

**STATE OF NORTH CAROLINA
COUNTY OF CHATHAM**

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT ("this Agreement") is made and entered into this the 6th day of October, 2014 by and between Chatham County (the "County") and the Chatham County Board of Education (the "Board of Education").

WITNESSETH:

WHEREAS, the Board of Education has agreed to operate a vehicle maintenance facility located at Renaissance Drive in Chatham County, North Carolina ("the Transportation Facility"), a diagram of which is attached as Exhibit 1. The Board of Education will utilize a portion of the Transportation Facility for its exclusive use. A separate portion of the Transportation Facility will be utilized for the exclusive service of County vehicles by the Board of Education as provided herein and as further described in Exhibit 2;

WHEREAS, the County has agreed to provide funds for the construction and upfit of the Transportation Facility as hereinafter provided;

WHEREAS, the Board of Education has agreed to be responsible for the design and construction of the Transportation Facility; and

WHEREAS, the County and the Board of Education desire to utilize economies of scale by servicing and maintaining their respective fleet of motor vehicles at the Transportation Facility, thereby reducing costs.

NOW, THEREFORE, in consideration of the mutual goals and promises contained herein, and the mutual benefits to result therefrom, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. PURPOSE

This Agreement is entered pursuant to N.C. Gen. Stat. § 160A-460, *et. seq.* The purpose of this Agreement is to utilize economies of scale by servicing and maintaining County and Board of Education fleet vehicles at the Transportation Facility, thereby reducing costs. This can be achieved by sharing personnel; streamlining the purchase of parts, supplies, and fuel; and collaborative use of the Transportation Facility.

2. COUNTY'S OBLIGATIONS CONTINGENT ON FUNDING

It is understood and agreed that as of the date of this Agreement the County has not allocated funding to cover the cost of construction and upfit of the Transportation Facility and related fixtures, improvements, and equipment necessary to operate the same. Notwithstanding any other provision of this Agreement, the County's obligation to fund the foregoing is subject to the County, in its absolute discretion, allocating funding for the construction and upfit of the Transportation Facility (either from borrowing or fund balances) on terms and conditions acceptable to the County.

3. SCOPE OF SERVICES

Subject to the terms and conditions provided herein, the Board of Education agrees to provide the vehicle maintenance services described in Exhibit 2 ("Maintenance Services") for any motor vehicle owned by the County that is registered with the North Carolina Department of Motor Vehicles ("County Vehicles"). Emergency Services vehicles (Sheriff's Department vehicles, Emergency Operations vehicles, and Fire Marshall vehicles) shall take priority over all other County vehicles. The County may utilize other vehicle maintenance providers as it deems appropriate. The parties may make changes to the Maintenance Services at any time by mutual written agreement.

The County authorizes the Board of Education to contract with an outside vendor for services that are beyond the scope of this Agreement ("Additional Services") or that cannot be addressed within any deadline established by the County; provided, that the Board of Education shall obtain prior approval from the County for any contracted services that are reasonably expected to cost more than \$5,000. Failure by the Board of Education to obtain such consent for any contracted service that is reasonably expected shall not relieve the County of its reimbursement obligation for such services as provided herein. The Board of Education may arrange for the service provider to bill the County directly for any contracted service costing up to \$2,499 with prior notice to the County.

4. COMPENSATION AND RELATED DUTIES

- A. Parts, Materials, Tools, Equipment and Other Supplies (excluding fuel): The Board of Education shall be responsible for ordering all parts, tools, equipment and other supplies ("Supplies") to provide Maintenance Services. The Board of Education shall physically segregate and separately store Supplies to be used for County Vehicles apart from those to be used to service Board of Education vehicles. The County agrees to reimburse the Board of Education for all Supplies used to service County Vehicles as provided herein.
- B. Fuel: The Board of Education agrees to purchase gasoline and diesel fuel from a wholesale provider, to be stored in a gasoline tank and a diesel tank at the Transportation Facility. The County may thereafter purchase such fuels at-cost from the Board of Education as provided herein. The parties shall install a metering device on each tank in order to identify fuel used in Board of Education vehicles and County Vehicles, or make other such arrangements to facilitate billing. The County agrees that any fuel it purchases may only be used in County Vehicles or other County equipment. The County agrees to reimburse the Board of Education for all fuel purchased for County Vehicles as provided herein.
- C. Personnel Costs: All personnel employed to operate the Transportation Facility will be Board of Education employees. Employees are therefore subject to all applicable laws, rules and regulations of the Board of Education. Employees will generally be assigned to work either on County Vehicles or on Board of Education vehicles, except for the School System's Transportation Director ("Transportation Director") who will supervise the entire Transportation Facility.
 - i. The Board of Education shall hire and manage qualified employees necessary to provide adequate services. Employees must pass criminal background checks based on the Board of Education's current criteria prior to employment. The number of employees dedicated to servicing the County's vehicles will be mutually determined. Upon the opening of the Transportation

Facility, it is estimated that the County will need 1 shop foreman/mechanic, 1 mechanic and 1.5 cost clerks to service its fleet of 233 vehicles. This number includes both white fleet and recycling (truck) vehicles.

