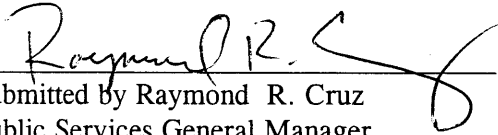


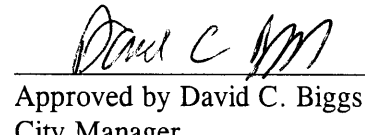


City of Carson Report to Mayor and City Council

December 20, 2011
New Business Consent

SUBJECT: CONSIDERATION OF A CONTRACT EXTENSION WITH SIEMENS INDUSTRY, INC. FOR HEATING, VENTILATION, AND AIR CONDITIONING COMPUTER MAINTENANCE SERVICES AT CITY HALL AND THE COMMUNITY CENTER


Submitted by Raymond R. Cruz
Public Services General Manager


Approved by David C. Biggs
City Manager

I. SUMMARY

For many years, the city of Carson has retained Siemens Industry, Inc. to provide maintenance services for the computers that run the Heating, Ventilation, and Air Conditioning (HVAC) systems at City Hall and the Community Center. Currently, the city has a one-year contract with Siemens for the period November 1, 2010 through October 31, 2011. Because the equipment being maintained is proprietary, the only company able to provide this service is Siemens Industry, Inc. Therefore, the City Council is asked to waive the proposal process required in Carson Municipal Code Section 2610(a) (Exhibit No. 2) and approve a one-year contract extension in the amount of \$48,240.00 for the period November 1, 2011, through October 31, 2012. (Exhibit No. 1).

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE the proposal process as defined by Carson Municipal Code Section 2610(a).
2. RATIFY a one-year contract extension with Siemens Industry, Inc. for Heating, Ventilation, and Air Conditioning computer maintenance services for City Hall and the Community Center, in the amount of \$48,240.00, for the period November 1, 2011, through October 31, 2012.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

For more than a decade, the city has retained Siemens Industry, Inc. to provide HVAC computer maintenance services for City Hall and the Community Center. The current contract expired on October 31, 2011, at a cost of \$46,848.00, which was the same amount as the year before. Prior to this deadline, staff was in negotiation with Siemens to extend the contract for an additional year or

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longer. Unfortunately, negotiations could not be completed until just recently, and for only a one-year extension. This new contract will cost the city \$48,240.00 for the period November 1, 2011, through October 31, 2012, a 3% increase over the cost charged for the last two years. The Siemens system has served the City Hall and Community Center well, and staff believes extending the contract will benefit the city by allowing Siemens to continue to provide excellent maintenance service. Tonight, the City Council is asked to consider approving this contract extension.

V. FISCAL IMPACT

Funds for this contract are included in the adopted FY 2011/12 general fund budget in account number 01-90-970-100-6005.

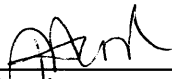
VI. EXHIBITS

1. Contract with Siemens Industry, Inc. for the period November 1, 2011 through October 31, 2012. (pgs. 3-16)
2. Carson Municipal Code Section 2610(a). (pg. 17)

Prepared by: Luchie S. Magante, Sr. Administrative Analyst

TO:Rev102511

Reviewed by:

City Clerk 	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

Action taken by City Council

Date _____ Action _____

Advantage Services[®]

Agreement for City of Carson

11/30/2011

EXHIBIT NO. - 1





*This service agreement
has been specifically
developed to support your
unique facility.*

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1 Overview

1.1 Executive Summary

You have made a significant investment in your facility and its complex technical systems which are critical to the profitability and productivity of your overall business. This proposed service solution, our Service Agreement, will proactively serve to protect that substantial investment through a program of planned service tasks by our trained technical staff.

This Service Agreement has been specifically developed to support your unique facility, and the services provided herein will help you in achieving your facility goals.

1.2 Siemens Capabilities & Commitment to Our Customers

Siemens Industry, Inc is the leading single-source provider of cost-effective facility performance solutions for the comfort, life safety, security, energy efficiency and operation of some of the most technically advanced buildings in the world. Siemens is pleased to offer this proposal for technical support services to your facility. For more than 150 years, Siemens has built a culture of long-term commitment to customers through innovation and technology. We are confident that we have the capabilities to meet your critical facility needs today and in the future, and we look forward to the opportunity to serve you.



2 Service Solution

2.1 Quality Assurance

At Siemens Industry, Inc., we are dedicated to customer satisfaction. To achieve this, we have a quality assurance process, which enables you to assess the Preventative Maintenance Program designed for your facility.

Through implementation of our Quality Assurance Best Practices, we ensure that our delivered services are of the highest quality. We will meet with you to discuss our performance and your satisfaction with the quality of service that is being provided under your Technical Support Program. We will discuss the performance of your technical building systems, your facility and make recommendations for improvements.

When applicable, we will discuss recommendations for the service program to better meet your changing needs. We also augment this program with periodic customer satisfaction telephone surveys.

2.2 HVAC CONTROL SERVICES – Automation

2.2.1 Approach

Platinum Level

The Platinum Advantage Services plan is designed for customers who experience serious business interruptions if critical building systems fail. When emergencies occur, Siemens experts will be on site within four hours for critical components 24 hours a day every day. In addition to the peace of mind that comes from knowing equipment downtime is minimized, the Platinum plan also eliminates budget surprises. All repair and replacement parts and labor for equipment covered by the plan are included in the service contract. Software support and updates are another important aspect of keeping the system functioning optimally and are provided as they are issued, and as applicable to the system, under the Platinum plan. Operator coaching by Siemens provides another layer of confidence by helping your staff identify, verify and resolve problems and concerns in performing tasks to keep systems running smoothly. During coaching sessions, we address specific issues concerning the use of systems in your facility. The result of the Platinum Advantage Services Plan is confidence in the operation of your critical building technology and the comfort, occupant safety and security of your facility.



