

Understanding with City of Nevada City fire Employees and approving the termination of Nevada City Fire personnel effective as of their hire date with the City of Grass Valley.

ADJOURNMENT

Certification of Posting of Agenda

I, Gabrielle Christakes, Administrative Services Technician/Deputy City Clerk for the City of Nevada City, declare that the foregoing agenda for the November 10th, 2020 Special Meeting of the Nevada City City Council was posted November 6th, 2020 at the entrance of City Hall. The agenda is also posted on the City's website www.nevadacityca.gov.

Signed November 6th, 2020, at Nevada City, California

Gabrielle Christakes, Administrative Services Technician, Deputy City Clerk

NOTICE: *As presiding officer, the Mayor has the authority to preserve order at all City Council meetings, to remove or cause the removal of any person from any such meeting for disorderly conduct, or for making personal, impertinent, or slanderous remarks, using profanity, or becoming boisterous, threatening or personally abusive while addressing said Council and to enforce the rules of the Council.*

REPORT TO CITY COUNCIL

City of Nevada City
317 Broad Street
Nevada City, CA 95959
www.nevadacityca.gov

November 10, 2020

TITLE: Fire Protection Services Agreement Between the Cities of Grass Valley and Nevada City

RECOMMENDATION: Pass Resolution 2020-XX, a Resolution of the City Council of the City of Nevada City Approving an Agreement for Fire Protection Services between the City of Nevada City and the City of Grass Valley, approving a Worker's Compensation Agreement with the City of Grass Valley, approving a Lease Agreement for Fire Station No. 54 to the City of Grass Valley, approving a Side Letter Agreement to amend the Memorandum of Understanding with City of Nevada City fire Employees and approving the termination of Nevada City Fire personnel effective as of their hire date with the City of Grass Valley.

CONTACT: Mark Buttron, Fire Chief
Sam Goodspeed, Division Chief

BACKGROUND / DISCUSSION:

The City of Grass Valley and City of Nevada City have a long history of cooperation providing public safety services. In 2003 Nevada City and Nevada County Consolidated along with the Grass Valley Fire Department established a Joint Operational Area (JOA) encompassing the three jurisdictions. The unique agreement leveraged resources to maximize response, efficiencies, and resilience in fire protection within the JOA. In addition, the Grass Valley Police Department and Nevada City Police Department have set a precedent by entering into an agreement to share the services of a Detective and Patrol Officers during certain work hours. This arrangement has proven to be mutually beneficial to both municipalities.

In 2009 and 2014 the three JOA agencies attempted a Shared Administrative Service Agreement for Fire Chief. Ultimately the negotiations failed due to the inability to agree on the governance structure. Unfortunately, the shared service concept was before its time in application. The concept of shared services remains the same: eliminate duplication, build efficiencies, fiscal prudence, future direction, and sustainability. These ideals drove the City of Grass Valley and the City of Nevada City to evaluate a shared service agreement for fire administration in June of 2018 as a pilot program. Both cities share similar public safety challenges such as Wildland Urban Interface (WUI) on the perimeter of the City, Historic 'old town' areas with turn of the century construction and roadways, major transportation corridors, and increased calls for service.

The pilot program framework allowed the cities to explore operational and administrative opportunities which enhance effectiveness and provide additional efficiencies; and it

gave us a chance to evaluate the practical application of shared services. Due to its success, the program remained in effect while the cities explored options for the integration of both fire agencies into one through a Fire Protection Services Agreement. Through the agreement, Grass Valley will provide Nevada City services related to fire administration, firefighting and rescue services, emergency medical services (EMS) and emergency management. Both parties want to maximize the use of existing resources, minimize costs, and maintain local control. Our goal is to continue to deliver effective firefighting, rescue and emergency medical services.

For more than 2 years the cities have operated as one agency, while maintaining separate labor agreements and budgets. This arrangement has aligned our cities' policies, staffing, fire apparatus, equipment, training, report systems, technology, vegetation management, and administrative services. Our success can be attributed to the professionalism and selflessness of our staff, in addition to their commitment to our communities and each other. Throughout the process we have engaged with both labor groups and the International Association of Firefighter Local 3800, all of which support the Fire Protection Services Agreement.

Honoring the legacy of our two historic agencies, the identifying characteristics of each agency will not change. In the future, after the service agreement is in place, a cooperative insignia will be placed on all the fire apparatus.

Upon adoption of the agreement, all Nevada City suppression staff will be employed by the City of Grass Valley. Seniority and rank will be maintained for all staff as provided in the Grass Valley Firefighters Memorandum of Understanding. The Fire Chief, currently Mark Buttron of Grass Valley, will provide general administration and oversight of the Grass Valley/Nevada City Fire Department, Division Chief Sam Goodspeed will remain an employee of the City of Nevada City with a focus on Fire Prevention within Nevada City as well as operational and administrative support to the Fire Chief. Nevada City shall pay Grass Valley \$895,000 for services provided under this Agreement each year (the "Annual Cost"). The Annual Cost shall be increased on October 1 of each year, beginning on October 2022, proportional to the increase in the total assessed valuation of secured property tax in Nevada City, but not more than three percent per year. The Annual Cost shall not be reduced if there is a decrease in the assessed valuation of secured property tax.

The Nevada County Local 3800 voted in support of the Shared Administrative Services Agreement November 5, 2020. A letter of support from the Local 3800 will be provided at the November 10, 2020 Special City Council meeting.

The Fire Chief will report to the City Managers of Grass Valley and Nevada City.

ENVIRONMENTAL CONSIDERATIONS: Not applicable.

FISCAL IMPACT: The beginning contract cost will be \$895,000 until October 2022; with possible increases, each October 1 that will be determined by the increase in

Nevada City properties assessed valuations. See section #10 in the services agreement.

ATTACHMENTS:

- ✓ Resolution 2020-XX, a Resolution of the City Council of the City of Nevada City Approving an Agreement for Fire Protection Services Between the City of Nevada City and the City of Grass Valley, Approving a Worker's Compensation Agreement with the City of Grass Valley, Approving a Lease Agreement for Fire Station No. 54 to the City of Grass Valley, Approving a Side Letter Agreement to Amend the Memorandum of Understanding with City of Nevada City Fire Employees and Approving the Termination of Nevada City Fire Personnel Effective as of their Hire Date with The City of Grass Valley
- ✓ Grass Valley / Nevada City Fire Services Agreement
- ✓ Workers Compensation Agreement
- ✓ Fire Station Lease Agreement
- ✓ Nevada City Side Letter
- ✓ Grass Valley Side Letter

RESOLUTION NO. 2020-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEVADA CITY
APPROVING AN AGREEMENT FOR FIRE PROTECTION SERVICES
BETWEEN THE CITY OF NEVADA CITY AND THE CITY OF GRASS VALLEY,
APPROVING A WORKER'S COMPENSATION AGREEMENT WITH THE CITY
OF GRASS VALLEY, APPROVING A LEASE AGREEMENT FOR FIRE
STATION NO. 54 TO THE CITY OF GRASS VALLEY, APPROVING A SIDE
LETTER AGREEMENT TO AMEND THE MEMORANDUM OF
UNDERSTANDING WITH CITY OF NEVADA CITY FIRE EMPLOYEES, AND
APPROVING THE TERMINATION OF NEVADA CITY FIRE PERSONNEL
EFFECTIVE AS OF THEIR HIRE DATE WITH THE CITY OF GRASS VALLEY**

