

NAPA COUNTY AGREEMENT NO. 260318B

ANIMAL SHELTER SERVICES AGREEMENT

THIS AGREEMENT is made and entered into in Napa County, California, this ____ day of _____, 20____, by and between Napa County, a political subdivision of the State of California, hereinafter referred to as “County,” and the City of Napa, a municipal corporation of the State of California herein referred to as “City.”

RECITALS

- A. Under the authority of Government Code Section 25802 and County Code Section 6.04.210, County currently operates the Napa County Animal Shelter and Adoption Center at 942 Hartle Court, Napa, CA 94559 (“Animal Shelter”) to provide for the sanitary and humane treatment, care, and adoption of animals.
- B. Under the terms set forth in a separate agreement, the City contacts with the Napa County Sheriff’s Department for animal-related field services within City jurisdictional boundaries.
- C. On September 15, 2009, County and City entered into Napa County Agreement No. 7299, City Agreement No. C200996, effective July 1, 2009 (“2009 Agreement”), which established an equitable funding mechanism whereby City and other participating municipalities located in Napa County pay County for costs associated with County agreeing to accept and provide care, shelter, and other services for those animals brought to the Animal Shelter from the City jurisdictional boundaries.
- D. On June 4, 2019, County and City entered into Napa County Agreement No. 200022B, City Agreement No. C2019-144, effective July 1, 2019 (“2019 Agreement”), pursuant to which County agreed to accept and provide care, shelter, and other services for those animals brought to the Animal Shelter from the City jurisdictional boundaries.
- E. On June 3, 2025, County and City amended the 2019 Agreement to extend the term to June 30, 2026.
- F. Rather than further extend the 2019 Agreement, County and City mutually desire to enter into a new agreement for animal shelter services upon the terms and conditions set forth herein.

AGREEMENT

ARTICLE I – SCOPE OF SERVICES

1.1 Scope of Services. County shall provide City those services described in Exhibit A to this Agreement, and in accordance with the Contract Documents. The Contract Documents consist of this Agreement and its Exhibits.

1.2 Government Code Section 7550. Every document or report prepared by County for or under the direction of City pursuant to this Agreement shall contain the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of the document or written report if the total cost for the work performed by nonemployees of City exceeds five thousand dollars (\$5,000). The contract and subcontract numbers and dollar amounts shall be contained in a separate section of the document or written report. If multiple documents or written reports are the subject or product of this Agreement, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.

ARTICLE II – DURATION OF AGREEMENT

2.1 Term of the Agreement. The term of this Agreement shall begin on July 1, 2026 (“Effective Date”). This Agreement shall expire on the fifth anniversary of the Effective Date unless terminated earlier in accordance with this Article. For purposes of this Agreement, “fiscal year” shall mean the period commencing on July 1 and ending on June 30.

2.2 Termination for Convenience. Subject to Paragraph 3.2, this Agreement may be terminated by either party for any reason effective as of 11:59 P.M. on the last day of the then-current fiscal year by giving at least one hundred and eighty days (180) days prior written notice of such termination to the other party; provided, however, that no such termination may be effected by City unless an opportunity for consultation is provided prior to the effective date of the termination. City shall pay County for services provided before the effective date of termination.

2.4 Termination for Cause. If either party fails to fulfill in a timely and proper manner that party’s obligations under this Agreement or otherwise breach this Agreement and fail to cure such failure or breach within thirty (30) days of receipt of written notice from the other party describing the nature of the breach, the non-defaulting party may, in addition to any other remedies it may have, terminate this Agreement by giving sixty (60) days prior written notice to the defaulting party in the manner set forth in Paragraph 9.2 (Notices).

2.4.1 Absence of Default. If after either party gives notice of termination for cause, it is determined that the other party was not in default of a material obligation of this Agreement, the termination shall be deemed to be a termination for convenience under Paragraph 2.3.

2.5 Purchasing Agent’s Authority. The County Purchasing Agent or their designee is hereby authorized to make all decisions and take all actions required under this Article to suspend or terminate this Agreement.

ARTICLE III – COMPENSATION

3.1 Amount of Compensation. As compensation for the Services provided by County hereunder, City shall pay County and make contributions as set forth in Exhibit B attached hereto and incorporated herein by reference.

