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**TORONTO TRANSIT COMMISSION  
REPORT NO.**

**MEETING DATE:** December 16, 2005

**SUBJECT:** Procurement Authorization – Overhaul, Rebuild And Replace ITT Flygt Pumps

**RECOMMENDATION**

It is recommended that the Commission authorize the award of a contract to ITT Flygt for the overhaul, rebuild and replacement of ITT Flygt pumps in the upset limit amount of \$704,000 for a three year period commencing upon the date of award.

**FUNDING**

Sufficient funds are available in the 2005 TTC Operating Budget to cover the current year expenditures under this contract for the overhaul, rebuild and replacement of ITT Flygt pumps. Funds for the balance of the contract will be included in the 2006, 2007 and 2008 TTC Operating Budgets as required.

**BACKGROUND**

The Commission has in excess of 430 pumps in use throughout the subway system. The pumps are used for sewage ejection, track drainage, storm drainage and elevator pit drainage. Many pumps in the subway system are reaching the end of their expected operating life. Numerous pumps have been replaced in the last two years due to failure. A detailed pump inventory and condition assessment conducted in 2005 has revealed that approximately 200 outstanding deficiencies, of varying severity, currently exist related to these pumps. The deficiencies are being prioritized and scheduled for repair/replacement.

As a result, the Commission has an ongoing requirement for the overhaul, rebuild and replacement of existing pumps. The ITT Flygt submersible drainage and sewage pumps have been established as the Subway/SRT standard as a result of their high quality, reliability and ease of installation/removal.

## **DISCUSSION**

On August 16, 2005, ITT Flygt was requested to submit a proposal on a single source basis, as they are the original equipment manufacturer and the only source of supply for this requirement.

ITT Flygt was requested to provide pricing for a list of 10 items consisting of pumps and accessories required by the TTC as well as a single minimum percentage discount that would be applied to the list price of other parts required for repairs/overhauls. ITT Flygt was also requested to provide hourly rates for the repair of the pumps during normal hours and for after-hour service.

ITT Flygt provided pricing for the price list items and the labour rates; however they did not provide the requested minimum percentage discount for parts. Staff contacted ITT Flygt and negotiated a mark-up that ranges from 15% to 20% depending on the equipment/parts to be purchased.

ITT Flygt's submission did not contain any other exceptions or qualifications and their proposal is considered to be commercially acceptable. Their performance under the current contract has been satisfactory and they are recommended for award.

Only three of the items on the new contract are the same as the current contract as some of the pumps that were previously ordered are obsolete and no longer available or have been replaced by newer models of pumps by the manufacturer. A price comparison of the three pumps revealed an increase of approximately 21% for year 1 pricing compared to the current contract and a 4% increase in year two over year one pricing and a 4% increase in year three over year two pricing. ITT Flygt stated that there has been an increase in the cost of labour and significant increase in the price of steel and other metals as well as the cost for energy resulting in an overall higher cost for the pumps. The recent condition assessment found a significant quantity of defective starters for the track pumps. The addition of the starter to the pump package also increased the individual cost.

ITT Flygt's hourly rates for year one of the new contract are approximately 8% higher than the current contract and approximately 3% higher for year two over year one rates and 3% higher in year three over year two rates. The higher increase in the hourly rates for year one was a result of ITT Flygt holding their hourly rate firm for the three years of the current contract. The discount on the list price for parts for the new contract is the same as the current contract.

The recommended upset limit amount includes an allowance of approximately 20% for variation in usage over the three years of the contract.

**JUSTIFICATION**

Continuation of the service for the repair and overhaul of subway submersible pumps is required to ensure the removal of drainage water and sewage from the subway system.

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November 21, 2005

6-75-171

Attachment: Appendix "A"

**APPENDIX "A"**

**PROCUREMENT AUTHORIZATION –  
OVERHAUL, REBUILD AND REPLACE ITT FLYGT PUMPS**

**SUMMARY OF PROPOSAL PRICING**

<b>COMPANY NAME</b>	<b>EVALUATED TOTAL PROPOSAL PRICE</b>
ITT FLYGT	\$586,996.58