



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authority to increase purchase order to Hitachi America, Ltd., to furnish and deliver overhaul parts for Main Sewage Pump No. 8 at the Mainstream Pumping Station, in an amount of \$294,990.00, from an amount of \$279,800.00, to an amount not to exceed \$574,790.00, Account 401-50000-645700, Purchase Order 3061081

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Date	Ver.	Action By	Action	Result
8/12/2010	1	Committee of the Whole	Recommended	Pass
8/12/2010	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 12, 2010

COMMITTEE ON PROCUREMENT

Mr. Richard Lanyon, Executive Director

Authority to increase purchase order to Hitachi America, Ltd., to furnish and deliver overhaul parts for Main Sewage Pump No. 8 at the Mainstream Pumping Station, in an amount of \$294,990.00, from an amount of \$279,800.00, to an amount not to exceed \$574,790.00, Account 401-50000-645700, Purchase Order 3061081

Dear Sir:

On November 19, 2009, the Board of Commissioners authorized the Director of Procurement and Materials Management to issue a purchase order to Hitachi America, Ltd. (Hitachi), to furnish and deliver overhaul parts for Main Sewage Pump No. 8 at the Mainstream Pumping Stations, in an amount not to exceed \$279,800.00. The scheduled purchase order completion date is December 31, 2010.

This contract has no prior change orders.

The Engineering Department will be advertising Contract 02-111-3M, TARP Pump No. 8 Rehabilitation and Sump Pumps in North Pump House, Mainstream Pumping Station, in 2011. This contract will overhaul Pump No. 8 at the Mainstream Pumping Station, and is the first in a series of contracts that will overhaul all the original pumps. In order to perform the overhaul, the contractor will have to have parts on hand. Some of the parts are already in the Procurement and Materials Management Storeroom. Other parts need to be ordered from the pump manufacturer, Hitachi. The subject purchase order was previously issued to Hitachi to order those parts which have a long lead time (approximately one year), so that they can be on hand in time for the contractor's use. It was originally anticipated that the contractor would order the remaining parts needed directly from Hitachi. However, after further communications between the Engineering Department and Hitachi, Hitachi revealed that the additional parts also have a very long lead time. It would be more efficient to

add these parts to the existing purchase order, rather than to have the contractor order the parts, but not have the ability to work until the parts arrive. The additional parts required consist of oil thermometers and temperature relays for the bearings, resistance temperature detectors for the pump casing, bearings and the shaft seal housing, thrust bearing knock pins, speed sensing devices, and vibration transmitters. Hitachi estimated a delivery time of ten months for the additional parts; therefore, the purchase order completion date also needs to be extended to August 31, 2011.

Hitachi submitted a quotation in the amount of \$294,990.00 to furnish and deliver the spare parts. The engineer reviewed the quotation, found it to be reasonable, and the Engineering Department recommends its approval.

This change order is in compliance with the Illinois Criminal Code since the change is germane to the contract.

It is hereby recommended that the Board of Commissioners authorize the Director of Procurement and Materials Management to execute a change order to increase the purchase order in an amount of \$294,990.00 (105.43% of the current contract value), from an amount of \$279,800.00, to an amount not to exceed \$574,790.00, and extend the scheduled completion date to August 31, 2011.

Funds are available in Account 401-50000-645700.

Requested, Kenneth A. Kits, Director of Engineering, TK:JAW

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 12, 2010