

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

804



FROM: Waste Management Department

SUBMITTAL DATE:
January 6, 2015

SUBJECT: Approve the Purchase of One Caterpillar 836K Landfill Compactor for the Waste Management Department via the Competitive Bidding Process, other than low bid, District 5 [\$1,166,686 – Waste Management Department Enterprise Funds].

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the purchase of one (1) Caterpillar 836K Landfill Compactor in the amount of \$1,166,686 in accordance with Ordinance No. 459.4. Authorize the County Purchasing Agent to issue the Purchase Order.

BACKGROUND:

Summary

On October 2, 2014, the County Purchasing Department issued a Request For Quotation on behalf of the Waste Management Department for one (1) Caterpillar 836K Landfill Compactor (or equal) with a minimum operating weight of 123,000 pounds.(continued)


Hans Kernkamp
General Manager-Chief Engineer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,166,685.14	\$ 0.00	\$ 1,166,685.14	\$ 0.00	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	

SOURCE OF FUNDS: Waste Management Department Enterprise Funds.	Budget Adjustment: No
	For Fiscal Year: 14/15

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Alex Gann

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

PURCHASING & FLEET SERVICES: Lisa Brandl, Director

Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.:

District: 5

Agenda Number:

12-1

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Approve the Purchase of One Caterpillar 836K Landfill Compactor for the Waste
Management Department via the Competitive Bidding Process, other than low bid, District 5
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BACKGROUND:

Summary (continued)

Johnson Machinery provided a quote that met all design specifications of the RFQ by quoting an 836K Compactor rated at 123,319 pounds at a purchase price of \$1,166,685.14. Humdinger Equipment, representing TANA North America, provided an "or equal" quote for a TANA E520 rated at 120,000 pounds at a purchase price of \$900,000.00. The difference in price between the two quotes is \$266,685.14. Caterpillar, Inc.'s western United States parts distribution service center is located in Bakersfield, California. Johnson Equipment is the regional parts and service provider and has a full service warehouse and service facility located in Riverside, California servicing the Department's two main landfill sites. Johnson Equipment has committed to provide parts to the Department to fill a minimum of 96% of all parts orders within 24 hours or less. Additionally, Johnson Equipment has an on-call contract with the County to provide equipment component repair/rebuild at their facility and at the various landfill sites. In comparison, the Department has experienced significant delays in procuring parts for non-Caterpillar brand equipment. For example, Al-Jon Manufacturing is located in Ottumwa, Iowa with no local or regional parts distribution network. It has been the Department's experience when ordering parts for non-Caterpillar equipment such as Al-Jon, that the turnaround time to fulfill the order such as, switches, sensors, and steering parts may take 7 to 10 days, and with the larger repair part items such as drive motors, wheel axle housing, and some electrical items the turnaround has taken up to 29 days. The TANA North America dealer, Humdinger Equipment, is located in Lubbock, Texas and also has no parts/service support located outside of Texas, necessitating that all repair parts, warranty repair, and factory trained personnel originate from the Lubbock Texas location.

As the Board is aware, the Department's focus on landfill efficiency and preservation of landfill capacity is of the utmost importance in order to protect, preserve and extend the life of our County's valuable landfill assets. When compacting equipment is not in operation, valuable airspace is lost, often in perpetuity. Staff has estimated that, even when weighing all other major factors such as equipment reliability and compaction density equally, for every 10 days that the TANA landfill compactor may not be available to compact trash due to parts delays the TANA unit would cost the Department approximately \$125,232 per year in lost air space. This cost essentially negates the differential in purchase price in just over two years of operation. Over the average life of the equipment (12 years), the cost in lost air space due to reduced compaction resulting from equipment downtime could be as much as \$1,502,784. It should also be noted that TANA trash compactors are primarily utilized in Europe and Asia with only two TANA trash compactors in operation in the United States resulting in an undeveloped network of parts and/or service distribution centers for the United States market.

The Caterpillar 836K is functionally identical to the model it will replace as it incorporates a "K" series Caterpillar engine, which is currently in use in many of the Department's on-road and off-road vehicle applications within the fleet. Department staff will be maintaining this equipment, and standardization is an important factor, both from a productivity and cost effectiveness standpoint as it relates to equipment maintenance, repair and operation. The Department has made a significant investment in mechanic staff training, diagnostic equipment, and software utilized in the troubleshooting and repair of Caterpillar engines and equipment components. Although equipment specific training is provided with any new machine, Department operators and service technicians will experience a seamless transition from the 836C to the 836K.

The Department's existing landfill compactors are a combination of the Caterpillar 836C and H series and the Al-Jon Advantage 600CS. Based upon research as to the performance, features, and suitability of each machine, and after review of the Bid and product submittal from Humdinger Equipment representing TANA North America, Department staff is recommending the purchase of the Caterpillar landfill compactor.

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Impact on Citizens and Businesses

Purchase of the Caterpillar 836K will better serve the public by allowing for greater operational availability resulting from product durability, parts/service support and equipment standardization. These considerations further allow for reduced costs associated with mechanic training, tools, and diagnostic equipment and quicker response times for maintenance/repair, thereby prolonging the life of the county's landfill system.

Contract History and Price Reasonableness

The RFQ# WMARC-256 was posted on PublicPurchase.com, the County Purchasing Website and e-mailed to several local equipment dealers; totaling over 25 individuals and/or companies.

The County is receiving a Caterpillar government discount of 7.5%. The discount being offered is identical to that offered to the federal government. Additionally, Johnson Machinery has added a 12.5% discount from the Caterpillar list price for a total of 20%.