck response is required for structure fires, Full Assignment responses, gas main breaks, and vehicle accidents in the region. Redwood City will charge San Carlos for providing Truck Service as outlined in Exhibit "C". The cost of Truck Service will increase annually based on the percentage of labor cost increases.

D. Fire Prevention, Code Enforcement and Investigation Services

Fire prevention oversight and management will be provided by the Redwood City Fire Marshal located at Fire Administration in Redwood City. The fire prevention workload includes plan checking, permit management, fire code enforcement, public education, and fire investigation services.

E. Emergency Preparedness Services

Emergency preparedness services will be provided by the Redwood City Fire

Department. The following are examples of services that will be provided:

- Provide staffing for the EOC during training, exercises and actual EOC activations
- Provide annual CERT training courses open to San Carlos Residents
- Provide a liaison to coordinate between community CERT groups and the Fire Department
- Develop and provide public education services

F. Training Services

Redwood City will provide training services to all Redwood City and San Carlos Fire Department personnel. Training services will include a full array of mandatory training including, but not limited to personnel development, fireground operations, emergency management, confined space, apparatus operations, safety, live fire training, and other subject matter as needed by the

organization.

EXHIBIT “C”
STAFFING, RATES AND PAYMENTS
Effective July 1, 2024

A. Administrative Services

STAFF	FTE	FY 2024-25	FY 2025-26	FY 2026-27
Fire Chief	0.25	149,682	157,922	166,615
Deputy Chief	0.66	361,904	381,827	402,847
Management Analyst	0.33	82,373	86,907	91,692
Administrative Assistant	0.33	65,152	68,738	72,522
TOTAL ADMINISTRATIVE SERVICES		\$659,110	\$695,394	\$733,676

B. Command and Operations

STAFF	FTE	FY 2024-25	FY 2025-26	FY 2026-27
C300 Battalion Chief	1	467,717	493,465	520,631
F630 Fire Captain	6	2,245,455	2,369,067	2,499,484
F700 Firefighter/Engineers	12	3,725,918	3,931,030	4,147,433
Workers Compensation 80% CL		563,427	594,443	627,167
Overtime Budget		935,007	986,480	1,040,785
TOTAL COMMAND/OPERATIONS		\$7,937,524	\$8,374,485	\$8,835,500

C. Fire Prevention

STAFF	FTE	FY 2024-25	FY 2025-26	FY 2026-27
Fire Marshal	0.33	173,569	183,124	193,205
Fire Prevention Secretary	0.33	54,339	57,330	60,486
Shared Fire Prevention Officer	0.5	156,681	165,306	174,406
TOTAL FIRE PREVENTION		\$384,589	\$405,760	\$428,098

D. Training

STAFF	FTE	FY 2024-25	FY 2025-26	FY 2026-27
Training Battalion Chief	0.33	163,116	172,095	181,569
TOTAL TRAINING		\$163,116	\$172,095	\$181,569

E. Supplies and Services

SUPPLIES AND SERVICES	FY 2024-25	FY 2025-26	FY 2026-27
Office Expense (Field/Program Supplies)	17,169	18,114	19,111
Operating Supplies (PPE Replacement and Ongoing	61,965	65,376	68,975
Repair and Maintenance Supplies (Emergency Prepa	36,388	38,391	40,505
Small Tools/Minor Equipment	12,267	12,942	13,654
Professional Services			
Salvage Equipment	444	469	494
Mapping	2,523	2,662	2,809
CERT, Pub Ed	2,409	2,541	2,681
Net Six Maintenance	5,540	5,845	6,167
Radio Repair & Maintenance	2,167	2,287	2,412
Department Pagers	1,792	1,891	1,995
Hand Cutting Tools	170	180	190
SCMA Bench Calibration	1,169	1,233	1,301
Fire Net Six JPA	17,684	18,658	19,685
Zoll, Telestaff, Licensing and Software	15,878	16,752	17,674
TB & SCBA Testing	6,206	6,547	6,908
Recruitments	6,722	7,092	7,483
Communications Expenses	8,013	8,455	8,920
iPad Subscriptions	4,764	5,026	5,303
Administrative Operating Supplies/Expense	4,615	4,869	5,137
Training Expenses	522	551	581
Membership & Meetings	1,175	1,240	1,308
Conferences	1,228	1,295	1,367
EMS Chief	54,902	57,924	61,113
Hose Replacement	3,944	4,161	4,390
Fire Prevention	6,172	6,512	6,871
Ergonomics	3,231	3,409	3,597
Training Expense	33,079	34,900	36,821
TOTAL SUPPLIES AND SERVICES	\$312,140	\$329,323	\$347,452

