



Solid waste collection and processing is an essential public health and safety service, and it is imperative that it continue during this coronavirus pandemic emergency situation. The Resource Recovery Coalition of California (Resource Coalition) members are working diligently with their local jurisdictions to continue to provide service to avoid any additional hazards caused by uncollected waste. Please see our [earlier guidance from March 16, 2020](#).

Given the rapidly evolving crisis, the Resource Coalition has identified the top five issues as we see them now for both short-term continued operation through this emergency and long-term recovery of the solid waste industry.

1. Short-term funding to address immediate cash flow issues as well as long-term sustainability

In most service areas, commercial rates account for the majority of revenue generated and are used to subsidize residential rates. The shelter in place orders are closing many businesses resulting in loss of commercial accounts. Our members are receiving increasing daily requests from their commercial customers for reduced, suspended, or cancelled service. In one of our member companies, this results in a significant monthly short fall of 56% of the money needed to cover costs and remain operational.

Many of our members are having immediate cash flow issues. Short-term funding is needed for our solid waste industry companies to continue to pay their employees and operating costs so they can maintain essential solid waste collection and processing services.

Additionally, solid waste companies employ highly trained and skilled workers, such as collection truck drivers. A shortage of drivers existed even before the current crisis. If currently employed drivers leave their companies because they fear their companies will not be able to meet payroll, it will be impossible to replace them.

Solid waste companies need immediate, direct relief to continue service and prevent increased public health and safety issues associated with uncollected solid waste. All companies will be cutting costs to the extent possible as they experience commercial revenue losses, however, fixed costs cannot be reduced. Therefore, a revenue loss of the magnitude cited above, if it continues for an extended period of time, will severely jeopardize the financial viability of most companies.

In the immediate short-term, some companies may be able to obtain bank financing to make up revenue shortfalls on a temporary basis. However, absent a source of repayment, the loans are unlikely to be made or, if they are, they may severely threaten the companies' long-term viability. Government funding, in the form of direct payments, grants, loans, bonds, tax exemption, or other, is needed to keep the solid waste industry operating.



Simultaneously, companies will begin to trigger certain provisions of the service contracts they have with their cities and counties. These contracts compensate solid waste service providers for their costs of collection, processing, and disposal plus a limited profit. Cities and counties calculate what residential, commercial, and industrial accounts will pay for service (the rates) such that they yield sufficient funds to pay the solid waste service provider. Most contracts have a *force majeure*, or “unforeseen circumstances,” provision which can be used to adjust the rates and services provided in the contract to adapt to a *force majeure* event. Therefore, theoretically, if commercial revenue drops precipitously due to the State of Emergency and shelter in place or similar orders, the contracts could be adjusted to increase rates to compensate the solid waste service provider. This is unlikely to solve the cash flow issue in this situation, however, because the residential rates are the only ones that can be raised to offset losses in the commercial sector. Many city and county residents have been laid off or have other financial issues due to the coronavirus crisis, and their municipalities will not want to increase their rates.

Therefore, while some companies will try to get temporary loans from their banks to cover this substantial revenue shortfall, government funding will be needed to prevent jeopardizing the survival of the solid waste service provider or putting this financial burden on the already struggling residential ratepayers. This funding should come from federal recovery packages as well as the State General Fund or special funds, such as the Greenhouse Gas Reduction Fund under the Cap and Trade Program. Funds could then be allocated in an equitable manner across all essential solid waste service providers in California according to employment data from sources such as the Workers’ Compensation Insurance Rating Bureau and the Employment Development Department.

2. Moratorium/flexibility on compliance mandates

Our member companies will continue to collect and process material as long as they can, to the extent they can. That said, COVID-19 virus-related issues are developing rapidly, and material processing ability is already being impacted for a variety of reasons, including:

- Limited availability of masks, gloves, and other personal protective equipment, as well as sanitizer and other cleaning and disinfecting supplies. These items are already in short supply due to panic buying by the general public and prioritizing healthcare industry use.
- Difficulty of some sort line employees to socially distance based on sort line configurations.
- Reduced employee availability as employees need to stay home in the event they become ill or to care for their children out of school or other family members that may be ill.
- Difficulty moving processed recyclable material off-site due to transport and shipping slowdowns.
- Cash flow issues, as discussed above.