2.2.2 Technical Support Services

Emergency Online Response. To provide faster response to emergency service requests and to reduce the costs and disruptions of downtime, we will provide City of Carson with Online Support Service. Our online respond time will be within 2 hours of receiving notification for emergency service during the hours of Monday through Sunday, including holidays, 24 Hours per Day. On-Line response is for remote troubleshooting only, Any Programming changes, set point adjustments or schedule changes will be billed at prevailing TSP rates

Emergency Onsite Response. To provide faster response to emergency service requests and to reduce the costs and disruptions of downtime, we will provide City of Carson with Onsite Emergency Service. Our onsite response time will be within 4 hours of receiving notification for emergency service during the hours of Monday through Sunday, including holidays, 24 Hours per Day. . Non-emergency calls, as determined by your staff and Siemens will be incorporated into the next scheduled preventative eminence visit.

Business Protection & Recovery Services. Business Protection & Recovery Services safeguards your HVAC Control System's vital databases of business information from unforeseen and costly catastrophic events (lightning strike, electrical power surge, flood, physical damage, etc.). We will back-up your HVAC Control System Insight workstation software, graphics and field panel databases 4 time(s) per year, and provide safe storage of this critical business information. Should a catastrophic event occur, we will respond onsite (or online if such service is included in this proposal) to reload the databases and system files from our stored backup copy and to ensure proper operation and performance.

Automation Controls Analysis & Optimization: Automation controls can drift out of calibration with changes in mechanical component performance characteristics, building use, and climatic conditions. Through this service we will extend equipment life, reduce energy consumption, and reduce the risk of costly and disruptive breakdowns. Siemens will provide preventive maintenance in accordance with a program of routines as determined by our experience, equipment application and location. The list of field panels and / or devices included under this service are identified in the List of Maintained Equipment in this proposal.

Repair & Replacement Services. To reduce the effects of unbudgeted repairs, Siemens will provide labor and / or materials to repair or replace failed or worn components to maintain your system in peak operating condition. Components that are suspected of being faulty may be repaired or replaced in advance to minimize the occurrence of system interruptions. Equipment covered under this agreement is itemized on the List of Maintained Equipment, unless otherwise noted. Items not covered will be brought to the owner's attention.

Software Analysis & Optimization: Through Software Analysis & Optimization, Siemens will help ensure that the HVAC Control System is operating properly to minimize any software problems that would negatively impact system performance. We will address any programming errors, failed points, points in alarm, unresolved points or points in operator priority, both at the front end workstation and at the field panel. This will increase system efficiency, assure compliance to specified conditions, and reduce the risk of costly and disruptive system problems. We will perform this service using onsite visits and / or remote services (if applicable).

2.2.3 System Performance Updates & Upgrades

Software Updates. Through this service, you will benefit from new features and enhancements that will improve building operations, take advantage of the latest version changes, while extending the life of your APOGEE investment. Siemens will provide you with software and documentation updates to your existing APOGEE software as they become available (approximately annually). Include is onsite training to familiarize you with the new features and their associated benefits. These updates deliver the benefits of Siemens Industry, Incs' commitment to compatibility by design, a commitment unique in our industry. APOGEE workstations covered under this service are itemized in the List of Maintained Equipment. (Upgrades to PC's and related workstation hardware are excluded unless specified elsewhere.)



3 Service Implementation Plan

3.1 HVAC Control Services – Automation On-site Response Time and Call Windows

	Platinum
Training	One day no cost DDC Basics educational Seminars held throughout the year in our Cypress training center.
Response time - onsite for critical components	4 hours - labor is covered within response time
Response time - onsite for non-emergency	Next preventative maintenance visit.
Hours of Service	24 x 7 - labor is covered within response window
Response Window	24 x 7
Software Support and Updates	1 upgrade for a single user sentinel at City Hall
R&R Material	Included, see list of maintained equipment.
R&R Labor	Included
Technology Audit	Billable
Material Discount	Included, 60% off the list price of Siemens Industry, Inc Building Automation parts.
Operator Coaching	Included, During PM visits.



3.2 Maintained Equipment Table

SIEMENS

Siemens Industry, Inc
Service Agreement

List of Maintained Equipment

Equipment Category	Equipment SubCategory	Equipment	Qty	Serial Number	Location	Mfg/Model
Insight Workstation Components	Insight Workstation Components	CRT, Keyboard	1		City Hall	Dell
Preventative Maintenance (1.0), R & R Labor & Material						
Insight Workstation Components	Insight Workstation Components	Modem (General)	3		2@City Hall 1@Community Center.	US Robotics
Preventative Maintenance (1.0), R & R Labor & Material						
Insight Workstation Components	Insight Workstation Components	PC Hardware	1		City Hall	Dell
Preventative Maintenance (1.0), R & R Labor & Material						
Insight Workstation Components	Insight Workstation Components	Trunk Interface	1		City Hall	Siemens
Preventative Maintenance (1.0), R & R Labor & Material						
System 600 ALN	System 600 ALN	MBC 24/32 All Point Modules and Processors	1		1@ City Hall,	Siemens
Preventative Maintenance (1), R & R Labor & Material, Software Maintenance (1)						
System 600 ALN	System 600 ALN	PXC MODULAR All Point Modules and Processors	9		6 @ City Hall 3 @Community Center	Siemens
Preventative Maintenance (9), R & R Labor & Material, Software Maintenance (9)						
System 600 FLN	System 600 FLN	TEC - Electronic Outputs and Room Sensors	12		City Hall and Community Center	Siemens
Preventative Maintenance (12), R & R Labor & Material, Software Maintenance (12)						