F. Contractual Costs

CONTRACTUAL COSTS	FY 2024-25	FY 2025-26	FY 2026-27
Self-insured Workers Compensation Actuarial Costs	1,002	1,057	1,115
Fire Station Rental Credit	(1)	(1)	(1)
Fire Truck Services	491,452	518,506	547,050
TOTAL CONTRACTUAL COSTS	\$492,452	\$519,562	\$548,164

G. Summary of Costs to San Carlos

SERVICES		FY 2024-25 COST	FY 2025-26 COST	FY 2026-27 COST
(A) Administrative Services		659,110	695,394	733,676
(B) Command and Operations		7,937,524	8,374,485	8,835,500
(C) Fire Prevention		384,589	405,760	428,098
(D) Training		163,116	172,095	181,569
(E) Supplies and Services		312,140	329,323	347,452
(F) Contractual Costs		492,452	519,562	548,164
Additonal costs				
Emergency Mgmt Coord 33%		33,000	34,817	36,733
Training Captain 20%		77,000	81,239	85,711
Wellness Program 20%		15,000	15,826	16,697
Recruitment 20%		27,000	28,486	30,055
GRAND TOTAL COSTS		\$ 10,100,931	\$ 10,656,987	\$ 11,243,655

EXHIBIT D SAN CARLOS FIRE STATION LEASE

THIS LEASE, made and entered into this ____ day of _____, 2024 by and between the CITY OF SAN CARLOS, ("City") and the CITY OF REDWOOD CITY ("Lessee") executed in the County of San Mateo.

WITNESSETH:

The parties hereto mutually agree as follows:

1. **Premises.** City hereby Leases unto Lessee and Lessee hereby hires from City those certain Premises situated in the City of San Carlos, County of San Mateo, State of California, and more particularly described as follows: San Carlos Fire Station 13, 525 Laurel Street, San Carlos and San Carlos Station 16, 1280 Alameda de las Pulgas, San Carlos (the "Premises").

2. **Lease Term.** To have and hold said Leased Premises, together with the appurtenances, rights, privileges, and easements thereunto belonging or appertaining unto Lessee for a term commencing on the Effective Date of that certain Third Amended and Restated Agreement between Cities of Redwood City and San Carlos for Fire & Emergency Services dated for reference purposes only as of July 1, 2024 ("Fire Services Agreement"), and terminating concurrently with the Fire Services Agreement with rental payable by Lessee in the amount of One Dollar (\$1) annually, payable to City as a credit in Exhibit "C" to the Fire Service Agreement for the term of this Lease.

3. **Rental Payment Address.** Lessee agrees to pay the said rental to City at the address specified in Paragraph 5, or to such other address as the City may designate by a notice in writing.

4. **Notices.** All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when hand delivered or sent via overnight courier to:

City at:	City Manager City of San Carlos 600 Elm Street San Carlos, CA 94070
----------	--

Lessee at:	City Manager City of Redwood City Redwood City City Hall 1017 Middlefield Rd. Redwood City, CA 94063
------------	--

5. **Indemnification.**

5.1. Lessee shall defend, hold harmless and indemnify City, its officers, agents and/or employees from any claims for injuries to persons (including without limitation workers' compensation claims) and/or damage to property, which result from the negligent acts or omissions of Lessee, its officers, agents, and/or employees.

5.2. City shall defend, hold harmless and indemnify Lessee, its officers, agents and/or employees from any claims for injuries to persons (including without limitation workers' compensation claims) and/or damage to property, which result from the negligent acts or omissions of City, its officers, agents, and/or employees.

5.3. In the event of concurrent negligence of Lessee, its officers and/or employees, and City, its officers and/or employees, then the liability for any and all claims for injuries or damage to persons and/or property shall be apportioned according to the California law of comparative negligence. This Section shall include, without limitation, any actions, claims, suits, demands, and liability of every name, kind, and description brought for, or on account of injuries to

or death of any person, including Lessee and/or City, or damage to property of any kind whatsoever and to whomsoever belonging. The duty to indemnify and hold harmless as set forth herein shall include the duty to defend as set forth in Civil Code Section 2778.6.

6. **City's Obligations to Provide Services and Utilities.** City shall, at its sole cost and expense, furnish to Lessee the Premises with furniture and furnishings, supplies, utilities (except telephone and internet which Lessee shall be responsible for per Section 7 below), apparatus and equipment in accordance with the Fire Services Agreement.