3.2 Annual Appropriation of Funds. County acknowledges that the term of this Agreement may extend over multiple City fiscal years, and that compensation under this Agreement is contingent on the City Council appropriating sufficient funding for this Agreement for those fiscal years. This Agreement may be terminated at the end of the fiscal year for which sufficient funding is not appropriated and authorized for the future fiscal year, provided that thirty (30) days advance written notice is provided to County. City is not obligated to pay County, nor is County obligated to provide further services if sufficient funds have not been appropriated and authorized by the City Council.

ARTICLE IV – INSURANCE

4.1 Insurance. County has and shall maintain throughout the term of this Agreement, liability property coverage and casualty and excess liability policies to cover any first-party and third-party claims for damages by or against County resulting from the operation of the Animal Shelter. County maintains first-party property insurance coverage in the amount of six hundred million dollars (\$600,000,000) and that coverage is all risk of direct physical loss or damage, including flood, to cover any such potential damage to the Animal Shelter facility, excluding earthquake. The casualty and excess liability coverage limits are twenty-five million (\$25,000,000). City shall be named as additional insured for such policies relative to the performance of this Agreement. County shall maintain the above-mentioned insurance for the duration of this Agreement. County shall provide City proof of the insurance required by this subsection at least annually.

ARTICLE V – INDEMNIFICATION

5.1 Indemnification and Hold Harmless. To the fullest extent permitted by law, County and City shall each defend at its own expense, indemnify, and hold harmless each other as well as their respective officers, agents, employees, volunteers, and representatives from and against any and all liability, claims, actions, proceedings, losses, injuries, damages or expenses of every name, kind, and description, including litigation costs and reasonable attorney's fees incurred in connection therewith, brought for or on account of personal injury (including death) or damage to property, arising from all acts or omissions of that party or its officers, agents, employees, volunteers, consultants and subconsultants in providing services or obligations required of that party under this Agreement, excluding, however, such liability, claims, actions, losses, injuries, damages or expenses to the extent arising from the active or sole negligence or willful misconduct of each party. Each party shall notify the other party immediately in writing of any

claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

5.2 Effect of Insurance. The provisions of this Article are not limited by the requirements of Article IV related to insurance.

5.3 Survival. This Article shall survive termination or expiration of this Agreement and continue in effect so long as a viable claim may exist.

ARTICLE VI – RESERVED

ARTICLE VII – COMPLIANCE WITH LAWS

7.1 Compliance with Controlling Law. The parties shall comply with all laws, ordinances, regulations, and policies of federal, California, and local governments applicable to this Agreement.

ARTICLE VIII – DISPUTE RESOLUTION

8.1 Mandatory Non-binding Mediation. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through normal contract negotiations, the parties agree to attempt to settle the dispute in an amicable manner, using mandatory mediation through Judicial Arbitration and Mediation Services (JAMS) or any other neutral organization agreed to by the parties. To initiate mediation, the initiating party shall send written notice of its request for mediation to the opposing party. Mediation is mandatory before either party may initiate litigation or have recourse in a court of law.

8.2 Mediation Costs. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.

8.3 Selection of Mediator. A single mediator that is acceptable to both parties shall be used to mediate the dispute. The mediator may be selected from lists furnished by JAMS or any other agreed upon mediator. The parties shall endeavor to agree on a mediator within 10 business days, unless a longer period is mutually agreed to in writing by City and County. If the parties cannot agree on a mediator, JAMS or other neutral organization shall select the mediator.

8.4 Conduct of Mediation Sessions. Mediation hearings will be conducted in an informal manner and discovery will not be allowed. The discussions, statements, or admissions will be confidential to the proceedings and will be subject to Evidence Code section 1152. The parties may agree to exchange any information they deem necessary. Both parties shall have a representative attend the mediation who is authorized to settle the dispute, though County’s recommendation of settlement may be subject to the approval of the Board of Supervisors. Either party may have attorney(s), witnesses, or expert(s) present. Either party may request a list of witnesses and notification whether attorney(s) will be present.

8.5 Mediation Results. Any resultant agreements from mediation shall be documented in writing. Mediation results and documentation, by themselves, shall be “non-binding” and inadmissible for any purpose in any legal proceeding, unless such admission into evidence is otherwise agreed to in writing by both parties. Mediators shall not be subject to any subpoena or liability, and their files and actions shall not be subject to discovery.

