

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

905



**FROM:** TLMA - Transportation Department

**SUBMITTAL DATE:**  
November 3, 2011

**SUBJECT:** Sole Source Purchase of TOPCON Land Surveying Equipment from Lewis & Lewis Enterprises.

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Accept the other than low bid for TOPCON Land Surveying equipment from Lewis & Lewis Enterprises in the amount of \$119,294, and;
2. Approve TOPCON Land Surveying equipment as a County standard for future purchases that exempts the Purchasing Agent from competition pertaining to brand, and;
3. Authorize the Purchasing Agent, in accordance with Ordinance 459.4, to sole source with Lewis & Lewis Enterprises for the Topcon equipment, and to issue the purchase orders not to exceed \$75,000 annually for the equipment for a five year period, and;
4. Approve and direct the Auditor-Controller's Office to execute a budget adjustment:

Juan C. Perez  
Director of Transportation

JCP:edh  
(Continued On Attached Pages)

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 119,294	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/2012

<b>SOURCE OF FUNDS:</b> Survey Fund Balance (100%) There are no General Funds used in this project.	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: Tina Grande

**County Executive Office Signature**

FISCAL PROCEDURES APPROVED  
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
 BY: SAMUEL WONG, Insurance  
 Purchasing: Mark Seiler, Assistant Director

Dep't Recomm.:  Consent  Policy  
 Per Exec. Ofc.:  Consent  Policy

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: November 22, 2011  
 xc: Transp., Purchasing, Auditor

Kecia Harper-Ihem  
 Clerk of the Board  
 By: Deputy

Prev. Agn. Ref. | District: All | Agenda Number:

**3.11**

The Honorable Board of Supervisors

RE: Sole Source Purchase of TOPCON Land Surveying Equipment from Lewis & Lewis Enterprises.

November 3, 2011

Page 2 of 3

**Increase Appropriatons**

20260-3130200000-546160 Equipment Other \$119,294

**Decrease Fund Balance**

20260-3130200000-321101 Restricted Program Money \$119,294

**BACKGROUND:** RFQ #TLARC-299 for TOPCON Robotic Total Stations and TOPCON GPS Receivers with apparatuses, received two bid responses. The most responsive bid of \$119,294 from Lewis & Lewis Enterprises for TOPCON Land Surveying equipment meets all the specifications requested by the Department. In addition, the Transportation Department currently uses TOPCON equipment and software that is compatible with the new equipment requested without losing productivity. Therefore the Transportation Department requests that TOPCON survey equipment be the standard.

The other bid received for a total of \$110,490, was not TOPCON equipment and did not meet all the specifications listed in the RFQ, because the proposed equipment did not have a "Hot Swappable" battery. The "Hot Swappable" batteries available on the TOPCON GPS equipment allow for continuous non-stop operation during battery changes. Without this feature, the equipment is shut down during the battery change and the cell phone data service and satellite signals can be lost entirely for extended periods of time. When a cellular or radio signal is acquired and locked-in, it can be maintained throughout the shift thus averting situations that would make it difficult to re-acquire communication signals if lost. This equipment is used regularly around heavy equipment in construction zones and near heavy traffic on freeway ramps and other public roadways. In addition, the other equipment provides a lower battery charge than the existing TOPCON equipment which may require additional batteries, standby equipment, battery monitoring, and may cause down time. The "Hot Swappable" batteries significantly increase crew safety by reducing the time the crews are exposed to hazardous conditions.

Equipment demonstrations were completed and it was confirmed that the competitor's proposed equipment did not meet the form, fit and function specifications as required, and was compared to existing equipment for compatibility. The tests confirmed that the proposed equipment uses a different operating system software that is similar to the county's current system, so the proposed software would be another application to transition at an additional cost to the county which may lead to costly errors.