WHEREAS, the City of Nevada City and the City of Grass Valley Fire Departments have had a long history of cooperation providing public safety services. In 2003, Nevada City and Nevada County Consolidated along with Grass Valley Fire Department established a Joint Operational Areas (JOA) encompassing the three jurisdictions. In 2018, the Cities of Grass Valley and Nevada City entered into a shared services agreement for fire administration as a pilot program. The program has been successful in maximizing resources and eliminating duplication of efforts, and it has resulted in cost savings for both jurisdictions; and

WHEREAS, based on the success of the pilot program, both Nevada City and the City of Grass Valley desire to enter into an Agreement for Fire Protection Services whereby the fire personnel, other than the Fire Chief of Nevada City shall become employees of and shall operate under the direction of the City of Grass Valley and the Grass Valley Fire Chief; and

WHEREAS, under the terms of the Fire Services Agreement the City of Nevada desires to lease Fire Station No. 54, located at 210 Providence Mine Road, to the City of Grass under the terms set forth in the Lease Agreement; and

WHEREAS, in order to facilitate the transfer of the City of Nevada City fire personnel from Nevada City to the City of Grass Valley per the terms of the Fire Services Agreement, it is necessary to clarify and codify the legal responsibilities of each cities' for the Workers' Compensation coverages and benefits for the employees moving from the City of Nevada City to the City of Grass Valley under the Fire Services Agreement in a Workers' Compensation Agreement between the City of Nevada City and the City of Grass Valley to facilitate implementation of the Fire Service Agreement; and

WHEREAS, in order to facilitate the transfer of the City of Nevada City fire personnel from Nevada City to the City of Grass Valley per the terms of the Fire Services Agreement, it is also necessary for the City Council of the City of Nevada City to approve an amendment to the City of Nevada City's Memorandum of Understanding ("MOU") between the Nevada County Professional Firefighters, Local 3800 (known as a "side letter") in order to comply with the requirements of the MOU and applicable law.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Nevada City does hereby resolve as following:

1. The Agreement for Fire Protection Services Agreement with the City of Grass attached hereto and incorporated herein by this reference as

Exhibit "A" is hereby approved, and the City Manager is directed to execute the Agreement on behalf of the City;

2. The Agreement Regarding the Allocation of Workers' Compensation Liabilities Relating to the Agreement for Fire Protection Services with the City of Grass Valley attached hereto and incorporated herein by this reference as Exhibit "B" is hereby approved, and the City Manager is directed to execute the Agreement on behalf of the City;
3. The Lease Agreement for Fire Station 54 to the City of Grass attached hereto as Exhibit "C" and incorporated herein by reference is hereby approved, and the City Manager is directed to execute the Lease Agreement on behalf of the City;
4. The Side Letter Agreement to Amend the Memorandum of Understanding with City Of Nevada City Fire Employees attached hereto as Exhibit "D" and incorporated herein by reference is hereby approved, and the City Manager is directed to execute the Agreement on behalf of the City; and
5. The employees of the City of Nevada City Fire Department that will be hired by the City of Grass Valley under the terms of the Fire Protection Services Agreement, shall be terminated by the City of Nevada City as of the date they are hired by the City of Grass Valley.

BE IT FURTHER RESOLVED THAT, in compliance with state law, no public funds shall be used in the campaign for or against the measure.

PASSED AND ADOPTED at the special meeting of the City Council of the City of Nevada City on the 10th day of November 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Erin Minett, Mayor

ATTEST:

Niel Locke, City Clerk

**FIRE PROTECTION SERVICES AGREEMENT
BETWEEN THE CITIES OF GRASS VALLEY
AND NEVADA CITY**

This Agreement is entered into as of _____, 2020 by and between the City of Grass Valley, a charter city ("Grass Valley"), and the City of Nevada City, a general law city ("Nevada City"). Each party may be referred to in this Agreement as "Party" or collectively as "Parties."

RECITALS

WHEREAS, the Parties entered into a Joint Operations Agreement dated February 28, 2014 ("Master JOA") to cooperatively provide fire protection and emergency services, including joint use of personnel to their respective communities;

WHEREAS, Section 6 of the Master JOA authorizes two or more parties to the Master JOA to enter into separate contracts in furtherance of the intent of the Master JOA which intent is to "continually seek out and employ joint methods, practices, policies and/or procedures that will serve to maintain or improve the safety ad levels of emergency and fire prevention services provided to the citizens and visitors of the cooperating departments and to improve the existing practices of all departments to assure the highest levels of employee safety, emergency, operations, administrative efficiency and cost effectiveness in the delivery of fire protection, EMS and other emergency services";

WHEREAS, the Parties now desire to further integrate fire protection and emergency services by this Fire Protection Services Agreement ("Agreement") whereby Grass Valley will provide fire protection and emergency services to Nevada City;

WHEREAS this Agreement will increase the administrative efficiency and cost effectiveness in the delivery of fire protection, EMS and other emergency services between Nevada City and Grass Valley, thereby serving the intent of the parties to the Master Agreement; and

NOW, THEREFORE, in consideration of the mutual promises contained herein and pursuant to the authority granted by California Government Code sections 6502 and 54980 et seq., the Parties agree as follows:

1. **Purpose.** Grass Valley agrees to provide in the territory of Nevada City services related to fire administration, firefighting and rescue services, and emergency medical services (EMS) and emergency management. The Parties desire to maximize the use of existing resources, contain costs, maintain local control, and continue to deliver effective firefighting, rescue and emergency medical services. The Parties do not intend this Agreement to provide new or extended services within either city. Instead, the Parties agree, consistent with Government Code section 56133(e)(1), to maintain existing service levels. This Agreement is not a “fire protection contract” under Government Code section 56134 as there is no transfer of responsibility for providing fire protection services from one Party to the other. Rather, the Agreement continues a longstanding practice of coordinated delivery of fire protection services to the two cities.
2. **Scope of Services; Annexations.** Grass Valley shall provide fire administration, firefighter and rescue services, and EMS and emergency management services to the territory of Nevada City at the same or better level as it is provided to the territory of Grass Valley on the date of execution of this Agreement. Should Nevada City annex territory and take on responsibility for these services in that area, the Parties shall amend this Agreement as necessary before Nevada City agrees to a property tax exchange agreement under Revenue & Taxation Code section 99 and related law with respect to that annexation. Grass Valley shall have no responsibility to serve such annexation territory absent an amendment to this Agreement.
3. **Term of the Agreement.** Unless sooner terminated as provided in Section 6 below, this Agreement shall have a 10-year term, commencing on the date of execution of this Agreement by the latter of the two Parties to do so.
4. **Fire Inspection and Code Enforcement Services.** Nevada City shall be solely responsible for fire inspections under Health & Safety Code section 13140 et seq. within its territory and fire department responsibilities under the Nevada City Municipal Code, including the California Fire Code as amended from time to time by the State Building Standards Commission and/or Nevada City. To the extent required by State law and the Nevada City Municipal Code, the Division Chief shall be the authorized representative in charge of enforcing such requirements within the territory of Nevada City.
5. **Personnel.**

