

MEETING DATE: November 28, 2005

SUBJECT: Sale And Removal Of Various Mixed Metals For A One Year Period Commencing December 1, 2005 To November 30, 2006

RECOMMENDATION

It is recommended that the Commission authorize the award of a one year contract for the period of December 1, 2005 to November 30, 2006 for the sale of various scrap metals to the following two companies:

- Ram Iron & Metal for Groups 1
- ACS Iron and Metal for Groups 2, 3 & 4

FUNDING

Proceeds from the sale of scrap metal are credited to the TTC's Operating Budget or Capital Program as appropriate.

BACKGROUND

The Commission tenders for the sale of various scrap metals on a yearly basis due to the volatility in the metal market. The scrap metal is tendered in five groups:

- Group One - Mixed (General) Contaminated Metal
- Group Two - Rail, Wheels and Brake Linings
- Group Three - Aluminum, Stainless Steel, Copper, Brass and Cable
- Group Four - Shavings
- Group Five - Aluminium SRT Rail

DISCUSSION

Nine companies were invited to submit a bid in addition to a public advertisement on the Commission's Website on August 22, 2005. Six companies responded as summarized in Appendix 'A'. The bids were priced by weight. The volume of material for the next 12 months was estimated based on forecasted volumes.

The Commission asked the bidders to submit pricing for an optional second year, December 1, 2006 to November 30, 2007. This optional second year pricing was open for acceptance by the Commission at its sole discretion at the beginning of the contract.

After the tender closed, staff were advised that the SRT Rail (aluminium) stipulated in the RFP under Group V was misrepresented as clean but in fact contains traces of concrete. Therefore, due to the change in the specifications, the SRT Rail has been removed from the evaluation and will be tendered at a later date.

Inland and Marine Salvage Ltd.'s bid for Group I Metals and for Group II Steel were the highest the Commission received for these two groups (Group I & II). However, their submission was found to be non-compliant as they did not submit a signed Bid Form. As a result, their bid is not able to be accepted by the Commission.

Ram Iron & Metal submitted the second highest bid for Group I Metals. They did not offer any exceptions/qualifications and are considered commercially acceptable. Ram Iron & Metal have performed similar work for the Commission in the past, so determining their capabilities is not required.

ACS Iron and Metal submitted the highest offer for Group II Steel, Group III Alloys and Group IV Shavings. They did not offer any exceptions/qualifications and are considered commercially acceptable. As the Commission has had a contract with ACS Iron and Metal for Group III Alloys and Group IV Shavings in the past, a reference check was not required. They have performed satisfactorily and are being recommended for award subject to staff from the Inventory Planning section visiting their facility to determine their capabilities of performing work for the Commission in the Group II Steel category.

The bids received from Waste Container Services, Recycle Trade and Stark Iron and Metal were all found to be commercially acceptable but due to the difference in bid prices were not considered further.

The recommended offer for Group I Metals is 42% lower, Group II Steel is 30% lower, Group III Alloys is 25% higher and Group IV Shavings is 50% lower respectively than the current contract (December 1, 2004 to November 30, 2005) based on total weighted average prices.

With respect to Group I Metals pricing, the lower price is explained by a reduction of approximately 40% in scrap steel market over the last year based on pricing history from the Chicago metal market.

With respect to the Group III Alloys pricing (aluminium/stainless steel, copper/brass), the offer amount reflects a 25% price increase from the current contract due to an increase in the market price of aluminium & copper.

With respect to Group IV Shavings (Wheel Shavings) there is no specific pricing information available to properly explain the 50% decrease from the current contract other than what has been previously mentioned for scrap steel.

The tender also asked for optional second year pricing (December 1, 2006 to November 30, 2007) to be provided by the proponents. Only two companies submitted this pricing (Ram Iron & Metal Inc. who is recommended for Group I Metals and Waste Container Services Inc. who is not being recommended for any of the Groups since their pricing was lower). The year one and year two pricing received from Ram Iron & Metal was the same for both years. It should be noted that this optional second year pricing was open for acceptance by the Commission at its sole discretion only at the beginning of the contract. Ram Iron & Metal submitted the highest compliant pricing for Group I Metals but not for any of the other Groups (Group II, III, and IV).

Since the pricing for Group I is 42% lower than the Commission is currently receiving and in light of the volatility of the metal market, it is recommended that the Commission not proceed with the second year of the contract.

The following are the recommended awards and the estimated revenue to be generated.

Group One - Ram Iron & Metal \$236,500.00
Group Two - ACS Iron and Metal \$ 97,250.00
Group Three - ACS Iron and Metal \$ 95,000.00
Group Four - ACS Iron and Metal \$ 600.00

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9-118-80
Attachment – Appendix ‘A’

APPENDIX 'A'

SALE AND REMOVAL OF VARIOUS MIXED METALS

ESTIMATED REVENUE SUMMARY

	RAM IRON & METAL	ACS IRON AND METAL	RECYCLE TRADE	WASTE CONTAINERS SERVICES	STAR & M
GROUP 1 Mixed Contaminated	\$236,500.00 *	\$115,000.00	\$0	\$115,000.00	\$187,
GROUP 2 Rail, Wheels and Brake Linings	\$74,400.00	\$97,250.00 *	\$0	\$54,700.00	\$91,
GROUP 3 Aluminum, Stainless Steel, Brass, Copper and Cable	\$62,450.00	\$95,000.00 *	\$74,490.00	\$36,450.00	\$74,
GROUP 4 Wheel Shavings	\$100.00	\$600.00 *	\$0	\$200.00	\$30

*** RECOMMENDED FOR AWARD**

**** SUBMISSION WAS FOUND TO BE NON-COMPLIANT AS THEY DID NOT SIGN
THE BID FORM**