



MEMORANDUM

To: Larry Rains, City Manager
From: Kevin Louis, Public Works Director
Date: May 24, 2019
Re: Recycling Program

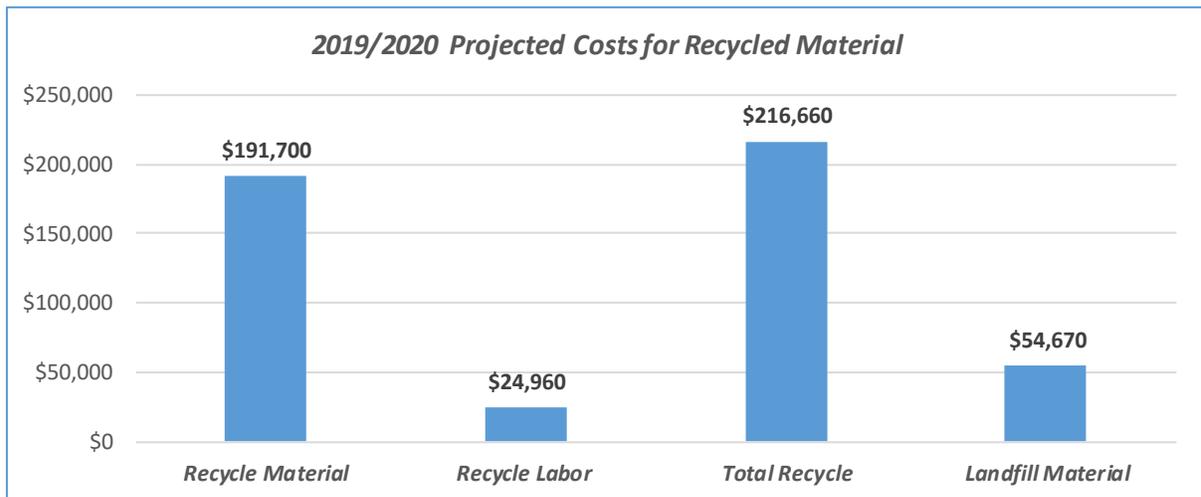
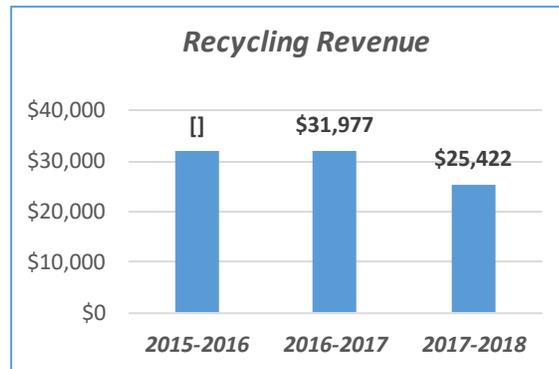
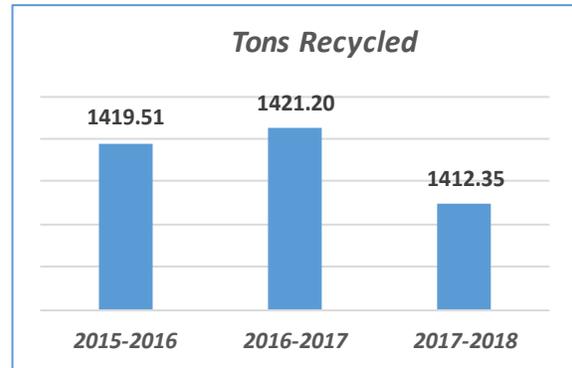
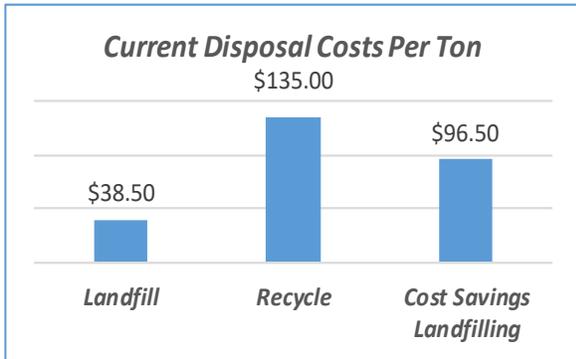
City of Casa Grande Recycling

In FY17-18, we were able to negotiate a one year contract extension for our recyclables, which gave the city \$18 per ton for our co-mingled material. Those materials were collected from curbside pickup program along with our commercial recycling routes. As part of this contract the city was allowed the use of the vendor's equipment to compact the recyclables at no cost, the vendor also covered the transportation costs associated with the material. The contract expired on September 30, 2018.

