
CITY OF KELOWNA

MEMORANDUM

Date: May 10th, 2004
File No.: 5600-05

To: City Manager

From: Water Manager

Subject: Award of UV Equipment Supply Contract

RECOMMENDATION:

THAT, Council approve the award of the UV Equipment Supply Contract to Calgon Carbon Corporation for the amount of \$1,207 515.23, excluding GST.

BACKGROUND:

In January 2004, the City received a grant from the Canada/BC Infrastructure Program for the amount of \$2 959 764. The total estimated cost to complete all aspects of the UV project is estimated at \$5.4 million. Earlier this year, Associated Engineering was retained from a competitive RFP process to provide the engineering design and construction services for the Ultraviolet Retrofit Design. The project involves equipment provision, detailed design and construction to install UV treatment to the Poplar Point, Eldorado and Swick pump stations, as well as equipment supply for the future Cedar Creek Pump Station.

In February, Associated Engineering prepared the Terms of Reference for the pre-purchase of the UV equipment. The City received proposals from three companies on March 19th, 2004. The proposals were evaluated by Associated Engineering based on criteria set out in the Terms of Reference. Results of the evaluation are presented in Associated's Award Recommendation, attached to this memo.

The complete assignment involves the supply of UV equipment, services during construction, as well as services during the warranty period.

Calgon Carbon Corporation has a patent on certain aspects of UV technology as it applies to available UV technologies for water treatment. Under this patent, all users of the technology, independent of the manufacturer of the UV equipment used, are required to pay royalties to Calgon Carbon Corporation. In the City's case, this would mean payments of approximately \$50,000/year to Calgon. This patent is currently being challenged in several court cases, some which are similar to our condition. The Water Division has decided that no royalties will be paid until a final court ruling has been passed, however these funds will be set aside on an annual basis as part of the water utility operating budget. Royalties would theoretically be applied to any UV equipment system for water treatment and therefore has no impact on the evaluation process for the UV Equipment Supply contract.

We intend to have Calgon Carbon Corporation proceed immediately with the supply of the UV equipment. Detailed design of the new facilities is scheduled to be complete in June of this year. Construction of this work is anticipated to start in July, 2004 and be completed in April, 2005.

Don Degen
Water Manager

John Vos
Director Works and Utilities