



# COVID-19 Impacts to California's Recycling Markets

Select Committee on  
Recycling

November 18, 2020



# 2020 in Review

Q1

Q2

Q3

Q4

## PANDEMIC

- National lock-down in March shuts businesses and schools, driving huge shift in volume to residential curb

- Implemented strict safety procedures to protect essential staff
- Commercial volume down 20%+
- Residential Volume up 30%+

- Careful re-opening of states shows some improved volume
- However, resurgence of cases keeps volume recovery at bay

- Work From Home continues
- Major companies projecting return no earlier than July 2021

## RECYCLING

- Monitoring investments in new/renewed domestic mills
- Commodity prices were largely flat from 4Q19

- Shift in material to Residential curb, driving contamination concerns
- Continued investments in sorting technology to improve quality

- Increased demand for Fiber, Aluminum and certain plastics results in modest value improvement
- However, still seeing small and mid-size processors closing doors

- No indication of resolution
- Continued headwinds, made more complex by Pandemic

**China's National Sword is a permanent structural market change; global pandemic placing additional pressure on paper manufacturing**

# Operational Best Practices



**Quickly deployed measures to protect employees and ensure business continuity**

# Shifting Volumes from Pandemic



Small and large container volumes decreased dramatically as businesses, bars, restaurants and schools closed

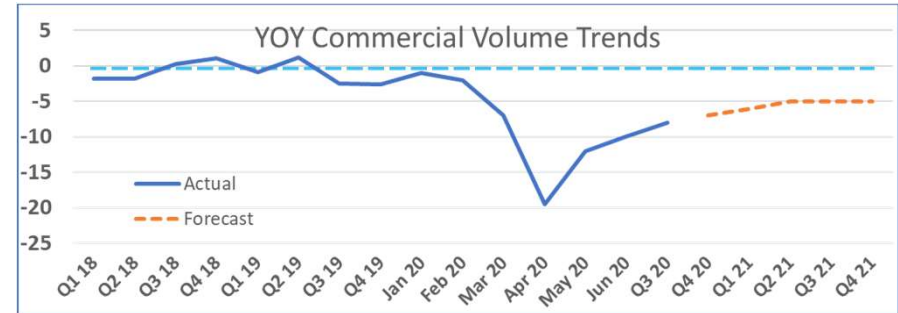
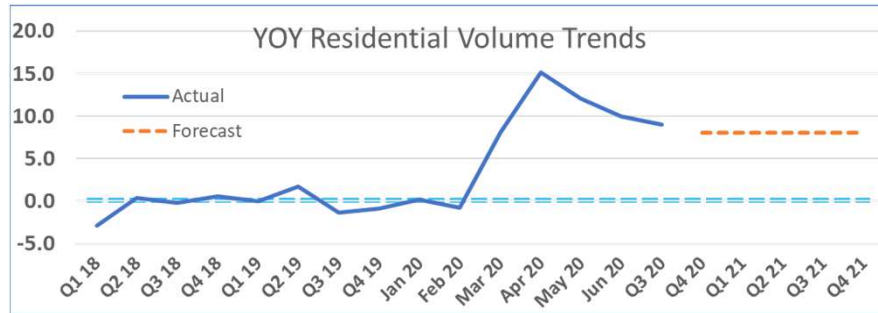


Residential volumes increased as much as 30% during the shelter-in-place weeks.

- Residents forced to remain home
- More family with children home from college and school
- Panic purchasing in early weeks
- More e-Commerce and at-home delivery

**Increased residential volume puts additional pressure on long-term rate requirements**

# Volume Trends As The Country Reopens



## Residential Volumes will remain elevated over trailing 2-year averages by 10%+

- Less than 50% of public are willing to go out other than work, groceries or barber <sup>2</sup>
- More employees will be afforded work from home opportunities <sup>3</sup>
- More e-Commerce and at-home delivery <sup>5</sup>
- Some college students electing to remain home for online learning

## Small and Large Container Volumes will slowly increase, as specific segments struggle to recover, and likely not return fully

- Restaurants seat half their tables <sup>1</sup>
- Less than 50% of public are willing to go out other than work, grocery store or barber <sup>2</sup>
- Businesses will embrace Work From Home for a good portion of their workers <sup>3</sup>
- Hospitality / Travel and Leisure unlikely to recover until late 2021 or 2022 <sup>4</sup>

1 - <https://www.qsrmagazine.com/fast-food/trying-picture-life-restaurants-after-covid-19>

2 - [https://www.ipsos.com/sites/default/files/inline-images/abc\\_covid-19\\_051420\\_1.jpg](https://www.ipsos.com/sites/default/files/inline-images/abc_covid-19_051420_1.jpg)

3 - <https://www.zdnet.com/article/cfos-looking-to-make-remote-work-telecommuting-more-permanent-following-covid-19-says-gartner-survey/>

4 - <https://www.latimes.com/travel/story/2020-04-10/when-will-we-travel-again>

5 - <https://www.theatlantic.com/ideas/archive/2020/04/how-pandemic-will-change-face-retail/610738/>

