

April 3, 2020

The Honorable Gavin Newsom
Office of the Governor
California State Capitol
Sacramento, CA 95814

Re: Solid Waste Industry Emergency Relief

Dear Governor Newsom:

We the undersigned, represent a large portion of the solid waste collection and processing industry throughout the State of California. Included in this group are many small family-owned businesses as well as regional and national waste haulers. Our front-line workforce is responsible for the removal, processing, storage, and disposal of residential and commercial solid waste and hazardous waste throughout the state. These services have been deemed part of the essential infrastructure by the Department of Homeland Security's Cybersecurity & Infrastructure Security Agency (CISA), as well as your Executive Order N-33-20, on March 19, 2020. Federal, State and local authorities have recognized the necessity of a robust, seamless solid waste infrastructure during the COVID-19 crisis to maintain public health, safety, and security. However, our ability to provide these services will soon be undercut by the severe decline in revenues we are experiencing due to larger economic impacts associated with the COVID-19 response.

The purpose of this letter is to accurately describe the scope and urgency of the operational threat to the solid waste industry; and to ask for the Administration's assistance to ensure that we can continue to provide this essential public health service to all Californians.

California's Solid Waste System Structure

In California, solid waste management and recycling standards are set by the State. As an example, state law requires the removal of putrescible waste at least once per week. Responsibility for implementing this and other requirements is passed on to regional and local governments and joint power authorities. In most cases, local governments contract with solid waste management companies to provide collection, processing, and disposal services for their communities in a manner consistent with statutory mandates. The jurisdictions and service providers negotiate rates for service with the intent to cover the costs associated with these activities; and the costs are distributed across the businesses and residents of a service area. This model, which has worked efficiently for many decades, has been disrupted with the abrupt closure of nearly every business in the state.

California's solid waste system performs efficiently because of the robust workforce of collection drivers, mechanics, material handling sorters, operating engineers, and laborers. We estimate that the combined wages for California's front-line solid waste collection workers alone

total \$100,000,000 per month. Payroll and associated health and welfare benefits account for 30-50% of operating costs for most solid waste companies. Other significant costs that are covered by local rates include operating expenses such as fuel and gate fees at processing and disposal facilities. Rate calculations also consider debt service for capital expenses including collection vehicles, processing equipment, and facilities.

In addition, rates cover regulatory costs such as fleet upgrades mandated by the California Air Resources Board, landfill closure and post closure costs, franchise fees (which are paid to the local jurisdictions), and other requirements to meet stringent health, safety, and environmental standards.

While rates for and terms of service are set by agreements between the jurisdiction and the service provider, residents and businesses are directly responsible for payment. Customers are typically billed directly on either a monthly or quarterly basis. Commercial accounts – which include small businesses, office complexes, multifamily apartment complexes, and construction sites – make up a significant portion (30-60%) of a solid waste collection company's revenue, more so in dense urban areas.

COVID-19 Related Economic Impacts

Many service providers are now facing a pronounced loss of income as businesses are forced to close to comply with shelter-in-place orders to slow the spread of COVID-19. This unprecedented reduction in commercial activity has caused some operations to experience significant (10-50%) reductions in commercial accounts. These companies have already seen a 10-30% decrease in commercial revenue and estimate these losses will grow as the crisis continues. We expect many additional customers will be unable to make their payments due to the economic hardships of COVID-19, once they receive their bills.

Many companies are already implementing operational adjustments to reduce costs, however the loss of commercial revenue in the immediate future and beyond will likely require the consideration of additional operational reductions which could impact the ability to continue to provide the essential residential services.

We are concerned that a continued revenue reduction of this scale will soon compromise the industry's ability to sustainably cover the labor and fuel cost necessary to provide these essential services. We anticipate the impacts of the COVID-19 pandemic on our revenue will be dramatic and imminent, and we need immediate action to prevent an additional and significant public health hazard.

Industry Requests:

- **Prioritize COVID-19 testing and facilitate procurement of personal protective equipment for front-line employees of the solid waste and recycling industry to protect against a potential spread of the virus amongst the essential infrastructure workforce.**

- **Appropriate emergency funding to be accessed by solid waste management service providers for the following purposes:**
 - **Establishing a system to compensate the waste and recycling industry for providing services to protect public health and safety that would otherwise go unpaid by customers during the COVID-19 state of emergency.**
 - **Providing additional financial assistance based on specific need, as smaller solid waste management service providers may need greater levels of temporary financial assistance to continue to provide essential services to the public.**
- **We ask the Administration to explore opportunities for regulatory relief for critical infrastructure, which is necessary for the collection, processing, transfer, and disposal of solid waste; critical infrastructure would include facilities and collection vehicles.**
- **Designate a member of your senior staff to act as a liaison with the solid waste and recycling industry to facilitate discussions around the above requests.**

We are seeking this assistance to prevent disruption in operations and provide continuity of essential services through this emergency and during the inevitable recovery. We request that your office and the undersigned solid waste industry representatives discuss the matter in the coming days.

We need the essential workers of our industry safely out on their routes and at our processing facilities to protect the critical public health infrastructure this industry and local governments have worked together to build. We look forward to working with you to find practical solutions to these issues and to serving the people of California through and beyond this crisis.

Sincerely,

The California solid waste and recycling industry companies and organizations listed below.

 since 1924 Matthew Kotangian <i>General Manager</i>	 6500 Buena Vista Rd Lone, CA 95640 209-274-2237 acsawaste.com Paul Molinelli Jr. <i>General Manager/ Vice President</i>	 Alameda County Industries <small>We are proud to be your service provider for Recyclables, Organics & Garbage</small> Chris Valbusa <i>General Manager</i>	 AMERICAN RECLAMATION John R. Gasparian <i>Chief Executive Officer</i>	 Amador Valley Industries Gina Cardera <i>General Manager</i>	 ATLAS DISPOSAL Dave Sikich <i>President</i>
 Shawn Guttersten <i>Vice President</i>	 BLUE LINE TRANSFER, INC. Ron Fornesi <i>Director</i>	 CWRA <small>CA WASTE & RECYCLING ASSOCIATION</small> David Fahrion <i>Chief Executive Officer</i>	 CAL-WASTE <small>RECOVERY SYSTEMS</small> Dave Vaccarezza <i>President</i>	 CLOVER FLAT <small>RESOURCE RECOVERY</small> Christy Pestoni <i>Chief Operating Officer</i>	 Shane Gusman <i>Director</i>



Dan Agajanian
Chief Executive Officer



Mark Figone
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Rich Dubiel
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Robert Rodriguez II
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Christy Pestoni
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Jeff Tillman
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Jeff Dobert
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Alan Marchant
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Mark Blackburn
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Christy Pestoni
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David Perez
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Waste Connections, Inc.
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Jay Ware
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CC Ana Matosantos, Cabinet Secretary
Keely Bosler, Director, Department of Finance
Jared Blumenfeld, Secretary of Environmental Protection
The Honorable Toni G. Atkins, Senate Pro Tem
The Honorable Anthony Rendon, Assembly Speaker
The Honorable Holly J. Mitchell, Senate Budget Committee, Chair
The Honorable Phil Ting, Chairman, Assembly Budget Committee, Chair
Ken DeRosa, CalRecycle, Acting Director