



Changes to City of Globe Trash Service and the Suspension of Curbside Recycling 6/3/2019

On Tuesday, May 21, the City of Globe City Council voted to modify our contract with Right Away Disposal (RAD) to suspend curbside recycling in the City of Globe, as requested by RAD. These changes will take effect starting June 3, 2019. There are many questions surrounding these changes that this document serves to answer.

Why did RAD ask to suspend recycling in Globe?

This spring, representatives of RAD approached Globe City officials to request the suspension of recycling because of the collapse of the recycling commodity market. In 2016, when RAD bid the most recent Globe contract, the recycling materials market was healthy and thriving. Globe benefited from this market upswing by receiving a lower cost for trash services because RAD had the ability to sell recycled material collected in Globe to subsidize our trash collection cost. Since that time, the international recycling commodity prices have collapsed. China has been the largest purchaser of recycled paper and cardboard; they are currently only buying a fraction of what they bought in 2016. All around Arizona, Cities have struggled to maintain recycling programs. Many communities have faced the same challenge as Globe and have already eliminated their recycling programs including Superior, Show Low, Camp Verde, Kingman, and Safford, because of this international crash in the commodities market.

<https://www.usnews.com/news/best-states/arizona/articles/2019-03-25/tucson-may-temporarily-stop-recycling-glass-and-newspapers>

<https://www.nytimes.com/2019/03/16/business/local-recycling-costs.html>

<https://gilaherald.com/safford-recycling-program-operating-on-life-support/>

Why did the City agree to RAD's request to suspend recycling?

Because RAD based its rates on the market price of recyclables in 2016, after the market crashed, RAD struggled to break even providing trash service to Globe. RAD is a for-profit organization, but if they are operating at a loss, they have the right to exercise the termination clause within the contract. The City voted to suspend recycling in order to guarantee a continuity of trash collection, which was placed in jeopardy by changes in the international market under which RAD or the City of Globe have any control. The bottom line is that if the City did not allow RAD to suspend recycling, Globe faced a real possibility of disruption in all trash collection for all residents.

Was there no other option to allow recycling to stay in Globe?

RAD could have continued offering the collection of recycling if the City would agree to a \$3 per month rate increase. Globe City Council felt this was too much of a burden to place on residents to prop up a recycling program when recycling programs are struggling across the country due to the collapse in the recycling commodities market.

Will we ever have recycling again in the future?

Possibly, if the market for recycling changes. The Council added a stipulation to the contract, stating that if the recycling commodities market recovers to within 85% of the market in 2016 for six months, then RAD will restart recycling in the City of Globe.

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What will change for Residents?

With the end of recycling on June 3, residents will keep their blue cans, and can utilize them for any type of trash as needed. There will be no need for residents to sort their trash during this period. RAD will now pick up both brown and blue cans into the same truck when they make their routes each week. Residents of Globe will now have two cans to place their trash in to be picked up by RAD. Additionally, only one truck will serve residents because there will be no dedicated recycling truck.

Can I put regular, unsorted trash in my blue can for pick-up?

Yes, residents may place regular trash in the blue cans and RAD will collect and dump the blue cans as trash.

When will the changes start?

Recycling in the City of Globe will end June 3, 2019.

If RAD has suspended recycling, why will we still be paying the same amount?

RAD has ended the requirement to separate types of trash and place them in different bins; however, the volume of trash that RAD collects and disposes of has not changed. RAD will continue to use two trucks each day. There will be savings by RAD because they can split the routes and residents will now only have one truck picking up both cans. Still, these savings are offset by the additional costs of landfill dump fees.

Could someone else provide recycling for Globe?

Yes, we are currently looking into options for community recycling collection points for paper, plastic, and glass. Look out for future announcements from the City on community recycling.

Can the City of Globe go back to City collecting trash?

Having the City operate the trash collection service is more costly than hiring a third-party contractor who can operate at lower costs due to specialization and economy of scale. The initial startup costs for the City to provide trash services is between \$1.3 and \$1.6 million. Operational costs that the City would incur will include vehicle maintenance costs, employment costs, landfill fees, insurance, and repairing damaged cans. An initial review of projected costs shows that the City could not match RADs current rates; however, Council has asked staff to do additional research.

For additional information please contact the City of Globe Water Office: 928-425-7146