

**CITY COUNCIL
COMMUNICATION:**

02-601

AGENDA:

NOVEMBER 18, 2002

SUBJECT:

RECYCLABLES
PROCESSING RFP
RESULTS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM STOWE
PUBLIC WORKS
DIRECTOR

ITEM 40

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On September 23, 2002, by Roll Call No. 02-2332, the City Council authorized the Public Works Department to proceed with issuance of a Request for Proposals (RFP) for the receipt, processing, and marketing of recyclables collected in the city of Des Moines with the intent of producing a revenue. The RFP was sent to three companies and three proposals were received. The proposal from Weyerhaeuser Company (2744 East Market Street, Des Moines, Iowa, Mr. Steve Rogel, President) would yield the most revenue based on historical data for Fiscal Year (FY) 2002. However, other respondents may provide higher revenues in high commodity price markets. Acceptance of any bid will result in the first revenue ever received by the City of Des Moines for its recyclables.

FISCAL IMPACT —

Based on last year's market prices and comparable quantities to those of FY2002, the Weyerhaeuser proposal would yield \$100,840 in revenue for the City of Des Moines relative to \$86,865.59 for Mid-America Recycling and \$49,880.95 for Recycling, Inc.

RECOMMENDATION —

Approve and authorize the City Manager to negotiate and sign a contract with Weyerhaeuser Company for the receipt, processing, and marketing of Des Moines' recyclables.

BACKGROUND —

The City of Des Moines has been collecting recyclables since 1994. All recyclables have been processed under the terms of an agreement the Metro Waste Authority negotiated with a local recycler for all of its 17 member communities. The City of Des Moines has not yet received revenue from the sale of recyclables. An exclusive agreement for the City of Des Moines will now provide revenue.

On October 2, 2002, the City of Des Moines issued an RFP to identify a processor interested and willing to provide for the individual needs for the City of Des Moines, with the intent of producing a revenue. Three companies responded to the RFP and following a review of their proposals and staff interviews, Weyerhaeuser Company was identified as the company that will provide the most revenue based on historical data. Market conditions could

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alter which respondent provides the higher revenue. The term of the initial agreement is three years, with two three-year extensions.

The City of Des Moines required the successful respondent to accept recyclables at a facility within the city. Weyerhaeuser's lease at their current site in Des Moines expires in October of 2005. Weyerhaeuser guarantees to stay in Des Moines; however, they have yet to secure required facilities for their operations beyond October 2005.

While estimated recycling costs for this program remain at approximately \$900,000 annually (\$1.25 per household per month), the revenue from this contract will offset approximately 12 percent of the program's costs.

If approved, staff will immediately enter into negotiations with Weyerhaeuser on terms for a contract to include the City's ability to look directly at Weyerhaeuser markets, accommodation of all five waste streams, and the City's ability to modify waste streams without penalty. Following review of the terms and conditions of the contract by the Legal Department, the City Manager will sign this contract on behalf of the City.