ARTICLE IX – GENERAL PROVISIONS

9.1 Access to Records/Retention. The parties shall provide each other with access to records which are reasonably necessary to review or audit compliance with the provisions of this Agreement. The parties shall cooperate to provide such access within a reasonable time after written request by either party, either by providing copies of the requested records or allowing the requesting party to inspect and photocopy the records at the place of business where the records are kept. The parties shall maintain all records related to this Agreement for at least four years after expiration or termination of this Agreement.

9.2 Notices. All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval, or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

COUNTY

CITY

Napa County Public Works
RE: Animal Shelter
1195 Third Street, Suite 101
Napa, CA 94559

City of Napa
Attn: City Manager
955 School Street
Napa, CA 94559

9.3 Contract Interpretation. This Agreement and all Contract Documents shall be deemed to be made under, and shall be construed in accordance with and governed by, the laws of the

State of California without regard to the conflicts or choice of law provisions thereof. It is the intent of the Contract Documents to completely describe the goods and services to be provided. When words or phrases which have a well-known technical or industry or trade meaning are used to describe work, materials, equipment, goods, or services such words or phrases shall be interpreted in accordance with that meaning unless a definition has been provided in the Contract Documents. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, the order of precedence shall be in descending order as set forth below (the document in paragraph 9.3.1 having the highest precedence). Provisions of the Contract Documents addressing the same subject which are consistent but have different degrees of specificity shall not be considered to be in conflict, and the more specific language shall control.

Order of Precedence:

- 9.3.1 This Agreement.
- 9.3.2 The Exhibits to this Agreement.

9.4 Drafting Ambiguities. The parties acknowledge that they have the right to be advised by legal counsel with respect to the negotiations, terms, and conditions of this Agreement, and the decision of whether to seek advice of legal counsel with respect to this Agreement is the sole responsibility of each party. This Agreement shall not be construed in favor of or against either party by reason of the extent to which each party participated in the drafting of the Agreement.

9.5 Third Party Beneficiaries. Unless expressly set forth in this Agreement, none of the provisions of this Agreement are intended to benefit any third party not specifically referenced herein. No person other than County and City shall have the right to enforce any of the provisions of this Agreement.

9.6 Force Majeure. In the event either party's performance is delayed due to causes which are outside the control of both parties and their subconsultants, contractors and employees, and could not be avoided by the exercise of due care, which may include, but is not limited to, delays by regulating agencies, wars, floods, adverse weather conditions, labor disputes, unusual delay in transportation, epidemics abroad, earthquakes, fires, terrorism, incidence of disease or other illness that reaches outbreak, epidemic and/or pandemic proportions, unusual delay in deliveries, riots, civil commotion or other unavoidable casualties, and other acts of God, both parties will be entitled to an extension in their time for performance equivalent to the length of delay. Neither party will be entitled to compensation from the other for force majeure events. The party claiming its performance is delayed must demonstrate to the reasonable satisfaction of the other party that a force majeure event is causing the delay; the mere occurrence of a force majeure event is insufficient to extend the time for performance.

9.7 Attorney's Fees. If either party commences legal action of any kind or character to either enforce the provisions of this Agreement or to obtain damages for breach thereof, the prevailing party in such litigation shall be entitled to all costs and reasonable attorney's fees incurred in connection with such action. This paragraph does not apply to attorney's fees or costs incurred during mediation.

9.8 Venue. This Agreement is made and entered into in Napa County, California. Venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa. Venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Northern District of California.

9.9 Exhibits Incorporated. All Exhibits referenced in this Agreement are hereby incorporated into the Agreement by this reference.

9.10 Governmental Powers. Nothing contained in this Agreement shall be construed as a limitation upon the powers of County as a subdivision of the State of California or the powers of City as municipal corporations. Nothing in this Agreement shall be interpreted as limiting the rights and obligations of the parties in their governmental or regulatory capacities.

9.11 Survival of Obligations. All indemnifications, warranties, guarantees and other obligations that by their nature involve performance after the early termination or expiration of this Agreement or after completion and acceptance of the scope of services, shall survive the early termination or expiration of this Agreement. Such obligations include, but are not limited to, paragraphs 9.1 (Access to Records/Retention) and Article VIII (Dispute Resolution). Obligations related to insurance or indemnity shall continue in full force and effect after the date of early termination or expiration, but only with regard to acts or omissions that occurred during the term of the Agreement.

