

HVAC Service Agreement – Full Coverage

Proposed by: **DIVCO Inc.**
 715 N. Madelia St.
 Spokane, WA 99220-3245

Date: December 1, 2021
Agreement Renewal #: 916008

Proposed to: **Mark Schuller**
 City Administrator
 Cheney, WA

Location: **Cheney City Hall**
 609 2nd
 Cheney, WA 99004

Scope: This proposal is the proprietary property of DIVCO Incorporated and is provided for the customers use only. DIVCO guarantees the price stated in this agreement for thirty (30) days from the proposal date. By signing this agreement, this proposal becomes a binding agreement. The attached *Terms and Conditions of Sale*, are a part thereof. DIVCO shall provide the following service as requested, for the items specified on the *List of Maintained Equipment*.

Duration: This agreement shall remain in effect for an original term of one year, commencing **January 1, 2022**, and automatically renewing from year to year thereafter. Either party may terminate this agreement with a 30-day notice. (Additional charges may apply to the cancellation of the *Full Coverage* agreement.)

| Annual Charges: (select by initialing) | Full Coverage Maintenance Service Options | |
|---|---|----------------------------|
| _____ | Mechanical Maintenance Service | \$ 8,201.00 |
| _____ | Quarterly Filter Service | \$ Included |
| _____ | Annual Spring Condenser Coil Cleaning | \$ Included |
| _____ | Annual Belt Replacement | \$ Included |
| _____ | Control System Service | \$ Included |
| | Annual Price: | \$8,201.00 |
| | Quarterly: | \$2,050.25 plus tax |

This Proposal Submitted by


Dan McNeal, DIVCO Account Manager
 509-536-1149 x218
 danmcneal@divcoec.com

Proposal Accepted by

_____ Date _____
 Representative of City of Cheney

Full Coverage Service Option



◆ **Repair and Replacement**

DIVCO will repair and replace, at no additional charge, failed or worn components with new or reconditioned components of compatible design to minimize obsolescence and maintain the system in good operating condition. Components that are suspected of being faulty may be repaired or replaced in advance to prevent system failure. Exchanged parts become the property of DIVCO.

◆ **Emergency Service**

All labor, parts procurement labor (locating, ordering, expediting and transporting) and travel including 24/7 overtime or unscheduled service calls resulting from an equipment or systems malfunction, required to repair or remove and replace worn, broken and/or doubtful components and/or parts.

What is Full Coverage Service?

- ◆ Full coverage service combines all the preventive maintenance routines with the labor and material required to effect repairs as they become necessary, *24 hours per day, 365 days per year*, at no additional cost. These repairs include those found during scheduled visits as well as those found during emergency service calls. Covered repairs are limited to the *maintainable components* of your system. This level of protection is the most cost effective and least risky way to ensure minimal down time and maximum asset protection, as well as a way to provide you with a predictable maintenance budget expense.

What are the benefits of Full Coverage Service?

- ◆ One annual budgetable cost of H.V.A.C. maintenance and repair.
- ◆ Extreme budget control.
- ◆ Energy savings up to 10%.
- ◆ Maximized occupant comfort.
- ◆ Investment protection.
- ◆ Trouble-free operation.
- ◆ **Guaranteed response in case of emergency.**
- ◆ Decreased downtime.
- ◆ Increased equipment life span.
- ◆ ***Peace of mind.***

What are "maintainable components"?

- ◆ Maintainable components are defined as those items, which have moving parts or have an electronic or electrical function. Some examples of maintainable components are:
- ◆ Control valve and damper actuators and linkages.
- ◆ Refrigeration compressors, expansion valves, and solenoid valves.
- ◆ Gas valves, ignition devices, limits, and flame sensing equipment.
- ◆ Motors, starters, contactors, capacitors, relays, and timers.
- ◆ Thermostats and controllers, including pneumatic and DDC hardware.

So what is not covered?

- ◆ Non-moving parts, such as ductwork, piping, wiring and conduit, valve bodies, heat exchangers, fan wheels, equipment cases and enclosures, and insulation are not covered. In general, parts of the system, which are static in nature and are not subject to wear and tear due to normal operation, are not covered. Acts of God, vandalism, and damage due to power supply problems are also not covered. Electrical components are covered up to but not including the equipment disconnect or circuit breaker.

Why these exclusions?

- ◆ The short answer is that if we include these items we would drive the cost of the program up while providing less value. Our goal in providing this full coverage agreement is to:
- ◆ Provide you, our customer, with a predictable maintenance budget.
- ◆ Reduce your paperwork and time spent managing this aspect of your facility.
- ◆ Put the burden of responsibility on us for proper maintenance.
- ◆ We exclude non-maintainable components because their failure rate is not predictable. While we certainly could offer coverage of non-maintainable parts, we do not believe it would be in your best interest to do so because of the costs involved and the potential for us to make an unfair profit. A full service maintenance program is not an *insurance* policy against unlikely failures; it is an *assurance* policy that your system will be kept in peak operating condition.

