

**Metro**

Los Angeles County
Metropolitan Transportation Authority

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Los Angeles, CA 90012-2952

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metro.net

**SYSTEM SAFETY AND OPERATIONS COMMITTEE
SEPTEMBER 19, 2013**

SUBJECT: SALE OF SCRAP METAL

ACTION: APPROVE CONTRACT AWARD

RECOMMENDATION

Award a five-year contract to Kramar's Iron and Metal, Inc., the highest, responsive and responsible bidder, for the sale of scrap metal for total estimated revenue of \$2,207,560, inclusive of two one-year options.

ISSUE

All Metro divisions generate scrap metal in various forms as a by-product of the normal bus and rail maintenance operations. The scrap metal is collected and sold under a revenue generating contract. Award of a contract will provide a commitment from the contractor to ensure prompt service, availability of containers, and payment at competitive market prices.

DISCUSSION

A qualified scrap metal firm is required to support our scrap metal sales and recycling programs. The funds received from the sale of scrap metal are deposited in the general fund which supports bus and rail operations. Metro does not have the resources needed to perform this function in house.

The firm will collect and purchase the scrap metal located at various Metro divisions at prevailing American Metal Market (AMM) pricing. AMM is a widely accepted scrap iron and steel price index that is published daily to reflect current market prices in the Los Angeles area for steel and nonferrous metal products. AMM is a private, independent company and is not funded by the scrap metal industry.

DETERMINATION OF SAFETY IMPACT

The sale of scrap metal does not affect the incidence of injuries or healthful conditions for patrons or employees. Approval of this contract will have no impact on safety.

FINANCIAL IMPACT

This is a revenue generating contract, therefore, no expenses will be incurred. In FY13, \$393,805 was generated from the sale of scrap metal.

Impact to Budget

This is a multi-year revenue-generating contract and as such does not draw funds from a project or cost center budget. The revenue generated is eligible for all expenses, including bus and rail operating and capital expenditures.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and to instead sell the scrap metal on the spot market. This approach is not recommended since it does not provide for a fixed premium on price or a commitment from the scrap metal firm to ensure collection on a timely basis.

NEXT STEPS

Procurement will execute the subject contract to take effect November 1, 2013.


ATTACHMENTS

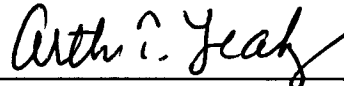
- A. Procurement Summary
- B. Bid Tabulation

Prepared by: Michael Stange, Executive Director, Maintenance

Questions: Michelle Stewart, Assistant Administrative Analyst, Operations
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Michelle Lopes Caldwell
Chief Administrative Services Officer


Frank Alejandro
Chief Operations Officer


Arthur T. Leahy
Chief Executive Officer

ATTACHMENT A
PROCUREMENT SUMMARY
SALE OF SCRAP METAL

1.	Contract Number: 05-1331-S	
2.	Recommended Vendor: Kramar's Iron and Metal, 8821 San Fernando Road, Sun Valley, CA 91352	
3.	Type of Procurement (check one) : <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP – A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 5/09/13	
	B. Advertised/Publicized: 5/13/13	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 5/31/13	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: 8/16/13	
	G. Protest Period End Date: 9/25/13	
5.	Solicitations Picked up/Downloaded: 27	Bids/Proposals Received: 4
6.	Contract Administrator: Otto Ojong	Telephone Number: (213) 922-1454
7.	Project Manager: Tej Kharbanda	Telephone Number: (213) 922-1092

A. Procurement Background

Solicitation for the sale of scrap metal was conducted as a formal sealed bid, competitive acquisition, in support of awarding a revenue-generating contract in order to ensure availability and price premium stability.

IFB 05-1331-S was issued May 9, 2013 and advertised May 13, 2013. Contract type is a Firm-Fixed Price (FFP).

One amendment was issued during the solicitation phase of this IFB; Amendment No. 1 issued on May 23, 2013 provided clarification and responses to bidder's questions concerning the IFB requirements and specifications.

B. Evaluation of Proposals/Bids

A total of four bids were received on May 31, 2013. The firm recommended for award, Kramar's Iron and Metal, was found to be in full compliance with the bid requirements.

	Bidder Name	Bid Amount
1.	Kramar's Iron and Metal	\$2,207,560
2.	SA Recycling	\$2,000,812
3.	Ekco Metals	\$1,948,934
4.	SouthCoast Fibers	\$1,644,070

C. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$2,207,560 has been determined to be fair and reasonable based upon adequate price competition and selection of the highest responsive and responsible bidder.

