



# Council Communication

Office of the City Manager

Date

July 14, 2008

Agenda Item No. 73

Roll Call No. 08-

Communication No. 08-413

Submitted by: Richard A. Clark, City Manager

## AGENDA HEADING:

Approve Single-Stream Recyclables Processing Contract with Mid-America Recycling.

## SYNOPSIS:

Based on the Council's selection of Mid-America Recycling as the processing contractor at the June 9, 2008 Council meeting, staff has prepared for Council's consideration a Single-Stream Recyclables Processing Contract with Mid-America Recycling. Mid-America Recycling has served as the City's recycling processor for six years resulting in Des Moines' first-time-ever revenues for recyclables. Mid-America Recycling has committed to building a single-stream recyclables processing facility in the City, making Des Moines the first entity in Iowa to initiate the collection and processing of single-stream recyclables.

Upon Council approval, staff would also issue bids for five automated collection vehicles, purchase 40,000 96-gallon wheeled containers, and proceed to implement a citywide single-stream recycling program by December 2008.

## FISCAL IMPACT:

Amount: \$487,000 estimated annual revenue from sale of recyclables  
\$3,025,000 initial investment to implement program

Funding Source: Funding is available within the current Solid Waste Budget, Curbside Recycling, EN151, PWK100119, page 298, utilizing the City's master lease program for acquisition, not to exceed \$3,025,000.

Conversion to single-stream recycling will require the purchase of an estimated 40,000 96-gallon wheeled containers at an approximate cost of \$2,000,000 and five automated collection vehicles at an estimated cost of \$1,025,000. A staff reduction of six personnel by attrition, along with reduced fuel expenses and reduced landfill fees, would reduce program expenses, yielding a payback period of less than five years.

## ADDITIONAL INFORMATION:

In December 2002, the City entered into an agreement with Mid-America Recycling, and for the first time, received revenues for the recycled materials. Since 2002, recycling participation rates have leveled off, and quantities of recyclables have remained constant at approximately 6,500 tons per year.

To reduce collection costs and increase quantities, the Public Works Department proposes automated collection of single-stream recyclables using wheeled carts and side-load vehicles. If approved, residents would be asked to place all recyclables in a wheeled cart for collection. Wheeled carts would be provided to all residents who opt for this service at no additional charge. Estimating the number of residents who will choose to participate in single stream recycling has been a challenge for providers nationally; however, staff's review of others' experience has lead to the best-case estimate of some 60% participation and the acquisition of 40,000 containers. Additional acquisitions, should participation exceed others' experiences, would be financed by lease-purchase of containers with the estimated avoided cost of recyclables and sale of these materials offsetting the cost of the containers and their debt service.

The Public Works Department recommends converting the City's manual recyclables collection program to single-stream and automated collection. Their research shows that other communities converting to automated collection increased the quantities of recyclables collected and reduced overall program costs. Restructuring of the recyclables collection program appears to be in the best interest of the City.

Some of the key provisions of the contract with Mid-America Recycling (MAR) are as follows:

- The initial term of this Contract is for a period of seven (7) years with up to two (2) additional five-year renewal periods.
- MAR must maintain a Materials Recycling Facility or Materials Receiving Facility and office within the City of Des Moines. MAR is to provide the location of a backup facility within the City of Des Moines for receiving recyclable materials. All sites must fully comply with all applicable zoning or property use restrictions.
- The receiving hours must accommodate the City's collection schedules, including holidays and overtime.
- MAR must pay the City on a monthly basis based on pricing contained in their proposal. Pricing is based on the "metro" alternative (higher than "city only"), estimated at \$487,730 per year.
- In the event MAR contracts with another entity in the State of Iowa for similar services at more favorable rates than Des Moines', then Des Moines will also be entitled to the higher rates.
- MAR will be responsible for the processing of all recyclable materials listed in the RFP. The City reserves the right to add additional types of recyclable materials or to delete materials.
- In the event of MAR's breach of this Contract, defined as 1) Failure to make timely monthly payments to the City or 2) Failure to adequately receive and process the City's recyclable materials, the City may recover liquidated damages up to \$1,500,000, which will be secured by an irrevocable letter of credit.
- MAR may not assign the contract to any party without the written permission of the City Council.
- The City Council will have the right to assign the contract in its sole discretion upon written notice to MAR. This means the contract can be assigned to Metro Waste Authority or any other entity.
- MAR will assist the City in its public education and community information program.

## **PREVIOUS COUNCIL ACTION(S):**

Date: June 9, 2008

Roll Call Number: 08-1056

Action: Acceptance of report from Hearing Officer on appeal of Evaluation and Selection Committee recommendation for RFP for single-stream recyclables processing, rejecting all proposals, and directing City Manager to examine and recommend a new competitive process. (Council Communication No. 08-346) Moved by Hensley to: 1) Find that the evaluation and selection committee was not biased and to affirm the findings and report of the Deputy City Manager regarding the Recycling Inc. appeal. Motion Carried 6-1. Absent: Mahaffey; 2) Reject all proposals received in response to the RFP, per Section 2-758 of the Municipal Code, and Section 16 of the Standard Provisions and Requirements for the RFP. Motion Carried 6-1. Absent: Mahaffey; 3) Waive the use of the RFP proposal process, pursuant to Section 2-710(b), for good cause shown, namely the time and delay involved, and instead to direct the City Manager and Public Works Director to negotiate a contract with Mid-America Recycling, and to bring it back to City Council for review and approval. Motion Carried 4-2-1. Nays: Coleman and Vlassis. Absent: Mahaffey.

Date: February 25, 2008

Roll Call Number: 08-317

Action: Issuance of RFP for single-stream recyclables processing. (Council Communication No. 08-081) Moved by Hensley to adopt; refer to the City Manager to schedule a Council workshop to discuss solid waste and recycling. Motion Carried 7-0.

Date: December 3, 2007

Roll Call Number: 07-2308

Action: Amendment to Recyclables Processing Services Contract with Mid-America Recycling, Inc. for adjustment of prices. (Council Communication No. 07-714) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: December 4, 2006

Roll Call Number: 06-2387

Action: Amendment to Recyclables Processing Services Contract with Mid-America Recycling, Inc. for new per ton recyclable material prices payable to the City. (Council Communication No. 06-765) Moved by Coleman to adopt; refer to the City Manager to look for ways the City can promote recycling. Motion Carried 6-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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