- ii. With respect to all employees who are designated by the parties to service County Vehicles only, the County agrees to reimburse the Board of Education monthly for all costs associated with such employment, including but not limited to all salary, benefits, withholdings, insurance, and other regular and customary costs and expenses incurred by the Board of Education for such employees as provided herein.
 - iii. The County and Board of Education shall agree on a mutually determined administrative fee for the administration of the Transportation Facility. The County shall pay the agreed upon fee to the Board of Education on a monthly basis.
- D. Prorated Amount: The Prorated Amount as used in this Agreement shall be the percentage that is mutually-agreed upon by the Parties based generally on the square footage area of the Transportation Facility dedicated to servicing County vehicles compared to the area dedicated to servicing Board of Education vehicles.
- E. Utilities: The County agrees to reimburse the Board of Education the Prorated Amount for all utilities associated with operating the Transportation Facility, including but not limited to water/sewer, electricity, and natural gas ("Utilities") as provided herein.
- F. Insurance:
- i. The County agrees to reimburse the Board of Education the Prorated Amount for all property insurance costs associated with operating the Transportation Facility ("Insurance") as provided herein.
 - ii. The County agrees to reimburse the Board for the cost of the general liability insurance covering claims arising out of Maintenance Services for County vehicles. The general liability insurance shall be in an amount and type approved by the County. The County shall be named as an additional insured on the general liability insurance.
 - iii. The Board of Education shall furnish certificates of insurance for the general liability and property insurance required by this section to the County prior to occupancy of the Transportation Facility. The certificates shall clearly indicate that the Board of Education has obtained insurance of the type, amount, and classification provided by this paragraph and that the insurance companies shall endeavor to provide thirty (30) days prior written notice to the Board of Education and the County of any material change or cancellation of the insurance.
- G. Maintenance and Repairs to Transportation Facility: The County agrees to reimburse the Board of Education the Prorated Amount for all maintenance and repair costs associated with operating the Transportation Facility as provided herein.
- H. Other Costs and Expenses: The Parties shall work together in good faith to allocate the payment of all other appropriate costs and expenses associated with operating

the Transportation Facility. The County agrees to reimburse the Board of Education the Prorated Amount for any other appropriate costs and expenses associated with operating the Transportation Facility that cannot be allocated to a party ("Other Costs/Expenses").

- I. Reimbursement, Invoicing and Payment Terms: The Board of Education shall provide monthly reimbursement invoices to the County for the costs incurred by the Board in Sections 4.A, 4.B and 4.C. The invoice shall be in a format mutually acceptable to the Parties. The County shall reimburse the Board of Education for all such costs and expenses within 30 days of receipt of invoice. The Board of Education shall obtain prior approval from the County for any expense, except personnel, that is reasonably expected to cost more than \$5,000. Failure by the Board of Education to obtain such consent shall not relieve the County of its reimbursement obligation as provided herein. The County shall appropriate sufficient funds each year as a separate line item to cover the costs for the items in Sections 4.E, 4.F, 4.G and 4.H.

5. ACCESS TO TRANSPORTATION FACILITY

The Board of Education will be solely responsible for operating the Transportation Facility but will allow the County reasonable access to the County's dedicated portion of the Transportation Facility, including after-hours access as noted below.

The Board of Education will establish a security protocol that will allow the County access to loaner vehicles, if provided by the County, and fuel tanks at the Transportation Facility after hours.

Hours of Operation

*7:00 a.m. to 4:00 p.m. with an hour for lunch from mid August through mid June (10 months) for mechanics. The mechanics would be scheduled to work at the same time for safety purposes. Cost Clerk(s) would work from 8:00 a.m. to 5:00 p.m. to provide additional assistance.

*6:30 a.m. to 5:00 p.m. with a 30-minute lunch break four days each week from mid June to mid August (2 months) for all personnel.

*Hours of operation may be changed if both parties mutually agree.

6. WARRANTIES

All manufacturer warranties associated with any parts or materials used to service County Vehicles shall be transferred to the County. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE BOARD OF EDUCATION DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR USE, OR FITNESS FOR A PARTICULAR PURPOSE FOR ANY SERVICES OR MATERIALS PROVIDED HEREIN. THE BOARD OF EDUCATION SHALL NOT BE RESPONSIBLE AND SHALL HAVE NO LIABILITY FOR LOST PROFITS, LOSS OF REVENUE, OR ANY SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

7. TERM OF AGREEMENT

This Agreement shall remain in effect to and including June 30, 2015, and shall renew thereafter on an annual basis automatically, unless otherwise terminated as provided herein.