- a. This Agreement proposes to terminate employment of all Nevada City fire personnel, except for the Division Chief pursuant to Section 5(b) herein, with Nevada City and initiate employment of those employees by Grass Valley. Upon hiring by Grass Valley, these employees shall cease to be Nevada City employees.
- b. The Parties shall share the services of one Division Chief. The Division Chief shall deliver services as more particularly described herein:
 - i. The Division Chief will, under the supervision and direction of the Grass Valley Fire Chief, be assigned responsibility for general operations and oversight of the Grass Valley and Nevada City Fire Departments, including, but not limited, to personnel management and supervision, and similar related activities, in accordance with the requirements and expectations of State law, the Grass Valley City Charter, the Parties' respective Municipal Codes, applicable Grass Valley and Nevada City regulations and labor agreements, and the customary duties of a deputy fire chief.
 - ii. Grass Valley shall not assign any other person to provide those services in Nevada City without the written consent of Nevada City's City Manager. It is understood and agreed by the Parties that the Division Chief may elect to terminate employment with Nevada City at any time. Should he do so, Nevada City agrees that it shall consult Grass Valley regarding the selection of a new Division Chief. Nevada City shall provide prompt notice of such termination to Grass Valley, and the Parties shall, without delay, meet to discuss the procedures for identifying and, if appropriate, selecting a new Division Chief.
 - iii. The Division Chief shall be a Nevada City employee, and shall not be deemed an employee of Grass Valley for any purpose. Nevada City shall be solely responsible for all salary, benefits, workers' compensation, and insurance for the Division Chief.
 - iv. The Parties may modify the responsibilities of the Division Chief ascribed in Section 5(b)(i), and may choose not to fill the position or to fill it with an employee of a lower rank than

Division Chief. The Parties shall make any such decisions by mutual, written agreement.

- c. The Parties acknowledge that any term of this Agreement requiring amendment to an existing Memorandum of Understanding for either Parties' affected bargaining units has been approved, following all required procedures under applicable laws.

6. Termination or Withdrawal.

- a. At any time and without cause, either Party may terminate this agreement in whole or in part by giving at least twelve months' written notice to the other Party. Nevada City shall pay Grass Valley for all charges accrued under this Agreement up to the date of termination.
- b. Either Party may terminate this Agreement for cause by delivering a written notice of default to the other Party. The notice shall identify the provision of this Agreement violated and facts supporting the default. The defaulting Party has 30 days from receipt of the notice to cure the default unless the nature of the default is such that it cannot be reasonably accomplished in 30 days, in which case the defaulting Party shall commence the cure in 30 days and pursue it diligently to completion thereafter. The Agreement will be terminated on the 31st day after written notice is delivered if the defaulting Party fails to cure, or commence to cure, the default as the case may be.
- c. The Parties may terminate this agreement at any time by mutual written agreement.

7. Apparatus, Equipment and Supplies.

- a. All apparatus and equipment owned by Nevada City at the date of execution of this Agreement described in Exhibit "A" shall be managed as follows:
 - i. Nevada City shall retain sole ownership of all apparatus and equipment described in Exhibit "A". Grass Valley shall be permitted exclusive use of all such apparatus and equipment during this Agreement. Nevada City shall be solely responsible for insurance, which shall cover Grass Valley's

use of the apparatus and equipment on the same terms as coverage for Nevada City prior to execution of this Agreement, and replacement of all apparatus and equipment. Nevada City shall assist with filing insurance claims related to Grass Valley's use of apparatus and equipment under this Section, as necessary.

- ii. Grass Valley shall be solely responsible for regular maintenance and repair for all apparatus and equipment described in Exhibit "A". Grass Valley shall not be liable to Nevada City for any damage to such apparatus or equipment unless caused by the sole negligence or willful misconduct of Grass Valley, or its officers, employees, agents, or volunteers, or by failure of Grass Valley to perform regular maintenance and repair pursuant to this Section. This subsection shall have no effect on default rules of liability with respect to claims arising out of any accidents or incidents involving operation of the apparatuses or equipment by either Party's employees, officers, agents, or assignees.
 - iii. The Grass Valley Fire Chief may, in his or her reasonable judgment, determine that Nevada City must replace apparatus or equipment. Grass Valley shall notify Nevada City that replacement of apparatus or equipment is necessary, which request shall be based on typical industry standard replacement schedules, and the date by which it must occur. Such notice shall be given in writing at least 60 days before the apparatus or equipment must be repaired or replaced.
 - iv. If this Agreement is terminated pursuant to Section 6 of this Agreement, all apparatus and equipment owned by Nevada City shall be returned to Nevada City.
- b. All equipment and supplies owned by Nevada City and used by Nevada City Fire Department at the date of execution of this Agreement, but not described in Exhibit "A", shall be managed as follows:
- i. Grass Valley shall be permitted exclusive use of equipment and supplies owned by Nevada City and used by Nevada City Fire Department, but not described in Exhibit "A". Grass

Valley is solely responsible for regular maintenance, repair and replacement of all such equipment and supplies.

- ii. Grass Valley shall not be liable for any damage to equipment and supplies subject to Section 7(b) of this Agreement, unless caused by the sole negligence or willful misconduct of Grass Valley, or its officers, employees, agents, or volunteers.

8. **Use of Fire Station No. 54.** Together with this Agreement, the Parties shall execute a Lease Agreement in the form attached hereto as Exhibit "C" whereby the City of Nevada City shall allow the City of Grass Valley to lease Fire Station No. 54, located at 201 Providence Mine Rd, Nevada City, CA 95959, for its use in fulfilling its obligations under this Agreement. The terms of the Lease Agreement shall control the use, operation, and maintenance of the Fire Station.

9. **Indemnification.**

- a. Nevada City shall indemnify, defend, and hold harmless Grass Valley, and its officers, employees, agents, and volunteers, from and against any and all liabilities, losses, claims, damages, expenses, demands, and costs (including without limitation litigations costs and attorney, expert witness, and consultant fees) of every kind and nature arising out of Grass Valley's performance of its obligations regarding provision of services under Section 2 of this Agreement in the territory of Nevada City, except to the extent caused by the negligence or willful misconduct of Grass Valley, or its officers, employees, agents, or volunteers, or as otherwise required by law. This indemnity provision survives the Agreement. This provision shall not apply to any liabilities, losses, claims, damages, expenses, demands, and costs arising out of personnel matters relating to Grass Valley employees.
- b. Grass Valley shall indemnify, defend, and hold harmless Nevada City, and its officers, employees, agents, and volunteers, from and against any and all liabilities, losses, claims, damages, expenses, demands, and costs (including without limitation litigations costs and attorney, expert witness, and consultant fees) of every kind and nature arising out of Grass Valley's performance of its obligation to provide fire protection services in the territory of Nevada City under this Agreement to the extent caused by the negligence or willful

misconduct of Grass Valley, or its officers, employees, agents, or volunteers, or as otherwise required by law. This indemnity provision survives the Agreement.

- c. The Parties waive the pro rata risk allocation in Government Code section 895.6.
- d. The Parties shall allocate workers' compensation liabilities relating to this Agreement pursuant to the Agreement Regarding the Allocation of Workers' Compensation Liabilities Relating to the Agreement for Fire Protection Services attached hereto as Exhibit "B" and incorporated herein by reference.

