

COUNCIL ACTION FORM

SUBJECT: FERROUS METALS HAULING CONTRACT FOR RESOURCE RECOVERY PLANT

BACKGROUND:

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.

This contract will be July 1, 2011 through June 30, 2012, with four 12-month extension periods contingent upon approval of funding by Council.

The bid price is adjustable for each extension period based on the diesel fuel price index as determined by the Iowa DOT. The adjustment is calculated using the percent of the bid price that the Contractor indicated on his or her bid is based on fuel cost.

Waste Management of Ames is the only bid received for this contract. Waste Management has bid \$.1236 per mile per ton with 44 percent of this price based on fuel cost.

The approved 2011/12 budget for hauling ferrous metals is \$105,300. Total cost of this contract is dependent on tonnage hauled. The budgeted amount will haul approximately 1,850 tons. If tonnage exceeds this amount, the budget will be amended at the appropriate time. **The revenue from the sale of metal to AMG Resource Corporation is estimated to be \$130 per ton, which would equate to total projected gross revenue of \$240,500.**

ALTERNATIVES:

1. Award a contract for the 2011/12 hauling of ferrous metals for the Resource Recovery Plant to Waste Management of Ames, Iowa, in the amount of \$.1236 per mile per ton, with 44 percent 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:

It is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract for the 2011/12 hauling of ferrous metals to Waste Management of Ames, Iowa, in the amount of \$.1236 per mile per ton, with 44 percent of this price based on fuel cost.