

5.2: CONTRACT C11003 – PURCHASE AND REMOVAL OF SCRAP METAL

Proponent : City of Albany
Owner : City of Albany
Responsible Officer(s) : Executive Director Works and Services

IN BRIEF

- Contract C11003 – Purchase and removal of scrap metal be amended to Sims Metal for a one year period with a mutually agreed one year continuances of a further one plus one year.

**ITEM 5.2: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY**

THAT Council:

1. **ACCEPT the Tender from Sims Metal and award contract C11003 for the purchase and removal of scrap metal from Hanrahan Road and Bakers Junction refuse sites for a period of one year with mutually agreed continuances a further one plus one year.**

BACKGROUND

1. Due to the expiry of the current scrap metal removal contract, tenders were called for the purchase and removal of scrap metal for a period of one year with a mutually agreed extension for a further two years (one year and one year). The tender applies to scrap metal received at both the Hanrahan Road and Bakers Junction refuse sites.
2. Quantities of scrap metal are estimated to be around 1,000 to 1,200 tonnes per annum and the contract provides for their removal at least every six months with the tenderer providing removal trucks and loading equipment.

DISCUSSION

3. Tenderers were asked to provide an annual price which they will pay to the City for scrap metal per tonne for the current and subsequent financial years.

CEO:	RESPONSIBLE OFFICER:
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4. The tender documents included tender evaluation criteria using the weighted attribute method. This method scores the evaluation criteria and weights their importance to determine an overall point score for each tender. The criteria are tabled below:

Criteria	% Weight
Cost	40%
Relevant Experience	30%
Tenderer's Reliability	30%
TOTAL	100%

5. A total of three tender applications were received. One company claimed against the City of Albany's Regional Price Preference Policy. However, this Policy is only applicable when the "City" is "purchasing" goods and services, not when the City is selling goods.
6. The tender evaluation panel was made up of the Manager, Waste Management Strategy and Operations and the Waste Coordinator. The following table details the evaluation ratings as scored on the weighted criteria and the resulting overall evaluation score applicable to each submission.

Tenderer	Cost Score	Relevant Experience	Tenderer's Reliability	Total Evaluation Score
One Steel	Non conforming tender			
Sims Metal	354.8	195	195	744.8
Agscrap	45.2	195	180	420.2

7. One Steel's tender was deemed as non-conforming due to its price submission. The contract requirement was for a fixed price for the financial year but One Steel's preferred pricing arrangement was for a price based on a monthly review of the "Tex Box" (US Ferrous Scrap Export Price).
8. Sims Metal is the current contractor to the City and has performed well using specialised equipment to shred scrap metal on site before removal.

GOVERNMENT CONSULTATION

9. Nil.

PUBLIC CONSULTATION / ENGAGEMENT

10. A request for tenders was published in the West Australian on 6 July 2011 and in the Albany Weekender on 7 July 2011.

STATUTORY IMPLICATIONS

11. Regulation 11 of the *Local Government (Functions and General) Regulations 1996 (Regulations)* requires Council to publicly tender if the contract is, or is expected to be, more, or worth more, than \$250,000.
12. Regulation 19 of the Regulations requires Council to advise each tenderer in writing the result of Council’s decision.

STRATEGIC IMPLICATIONS

13. This item directly relates to the following elements of the City of Albany Strategic Plan (2011-12):

Key Focus Area

Sustainability and Development

Community Priority

Adopt “Green City” principles

Proposed Strategies

Provide incentives and increased options for recycling and reuse of waste

POLICY IMPLICATIONS

14. The City of Albany Tender Policy is applicable to this item and has been complied with.

RISK IDENTIFICATION & MITIGATION

15. The risk identification and categorisation relies on the City’s Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Tenderer failure leaves scrap metal on site for extended period	Possible	Minor	Medium	Weighting was given to the maintenance support of the tenderer as shown in their experience and reliability
Non compliance with contract or business failure	Unlikely	Medium	Medium	General conditions of contract allow for contract termination on the basis of failure to supply services

FINANCIAL IMPLICATIONS

16. The value of this tender is in excess of \$250,000 and therefore the approval is referred to Council for consideration and award.

LEGAL IMPLICATIONS

17. Legal implications are addressed in the City of Albany General Conditions of Contract which forms part of the tender documents.

ALTERNATE OPTIONS

18. Council can accept or reject the tenders as submitted.

SUMMARY CONCLUSION

19. On reviewing the submissions the evaluation team assessed Sims Metal as being the most suitable tenderer across the evaluation criteria in terms of cost, resources, experience, and reliability.

Consulted References	Local Government (Functions and General) Regulations 1995 Council Policy – Purchasing (Tenders & Quotes) Council Policy – Buy Local (Regional Price Preference)
File Number (Name of Ward)	C11001 (All Wards)