10. **Billing and Payment Procedures.** Nevada City shall pay Grass Valley \$895,000 for services provided under this Agreement each year (the "Annual Cost"). The Annual Cost shall be increased on October 1 of each year, beginning on October 2022, proportional to the increase in the total assessed valuation of secured property tax in Nevada City, but not more than three percent per year. The Annual Cost shall not be reduced if there is a decrease in the assessed valuation of secured property tax. Nevada City shall pay Grass Valley in equal quarterly installments, which shall be due and payable within 15 days of the end of each quarter.

11. **Agreement Review.** The Nevada City and Grass Valley City Managers shall conduct periodic informal reviews of the Agreement to determine that the operational and other needs of the Parties are met in an efficient and fiscally responsible manner. The City Managers of Grass Valley and Nevada City may agree, in writing, to temporarily or permanently reduce the level of service described in Section 2 of this Agreement and to reduce compensation owed under Section 10 correspondingly.

12. **Notices.** All notices and demands required or permitted to be given or made under this Agreement shall be in writing and either (1) personally delivered, or (2) mailed by first class registered or certified mail, postage prepaid and return receipt requested, addressed to the parties at the following addresses and to the attention of the person named. Addresses and persons named may be changed by either of the Parties by giving 10 days' written notice to the other party.

If to City of Grass Valley:

If to City of Nevada City:

City of Grass Valley
Attn: Tim Kiser, City Manager
125 E. Main Street
Grass Valley, CA 95945

City of Nevada City
Attn: Catrina Olson, City Manager
317 Broad Street
Nevada City, CA 95959

13. **Warranty of Authorization.** The persons executing this Agreement represent and warrant for the benefit of the Party for which they do not sign that he or she has actual authority to bind his or her principal to every term, condition, and obligation in this Agreement and that all requirements relating to such authority have been fulfilled.

14. **Mediation.** Should any dispute arise out of this Agreement, either Party may request that it be submitted to mediation. The Parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the Parties. In the absence of an agreement, the Parties shall each submit one name from mediators listed by either the American Arbitration Association, the California State Board of Mediation and Conciliation, or other agreed-upon service. The mediator shall be selected by a "blindfolded" process. The cost of mediation shall be borne equally by the Parties. Neither Party shall be deemed the prevailing party. Neither Party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall not last more than 60 days unless the 60 day period is extended in writing by the Parties.

15. **Miscellaneous Provisions.**

- a. This Agreement shall be governed and construed under the laws of the State of California. If a dispute occurs or claim arising out of this Agreement, venue shall be in Nevada County Superior Court.
- b. This Agreement shall be construed as a whole and according to its fair meaning. This Agreement shall not be construed strictly for or against either of the Parties; neither should be deemed its drafter as both have participated in its negotiation and drafting and each had access to counsel. If any provision of this Agreement is found unenforceable, void, or voidable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

- c. This Agreement may be executed in counterparts. A copy or facsimile of this Agreement, with all signatures appended together, shall be deemed a fully executed agreement. Signatures transmitted by facsimile or electronic means shall be have the same force as original, wet signatures.
- d. This Agreement represents the complete understanding of the Parties regarding the matters set forth herein. This Agreement supersedes all previous agreements and understandings of the Parties, whether oral or written, regarding the matters set forth herein. All such previous agreements and understandings shall have no force or effect.
- e. This Agreement may only be modified or amended by a written instrument executed by duly authorized representatives of the Parties.
- f. The Parties agree to meet and confer periodically at mutually agreeable times to exchange information and discuss performance under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates indicated below.

City of Grass Valley
A charter city

City of Nevada City
A general law city

By: _____
Tim Kiser, City Manager

By: _____
Catrina Olson, City Manager

ATTEST:

By: _____
Andy Heath, Interim City Clerk

ATTEST:

By: _____
Niel Locke, City Clerk

Approved as to Form:

By: _____

Approved as to Form:

By: _____

Michael G. Colantuono, City Attorney Crystal Hodgson, City Attorney

Exhibit "A" – Nevada City Apparatus and Equipment

NEV	Make	Model	Year	VIN	Plate	Type	Unit #
FD	FWD	Fire Engine	1951	115918	73491	Parade Vehicle	E5463
FD	Trailer	Carrier	1991	CA619191	329390	Trailer	0
FD	Ford	F-150	2001	1FTPX18L91NA89098	1093040	Pick-Up Truck	U5430
FD	Pierce	Fire Engine	2005	4P1CS01A85A005258	1208841	Fire Engine	E205
FD	INTL	Brush Engine	2011	1HTWMAARXBJ361365	1364122	Brush Engine	Brush 5
FD	Chevrolet	Tahoe	2016	1GNSKDEC6GR423711	1317869	Utility	U5400
FD	KVCH	Fire Engine	2020	1K9AF4S86LN058996	1543312	Fire Engine	E5

Exhibit "B" – Workers' Compensation Agreement

See attached agreement.

Exhibit "C" – Fire Station Lease Agreement

See attached agreement

**AGREEMENT REGARDING THE ALLOCATION OF
WORKERS' COMPENSATION LIABILITIES
RELATING TO THE AGREEMENT FOR FIRE PROTECTION SERVICES**

THIS AGREEMENT is made and entered into this _____ day of _____ 2020 by and between the City of Grass Valley ("Grass Valley"), a charter city, and the City of Nevada City ("Nevada City"), a general law city. Each party may be referred to in this Agreement as "Party" or collectively as "Parties."

1. This is an agreement between the Parties concerning workers' compensation liability issues that may arise following execution of the Fire Protection Services Agreement between the Cities of Grass Valley and Nevada City (the "Fire Protection Services Agreement").

2. It is the Parties intent that both Parties assume their respective and proportionate liability for workers' compensation benefits as to existing and future injuries based on substantial medical evidence fairly and openly obtained, not engage in conduct that is designed to improperly transfer liability for workers' compensation benefits as between the Parties, and to reduce unnecessary litigation regarding the apportionment of liability as between Grass Valley and Nevada City whenever possible.

3. Grass Valley and Nevada City recognize that the California Labor Code imposes certain limitations on the Parties to a workers' compensation claim with respect to conducting discovery, including obtaining medical records, scheduling medical evaluations, and taking testimony by deposition. Grass Valley and Nevada City will communicate with each other as to the need for and scope of such discovery and whenever possible, seek to reach an agreement regarding such discovery in order to fully protect their respective interests and reduce unnecessary litigation.

4. Nevada City currently has Fire Department employees with open workers' compensation claims for which Nevada City has accepted liability and is providing benefits. Nevada City acknowledges the concern of Grass Valley that Nevada City will offer to settle these claims by Compromise and Release, thereby releasing Nevada City from any and all liability for further benefits and potentially shifting liability for further benefits to Grass Valley. The Parties agree that any Compromise and Release settlement after _____ (effective date of the Agreement) concerning any former or current employee of Nevada City affected by the Fire Protection Services Agreement will be governed by the provisions of this Agreement.