8. TERMINATION

This Agreement may be terminated by either party upon 60 days written notice to the other party, except in the event of default as provided herein. Upon termination, the County shall pay all amounts due to the Board of Education arising under this Agreement.

9. DEFAULT

An event of default shall occur when any party fails to cure a material breach of this Agreement within 14 days after receipt of written notice of such default. In such event, the non-defaulting party may terminate this Agreement by providing written notice of termination. Such termination shall be deemed effective upon receipt of the notice of termination by the defaulting party. All obligations of the defaulting party shall survive termination of this Agreement.

10. NOTICES

All notices required to be provided under this Agreement shall be in writing and delivered in person or transmitted by certified mail, return receipt requested, postage prepaid, as follows:

To the Board of Education: Superintendent
Chatham County Schools
369 West Street
Post Office Box 128
Pittsboro, NC 27312

To the County: County Manager
Chatham County
12 East Street
Post Office Box 1809
Pittsboro, NC 27312

11. MISCELLANEOUS

- A. This Agreement embodies the entire Agreement between the parties. There are no oral or parol agreements, representations or inducements existing between the parties relating to this transaction which are not expressly set forth herein. This Agreement may not be modified or amended except by a written agreement signed by both parties.
- B. Nothing contained herein shall be construed to place the parties in the relationship of partners or create a joint venture, and neither party shall have the power to obligate or bind the other party in any manner whatsoever.
- C. This Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina.
- D. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.
- E. Both parties acknowledge and agree that this Agreement is the product of mutual negotiation and bargaining and has been reviewed by counsel for both parties. As such, the doctrine of construction against the drafter shall have no application to this Agreement.
- F. If any provision under this Agreement or its application to any person or circumstance is held invalid by any court of competent jurisdiction, such invalidity does not affect any other provision of this Agreement or its application that can be given effect without the invalid provision or application.

[Remainder of Page Intentionally Blank]

In witness whereof, the parties have executed this Agreement the day and year first above written.

CHATHAM COUNTY BOARD OF EDUCATION

By: Karen Howard
Karen Howard, Chair

Attest: Derrick Jordan
Dr. Derrick Jordan, Superintendent

This instrument has been pre-audited in the manner required by the School Budget and Fiscal Control Act.

Tommy A. A. 10/9/14
Finance Officer, Chatham County Schools (date)

COUNTY OF CHATHAM

By: _____
Walter Petty, Chair

Attest: _____
Charlie Horne, County Manager

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Finance Officer, Chatham County (date)

Exhibit 1
Diagram of Facility

Drawing sheet A1.1a prepared by Corley Redfoot Architects, Inc. is attached. The area generally intended for the service, repair and maintenance of Board of Education vehicles is shaded in light tan, and the area intended for the service, repair and maintenance of County vehicles is shaded in brown.

Exhibit 2 Maintenance Services

[the parties need to review this Schedule 2 closely; outside the scope of legal review]

5000 mile Preventive Maintenance Schedule for Light Duty Cars/Trucks with Gasoline Engines (All Sheriff Department vehicles and all other 2011 and older vehicles)

Based on 5000 mile intervals. Note that this is a cumulative schedule meaning that the 5000 mile service occurs every 5000 miles and the 15,000/30,000/60,000 and 90,000 mile services accumulate and are performed in addition at the designated mileage. This should meet or exceed manufacturer recommendations.

5000 mile service (performed every 5000 miles)	15,000 mile service (Also 5000 mi. items)	30,000 mile service (Also 5000/15,000 mi. items)	60,000 mile service (Also 5000/15,000/30,000 mi. items)	90,000 mile service (Also 5000/15,000/30,000/60,000 mi. items)
<ul style="list-style-type: none"> *Change oil/filter *Lube grease fittings/check fluids *Lube door/hood hinges/latches *Service battery (cables and comp.) *Rotate tires *Check brake linings (reline as needed) *Repack wheel bearings if needed 	<ul style="list-style-type: none"> *Replace fuel filters *Test/service air filter *Pressure test cooling system *Inspect and adjust engine belts *Record alternator readings *Test steering gear *Check /reline front brakes *Turn front brake drums as needed *Repack front wheel bearings if needed *Road Test 	<ul style="list-style-type: none"> *Wash eng/batt compartments *Change auto trans. fluid and filter *Check/reline rear brakes *Turn rear brake drums as needed *Repack rear wheel bearings if needed *Check tension belt pulley *Test starter/record amp./volt readings *Visually check all steering linkages *Visually check front end alignment *Check spring U bolts 	<ul style="list-style-type: none"> *Tune up engine *Change power steering fluid and filter *Drain/replace hydraulic brake fluid *Change differential fluid *Drain/Flush/Replace radiator coolant/anti-freeze and check radiator 	<ul style="list-style-type: none"> *Adjust engine valves per manual *Remove/Inspect wheel bearings *Change manual transmission fluid *Change differential fluid * Drain/Flush/Replace radiator coolant/anti-freeze and check radiator *Remove and inspect all wheel bearings *Undercoat vehicle

