


**MEMORANDUM****DATE:** August 27, 2019**TO:** C.H Huckelberry  
County Administrator**FROM:** Ray Ochotorena, Director   
Fleet Services Department**Tom Burke**  
Deputy County Administrator**RE:** MA-PO-20-02 Wheel Loader Master Agreement

Fleet Services and Procurement have reviewed the questions raised by Supervisor Miller at the Board of Supervisors Meeting held August 6, 2019. The vendor made an error under the Guaranteed Maximum Cost of Repairs Amount, Section 1 of Attachment A.

The corrected amount should be \$3,000.00. The \$105,277.00 is actually the amount of the Guaranteed Minimum Repurchase Price. The vendor has provided a revised version of Attachment A, and the necessary corrections to the award packet have been made.

The warranty period for this contract is five (5) years, at which time the County will have the ability to exercise the buyback option at the Guaranteed Minimum Repurchase Price of \$105,277.00 or purchase an extended warranty. If the County elects to purchase an extended warranty, the buyback option becomes null and void.

The total cost to the County during the entire five (5) year warranty is a maximum \$3,000.00 per loader. Generally, this covers incidentals such as towing not covered under warranty. All parts and labor are covered under the five (5) year warranty.

RO: cm

Attachment

c: Patricia Mehrens, Fleet Services, Deputy Director  
Bob Charlton, Fleet Manager, Fleet Services DepartmentAUG 27 10 03 AM '19 PCDKCFED 

**Attachment A – Guaranteed Costs (1 Page)****1. Guaranteed Maximum Cost of Repairs: (Refer to Attachment B)**

Contractor will be fully responsible for the cost of repairs (including parts and labor) in excess of the Guaranteed Maximum Cost of Repairs Amount listed below. The Guaranteed Maximum Cost of Repairs will apply for a period of five (5) years from the date of delivery, or for a period of 5,000 hours of operation as recorded by the John Deere Equipment hour meter, whichever comes first. Subject to the inclusions, exclusions, and other terms and conditions set forth on Attachment B, if the Guaranteed Maximum Cost of Repairs amount is exceeded during the foregoing time period, the Contractor shall reimburse the County for the excess amount. In determining the Guaranteed Maximum Cost of Repairs, the total cost of warranty repairs (parts & labor) will not be included. Contractor will meet with Fleet Services on an annual basis, if needed, to go over any overages and reimbursement to County. In the event of any conflict between this Attachment A, and the terms of Attachment B, Attachment B shall govern and control.

Amount: \$ 3,000.00 per Equipment for five years/ 5,000 hrs.

**2. Guaranteed Minimum Repurchase Price**

1. Contractor guarantees a "Guaranteed Minimum Repurchase Price" (trade-in allowance or a minimum bid at public auction) in the amount of \$105,277.00 up to the first 5,000 hours of operation (as recorded by the hour recorder) or five (5) years from the date of delivery of the equipment, whichever first occurs (the "Buy Back Period").
2. In determining the Guaranteed Minimum Repurchase Price, and in the enforcement of this provision of this Contract, the following rules shall apply:
  - a. The Guaranteed Minimum Repurchase Price on the equipment shall be allowed as a trade-in allowance by Contractor in the event the County decides to purchase other new equipment from Contractor.
  - b. The minimum bid shall be made by Contractor at public auction in the event the County elects to auction the equipment.
  - c. In the event equipment subject to this repurchase obligation, while in possession of the County, is, by any casualty cause, either totally destroyed or partially damaged to the extent that the damage is beyond repair and is considered a total loss because of the cost of restitution, then Contractor is released from his obligation under the Guaranteed Repurchase provision of this Contract.
  - d. See Attachment A-1: Guaranteed Repurchase and Return Conditions for additional terms and conditions. In the event of any conflict between Attachment A and Attachment A-1, Attachment A-1 shall govern and control.

**3. Total Machine Warranty:**

Provide John Deere Premier Warranty coverage for 5 ( ) years or 5,000 hours, whichever comes first. In addition, Contractor shall not charge County for field repair travel time and mileage for repairs covered by John Deere Standard Warranty during the twelve (12) month standard warranty period at no additional cost to County.

**4. Loaner Replacement:**

If the John Deere Equipment cannot be repaired by RDO within two (2) business days, for repairs covered by John Deere Standard Warranty while under the standard warranty period, a compatible John Deere Equipment will be loaned to the County at no-charge, including pick-up and delivery, until the repairs can be completed and the equipment is back up and fully functional.

