



City of Casa Grande

Public Works Department

MEMORANDUM

DATE: October 10, 2018

TO: Mayor and City Council through Larry Rains, City Manager

FROM: Terrence S. McKeon, PE

RE: Evaluation of Recycling Program

The market for, and value of, recyclable commodities has been steadily dropping for at least a decade. As the largest user of recyclables, China controls the market. Over the last several years China has been increasing restrictions on what materials it will accept, the level of contamination allowable, and the value of those materials.

In 2017 China placed further restrictions on acceptable materials. Under what is known as “National Sword” China banned 24 types of common recycled materials, and established a 0.5% contamination rate limit. These restrictions make it extremely difficult for processors to produce an acceptable commodity from the recycled waste stream, therefore drastically increasing their costs and reducing profitability.

Although the City has previously been able to generate some revenue for recycled material, the market is now at the point that we must pay a vendor to take our material for processing and recycling. The costs for hauling and processing are extremely high, it is estimated they may be as much as \$264 per ton. This is in addition to the costs for collection which we already bear. This may result in over \$390,000 in costs annually to continue to provide a program.

Furthermore, under “National Sword” China is proposing a complete ban of import of foreign waste materials, including recyclables, starting in 2020. How that will impact the market is not yet known.

Were the City to suspend its recycling program, there would be cost savings. A conservative estimate is that approximately \$414,000 in cost elimination can be realized annually. This would entail the elimination of four (4) positions which are currently being filled by temporary workers, and the elimination of two (2) rear-load trucks. Elimination of this program would also require the reorganization of the Sanitation Division; through reorganization additional efficiencies and cost reductions may be possible.