THIS SERVICE AGREEMENT ("Agreement"), effective December 1 2007, is entered into by and between American Medical Response Ambulance Service, Inc., d/b/a American Medical Response ("Provider"), and City of Redmond Fire Department (Department) a fire district, city or joint fire operation of the State of Washington. The Department and the Provider shall be collectively referred to as the "Parties".

I. Recitals

- A. In addition to other fire-related services, the Department is authorized to provide emergency medical transport and emergency medical services (collectively, "Emergency Medical Services") to citizens within or passing through its jurisdiction, and outside its jurisdiction pursuant to mutual or automatic aid agreements with other governmental agencies; and
- B. The Department, is authorized by law to enter into contracts and agreements affecting the affairs of the Department; and
- C. Provider is in the business of providing medical transportation services including but not limited to Basic Life Support ("BLS") ambulance services, and is ready, willing and able to supply BLS ambulance services in coordination with the Department's First Responder Emergency Medical Services to the Department. Provider shall provide such Services on a twenty-four (24) hours a day, seven (7) days a week basis within the Department's jurisdiction.

II. Agreement

In consideration of the mutual promises contained in this Agreement and AMR's proposal in response to RFP#2007-01, Dated March 20, 2007 (the "Proposal"), the Parties covenant and agree as follows.

- 1. Service: The Provider shall provide BLS ambulance services within the Service Area identified in Exhibit A, attached hereto and made a part hereof by this reference, in accordance with this Agreement and the Proposal. In the event of a conflict between this Agreement and the Proposal, this Agreement shall control. Additional services and conditions are to be provided as proposed in and agreed to in the Proposal.
- 2. Response Time Compliance/Liquidated Damages: Provider shall respond to all calls in accordance with the response time criteria set forth on Exhibit B, attached hereto and made a part hereof by this reference. Provider's response time performance will be monitored by the Department as outlined in the Proposal and failure to meet the response time criteria shall result in the imposition of penalties as outlined on Exhibit B. Both parties agree to meet at or near the one (1) year anniversary of this Agreement to

determine if the penalty structure is fair and equitable and make adjustments as mutually agreed to by the Parties.

- 3. Billing and Rates: The Provider shall bill patients for services rendered in accordance with the rates stated in the Proposal. The rates for the services provided pursuant to this Agreement may be increased, on an annual basis on the anniversary of the Effective Date, by a percentage equal to the percentage increase in the Medical CPI during the most recent 12 month period for which published figures are available from the U.S. Department of Labor. "Medical CPI" as used above shall mean the medical care consumer price index (consisting of medical care commodities and medical care services) for All Urban Consumers (CPI-U), or the most comparable successor index if such index is discontinued.
- 4. Legal Compliance and Legislative Limitations: In performing the terms of this Agreement, the Parties shall fully comply with all applicable Federal, State and local laws, ordinances, resolutions, operating procedures, and protocols, including the Federal Anti-kickback Statute. In addition to the foregoing, the Provider shall provide evidence on a periodic basis, at least annually, that the Provider is licensed in the State of Washington to provide all of the services required by this Agreement.
- 5. Independent Contractor: It is understood and agreed by and between the Parties that the status of Provider and Department to each other shall be that of an independent contractor retained on a contractual basis to perform professional or technical services for limited periods of time and it is not intended, nor shall it be construed, that either party hereto, or any of their respective employees, agents or representatives, are an employee or officer of the other party, or for any other purpose whatsoever.
- 6. Indemnification. The Parties shall provide that indemnification more specifically defined in the Proposal.
- 7. Insurance Requirements.
 - 7.1. **Department.** The Department shall maintain at all times liability insurance in those amounts and types in accordance with either state law, prevailing industry standards or interlocal agreement establishing the member of the Department.
 - 7.2. **Provider.** Provider shall maintain at all times liability insurance in those amounts and types more specifically defined in Exhibit C, attached hereto and made a part hereof by this reference. All policies shall name the members of the Department and their officials, officers and employees as additional named insureds on all policies. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Department and such coverage shall be provided and maintained at Provider's own expense.

