

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



ITEM
12.1
(ID # 3742)

MEETING DATE:

Tuesday, March 21, 2017

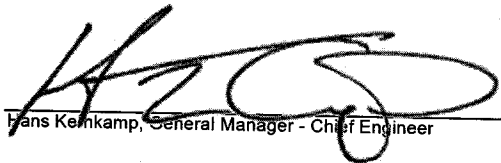
FROM : DEPARTMENT OF WASTE RESOURCES:

SUBJECT: DEPARTMENT OF WASTE RESOURCES: Approve and execute Amendment No. 1 to the Agreement for Heavy Equipment Parts and Repairs in Blythe, CA with Empire Southwest, LLC without seeking competitive bids for five (5) years. All Districts [\$400,000] 100% Department of Waste Resources Enterprise Funds

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and execute Amendment No. 1 for Heavy Equipment Parts and Repairs in Blythe, CA with Empire Southwest, LLC without seeking competitive bids for a not to exceed aggregate of \$400,000 over five (5) years.
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to: sign amendments that do not change the substantive terms of the Agreement; and sign amendments to the compensation provisions that do not exceed 10% of the aggregate total.

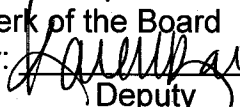
ACTION: (Policy)


Hans Keinkamp, General Manager - Chief Engineer 3/7/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione and Washington
Nays: None
Absent: Ashley
Date: March 21, 2017
xc: Waste, Purchasing

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 80,000	\$ 80,000	\$ 400,000	\$ 80,000
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Department of Waste Resources Enterprise Funds			Budget Adjustment: No	
			For Fiscal Year: 16/17-20/22	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Preventative maintenance programs are utilized by the Department of Waste Resources for Caterpillar and other heavy equipment, which includes the replacement or repair of major components. This assists in prolonging the useful life of these machines and provides an alternative to replacement of fleet equipment. Much of the maintenance work is done by County mechanics. However, due to the remote location of the Blythe Landfill and staffing limitations, outsourcing specific repairs to Original Equipment Manufacturer (OEM) authorized service providers is a needed option. The OEMs set specific jurisdictional boundaries that each OEM authorized parts/service provider must adhere to. The majority of equipment stationed at the Blythe landfill is Caterpillar brand equipment and Empire Machinery controls that jurisdiction. Additionally, the remote location makes the services of alternate suppliers impossible or not cost effective.

Impact on Residents and Businesses

Utilizing local vendors as much as possible keeps tax revenue within Riverside County. Utilizing Empire Machinery provides for less travel to and from Blythe both for mechanic staff and possible heavy equipment transport. Compared to performing the repairs by the department with limited mechanic staff, component repairs are completed sooner, resulting in less downtime of machinery and fewer delays at public landfills.

SUPPLEMENTAL

Additional Fiscal Information

Estimated annual amounts are based on past expenditures and projected future repair needs. Actual Empire Machinery expenditures are as follows: FY11 \$83,454.34; FY12 \$42,100.42; FY13 \$33,771.20; FY14 \$51,506.24; FY15 \$25,288.91; and FY16 \$37,225.96. FY20 expenditures are projected to be over \$70,000 and could be as much as \$190,000 if a complete rebuild is found to be necessary.

Contract History

Empire Machinery Sole Source approval for \$80,000 annually for five (5) years through September 30, 2016 was approved by the Board on September 13, 2011, Agenda No. 12.1, and approval of this motion will serve to renew that Sole Source request.

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

An agreement with Johnson Machinery for component repairs to Caterpillar equipment for Waste, Flood, and Transportation Departments is already in place, and was approved by the Board on November 26, 2013, Agenda No. 3-37. Approval of this motion will not affect that agreement.

Price Reasonableness

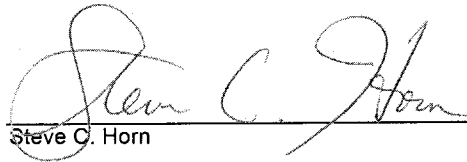
The rates being charged by Empire are competitive with other vendors used for heavy equipment repairs. Empire is closest and only CAT authorized dealer to the Blythe landfill, thus travel charges are minimal. The alternatives would be to transport equipment to another landfill or service provider and/or to arrange for overnight accommodations for department mechanic staff to service equipment, both of which would increase costs due to permitting, transportation, and travel costs.

