

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

708



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:
June 17, 2015

SUBJECT: Ratify and approve the increase to the purchase orders for proprietary Original Equipment Manufacturers (OEM) Caterpillar parts as needed with Johnson Machinery for five additional years. All Districts. [\$4,075,000] Transportation Department Annual Budget/Rental Rates, Flood Control District Budget, and Department of Waste Resources Enterprise Funds.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify, approve and authorize the Purchasing Agent to increase the Purchase Orders with Johnson Machinery for proprietary Caterpillar OEM equipment and related services on behalf of:
 - TLMA from \$125,000 to \$225,000,
 - Flood Control \$90,000,
 - Department of Waste Resources from \$300,000 to \$500,000,
 for an annual aggregate amount of \$815,000, and approve the period of performance extension from an expiration date of 6/5/2017 to June 30, 2020; and,
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding, to adjust the scope of services/work that do not change the substantive terms of the purchase order, including the compensation provision that do not exceed an annual increase of 10%.

Lisa Brandl

Lisa Brandl, Director
Riverside County Purchasing & Fleet Services

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 815,000	\$ 815,000	\$ 4,075,000	\$ 815,000	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS Waste Resources Enterprise Funds Amount - \$500,000 Transportation Department Annual Budget Amount - \$225,000 Flood Control Annual Budget - \$90,000	Budget Adjustment:
	For Fiscal Year: 14/15-19/20

C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand*
Ivan M. Chand

8/5/2015

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 6/5/2012, 3.50 | District: All | Agenda Number:

3-57

Juan Perez, TLMA
 Hans Kernkamp, Waste Management
 Dusty Williams, Flood Control

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: pprove the increase to the purchase orders for proprietary Original Equipment
Manufacturers (OEM) Caterpillar parts as needed with Johnson Machinery for five additional years.
All Districts. [\$4,075,000] Transportation Department Annual Budget/Rental Rate
DATE: June 17, 2015
PAGE: 2 of 2

BACKGROUND:

Summary

Department of Waste Resources, Transportation Land Management Agency, and the Flood Control District maintain Caterpillar heavy equipment in the field for daily operations. 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.

Repairs for the heavy equipment are performed by departmental mechanics that require proprietary (OEM) parts for replacement, and the costs for the parts have increased for the last three years by approximately 5% each year. The Transportation Department operates approximately 500 pieces of equipment to maintain the county roadways, and approximately 105 Caterpillar heavy equipment range in age of 10 to 15 years old and require constant upkeep, thus experiencing an increase in prices for replacement parts. The Department of Waste Resources has experienced a similar increase in parts replacements due to the average age of the current equipment (14 years) and increase of equipment operation as well; however, Flood Control has not experienced any usage increases as their equipment is not as old.

Impact on Citizens and Businesses

Heavy equipment is essential in providing services to the residents of Riverside County.

Contract History and Price Reasonableness

On June 5, 2012, Agenda 3.50, the Board of Supervisors approved \$125,000 for TLMA, \$300,000 for Waste Management, and \$90,000 for Flood Control for the maintenance of their equipment. Over the last three years as usage and the age of the equipment have increased, parts costs from Caterpillar have also increased approximately 5% annually. Therefore, the need to increase the purchase orders is essential to maintain the heavy equipment for the maintenance of the roads in Riverside County. Additionally, Johnson Machinery has offered a payment discount of 10% when invoices are paid by the 10th of the following month.