

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

417



FROM: Purchasing & Fleet Services

SUBMITTAL DATE:
May 9, 2012

SUBJECT: Sole Source Purchase of Parts for Caterpillar Parts

RECOMMENDED MOTION: That the Board of Supervisors approve the sole source purchase of Original Equipment Manufacturers (OEM) parts and minor repair services as needed from Johnson Machinery for Caterpillar Equipment in the estimated annual amount of \$515,000.00 and exempt the Purchasing Agent from reporting the individual purchases for these OEM parts for a period of five (5) years.

BACKGROUND: Waste Management Department, Transportation and Land Management Agency, and the Flood Control District maintain Caterpillar heavy equipment in the field for daily operations. Repairs are performed by departmental mechanics that require OEM parts for replacement. OEM parts are needed when there are no comparable parts available from other sources. Johnson Machinery is the local Riverside County Caterpillar parts distributor and other authorized dealers are unable or unwilling to offer competitive pricing for these parts orders. Therefore, the County has no option other than to buy these parts from Johnson Machinery. (continued)



Robert Howdyshell, Director
Riverside County Purchasing & Fleet Services

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	No
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	12/13

SOURCE OF FUNDS:	Waste Management Annual Budget Amount - \$300,000.00	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Transportation Department Annual Budget Amount - \$125,000.00	Requires 4/5 Vote	<input type="checkbox"/>
	Flood Control District Annual Budget \$90,000.00		

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

BY: Serena Chow
Serena Chow

County Executive Office Signature

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

Prev. Agn. Ref.: _____ **District:** _____ **Agenda Number:** _____

3.50

BACKGROUND (Con't)

Occasionally, the Flood District requires minor repairs to be done in association with these parts. Services required represent about \$60,000 of this requirement. Larger repairs such as rebuilds will be bid out or brought back to the Board for approvals.

In order to expedite the purchase of repair parts and save labor costs and Board time, the Purchasing Agent is requesting this blanket exemption from reporting each individual transaction for these sole source purchases of Caterpillar parts.

PRICE REASONABLENESS: Johnson Machinery offers the County state and local governmental discounts or better. Additionally, Johnson allows for a payment discount of 10% when invoices are paid by the tenth (10th) of the following month. Johnson Machinery's proposal includes the following discounts and advantages:

1. Online ordering system which allows for departments to set up controls for ordering, approving and tracking.
2. Same day delivery with no freight charges for in-stock parts. A flat fuel surcharge is based on current cost of fuel and revised monthly.
3. 10% - 50% discount on tools and supplies.
4. Return of parts, subject to restocking fees depending on circumstance.

Date: May 9, 2012

From: Robert Howdyshell, Director **Department:** Purchasing & Fleet Services

To: Board of Supervisors

Via: Waste Management Department, Transportation and Land Management Agency and Flood Control District

Subject: **Sole Source Procurement; Request for Parts for Caterpillar Equipment**

The information below is provided in support of County Departments 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:** Original Equipment Manufacturer (OEM) replacement parts and minor repairs for Caterpillar Equipment
2. **Supplier being requested:** Johnson Machinery, vendor code #298
3. **Alternative suppliers that can or might be able to provide supply/service:** Quinn Company and Hawthorn Power Systems
4. **Extent of market search conducted:** Waste Management contacted both Quinn Company and Hawthorn Power Systems seeking competitive quotes for orders of OEM Caterpillar parts. Hawthorn was unable to distribute to Riverside County as it is Johnson Machinery's area and Quinn was unwilling to register as a vendor to do business with Riverside County.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** Johnson Machinery has an online parts store to make ordering and tracking more efficient. Additionally, they have a local warehouse with parts in stock making availability and delivery faster. Next day delivery on in-stock items can be arranged for orders received prior to 6:00 p.m.
6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** Departmental mechanics request OEM parts for repair to existing equipment when it is determined to be the best option to repair the equipment internally rather than have an outside vendor perform the repair. Availability and faster turnaround time will mean the equipment is repaired quicker and can return to daily field operations.
7. **Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:** Based on the cost discount offered in the proposal and the current practice offered to Waste Management of a 10% discount on invoices paid by the tenth of the following month, the overall cost is reasonable to the County.
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:** Five (5) years from date of approval with costs not to exceed \$300,000.00 annually for Waste Management Department, \$125,000.00 annually for Transportation and Land Management Agency, and \$90,000 annually for Flood Control District. Annual cost tracking would be the responsibility of each individual department.

(Provide a defined period of performance. Please note multi-year terms require Board approval, unless renewable in one year increments and the Purchasing Agent approves the terms.)

Robert Howdyshell *5/14/2012*
Robert Howdyshell, Director Date
Riverside County Purchasing & Fleet Services

Purchasing Department Comments:

Approve Approve with Condition/s Disapprove

Not to exceed: \$ *575,000.00* One time Annual Amount through *June 30, 2017*

Robert Howdyshell *5/14/2012* *14-533*
Purchasing Agent Date Approval Number
(Reference on Purchasing Documents)