

## **COUNCIL ACTION FORM**

**SUBJECT: FERROUS METALS HAULING CONTRACT EXTENSION**

**BACKGROUND:**

On May 9, 2006 Council awarded a contract to Waste Management of Ames for hauling ferrous metals for the Resource Recovery Plant. This contract includes furnishing trailer services and hauling ferrous metals from the Resource Recovery Plant to AMG Resource Corporation in St. Paul, Minnesota. The contract is based on a per-mile, per-ton bid amount and a round trip distance of 460 miles per trip to AMG Resource Corporation. This contract has a provision to cancel the contract if this type of service is no longer needed because of a change in disposal procedures.

The period from July 1, 2010 through June 30, 2011, is the fourth and final optional extension period in this contract. Extension periods are contingent upon approval of funding by Council. The approved 2010-11 budget includes \$91,200 for this work.

The base bid price of \$.0827 per mile per ton is adjustable for each extension period based on 44% of the bid amount based on fuel costs, and on the diesel fuel price index as determined by the IDOT on the March 1 preceding the renewal.

The original base bid price of \$.0827 per mile per ton translated to \$38.04 per ton for a round trip to St. Paul, Minnesota. Under the contract adjustment clause, the contract price would now increase to \$.0872 per mile per ton for 2010-11, increasing the cost for a round trip to St. Paul, Minnesota to \$40.11 per ton.

Total cost of this contract is dependent on tonnage hauled. The budgeted amount will haul approximately 2,273 tons. If tonnage exceeds this amount, the budget will be amended at the appropriate time.

**ALTERNATIVES:**

1. Award a contract for hauling of ferrous metals for the Resource Recovery Plant for 2010-11 to Waste Management of Ames, Iowa, in the amount of \$.0872 per mile per ton, with 44% of this price based on fuel cost.
2. Reject the bid from Waste Management and attempt to obtain hauling of ferrous metals on an as-needed basis.

**MANAGER'S RECOMMENDED ACTION:**

Hauling ferrous metals is an important part of our Resource Recovery Plant's operations, and the bidding process has identified the lowest evaluated price.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract for hauling of ferrous metals for the

Resource Recovery Plant for 2010-11 to Waste Management of Ames, Iowa, in the amount of \$.0872 per mile per ton, with 44% of this price based on fuel cost.