



# A7

## ADMINISTRATIVE REPORT

Report Date: May 13, 2009  
Contact: Chris Underwood  
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Meeting Date: June 2, 2009

TO: Vancouver City Council

FROM: General Manager of Engineering Services

SUBJECT: Award of Contract ITT PS09080 for Processing and Marketing of Recycling Depot Materials

### ***RECOMMENDATION***

- A. THAT, Contract ITT PS09080 for Processing and Marketing of Recycling Depot Materials for Ferrous Metals and Aluminum at the Vancouver South Transfer Station (VSTS) Depot and Ferrous Metals at the Vancouver Landfill (VLF) Depot be awarded to Richmond Steel Recycling Ltd. at a tender value of \$518,504.76 (calculated annual revenue to the City) for a two year term.
- 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 Supply 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 a contract for the processing and marketing of ferrous metals and aluminum 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 to the processing and marketing contractors' facility, checked for contamination, sorted as required and then transported for recycling. Processing and marketing contracts are tendered for each recyclable material type accepted at the depots on the basis of best value.

**DISCUSSION**

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

Tenders for Contract ITT PS09080 were opened May 6, 2009. A summary of the bids received for ferrous metals and aluminum with a calculated annual tender value based on the January 2009 market value and estimated annual tonnages is shown below. All figures shown below are positive and indicate revenue to the City.

	Calculated Annual Tender Value
<u>Ferrous Metals at VSTS</u>	
Bid No.1	\$361,960.00
Bid No.2	\$277,920.00
Bid No.3	\$197,960.00
 <u>Ferrous Metals at VLF</u>	
Bid No.1	\$153,833.00
Bid No.2	\$84,133.00
Bid No.3	\$41,633.00
 <u>Aluminum at VSTS</u>	
Bid No.1	\$2,711.76
Bid No.2	\$2,703.76
Bid No.3	\$2,703.76

There are nine additional material categories in Tender PS09080 for which bids were received. Bids for these material categories are below \$300,000. Accordingly, the City Engineer is awarding contracts to:

- C.K.Fibre for plastics and mixed paper at VSTS;
- Urban Impact for plastics, mixed paper, and cardboard at VLF and cardboard at VSTS;
- Pacific Metals Ltd. for clear glass at VSTS; and,
- Metro Waste Paper Recovery for newsprint and magazines at VSTS.

There are another two material categories included in Tender PS09080 for which no bids were received. These material categories are amber and green glass collected at VSTS. Staff will set up alternate arrangements to have these materials recycled.

***FINANCIAL IMPLICATIONS***

The award of this tender results in estimated annual revenue to the City of \$518,504.76. This is based on Ferrous Metals at VSTS estimated at \$361,960 Ferrous Metals at VLF estimated at \$153,833 and Aluminum at VSTS estimated at \$2,711.76. This revenue offsets Solid Waste Utility costs and that is reflected in the Solid Waste Utility rates charged to the City's utility customers.

The tendered values for ferrous metal and aluminum are comparable to prices bid two year's ago for the City's current processing and marketing contracts. Therefore, at this time we do not forecast a material variance from current budget, assuming tonnages collected and commodity markets remain at current levels. The recommended tenderer is our existing ferrous contractor and is aware of our operations.

***CONCLUSION***

Tenders for the processing of ferrous metals and aluminium from the VSTS depot and ferrous metals from the VLF depot for Contract ITT PS09080 have been reviewed and staff recommend acceptance of the bid from Richmond Steel Recycling Ltd. as representing the best value to the City.

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