**Preventive Maintenance Schedule for Light Duty Cars/Trucks with Gasoline Engines
(2012 and younger vehicles except Sheriff Department.)**

Based on 7000 mile intervals. Note that this is a cumulative schedule meaning that the 7000 mile service occurs every 7000 miles and the 21,000/42,000/84,000 and 126,000 mile services accumulate and are performed in addition at the designated mileage. This should meet or exceed manufacturer recommendations.

7000 mile service (performed every 7000 miles)	21,000 mile service (Also 7000 mi. items)	42,000 mile service (Also 7000/21,000 mi. items)	84,000 mile service (Also 7000/21,000/42,000 mi. items)	126,000 mile service (Also 7000/21,000/42,000/84,000 mi. items)
*Change oil/filter *Lube grease fittings/check fluids *Lube door/hood hinges/latches *Service battery (cables and comp.) *Rotate tires *Check brake linings (reline as needed) *Repack wheel bearings if needed	*Replace fuel filters *Test/service air filter *Pressure test cooling system *Inspect and adjust engine belts *Record alternator readings *Test steering gear *Check /reline front brakes *Turn front brake drums as needed *Repack front wheel bearings if needed *Road Test	*Wash eng/batt compartments *Change auto trans. fluid and filter *Check/reline rear brakes *Turn rear brake drums as needed *Repack rear wheel bearings if needed *Check tension belt pulley *Test starter/record amp./volt readings *Visually check all steering linkages *Visually check front end alignment *Check spring U bolts	*Tune up engine *Change power steering fluid and filter *Drain/replace hydraulic brake fluid *Change differential fluid *Drain/Flush/Replace radiator coolant/anti-freeze and check radiator	*Adjust engine valves per manual *Remove/Inspect wheel bearings *Change manual transmission fluid *Change differential fluid * Drain/Flush/Replace radiator coolant/anti-freeze and check radiator *Remove and inspect all wheel bearings *Undercoat vehicle

Preventive Maintenance Schedule for Medium/Heavy Duty Trucks with Diesel Engines
 Based on 5000 mile intervals. Note that this is a cumulative schedule meaning that the 5000 mile service occurs every 5000 miles and the 15,000 and 30,000 mile services accumulate and are performed in addition at the designated mileage.

5000 mile service (performed every 5000 miles)	15,000 mile service (Also 5000 mile items)	30,000 mile service (Also 5000 and 15,000 mile items)
<ul style="list-style-type: none"> *Perform oil sample *Lube grease fittings/check fluids *Lube door/hood hinges and latches *Service battery (cable and comp.) 	<ul style="list-style-type: none"> *Change oil and filter *Replace fuel filters *Test and service air filter *Check crankshaft end play *Check heater filter *Test coolant additive (DCA level) *Replace coolant filter *Pressure test cooling system *Inspect and adjust engine belts *Record alternator Amp/Volt reading *Service air comp. (filter/ejector) *Replace AT auxiliary filter *Test steering gear operation *Check spring U Bolts *Check front end alignment (toe in) *Check or reline front brakes *Turn front brake drums (if needed) *Repack front wheel bearings *Check brake adjustment *Road test *Change auto. Trans. filter and fluid 	<ul style="list-style-type: none"> *Wash eng/bat compartment *Check or reline rear brakes *Turn rear brake drums if needed *Bar test rear wheel bearings *Inspect S-cam bushings *Check tension belt pulley

Miscellaneous Services

- Drop-In Service (wipers, bulbs, top off fluids, etc.)- Provided at the Transportation Facility with a goal of 30-minute service time.
- Roadside Service- Will be provided during hours of operation and provided in-house with designated personnel and service truck. The County will arrange for after hours service.
- Tire Services- Full Service to include tire rotation, balancing, and flat repairs.
 - *Sheriff Dept. Vehicles- Full Service and replacement on all vehicles.
 - *Recycling Trucks- Full Service and replacement on all vehicles.
 - *All other Departments- Full Service.
- NC Inspections- (1995 and older inspection type, 1996 and newer inspection type, trailer inspections) performed in-house.

Additional Services

- Towing - The County will contract separately for towing services.
- Tire alignment services are to be contracted and arranged for by the Board of Education.
- Tire replacement services for all County departments, except Sheriff Department and recycling trucks, will be in-house or contracted out and coordinated by the Transportation Facility, at Board of Education's option.
- All other necessary County vehicle services and repairs that are not covered by this Agreement may be provided or coordinated by Board of Education, upon the request of the County and at the County's expense.