All of the existing TOPCON controllers, software, mirrors, chargers, batteries, various cords, and connectors will not work with the other proposed equipment. To make the County's existing TOPCON equipment compatible with the newly proposed equipment will require the purchase of additional interfaces, or requires substantial modifications to some existing TOPCON equipment. The TOPCON equipment provides a consistent equipment base to eliminate down time, interchangeable errors, additional applications, and/or compatibility accessories to

The Honorable Board of Supervisors

RE: Sole Source Purchase of TOPCON Land Surveying Equipment from Lewis & Lewis Enterprises.

November 3, 2011

Page 3 of 3

function. With the other equipment there may be an additional monthly expense of approximately \$190 with Verizon to carry both GPS units. Additionally, in our experience over several years with multiple TOPCON models, the equipment is very robust and reliable with minimal down time and minimal repair costs. Lastly, TOPCON provides free software upgrades and responsive technical support.

**Price Reasonableness**

The additional cost of approximately \$9,000 for the TOPCON equipment is offset by the inclusion of free firmware and software upgrades for which competitors charge \$1,000 per upgrade per device per year. This equates to an annual savings of \$4,000 per year or \$24,000 for the projected life of the equipment. In addition, the projected cost of lost productivity for just one day of training for the 7 field personnel that would be the primary users of the other equipment is \$8,500. Lewis & Lewis is honoring their quote and not passing on recent price increases by the manufacturer. In addition, Lewis & Lewis has committed to at least a 10% off retail prices towards the purchase of TOPCON survey equipment.

Overall, specifying the TOPCON equipment will therefore result in a cost savings to the County when factoring in operating and transition costs, provides for a higher degree of employee safety due to the swappable batteries, and reduces the likelihood of unproductive hours with down time or survey errors due to losing signals or from transitioning to a different software system.

**Topcon Positioning Systems**

7400 National Drive

Livermore, CA 94551

(925) 245-8300

[www.topconpositioning.com](http://www.topconpositioning.com)



C O P Y

September 13, 2011

To whom it may Concern:

I am sending this letter to certify that Lewis & Lewis Enterprises is currently the only authorized Topcon Positioning Systems Survey Business Unit distributor in Southern California.

Please feel free to contact me if you have any questions or need further information.

Regards,

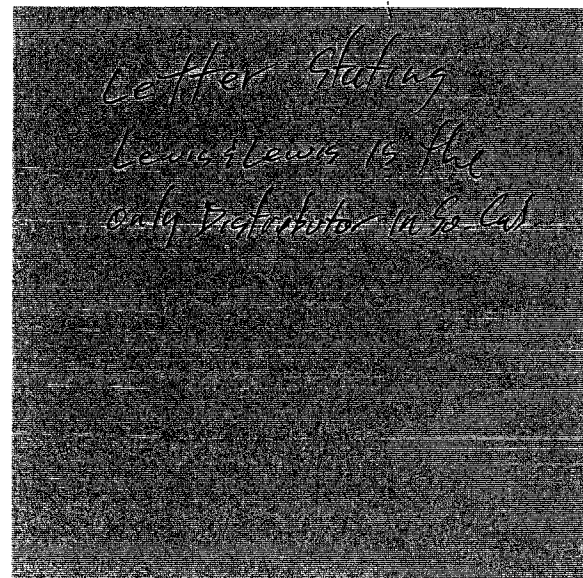
A handwritten signature in black ink, appearing to read 'Matthew Lehman'.

Matthew Lehman

Topcon Regional Sales Manager

541-602-4505

[mlehman@topcon.com](mailto:mlehman@topcon.com)





## LEWIS & LEWIS ENTERPRISES

1600 CALLENS ROAD  
P. O. BOX 1328 - VENTURA, CA 93002-1328  
TELEPHONE (805) 644-7405

FAX (805) 644-5780 Toll Free (800) 342-3607 or (800) 235-3377 email: [sales@lewis-lewis.net](mailto:sales@lewis-lewis.net) web site: [www.lewis-lewis.net](http://www.lewis-lewis.net)  
SAN DIEGO: 540 S. Andreasen Dr. Escondido, CA 92029 (760) 747-8823 FAX (760) 480-5778 email: [jimp@lewis-lewis.net](mailto:jimp@lewis-lewis.net)

COUNTY OF RIVERSIDE  
TLMA Survey Department  
2950 Washington Street  
Riverside, CA 92504

C O P Y

To whom it may Concern,

I am sending this letter to confirm that any equipment purchased by the County of Riverside TLMA Survey Department from Lewis & Lewis will receive at least 10% off of any Topcon Total Station, Robotic Total Station, RTK GPS, Data Collector, or GPS software from retail price.