5. The Parties agree that Nevada City will not settle by Compromise and Release existing claims for workers' compensation benefits unless five years from the date of injury has expired and the liability of Nevada City for Labor Code §4850, temporary disability and permanent disability benefits is adjudicated, final and binding on Nevada City and the employee. The Parties further agree that if Nevada City and/or the employee desire to settle an existing future medical award once the five years have expired, Nevada City will notify Grass Valley of the proposed settlement and provide the evidentiary basis for the settlement. Should a claim be filed by the

employee against Grass Valley for the same body part, Nevada City agrees that the issue of contribution for future medical exposure between Grass Valley and Nevada City is not closed by the Order Approving Compromise and Release. In those cases where no prior Award exists between Nevada City and the employee, Nevada City warrants it will use best efforts to establish a level of permanent disability based upon the medical evidence in existence at the time of settlement. The Parties contemplate the possibility that additional money would be paid by Nevada City to Grass Valley over and above the consideration paid to the applicant in the Compromise and Release to compensate Grass Valley for potential future payments on behalf of the employee. If Nevada City chooses not to settle future medical with the employee, the Parties agree to coordinate benefits should a claim be filed for the same body part against Grass Valley. The Parties shall follow the following procedure to resolve any contribution issue for workers' compensation benefits. It is the intent of this agreement to provide fair apportionment of liability between the two cities so that there is no improper transfer of liability for workers' compensation benefits by Nevada City to Grass Valley with a Compromise and Release:

a. If Nevada City settled its claim based on an Agreed Medical Evaluator ("AME") or Panel Qualified Medical Evaluator ("PQME") report and the same body parts are involved, the Parties agree to return to the same AME or PQME and will seek agreement with employee's attorney. The cost of the evaluation shall be borne by the Parties equally.

b. If the AME or PQME is not available due to death, retirement or no longer doing workers' compensation evaluations, the Parties will seek agreement with employee's attorney for new AME. The cost of the evaluation shall be borne by the Parties equally.

c. If Parties cannot agree on AME, Parties will follow Labor Code procedure for obtaining QME. The cost of the evaluation shall be borne by the Parties equally.

d. If employee is not represented by attorney, Parties will return to PQME if available. If new PQME is required, Grass Valley and Nevada City will notify the other party as to the PQME selected and the information being provided the Qualified Medical Evaluator ("QME"), with input from both Parties as to the evaluation process. The cost of the evaluation shall be borne by the Parties equally.

e. If either or both Grass Valley or Nevada City reasonably believes that its interest could not be fairly evaluated and protected by pursuing this procedure, they will notify the other party in writing of their objection to following the above procedure. If a medical legal exam is not possible then the Parties agree to mutually choose a non-examining QME to resolve the apportionment dispute. The cost of the non-examining QME shall be borne solely by the objecting party.

6. If a Nevada City Fire Department employee with an existing claim sustains a new injury with Grass Valley that involves the same body part and medical treatment is required, Grass Valley and Nevada City will seek to reach agreement apportioning liability for medical treatment as between the Parties based on existing medical reports obtained by both Grass Valley and Nevada City so that Grass Valley and Nevada City continue to pay only their proportionate share of medical

treatment. Any settlement with the Employee shall include this agreement and both Nevada City and Grass Valley will be a signatory to the settlement. If Nevada City chooses not to settle future medical with the employee, the Parties agree to coordinate benefits should a claim be filed for the same body part against Grass Valley.

7. Both Grass Valley and Nevada City recognize that the Labor Code's limitations on medical evaluations may impact the ability of the Parties to pursue a mutually agreed upon procedure for resolving apportionment of liability issues if an employee with an existing claim against Nevada City files a new specific or cumulative injury claim against Grass Valley, a cumulative injury claim that overlaps Grass Valley's and Nevada City's employment, or a new claim against Grass Valley and a Petition to Reopen the Nevada City claim. Nevertheless, the Parties agree to pursue the following procedure to resolve the claims and fairly apportion liability as between Grass Valley and Nevada City:

a. If Nevada City settled its claim based on an AME or PQME report and the same body parts are involved, the Parties agree to return to the same AME or PQME and will seek agreement with employee's attorney. The cost of the evaluation shall be borne by the Parties equally.

b. If the AME or PQME is not available due to death, retirement or no longer doing workers' compensation evaluations, the Parties will seek agreement with employee's attorney for new AME. The cost of the evaluation shall be borne by the Parties equally.

c. If the Parties cannot agree on AME, the Parties will follow Labor Code procedure for obtaining QME. The cost of the evaluation shall be borne by the Parties equally.

d. If employee is not represented by attorney, the Parties will return to PQME if available. If new QME Panel is required, Grass Valley and Nevada City will notify the other party as to the PQME selected and the information being provided the QME, with input from both Parties as to the evaluation process. The cost of the evaluation shall be borne by the Parties equally.

e. If either or both Grass Valley or Nevada City reasonably believes that its interest could not be fairly evaluated and protected by pursuing this procedure, they will notify the other party in writing of their objection to following the above procedure. If a medical legal exam is not possible then the Parties agree to mutually choose a non-examining QME to resolve the apportionment dispute. The cost of the non-examining QME shall be borne solely by the objecting party.

8. Grass Valley and Nevada City acknowledge that delay in the provision of benefits, irrespective of the reason, may subject the party causing the delay to the imposition of penalties in accordance with Labor Code. Grass Valley and Nevada City agree that liability for such penalties shall be the sole obligation of the party causing the delay. There is no joint and several liability as between Grass Valley and Nevada City for such penalties.

9. The Parties agree to waive the statutory time frame for filing a request for contribution and/or reimbursement. A formal Petition for Contribution/Reimbursement need not be filed in order to pursue contribution/reimbursement as between the Parties. If the Parties cannot reach an agreement as to contribution/reimbursement, the issue will be submitted to an arbitrator in accordance with the procedures set forth in the Labor Code.

10. The Parties cannot foresee every issue or contingency that may arise in the course of a workers' compensation claim and that this agreement may be deemed inadequate or legally insufficient to resolve every future issue. However, it is the intent of the Grass Valley and Nevada City to resolve the issues that do arise within the framework of this agreement whenever possible and when not possible, within the spirit of this agreement. The Parties agree to meet and confer in good faith to resolve differences.

11. The Parties understand that existing claims with Nevada City may require the payment of temporary total disability/Labor Code §4850 to the claimant. Nothing in his agreement extinguishes the ongoing liability of Nevada City for payment of those benefits. If any existing claim involves lost time Nevada City will continue to pay the temporary total disability/Labor Code §4850 consistent with the provisions of the Labor Code. Unless a new injury results during Grass Valley's employment, Nevada City will continue to have the temporary total disability/Labor Code §4850 responsibility on those existing claims.

12. Should any dispute arise out of this Agreement, either Party may request that it be submitted to mediation. The Parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the Parties. In the absence of an agreement, the Parties shall each submit one name from mediators listed by either the American Arbitration Association, the California State Board of Mediation and Conciliation, or other agreed-upon service. The mediator shall be selected by a "blindfolded" process. The cost of mediation shall be borne equally by the Parties. Neither Party shall be deemed the prevailing party. Neither Party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall not last more than 60 days unless the 60 day period is extended in writing by the Parties.