EQUIPMENT LIST

LOCATION Cheney City Hall
ADDRESS: 609 2nd
Cheney, WA 99004

CONTACT _____
CONTACT # 509-498-9230

| UNIT # | MAKE | MODEL # | SERIAL # | TYPE | TONNAGE | FILTER SIZES | | BELTS |
|--------|-----------|--------------------|----------------|------|---------|--------------|---------|---------|
| RTU | Carrier | 48TCD008A2A5A0A0A0 | 3811GAA279 | RTU | 7.5 | 4 | 16x20x2 | 1-AX52 |
| | | | | | | | | 1-5L430 |
| RTU | Carrier | 48TCDA04A2A3A0A0A0 | 1111G50113 | RTU | 3 | 4 | 15x25x2 | 1-AX35 |
| RTU | Carrier | 48TCEA06A2A3A0A0A0 | 3211C76345 | RTU | 5 | 4 | 16x25x2 | 1-AX38 |
| RTU | Carrier | 48TCDA05A2A3A0A0A0 | 0711G4015 | RTU | 4 | 4 | 16x25x2 | 1-AX35 |
| RTU | Carrier | 48TCD012A2A5A0A0A0 | 3011G50574 | RTU | 10 | 4 | 16x20x2 | 1-AX49 |
| | | | | | | | | L-5L430 |
| RTU | Carrier | 48TCEA06A2A3A0A0A0 | 3211C76343 | RTU | 5 | 4 | 16x25x2 | 1-AX38 |
| RTU | Carrier | 48SD24040311 | 0808G21985 | RTU | 2 | 4 | 12x20x2 | DD |
| CU | RUUD | VANL048JAZ | 7389M310809101 | CU | 4 | 4 | | |
| AHU | RUUD | VHLLHM4824JA | M30803184 | AHU | | 4 | | |
| EF | Greenheck | SFD-64A-CW7H | 1Z1629601007 | EF | | 2 | | |
| | | | | | | | | |
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TYPE: GP=GAS PACK, HP=HEAT PUMP, SS=SPLIT SYSTEM, EF=EXHAUST FAN, DD=DIRECT DRIVE, CU=CONDENSING UNIT,
 EC=EVAPORATOR COIL, UH=UNIT HEATER,IM=ICE MACHINE, HWT=HOT WATER TANK, AS=AIR STATION, RTU=ROOFTOP UNIT
 AHU= AIR HANDLING UNIT, WAC= WINDOW AIR CONDITIONING, CF= CEILING FAN

DIVCO Terms and Conditions of Sale

By accepting this proposal, Purchaser agrees to be bound by the following terms and conditions unless otherwise indicated herein:

General Provisions

- 1.1 Unless stated otherwise, the services provided under this agreement shall be provided during DIVCO normal working hours, Monday through Friday inclusive, excluding holidays.
- 1.2 Client shall provide reasonable means of access to the equipment being serviced. DIVCO shall not be responsible for any removal, replacement or refurbishing of the building structure, if required to gain access to the equipment. DIVCO shall be permitted to control and/or operate all equipment necessary to perform the services herein described as arranged with the Client's representative.
- 1.3 This agreement, when accepted in writing by the Client and approved by a DIVCO representative, shall constitute the entire agreement between the two parties.
- 1.4 Either party may terminate this agreement on the anniversary date of the original term or any extended term by giving the other party 30 days notice of its intention.

Charges

- 2.1 For services not covered by this agreement but performed by DIVCO upon the Client's authorization, the Client agrees to pay DIVCO upon presentation of itemized invoice(s), at DIVCO' prevailing rates.
- 2.2 If an emergency service is requested by the Client and inspection does not reveal any defect for which DIVCO is liable under this agreement, the Client will be charged at DIVCO' prevailing rates.
- 2.3 The annual rate is subject to adjustment annually on each anniversary date to reflect increases in labor, material and other costs.
- 2.4 Customer will promptly pay invoices within ten (10) days of receipts. Should payment become thirty (30) days or more delinquent, DIVCO may stop all work under this agreement without notice and/or cancel this agreement, and the agreement amount shall become due and payable immediately upon demand. DIVCO will assess a late charge in the amount of 1 1/2 percent per month after thirty (30) days from the invoice date. Customer agrees to pay on demand the amount of all expenses reasonably incurred by DIVCO in efforts to collect the indebtedness in the event that this agreement is referred to an attorney. Customer agrees to pay a reasonable attorney's fee, including fees incurred in both trial and appellate courts or fees incurred without suit, and all court costs and costs of public officials. In the event legal remedy is necessary, venue shall be in Spokane County, Washington.