Please feel free to contact me if you have any questions or need further details.

Regards,

---

Chad Dickey  
Sales Representative  
714-334-1436  
[chad@lewis-lewis.net](mailto:chad@lewis-lewis.net)

*Letter  
committing to  
10% Discount  
off retail prices*

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

906



**FROM:** TLMA - Transportation Department

**SUBMITTAL DATE:**  
November 10, 2011

**SUBJECT:** Approval of the Transportation Department's Sole Source purchase of one Caterpillar D7E Dozer from Johnson Machinery Co.

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the purchase of one Caterpillar D7E Dozer to be purchased as a sole source from Johnson Machinery Co. in the amount of \$517,631 less \$75,000 in grant money for a net County price of \$442,631, without securing competitive bids in accordance with Ordinance 459.4, and;
2. Approve and direct the Auditor-Controller to make the budget adjustments as shown on Schedule A.

**BACKGROUND:** The Transportation Department is aggressively expanding our use of alternative

  
Juan C. Perez  
Director of Transportation

(Continued On Attached Pages)

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 37,858	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/2012
<b>SOURCE OF FUNDS:</b> Transportation Garage Funds (93.10%) and California Air Resources Board Grant (6.90%) No General Funds will be used.				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE


BY:   
Tina Grande

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: November 22, 2011  
xc: Transp., Purchasing, Auditor, EO

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

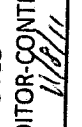
Prev. Agn. Ref.

District: All

Agenda Number:

3.12

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED  
PAUL ANGLULO, CPA, AUDITOR-CONTROLLER  
BY:   
SAMUEL WONG, Securrence

  
Purchasing: Mark Seiler, Assistant Director

Dep't Recomm.:  Consent  Policy   
Per Exec. Ofc.:  Consent  Policy

The Honorable Board of Supervisors

RE: Approval of the Transportation Department's Sole Source purchase of one Caterpillar D7E Dozer from Johnson Machinery Co.

November 10, 2011

Page 2 of 3

fuels technology for our fleet, and proposes to purchase one Caterpillar D7E Electric Drive Dozer. This Dozer is the first of its kind to offer a Hybrid Drive Technology. The Transportation Department and UC Riverside CE-CERT have applied and been awarded grant money from the California Air Resources Board (CARB) to help fund the purchase and testing of this equipment, \$75,000 towards the purchase and \$25,000 to use the new equipment for testing. The County Transportation Department would be one of the first Public agencies with this new technology.

This unit will be used for road maintenance and will replace a 21 year old tractor that was already scheduled for replacement. The Tier IV engine burns 10-30 percent less fuel per hour and has 80% cleaner exhaust emissions. The operating cost would be reduced because there are fewer moving parts, longer drive component life, and reduced lifetime service and maintenance.

There are no other vendors besides Caterpillar that offers a Hybrid Dozer since it is a new emerging product at this time, and therefore it is infeasible to competitively bid this equipment. CARB is offering the grant funds in recognition of the uniqueness of this product in the market at this time.

In addition to this dozer, the Transportation Department has recently purchased 3 hybrid drive trucks and has 2 compressed natural gas (CNG) sweepers and a water truck. We are replacing our diesel pick-ups with flex fuel vehicles, and are purchasing three new motor graders with lower emissions impacts. We have also installed 81 particular matter traps on our existing equipment, which reduce diesel particular emissions by 85%. The Transportation Department is committed to expanding our use of alternative fuel technology to reduce emissions in order to be good corporate citizens and meet the CARB air quality standards.

