



To: Zero Waste Advisory Commission

From: Bob Gedert, Department Director, Austin Resource Recovery

Date: April 13, 2016

Subject: **City-Wide Scrap Metal Processing**

Austin Resource Recovery (ARR) is requesting a favorable ZWAC recommendation for the City Council to authorize negotiation, award and execution of a 36-month contract with **AUSTIN METAL AND IRON CO., L.P.**, or one of the other qualified offerors to Request For Proposal SLW0507, for the sale of scrap metal in an estimated revenue amount of \$1,650,000 with three 12-month extension options in an estimated revenue amount of \$550,000 per extension option, for a total contract amount not to exceed \$3,300,000.

Purpose

Various City departments accumulate scrap metal material through their normal daily operating activities. To minimize duplication of efforts, increase efficiency and realize more advantageous pricing for the sale of the accumulated scrap metals, the City would like to utilize one central contract for the sale of the scrap metal materials rather than having multiple departments each with a separate contract.

Scrap metal materials include: material considered obsolete or that can be reused after recycling such as copper bars, insulated and waterproof copper, aluminum conductor steel reinforced cable, insulated and bare aluminum, underground residential distribution cable, and mixed aluminum, tin, mixed iron and steel cable, ductile iron, lead cable, brass, lead acid batteries, and radiators.

Several departments whose operations generate the scrap metal materials include: Austin Energy, Austin Water, Transportation, Public Works, Austin Resource Recovery, Financial and Administrative Services, Convention Center, Watershed Protection, Fleet Services, and the Aviation Department.

The selected contractor will provide all the necessary equipment that stores the scrap metal material for pickup to each department, at no cost. The contractor will retrieve the full scrap metal containers and replace them with empty containers. The scrap materials will be weighed and their composition determined, segregated by participating department. The contractor will remit to the City amounts determined in accordance with the terms and conditions of the contract. The amounts will be determined by a contract specified fixed percentage applied against closing prices of the American Metal Market index and the certified weights/composition of the scrap metal materials.

Estimated revenue percentages generated, by department, for the scrap metal materials are:

Department	Estimated Percentage
Austin Energy	68%
Austin Water Utility	13%
Austin Resource Recovery	11%
Others (Financial Services, Aviation, etc.)	5%
Total	100%

The annual revenue amount is expected to be \$550,000, in total.

Funding

N/A – this is a revenue generating procurement actions.

Policy

The Purchasing Office issued a Request for Proposal (RFP) SLW0507 for these goods and services on January 25, 2016 and it closed on February 25, 2016 with two offers received. The recommended offer is the BEST EVALUATED offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror IS the current provider for these goods or services.

Staff Recommendation

Staff recommends City Council authorization for the negotiation, award and execution of a contract to provide for city-wide scrap metal processing.