



Unsustainable Revenue to Support Sustainability Services

There's no doubt: all of America is hurting. The health crisis is exponential, and many sectors of our commerce have come to a virtual standstill. More conditions could have been attached to the \$2 trillion federal bailout that both support working Americans and independent essential public services such as solid waste collection, recycling and composting.

The [Resource Recovery Coalition of California](#) “has requested that the State appropriate funds, whether from the federal emergency aid package, State Reserves or General Fund, special funds, such as the Greenhouse Gas Reduction Fund under the Cap-and-Trade Program or the Beverage Container Recycling Fund, or a combination of those options to establish a fund that would temporarily support the companies and their employees in an amount sufficient to keep the companies operationally viable. The Resource Coalition proposal would set the fund at an amount sufficient to reimburse the companies for the cost of labor and benefits for their employees for a period of one year, with retroactive application to March 19, 2020, when the state-wide stay-at-home order was issued. A state agency, such as CalEPA or the Employment Development Department, would administer the fund. Companies would apply for grants from the fund, based on need. Local jurisdictions who provide solid waste services with their own municipal resources would also be eligible. Distributions would be made directly to the service provider on a weekly basis and be based on verified payroll records.

The Resource Coalition estimates that the fund would require an initial minimum balance of at least \$1.2 billion to cover state-wide collection payroll and benefit costs for one year. This number is only an estimate and would need to be increased to account for post-collection and recycling

labor. The Resource Coalition fully understands the magnitude of this request, but if moneys in this range are not provided, the companies will ultimately start going out of business, and, because this is an industry-wide issue, another service provider cannot simply step in and take over. Even the largest entities, in fact any business, cannot long survive a revenue reduction of as much as 50%, as many of these companies are facing. Put another way, the total cost of this proposal would have to be paid by all California taxpayers if there were no solid waste service providers. Indeed, there will be significant General Fund impact or obligations to directly pay for services if the solid waste service providers start disappearing due to financial losses.

These companies generally live in the communities they serve, and, for decades, they have invested in solid waste and recycling processes and technologies in their communities that have bolstered their local economies and created a significant number of jobs. As substantial local employers, relief is needed to maintain current jobs and increase employment as we recover from this crisis. The companies are doing their best to avoid layoffs of their valued employees, and if they are going to be able to ramp up service post-crisis, they will need to retain these employees. This proposal will prevent disruption in operations and provide continuity of essential solid waste services through this emergency and during the inevitable recovery, while allowing employees to continue to support their families.”

Devolving back to the eighties for “One Pass” collection that commingles garbage with recyclables and organics for direct landfill disposal should be an action of last resort. Cart distancing without commingling needs to be maintained as long as there is adequate labor with safety gear and financial resources to do so.

Executive Order

The solid waste and recycling industry is an essential public service, as we are on the front lines collecting, processing, and handling materials. Governor Gavin Newsom issued an Executive Order on March 21, 2020 that expands the State's response to the COVID-19 outbreak and discusses the need for emergency necessities be unrestricted or delayed. The order allows local governments more flexibility to utilize the skills of retired employees and reinforces the importance of the delivery of food, medicine, and emergency supplies.

With [Executive Order N-35-20](#), any local ordinance is suspended to the extent it restricts, delays, or otherwise inhibits emergency necessities. In accordance with this order, the State Public Health Officer has designated "Essential Critical Infrastructure Workers" to help State, local, tribal, and industry partners as they work to protect communities, while ensuring continuity of functions critical to public health and safety, as well as economic and national security. "Essential workers" includes support to ensure the effective removal, storage, and disposal of residential and commercial solid waste and hazardous waste.

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 members and the solid waste industry as a whole are working diligently with their local jurisdictions to continue to provide service to avoid any additional hazards. The Resource Coalition released a series of papers including: a [Guidance Document](#), [Relief Document](#), [Funding Proposal](#), and a [Press Release](#).

Bills and Bonds

California lawmakers approved a plan on March 16, 2020 to spend as much as \$1 billion on the State's emergency medical response, as it readies hospitals to combat an expected onslaught of patients due to the novel coronavirus pandemic. It will also fund two additional hospitals in California amid concern that the State does not have the capacity to care for a surge of patients. The bill appropriates \$500 million for emergency response from the State's general fund with an additional \$500 million available if needed.

The California Legislature then voted to suspend its 2020 session for nearly a month in response to the coronavirus outbreak that has infected hundreds of Californians. Lawmakers on March 16, 2020 voted unanimously to recess from March 20 until April 13, though that date is subject to change, and will probably be extended. When the Legislature reconvenes, there will be a renewed focus at the Capitol on key issues around COVID-19, where each legislator may be limited to just a handful of other bills.

Governor Gavin Newsom estimated that more than half of California's 40 million people could be infected by the coronavirus during the next two months. With an expectation of huge expenses to California, the Governor's proposed Climate Budget with a \$4.75 Climate Resilience Bond measure may be set aside. Cap-and-Trade revenue may also be at risk next year. Recology's push to get signatures for a November ballot Initiative in California that takes aim at the single-use plastics industry has been temporary suspended due to social distancing requirements.