The \$75,000 grant funds will be paid directly to the vendor and the balance of \$442,631 will be financed through the County's line of credit for a period of seven years and this fiscal year's cost is \$37,858.

**Price Reasonableness:** The County is receiving the government discount and an additional 15% discount above that discount for a total of approximately 20-22%, in addition to the grant.

**Financial Impact:** No County General Funds will be required.

**Review & Approval:** Purchasing concurs with this procurement.

The Honorable Board of Supervisors

RE: Approval of the Transportation Department's Sole Source purchase of one Caterpillar D7E Dozer from Johnson Machinery Co.

November 10, 2011

Page 3 of 3

**SCHEDULE A**

**Increase to Appropriation:**

20000-3130700000-532660	Capital Leases-Other	\$ 26,631
20000-3130700000-533740	Capital Lease-Interest	\$ 11,227

**Decrease to AFB for Program Money**

20008-3130700000-350100	AFB for Program Money	\$ 37,858
-------------------------	-----------------------	-----------



Date: 8-16-2011  
From: Stephen McFarland Department/Agency: Transportation Department  
To: Board of Supervisors/Purchasing Agent  
Via: Purchasing Agent  
Subject: Sole Source Procurement; Request for Caterpillar D7E Track Dozer.

The below information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

1. **Supply/Service being requested:** Purchase of a Caterpillar D7E Track-Type Dozer with Electric Drive and Tier IV Emissions
2. **Supplier being requested:** Johnson Machinery Co.
3. **Alternative suppliers that can or might be able to provide supply/service:** None
4. **Extent of market search conducted:** John Deere, Case, Komatsu, Volvo, Terex, and Hyundai.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** California Air Resources Board is offering to fund 100,000.00 dollars for the purchase and testing of this equipment to quantify the emission benefits of the Electric Drive System.
6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** This unit is used for Road maintenance and will replace a 21 year old Dozer that was already scheduled for replacement. The Tier IV engine burns 10-30 percent less fuel and has approximately 80 percent cleaner exhaust emissions.
7. **Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:** The County gets an additional 15% off then private contractors receive. (see attachment) The California Air Resources Board is offering grant money towards the purchase of this new technology which will save the County Approximately 75,000.00.
8. **Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this sole source? (Maintenance, support, or upgrades, if so, please explain).** No
9. **Period of Performance:** One time Purchase.

---

Department Head Signature

Date

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Not to exceed: \$ \_\_\_\_\_ X One time  Annual Amount through \_\_\_\_\_

---

**Purchasing Agent**

**Date**

**Approval Number**  
(Reference on Purchasing Documents)

C O P Y

**JOHNSON** 

Quote 104854-01

August 16, 2011

COUNTY OF RIVERSIDE      TLMA ADMINISTRATION  
TRANSPORTATION DEPARTMENT  
PO BOX 1605  
RIVERSIDE CA  
California  
92502-1605

Attention: STEVE MCFARLAND

Dear Sir,

We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

CATERPILLAR Model: D7E Track Type Tractors

We wish to thank you for the opportunity of quoting on your equipment needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,



Eric Gfeller  
Machine Sales Representative

**CATERPILLAR Model: D7E Track Type Tractors****STANDARD EQUIPMENT**

**POWERTRAIN** - Aftercooler, Air to Air - Air Cleaner, Precleaner with Strata - Tube Dust Ejector - C9.3 ACERT Engine - EPA/ARB Tier 4 Interim and EU Stage IIIB - Certified Engine with Aftertreatment - Coolant, Extended Life - Differential Steering - Ecology Drains (Engine Oil, Coolant, - Hydraulic Oil, Fuel Tank, - Powertrain Case) - Electronic Air Cleaner Service - Indicator - Fan, Hydraulically Driven Demand - with High Ambient Capability - Final Drives, Double Reduction - Generator, AC - Parking Brake - Power Inverter - Propulsion Module - Prescreener - Radiator, Core, Aluminum Bar Plate - Separate Circuit Core, - Aluminum Bar Plate - Starting Aid, Ether - Transmission, Continuously Variable - Turbocharger, Wastegated - Water Separator, Primary Fuel Filter