D. Background on Recommended Contractor

Kramar's Iron and Metal, Inc. (KIMCO) is based in Sun Valley, California, and has been in business since 1950. KIMCO has been in the scrap recycling industry business of ferrous and non-ferrous materials for over half a century, serving both the commercial and industrial sectors. KIMCO has provided scrap metal recycling services to other government agencies including the Los Angeles County and Los Angeles Department of Water and Power.

E. Small Business Participation

No goal is set for this revenue producing project. The contractor provides and picks up the containers and takes them to their yard where they are weighed, the material is sorted and payment to Metro is rendered on a monthly basis.

BID TABULATION
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
BID NO: 05-1331-S Sale of Scrap Metal

ATTACHMENT B

Bids Out: 05/09/13 Total: 27
 Bids Opened: 05/31/13 Total: 4
 Advertisement Date(s): 05/13/13
 Newspaper: LA Daily News

Item	Description	American Metal Base Price on 6-24-05	Est. Qty	Kramer's Iron and Metal			SA Recycling			Ekco Metals			SouthCoast Fibers, Inc.		
				Price Offer	Total	Extension	Price Offer	Total	Extension	Price Offer	Total	Extension	Price Offer	Total	Extension
Ferrous Metals Base 36-Month															
1	#1 Heavy Melt	\$215.00 per gross	3,750 Tons	\$85.00 per gross ton	\$300.00	\$1,125,000.00	\$56.00 per gross ton	\$271.00	\$1,016,250.00	\$43.00 per gross ton	\$258.00	\$967,500.00	\$7.00 per gross ton	\$222.00	\$832,500.00
2	Machine shop turnings	\$130.00 per gross ton	30 Tons	\$60.00 per gross ton	\$190.00	\$5,700.00	\$61.00 per gross ton	\$191.00	\$5,730.00	\$26.00 per gross ton	\$156.00	\$4,680.00	\$5.00 per gross ton	\$135.00	\$4,050.00
Subtotal				\$1,130,700.00			\$1,021,980.00			\$972,180.00			\$836,550.00		
Non-Ferrous Metals															
1	Light copper	\$2.60 Lb	8,000 Lbs	\$0.30 per lb	\$2.90	\$23,200.00	\$0.17 per lb	\$2.77	\$22,160.00	\$0.39 per lb	\$2.99	\$23,920.00	\$0.18 per lb	\$2.42	\$19,360.00
2	Old aluminum, sheet and cast	\$0.61 Lb	32,000 Lbs	\$0.03 per lb	\$0.64	\$20,480.00	\$0.018 per lb	\$0.628	\$20,096.00	\$0.122 per lb	\$0.73	\$23,424.00	\$0.21 per lb	\$0.40	\$12,800.00
3	Litho sheets	\$0.72 Lb	15,000 Lbs	\$0.02 per lb	\$0.74	\$11,100.00	\$0.087 per lb	\$0.633	\$9,495.00	\$0.072 per lb	\$0.79	\$11,880.00	\$0.20 per lb	\$0.52	\$7,800.00
4	Radiators (complete assembly)	\$2.20 Lb	40,000 Lbs	\$0.01 per lb	\$2.21	\$88,400.00	\$0.157 per lb	\$2.043	\$81,720.00	\$0.00 per lb	\$2.20	\$88,000.00	\$0.47 per lb	\$1.73	\$69,200.00
5	Aluminum-copper radiators (Core)	\$1.70 Lb	31,000 Lbs	\$0.02 per lb	\$1.72	\$53,320.00	\$0.167 per lb	\$1.533	\$47,523.00	\$0.00 per lb	\$1.70	\$52,700.00	\$0.32 per lb	\$1.38	\$42,780.00
Subtotal				\$196,500.00			\$180,994.00			\$199,924.00			\$181,840.00		
Ferrous Metals - Option Year 1															
1	#1 Heavy Melt	\$215.00 per gross	1,250 Tons	\$85.00 per gross ton	\$300.00	\$375,000.00	\$56.00 per gross ton	\$271.00	\$338,750.00	\$43.00 per gross ton	\$258.00	\$322,500.00	\$7.00 per gross ton	\$222.00	\$277,500.00