[AB 1567 \(Aguiar-Curry\)](#)

TOPIC: Organic Waste: Requires the Strategic Growth Council to develop a scoping plan for the State to meet its organic waste management mandates, goals, and targets. It would also require the scoping plan to include among other things, recommendations on policy and funding support for closing the loop on carbon-neutral or carbon-negative organic waste management practices.

STATUS: Passed Assembly (78-0). In Senate Rules waiting assignment

[SB 667 \(Hueso\)](#)

TOPIC: Greenhouse Gases: Requires CalRecycle, by January 1, 2020, to develop a five-year strategy to meet the State's organic waste and diversion goals by supporting organic waste infrastructure development.

STATUS: Passed Senate (30-0), In Assembly

[AB 2680 \(Aguiar-Curry\)](#)

TOPIC: Direct land application of green waste. This bill would require the department, on or before January 1, 2022, to adopt regulations establishing a local permitting and enforcement process for the land application of green material derived from the municipal solid waste stream. The bill would require the regulations to require an entity that engages in the land application of 250 or more tons of green material per year on a single parcel of land to notify the local enforcement agency and to prohibit the land application of 1,000 or more tons of green material /year without an SWFP.

STATUS: 3/17/20 - Re-referred to ANR

[SB 1191 \(Dahle\)](#)

TOPIC: Good Faith Efforts for SB 1383 - This bill would require CalRecycle, in determining whether or not to issue a compliance order or impose a penalty on a local jurisdiction pursuant to those provisions, or in determining the amount of any penalties imposed pursuant to those provisions, to consider specified information, including whether a local jurisdiction has made a good faith effort.

STATUS: Re-referred to Senate EQ



“We will continue to serve Californians.” The member companies of the Resource Coalition, where most members of the California Compost Coalition are also members of the Resource Coalition, provides solid waste and organic waste collection and processing services in California. During these uncertain times, and as an essential industry, the Resource Coalition believe it is important to do their part in the effort to fight COVID-19, as well as provide a sense of routine for all Californians.

As an industry, the Resource Coalition has taken the following steps:

- Resource Coalition members are working diligently with their local jurisdiction partners to continue to provide service to avoid any additional public health and safety hazards caused by uncollected waste.
- Resource Coalition members have been provided a guidance document on how to ensure worker safety, based on CDC and OSHA guidelines, during the COVID-19 pandemic.
- Many solid waste and recycling companies have already implemented work-from-home policies for office staff where possible to prevent the spread of infection and keep employees safe.
- All solid waste and recycling facilities have been advised to consider suspending nonessential on-site activities. This may include activities such as facility tours, public drop-off, in-person bill pay, and other similar activities. Notice will be provided to customers that all best efforts will be taken to address questions and concerns via phone, email, or website communication.

The Resource Coalition has developed this [Guidance Document](#) to help local and State government agencies understand how the solid waste and recycling industry will continue to provide essential collection and processing services in the event operational personnel are

unavailable due to COVID-19 related issues. Additionally, the Resource Coalition advises our solid waste and recycling industry member companies to follow the worker safety guidance released by the Federal and State government, and the major national trade associations.

Given the rapidly evolving crisis, the Resource Coalition has identified the [top five issues](#) as they 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
2. Moratorium/flexibility on compliance mandates
3. Direction from CalRecycle providing reassurance/coverage to Local Enforcement Agencies
4. Direction from CalEPA prioritizing moving and managing material only
5. Mid- and long-term funding and permit streamlining for infrastructure and market development

These companies now face a financial crisis directly caused by the COVID-19 situation. As essential service providers, they continue to provide service up front without a guarantee of payment by the customers. However, the solid waste service providers are now facing a catastrophic loss of income from commercial accounts as businesses are forced to close to comply with the shelter-in-place orders. This jeopardizes the companies' ability to provide these vital essential services, remain a springboard for the economy, and prevent a future public health hazard. The Resource Coalition seeks urgently needed support from the State Legislature and the Administration.

Regs Watch

[SB 1383 Regulations](#)

CalRecycle staff presented the next steps for the SB 1383 rulemaking at the March 17, 2020 Public Meeting, as the regulations continue to move forward through the final steps of the rulemaking approval process.

CalRecycle will be updating the SB 1383 rulemaking package to make minor changes to the final regulatory text and make available for review various source documents relied upon for the rulemaking in response to review by the Office of Administrative Law (OAL). The items identified by OAL that will be addressed by CalRecycle in the regulatory text are primarily to improve clarity of the regulatory language to ensure that the meaning of the regulations will be more easily understood by those persons directly affected by them. The public may have a further opportunity to comment on changes to the text, but the clarifying language modifications will not result in any major changes to the scope of the regulatory action. CalRecycle may also provide a specific notice to the public for a 15-day comment period when the clarified language is available. Further modifications to the rulemaking package, unrelated to the text, to address procedural requirements, will also be part of this process.

