

# Agenda Report

May 8, 2023

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: CONTRACT AWARD TO JYD INDUSTRIES INCORPORATED, DBA AARON INDUSTRIAL RECYCLING TO PURCHASE AND REMOVE SCRAP METAL FOR A TOTAL ESTIMATED REVENUE OF \$1,225,625 FOR THE WATER AND POWER DEPARTMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not considered a "project" per Section 21065 of the California Environmental Quality Act ("CEQA") and is therefore not subject to CEQA review pursuant to Sections 15060(c)(2), 15060(c)(3), and 15378 of the CEQA Guidelines; as such, no environmental document pursuant to CEQA is required for the project;
2. Accept the bid dated January 11, 2023, submitted by JYD Industries Incorporated, DBA Aaron Industrial Recycling, in response to the Bid Specifications for Scrap Metals Purchase and Removal for the Water and Power Department ("PWP"), reject all other bids, and authorize the City Manager to enter into a contract for a total estimated revenue of \$1,225,625, which includes a three-year initial contract term and two optional one-year extensions, subject to the approval of the City Manager.

## **BACKGROUND:**

Scrap metals from job sites are regularly delivered to the City Yards. These are discarded into roll-off bins which are labeled by the metal types. Metal types include copper wires, aluminum wires, brass, steel, lead, and ductile iron. PWP warehouse manages the disposal of these materials and as such needs the items to be picked up and recycled.

The PWP warehouse coordinates with a vendor to load, remove and transport metals to a certified weighmaster. This includes labor, materials, equipment, tools and transportation. Proceeds are based on a percentage of the price per pound (or per ton) as quoted for Los Angeles County region in the American Metals Market ("AMM") Index. For each load, the vendor is required to pay the City of Pasadena the percentage of the

price per pound (or per ton) for the specific metal on the day the scrap metal is removed from the warehouse.

On December 15, 2022, the Notice Inviting Bids (2022-IFB-LM-186) for scrap metal purchase and removal was posted online through OpenGov Procurement. On December 22, 2022, the solicitation announcement was published in the Pasadena Press and Pasadena/San Gabriel Valley Journal News. The posting generated notices to all vendors who previously registered with the City for this particular commodity class. A total of eight vendors downloaded the specification, none of which were local. There are no known local vendors for this type of service. Additionally, a mandatory pre-bid meeting was conducted on January 4, 2023. Three vendors attended the pre-bid meeting, and three bids were received by the due date.

On January 11, 2023, bids were electronically received, opened, and evaluated using the AMM index as of December 1, 2022, along with the metal types and estimated weights shown in Table 1 below. Vendors bid on the amount of proceeds paid to the City of Pasadena for each metal type by indicating their markup percentage, shown in Table 2 below.

Table 1 – Estimated Annual Weights and AMM Index as of Dec 1, 2022

Metal Type	Weight	Unit of Measure	AMM Index as of Dec 1, 2022	Total AMM Index by Weight
Insulated Aluminum	20,000	Pounds	\$ .40	\$ 8,000
Steel	88	Tons	\$140.00	\$ 12,320
Insulated Copper	80,000	Pounds	\$2.96	\$ 236,800
Cast Iron	18	Tons	\$140.00	\$ 2,520
Lead Cable	10,000	Pounds	\$2.95	\$ 29,500
Water Meters - Brass	20,000	Pounds	\$2.18	\$ 43,600
				\$ 332,740

Table 2 - Scrap Metal Bid Results:

Vendor Name	Total AMM Proceed Value	Vendor's Share of Proceeds	Bid Amount/Pasadena's Share of Proceeds
JYD Industries Incorporated DBA, Aaron Industrial Recycling	\$332,740	\$87,615	\$245,125
CSC Auto Salvage Dismantling Incorporated	\$332,740	\$162,469	\$170,271
Michael's Metals	\$332,740	\$186,175	\$146,565

JYD Industries Incorporated, DBA Aaron Industrial Recycling was the highest bidder, offering the highest proceeds with the lowest cost to the City of Pasadena. The bid was responsive, responsible, and compliant with the requirements of the specification. Therefore, staff recommends that the City Council award a contract to JYD Industries Incorporated, DBA Aaron Industrial Recycling, to purchase and remove scrap metals for the Pasadena Water and Power Warehouse for estimated annual revenue of up to \$245,125 for three years with two optional one-year extensions, subject to the approval of the City Manager.

**COUNCIL POLICY CONSIDERATION:**

The proposed Material Recovery contract is consistent with the City Council's goal of increasing conservation and sustainability. It also supports the United Nations Urban Environmental Accords of 2005 Action 4 of achieving zero waste to landfills and incinerators by 2040. Additionally, it supports Open Space and Conservation Element of the General Plan by increasing the diversion of waste material~ from landfills through the reduction, reuse, and recycling of wastes to the highest and best use.


**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization of a contract to retrieve and recycle scrap metal from the City Yards within the PWP service territory is an administrative and maintenance activity. The authorization of the proposed purchase order contract would not commit the City to undertaking or approving any actual or specific physical construction activities or any other actions that involve physical changes to the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The total estimated revenue for this contract is \$1,225,625, including a three-year initial contract term and two optional one-year extensions. Estimated revenues of up to \$245,125 will be incurred each fiscal year beginning in FY 2024 and will be addressed in the future annual budget in Power Operating Fund 401 (42400001-701800) and Water Operating Fund 402 (42400002-701800). Indirect and support costs are not anticipated.

Respectfully submitted,

 4/8/2023

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SIDNEY JACKSON  
General Manager  
Water and Power Department

Prepared by:

  
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Oscar Aquino  
Materials and Warehouse Manager

Approved by:

  
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MIGUEL MÁRQUEZ  
City Manager