7. **Telephone and Internet Services.** Lessee shall be responsible for providing their own telephone services and equipment as well as Internet services and equipment during the term of the Lease.

8. **Maintenance, Repairs and Alterations.**

8.1. **City's Obligations to Maintain and Repair.** Except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, in which event Lessee shall repair the damage, or as required under this Lease, City shall keep in good order, condition and repair the Premises. San Carlos shall perform all routine maintenance and repairs on the Fire Stations in order to keep the Fire Stations in good working order to all California and Federal OSHA requirements, and in a manner consistent with a clean and functional work environment, in accordance with the Fire Services Agreement. City shall have no obligation to make repairs until a reasonable time after receipt of written notice of the need for such repairs. The City of San Carlos City Manager or designee will be the contact for Lessee for any repairs and maintenance services described in this section.

8.2. **Lessee's Obligations to Clean.** Except as otherwise provided by this lease, Lessee, at Lessee's expense, shall keep the Premises in a safe, secure, broom-clean and slightly condition, in accordance with the Fire Services Agreement. In addition, Lessee is responsible for lamp bulb replacement. No repairs or maintenance services, including, but not limited, to tenant improvements, electrical work, structural work, interior remodeling, light fixture replacement and modifications shall be made without approval of the City of San Carlos City Manager or designee. Lessee will bear the costs of these repairs and maintenance services based on current cost of time and materials.

Any outside vendor selected by Lessee to perform any repairs or maintenance services including, but not limited, to tenant improvements, electrical work, structural work, light fixture replacements and modifications shall be approved by the City of San Carlos City Manager or designee.

8.3. **Alterations and Additions.** Lessee shall not, without City's prior written consent make any alterations, improvements, additions or Utility installations in, on or about the Premises, except for nonstructural alterations not exceeding \$1,000 in cost. As used in this section the term "Utility installation" shall mean bus ducting, power panels, wiring, fluorescent fixtures, space heaters, conduits, air-conditioning and plumbing. City may require that Lessee remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the term, and restore the Premises to their prior condition.

9. **Premises Rights.** City reserves the exclusive right to the roof, exterior walls and unimproved rear and side yard areas of the Premises.

10. **Assignment and Subletting Prohibited.** Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises. The Lessee understands that it is leasing space in a government building and that City reserves the right to determine who shall occupy its Premises. Lessee further covenants and agrees that neither this Lease nor any interest therein shall be assignable or transferable in any proceedings in execution against Lessee, or in any voluntary or involuntary proceedings in bankruptcy, or insolvency taken by or against Lessee, or by process of law applying to such proceedings.

11. **Use of Premises.** The Premises are hereby leased to Lessee upon the express condition that Lessee shall use said Premises for use as full-service fire stations, subject to the provisions of the Fire Services Agreement. Lessee shall not use any portion of the Premises for purposes other than those specified hereinabove, and no use shall be made or permitted to be made upon the Premises, nor acts done, which will increase the existing rate of insurance upon the property, or cause cancellation of insurance policies covering said property.

12. **Entry on Premises.** City may enter the Premises with consent of Lessee or upon prior reasonable written notice to Lessee (24 hours shall be deemed reasonable advance notice) for the purposes of reasonable inspection, making repairs, alterations or additions, or for any other valid and reasonable business purpose. In addition, City shall be entitled to utilize the Premises without notice if required for response to a declared emergency in the City or disaster response. In the event of other emergencies (such as a localized fire, plumbing leak or other event causing damage to the Premises, etc.), City may enter the Leased Premises without consent or prior notice. Lessee shall provide the current working key to the leased premises to City. Except for an emergency, entry shall be made during regular business hours.

13. **Binding on Successors.** This Lease is and shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

14. **Insurance.**

14.1. **Liability Insurance.**

(a) Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of combined single limit bodily injury insuring against any liability arising out of Lessee's use or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than Two Million Dollars (\$2,000,000). The policy shall insure performance by Lessee of its indemnity provisions of this Lease. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. The City and its agents, employees and officials shall be named as additional insureds on said policy and Lessee shall provide the City with a certificate of said insurance coverage.

