



UPDATED FINANCIAL IMPACT ANALYSIS

Introduction

The Resource Recovery Coalition of California (Resource Coalition) was founded over 50 years ago by California-based collection and recycling companies that now operate in over 50 cities and counties throughout the State. Many of our members are third, fourth, or fifth generation family owners who live in the communities they serve. Over decades, our members have worked in partnership with their cities and counties to reduce litter, pollution, and greenhouse gas emissions that create poor air quality in their communities. The solid waste and recycling industry touches every resident and employee in a community, and because our members are part of that same community, they are committed to being excellent service providers and environmental stewards, as well as bolstering the local economy by creating jobs through recycling.

Our members are vital essential service providers, especially during the COVID-19 crisis. They maintain jobs during a time of high unemployment, they provide a sense of normalcy to residents by continuing their routes through the community, and they prevent a future public health and safety hazard that would be caused by uncollected garbage. However, unlike other essential service providers, our members work with no guarantee of payment and now face a significant loss of income as businesses have closed in compliance with stay-at-home orders and are slow to reopen. This challenges the long-term viability of these California companies as we move through this emergency and into recovery.

Background

The Resource Coalition's 33 industry members provide solid waste and recycling services to over 3.1M people in 30 California counties, or at least 20% of the population of Northern California. Member companies provided sensitive employee, expense, and revenue data so as to better determine the financial impact of COVID-19 and extended loss of business on the solid waste and recycling industry in Northern California. This document is an update of the original [Financial Impact Analysis](#) from April 22, 2020.

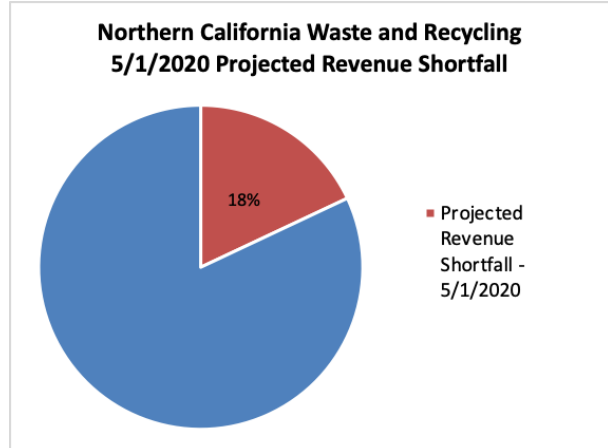
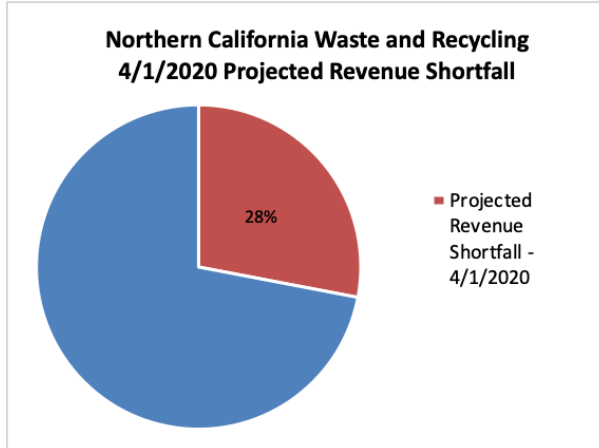
Eighteen members, representing 55% of the Resource Coalition, provided data for analysis. The data was aggregated to provide member anonymity and then extrapolated to draw industry-wide conclusions for Northern California. As most members operate in Northern California, their responses do not support drawing any conclusions about the financial impact in Southern California, where labor and disposal rates are much lower. Therefore, this document focuses on impacts known in Northern California and how they may be extrapolated to the region.



Financial Impact

The original Financial Impact Analysis showed projected reduction in gross revenue at 28% as of April 1, 2020. This reduction was caused by a precipitous drop in commercial and construction service due to business closures in compliance with stay-at-home orders beginning in mid-March 2020. Our members provided updated revenue loss projections as of May 1, 2020 and reported an improved, though still significant, 18% projected decline in gross revenue. While the May 2020 projections are better, the industry is still facing a substantial loss that no industry can sustain long-term. The May 1, 2020 projections account for, among other things:

- Extended stay-at-home orders through May 2020. This means most non-essential businesses will remain closed through the end of the month causing continued loss of commercial service and revenue.
- Easing of some stay-at-home order restrictions. This means an anticipated uptick in service and revenue as some construction projects resume and a very limited number of businesses reopen.
- Short-term funding some members were able to receive through the Federal Paycheck Protection Program (PPP) or other aid programs.
- Actual business in April 2020 as compared to earlier projections.



Access to financial relief through the Federal Paycheck Protection Program (PPP) or other programs has been inconsistent. Eight member companies responded to an informal survey regarding what type of funding they may have secured and what effect that would have on alleviating some of the financial strain. All of these members tried to access the PPP for financial relief. Two of the eight members exceeded the employee limit to qualify, one due to the Business Affiliation Rules. The remaining six members were able to secure PPP funding. At least three believe the loan will cover most if not all of their immediate losses, provided greater economic hardship does not continue



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much longer; one was not able to secure as much funding as was applied for; and one says it is too soon to tell what impact funding will have on supporting the company.

Because only 24% of Resource Coalition industry members responded to the informal funding survey, the data above is anecdotal. However, when compared to the updated May 1, 2020 financial impact projections, we can determine that access to PPP funding was inconsistent among our members and covered only immediate, short-term losses. We anticipate the full impact of the COVID-19 crisis on the industry may not be felt for several months, and long-term recovery will be slow and difficult. Additionally, a potential second wave of closures in the fall and winter would put significant strain on the industry once again.

Recovery

As unemployment claims in California top 4.7M and we see the most significant fiscal impact since the Great Recession in 2008, local economic stimulus and green job creation is more important than ever. Cities and counties need direct and flexible state and/or federal money so they may continue to provide and support essential services, including solid waste and recycling services, and lead the recovery in their communities.

The waste and recycling industry is a key player in economic recovery and reducing unemployment. California's statewide recycling rate has been steadily decreasing since 2014, and, as of 2018, the most recent year analyzed, stands at just 40%, falling far short of our 75% goal.¹ The solid waste and recycling industry in Northern California alone currently employs over 11,000 full-time employees. CalRecycle has determined that achieving our 75% recycling goal could generate more than 100,000 new green jobs. The amount of jobs varies depending on what type of material is being managed and how, but processing and manufacturing of materials generate 2 to 11 times more jobs than collection and landfilling. Overall, this results in an average of 5.7 jobs for 1,000 tons recycled.²

Summary

The State has a vested interest in supporting California-based essential solid waste and recycling service providers that are committed to the health of their communities. These service providers, in partnership with their cities and counties, will create thousands of skilled green jobs, ease the financial burden on residents, and bring California closer to achieving its environmental goals.

We aim to update this financial impact data throughout the COVID-19 emergency and recovery. Please feel free to reach out with any questions to the Resource Coalition representatives below:

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¹ CalRecycle, *State of Disposal and Recycling in California for Calendar Year 2018*, April 6, 2020.

² CalRecycle, *AB 341's 75 Percent Goal and Potential New Recycling Jobs in California by 2020*, July 2013.