2	Machine shop turnings	\$130.00 per gross ton	10 Tons	\$60.00 per gross ton	\$190.00	\$1,900.00	\$61.00 per gross ton	\$191.00	\$1,910.00	\$26.00 per gross ton	\$156.00	\$1,560.00	\$5.00 per gross ton	\$135.00	\$1,350.00
Subtotal				\$376,900.00			\$340,680.00			\$324,060.00			\$278,850.00		
Non-Ferrous Metals															
1	Light copper	\$2.60 Lb	2,500 Lbs	\$0.30 per lb	\$2.90	\$7,250.00	\$0.170 per lb	\$2.77	\$6,925.00	\$0.39 per lb	\$2.99	\$7,475.00	\$0.18 per lb	\$2.42	\$6,050.00
2	Old aluminum, sheet and cast	\$0.61 Lb	10,000 Lbs	\$0.03 per lb	\$0.64	\$6,400.00	\$0.018 per lb	\$0.63	\$6,280.00	\$0.122 per lb	\$0.73	\$7,320.00	\$0.21 per lb	\$0.40	\$4,000.00
3	Litho sheets	\$0.72 Lb	5,000 Lbs	\$0.02 per lb	\$0.74	\$3,700.00	\$0.087 per lb	\$0.63	\$3,165.00	\$0.072 per lb	\$0.79	\$3,960.00	\$0.20 per lb	\$0.52	\$2,600.00
4	Radiators (complete assembly)	\$2.20 Lb	13,000 Lbs	\$0.01 per lb	\$2.21	\$28,730.00	\$0.157 per lb	\$2.04	\$26,559.00	\$0.00 per lb	\$2.20	\$28,600.00	\$0.47 per lb	\$1.73	\$22,490.00
5	Aluminum-copper radiators (Core)	\$1.70 Lb	10,000 Lbs	\$0.02 per lb	\$1.72	\$17,200.00	\$0.167 per lb	\$1.53	\$15,330.00	\$0.00 per lb	\$1.70	\$17,000.00	\$0.32 per lb	\$1.38	\$13,800.00
Subtotal				\$787,460.00			\$68,269.00			\$64,366.00			\$48,940.00		
Ferrous Metals - Option Year 2															
1	#1 Heavy Melt	\$215.00 per gross	1,250 Tons	\$85.00 per gross ton	\$300.00	\$375,000.00	\$56.00 per gross ton	\$271.00	\$338,750.00	\$43.00 per gross ton	\$258.00	\$322,500.00	\$7.00 per gross ton	\$222.00	\$277,500.00
2	Machine shop turnings	\$130.00 per gross ton	10 Tons	\$60.00 per gross ton	\$190.00	\$1,900.00	\$61.00 per gross ton	\$191.00	\$1,910.00	\$26.00 per gross ton	\$156.00	\$1,560.00	\$5.00 per gross ton	\$135.00	\$1,350.00
Subtotal				\$376,900.00			\$340,680.00			\$324,060.00			\$278,850.00		
Non-Ferrous Metals															
1	Light copper	\$2.60 Lb	2,500 Lbs	\$0.30 per lb	\$2.90	\$7,250.00	\$0.170 per lb	\$2.77	\$6,925.00	\$0.39 per lb	\$2.99	\$7,475.00	\$0.18 per lb	\$2.42	\$6,050.00
2	Old aluminum, sheet and cast	\$0.61 Lb	10,000 Lbs	\$0.03 per lb	\$0.64	\$6,400.00	\$0.018 per lb	\$0.63	\$6,280.00	\$0.122 per lb	\$0.73	\$7,320.00	\$0.21 per lb	\$0.40	\$4,000.00
3	Litho sheets	\$0.72 Lb	5,000 Lbs	\$0.02 per lb	\$0.74	\$3,700.00	\$0.087 per lb	\$0.63	\$3,165.00	\$0.072 per lb	\$0.79	\$3,960.00	\$0.20 per lb	\$0.52	\$2,600.00
4	Radiators (complete assembly)	\$2.20 Lb	13,000 Lbs	\$0.01 per lb	\$2.21	\$28,730.00	\$0.157 per lb	\$2.04	\$26,559.00	\$0.00 per lb	\$2.20	\$28,600.00	\$0.47 per lb	\$1.73	\$22,490.00
5	Aluminum-copper radiators (Core)	\$1.70 Lb	10,000 Lbs	\$0.02 per lb	\$1.72	\$17,200.00	\$0.167 per lb	\$1.53	\$15,330.00	\$0.00 per lb	\$1.70	\$17,000.00	\$0.32 per lb	\$1.38	\$13,800.00
Subtotal				\$787,460.00			\$68,269.00			\$64,366.00			\$48,940.00		
Grand Total				\$3,616,900.00			\$2,900,812.00			\$1,848,934.00			\$1,644,070.00		

I hereby certify Kramer's Iron and Metal as being the highest responsible bidder and recommend the award to them for total estimated price, of \$3,616,900.
 8/26/13
 Date
 Signature