(b) City shall, at City's expense, obtain and keep in force during the term of this Lease a policy of combined single limit bodily injury insuring against any liability arising out of City's maintenance, use, or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than Two Million Dollars (\$2,000,000). The policy shall contain cross liability endorsements and shall insure performance by City of its indemnity provisions of this Lease. The limits of said insurance shall not, however, limit the liability of City hereunder. Lessee and its agents, employees and officials shall be named as additional insureds on said policy and City shall provide Lessee with a certificate of said insurance coverage.

14.2. **Property Insurance.** City shall procure, pay for and maintain in effect policies of property insurance covering the Premises and all areas appurtenant thereto in an amount not less than 100% of their actual replacement cost of the Premises, providing protection against all risks of physical loss or damage. Lessee and its agents, employees and officials shall be named as additional insureds on said policy and City shall provide Lessee with a certificate of said insurance coverage.

14.3. **Insurance Company.** Notwithstanding the references to commercial general liability insurance in this Section 14, the parties acknowledge and agree that each is a public entity with general liability coverage through a self-insurance joint powers authority (JPA). The parties agree that the coverages through their respective JPA will satisfy the insurance requirements in this Lease. Each party shall deliver to the other copies of policies of liability insurance required or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to the other. No such policy shall be cancelable or subject to reduction of coverage or other modification except after ten (10) days prior written notice to the other party. Lessee and City shall each, within ten (10) days prior to the expiration of such policies, furnish to the other with renewals or "binders" thereof, or the other party may order such insurance and charge the cost thereof to the defaulting party, which amount shall be payable by the defaulting party upon demand. Neither Lessee nor City shall do or permit to be done anything which shall invalidate the insurance policies referred to herein.

14.4. **Waiver of Subrogation.** Lessee and City each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Lessee and City shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

15. **Severability.** If any provision of the Lease Agreement, or its application, is held invalid, it will not affect other provisions or application herein which can be given effect without the invalid provision or application. To this end all provisions of the Lease Agreement are severable.

16. **City Repair of Lessee Damage.**

16.1. **Partial Destruction.** If at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee (in which event Lessee shall make the repairs, at its expense) and such damage was caused by a casualty not covered under an insurance policy required to be maintained by City, City may at City's option either (i) repair such damage as soon as reasonably possible at City's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within (30) days after the date of the occurrence of such damage of City's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event the parties will meet and confer regarding any change in scope of work for the Fire Services Agreement in light of such Lease termination. In the event City elects to give such notice of City's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to the City of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from City, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such ten (10) day period this Lease shall be canceled and terminated as of the date of the occurrence of such

damage.

16.2 Total Destruction. If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by City (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction, in which event the parties will meet and confer regarding any change in scope of work for the Fire Services Agreement in light of such Lease termination.

17. Default; Remedies. If either party defaults with regard to any of the provisions of this Lease Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for damages caused by such default, and the non-defaulting party shall have the right to give a written termination notice to the defaulting party. In the event of any Lease termination, the parties will meet and confer regarding any change in scope of work for the Fire Services Agreement. Each right and remedy provided for herein or now or hereafter existing at Law or equity, by statute or otherwise, shall be cumulative and shall not preclude either party from exercising any other rights or remedies provided for in this Lease Agreement or now or hereafter existing at Law or in equity, by statute or otherwise.

18. Time of Essence. Time is of the essence.

19. Notices. All notices required or permitted to be given under this Agreement shall be in writing and mailed postage prepaid by certified or registered mail to the appropriate address indicated below.

To San Carlos:

San Carlos City Manager
600 Elm Street
San Carlos, CA 94070-1309

To Redwood City:

Redwood City City Manager
1017 Middlefield Road
Redwood City, CA 94063

Either party may by notice to the other specify a different address for notice purposes except that upon Lessee taking possession of the Premises.

20. Electronic Signatures. If both parties agree, electronic signatures may be used in place of original signatures on this Lease. Each party intends to be bound by the signatures on the electronic document, is aware that the other party will rely on the electronic signatures, and hereby waives any defenses to the enforcement of the terms of this Lease based on the use of an electronic signature.

IN WITNESS WHEREOF, this Lease has been executed by the parties hereto as of the date first above written.

[Signature Page Follows]

CITY:
City of San Carlos
By:

LESSEE:
CITY OF REDWOOD CITY
By:

Melissa Stevenson Diaz, City Manager	Jeff D. Maltbie, City Manager
ATTEST:	ATTEST:
By:	By:
City Clerk, Yessika Castro	City Clerk, Crystal Mui
Approved as to Form:	Approved as to Form:
By:	By:
Veronica Ramirez, City Attorney	Gregory J. Rubens, City Attorney