Equipment Category	Equipment SubCategory	Equipment	Qty	Serial Number	Location	Mfg/Model
System Performance Updates	Software Support and Updates	Insight 3.X Adv first/single server Update	1		City Hall	Siemens 3.11
Services (Times per year): Software Update (1.0)						



Service Team

An important benefit of your Service Agreement derives from having the trained service personnel of Siemens Industry, Inc familiar with your building systems. Our implementation team of local experts provides thorough, reliable service and scheduling for the support of your system.

The following list outlines the service team that will be assigned to the service agreement for your facility.

Your Assigned Team of Service Professionals will include:

Janae Tucker Sales Account Representative manages the overall strategic service plan based upon your current and future service requirements

Kurt Feldmann Service Account Engineer is responsible for ensuring that our contractual obligations are delivered, your expectations are being met and you are satisfied with the delivery of our services.

Tim Sutton Service Specialist is responsible for performing the ongoing service of your system.

Vishal Gupta Service Operations Manager is responsible for managing the delivery of your entire support program and service requirements.

Maria Ignacio Coordinator is responsible for scheduling your planned maintenance visits, and handling your emergency situations by taking the appropriate action.

4 Siemens Industry, Inc.

4.1 Signature Page and Investment By and Between:

Siemens Industry, Inc.
10775 Business Center Drive
Cypress, California 90630
Kurt Feldmann
(714)816-1484

City of Carson
701 East Carson Street
Carson, California 90749
Edward Escamilla
(310)830-7600

Services shall be provided at 701 and 801 East Carson Street, Carson, California 90749.

Siemens Industry, Inc. shall provide the services as outlined in this proposal dated 11/30/2011 and the included terms and conditions.

Duration: This agreement shall remain in effect for an Initial Term of 1 Year beginning 11/1/2011

Investments:

Year 1 11/1/2011 to 10/31/2012 \$48,240 annually paid \$48,240 annually in advance.

Prices quoted in this proposal are firm for 30 days.

Proposal accepted by:

Edward Escamilla
Landscape/Buildings Maintenance Superintendent
City of Carson

Proposal submitted by:

Kurt Feldmann
Operations Manager
Siemens Industry, Inc.
Kurt.feldmann@siemens.com

Signature

Date

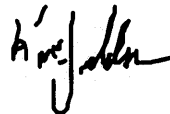
11-30-2011

Signature

Date

The Customer acknowledges that when approved by the Customer and accepted by Siemens: (i) the Proposal and the Contract Terms and Conditions, (together with any other documents incorporated into the forgoing) shall constitute the entire agreement of the parties with respect to its subject matter (collectively, hereinafter referred to as the "Agreement") and (ii) in the event of any conflict between the terms and conditions of the Proposal and the terms and conditions of The Contract Terms and Conditions, the Contract Terms and Conditions shall control.

BY EXECUTION HEREOF, THE SIGNER CERTIFIES THAT (S)HE HAS READ ALL OF THE TERMS AND CONDITIONS AND DOCUMENTS, THAT SBT OR ITS REPRESENTATIVES HAVE MADE NO AGREEMENTS OR REPRESENTATIONS EXCEPT AS SET FORTH THEREIN, AND THAT (S)HE IS DULY AUTHORIZED TO EXECUTE THE SIGNATURE PAGE ON BEHALF OF THE CUSTOMER.



P.O.# _____

Customer purchase order included as an attachment to this agreement and will be referenced on invoices.

Or

Customer purchase order not required. Invoices will be approved and processed with signature of authorized customer representative.

4.2 Terms And Conditions

SERVICE TERMS AND CONDITIONS (REV. 10/09)

Article 1: General

1.1 (a) This Agreement constitutes the entire, complete and exclusive agreement between the parties relating to the services ("Services") to be provided by SIEMENS and supersedes and cancels all prior proposals, agreements and understandings, written or oral, relating to the subject matter of this Agreement. Neither party may assign the Agreement or any rights or obligations hereunder without the prior written consent of the other except that either party may assign this Agreement to its affiliates and SIEMENS may grant a security interest in the proceeds to be paid to SIEMENS under this Agreement; assign proceeds of the Agreement; and/or use subcontractors in performance of the Services. The terms and conditions of this Agreement shall not be modified or rescinded except in writing, with the prior approval of the Legal Departments of SIEMENS and Customer and signed by duly authorized officers or managers of SIEMENS and Customer.

(b) Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than the Customer and SIEMENS without the express written consent of both parties. All provisions of this Agreement allocating responsibility or liability between the parties shall survive the completion of the Services and termination of this Agreement.

(c) Certain terms and conditions contained herein may not apply to the Services to be provided hereunder. It is the intent of the parties, however, that the interpretation to be given to the terms and conditions is to apply all terms and conditions unless clearly inapplicable given the type of Services included.