**Attachment A-1**  
**Guaranteed Repurchase and Return Conditions (1 Page)**

County agrees that the equipment must meet the following guidelines upon its return to Contractor:

- Be returned in the same configuration, including all attachments, as when initially delivered.
- Be cleaned, and all switches, monitoring systems, gauges, control levers, pedals, radio (if applicable), mirrors, seats, insulation, and other components must be complete and in good working order.
- Be free from all oil, hydraulic, fuel, and coolant leaks.
- Be in good operating condition without mechanical defects.
- Have had all weld repairs completed by a certified welder using John Deere repair guidelines/specifications.
- Have been operated and maintained in accordance with John Deere Lubrication, Preventative Maintenance, Owner, and Operator Manuals.
- Have been enrolled in a John Deere dealer Scheduled Oil Sampling (SOS) or comparable program for the entire Buy Back Period, and all fuels, lubricants, additives, and radiator water must be clean and in compliance with John Deere recommended standards.
- Have been operated only in the applications for which it was designed.
- All window glass must be clear and free from cracks and major pits; all window frames, doors, and weather stripping must be complete; and all service compartment covers and doors, fenders, and other flat metal or plastic must be in good working order and free from dents and cracks. No bent sheet metal.
- All standard John Deere and non-John Deere safety items must be complete and in good working order, including, but not limited to, the roll over protection (ROPS) and falling object protection (FOPS) systems, seat belts, steps, safety rails, grab irons, cat walks, fire suppression systems, and warning alarms.
- All electrical components, including, but not limited to, batteries, alternators, wiring harness, drive belts, lighting and air conditioning systems must be complete and in good working order.
- All repairs made to main structures, including, but not limited to, main frames, booms, sticks, and buckets must be accomplished in accordance with the factory recommended materials and repair procedures.
- All ground engaging tools, including, but not limited to, buckets, dozer blades, base cutting edges, rippers, scarifiers, drums, feet, tines, screeds, elevator flights, forks, and top clamps must have good structural integrity and have fifty percent (50%) minimum remaining life.
- All rubber tire Equipment must have a minimum of fifty percent (50%) remaining life of the original tread life of each tire. Recapped tires are not acceptable substitutes. All tires must be a matched set with the same tread type and pattern and have no significant cuts or chunking of the tread or side walls.
- Contractor retains the right to review any and all repair and maintenance records during the Buy Back Period. A full Equipment inspection may be conducted upon return of the Equipment. Client agrees it will be responsible for any damage other than normal wear.
- Client may not assign this letter agreement without Contractor's prior written consent.
- Client will be invoiced for the parts and labor required to bring the Equipment into compliance with the above guidelines based on Contractor's prevailing parts and labor rates. By signing below, Client confirms its acceptance of the terms of the Guaranteed Buy Back outlined above.



**Attachment B: Guaranteed Maximum Cost of Repairs (2 Pages)**Guaranteed total maximum cost of repairs to County

1. In determining whether the Guaranteed Maximum Cost of Repairs Amount has been reached, the cost of all warranty repairs made shall not be included.
2. Prior to reaching the Guaranteed Maximum Cost of Repairs amount, the County shall be responsible for making repairs and the following rules shall apply:
  - a. In the event that the cost of repairs, including parts and labor for non-warrantable repairs only, as estimated by the County, is less than \$ 3,000.00 the County shall have the right to have the repairs made in the County's shop and need not give notice to Contractor prior to the repairs being made.
  - b. In computing the cost of repairs, all County labor costs will be charged at the County's then prevailing rate. Present rate is \$65.00 per hour, increases not to exceed 20% per year. Parts shall be charged for at actual cost and shall be purchased from the authorized dealer for the original equipment manufacturer, if possible.
  - c. If the cost of repairs, including parts and labor for non-warrantable repairs only, is in excess of \$ 3,000.00 as estimated by the County, the County shall submit to Contractor the estimated cost of the repairs, a detailed account of the work to be performed and an estimated time for completion of repair work. Contractor shall then submit an estimate of cost and time for completion of the work. Contractor's estimate shall be provided to the County within one (1) business day after Contractor's receipt of County's estimate. The County and Contractor will then mutually agree on the shop in which the repairs are to be performed. The lower of the two estimates and the time required to perform the repairs will be the primary factors in determining which shop will perform the repairs. If the repairs are to be done in the County's shop, the cost of such repairs shall be computed on the same basis as that set forth in Paragraph 2.b. If the repairs are to be done in Contractor's shop, the repairs will be billed to the County at Contractor's then prevailing rate. County is responsible to transport to Contractor's shop.
  - d. County and Contractor may agree that all or any portion of the repairs may be made in service shops other than those of the County or Contractor, if it is deemed advantageous to both parties.
  - e. Should delivery of repair parts by Contractor not be made to the County within five (5) working days following receipt of order, County shall provide written notice to Contractor and then a daily charge of \$500.00 shall be added to the cumulative cost of repairs for each additional full working day (after the initial five (5) working day period) that the part is not delivered. Parts shall be ordered by part number. Upon Contractor's presentation in writing of verifiable information to County that parts are not available by reason of strike, natural disaster or other act of God, or national emergency, the daily charge shall not be enforced.
  - f. Contractor may, at their option avoid the penalty set forth above in Paragraph. 2.e by supplying to the County, at no cost, a unit that is comparable to the equipment needing repair, until the County's equipment is restored to service.
  - g. Contractor shall have the right to examine repair cost records at any reasonable time. The County will maintain records reflecting pertinent repair cost information and will make these records available for examination in a timely manner.