9.12 Severability. Should any provision of this Agreement be held invalid or illegal by a court of competent jurisdiction, such invalidity or illegality shall not invalidate the whole of this Agreement, but rather, the Agreement shall be construed as if it did not contain the invalid or illegal provision, and the rights and obligations of the parties shall be construed and enforced accordingly, except to the extent that enforcement of this Agreement without the invalidated provision would materially and adversely impact either or both parties' consideration for entering into this Agreement.

9.13 Amendment/Modification. This Agreement may be modified or amended only in writing and with the prior written consent of both parties. In particular, only County through its Board of Supervisors, and City, through its City Manager, in the form of an amendment of this Agreement, may authorize extra and/or changed work if beyond the scope of services prescribed in Exhibit A.

9.14 No Waivers. Any failure by either party to insist upon the strict performance by the other of any obligation of this Agreement, or any failure to exercise any right or remedy for a breach of any term or condition of this Agreement, shall not constitute a waiver of any such failure to perform or breach of any term or condition. A waiver must be express and in writing. The waiver by either party of any breach or violation of any requirement of this Agreement shall not be

deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

9.15 No Assignments. Neither party may assign the obligations under this Agreement, nor any monies due or to become due under this Agreement, without the other party's prior written approval. Any assignment in violation of this paragraph shall constitute a default and is grounds for termination of this Agreement at the non-assigning party's sole discretion. In no event shall any putative assignment create a contractual relationship between the non-assignee and any putative assignee.

9.16 Successors in Interest. All rights and obligations created by this Agreement shall be in force and effect whether or not any parties to the Agreement have been succeeded by another entity, and all rights and obligations created by this Agreement shall be vested and binding on any party's successor in interest.

9.17 Entirety of Contract. This Agreement, including any documents expressly incorporated by reference whether or not attached hereto, constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous agreements, promises, representations, understandings, and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

9.18 Counterparts. This Agreement may be executed in counterparts, which when taken together, shall constitute a single signed original as though all parties had executed the same page.

9.19 Authority to Contract. County and City each warrant that they are legally permitted and otherwise have the authority to enter into and perform this agreement.

9.20 Legal Status of Agreement as Non-Joint Powers Agreement. This Agreement shall not be considered for any purpose as a Joint Powers Agreement between County and City under Government Code Section 6500, et. seq. City authorizes County to perform all services under this Agreement pursuant to Government Code Section 51301.

9.21 City Ordinances. City shall adopt and maintain in full force and effect during the term of this Agreement an animal care ordinance substantially similar to the provisions found in Napa County Code Title 6 and other animal care ordinances and resolutions which may be adopted by the County's Board of Supervisors, as such provisions relate to the services provided under this Agreement and as may be revised from time to time. City shall be responsible for the validity of its rules, regulations, code, and ordinances including but not limited to any ordinances or codes incorporated by reference in City ordinances or code, and City shall defend, hold harmless, and indemnify County, its officers, agents and employees with respect to any claim or action challenging the validity of any City ordinance or with respect to any claim or action that any action was taken under an invalid City ordinance. Failure of City to comply with this

requirement to maintain substantially similar ordinances may be cause for termination of this Agreement by County.

IN WITNESS WHEREOF, this Agreement is executed by County, acting by and through the Chair of the Board of Supervisors, and by Consultant through its duly authorized officer(s).

CITY OF NAPA, a municipal corporation of the State of California

By _____
STEVE POTTER, City Manager

NAPA COUNTY, a political subdivision of the State of California

By _____
AMBER MANFREE, Chair of the Board of Supervisors

<p>APPROVED AS TO FORM Office of County Counsel</p> <p>By: <u>Sabrina S. Wolfson</u> Deputy County Counsel</p> <p>Date: <u>March 5, 2026</u></p>	<p>APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS</p> <p>Date: _____ Processed By: _____ Deputy Clerk of the Board</p>	<p>ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors</p> <p>By: _____</p>
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COUNTERSIGNED:

By: _____

Erika Leahy, City Auditor

APPROVED AS TO FORM:

By: _____

Christopher Diaz, Interim City Attorney

ATTEST:

By: _____

Tiffany Carranza, City Clerk

EXHIBIT “A”