- 8. Term and Termination.
 - 8.1 **Term.** Subject to the following termination provisions, the term of this Agreement shall be for a period of three (3) years commencing on December 1, 2007 and ending on October 30 2010.
 - 8.2 **Termination.** This Agreement may be terminated by the parties as follows:

Written Advance Notice and Timing. Either party may terminate this Agreement by providing advance written notice to the other party of that party's intent to terminate. The Department shall provide a ninety (90) day notice to Provider and Provider shall provide a one-hundred eighty (180) day notice to the Department. A breach of the terms of this Agreement need not occur to terminate under this section. If this Agreement is terminated, the Department has the right to offer the remainder of the existing Agreement and it's extensions to an existing provider within the Department's service area for right of first refusal.

Payment to Department. In the event that the Provider chooses to exercise its right to terminate under this section, it shall pay to the Department a penalty of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), to offset the Department's costs in procuring a new contractor. Provider agrees to remit the Monthly Payment to the Department more specifically described in RFP Section 3.05.24. The Parties agree that the Monthly Payment shall be made as reimbursement to the Department for monitoring of contract compliance, documentation, tracking and oversight per article 3.05.24 of RFP#2007-01 and the proposal. The Department represents that the dollar value of the monthly payments does not exceed the cost associated with the administration and execution of this agreement.

Breach and Provisions for Early Termination. Conditions and circumstances that constitute a material breach of this Agreement by Provider include, but are not limited to the following:

- 2. Failure of Provider to perform in accordance with any of the provisions of this Agreement;
- 3. Failure of Provider to operate the system in a manner that enables the Department and Provider to comply with federal or state laws, rules, or regulations;
- 4. Falsification of information supplied by Provider during the term of this Agreement, including but not limited to altering the presumptive run code designations to enhance Provider's apparent performance or falsification of any other data required under this Agreement:

- 5. Creating patient responses or transports so as to artificially inflate run volumes;
- Failure of Provider to provide data generated in the course of operations, including but not limited to dispatch data, patient report data, response time data, or financial data;
- Excessive and unauthorized scaling down of operations to the detriment of performance during a "lame duck" period;
- 8. Failure of Provider's personnel to conduct themselves in a professional and courteous manner and present a professional appearance;
- 9. Failure of Provider to maintain equipment in accordance with manufacturer recommended maintenance procedures;
- 10. Failure of Provider to cooperate with and assist the Department after breach has been declared;
- 11. Acceptance or payment by Provider or Provider's personnel of any bribe, kickback or consideration of any kind in exchange for any consideration whatsoever, when such consideration or action on the part of Provider or Provider's personnel could be reasonably construed as a violation of Federal, State, or Local law:
- 12. Failure of Provider to meet the standard of care as established by this Agreement;
- 13. Failure of the Provider to maintain insurance in accordance with this Agreement;
- 14. Failure of Provider to meet response time requirements as set forth in this Agreement;
- 15. The filing of any bankruptcy or any other similar action, which, in the opinion of the Department, places the performance of this Agreement at risk;
- 16. Failure of Provider to submit reports and information under the terms and conditions outlined in this Agreement.

- 9. No Influence on Referrals: It is not the intent of either party to this Agreement that any remuneration, benefit or privilege provided for under this Agreement shall influence or in any way be based on the referral or recommended referral by either Party of patients to the other Party or its affiliated providers, if any, or the purchasing, leasing, or ordering of any services other than the specific services described in this Agreement. Any payments specified in this Agreement are consistent with what the Parties reasonably believe to be a fair market value for the services provided.
- **10. Assignment:** Provider shall not assign, sub-contract or delegate any of its rights and obligations hereunder without the prior written approval of the Department.
- 11. Notice: Any notice required or permitted by this Agreement shall be in writing and may be either hand delivered or sent by certified or registered mail, return receipt requested, addressed to the Party to whom it is to be given as follows:

To Provider:

American Medical Response Ambulance Service, Inc. Attn: General Manager 13075 Gateway Drive #100 Seattle WA 98168

With a mandatory copy as follows:

Legal Department American Medical Response, Inc. 6200 Syracuse Way, Suite 200 Greenwood Village, CO 80111-4737

To Department:

Redmond Fire Department Deputy Chief - EMS 8450 161st Ave. N.E. Redmond, WA 98052-3848

Either Party may change its address to which notices are sent by a notice similarly sent.