13. Miscellaneous Provisions.

a. This Agreement shall be governed and construed under the laws of the State of California. If a dispute occurs or claim arising out of this Agreement, venue shall be in Nevada County Superior Court.

b. This Agreement shall be construed as a whole and according to its fair meaning. This Agreement shall not be construed strictly for or against either of the Parties; neither should be deemed its drafter as both have participated in its negotiation and drafting and each had access to counsel. If any provision of this Agreement is found unenforceable, void, or voidable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

c. This Agreement may be executed in counterparts. A copy or facsimile of this Agreement, with all signatures appended together, shall be deemed a fully executed agreement. Signatures transmitted by facsimile or electronic means shall be have the same force as original, wet signatures.

d. This Agreement represents the complete understanding of the Parties regarding the matters set forth herein. This Agreement supersedes all previous agreements and understandings of the Parties, whether oral or written, regarding the matters set forth herein. All such previous agreements and understandings shall have no force or effect.

e. This Agreement may only be modified or amended by a written instrument executed by duly authorized representatives of the Parties.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties execute this agreement hereto on the day and the year first written above.

APPROVED AS TO FORM AND CONTENT:

By: _____
City Attorney, City of Grass Valley

By: _____
City Attorney, City of Nevada City

ADOPTED BY:

CITY OF GRASS VALLEY, A Municipal Corporation

By: _____
City Manager

CITY OF NEVADA CITY, A Municipal Corporation

By: _____
City Manager

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of _____, 2020 ("Commencement Date"), by and between NEVADA CITY, a general law city ("Landlord"), and GRASS VALLEY, a charter city ("Tenant"), for certain property located at 201 Providence Mine Road, Nevada City, California, commonly referred to as Fire Station 54, Assessor's Parcel Number 005-220-015-000.

WITNESSETH:

1. LEASE OF PREMISES; USE.

(a) Landlord is the fee owner of certain real property in Nevada City, California, at 210 Providence Mine Road, Assessor's Parcel Number 005-220-015-000, known as Fire Station 54 and more particularly identified on Exhibit "A", attached hereto and made a part hereof (the "Premises"). The Premises are improved with (and include) a building used as a fire station (the "Fire Station"). Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises; the Premises include all rights and privileges in and about the subject property as may be necessary or convenient to Tenant's operations, inclusive of all easements benefiting the Premises. To the extent required by (or permitted by) the Services Agreement, as defined below, Landlord shall have shared use of the Premises during the term of this Lease Agreement.

(b) Concurrently with the execution of this Lease, Landlord and Tenant entered into the "Fire Protection Services Agreement between the Cities of Grass Valley and Nevada City" (the "Services Agreement"); the Premises are being provided by Landlord solely for the purposes of assisting Tenant to undertake those responsibilities set forth in the Services Agreement.

(c) Landlord represents that prior to the date hereof, the Premises were used as a fire station serving the City of Nevada City, and that the Premises are suitable for continued use as a fire station. Landlord, at its sole cost, shall be responsible to satisfy all city, county, state and federal regulations and requirements relating to Tenant's use of the Premises. Tenant shall cooperate with Landlord to cause the Premises and Tenant's use thereof to comply with such regulations and requirements.

(d) Any changes to the use of the Premises shall require the prior written consent of Landlord.

2. TERM; RENT.

(a) Term. The term of this Lease (the "Lease Term") shall begin on the Commencement Date and shall end upon the termination of the Services Agreement (the "Expiration Date"), unless earlier terminated, renewed, or extended as provided in this Lease.

(b) Rent. The consideration to be given by Tenant for use of the Premises shall be Tenant's performance of its obligations under the Services Agreement.

3. NO RIGHT TO ASSIGN. Tenant may not assign its rights under this Lease without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

4. MAINTENANCE AND REPAIR; COMMON AREA EXPENSES; UTILITIES.

(a) Landlord, at its sole cost, shall maintain the Premises and all of the improvements thereon (interior and exterior, structural and otherwise) in good order and repair.

(b) Tenant shall use ordinary care in its use of the Premises, shall be responsible for the day-to-day maintenance of the Premises, and shall return the Premises at the expiration of the term of this Lease in as reasonably as good condition as when received, ordinary wear and tear excepted. Tenant shall be responsible for repair and replacement of small appliances that are not attached to the building and minor repairs of other appliances and components including but not limited to, washer and dryers and light bulb replacement. Tenant shall not commit or permit the commission by others, of any waste on the Premises. Tenant shall not maintain, commit or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code on the Premises. Tenant shall not use or permit the use of the Premises for any unlawful purpose.

(c) Landlord shall make repairs and replacements (including the replacement of obsolete components) to the Premises as required for its continued use as a fire station. Landlord shall repair and replace any permanent fixtures or components of the fire station that would remain with the building including the HVAC system, plumbing and electrical systems, roof, windows, and major kitchen appliances such as stoves, ovens, refrigerators, and dishwashers. The terms "repair" and "replacement" include the replacement of any portions of the Premises which have outlived their useful life during the term of the Lease (or any extensions thereof).

(d) All maintenance, repairs or replacements, if any, by Tenant shall be done lien-free and in a good and workmanlike manner consistent with the quality of labor and materials used in originally constructing the Improvements and in accordance with all applicable laws.

(e) Utilities. Tenant shall pay all charges for heat, water, gas, electricity and other utilities used or consumed on the Premises and shall contract for the same in its own name.

5. TAXES AND ASSESSMENTS.

Landlord shall pay, prior to delinquency, all taxes and assessments which may be levied upon or assessed against the Premises and all taxes and assessments of every kind and nature whatsoever arising in any way from the use, occupancy or possession of the Premises or assessed against the improvements situated thereon.

6. DESTRUCTION OF PREMISES. If the Premises are damaged to the extent the Premises are unusable or destroyed by fire, flood, tornado or other element, or by any other casualty, this Lease shall terminate.

7. CONDEMNATION. In the event that the whole or any part of the building on the Premises or such a material portion of the land, shall be taken during the term of this Lease or any extension or renewal thereof for any public or quasi-public use under any governmental law, ordinance, regulation or by right of eminent domain, or shall be sold to the condemning authority under threat of condemnation with the result that the Premises cannot continue to be operated in its current use, or if all reasonable access to the adjacent roadways from the existing or comparable curb cuts shall be taken (any of such events being hereinafter referred to as a "taking"), this Lease shall terminate. Any condemnation award shall be the property of Landlord.

8. SURRENDER OF PREMISES.

Tenant shall peacefully surrender possession of the Premises, the buildings and other improvements thereon, to Landlord at the expiration, or earlier termination, of the original term or any extended or renewed term of this Lease.

9. QUIET ENJOYMENT. Landlord covenants and warrants that Landlord has full power and authority to make this Lease, and that Tenant shall have and enjoy full, quiet and peaceful possession of the Premises, their appurtenances and all rights and privileges incidental thereto during the term hereof and any renewals or extensions, subject to the provisions of this Lease and any easements, restrictions, reservations and other instruments of record applicable to the Premises and in existence at the time of the conveyance of the Premises to Landlord by Tenant.