SCOPE OF SERVICES

1. GOALS AND OBJECTIVES

- A. Operate an Animal Shelter consistent with industry standards, to provide sanitary temporary habitation, physical and behavioral health, medical treatment, adoption, placement or other disposition of permissible stray, impounded, unwanted or surrendered domestic animals, livestock, and exotic pets that originate from within the jurisdictional boundaries of City.
- B. Provide a high level of customer service to the visitors at the Animal Shelter and the users of the Animal Shelter website.
- C. Advocate through community education and engagement for the general welfare of all animals and about responsible pet ownership, including practical measures for managing animal populations at-large through spay and neuter programs.
- D. Pursue collaborative partnerships with community welfare organizations such as Napa Humane, Friends of the Napa County Animal Shelter, and other local, regional, and state animal welfare organizations.
- E. Strive to maintain a high Live Release Rate and focus programs and objectives to sustain or increase the rate annually.
- F. Provide services in accordance with California Penal Code 597.1, California Food and Agriculture Code 32000 *et seq*, and sections 30503 and 31751.3, and all other state statutes and County ordinances governing animal shelters for care, physical and medical treatment, holding periods, placements, dispositions and record keeping.

2. SCOPE OF SERVICES

- A. **Animal Shelter Location and Hours of Operation.** County shall provide primary Animal Shelter services at its Animal Shelter located at 942 Hartle Court, Napa, California. County shall provide and maintain all facilities, infrastructure, and equipment necessary for operation of the Animal Shelter. County shall be responsible for the operation of its Animal Shelter and the care of animals on a twenty-four (24) hour basis. County, in its sole discretion, shall determine the days and hours of operation of the Animal Shelter. At the time of execution of this Agreement, the Animal Shelter is open to the public Tuesday through Sunday, 10:00 AM to 4:45 PM (closed for lunch from 12pm to 1pm) and closed on Mondays. County shall maintain public hours of operation to provide reasonable public access to the animals, to the extent possible, and consistent with County policies.
- B. **Acceptance of Animals.**
 - a. County shall accept at its Animal Shelter, all dogs, cats, and other small and large domestic animals delivered from within the jurisdictional boundaries of City; provided, however, that County is only obligated to accept such animals within the structural and humane operating capacity of the Animal Shelter. Animal

Shelter may limit owner-surrenders, intake of “community” / “feral” cats, intake of animals subject to legal holds, and intake of other animals if County Animal Shelter determines there are health, safety and/or animal welfare concerns.

- b. County shall accept deceased domestic and wild animals from the City. Live wild animals are not accepted.
 - c. Animals, as used throughout this Agreement, refers to both alive and deceased domestic animals.
- C. Animal Sheltering and Care.** County shall render a spectrum of common animal shelter services, as operationally feasible and in a manner consistent with Chapter 6 of Napa County Code, including but not limited to the following:
- a. Conduct initial behavioral, physical and medical needs assessments, vaccinate, and seek appropriate veterinary care for every animal that is taken in by the Animal Shelter.
 - b. Administer vaccinations and microchips, and effectuate the spaying and neutering of all dogs and cats transferred to the custody of the Animal Shelter for reasons other than temporary impounds or boards through the coordination of services with agencies and/or veterinarians licensed to perform such procedures.
 - c. Accommodate impounded, stray, quarantined or temporarily boarded animals, as operationally feasible.
 - d. Provide (through purchase, contract, or other means) animal care supplies, feed, and all other necessary provisions for operation of the Animal Shelter.
 - e. Provide (through purchase, contract, or other means) shelter, food, water, and veterinary care, including emergency veterinary care in compliance with applicable State of California statutes and regulations and in accordance with generally recognized standards for the humane treatment of animals.
 - f. Promote and coordinate animal adoptions via an application process through various outreach programs, events, and during public walk-in operating hours.
 - g. Arrange for the alternative placement of animals that require specialized or otherwise inaccessible care, or to optimize adoption probability, to address space constraints at the Animal Shelter, or for other reasons deemed necessary by County.
 - h. Perform humane euthanasia and disposal of remains at owner’s request or in accordance with Section 6.04.230 of the Napa County Code of Ordinances, using methods of euthanasia and drugs approved by the American Medical Association and staff that are trained in accordance with Section 2039 of the California Code of Regulations, Title 16, Division 20, Article 4.
 - i. Maintain a volunteer/foster care program at the Animal Shelter to support animal enrichment, exercise, and socialization and to provide fostering/transitional care of animals between shelter and permanent homes.
 - j. Take steps through its operating policies, codes, public fee structures, and partnerships to reduce the number of animals and their length of stay in the Animal Shelter, and may limit owner-surrenders and intake of “community” or “feral” cats, adjust fees, and incentivize community-based solutions to manage the population of sheltered animals consistent with the capacity of the facility.