**UNDERCARRIAGE** - Guards, End Track Guiding - Heavy Duty Track (24" MS) - Master Link - Rollers and Idlers, Lifetime Lubricated - Sprocket Rim Segments, Replaceable - Track Adjusters, Gas Spring Recoil, - Undercarriage, Heavy Duty - Accessory Power Converter (APC)

**ELECTRICAL** - Accessory Power Converter (APC) - Alarm, Backup - Batteries, Maintenance Free (1000 CCA) - Converter, 24V to 12V, 10 Amp - Heater, Engine Coolant, 120V - Horn, Forward Warning

**OPERATOR ENVIRONMENT** - Armrest, Adjustable - Bidirectional Shift Switch - CB Ready - Cab, Center Post, Integral ROPS/FOPS - Continuously Variable Speed Control - Controls, Electro-Hydraulic, Pilot - Operated w/ Electronic Deactivation - Switch - Foot Supports, Dash - Hour Meter, Electronic - Machine Isolation - Mirror, Rearview - Modular HVAC, Cab Mounted - Monitoring System, Electronic, with - Coolant, Power Train Oil, and - Hydraulic Oil Temperature, Fuel Gauge, - Tachometer, Gear Indicator - and Diagnostic Functions - Operator Presence - Pedal, Travel Control - Radio Ready, 12V - Seat Belt, Retractable, 3" (76mm) - Seat, Cloth, Air Suspension - Speed Recall Button - Throttle Dial, Electronic - with Eco Reverse - Wipers, Intermittent - CD ROM Parts Book

**OTHER STANDARD EQUIPMENT** - CD ROM Parts Book - Cab, Tilt - Engine Enclosures, Perforated - Front Tow Hook - Grade Control Ready - Guards, Hinged Bottom - Hood, Perforated - Hydraulics, Load Sensing, Dozer Lift - and Tilt - Oil Cooler, Hydraulic - Oil Cooler, Powertrain - Radiator Doors, Louvered, Double Hinged - S.O.S Sampling Ports - Vandalism Protection For Fluid - Compartments and Battery Box

**MACHINE SPECIFICATIONS**

Description	Reference No
D7E TRACTOR	327-5441
78 Inch Gauge	
7 Roller Track Frame	
24" Moderate Service Grouser	
Heavy Duty Track (40 sec)	
TRACK, 24" ES (40 SEC) HD	115-6308
MOUNTING, CYLINDER	248-5425
CYLINDER, 7 STD, LIFT W/LINES	258-7470
LIGHTS, BASIC	261-0790
BLADE, 7SU WITH WEAR PLATES	323-2911
OIL CHANGE SYSTEM, POWERTRAIN	334-7808
PKG, 7S/SU/U DOZER, SINGLE TILT	351-9895
7 RIPPER, MULTI-SHANK PACKAGE	352-5917
CATERPILLAR PRODUCT LINK PL321	365-7379
TOOTH, RIPPER, ADDITIONAL	9J-1641
PACK, DOMESTIC RAIL	0P-0220
LANE 2 ORDER	0P-9002

---

Sell Price	\$480,400.00
<b>Net Balance Due</b>	<b>\$480,400.00</b>
CA SALES TAX (7.75%)	\$37,231.00
<b>After Tax Balance</b>	<b>\$517,631.00</b>

---

**WARRANTY**

Standard Warranty: 12 Months/Unlimited Hrs of Operations  
 Extended Warranty: 3 Year/5000 Hour Extended Powertrain Warranty

**F.O.B/TERMS**

Riverside - Construction

Accepted by \_\_\_\_\_ on \_\_\_\_\_

\_\_\_\_\_

Signature

## TERMS AND CONDITIONS

**1. Agreement of sale:** any terms and provisions of buyer's orders which are inconsistent with the terms and provisions hereof are rejected, will not be binding on the seller nor considered applicable to the sale or shipment referred to herein, unless buyer shall notify seller in writing within fifteen (15) days after receipt of this proposal by buyer. Acceptance of the terms and conditions hereof by buyer shall be indicated, and in the absence of such notification, the sale and shipment by the seller of the products covered hereby shall be conclusively deemed to be subject to the terms and conditions hereof. No waiver, alteration, or modification of the provisions hereof shall be binding on the seller unless agreed to in writing by a duly authorized official of seller at its headquarters office(s). Waiver by either party of any default by the other shall not be deemed a waiver by such party of any default of the other which may thereafter occur.

