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Agenda Item #7
Staff Report #RWSC 2008-01

**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, 16 JANUARY 2008**

SUBJECT SOOKE RIVER ROAD DISINFECTION FACILITY - PRE-PURCHASE OF ULTRAVIOLET (UV) EQUIPMENT

PURPOSE

To recommend award of the supply contract for provision of UV disinfection equipment for the Sooke River Road Disinfection Facility.

BACKGROUND

As part of the project to construct a new supply pipeline to Sooke, a disinfection plant is required. The design of the plant is approximately 75% finished, with tenders to proceed immediately after the design is complete.

Due to the long delivery times for specialized UV disinfection equipment to be installed in the new facility, it is proposed to prepurchase the equipment prior to construction of the facility. This approach also reduces price mark-ups that would occur if the construction contractor supplied the equipment.

Proposals were received from two suppliers of UV equipment, as summarized below:

Manufacturer	Capital Cost (including PST but not GST)	20 year NPV of Operating Costs
Trojan Technologies	\$331,948	\$151,496
Calgon Carbon Corporation	\$346,083	\$178,949

The engineering consultant, Associated Engineering Ltd., reviewed the proposals and recommends award of the supply contract to Trojan Technologies based on cost considerations. A copy of the consultant's summary letter is attached (Attachment 1). In addition, CRD staff note that the existing Japan Gulch UV Treatment Plant uses Trojan UV equipment and this equipment has performed satisfactorily. Staff therefore recommend award of the supply contract to Trojan Technologies.

ALTERNATIVES

Alternatively the supply contract could be awarded to Calgon, but capital and operating costs would both be higher.

FINANCIAL IMPLICATIONS

The 2008 Capital Budget includes \$2,856,000 for the Sooke River Road Disinfection Facility. However, the current estimate for the disinfection facility is \$4,706,683, the pipeline construction is estimated to be \$1,500,000 under budget, resulting in a budget shortfall of \$350,683. Despite the cost increase, it is not expected that the 2008 total capital budget will be exceeded. The \$331,948 cost of the Trojan UV equipment is within expected budgets.

RECOMMENDATION

That the Regional Water Supply Commission award the contract for supply of UV disinfection equipment to Trojan Technologies in the amount of \$331,948 (not including GST).

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