As CalRecycle prepares to move into the next phase of implementation following completion of the regulations, CalRecycle will host a webcast on April 20, 2020 on the draft analysis required by SB 1383 by July 1, 2020. Since this analysis will show that significant progress has not been made, incentives and funding will need to be identified, as well as any additional requirements.

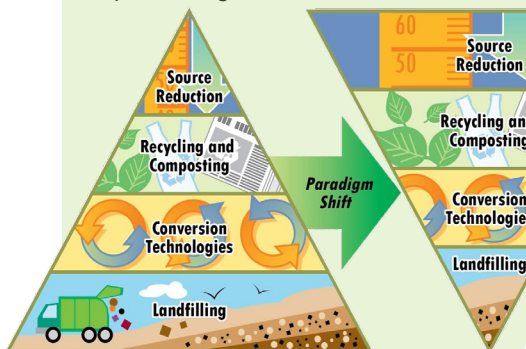
The regulations may be adopted by July, when the Recycling Commission convenes. Additionally, after final adoption of the regulations CalRecycle will release a series of implementation tools, including a model ordinance, model franchise agreement, model procurement policy, and model food recovery agreement. These tools will be available to help the regulated community prepare for implementation in advance of the January 1, 2022 effective date of the regulations.

The Evolving Ton

Service migration and the evolving ton abruptly shifted with COVID-19. Commercial tonnages are down 60% to 80% as services are being cancelled, with commensurate disappearing revenue. Residential tonnages are up 20% to 40% with sheltering at home and boredom-driven cleaning at the same fixed monthly price. With increased operating costs and dwindling revenues, an [Emergency Funding Proposal](#) is being requested by the Resource Coalition. Collection companies that do not own big landfills are in great need.

Flipping the Federal EPA hierarchy back to the eighties, Los Angeles County Public Works is allowing "One Pass", with the commingling of trash, recyclables, and green waste by the County-contracted waste haulers, beginning on March 30, 2020, to reduce costs and minimize risks. The industry as a whole is committed to collect materials as an essential public service. As material recovery facilities reduce or suspend operations to accommodate labor shortages, avoid public health risks and declining overseas markets, the blue cart may need to be landfilled. Many MRFs are open, and plan to remain open working with their stakeholders. The green cart needs to be socially distanced from the garbage cart and not commingled for disposal as long as labor and equipment are available, since the public health risks are less and markets are real.

The statewide recycling rate will plummet close to 30% in 2020. Landfills have already gained over 10 million tons per year of new disposal above 2014 base year, with more COVID-19 tons on the way. After the Stock Market dropped over 30% facing a worldwide COVID-19 shutdown, the recent [STIFEL Report for Solid Waste](#) rates the major waste companies as a 'Buy', as the devolving ton goes back to direct disposal without the processing costs.



1980s

2000s

2020?

COVID-19 Turning Hierarchy Upside-Down

The solid waste and recycling industry will continue to collect and process material as long as they can, to the extent they can, as they provide an essential public service. As stated in the Resource Coalition's [Relief Document](#), "COVID-19 virus-related issues are developing rapidly, and material processing ability is already being impacted for a variety of reasons, including: (1) 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; (2) Difficulty of some sort line employees to socially distance based on sort line configurations; (3) 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; (4) Difficulty moving processed recyclable material off-site due to transport and shipping slowdowns; and (5) Cash flow issues.

Materials will continue to be collected as an essential public service. However, as processing facilities reduce or suspend operations, 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."

COVID-19 is flipping us out. Early solid waste policies focused on the top-down tiered approach,

promoted by the U.S. Environmental Protection Agency, embraced a bottom heavy hierarchy of integrated waste management practices. These practices promoted the following methods (in order of preference) to reduce, reuse, recycle and recover value from municipal wastes: (1) Source reduction and reuse; (2) Recycling and composting; (3) Combustion with energy recovery; and (4) Landfilling and incineration without energy recovery.

This concept depicted the state-of-the-art practices in the late 20th century when most of the work was still performed by landfills. Advancing into the 21st century with AB 939, AB 341, and SB 1383, the pyramid was inverted to advance the goals of reducing the amount of wastes disposed of in landfills. COVID-19 is flipping it back to the eighties, where landfills are seen as handling all materials with the least amount of labor, equipment, and supplies, while keeping employees the safest from COVID-19. Material recovery facilities have the most labor, exposure, processing costs, dwindling markets, and being impacted by the China Sword. Compost and green waste handling has the next least exposure, and local markets.

The COVID-19 crisis is putting recycling at bay in favor of direct disposal, as labor and resources are compromised, where green waste collection and composting should not be readily sacrificed, since the exposure risks are far less and with half the labor needed for recycling. Many in the industry have already flipped the script as Waste Management Inc. has shut down many MRFs, and LA County is allowing "One-Pass" collection where all the material will be landfilled. The green cart needs to be socially distanced from the garbage cart and not commingled for disposal as long as labor and equipment are available.