12. Records Retention, Privacy, and Inspections: Each party shall maintain all medical records and other documents and information relating to services provided by Provider pursuant to this Agreement in compliance with all Federal, State and local laws, rules and ordinances. The Department shall have the right upon reasonable advance notice to inspect the records at any time during normal business hours. Subject to Federal and State privacy and disclosure restrictions, Provider shall cooperate with, and provide all information requested by, the Department in the event a complaint regarding the services

provided by Provider in the performance of this Agreement. Each party shall comply with the privacy and security provisions of the *Health Insurance Portability and Accountability Act of 1996* and the regulations thereunder ("HIPAA"). Each party acknowledges and agrees that it is considered a covered entity under HIPAA. Accordingly, both parties are permitted to use and disclose Protected Health Information in accordance with HIPAA without an additional written authorization of the Patient as long as both parties have a direct relationship with the Patient. All Patient medical records shall be treated as confidential so as to comply with all state and federal laws.

- 13. Compliance Program and Code of Conduct: Provider has made available to the Department, a copy of its Code of Conduct, Anti-kickback policies and other compliance policies, as may be changed from time-to-time, at Provider's web site, located at: www.amr.net, and the Department acknowledges receipt of such documents. Provider warrants that its personnel shall comply with Provider's compliance policies, including training related to the Anti-kickback Statute.
- 14. Non-Exclusion: Each party represents and certifies that neither it nor any practitioner who orders or provide Services on its behalf hereunder has been convicted of any conduct that constitutes grounds for mandatory exclusion as identified in 42 U.S.C.§ 1320a-7(a). Each party further represents and certifies that it is not ineligible to participate in Federal health care programs or in any other state or federal government payment program. Each party agrees that if DHHS/OIG excludes it, or any of its practitioners or employees who order or provide Services, from participation in Federal health care programs, the party must notify the other party within five (5) days of knowledge of such fact, and the other party may immediately terminate this Agreement, unless the excluded party is a practitioner or employee who immediately discontinues ordering or providing Services hereunder.
- **15. Nondiscrimination.** Provider agrees to not, on the grounds of race, color, sex, creed, religion, ancestry, national origin, or disability, discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state, or local laws. Further, Provider agrees to comply with any requirements made to enforce the foregoing which may be required of or by any governmental agencies in connection with the ambulance service.
- **16.** Compliance. The parties shall comply in all material respects with all applicable federal, state and local laws and regulations, including the federal Anti-kickback Statute. Provider's ambulances will conform to applicable state and local regulations for medical equipment for ambulances and be duly licensed for the transportation of patients.
- 17. Attorneys' Fees, Costs and Expenses: In any dispute arising from or relating to this Agreement, the prevailing party shall be awarded its reasonable attorneys' fees, costs and expenses, including any attorneys' fees, costs and expenses incurred in collecting upon any judgment, order or award.

18. Additional Terms: Washington law shall govern this Agreement. This Agreement is the entire Agreement between the Parties and there are no oral or collateral Agreements or understandings. This Agreement may only be amended by a document signed by the Parties. If any provision is held invalid or unenforceable, all other provisions shall continue in full force and effect. Waiver of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach of this Agreement. This Agreement shall inure to the benefit of and be binding upon the Parties and their legal representatives, successors, and permitted assigns. This Agreement is not intended to, and shall not; confer rights on any person or entity not named as a party to this Agreement. This Agreement may be executed in several counterparts and by facsimile, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this agreement to be executed by their duly authorized representatives.

American Medical Response Ambulance Service, Inc.

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President	
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EXHIBIT A-1

Service Area Description and Map for

City of Redmond Fire Department

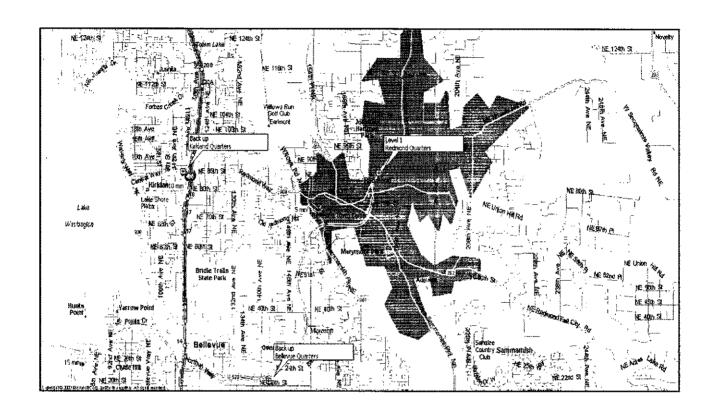


EXHIBIT B

Response Time Standards

1. Zone Standards

If in any contract year the Provider maintains a response time performance level at less than ninety percent (90%) monthly compliance in any four (4) months or two (2) consecutive months, the Department shall have the right to terminate the Agreement.