1.2 This Agreement shall be governed by and enforced in accordance with the laws of the State of Illinois. Any litigation arising under this Agreement shall be brought in the State or Commonwealth in which the Services are provided to Customer. TO THE EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO A JURY TRIAL ON MATTERS ARISING OUT OF THIS AGREEMENT.

1.3 After the expiration of the Initial Term, this Agreement shall automatically renew for successive one year periods beginning on the anniversary date of the Initial Term unless stated otherwise in the Agreement.

1.4 Either party may terminate or amend this Agreement at the end of the Initial Term or at the end of a renewal term by giving the other party at least sixty (60) days prior written notice of such amendments or intent not to renew.

1.5 If, during or within 90 days after the term of this Agreement, Customer engages any SIEMENS employee who has performed work under this or any other agreement between Customer and SIEMENS, Customer shall pay SIEMENS an amount equal to the employee's latest annual salary.

Article 2: Covered Equipment

2.1 "Covered equipment" shall mean that equipment expressly identified as System Components in this Agreement. The Customer represents that at the commencement of this Agreement all Covered Equipment is in satisfactory working condition and complies with all applicable codes.

2.2 If the fire or life safety system is included as part of the Covered Equipment does not comply with all applicable codes or if removal of any Covered Equipment from coverage would compromise or impair the integrity or the compliance with law of any system or Services, and Customer fails to take corrective action, then SIEMENS may terminate this Agreement without further obligation and retain all monies received pursuant to this Agreement.

2.3 All testing and inspection of any Covered Equipment provided for in this Agreement will be performed at the time and place and in the manner deemed appropriate by SIEMENS, in accordance with applicable law and the requirements of then current National Fire Protection Association ("NFPA") guidelines if applicable, and other relevant standards. Customer is solely responsible for, and hereby indemnifies and holds SIEMENS harmless from and against, any liability arising from Customer's specification of a testing schedule other than then current NFPA or other applicable standards or laws.

2.4 If the Covered Equipment is altered or moved by any person, including Customer, other than SIEMENS or a person authorized by it, Customer shall immediately notify SIEMENS in writing, and SIEMENS reserves the right to perform a reacceptance test on, or, if necessary, a recommissioning of the system at Customer's expense. Reacceptance tests will be performed in accordance with then current NFPA or other applicable requirements, and charged on a time and materials basis.

Article 3: Services by SIEMENS

3.1 SIEMENS shall only perform the Services identified in this Agreement.

3.2 SIEMENS shall have no liability or obligation to continue providing Services in the event Customer fails to (a) authorize a reacceptance test or recommissioning that SIEMENS reasonably deems necessary; (b) notify SIEMENS of any modifications or changes to the Covered Equipment or unusual or materially changed operating conditions, hours of usage, system malfunctions or building alterations that may affect the Services; (c) provide the access to any site where Services are to be performed; or (d) operate, service or maintain the Covered Equipment in accordance with manufacturer's or supplier's instructions or this Agreement. After any of the aforesaid events SIEMENS may terminate or suspend services under this Agreement immediately, upon giving notice to Customer.

3.3 Any repairs and replacements of Covered Equipment as may be expressly

included in the Services are limited to restoring the proper working condition of such Covered Equipment. SIEMENS will not be obligated to provide replacement Covered Equipment that represents significant capital improvement compared to the original. Exchanged or removed components become the property of SIEMENS, except Hazardous Materials, which under all circumstances remain the property and responsibility of Customer.

3.4 Unless agreed otherwise, Services do not include and SIEMENS is not responsible for (a); (a) service or provision of consumable supplies, including but not limited to batteries and halon cylinder charging; (b) reinstallation or relocation of Covered Equipment; (c) painting or refinishing of Covered Equipment or surrounding surfaces; (d) changes to Services; (e) parts, accessories, attachments or other devices added to Covered Equipment but not furnished by SIEMENS; (f) failure to continually provide suitable operating environment including, but not limited to, adequate space, ventilation, electrical power and protection from the elements; or (g) the removal or reinstallation of replacement valves, dampers, waterflow switches, venting or draining systems. SIEMENS is not responsible for services performed on any Covered Equipment other than by SIEMENS or its agents.

3.5 The Services shall be performed in a manner consistent with the degree of care and skill ordinarily exercised by persons performing the same or similar Services in the same locale under similar circumstances and conditions.

3.6 SIEMENS shall perform the Services during its local, normal working hours, unless otherwise stated in this Agreement.

3.7 SIEMENS is not required to conduct safety or other tests, install or maintain any devices or equipment or make modifications or upgrades to any equipment beyond the scope of this Agreement. Any request to change the scope or the nature of the Services must be in the form of a mutually agreed change order, effective only when executed by all parties hereto.

3.8 All reports and drawings specifically prepared for and deliverable to Customer pursuant to this Agreement ("Deliverables") shall become Customer's property upon full payment to SIEMENS. SIEMENS may retain file copies of such Deliverables. All other reports, notes, calculations, data, drawings, estimates, specifications, manuals, other documents and all computer programs, codes and computerized materials prepared by or for SIEMENS are instruments of SIEMENS' work ("Instruments") and shall remain SIEMENS property. Siemens conveys no license to software unless otherwise expressly provided in this Agreement. All Deliverables and Instruments provided to Customer are for Permitted Users' use only for the purposes disclosed to SIEMENS, and Customer shall not transfer them to others or use them or permit them to be used for any extension of the Services or any other purpose, without SIEMENS' express written consent. Any reuse of Deliverables or Instruments for other projects or locations without the written consent of SIEMENS, or use by any party other than Permitted Users, will be at Permitted Users' sole risk and without liability to SIEMENS; and, in addition to any other rights SIEMENS may have, Customer shall indemnify, defend and hold SIEMENS harmless from any claims, losses or damages arising therefrom.