Limitations of Liability

- 3.1 DIVCO shall not be liable for any loss, delay, injury or damage that may be caused by circumstances beyond its control including, but not restricted to acts of God, war, civil commotion, acts of government, fire, theft, corrosion, floods, water damage, lightening, freeze-ups, strikes, lockouts, difference with workmen, riots, explosions, quarantine restrictions, delays in transportation, shortage of vehicles, fuel, labor or materials, or malicious mischief. **IN NO EVENT SHALL DIVCO BE LIABLE FOR BUSINESS INTERRUPTION LOSSES OR CONSEQUENTIAL OR SPECULATIVE DAMAGES**, but this sentence shall not relieve DIVCO of liability for damage to property or injury to persons resulting from accidents caused directly by the negligence of DIVCO in performance or failure of performance of its obligations under this agreement.
- 3.2 DIVCO shall not be required to make safety tests, install new devices, or make modifications to any equipment beyond the scope of the original contract in order to comply with recommendations or directives of insurance companies, governmental bodies or for other reasons.
- 3.3 DIVCO shall not be required to make replacements or repairs necessitated by reason of negligence, abuse or misuse, or by reason of any other cause beyond its control except ordinary wear and tear.
- 3.4 This agreement pre-supposes that all equipment is in satisfactory working condition. A cost estimate will be furnished for any equipment found in need of repair, upon initial inspection or initial seasonal start-up, with a written estimate stating the cost of repairs. Should repairs not be authorized within 30 days, the equipment will be eliminated from coverage and the agreement price shall be adjusted accordingly.
- 3.5 This agreement pre-supposes no substance regarded as hazardous by EPA is utilized in the system. If in servicing the system, DIVCO discovers the use of hazardous material, the Client will be responsible to remove, or have removed, any such substance and to replace it with a non-hazardous substitute. The Client will incur the cost of removal and substitution.
- 3.6 The amount of any present or future sales, use, occupancy, excise, or other federal, state or local tax which DIVCO hereafter shall be obligated legally to pay, either on its own behalf or on the behalf of the Client or otherwise, with respect to the services and material covered by this agreement, shall be paid by the Client.
- 3.7 If the equipment or software included under this agreement is altered, modified, or changed by a party other than DIVCO, this agreement shall be modified to incorporate such changes and the agreement price shall be adjusted accordingly or DIVCO may terminate the agreement.

- 3.8 Following 12 months of service or any time thereafter, if individual item(s) cannot, in DIVCO' opinion, be properly repaired on-site, due to excessive wear or deterioration, DIVCO may withdraw the items(s) from coverage upon ninety (90) days prior written notice.
- 3.9 This agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington.
- 3.10 Customer shall permit only DIVCO' personnel or agent to perform the work included in the scope of this agreement. Should anyone other than DIVCO' personnel perform such work, DIVCO may, at its option, cancel the agreement or eliminate the involved item of equipment from inclusion in this Agreement.
- 3.11 In the event the system is altered, modified, changed or moved, by a party other than DIVCO, DIVCO reserves the right to terminate or negotiate the Agreement based on the condition of the system after the changes have been made.
- 3.12 DIVCO will not be required to move, replace or alter any part of the building structure in the performance of this Agreement.
- 3.13 This agreement does not include responsibility for design of the systems, obsolesces, safety test, repair or replacement caused by weather, electrical power failure, low voltage, burned out main or branch fuses, low water pressure, vandalism, misuse or abuse of the systems, negligence of others (including customer), failure of customer to properly operate the systems, requirements of the governmental, regulatory, or insurance agencies, or other causes beyond DIVCO' control.

Extra Charges

- 4.1 If a trouble call is made at the Customers request and inspection indicates a condition which is not covered under this agreement, DIVCO may charge customer at the rate than in effect for such services.

Non-Maintainable Equipment

- 5.1 The annual rate assumes the equipment covered under this Agreement is in maintainable condition. If, at the time of seasonal start-up or on the first inspection, repairs or replacements are required, such charges will be submitted for customer's approval. If customer does not authorize such repairs or replacements, DIVCO may either remove the equipment from its scope of responsibility, and adjust the annual rate accordingly, or cancel the agreement.
- 5.2 This Agreement applies only to the maintainable portions of the system(s). Under full coverage agreements, DIVCO will not be responsible for the repair or replacement of non-maintainable and/or non-moving parts of the heating, ventilation and air conditioning systems. Examples of such non-covered items are dampers, ductwork, cabinets, heat exchangers, boiler tubes, boiler sections, boiler refractory, chimney, breeching, refrigeration evaporators, cleaning of condensate drains, refrigeration condensers, water coils, steam coils, pneumatic air lines, fan housings, main power service and electrical wiring, valve bodies or other structural parts. In regards to loss of refrigerants which are no longer manufactured, DIVCO is only responsible for the labor required to remove and recharge the system. If the refrigerant is commercially available, it will be priced at current market rates.

Facilities Management Programs Limitations – If Applicable

- 6.1 All computerized maintenance monitoring and computerized energy management equipment provided by DIVCO will remain the property of DIVCO. Should this program be terminated, DIVCO reserves the right to remove this equipment.
- 6.2 The monitoring service is not to imply or obligate any direct liability or contingent liability for damages caused by alarms not received or handled improperly. This service is not a U.L. certified alarm center. Lines are checked at least monthly for connection.
- 6.3 Customer is responsible for all phone line installation, line costs, and usage charges incurred.