In July of 2018 we began requesting quotes for our recycling program informally. At that time we were informed by several vendors that we would now need to pay per ton to dispose our recyclables. Formal requests for proposals were then sent out and United Fibers was the lowest cost submitted to the city of was \$67 per ton, plus transportation costs associated with the delivery of material. The agreement also contained an extra cost of \$50 per ton for any load that is contaminated. In order to cover this costs, it was reported during a study session with Council that we would need to increase fees \$2 - \$3 for all residential customers to cover the additional costs associated with the program. At that point, we had no contract and no clear direction on what we were going to do with our program, at which point we began to bale our recycling materials and store them at the landfill.

Prior to this year's budget retreat, staff again reached out to all vendors in the valley. None of them would take our baled material due to the costs associated with un-baling and pulling the material apart. The vendors stated that they cannot accept baled material, the material clumps together and they have no way of breaking it apart so that screens can sort the material properly. The option was available to deliver the material loose, non-compacted at the cost to the city of \$67 per ton plus transportation cost. The vendors stated that they highly recommend not baling material due to the fact that currently baled material has no value. A vendor was found that would take our bales, this vendor is located in Logan, Utah and it would cost the city \$135 per ton (\$60 per ton plus \$75 per ton transportation fee) to dispose of the recyclable material. This vendor also has the same fee of \$50 extra per ton that is contaminated. At this point we are able to dispose of our material for \$38.50 per ton in our landfill.

We recommend suspending the program starting July 1, 2019. We would provide residents with information about recycling locations and acceptable materials at these locations so that they can continue recycling should they choose to. Staff will continue to evaluate all options to develop a sustainable recycling program as the markets evolve from the major impact China has had on the US recycling markets since last year when they stopped buying the vast majority of the USA's recyclable products.



City of Casa Grande Recycling Program



Casa Grande Recycling Program

- Current Commodities contract ended September 30, 2018
- July 2018 RFP for new contract; At that time:
 - Informed by vendors that we would now need to pay per ton to process our recyclables.
 - Lowest cost submitted, \$67 per ton plus transportation.
 - An additional cost of \$50 per ton for disposal of any contaminated loads. (~25% of loads)
 - Materials have to be delivered loose, no longer accept baled material. This would require us to transport using the collection truck and driver

Casa Grande Recycling Program (cont.)

- No current contract for processing of recyclables.
- A \$2–\$3 increase in fees for ALL residential customers would be necessary to cover the additional costs associated with the current levels of the program.
- While awaiting direction, staff began baling and storing recyclables at the landfill. This is no longer practical, as we are running out of room to store material.

Other Communities

- This is a global problem not just local.
- Commodity Markets have all but disappeared.
- Negative value, have to pay someone to take products.
- Hundreds of recycling programs in American cities and towns are collapsing.
 - *May 28, 2019 it was reported by the Arizona Daily Star that Sierra Vista Arizona Curbside Recycling is coming to an end beginning July 1, 2019*
- Several cities and smaller communities around the area are still under contracts with private haulers to provide the recycling services. Once these contracts expire, these communities likely will be faced with the same problems.

Staff Recommendations and Implementation Plan

- Until a sustainable recycling program can be developed at a reasonable cost - **Effective July 1, 2019 suspend the current residential recycling program.**
- Attach a flyer to each blue bin notifying customer of last pickup date, and providing direction to website for more information
 - Website will contain detailed information regarding suspension of program, and options for those who wish to recycle
- Residential customers can keep their blue bins or bring them to a designated drop off location.
- Staff will work with commercial customers to help find alternative vendors for recycling.
- Continue to evaluate all options as the markets evolve.

Future of Recycling

- This is a global problem not just local. Commodity Markets have all but disappeared. Therefore comingled material has a negative value
- Several cities and smaller communities around our area are still under contracts with private haulers to provide the recycling services. Once these contracts expire, these communities likely will be faced with the same problems.
 - *May 28, 2019 it was reported by the Arizona Daily Star that Sierra Vista Arizona Curbside Recycling is coming to an end beginning July 1, 2019*
- Faced with the Nationwide challenges, private parties are looking to construct new facilities to process materials, as well as develop markets for commodities.
- Staff intends to explore:
 - Options and partnerships (i.e. Privatization of the service, other potential commodity streams)
 - Centralized collection/drop-off area where Residents who wish to would still be able to recycle materials
 - Any other realistic options / future-technology and markets which may arise in the future.



Questions?