3.9 Customer acknowledges that SIEMENS, in the normal conduct of its business, may use concepts, skills and know-how developed while performing other contracts. Customer acknowledges the benefit which may accrue to it though this practice, and accordingly agrees that anything in this Agreement notwithstanding Siemens may continue, without payment of a royalty, this practice of using concepts, skills and know-how developed while performing this Agreement.

3.10 Where Services include energy consulting, any estimates of probable construction or implementation costs, financial evaluations, feasibility studies or economic analyses prepared by SIEMENS, the documents prepared for the Customer will represent SIEMENS' best judgment based on SIEMENS' experience and the information reasonably available to SIEMENS at the time that the Services are performed. Customer acknowledges that SIEMENS does not control: (a) the costs of labor, materials, equipment or services furnished by others; (b) overall market conditions; or, (c) contractors' methods of determining prices. Accordingly, Customer acknowledges that proposals, bids or actual costs may differ from opinions, evaluations or studies submitted by SIEMENS as part of the Services provided hereunder.

3.11 Where Services include EMC, SIEMENS will have a disaster recovery plan and a disaster contingency plan.

Article 4: Responsibilities of Customer

4.1 Customer, without cost to SIEMENS, shall:

(a) Designate a contact person with authority to make decisions for Customer regarding the Services and provide SIEMENS with information sufficient to contact such person in an emergency. If such representative cannot be reached, any request for Services received from a person located at Customer's site will be deemed authorized by Customer, and SIEMENS will, in its reasonable discretion, act accordingly;

(b) Provide or arrange without cost all reasonable provisions, means and access for SIEMENS to any site and the equipment where Services are to be performed;

(c) Permit SIEMENS to control and/or operate all controls, systems, apparatus, equipment and machinery necessary to perform the Services;



- (d) Furnish SIEMENS with all available information pertinent to the Services;
- (e) Obtain and furnish to SIEMENS all approvals, permits and consents from government authorities and others as may be required for performance of the Services except for those SIEMENS has expressly agreed in writing to obtain;
- (f) Maintain the Services site in a safe condition; notify SIEMENS promptly of any site conditions requiring special care; and provide SIEMENS with any available documents describing the quantity, nature, location and extent of such conditions;
- (g) Comply with all laws and provide any notices required to be given to any government authorities in connection with the Services, except such notices SIEMENS has expressly agreed in this Agreement to give;
- (h) Provide SIEMENS with Material Safety Data Sheets (MSDS) conforming to OSHA requirements related to all Hazardous Materials at the site which may impact the Services;
- (i) Furnish to SIEMENS any contingency plans related to the site;
- (j) Furnish the specified operating environment, including without limitation, suitable, clean, stable, properly conditioned electrical power and other utilities;
- (k) Maintain all Covered Equipment in good working order in compliance with all applicable laws and service, repair and replace all Covered Equipment as necessary; and,
- (l) Perform inspections and tests as indicated in the Life Safety System Logbook and record same in the Life Safety System logbook.

4.2 Customer acknowledges that the technical and pricing information herein is proprietary to SIEMENS and agrees not to disclose or otherwise make it available to others.

4.3 Customer acknowledges that it is now and shall be at all times in control of the Services site. SIEMENS shall not have any responsibility, duty or authority to direct, supervise or oversee any employees or contractors of Customer or their work or to provide the means, methods or sequence of their work or to stop their work. SIEMENS' work and/or presence at a site shall not relieve others of their responsibility to Customer or to others. Except as expressly provided herein, SIEMENS is not responsible for the adequacy of the health, safety or security programs or precautions related to Customer's or its other contractors' activities or operations; the work of any other person or entity; or Customer's site conditions. SIEMENS is not responsible for inspecting, observing, reporting or correcting health or safety conditions or deficiencies of Customer or others at Customer's site. So as not to discourage SIEMENS from voluntarily addressing such issues, in the event SIEMENS does make observations, reports, suggestions or otherwise regarding such issues, SIEMENS shall not be liable or responsible for same.

4.4 Except as expressly stated in this Agreement, Customer is solely responsible for any removal, replacement or refinishing of the building structure or finishes that may be required to perform or gain access to the Services.

4.5 Customer alone shall act to protect life and property from the time a partial or full system failure occurs until SIEMENS notifies Customer that such system is operational or the emergency has been cleared. Customer's actions shall include all appropriate interim safety precautions (such as a manual "fire watch"). SIEMENS shall have no obligation to provide guards, fire watch personnel, or other services following a system failure, except Services as are specifically provided for in this Agreement.

4.6 Customer shall not attach to the system or Covered Equipment any device that interferes with the Services or the proper operation of the system or Covered Equipment.

Article 5: Compensation

5.1 Annual Fee(s) shall be adjusted for each year after the final year of the Initial Term pursuant to the agreed Price Adjustment hereto and incorporated herein. Unless otherwise agreed in writing, this Agreement is not cancelable and the annual fee is not refundable except as provided herein.

