

COUNCIL ACTION FORM

SUBJECT: **WATER POLLUTION CONTROL FACILITY BIOSOLIDS
DISPOSAL OPERATIONS**

BACKGROUND:

On August 24, 2010, City Council awarded a contract to Nutri-Ject Systems, Inc. of Hudson, Iowa in the amount of \$46,200 to complete the first year of a three-year biosolids disposal operation at the City's Water Pollution Control (WPC) Facility. The contract is renewable annually for up to a total of three years, dependent on successful performance by the contractor each year.

The contractor successfully completed year one of the contract; and on August 9, 2011, Council approved a renewal for year two. Unit rates for annual renewals are adjusted based on annual changes in the Consumer Price Index (CPI) and the Construction Cost Index (CCI). For the upcoming renewal period, the price adjustment is an increase of 2.7% from last year's unit rates.

All work on the second year's contract was completed to the satisfaction of staff and in accordance with the requirements of the contract, and final payment has been made. It is being recommended that the Council award a contract to Nutri-Ject Systems, Inc. for the third, and final, year of the agreement in the amount of \$48,974.66. The FY 2012/13 operating budget includes an allocation of \$100,000 for this work.

ALTERNATIVES:

1. Accept completion of year two of the contract and award a contract in the amount of \$48,974.66 to Nutri-Ject Systems, Inc. of Hudson, Iowa for year three of the three-year agreement for biosolids disposal. This new contract represents a 2.7% increase in unit rates over the prior year.
2. Accept completion of year two of the contract with Nutri-Ject Systems Inc. Do not award a contract for year three at this time and direct staff to solicit new bids for biosolids disposal.
3. Accept completion of year two of the contract with Nutri-Ject Systems. Do not award a contract for year three and direct staff to perform the work using City forces. This alternative would necessitate the purchase of an additional tractor (\$185,000), wagon (\$84,000), and lagoon pump (\$207,000) and would divert an estimated 750 hours of staff time each year from other maintenance activities.

MANAGER’S RECOMMENDED ACTION:

After an operational evaluation performed three years ago, it was determined that contracted biosolids disposal was the most cost-effective option. Competitive bids were solicited in the summer of 2010, the low bid was below the engineer’s estimate and within the approved operating budget, and the incumbent contractor has continued to provide satisfactory service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting completion of year two of the contract and approving a contract in the amount of \$48,974.66 to Nutri-Ject Systems, Inc. of Hudson, Iowa for year three of the three-year agreement for biosolids disposal.