- k. Control and care for animals subject to legal holds (those animals that are confiscated for neglect, cruelty, bite quarantine, vicious, dangerous, or similar circumstances), as operationally feasible.
 - l. Provide microchip services at established fee rates to the public to facilitate pet identification.
 - m. Manage a cat trap rental program and a spay/neuter voucher program to support management and health of the at-large animal population.
 - n. Disseminate educational materials and information focused on community awareness, adoptions, and foster outreach using assorted forms of on-line and off-line approaches including website, social media, and participation at community events.
 - o. Maintain a computerized shelter management and record keeping system to track Animal Shelter operations data, by jurisdiction as feasible with existing software capability. At the time of execution of this Agreement, County utilizes ShelterBuddy as its Animal Shelter Database System.
 - p. Coordinate disaster/emergency preparedness and response through efforts of Napa County.
 - q. Comply with all Drug Enforcement Agency (DEA) regulations regarding storage, record-keeping, inventory, use, and disposal of all controlled substances.
- D. **Licensing.** County shall provide full-service licensing of animals inclusive of processing new and renewal licenses, distribution of renewal notices, and issuance of licenses. Licensing may be provided on-line and/or over-the-counter, at the sole discretion of County.
- E. **Data Transparency.** County shall maintain public transparency by publishing quarterly Asilomar Accords and Live Release statistics on the County's official website. City may access these reports directly at any time for information on Shelter operations or outcomes.
- F. **Scheduling.** County shall use its best efforts to provide services to animals delivered to the Animal Shelter from within the jurisdictional boundaries of City in a reasonably prompt manner. Notwithstanding anything to the contrary set forth herein, due to the nature of many of the services provided by the animal shelter to City and other Participants, and the number of animals that may be at the Animal Shelter at any one time, the parties understand and agree that no guarantee can be made, or is intended to be made, by County with respect to providing care and services to any particular animal brought to the Animal Shelter from within the jurisdictional boundaries of City.
- G. **Staffing.** County shall hire and maintain sufficient staff, extra help staff, volunteers and supervisory oversight thereof. All staff responsible for animal care shall possess valid certifications, education and training mandated by Napa County and the State of California to perform appointed duties, including humane euthanasia and animal management. All volunteers shall be assigned only those tasks commensurate with their level of training and experience.

3. ORGANIZATIONAL CONTROLS

The parties acknowledge and agree that the County also provides animal shelter services to the City of Napa, City of American Canyon, and Town of Yountville pursuant to separate

agreements with such jurisdictions and that Animal Shelter operations, capital projects, improvements and assets are budgeted for, and funded by, payments for services and contributions from each of the participating jurisdictions (“Participants,” which at the time of execution of this Agreement include City of American Canyon, City of Napa, Town of Yountville, and Napa County). Therefore, the annual budget process is a collaborative effort that requires the participation and cooperation of all Participants. County and City agree to participate in strategic alignment and ongoing collaborative processes amongst the Participants to achieve organizational goals and objectives and to comply with the following procedures related to preparation and adoption of the annual budget:

