



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: May 11, 2007  
Author: Lindsay Moffit  
Phone No.: 604.871.6058  
RTS No.: 06745  
VanRIMS No.: 03-1200-11  
Meeting Date: May 29, 2007

TO: Vancouver City Council

FROM: General Manager of Engineering Services

SUBJECT: Award of Contract 2007-02 for Processing and Marketing of Recycling Depot Materials - Ferrous Metals at VSTS and VLF Depots

#### RECOMMENDATION

- A. THAT, Contract 2007-02 for Processing and Marketing of Recycling Depot Materials for Ferrous Metals at the Vancouver South Transfer Station (VSTS) and Vancouver Landfill (VLF) Depots be awarded to Richmond Steel Recycling Ltd. at a tender value of \$495,822.00 (calculated annual revenue to the City) for a two year term, with options for two possible one year extensions by mutual agreement.
- B. THAT, the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT, all such legal documents be on terms and conditions satisfactory to the General Manager of Engineering Services, Manager of Materials Management and the Director of Legal Services.
- D. THAT, no legal rights or obligations will be created by Council's adoption of Recommendation A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

#### GENERAL MANAGER'S COMMENTS

The General Manager of Engineering Services recommends approval of A, B, C and D.

## COUNCIL POLICY

Contracts with a value over \$300,000 are referred to Council for approval.

## PURPOSE

The purpose of this report is to obtain Council approval to award the contract for the processing and marketing of ferrous metals collected at the City's recycling depots.

## BACKGROUND

The City currently operates recycling depots at the Vancouver South Transfer Station in Vancouver (VSTS) and at the Vancouver Landfill in Delta (VLF). Recyclable material received at the depots is hauled by the City's processing and marketing contractors to their facility, checked for contamination, sorted as required and then shipped for processing. For the various material categories taken at these two depots, processing and marketing contracts are retendered every two to four years to ensure the City receives the best value for the recyclable materials.

## DISCUSSION

The processing and marketing contract that will result from this award is a unit price contract with monies due settled on a monthly basis. The tender for ferrous metals is structured such that the unit price is tied to a published market value, the American Metal Market indicator.

Tenders for Contract 2007-02 were opened April 11, 2007. A summary of the bids received for ferrous metals with a calculated annual tender value based on the January 2007 market value and estimated annual tonnages is shown below. All figures shown below are positive and indicate a revenue to the City.

	Calculated Annual <u>Tender Value</u>
<u>Ferrous Metals at VSTS</u>	
ABC Recycling Ltd.	\$328,392.00
Pacific Metals Ltd.	\$349,992.00
Richmond Steel Recycling Ltd.	\$349,992.00
<u>Ferrous Metals at VLF</u>	
ABC Recycling Ltd.	\$136,830.00
Pacific Metals Ltd.	\$130,830.00
Richmond Steel Recycling Ltd.	\$145,830.00

The recommended tender award is based on the best value to the City.

For ferrous metals at VSTS, the annual tender values of Richmond Steel Recycling and Pacific Metals are equal. However, the bid submitted by Pacific Metals does not satisfy the requirements set out in the tender documents. Pacific Metals cannot provide the large container required for large appliances at the VSTS depot. The VSTS depot also requires two smaller containers for miscellaneous ferrous items which both companies are able to provide.

There are three additional material categories in Tender 2007-02 for which bids were received. Bids for these material categories are below \$300,000. Accordingly, the City Engineer has awarded contracts to Pacific Metals Ltd. for aluminum and flint glass at VSTS, and to BEST Recycling (Canada) Ltd for newsprint at VSTS. There are another three material categories included in Tender 2007-02 for which no bids were received. These material categories are amber and green glass at VSTS, and mixed paper products at VLF. Staff will set up alternate arrangements to have these materials recycled.

#### **FINANCIAL IMPLICATIONS**

The award of this tender results in an estimated annual revenue to the City of \$495,822.00. This revenue offsets Solid Waste Utility costs, and this offsetting is reflected in Solid Waste Utility rates charged to our utility customers.

#### **CONCLUSION**

Tenders for Contract 2007-02 Processing and Marketing of Recycling Depot Materials have been reviewed and staff recommend acceptance of the bid from Richmond Steel Recycling Ltd. for ferrous metals from the VSTS and VLF depots as representing the best value to the City.

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