



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 financial crisis directly caused by the COVID-19 emergency. Solid waste and recycling service providers are experiencing a catastrophic loss of income from commercial accounts as businesses have closed in compliance with stay at home orders. This jeopardizes the long-term viability of these California companies as we move through this emergency and into recovery.

Background

There are 33 Resource Coalition members who 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 was developed to update and refine initial financial impact projections in support of the Resource Coalition's [Emergency Funding Proposal](#) from March 27, 2020.

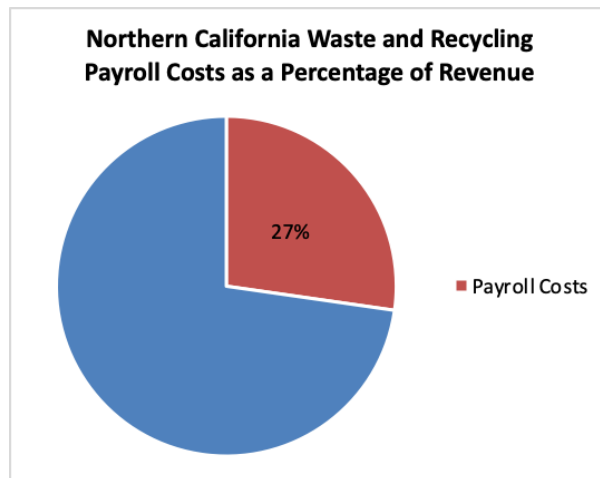
Eighteen members, representing 55% of the Resource Coalition, provided data for analysis. The data was aggregated to provide member anonymity and then extrapolated to draw industry-wide conclusions for Northern California. As most members operate in Northern California, their responses do not support 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.



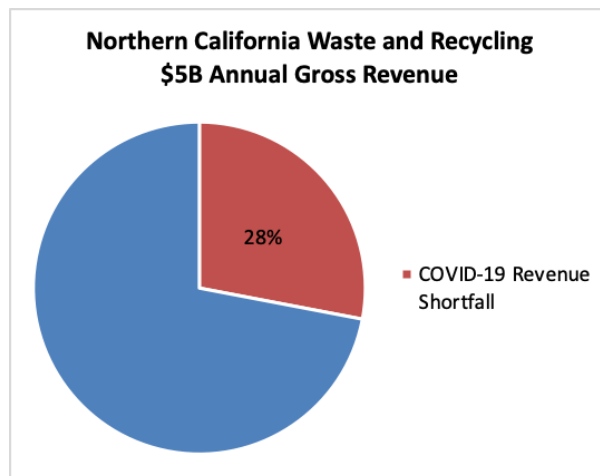
Financial Impact

The solid waste and recycling industry in Northern California employs approximately 11,240 full-time employees, including approximately 6,036 drivers. Additionally, 9,060 of all statewide full-time industry workers are Teamsters. Estimated annual payroll costs for all full-time solid waste and recycling employees in Northern California are \$1.37B.

Annual gross revenue for the solid waste and recycling industry in Northern California is approximately \$5B. Therefore, payroll costs, as stated above, equal about 27% of gross revenue.



As of April 1, 2020, projected reduction in gross revenue due to business closures in compliance with stay at home orders is 28%, exceeding the cost of payroll.





If this kind of loss continues for much longer, without state and/or federal assistance, it will threaten the ability to pay employees and maintain services.

Please note, these numbers are estimates as of April 1, 2020. The true financial impact could be much greater. First, projected revenue loss is based on what customers are billed, not on bills actually paid. For example, when the State of Emergency was declared in March and non-essential businesses were beginning to close, many businesses contacted their service providers to reduce or cancel service. These requests have increased weekly and surged after the April 1st bills were issued. As this data was compiled before the April 1st billing cycling, it is still unclear how many of those bills will be paid or even how many were received by businesses already closed or not monitoring mailboxes. Second, these projections assume 100% of all residential bills will be paid. However, with dramatically increasing unemployment, we anticipate many residential bills will go unpaid.

Summary

The State has a vested interest in protecting California-based essential solid waste and recycling service providers. Maintaining uninterrupted service is critical to getting California through this emergency and on the road to recovery, ultimately achieving our waste diversion and climate change goals. It is crucial that many solid waste and recycling companies receive state and/or federal assistance to maintain employees and ensure services are not disrupted during this extended crisis.

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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