**2. Prices:** prices and payment terms shown on the face of this proposal apply. Inadvertent error in either prices or terms is subject to correction.

**3. Taxes:** the seller's prices do not include any sales, use, and excise property or similar taxes which seller may be required to pay in connection with filling any of buyer's orders. The amount of any applicable present or future such tax shall be paid by the buyer as an additional charge or in lieu thereof, the buyer shall provide the seller with a tax exemption certificate acceptable to the taxing authorities.

**4. Warranty:** Caterpillar warrants new earthmoving, construction and materials handling machinery (other than lift trucks) and attachments therefore sold by it to be free from defects in material and workmanship subject to the following provisions. During the first six months after date of delivery of the product to the initial user, a new or repaired part, whichever Caterpillar elects, along with the labor for installation of such new or repaired part, will be provided in place of any parts which are found upon its inspection to be defective in material or workmanship. Such parts and labor will be provided without charge to the user during normal working hours at a place of business of a Caterpillar dealer or other establishment authorized by Caterpillar, but this warranty does not include any costs for transporting the product to such place of business or establishment. Replacement parts provided under the terms of this warranty are warranted for the remainder of the warranty period applicable to the product in which installed as if such parts were original components of that product. No warranty is made with respect to items supplied by Caterpillar on special order nor with respect to tires made by others when such tires are warranted by their respective makers. This warranty does not apply to Caterpillar brand bias ply and beadless tires, ground engaging tools or Caterpillar brand batteries - to all of which different warranties apply. This warranty is expressly in lieu of any other warranties, express or implied, including any warranty of merchantability or fitness for a particular purpose. Remedies under this warranty are expressly limited to the provision and installation of parts, as specified above, and any claims for other loss or damages of any type (including without limitation loss from failure of the product to operate for any period of time, other economic or moral loss, or direct, immediate, special, indirect or consequential damage) are expressly excluded as used in this warranty. The term "Caterpillar" means Caterpillar Inc. or one of its subsidiaries, whichever last sold the product involved.

**5. Liability and claims:** seller's liability on any claim of any kind, including claims for negligence, or for any loss or damage, arising out of, or connected with, or resulting from any order accepted by seller, or from the manufacture, sale, delivery, resale, repair or use of any products covered by, or furnished under, such an order, shall in no case exceed the price allocable to the product or part thereof which gives rise to the claim. In no event shall seller be liable for special or consequential damages; any claims against seller for shortages by it in making shipments shall be made in writing to seller within fifteen (15) days after receipt of shipment. Seller's responsibility for shipments ceases upon delivery to a carrier. And any claims for shortages, delays or damages occurring thereafter shall be made direct to the carrier, the fulfillment of any order accepted by seller is subject to strikes, labor disputes, lockouts, accidents, fires, delays in manufacture or in transportation or delivery of materials, floods, severe weather or other acts of god, embargoes, or governmental actions. Or any other causes beyond the reasonable control of seller, whether similar to, or different from the causes above enumerated, and any such cause shall absolve seller from any liability to buyer.

**6. Changes:** seller may, at any time, without notice, make changes (whether in design, materials, the addition of improvements, or otherwise) in any product, and may discontinue the manufacture of any product, all in its sole discretion, without incurring any obligations of any kind as a result thereof, whether for failure to fill an order accepted by seller or otherwise.

**7. Compliance with laws:** seller will comply with all applicable federal laws, and represents that any goods to be delivered under an order placed pursuant hereto will be produced in compliance with the requirements of the fair labor standards act of 1938, as amended.