- A. **Quarterly Participant Meetings.** Authorized representatives of County and City shall endeavor to participate in quarterly Participant meetings to discuss operational issues.
- B. **Annual Participant Meetings.** Authorized representatives of County and City shall participate, at minimum, once per year in an annual Participant meeting, prior to April 1 for the purposes of establishing priorities, allocating fiscal, human, and other resources, and analyzing critical elements of Animal Shelter operations for the subsequent fiscal year. Discussion topics shall include, but not be limited to: budgets, staffing, hours of operations, capital purchases, projects or repairs, policy implementation or revision, and any other matter that may have significant impact on the Animal Shelter or its resources.
- C. **Annual Budget Approval and Adoption.**
 - a. Prior to April 1 of each year, the County shall prepare and submit to all Participants for their respective review and approval, which may not be unreasonably withheld by City, a comprehensive operating budget for the upcoming fiscal year that accurately represents County’s good-faith estimate of all projected revenues and expenditures for the operation of the Animal Shelter and meets commonly accepted accounting standards (“Proposed Annual Budget”).
 - b. City shall, no later than April 15, notify the County in writing whether it approves or objects to the Proposed Annual Budget. If City fails to notify County of its approval or objection by April 15, City shall be deemed to have approved the Proposed Annual Budget.
 - c. If City objects to the Proposed Annual Budget, it shall provide County and the other Participants with a written statement outlining in sufficient detail its concerns and proposed adjustments to the Proposed Annual Budget no later than April 15. Representatives of the Participants shall thereafter meet and confer in good faith regarding the Participant’s concerns and proposed revisions in an effort to reach agreement by all Participants on a revised Proposed Annual Budget by May 1.
 - d. If any dispute between the Participants regarding the Proposed Annual Budget remains unresolved by May 1, County shall adopt the Proposed Annual Budget in the course of the regular County of Napa budget process, and the Participants shall thereafter proceed with dispute resolution in accordance with Article VIII of the Agreement to resolve the outstanding dispute.
 - e. Upon County’s adoption of the Proposed Annual Budget, it shall be considered the Annual Budget hereunder.

- f. Delays, regardless of cause, in the adoption of the Annual Budget shall not preclude or restrict County from delivering the services described herein or cause any interruption in daily operations, and City shall continue to compensate County in the manner set forth in Exhibit B.

D. Budget Revisions.

- a. County shall notify City in writing as soon as practical if the Annual Budget is projected to be either under-expended by a total equal to or greater than 10%, or over-expended by any amount during the then-current fiscal year.
 - b. Notifications regarding over-expenditures beyond the total annual operations budget shall be accompanied by a description of the event or circumstances causing such over-expenditures, an itemization of costs, and a recommended course of action to offset costs, which may include use of fund balance or other operational modifications, if reasonably feasible.
- E. Audits.** Upon reasonable notice, either party shall have the right to inspect and audit any records produced or maintained by the other party relevant to this Agreement, to the extent allowable by law.

EXHIBIT “B”

FUNDING FOR OPERATIONS, CAPITAL PROJECTS, IMPROVEMENTS AND ASSETS

Animal Shelter operations, capital projects, improvements and assets shall be funded by payments for services and contributions from all Participants as set forth below. In the event a Participant other than City terminates its agreement with the County for Animal Shelter operations, thereby reducing the total number of Participants sharing in the Animal Shelter costs, City’s Population Proportion (defined below) will be recalculated based on the reduced number of Participants, and City shall continue to make payments and contributions as set forth below based on the revised City’s Population Proportion unless the parties otherwise agree in writing to an alternative methodology for sharing costs among the remaining Participants for the remainder of the term.

1. Operations

- (a) Payment for Services. City agrees to pay County a percentage of budgeted net operating costs for each fiscal year equal to City’s population divided by the population of all Participants (“City’s Population Proportion”). City’s payment for services calculated in accordance with this Exhibit “B” shall be referred to as “City’s Operating Share.”
 - i. For purposes of this Agreement, “net operating costs” shall mean the total budgeted operating expenses in the Annual Budget, including a 3% operational contingency, less budgeted revenue received from any source, other than payments for services from Participants during the specified time period and interest earned as a result of delinquent payments.
 1. Under previous agreements with Participants, County limited allocation of County Engineering and Administrative Costs to Participants to \$40,000 per fiscal year to cover administrative items such as budgeting, accounting, competitive procurement, contracting, and supervision of Animal Shelter management, and, the County paid for all Engineering and Administrative costs in excess of \$40,000. County desires to eliminate the allocation limit by year three of this Agreement. In year one of this Agreement (FY26/27), the allocation of Engineering and Administrative Costs will be limited to \$65,000. In year two of this Agreement (FY27/28), the allocation of Engineering and Administrative Costs will be limited to \$80,000. In each successive year of this Agreement, Engineering and Administrative costs will be budgeted based on actual costs from the previous two fiscal years (starting with FY25/26), and 100% of budgeted Engineering and

Administrative costs will be allocated to all Participants. Should these costs be projected to exceed \$120,000 annually, the County shall provide to Participants, at the annual budget meeting, a basis for the budget estimate, including role, projected hours, rate, and primary services.