5.2 Payments to be made under this Agreement will provide for, and be in consideration of, only Services specifically included under the Proposed Solution. All other Services, including but not limited to the following, shall be separately billed or surcharged on a time and materials basis: (a) emergency Services performed at Customer's request, if inspection does not reveal any deficiency covered by this Agreement; (b) Services performed other than during SIEMENS' normal working hours; and (c) Services performed on equipment not covered by this Agreement.

5.3 SIEMENS shall invoice Customer as provided in this Agreement, or if not expressly provided, then on an annual basis prior to the Start Date and annually thereafter on the anniversary of such Start Date. Invoices are due and payable net cash upon receipt unless Customer has applied and been approved for credit with SIEMENS, in which case the invoice is payable within 30 calendar days of receipt by Customer or as otherwise set forth in this Agreement. If any payment is not received when due, SIEMENS may deem Customer to be in breach hereof and may enforce any remedies available to it hereunder or at law, including without limitation, acceleration of payments and suspension or termination of Services at any time and without notice, and shall be entitled to compensation for Services previously performed and costs reasonably incurred in connection with the suspension or termination. In the event that any payment due hereunder is not paid when due, Customer agrees to pay, upon demand, as a late charge, one and one-half percent (1.5%) of the amount of the payment per month, limited by the maximum rate permitted by law of each overdue

amount under this Agreement. Customer shall reimburse SIEMENS' costs and expenses (including reasonable attorneys' and witnesses' fees) incurred for collection under this Agreement. If Customer disputes any portion or all of an invoice, it shall notify SIEMENS in writing of the amount in dispute and the reason for its disagreement within 21 days of receipt of the invoice. The undisputed portion shall be paid when due, and interest on any unpaid portion shall accrue as aforesaid, from the date due until paid, to the extent that such amounts are finally determined to be payable to SIEMENS.

5.4 Except to the extent expressly agreed in this Agreement, SIEMENS' fees do not include any taxes, excises, fees, duties, permits or other government charges related to the Services. Customer shall pay such amounts or reimburse SIEMENS for any amounts it pays. If Customer claims a tax exemption or direct payment permit, it shall provide SIEMENS with a valid exemption certificate or permit and indemnify, defend and hold SIEMENS harmless from any taxes, costs and penalties arising out of same.

5.5 Unless agreed otherwise, the pricing for each year after the Initial Term of the Agreement and each year of each renewal of the Agreement shall be determined as the immediate prior year price plus a price escalator based upon the U.S. Department of Labor, Bureau of Labor Statistics Urban Consumer Price Index-All Urban Consumers U.S. All items, 1982- 1984=100 ("CPI-U"). In addition, each renewal term pricing shall be adjusted for any additions or deletions to Services selected for the renewal term. The price escalator shall be the latest semi-annual CPI-U identified above published prior to each annual anniversary. This escalator shall be applicable to each annual term, whether a renewal term or an annual term after the first year of the Initial Term.

Article 6: Changes; Delays; Excused Performance

6.1 As the Services are performed, conditions may change or circumstances outside SIEMENS' reasonable control (such as changes of law) may develop which require SIEMENS to expend additional costs, effort or time to complete the Services, in which case SIEMENS shall notify Customer and an equitable adjustment made to the compensation and time for performance. In the event conditions or circumstances require Services to be suspended or terminated, SIEMENS shall be compensated for Services performed and for costs reasonable incurred in connection with the suspension or termination.

6.2 SIEMENS shall not be responsible for loss, delay, injury, damage or failure of performance that may be caused by circumstances beyond its control, including but not limited to acts or omissions by Customer or its employees, agents or contractors, Acts of God, war, civil commotion, acts or omissions of government authorities, fire, theft, corrosion, flood, water damage, lightning, freeze-ups, strikes, lockouts, differences with workmen, riots, explosions, quarantine restrictions, delays in transportation, or shortage of vehicles, fuel, labor or materials. In the event of any such circumstances, SIEMENS shall be excused from performance of the Services and the time for performance shall be extended by a period equal to the time lost plus a reasonable recovery period and the compensation equitably adjusted to compensate for additional costs SIEMENS incurs due to such circumstances.

Article 7: Warranties; Disclaimers; Limitation of Liability

7.1 Labor in performing the Services is warranted to be free from defects in workmanship for 90 days after the Services are performed. All labor provided by SIEMENS hereunder found to be defective and otherwise qualifying under this warranty shall be re-performed by SIEMENS. Such re-performance hereunder shall not interrupt or prolong the terms of this warranty. In the event that any such re-performance fails to cure such defects, then Customer's exclusive remedy against SIEMENS for damages from any cause whatsoever, whether in contract or tort, shall not exceed an amount equal to the limitation set forth in Section 7.5 herein.

7.2 THE EXPRESS LIMITED WARRANTY PROVIDED ABOVE IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, STATUTORY, EXPRESS, OR IMPLIED, INCLUDING WITHOUT LIMITATION ALL EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, QUALITY, CAPACITY, OR WORKMANSHIP, ALL EXPRESS OR IMPLIED WARRANTIES AGAINST PATENT INFRINGEMENTS OR DEFECTS, WHETHER HIDDEN OR APPARENT, AND EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO COMPLIANCE OF THE COVERED EQUIPMENT WITH THE REQUIREMENTS OF ANY LAW, REGULATION, SPECIFICATION OR CONTRACT RELATIVE THERETO, WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

7.3 Customer hereby, for it and any parties claiming under it, releases and discharges SIEMENS from any liability arising out of all hazards covered by Customer's insurance, and all claims against SIEMENS arising out of such hazards, including any right of subrogation by Customer's insurance carrier, are hereby waived by Customer.

