San Francisco Office of the City Administrator
City Administrator Carmen Chu

As-needed citywide services for pick-up and disposal of City owned scrap metal (TC76617)

File 250250

Office of Contract Administration

Board of Supervisors Budget and Finance Committee

April 23, 2025

Contract Summary

- **Contractor:** Circosta Iron and Metal Co. Inc.
- **Duration:** Five years: June 1, 2025 - May 31, 2030.
- **Anticipated Revenue:** Approximately $891,313 over 5 years. With a 20% market fluctuation on metal prices, OCA anticipates its new Contract could generate up to $1,069,575 over 5 years.
- **Scope**: Circosta Iron and Metal Co. Inc. will provide pickup and disposal services for the City's scrap metal. Pickups will take place at a range of City sites upon the request of individual departments.

What is Scrap Metal?

- **Metal Equipment with No Resale Value**: old street signs, plumbing fixtures, water meters, valves, wire, steel furniture, vehicles, and appliances.

- **Vehicles**: In limited circumstances, the City may sell vehicles and heavy equipment as scrap metal. The City's Central Shops will evaluate vehicles to determine whether to sell at auction or as scrap metal.

Purchasing Authority

- OCA's existing contract for scrap metal pickup and disposal services is also with Circosta Iron and Metal Co. Inc. The contract will expire on May 31, 2025.
- In anticipation of the expiration of this contract, OCA issued an Invitation for Bids on February 7, 2025.
- OCA received 1 responsive bidder.

Request Summary

- Approval of PeopleSoft Contract 1000035528 with **Circosta Iron and Metal Co. Inc**. for as-needed citywide sale of city-owned scrap metal for pick-up & disposal.
- The proposed contract anticipates revenue that may exceed $1 million, which requires approval by the Board of Supervisors.

Reference materials

SF Admin. Code Section 21.03(i)(l)

- SF Admin. Code Section 21.03(i)(l) authorizes OCA to sell surplus assets and requires that such disposal be done in a manner that best serves the interests of the City. This includes:
  - maximize the City's economic return on surplus assets;
  - maximize the reuse of surplus assets by public entities, non-profit organizations and schools; and
  - avoid unnecessary additions to the waste stream.
- Consistent with SF Admin. Code Section 21.03(i)(l), Circosta Iron and Metal Co. Inc.
- will ensure City can sell their scrap metal debris through monthly and as-needed pickups.
- Each sale of scrap metal will be facilitated by individual departments or for fleet related items, through Central Shops.

Pricing Structure

- The fee structure for the contract is based on the American Metal Market ("AMM") price and includes various factors related to payment, adjustments, and reimbursements.
- The AMM price is calculated as the average of the highest and lowest prices for a given metal category during the month of pick-up.
- The payment price includes pick-up times of up to 60 minutes per visit, delivery and removal of debris boxes, and costs related to processing the scrap metal. The net monthly payment is determined by deducting any approved wait time charges and other City-authorized adjustments from the gross amount.

Anticipated Revenue

- Based on scrap metal sales data from 2022, 2023 and 2024, the gross proceeds for Scrap Metal sold to Circosta under its existing Contract 1000035102 averaged $178,263 per year.

- Using this historical data, OCA projects that the gross proceeds for City assets to be sold by Vendor under its new Contract 1000035528 will be approximately $891,313 over 5 years and using a 20% market fluctuation on metal prices, OCA anticipates its new Contract could generate up to $1,069,575 over 5 years.

Est. Total Revenues for Proposed Contract 1000035528 Over a 5-Year Period

2022	$	199,136.84
2023	$	184,948.69
2024	$	150,702.22
Total 3-year Revenue	$	534,787.75
Average Annual Revenue	$	178,262.58
Anticipated 5-year revenue including a potential 20% market fluctuation	**$**	**1,069,575.50**