3. Items covered by guaranteed maximum cost of repairs

Contractor will be fully responsible for the total cost of repairs, parts and labor as follows (subject to the exclusions below and all other provisions of this Attachment B.

- a. Engine  
Engine block and all internal and external components including air compressor, fuel, charging, cranking, exhaust, air intake, and cooling systems, radiator, fan and pulleys. **Excludes batteries, filters, fan belts, hoses, anti-freeze and engine oil.**
- b. Powertrain  
Complete powertrain including all pumps, motors, gears, shafts, bearings, seals, discs, plates, torque converter (where used), drive couplings, case, including linkage and external lines. **Excludes oil and filters.**
- c. Drive Axles/Assemblies  
Complete drive axle/assemblies including shafts, bearings, seals, chains, gears, cases, drive motors/assemblies, and air bag if equipped. **Excludes lines, hoses and fluids.**
- d. Brakes  
Complete braking system including friction and steel disc, shoes, master and slave cylinders, valves and control linkage. Includes operating linkage and exterior air lines. **Excludes fluids.**
- e. Steering  
All steering controls, including articulation, valves, cylinders, pins and bearings. **Excludes oil.**

**Attachment B: Guaranteed Maximum Cost of Repairs (continued)**

- f. Front Axles  
Complete axle assemblies including bushings, seals, bearings, shafts, hubs and wheel components. **Excludes fluids.**
- g. Controls  
All operating and electrical controls, (solenoids and switches) including valves, cylinders, control linkage. **Excludes oil and filter.**
- h. Main Frame  
Complete mainframe assembly
- i. Hydraulic System  
Complete hydraulic system including all pumps, valves, motors, and control linkages for all components and attachments. **Excludes oil lines, hoses, filters and fluids.**
- j. ROPS/Canopy  
Complete assembly including heater, **Excludes glass.**
- k. Cab  
Complete cab assembly including heater, **Excludes glass.**
- l. Gauges and Instrument  
All gauges and instruments.
- m. Warning Devices  
All warning devices including backup alarms. **Excludes strobe, beacons and lights.**

A major component failure (Item 4. a thru i) contaminating fluids such as oil, hydraulic oil, anti-freeze, etc. will be covered under this Contract.

**4. Obligation of County**

- 1. The equipment will be operated by County personnel in operations for which the equipment is designed and in a manner prescribed by the manufacturer. Repairs resulting from failure to do the foregoing will not count toward the Guaranteed Maximum Cost of Repairs amount.
- 2. The County will assume responsibility for costs of repairs due to fire, theft, accident, vandalism, acts of nature, or neglect or abuse directly caused by County personnel. Total repairs under such circumstances will not be included in computing the Guaranteed Maximum Cost of Repairs.
- 3. The County will assume at its expense all costs of fuel and fueling, engine and hydraulic oils, filters, belts, lubricants, greases, and the application thereof, anti-freeze, cutting edges, tires, hoses, batteries, lights, glass breakage, cleaning and repainting, and other items normally consumed in day-to-day operation. None of the foregoing will be included in computing the Guaranteed Maximum Cost of Repairs.
- 4. The County will maintain equipment in accordance with manufacturer's recommendations provided, however, the County reserves the right to use the same fuels, lubricants, and oils that it uses in other similar equipment unless specifically prohibited by the manufacturer's specifications. The County will have available a record of all scheduled maintenance performed. Contractor has the right to inspect equipment at any reasonable time and make recommendations for repairs, improved maintenance, etc. The County will follow such recommendations to the best of its ability. Repairs resulting from failure to do the foregoing will not be included in computing the Guaranteed Maximum Cost of Repairs.

**Attachment C – Trade-In Allowance (1 Page)**

<u>Item</u>	<u>Qty.</u>	<u>Description</u>	<u>Trade in Price</u>	<u>Extended Price</u>
1.	_____	Pima County Equipment, Per specifications listed herein.	\$ _____	\$ _____
2.	_____	Pima County Equipment, Per specifications listed herein.	\$ _____	\$ _____

List Asset Number (for each trade in):

Asset #: \_\_\_\_\_ Serial Number: \_\_\_\_\_ Model: \_\_\_\_\_ Year: \_\_\_\_\_

Location: \_\_\_\_\_ Contact Name/ Phone: \_\_\_\_\_

Number: \_\_\_\_\_

Trade in Amount: \$ \_\_\_\_\_

Asset #: \_\_\_\_\_ Serial Number: \_\_\_\_\_ Model: \_\_\_\_\_ Year: \_\_\_\_\_

Location: \_\_\_\_\_ Contact Name/ Phone: \_\_\_\_\_

Number: \_\_\_\_\_

Trade in Amount: \$ \_\_\_\_\_

Trade in allowance will be determined by Contractor when Contractor completes a physical examination and review of the trade in. Pima County Fleet Services will provide the equipment and all information pertaining to the trade in equipment.

Fleet has the option to exercise the "trade in" amount or to auction at a public sale, whichever maximizes the profit to Pima County Fleet Services.