To address these issues, the industry needs an immediate moratorium on state and local compliance mandates and permit requirements. These include, but are not necessarily limited to:

- **Diversification Mandates:** Materials will continue to be collected. However, as processing facilities reduce or suspend operations for the reasons listed above, that material will need to be landfilled. Additionally, as recyclable material becomes more difficult to market, due to transport and shipping slowdowns, and processing facilities begin exceeding storage space, that material may need to be landfilled as well. Local jurisdictions must be able to act quickly and efficiently to allow disposal of materials to avoid public health and safety issues. To do so, they must be assured they will not be penalized in the event they are unable to meet their diversion mandate.
- **Hours of Service and Operation:** To address reduced workforce and operational capacity, solid waste companies may need to modify their operations in ways that are inconsistent with their permits or other agreements. This may include, but is not limited to, requiring drivers to work longer hours to cover additional routes or extending facility hours to continue safely processing material.
- **Storage Times and Capacity:** Processing facilities are already having a difficult time moving processed recyclable material due to transport and shipping slowdowns. To continue safely processing material to the extent they can, facilities that can store material on-site in a way that protects worker health and safety need a waiver regarding how much material they can store and for how long.
- **Tonnage and Vehicle Limits:** As facilities reduce their operational capacity, other facilities may be subject to greater demand, such as material recovery facilities (MRFs) that are still able to safely process material and landfills that will need to accept more material than usual. In all cases, daily tonnage, vehicle, and other applicable limits must be waived to ensure material is able to continue moving safely through our collection, processing, and disposal system.
- **Additional Compliance Timelines:** Increased employee absences may result in missed compliance deadlines. Compliance timelines should be relaxed if doing so does not impact public health and safety or the environment. Additionally, if events develop such that completing a compliance task would violate other emergency laws in place or endanger employees or the public, enforcement of that task should be suspended.
- **Other:** Industry resources, both operational and financial, are already being stretched and must be focused on addressing the evolving emergency, which includes maintaining operations and paying employees. Regulations which are not immediately necessary, would



increase operating costs, and may impede continuing service during this crisis should be delayed.

3. Direction from CalRecycle providing reassurance/coverage to Local Enforcement Agencies

Our members have been working diligently with their cities and counties to adapt their operations to continue to provide service as the coronavirus increasingly impacts their ability to do so. CalRecycle has already directed the Local Enforcement Agencies (LEAs) to the [Emergency Waiver of Standards](#) and the [Additional Storage of Recycled Materials at Solid Waste Facilities](#) guidance pages on their website, which is helpful.

Additional communication from CalRecycle is necessary to provide:

- Reassurance to local jurisdictions that they will not be penalized in the event they are unable to meet their diversion mandates.
- Explicit guidance to LEAs encouraging them to use existing emergency waiver tools expeditiously.
- A commitment to swiftly developing additional measures if and when existing emergency tools are inadequate to handle this unprecedented and rapidly evolving situation.

4. Direction from CalEPA prioritizing moving and managing material only

Solid waste collection and processing companies have already had to refocus resources to allow non-operational office staff to work remotely and address shelter in place orders, provide coverage for operational personnel who are unable to come to work, and continue operating in the face of imminent and substantial loss of revenue, as discussed above. All limited resources must be focused on dealing with the immediate emergency, which will continue for an undetermined period of time.

CalEPA can support these efforts by directing its boards and departments that safe material movement and management is the priority during this emergency time. In addition to relaxing regulatory requirements, as discussed above, this includes reevaluating other regulations and policies that are currently under development by various boards, departments, and districts. In the short-term, this may include actions like suspending public comment deadlines as our members do not have the time or resources to adequately analyze and respond to complex regulatory packages.

Additionally, as discussed above, the solid waste and recycling industry will be severely financially impacted by this crisis requiring a multi-year recovery. In the longer-term, as the immediate emergency lifts, regulation and policy development must be prioritized in a way that supports continued recovery of the industry.



5. Mid- and long-term funding and permit streamlining for infrastructure and market development

As discussed above, the solid waste and recycling industry anticipates moving a lot of material to landfill during this emergency, followed by a multi-year recovery period. The recovery will require support for improved and expanded infrastructure and markets to get California back on track with its waste diversion and climate goals, to provide financial stability to our industry service providers, and to shore up the industry against future crisis events. State funding and a streamlined permitting process will be needed to maximize the impact of private investment as the industry emerges from this emergency period.

The Resource Coalition acknowledges that this is an unprecedented situation. Our members are committed to working together with their cities and counties to provide safe solid waste collection and processing service through this crisis and beyond. Please feel free to reach out to the Resource Coalition representatives below at any time:

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