ATTACHMENT A. AMENDMENT NO. 1 TO THE AGREEMENT

ATTACHMENT B. Completed Sole Source Procurement Request


Neal R Kipnis, Deputy County Counsel IV

3/8/2017


Steve C. Horn

3/13/2017


Lisa Brandl, Director of Purchasing and Fleet Services

3/8/2017

COUNTY OF RIVERSIDE
AMENDMENT NO. 1 TO THE AGREEMENT
WITH

EMPIRE SOUTHWEST, LLC DBA EMPIRE MACHINERY

Original Contract Term: September 13, 2011 through September 30, 2016
Contract Term Extended To: January 31, 2022
Effective Date of Amendment: February 1, 2017
Original Annual Maximum Contract Amount: \$80,000
Amended Annual Maximum Contract Amount: NOT APPLICABLE
Original Contract ID: WMARC-92800-6/11
Amended Contract ID: WMARC-92900-002-02/22

The Agreement between County of Riverside (COUNTY) and Empire Southwest, LLC dba Empire Machinery (CONTRACTOR), entered into as of September 13, 2011, is amended as follows:

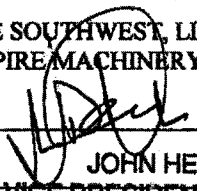
1. Contract ID Number is changed from WMARC-92800-6/11 to WMARC-92900-002-02/22
2. Section 2 (Period of Performance): Delete the first sentence in its entirety and replace with the following: This Agreement shall be effective upon signature of this Agreement by both parties and continues in effect through January 31, 2022, unless terminated earlier in accordance with Section 5. Termination, of this agreement. CONTRACTOR shall not commence any work until a Purchase Order is received for each requested service.
3. Exhibit B (Payment Provisions) is deleted in its entirety and replaced with the attached Exhibit B-1.
4. All other terms and conditions of the Agreement not modified herein shall remain unchanged.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

EMPIRE SOUTHWEST, LLC
dba EMPIRE MACHINERY

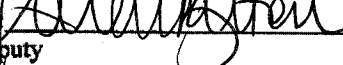
By: 
Name: JOHN TAVAGLIONE
Title: CHAIRMAN, BOARD OF SUPERVISORS

By: 
Name: JOHN HELMS
Title: VICE PRESIDENT AND CFO
EMPIRE SOUTHWEST, LLC

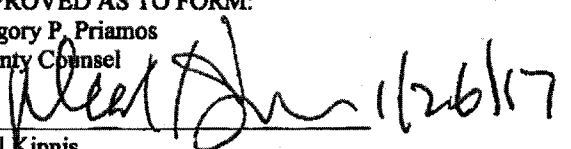
Date: MAR 21 2017

Date: 2/22/2017

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
Neal Kipnis,
Deputy County Counsel

COUNTY OF RIVERSIDE
 AMENDMENT NO. 1 TO THE AGREEMENT
 WITH
 EMPIRE SOUTHWEST, LLC DBA EMPIRE MACHINERY

EXHIBIT B-1
 PAYMENT PROVISIONS

Overnight stay if required:
 (Covers lodging and meals)
 \$135 per person per night

Travel Time:
 \$128.85 per hour x Amount of time to work Site.

Parts Pricing:
 Contractor agrees to provide an electronic price list, including any discounts, specific to Riverside County.

Consumable Parts Pricing Discounts:

Consumable Product	Discount
Filters	20%
Undercarriage	15%
G.E.T (Ground Engaging Products)	30%
ARM (Abrasion Resistance Material)	25%

Empire Machinery Labor Rates valid 01/01/2017 to 12/31/2017		
1 Shop Rates / All Stores	Regular	Overtime
Construction Equipment & Welding	\$ 114.40	\$ 149.85
Welding	\$ 114.40	\$ 149.85
AGCO / BCP/ CCE	\$ 111.30	\$ 146.90
Lube Services	\$ 96.00	\$ 130.60
AG Special Rate	\$ 107.90	\$ 143.10
2 Machinery Field Service (All)		
1st Man	\$ 153.00	\$ 193.50
2nd Man	\$ 107.20	\$ 147.55
Lube Services	\$ 116.40	\$ 156.10
Boom Truck	\$ 153.00	\$ 193.50
3 Empire Precision Machine		
Inspection	\$ 113.65	\$ 149.15
Weld Shop	\$ 110.80	\$ 145.10
Small Machines	\$ 113.65	\$ 149.15
Medium Machines	\$ 141.70	\$ 177.50
Large Machines	\$ 157.40	\$ 193.15
Metal Spray	\$ 149.85	\$ 185.45
4 Empire Hydraulics		
Shop Service	\$ 100.85	\$ 134.95



