ITEM #:	14
DATE:	03-25-25
DEPT:	PW

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT EXTENSION FOR HAULING SERVICES TO THE BOONE COUNTY LANDFILL

BACKGROUND:

On June 25, 2019, City Council awarded a contract to Waste Management of Ames (WMA) for hauling to Boone County Landfill and related services for the Resource Recovery Plant (RRP) during FY 2019/20. The contract was renewed for four additional one-year terms. A one-year extension was then approved for FY 2024/25 and is set to expire on June 30, 2025.

The contract includes furnishing equipment and hauling of reject materials that cannot be processed into refuse derived fuel (RDF) from RRP to the Boone County Landfill. The approved FY 2025/26 budget includes \$271,180 for this work. The contract is based on a per-mile, per-ton bid amount and a round trip distance of 36 miles per trip. There is a provision in the contract to allow longer hauls up to 120 miles per round trip as well as a provision to cancel the contract if this type of service is no longer needed due to a change in disposal procedures.

The contract price is adjustable monthly throughout the contract period when diesel fuel is at or above \$5.00 per gallon or below \$2.00 per gallon. The fuel adjustment is based on the published index for monthly diesel fuel prices for the Department of Energy's (DOE) "Weekly Retail On-Highway Diesel Prices" for the Midwest region on the first Monday of each month.

At the time of initial contract award in 2019, WMA was the only bid at \$14.14/ton, with a 3.5% increase each year for the initial five years of the contract. The current one-year extension included a price increase of 16% beyond the annual increase of 3.5%, directly related to the increase in costs of doing business (increases in labor, maintenance, insurance, etc.) that occurred over the last several years. WMA did not request any additional increases to the contract renewal.

In February 2024, the Boone County Landfill notified the City that it no longer wished to accept the construction and demolition material from Story County by the end of June 2024, and all Story County municipal solid waste by the end of June 2025. The 28E agreement and Central Iowa Solid Waste Management Association contract is set to expire at the end of June 2025. The City is currently working with other solid waste comprehensive planning areas to accept waste from Story County and the City of Ames once the Boone County Landfill is no longer available.

As the City works to finalize an agreement with an alternative landfill partner, the Boone County Landfill has expressed willingness to agree to an additional two year extension of the current 28E agreement and contract, to accept municipal solid waste through June 30, 2027. This two-year extension will allow the City to construct and implement the new Resource Recovery and Recycling Campus (R3C).

Due to the potential for significant changes to waste hauling and disposal anticipated in the next few years, and the significant equipment requirements of this contract, Resource Recovery is requesting a two-year extension to continue hauling services through June 30, 2027.

Waste Management offered a 5% increase for a one-year extension, or the City can lock in a 5% annual increase with a two-year extension. The hauling rate of materials that cannot be processed into RDF would increase from \$19.50/ton to \$20.48/ton for FY 2025/26 and \$21.50/ton for FY 2026/27.

The two-year extension meets the City's transition date of June 30, 2027. City staff is pursuing the possibility to own and operate the City's own fleet of trucks and trailers and may no longer need the contract. At this point, it will be difficult to find another company that would want to establish service for a two-year contract, knowing there will not be any extensions available. A one-year extension with WMA leaves the final year at risk of a larger increase or the possibility that no companies are able and willing to service the contract. WMA has agreed to a non-appropriation clause for the two-year extension.

ALTERNATIVES:

- 1. Award a two-year contract extension to Waste Management of Ames in the amount of \$20.48/ton for FY 2025/26 and \$21.50/ton for FY 2026/27.
- 2. Award a one-year contract extension for FY 2025/26 to Waste Management of Ames in the amount of \$20.48/ton.
- 3. Rebid the contract.

CITY MANAGER'S RECOMMENDED ACTION:

Landfill hauling and related services are an integral part of RRP operations. The per-ton price for hauling is an acceptable increase and funding for these services is available in the FY 2025/26 Resource Recovery operating budget. The two-year extension provides security for the final years of hauling needs. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.