**8. Shipments:** shipment dates are approximate. Shipments of products under an order accepted by seller shall be subject to the approval by seller of buyer's financial condition at the time of shipment. Whether or not credit terms are specified elsewhere, seller may, at its option, condition shipments under any order accepted by seller upon receipt of satisfactory security or of cash before shipment. If, at buyer's request, shipment of products on an order accepted by seller is delayed more than thirty (30) days after the shipment date specified on the face hereof, or the date products are ready for shipment, whichever is later, seller may require immediate payment in full and/or assess additional charges for storage and other expenses incident to such delay.

**9. Cancellation:** in the absence of other written agreement between buyer and seller governing cancellation, any order accepted by seller may be cancelled by buyer only upon written notice to seller and payment of seller's cancellation charges. At buyer's request a statement of such charges will be furnished by seller prior to cancellation and charges will be not less than 20% of proposed selling price or accrued cost, whichever is greater.

**10. Indemnification:** buyer shall protect, hold harmless and indemnify seller from and against any and all demands, costs, liens, suits, judgments and penalties, and liabilities of every kind arising directly or indirectly, out of or wholly or partially caused by buyer in connection with or caused by buyers use or operation of this product, except for such seller liability as otherwise stated herein.

**11.** Property will be used in, \_\_\_\_\_, county, State of California. Lessee will not remove the property from this county without written permission from lessor.

**12. Insurance:** Lessee shall, at its expense, at all times from the time of delivery of equipment to lessee, maintain insurance against all risks of loss or damage from any cause for not less than the full replacement value thereof and shall carry public liability and property damage insurance covering the equipment. Such insurance shall be in the amounts and with insurance companies satisfactory to lessor, protecting lessor as an additional insured, and providing for ten (10) days written notice to lessor before any policy may be modified or cancelled. Lessee shall deliver to lessor evidence of insurance.

**13.** Lessee agrees not to part possession or sublet this equipment without the written consent of the lessor and to pay all attorney's fees, collection charges, or other expense occasioned by lessee's failure to comply with the provisions hereof. In the event of default of payment, lessor may retake possession of this equipment.

**14.** Lessee shall use the equipment in a careful manner in conformity with all governmental laws, ordinances, regulations, and requirements and shall take reasonable and proper care thereof, and at his own expense and cost, make all necessary repairs and replacements except warranty items referenced herein, if any. In the event of default by the lessee in the payment of rent or otherwise, the lease shall terminate immediately at the option of the lessor. Unless the equipment is returned or the lessor notified in writing to the contrary by the lessee before expiration of the rental period set forth above, the rental period shall be extended from month to month beyond the original period specified, at the option of the lessor. In the event of such extension of the rental period, lessee agrees to pay lessor rental payments at the rate specified above for any additional time the equipment is rented.

**15.** Title to the equipment shall at all times remain in the lessor, and lessee agrees to keep each item of equipment at all times free and clear from all claims, levies, liens, and legal processes. Equipment is and shall remain personal property.

**16.** Lessor shall at any time during reasonable business hours have the right to enter on lessee's premises where the equipment may be located or elsewhere to inspect the equipment or observe its use. At lessor's request, lessee shall give immediate notice of the exact location of the equipment. Lessee shall give lessor immediate notice of any attachment or other judicial process affecting any item of equipment.

**17.** It is expressly agreed and understood that the lessor shall not in any case or under any circumstances be held liable to any person including lessee for any loss or damage, or claim or judgment, or loss or damage of any kind or character whatsoever to persons or property, or otherwise arising from or in any manner connected with the use, operation, handling, or transportation of said property; and any and all claims for loss or damage are hereby specifically waived by lessee. Lessee agrees to indemnify and hold harmless the lessor from any and all such claims for loss, damage or liability.

**18.** Time is of the essence and lessee shall be in default under this agreement upon the occurrence of any of the following: (a) the misstatement or false statement in connection with, noncompliance with, or nonperformance of any of lessee's obligations under this agreement. (b) the failure to pay any rent or other amounts provided herein when the same is due and payable. (c) the failure of lessee to perform any other provisions of this lease which it is required to perform.