7.4 ANY IDEAS, SUGGESTIONS, RECOMMENDATIONS, FINANCIAL EVALUATIONS, FEASIBILITY STUDIES OR ECONOMIC ANALYSIS PREPARED BY SIEMENS UNDER THIS AGREEMENT WILL REPRESENT ITS BEST JUDGMENT BASED ON ITS EXPERIENCE AND THE AVAILABLE INFORMATION. CUSTOMER ACKNOWLEDGES THAT THE ENERGY MARKET IS VOLATILE AND SUBJECT TO FREQUENT PRICE



AND REGULATORY CHANGES. THEREFORE, CUSTOMER FURTHER ACKNOWLEDGES THAT SIEMENS DOES NOT CONTROL FUTURE MARKET CONDITIONS OR THE ENERGY MARKET'S REGULATORY CLIMATE. NOTHING HEREIN SHALL BE CONSTRUED BY THE CUSTOMER AS A PREDICTION OF FUTURE ENERGY MARKET CONDITIONS OR ENERGY PRICES. ACCORDINGLY, SIEMENS DOES NOT PROVIDE CUSTOMER A GUARANTY OR WARRANTY OF THE RESULTS OF SIEMENS' RECOMMENDATIONS. CUSTOMER MAKES ANY AND ALL ENERGY PROCUREMENT AND RELATED DECISIONS. CUSTOMER ACKNOWLEDGES THAT ALL ENERGY PROCUREMENT AND RELATED DECISIONS ARE MADE AT THE CUSTOMER'S SOLE RISK.

7.5 WITH RESPECT TO ANY LIABILITY (WARRANTY OR OTHERWISE) THAT SIEMENS MAY HAVE UNDER THE AGREEMENT, IN NO EVENT SHALL SIEMENS BE LIABLE (INCLUDING WITHOUT LIMITATION, UNDER ANY THEORY IN TORTS) FOR ANY LOSS OF USE, REVENUE, ANTICIPATED PROFITS OR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOST PROFITS AND/OR LOST BUSINESS OPPORTUNITIES) ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT OR THE SERVICES WHETHER ARISING IN WARRANTY, TORT, CONTRACT, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY, WHETHER, FOR WARRANTY, LATE OR NON-DELIVERY OF ANY SERVICES, AND WHETHER SIEMENS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; and, in any event, SIEMENS' aggregate liability for any and all claims, losses or expenses (including attorneys fees) arising out of this Agreement, or out of any Services furnished under this Agreement, whether based in contract, negligence, strict liability, agency, warranty, trespass, indemnity or any other theory of liability, shall be limited, as liquidated damages, to the greater of \$1,000 or 10% of the total compensation received by SIEMENS from Customer under this Agreement. SIEMENS reserves the right to control the defense and settlement of any claim for which SIEMENS has an obligation under the warranty hereunder. The parties acknowledge that the price which SIEMENS has agreed to perform its Services and obligations under this Agreement is calculated based upon the foregoing limitations of liability, and that SIEMENS has expressly relied on, and would not have entered into this Agreement but for such limitations of liability.

7.6 It is understood and agreed by and between the parties that SIEMENS is not an insurer and this Agreement is not intended to be an insurance policy or a substitute for an insurance policy. Insurance, if any, shall be obtained by Customer. Fees are based solely upon the value of the Services, and are unrelated to the value of Customer's property or the property of others on Customer's premises.

Article 8: Limitations of Maintenance or Service Obligations

8.1 SIEMENS will not be responsible for the maintenance, repair or replacement of, or Services necessitated by reason of: (a) non-maintainable, non-replaceable or obsolete parts of the Equipment, including but not limited to ductwork, shell and tubes, heat exchangers, coils, unit cabinets, casings, refractory material, electrical wiring, water and pneumatic piping, structural supports, cooling tower fill, slats and basins, etc. unless otherwise specifically stated herein; or (b) negligence, abuse, misuse, improper or inadequate repairs or modifications, improper operation, lack of operator maintenance or skill, failure to comply with manufacturer's operating and environmental requirements, Acts of God, or other reasons beyond its control. SIEMENS assumes no responsibility for any service performed on any Covered Equipment other than by SIEMENS or its agents.

8.2 SIEMENS shall not be responsible for loss, delay, injury or damage that may be caused by circumstances beyond its control, including but not restricted to acts or omissions by Customer or its employees or agents, Acts of God, war, civil commotion, acts of government, fire, theft, corrosion, flood, water damage, lightning, freeze-ups, computer viruses, program or system hackers, strikes, lockouts, differences with workmen, riots, explosions, quarantine restrictions, delays in transportation, or shortage of vehicles, fuel, labor or materials.

8.3 SIEMENS is not responsible for repairs, replacements or services to Equipment due to corrosion, erosion, improper or inadequate water treatment by others, electrolytic or chemical action, or reasons beyond its reasonable control.

8.4 SIEMENS shall not be responsible for the removal or reinstallation of replacement valves, dampers, waterflow and tamper switches, airflow stations, and any other permanently mounted integral pipe or air duct component. Additionally, SIEMENS shall not be responsible for any venting or draining of systems.

