

COUNCIL ACTION FORM

SUBJECT: CONTRACT EXTENSION FOR HAULING FERROUS METALS FOR RESOURCE RECOVERY PLANT

BACKGROUND:

On April 26, 2011, the City 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, 2014 through June 30, 2015 is the third of four 12-month extension periods. Extension periods are contingent upon approval of funding by the City Council. The approved FY 2014-15 budget includes \$130,200 for this work.

The base bid price of \$.1236 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 \$.1236 per mile per ton translated to \$56.86 per ton for a round trip to St. Paul, Minnesota. Under the contract adjustment clause, the contract price would increase to \$.1249 per mile per ton for FY 2015, increasing the cost for a round trip to St. Paul, Minnesota to \$57.45 per ton.

Total cost of this contract is dependent on tonnage hauled. The budget amount will haul approximately 2,266 tons. If tonnage exceeds this amount, the budget will be amended at the appropriate time.

ALTERNATIVES:

1. Award a FY 2014-15 contract extension for hauling ferrous metals for the Resource Recovery Plant to Waste Management of Ames, Iowa, in the amount of \$.1249 per mile per ton, with 44% of this price based on fuel cost.
2. Do not exercise the extension option with Waste Management and direct staff to solicit bids for an annual contract from other companies for the hauling of ferrous metal.
3. Reject the bid from Waste Management and attempt to obtain hauling of ferrous metals on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

Extending this contract is the most cost effective way to continue hauling ferrous metals for the Resource Recovery Plant. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby awarding an FY 2014-15 contract extension for hauling ferrous metals for the Resource Recovery Plant to Waste Management of Ames, Iowa, in the amount of \$.1249 per mile per ton, with 44% of this price based on fuel cost.

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