**19.** The company warrants that it is the sole owner of the equipment and that there are no liens or encumbrances or adverse claims whatsoever thereon, other than the lien of taxes not yet delinquent it is understood by the parties hereto that the company is not the manufacturer of the equipment, nor the agent of said manufacturer.

Initials: \_\_\_\_\_



12/17/10

Billy Cornett, C.P.M.  
Purchasing Manager  
Riverside County Department of Purchasing  
2980 Washington St.  
Riverside, CA 92504-4647

Subject: Caterpillar D7E Tractor for Riverside County TLMA

Dear Billy:

This letter is in regard to the quote that was submitted to Riverside County TLMA for a New Caterpillar D7E Track Type Tractor. I have attached the quote for this D7E Tier IV Interim Hybrid Tractor.

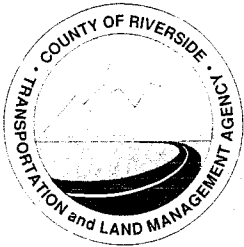
I wanted to explain to you the discount structure used on this D7E Quote for the County of Riverside. The County gets an additional governmental discount on the pricing of the machine that is not available to anyone but Government Agencies. Each model has a different discount structure from the factory. On this particular machine, the additional discount you are receiving over the discount we have available to our good contractors is approximately 15%.

We appreciate the opportunity to work with you and the County of Riverside on your equipment requirements. Please let me know if there are any further questions.

Sincerely,



Gary A. Skoglund  
Sales Representative  
Johnson Machinery Co.  
951-314-2747  
gskoglund@johnson-machinery.com



# COUNTY OF RIVERSIDE

## TRANSPORTATION AND LAND MANAGEMENT AGENCY



### Transportation Department

Juan C. Perez  
Director of Transportation

May 6, 2011

Kent C. Johnson, Ph.D.  
University of California, Riverside  
Center for Environmental Research and Technology  
Riverside, CA 92521

RE: Non-Binding Letter of Commitment, CARB-AQIP Hybrid Off-Road Equipment Pilot Project

Dear Dr. Johnson:

The County of Riverside Transportation Department is committed to the above referenced project in the event that it is selected to be funded by the California Air Resources Board. The county of Riverside Transportation Department will participate with the UC Riverside CE-CERT team by performing the actions stated below in Phase 1 and Phase 2 of the project, as well as other reasonable ways to support the two-phase project.

- **Phase 1:** Purchase of a 2011 Caterpillar D7E Track-Type Tractor with a 235 Horsepower Tier IV Interim engine and Electric Drive
- **Phase 2:** The County Of Riverside Transportation Department will supply above said Tractor and operator to the Center for Environmental Research and Technology for the time required to perform all necessary testing per. the guidelines of the CARB-AQIP Hybrid Off-Road Equipment Pilot Project.

County of Riverside Transportation Department understands that it will be reimbursed for the incremental cost of the hybrid piece of equipment, up to 100%, based on the terms and schedule for reimbursement provided in the solicitation – *2010-11 Grant Proposal Solicitation Air Quality Improvement Program (AQIP) Hybrid Off-Road Equipment Pilot Project*. The term *incremental cost* refers to the cost difference between a hybrid piece of equipment and the cost of a conventional piece that would have been purchased if the hybrid was not available. In addition, County of Riverside Transportation Department understands that a condition of our participation will be to use the Caterpillar D7E Track-Type Tractor only in California for the first three years of deployment.

This letter is a statement of intent only and does not legally bind County of Riverside Transportation Department. County of Riverside Transportation Department's participation in the project is dependent on approval of a subaward agreement between County of Riverside Transportation Department and the University of California, Riverside, which identifies County of Riverside Transportation's involvement in the project and contains mutually acceptable terms and conditions.

Sincerely,

Stephen P. McFarland  
Equipment Fleet Supervisor  
County of Riverside Transportation Department  
2950 Washington St.  
Riverside, Ca. 92504  
951-955-2062  
Hourly Rate \$31.62