Hans W. Kernkamp, General Manager-Chief Engineer

COUNTY OF RIVERSIDE
WASTE MANAGEMENT
16 DEC 21 PM 2:26

Date: December 9, 2016
From: John Farrar, Buyer I **Department:** Waste Resources
To: Purchasing Agent
Subject: Sole Source Procurement; Heavy Equipment Parts and Repairs in Blythe

The below information is provided in support of the Department of Waste Resource's request for approval of 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. **Supplier being requested:** Empire Machinery Co.
2. **Vendor ID:** 0000028156.
3. **Supply/Service being requested:** Parts and repairs for Caterpillar heavy equipment stationed at the Blythe Sanitary Landfill.
4. **Alternative suppliers that can or might be able to provide supply/service and extent of market search conducted:** Johnson Machinery in Riverside and Hawthorne-CAT in San Diego are authorized Caterpillar (CAT) dealers, and other vendors including American Independent in Riverside, HD Industries—a division of Harbor Diesel in Long Beach, or A.C.E. Rental and Repair in San Diego County. The Department's Fleet section has done a thorough search of all available vendors that are qualified to repair heavy equipment in the Blythe area.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** Caterpillar, the Original Equipment Manufacturer (OEM), sets specific jurisdictional boundaries that each OEM authorized parts/service provider must adhere to. The majority of equipment stationed at the Blythe landfill is Caterpillar brand equipment and Empire Machinery controls that jurisdiction. Additionally, the remote location makes the services of alternate suppliers impossible or not cost effective.
6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** Preventative maintenance programs are utilized by the Department for Caterpillar and other heavy equipment, which includes the replacement or repair of major components. This assists in prolonging the useful life of these machines and provides an alternative to replacement of fleet equipment. Utilizing local vendors as much as possible keeps tax revenue within Riverside County. Utilizing Empire Machinery provides for less travel to and from Blythe both for mechanic staff and possible heavy equipment transport. Compared to performing the repairs ourselves with limited mechanic staff, component repairs are completed sooner, resulting in less downtime of machinery and fewer delays at public landfills.

7. **Period of Performance:** Five (5) years through September 13, 2021.

Purchase Order Request

Is this an annually renewable contract? No Yes
 Is this a fixed-term agreement? No Yes

8. **Identify all costs for this requested purchase. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year.**

Description	FY17	FY18	FY19	FY20	FY21	Total
One-Time Costs:	\$0	\$0	\$0	\$0	\$0	\$0
Ongoing Costs:	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$400,000
Total Costs:	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$400,000

The Department is requesting an aggregate of \$400,000 over five (5) years based on past expenditures and projected future repair needs. FY20 expenditures are projected to be over \$70,000 and could be as much as \$190,000 if a complete rebuild is found to be necessary.

9. **Price Reasonableness (Explain why this price is reasonable or cost effective, and if this service/commodity will be bid out in the future):** The rates being charged by Empire are competitive with other vendors used for heavy equipment repairs. Empire is closest and only CAT authorized dealer to the Blythe landfill, thus travel charges are minimal. The alternatives would be to transport equipment to another landfill or service provider and/or to arrange for overnight accommodations for department mechanic staff to service equipment, both of which would increase costs due to permitting, transportation, and travel costs.

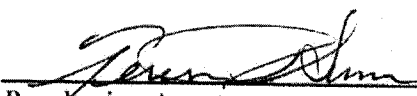
10. **Projected Board of Supervisor Date (if applicable):** September 13, 2016.


 Department Head Signature / Hans W. Kernkamp 12/9/16
Date

Purchasing Department Comments:

Approve Approve with Condition/s Disapprove

Not to exceed: \$ 80,000 One time Annual Amount through 9/13/21
Aggregate of 400,000 over 5 yrs


 Purchasing Agent 12/14/16
Date 17-164
Approval Number
 (Reference on Purchasing Documents)