2. Response Time Exemptions

In the monthly calculation of the Provider's response time performance, every Basic Life Support emergency medical service call originating from the Department within the emergency ambulance provider operating area shall be included except as follows:

- 2.1. In case of a period of unusual system overload, e.g., multiple incidents with multiple victims or a large number of victims from a single incident (e.g., bus crash, plane crash, etc.). For purposes of calculations, unusual system overload will not exceed 3% of provider's monthly call volume per zone.
 - 2.2. **Exemptions**. The Provider shall apply for, and the Fire Departments shall grant, exemptions to response time performance standards in situations beyond the Provider's control that cause unavoidable delays or no response. The Departments shall examine each request for exemption and shall take into consideration traffic, street blockages, severe weather, and other influencing factors. If the Fire Departments determine the circumstances so warrant, the Fire Departments shall grant an exemption of the response from the performance standards. To be eligible for such an exemption, the Provider shall apply for the exemption with supporting documentation no later than the month following the month of the occurrence. The following subsections describe situations where the Department shall grant an exemption.
- Multiple Unit Response. In the event two (2) or more ambulance units are simultaneously committed to one (1) incident, the first arriving ambulance unit shall be held to the response time standard. The Department may grant an exemption for each ambulance unit starting with the second unit provided the additional units arrive at the scene within an additional 10 minutes. In the event that two (2) units are independently committed to two (2) independent incidents, both units shall be held to the response time standard.

- Concurrent Responses. In the event three (3) or more ambulance units
 are simultaneously committed to one (1) incident, and one (1) or more
 additional units are concurrently responding to at least one (1) other
 separate incident, the Fire Departments may grant an exemption for each
 unit starting with the third unit provided the additional units arrive at the
 scene within an additional 10 minutes.
- Declared Disaster. In the event an emergency is declared, as defined by RCW 43.06, the Fire Departments may grant an exemption for all ambulance units during the declared emergency.
- Canceled Request. In the event a request is canceled prior to or at the ambulance unit's arrival on scene for reasons other than exceeding the maximum response time standard, the Fire Departments will grant an exemption.
- Response Location Errors. In the event the Communications Center
 provides an inaccurate address, or if the location does not exist, the Fire
 Department will grant an automatic response time exemption, except if the
 incorrect response is the result of an error made by Provider's personnel,
 in that event the Fire Department shall not grant an exemption.
- Response Location Change. In the event the Fire Department changes
 the incident location and the change delays the ambulance unit's
 response time because the unit must reroute farther than one (1) block to
 respond to the call, the Fire Department shall grant an exemption.
- Response Delayed by Accident. In the event the ambulance unit is involved in an accident and cannot continue to respond to the call, the Fire Department may grant an exemption.
- Response Requested to Area Outside Primary Coverage Area. In the
 event the Department requests the Provider respond to an area outside of
 its primary coverage area, the Fire Department may grant an exemption to
 the Emergency Response Performance Standard on the condition that the
 Provider uses diligence to respond to the scene within a reasonable time.

3. Liquidated Damages

3.1. Penalties

Each and every call that does not adhere to the scope of services - performance standards as more specifically defined in the Proposal shall first be classified as an alleged performance failure. Each alleged performance failure shall be investigated by the Provider and evaluated by the Department. The Department shall determine whether there were appropriate or acceptable extenuating circumstances that caused or significantly contributed to the performance failure. The Provider shall pay liquidated damages to the Departments for all performance failures that are determined to be the fault of the Provider and not the result of an extenuating circumstance. All payments for liquidated damages shall be made payable to the Fire Department where the incident occurred. Liquidated damages shall include, but are not limited to the following:

Action or Omission	Liquidated Damage
For any response to a request that exceeds the response time requirements for that area.	The Provider shall be assessed liquidated damages at a rate of Three Hundred and 00/100 Dollars (\$300.00) per noncompliant response
For any individual response exceeding the maximum response time, or being cancelled due to exceeding the maximum response time	The Provider shall be assessed liquidated damages of Three Hundred and 00/100 Dollars (\$300.00) per incident.
In the event the Provider fails or is unable to respond.	The Provider shall be assessed liquidated damages of Five Hundred and 00/100 Dollars (\$500.00) per incident.
In the event the Provider fails to arrive in a timely manner and the Fire Department transports the patient.	The Provider shall be assessed liquidated damages of Three Hundred and 00/100 Dollars (\$300.00) per incident.
In the event Provider fails to furnish required information, reports, or documentation within the time period specified by the Agreement or by the Department's request.	The Department may, at its option, impose liquidated damages of Fifty and 00/100 Dollars (\$50.00) per day for each item of such information, report, or document. Such liquidated damages shall not be applied in cases where the cause of such reporting deficiency was beyond the Provider's reasonable control.
If an ambulance vehicle experiences a mechanical failure (breakdown) while transporting a patient to a hospital.	The Provider shall be assessed liquidated damages of Three Hundred and 00/100 Dollars (\$300.00) except when the Provider has provided timely and appropriate patient transfer and when the Provider has properly maintained the vehicle.
For failure to utilize an acceptable CAD System.	The Provider shall be assessed liquidated damages of Two Hundred Fifty and 00/100 Dollars (\$250.00) per day.

The above damages are not cumulative and each call will be assessed only one liquidated damage per the chart above.

Invoicing and Payment of Liquidated Damages. No more frequently than monthly and at least quarterly, the Department shall invoice Provider for any liquidated damages assessed during the prior period. AMR shall pay the liquidated damages within 30 days of receipt of invoice. In the event the Department fails to invoice within 30 days of the end of the prior period, the liquidated damages shall be deemed waived for the period.

Annual Review of Liquidated Damages. Both parties agree to meet at or near the one year anniversary of this Agreement to determine if liquidated damages provisions are fair and equitable.

- 3.2 Appeal Rights. The Provider may request that the Department's Contract Administrator reconsider imposition of liquidated damages. In instances when the Department's Contract Administrator has reviewed the circumstances for imposing liquidated damages and determined that the grounds were sufficient to justify the imposition of the liquidated damages, the Provider shall have the right to appeal such determination to the Fire Chief of the affected agency. The Contract Administrator shall report the reasons for the determination to impose liquidated damages to the Fire Chief. The ruling of the Fire Chief shall be final.
- **3.3** Liquidated Damages Waived for Start-Up Period. The Department shall waive the response time liquidated damages for the first two (2) months of the Agreement.

EXHIBIT C INSURANCE

Provider Insurance Requirements

Automobile Liability. The combined automobile liability, bodily injury and property damage liability insurance aggregate maintained by AMR shall be not less than two (2) million dollars (\$2,000,000) in coverage for each occurrence with a combined limit of five (5) million dollars (\$5,000,000);

Professional Liability Insurance. Provider shall be secure Professional Liability Insurance in an amount of not less that two (2) million dollars (\$2,000,000) in coverage for any injury or death arising out of any one incident;

Workers' Compensation Insurance. Provider shall secure for any and all of Provider's employees Workers Compensation Insurance in accordance with the requirements of the State of Washington;

Except for the workers' compensation policy, said policies shall also name the Department as an additional insured of Provider. All policies shall contain a provision requiring a thirty (30) day written notice to be given to the Department prior to cancellation, modification, or reduction in limits;

General. Consultant's Errors & Omissions or Professional Liability with limits not less than \$2,000,000 per occurrence and \$5,000,000 as an annual aggregate.

Excess Insurance: A policy above the primary general liability and auto liability policies that will provide a total limit of insurance of \$5,000,000. The excess policy must be at a minimum as broad as the primary policies, and shall name the signing Fire Departments, their officials, employees and volunteers as additional insured with said insurance being primary and non-contributory. Said policy shall provide that coverage shall not be canceled except after thirty (30) days written notice has been given to the Fire Departments.