

February 13, 2025

Alaska Scrap and Recycling LLC (ASR) has developed a comprehensive proposal for the Citywide Scrap Metal Removal project in Valdez, Alaska. This proposal outlines the scope of duties, project timelines, and cost estimates to efficiently manage and recycle scrap metal within the city.

## OVERVIEW

In late 2024, the City of Valdez accepted ASR's proposal to develop a plan for the removal of scrap metal. The primary objective is to systematically collect, process, and transport scrap metal to an off-site disposal facility, ensuring environmental compliance and community safety.

## PROJECT PLAN

### *Ferrous Metals*

- **Mobilization and Processing (May/June 2025):** ASR will deploy a team and necessary equipment to the city's Construction and Demolition (C&D) site to process all the ferrous material. As of October 2024 it was estimated to be 1,000 tons.
- **Barge Logistics (September 2025):** ASR will arrange and secure a barge to ship all processed ferrous material. Prior to the barge's arrival, any additional ferrous material collected since the initial processing will be handled.
- **Barge Loadout:** ASR will manage all aspects of barge loading, including transporting materials from the C&D site.
- **Future Planning:** City officials will work to gain access to various scrap vehicle caches throughout Valdez. These areas will be targeted in future processing and shipping efforts, with ASR prepared to process materials either on-site or at the C&D location.

### *Nonferrous Metals*

- **Program Development (Summer of 2025):** Assist City of Valdez staff to develop Nonferrous Metals collection similar to current brush and white goods systems at the baler facility.
- **Staff Training:** ASR will train City of Valdez staff on sorting and grading various types of nonferrous metals to ensure optimal returns.
- **Purchasing and Logistics:** ASR will purchase the city's nonferrous metals and coordinate/train proper sorting, market preparation to maximize return and shipping logistics in collaboration with Valdez staff. ASR will remain partners with City of Valdez after the program responsibilities are assumed by the City of Valdez staff and the two parties will maintain a buyer/seller relationship moving forward.

### *Car Processing*

- **Equipment Recommendation:** ASR will recommend and facilitate the purchase of a car processing system for the city.

- **Processing and Training:** While processing ferrous metals, ASR will handle all stockpiled cars, removing hazardous fluids and preparing them for baling. This process will also serve as a training opportunity for city refuse employees.
- **Stockpiling:** The City of Valdez will begin accumulating cars for processing, eliminating the need to pay for external hauling services.

## PHASE I PERFORMANCE ASSUMPTIONS

- All metal processing will occur at the City of Valdez landfill site.
- The city will provide ASR with unrestricted access to recyclable metal.
- ASR will assume possession and responsibility for ferrous metals as they leave the landfill to facilitate loading, shipping and sale.
- ASR will produce finished products and stage them at the landfill in preparation for transport.
- ASR will coordinate loading in Valdez and offloading in Tacoma, facilitating settlement of sales with its buyer.
- All metal, including cars, miscellaneous items, appliances, oversized material, or equipment, will be considered finished products once sorted, prepped, baled, and readied for transport.
- The vehicle processing location is to be determined but was initially discussed to be completed at the Bale Facility fire training area. This step involves removing all hazardous fluids to allow for safe transport and baling at the landfill.

*Note:* This phase excludes nuisance property cleanup, as each presents unique circumstances. Timing and approach for each situation will be developed in collaboration with the City of Valdez, property owners, and ASR as access becomes available.

## PHASE I PROJECT TIMING FOR FERROUS METALS

- **May/June 2025:** Mobilize team and equipment to process ferrous material at the C&D site.
- **September 2025:** Arrange and secure a barge for shipping processed ferrous material.
- **Pre-Barge Arrival:** Process any additional ferrous material accumulated since the initial processing.
- **Barge Loadout:** Handle all aspects of barge loading, including trucking material from the C&D site.

## PHASE I PROJECT EXPENSE RANGE, TIMING, MATERIAL SALE, AND TRUE-UP

- ASR will bill the City of Valdez for processing and barge loading fees in the month they occur, based on estimated tons produced.
- While processing metal at the landfill, ASR, at its own discretion, may elect to high-grade non-ferrous metals depending on recovery feasibility. High-graded non-ferrous would not be subject to ASR fees to process, as the cost to sort would be offset by the

value of the commodity to ASR. These tons would not create any expense to the City of Valdez.

- Third-party expenses, including barge, crane, demurrage, wharfage, and maritime insurance, will be passed through to the City of Valdez without markup. ASR will facilitate these expenses on behalf of the city.
- Final payment of tons sold will be used to reconcile estimated monthly processing payments made by the City of Valdez to ASR.
- The City of Valdez may elect to delay barging from one year to the next at its discretion.
- A per-unit fee will be charged for capturing all hazardous materials and shipping them for proper recycling or disposal.

## PHASE I PROJECT ESTIMATE EXPENSE RANGE PER TON / VOLUME

Tons Produced	1	1000	1250	1500	1750	2000
ASR to produce finished product	\$ 229.13	\$ 229,125.00	\$ 286,406.25	\$ 343,687.50	\$ 400,968.75	\$ 458,250.00
ASR barge loading expense	\$ 34.70	\$ 34,697.62	\$ 43,372.02	\$ 52,046.43	\$ 60,720.83	\$ 69,395.24
3rd party expenses for barging, wharfage, Nstar, etc.	\$ 165.00	\$ 165,000.00	\$ 206,250.00	\$ 247,500.00	\$ 288,750.00	\$ 330,000.00
<b>SUBTOTAL COST TO MARKET</b>	<b>\$ 428.82</b>	<b>\$ 428,822.62</b>	<b>\$ 536,028.27</b>	<b>\$ 643,233.93</b>	<b>\$ 750,439.58</b>	<b>\$ 857,645.24</b>
Market value of recycled metal per ton	\$ 213.00	\$ 213.00	\$ 213.00	\$ 213.00	\$ 213.00	\$ 213.00
Total Market Value	\$ 213.00	\$ 213,000.00	\$ 266,250.00	\$ 319,500.00	\$ 372,750.00	\$ 426,000.00
NET cost/ton to City of Valdez	\$ 215.82	\$ 215.82	\$ 215.82	\$ 215.82	\$ 215.82	\$ 215.82

These costs are an estimate for planning and project approval. ASR costs per ton to produce finished product at \$229.13 per ton and load the barge at \$34.70 per ton are not estimates, however, I do not have pricing commitment for third party expenses at current time. The primary driver of this expense is the barge and dock availability after fall ammunition barge. The market value of the material per ton will be predicated on price when the barge arrives at buyer dock.

ASR is committed to providing efficient and environmentally responsible solutions for the City of Valdez's scrap metal removal needs. We look forward to a successful partnership in this endeavor.

Regards,

Jeff Riley  
General Manager  
Alaska Scrap & Recycling