10. NO RIGHT TO MAKE ALTERATIONS.

Tenant may not make any such alterations, additions, and changes in and to the interior of the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

11. HOLD HARMLESS CLAUSE-LANDLORD. Landlord agrees to, and does, indemnify and hold Tenant free and harmless from any and all claims, liability, loss, damage, or expenses, including attorney's fees, resulting from Landlord's occupation, and use of the Premises, specifically including, without limitation, any claim, liability, loss or damage arising by reason of:

(a) The death or injury of any person or persons, or by reason of the damage to or destruction of any property, including property owned by Landlord or any employee or agent of either party and caused or allegedly caused by either the condition of the Fire Station, or some act or omission of the Landlord or an agent, contractor, employee, servant, sublessee (other than Tenant), or concessionaire of Landlord on the Premises;

(b) Any work performed on the Premises or materials furnished to said Premises at the instance or request of Landlord or any agent or employee of Landlord; and

(c) Landlord's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Landlord or the Premises by any duly authorized governmental agency.

12. HOLD HARMLESS CLAUSE-TENANT. Tenant agrees to, and does, indemnify and hold Landlord free and harmless from any and all claims, liability, loss, damage, or expenses, including attorney's fees, resulting from Tenant's occupation, and use of the Premises, specifically including, without limitation, any claim, liability, loss or damage arising by reason of:

(a) The death or injury of any person or persons or by reason of the damage to or destruction of any property, including property owned by Tenant or any person who is an employee or agent of either party and caused or allegedly caused by either the condition of the Premises, or some act or omission of the Tenant or of some agent, contractor, employee, servant, sublessee, or concessionaire of Tenant on the Premises;

(b) Any work performed on the Premises or materials furnished to the Premises at the instance or request of Tenant or any agent or employee of Tenant; and

(c) Tenant's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Tenant or the Premises by any duly authorized governmental agency.

13. LIABILITY INSURANCE. Tenant and Landlord, at their respective sole cost and expense, shall obtain and maintain in full force and effect throughout the term of this Lease, all the insurance or self-insurance required under this section 13. and shall provide each other with satisfactory proof of compliance with this section upon request.

(a) For activities connected with their respective use of the Premises, both parties shall provide and maintain Workers' Compensation Insurance for all employees and volunteers if and as required by law.

(b) In accordance with Government Code section 990 and Labor Code Section 3700, both the Landlord and Tenant have elected to self-insure and participate in risk pools for general, auto, cyber, and worker's compensation liabilities. Under this form of insurance, both Landlord and Tenant and their employees acting in the course and scope of their employment are covered for tort and worker's compensation liability arising out of official City business. Landlord and Tenant both waive their right to subrogate for losses compensable under workers' compensation coverage. All claims against the either Landlord or Tenant based on tort liability should be presented as a government claim to respective City Clerks of each City.

14. INSURANCE PROCEEDS. Any insurance proceeds received by Landlord because of the total or partial destruction of the Fire Station shall be the sole property of Landlord, free from any claims of Tenant, and may be used by Landlord for whatever purpose Landlord may desire.

15. DEFAULT.

(a) If any one or more of the following events occur, said event or events shall hereby be classified as a "Default":

(i) If Tenant is in default under the Services Agreement and fails to cure such default within thirty (30) days after receipt of written notice of default from Landlord; or

(ii) If Tenant shall fail to perform or observe any term, condition, covenant, agreement, or obligation of this Lease, and such failure continues for thirty (30) days after written notice from Landlord (except that such thirty (30) day period shall be automatically extended for such additional period of time as is reasonably necessary to cure such Default, if such Default cannot be cured within such period, provided Tenant is in the process of diligently curing the same).

(b) Upon the happening of any one or more of the aforementioned Defaults which are not cured within the cure period applicable thereto, if any, Landlord shall have the right, in addition to any other rights and remedies, to terminate this Lease by giving written notice of same to Tenant.

(c) The rights and remedies of Landlord set forth herein shall be in addition to any other right and remedy now or hereinafter provided by law, and all such rights and remedies shall be cumulative. No action or inaction by Landlord shall constitute a waiver of a Default, and no waiver of Default shall be effective unless it is in writing, signed by Landlord.

16. WAIVER OF SUBROGATION. Notwithstanding anything in this Lease to the contrary, neither party shall be liable to the other for any damage or destruction of the property of the other resulting from fire or other casualty covered by insurance required of either party hereunder, whether or not such loss, damage or destruction of property is caused by or results from the negligence of such party (which term includes such party's officers, employees, agents and invitees), and each party hereby expressly releases the other from all total liability for or on account of any said loss, damage or destruction, whether or not the party suffering the loss is insured against such loss, and if insured whether fully or partially.

17. NOTICES. All notices and demands required or permitted to be given or made under this Lease shall be in writing and either (1) personally delivered, or (2) mailed by first class registered or certified mail, postage prepaid and return receipt requested, addressed to the parties at the following addresses and to the attention of the person named. Addresses and persons named may be changed by either of the Parties by giving 10 days' written notice to the other party.

If to Landlord: CITY OF NEVADA CITY
Attn: Catrina Olson, City Manager
317 Broad Street
Nevada City, CA 95959

If to Tenant: GRASS VALLEY
Attn: Tim Kiser, City Manager
125 E. Main Street
Grass Valley, CA 95949

Any party may change its address for notices by written notice in like manner as provided in this paragraph and such change of address shall be effective seven (7) days after the date notice of such change of address is given. Notice for purposes of this Lease delivered by overnight courier shall be effective the next business day; notice delivered by first class mail shall be effective three days after deposit, and notice delivered by fax shall be effective on the date of delivery if delivered before 5:00 p.m. on a business day, at the recipient's location; otherwise, the next business day. Personal delivery shall be effective on delivery.

18. LANDLORD'S RIGHT TO CURE. In the event Tenant shall fail, refuse or neglect to perform, observe or comply with any term, condition, covenant, agreement or obligation contained in the Lease on its part to be performed or complied with, then Landlord may, at its sole option, enter upon the Premises, if deemed necessary by Landlord in its sole discretion, and/or do whatever may be deemed necessary by Landlord in its sole discretion to cure such failure by Tenant. Tenant shall pay to Landlord within thirty (30) days of Landlord's request, all costs incurred by Landlord in connection with Landlord's curing of such failure by Tenant.

19. ENVIRONMENTAL MATTERS. Tenant shall not cause, permit or suffer any hazardous materials or substances (as such terms are defined under applicable laws) to be brought upon, kept, used, spilled or released in, on, under or about the Premises; provided that Tenant may use such materials or substances in quantities and in a manner normally associated with its operations.

20. MEDIATION.

Should any dispute arise out of this Lease, either Party may request that it be submitted to mediation. The Parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the Parties. In the absence of an agreement, the Parties shall each submit one name from mediators listed by either the American Arbitration Association, the California State Board of Mediation and Conciliation, or other agreed-upon service. The mediator shall be selected by a "blindfolded" process. The cost of mediation shall be borne equally by the Parties. Neither Party shall be deemed the prevailing party. Neither Party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall not last more than 60 days unless the 60 day period is extended in writing by the Parties.

21. MISCELLANEOUS.

(a) No Waiver. Any waiver by either party of a breach by the other party of a covenant of this Lease shall not be construed as a waiver of a subsequent breach of the same covenant. The consent or approval by either party to anything requiring such party's consent or approval shall not be deemed a waiver of such party's right to withhold consent or approval of any subsequent similar act. No breach of a covenant of this Lease shall be deemed to have been waived by the other party unless the waiver is in writing and is signed by such party.

(b) Cumulative Rights. Except as provided herein to the contrary, the respective rights and remedies of the parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

(c) Entire Agreement. It is understood that, except as provided in the Services Agreement, there are no oral or written agreements or representations between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Landlord and Tenant.

