

ITEM #:	<u>38</u>
DATE:	<u>05-14-24</u>
DEPT:	<u>PW</u>

COUNCIL ACTION FORM

**SUBJECT: AWARD OF CONTRACT 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. That contract was renewed for four additional one-year terms, and is set to expire June 30, 2024.

This 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 2024/25 budget includes \$146,958 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 if diesel fuel is at or above \$5.00 per gallon or below \$2.00 per gallon. This 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 the month.

At the time of initial contract award in 2019, WMA was the single bidder at \$14.14/ton with a 3.5% increase each year. Each renewal of the contract has increased 3.5% yearly to a current rate of \$16.23/ton for FY 2023/24.

The Boone County Landfill has notified the City that it no longer wants 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 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.

Due to the potential for significant changes to waste hauling and disposal in the next few years, and the significant equipment requirements of this contract, Resource Recovery is requesting a one-year extension to continue services for the 2024/25 fiscal year.

Waste Management has offered a one-year extension with no increase to the metal hauling rates; the current haul rate is \$539.41/haul. However, due to substantial increases in pricing experienced by Waste Management over the last three years (labor, maintenance, insurance, etc.), the hauling rate of materials that cannot be processed into RDF would increase from \$16.23/ton to \$19.50/ton. This price increase is 16%, beyond the annual increase of 3.5% and is directly related to the increased costs of doing business (increases in labor, maintenance, insurance, etc.) that have occurred over the last several years when WMA did not request any additional increases to the

contract renewal.

After a new solid waste comprehensive planning area has been identified to accept future waste from Story County and the City of Ames, the contract will be rebid for the 2025/26 fiscal year.

ALTERNATIVES:

1. Award a one-year contract extension for FY 2024/25 to Waste Management of Ames in the amount of \$19.50/ton, up to a total amount of \$146,958.
2. 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 2024/25 Resource Recovery operating budget. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.