- ii. City's Population Proportion shall be determined by the population figures in the most recent estimate published by the California Department of Finance (DOF) Demographic Research Unit.
 - iii. In the event actual operating expenditures are less than revenue, City's Operating Share shall not be reduced. However, any excess revenues shall be designated as fund balance in accordance with subsection (b) below.
- (b) Fund Balance. Revenues received in excess of actual operating expenditures in a fiscal year shall be designated as fund balance.
- i. Use of fund balance, not including funds received through any bequest to benefit the Animal Shelter, shall take precedence over increasing City's Operating Share.
 - ii. The fund balance shall be appropriated and expended at County's discretion in the event the approved budgeted appropriations are projected to be or have been exhausted.
 - iii. The operating fund balance, not including funds received through any bequest to benefit the Animal Shelter, shall not be sustained at an amount greater than 60-days operating capital, unless a long-term expenditure plan has been approved.
 - iv. At the close of each fiscal year, once all activity for the year is posted, operating fund balance, net of any funds received through any bequest to benefit the Animal Shelter, will be analyzed to determine if it exceeds 60-days operating capital (excess reserve). Unless a long-term expenditure plan has been approved, excess reserve will be credited back to Participants as described in the Animal Shelter Fund Balance Policy.
 - v. Bequest funds to benefit the Animal Shelter will be appropriated only after consultation with the Participants.
- (c) Additional Contributions to Fund Balance for Long-Term Expenditure Plans. Participants may agree to develop long-term expenditure plans for the purpose of acquiring specific and predetermined goods, or services in future fiscal years if the cost for such items or services cannot be economically accommodated in a single fiscal year, for example purchase of replacement animal crates where the cost may be high but items are not considered capital assets.
- i. County shall develop long-term expenditure plans, as needed, and present them to the Participants at the annual meeting for approval as part of the annual budget approval and adoption process.
 - ii. City's contribution amount for a long-term expenditure plan shall be determined at the time plans are approved.
 - iii. Long-term expenditure plans shall be limited to one-time purchases.

2. Capital Projects, Improvements and Assets

- (a) Capital Reserve. City agrees to contribute to a Capital Reserve for the purpose of maintaining a fund balance which shall be used to finance capital projects or improvements, or for the purchase of capital assets for the Animal Shelter.
 - i. City's contribution to the Capital Reserve shall be an amount equal to 3% of City's Operating Share for the then-current fiscal year ("City's Capital Share").
 - ii. City and County may agree, by means of written approval from an authorized representative of each party, to adjust the City's Capital Share or for contributions outside the Operating share during the term of this Agreement in consideration of capital expenditures made by County, for future capital expenditures, or for any other matter.

3. Invoicing

- (a) Initial Invoice. County shall send an initial invoice to City no later than July 15th of each year for an amount equal to half of City's projected Operating Share and Capital Share for the current fiscal year.
- (b) Mid-Year Invoice. COUNTY shall send a mid-year invoice to City no later than January 15th of each year for an amount equal to half of City's projected Operating Share and Capital Share, net any fund balance credit from the previous fiscal year calculated in accordance with Section 1(b) above.
- (c) Year-End Invoice. County shall reconcile all operating expenditures and use fund balance to satisfy any cash deficits. In the event a deficit balance remains, County shall send an invoice to City no later than August 15th of each year for a percentage of the deficit balance equal to City's Population Proportion of all Participants.
- (d) Payment Terms. City shall deliver payment to County for all invoices no later than thirty (30) days after the date of the invoice.
- (e) Delinquent Payments.
 - i. County Animal Shelter is entitled to recover interest on any payment that is not received by County Animal Shelter by the payment deadline in subsection (d) above. Interest shall be calculated at the rate of interest paid by the Napa County Treasurer/Tax Collector for departments or entities participating in the pooled funds account for the period of time in which the payment is delinquent. Interest shall be applied from the last day of the month in which services were performed; and,
 - ii. County may take any appropriate action to collect delinquent payments as is authorized by law.

4. Accounting Controls

- (a) Separation of Funds. The Napa County Auditor-Controller shall account for all revenues and expenses related to the terms and services of this Agreement in a separate enterprise fund.
- (b) Separation of Accounts. The Napa County Auditor-Controller shall maintain separate accounts for operations and capital projects, improvements or assets.

- (c) Earned Interest. All interest earned shall be designated as revenue and added to the fund balance of whichever fund carried the principal balance for which interest was accrued. Interest shall be calculated using the Napa County Treasurer-Tax Collector's interest allocation methodology.