(d) No Modifications. No provision of this Lease may be amended except by an agreement in writing signed by Landlord and Tenant.

(e) Severability. If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

(f) Authority. Each individual executing this Lease (in his/her representative capacity only) represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the municipality and that this Lease is binding upon the municipality.

(g) Governing Law. This Lease shall be construed in accordance with the laws of the State of California.

(h) Counterparts. This Lease may be executed in one or more counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers, have caused this Lease to be executed as of the date first above written.

LANDLORD:

CITY OF NEVADA CITY,
a general law city

By: _____
Catrina Olson, City Manager

ATTEST:

By: _____
Niel Locke, City Clerk

TENANT:

GRASS VALLEY,
a charter city

By: _____
Tim Kiser, City Manager

ATTEST:

Andy Heath, Interim City Clerk

EXHIBIT "A"

DESCRIPTION OF THE PREMISES

CITY OF NEVADA CITY
AND
NEVADA COUNTY PROFESSIONAL FIREFIGHTERS, IAFF LOCAL 3800
FOR AND ON BEHALF OF THE EMPLOYMENT
CLASSIFICATIONS IN THE NEVADA CITY'S FIRE DEPARTMENT
SIDE LETTER AGREEMENT

WHEREAS, the Cities of Grass Valley ("Grass Valley") and Nevada City ("Nevada City") are currently negotiating a Fire Protection Services Agreement whereby the City of Grass Valley will provide services related to fire administration, firefighter and rescue services, and emergency medical services and emergency management in the territory of Nevada City; and

WHEREAS, the Fire Protection Services Agreement contemplates termination of employment of all Nevada City fire personnel, except for the Division Chief, (the "Employees") and initiation of employment of the Employees by Grass Valley; and

WHEREAS, the City and Nevada City Fire Department, Nevada County Professional Firefighters, IAFF Local 3800 desire to agree to the terms for transfer of employment of the Employees from Nevada City to Grass Valley pursuant to the Fire Protection Services Agreement.

WHEREAS, by the terms of this Side Letter the City and IAFF Local 3800 and the Fire Protection Services Agreement, the MOU currently in place between the City and Nevada County Professional Firefighters, IAFF Local 3800 will of necessity, and is hereby, terminated.

NOW THEREFORE, the parties agree as follows:

1. The Employees shall be hired by Grass Valley at the same rank and at the appropriate step based on time in rank at Nevada City. The step will provide equal or better compensation as that under employment by Nevada City. The Employees shall not be subject to any probationary period.
2. The Employees shall carry over to Grass Valley amounts of the following benefits accrued during service with Nevada City: Holidays; Vacation Accumulation; and Sick Leave. Employees may carry over to Grass Valley any such benefits accrued above caps set forth in the Grass Valley Memorandum of Understanding with IAFF Local 3800 (the "MOU"). Leave taken under the Family and Medical Leave Act with Nevada City shall be considered leave under Article 6(I) of the MOU.
3. The Employees' years of service with Nevada City shall carry over to Grass Valley for purposes of implementing those provisions of the Grass Valley MOU based on years employed by Grass Valley. This shall include, but not be limited to, credit for vacation accrual pursuant to Article 6(F) and seniority ratings pursuant to Article 13(C). See Grass Valley Firefighter MOU attached hereto.
4. Upon hiring by Grass Valley, the Employees shall be subject to all the terms and conditions of the Grass Valley MOU as regular employees of Grass Valley, except as modified by this Side Letter.

5. Grass Valley reserves the right, upon termination of the Fire Protection Services Agreement for any reason, to reduce the number of Fire Department personnel based on a lack of work. Grass Valley may engage in a reduction in force pursuant to this Section based on the number and class of employees identified by Grass Valley as necessary to serve the jurisdiction of Nevada City under the Fire Protection Services Agreement. Reduction of force under this Section shall follow the procedures for reduction of force set forth in the MOU.

6. The terms of this Side Letter shall become effective only upon execution of the Fire Protection Services Agreement by Grass Valley and Nevada City, and waiver of Civil Service Rules regarding selection of employment candidates by the Grass Valley City Council.

Catrina Olson
City Manager, City of Nevada City

Date: _____

Clayton Thomas
President Local 3800

Date: _____

Daniel Paulus
Shop Steward Local 3800

Date: _____

CITY OF GRASS VALLEY
AND
GRASS VALLEY CAREER FIREFIGHTERS, IAFF LOCAL 3800
FOR AND ON BEHALF OF THE EMPLOYMENT
CLASSIFICATIONS IN THE CITY'S EMPLOYEES UNIT #8
SIDE LETTER AGREEMENT

WHEREAS, the Cities of Grass Valley ("Grass Valley") and Nevada City ("Nevada City") are currently negotiating a Fire Protection Services Agreement whereby the City will provides services related to fire administration, firefighter and rescue services, and emergency medical services and emergency management in the territory of Nevada City; and

WHEREAS, the Fire Protection Services Agreement contemplates termination of employment of all Nevada City fire personnel, except for the Division Chief, (the "Employees") and initiation of employment of the Employees by Grass Valley; and

WHEREAS, the City and IAFF Local 3800 desire to agree to the terms for transfer of employment of the Employees from Nevada City to Grass Valley pursuant to the Fire Protection Services Agreement.

NOW THEREFORE, the parties agree as follows:

1. The Employees shall be hired by Grass Valley at the same rank and at the appropriate step based on time in rank at Nevada City. The step will provide equal or better compensation as that under employment by Nevada City. The Employees shall not be subject to any probationary period.
2. The Employees shall carry over to Grass Valley amounts of the following benefits accrued during service with Nevada City: Holidays; Vacation Accumulation; and Sick Leave. Employees may carry over to Grass Valley any such benefits accrued above caps set forth in the Grass Valley Memorandum of Understanding with IAFF Local 3800 (the "MOU"). Leave taken under the Family and Medical Leave Act with Nevada City shall be considered leave under Article 6(I) of the MOU.
3. The Employees' years of service with Nevada City shall carry over to Grass Valley for purposes of implementing those provisions of the MOU based on years employed by Grass Valley. This shall include, but not be limited to, credit for vacation accrual pursuant to Article 6(F) and seniority ratings pursuant to Article 13(C).
4. Upon hiring by Grass Valley, the Employees shall be subject to all the terms and conditions of the MOU as regular employees of Grass Valley, except as modified by this Side Letter.
5. Grass Valley reserves the right, upon termination of the Fire Protection Services Agreement for any reason, to reduce the number of Fire Department personnel based on a lack of work. Grass Valley may engage in a reduction in force pursuant to this Section based on the number and class of employees identified by Grass Valley as

necessary to serve the jurisdiction of Nevada City under the Fire Protection Services Agreement. Reduction of force under this Section shall follow the procedures for reduction of force set forth in the MOU.

6. The terms of this Side Letter shall become effective only upon execution of the Fire Protection Services Agreement by Grass Valley and Nevada City, and waiver of Civil Service Rules regarding selection of employment candidates by the Grass Valley City Council.

Tim Kiser
City Manager, City of Grass Valley

[Name]
IAFF Local 3800 Representative

Date:_____

Date:_____