**The “New Normal” yields a long-term shift in volumes across our contracts**

# Recycling Materials in the Pandemic

## Residential

- Increase in small cardboard (eCommerce)
- Record amounts of aluminum, PET and glass
- Overall, we have not seen dramatic increases in contamination

## Commercial

- Large drops in material, particularly OCC and Office Paper
- More from groceries and big box; less from retail and offices

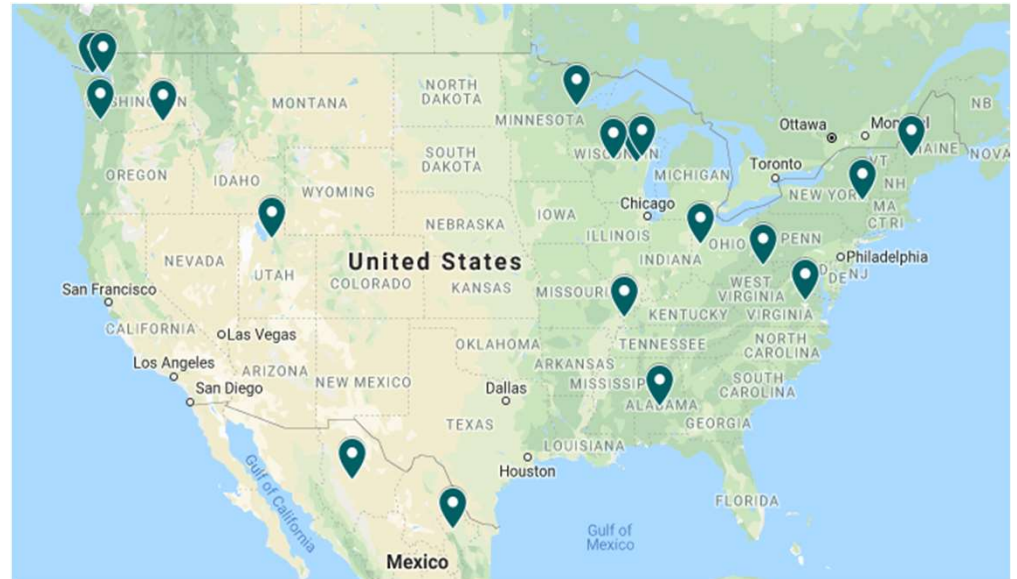
## Industrial

- Limited suspension of permanent business
- Less impact to recycling volumes

**The pandemic has both shifted the volumes between customer segments as well as the type of material collected**

# California Considerations

- Historically, China imported 20M tons per year of recovered paper from North America
- Majority of California recyclables exported for 25 years
- China plans to entirely exit market beginning January 1, 2021
- Investment in domestic capacity is occurring, *limited opportunities for California recyclers*



Source: Waste Dive

## Q1 Commodity Value

- Total Company = \$86/ton
- California Sites = \$137/ton
- CRV adds significant value to PET, aluminum, and glass

## YTD Commodity Value

- Total Company = \$98/ton
- California Sites = \$152/ton

## YOY Volume in CA

- Inbound tons -6.5%
- OCC +15.4%
- Paper -37.7%
- Aluminum +0.4%
- PET +26.6%
- Glass +25.3%

**CRV Curbside Payments contribute to stable recycling rates and continued infrastructure investment**

# America Recycles Day Survey

- Republic Services commissioned survey in 9 cities as part of ARD
- 75% of respondents recognize importance of recycling; only 52% recycle 'most of the time'



We'll handle it from here.®

## Pandemic-Driven Concerns Prompt A Recycling Wake-Up Call

Survey finds 58% of respondents are reevaluating their eco-friendly habits

PHOENIX (Nov. 10, 2020) – In advance of America Recycles Day on November 15, Republic Services (NYSE: RSG) released a survey highlighting how the COVID-19 pandemic has acted as a wake-up call for consumers to live a more sustainable life. Among the eye-opening results, six in ten Americans reported they are worried about the future of the environment — but the pandemic is also helping them change their eco-friendly habits.

## HOW HAS COVID-19 CHANGED LOS ANGELES RESPONDENTS' ECO-FRIENDLY HABITS?

1. I've become more aware of my impact on the environment **60.4%**
2. I've been careful to purchase more eco-friendly products **62.4%**
3. I've worked to waste less/conserve more resources **54.4%**
4. I've been better about sorting my recyclables **30.8%**
5. I've started composting more **48.8%**

## WHAT'S HOLDING LOS ANGELES RESPONDENTS BACK FROM RECYCLING MORE?

1. Lack of space in my home for an extra bin **41.2%**
2. Don't understand what can and can't be recycled **33.6%**
3. Don't think my recycling is actually recycled **33.6%**
4. Lack of convenient access **15.6%**
5. Don't have enough information regarding recycling **24.8%**
6. I'm too lazy **23.2%**
7. Don't believe recycling makes a difference **32.8%**

**Space constraints, confusion, and lack of confidence in recycling are areas of opportunity**





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