8.5 WHERE SERVICES INCLUDE EFFORTS BY SIEMENS TO HELP CUSTOMER TO ATTAIN REBATES AND/OR INCENTIVES FROM AVAILABLE SOURCES OR ENERGY/FUEL COST REDUCTION, CUSTOMER ACKNOWLEDGES THAT ANY REBATE/INCENTIVE OR ENERGY/ FUEL COST REDUCTION THAT MAY BE AVAILABLE TO CUSTOMER IS GRANTED BY A THIRD PARTY OUTSIDE THE CONTROL OF SIEMENS. CUSTOMER FURTHER ACKNOWLEDGES THAT WHILE SIEMENS WILL EITHER ASSIST CUSTOMER OR ENDEAVOR ITSELF TO OBTAIN ANY AND ALL REBATES/INCENTIVES OR ENERGY/ FUEL COST REDUCTION AVAILABLE, SIEMENS DOES NOT GUARANTEE THAT IT WILL OBTAIN OR APPLY FOR ALL REBATES/INCENTIVES OR ENERGY/ FUEL COST

REDUCTIONS THAT MAY BE AVAILABLE TO CUSTOMER. FURTHER, CUSTOMER HEREBY RELEASES SIEMENS FROM ANY AND ALL LIABILITY TO CUSTOMER OR ANY THIRD PARTY ARISING FROM SIEMENS' FAILURE TO OBTAIN OR APPLY FOR ANY REBATE/ INCENTIVE OR ENERGY/ FUEL COST REDUCTION THAT COULD IN ANY WAY BE OBTAINED BY CUSTOMER.

Article 9: Hazardous Materials Provisions

9.1 The Services does not include directly or indirectly performing or arranging for the detection, monitoring, handling, storage, removal, transportation, disposal or treatment of Oil or Hazardous Materials. Except as disclosed pursuant to this Article, Customer represents that, to its best knowledge, there is no asbestos or any other hazardous or toxic materials, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the regulations promulgated thereunder, and other applicable federal, state or local law ("Hazardous Materials"), present at Customer's Sites where the Services are performed. SIEMENS will notify Customer immediately if it discovers or suspects the presence of any Hazardous Material. All Services have been priced and agreed to by SIEMENS in reliance on Customer's representations as set forth in this Article. The presence of Hazardous Materials constitutes a change in this Agreement whose terms must be agreed upon by SIEMENS before its obligations hereunder shall continue.

9.2 Customer is solely responsible for testing, abating, encapsulating, removing, remedying or neutralizing such Hazardous Materials, and for the costs thereof. Customer is responsible for the proper disposal of all Hazardous Materials and Oil that at any time are present at the Services site in accordance with all applicable federal, state, and local laws, regulations, and ordinances. Even if change order has been entered into pursuant to this Article, SIEMENS shall have the right to stop the Services until the site is free from Hazardous Materials. In such event, SIEMENS shall receive an equitable extension of time to complete the Services, and compensation for delays caused by Hazardous Materials remediation. In no event shall SIEMENS be required or construed to take title, ownership or responsibility for such Oil or Hazardous Materials. Customer shall sign any required waste manifests in conformance with all government regulations, listing Customer as the generator of the waste.

9.3 Customer warrants that, prior to the execution of this Agreement, it shall notify SIEMENS in writing of any and all Hazardous Materials which to Customer's best knowledge are present, potentially present or likely to become present at the Services site and shall provide a copy of any site safety policies, including but not limited to lock-out and tag procedures, chemical hygiene plan, MSDSs or other items required to be disclosed or maintained by federal, state, or local laws, regulations or ordinances.

9.4 Customer shall indemnify, defend and hold SIEMENS harmless from and against any damages, losses, costs, liabilities or expenses (including attorneys' fees) arising out of any Oil or Hazardous Materials or from Customer's breach of, or failure to perform its obligations under this Article.

Article 10: Import / Export Indemnity

10.1 Customer acknowledges that SIEMENS is required to comply with applicable export laws and regulations relating to the sale, exportation, transfer, assignment, disposal and usage of the Covered Equipment or Services provided under the Contract, including any export license requirements. Customer agrees that such Covered Equipment or Services shall not at any time directly or indirectly be used, exported, sold, transferred, assigned or otherwise disposed of in a manner which will result in non-compliance with such applicable export laws and regulations. It shall be a condition of the continuing performance by SIEMENS of its obligations hereunder that compliance with such export laws and regulations be maintained at all times. CUSTOMER AGREES TO INDEMNIFY AND HOLD SIEMENS HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.

Article 11: Small Business Concern

11.1 SIEMENS shall adhere to FAR 52.219-8 regarding the "Utilization of Small Business Concerns", as part of its Commercial Small Business Subcontracting Agreement with the federal government. SIEMENS' policy is to offer small business concerns, including small disadvantaged businesses, women owned small-businesses, HUBZone small businesses, veteran owned small businesses and service disabled veteran owned small businesses, the "maximum practical opportunity" to participate in performing contracts let by any commercial entity, local government or federal agency, including subcontracts for subsystems, assemblies, components, and related services for major systems.



CHAPTER 6
PURCHASING SYSTEM

2610 Services.

(a) Minimum Number of Proposals. Procurement of services of an estimated value of less than \$10,000 shall require at least one (1) written proposal; procurement of services of an estimated value of \$10,000 or more but less than \$25,000 shall require at least two (2) written proposals; and procurement of services of an estimated value of \$25,000 or more shall require at least three (3) written proposals.