



# COVID-19 Municipal Update #2

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# Our Commitment to You

- Now, more than ever, you can count on our partnership
- We are working around the clock to ensure continuity of operations for your municipality
- We are committed to operating this essential service for you
- Business as usual is not an option; we must work together to continue to manage this unique set of evolving circumstances

Our commitment to serving you through the 5 R's is unwavering.  
Respectful. Responsible. Reliable. Resourceful. Relentless.

# Unprecedented Global Disruptions



The last three years have seen two global events that transformed our industry:

- 2018 – China Sword results in China’s exit from global recycling commodity markets. Economic disruption of markets and values continues today.
- 2020 – COVID-19 pandemic quarantine and long-term outcomes changes the landscape of residential and commercial/industrial volumes in most every municipality across America.

Multiple global events over the past 3 years have impacted the entire recycling and waste industry.

# Our Actions During the Pandemic



## Protecting Our People

- Working from home - 90%+ of our 6000 non-frontline workforce shifted to remote work
- Actively encouraging sick employees to stay home
- Providing any effected employees with extra paid time off (PTO) and covering all related medical expenses
- Equipping our employees with necessary personal protective equipment (PPE)
- Implementing redundancy measures at our three national Customer Resource Centers



## Focus on Our Operations

- Enhanced sanitizing protocols across the operation
- Deep-cleaning disinfection plans in place for any of our operating locations that are impacted by COVID-19
- A well-developed system to remedy any driver shortages that might occur across our workforce
- World-class procurement team able to keep teams supplied during difficult times
- Temporarily suspended yard and bulk routes to ensure focus on efficient collection and disposal of MSW and recycling



## Supporting our Customers

- Our \$20M Committed to Serve" initiative supported our essential employees with \$400 in gift cards to be used at local businesses in communities we serve
- \$3M investment in our Charitable Foundation, to be allocated across three non-profits (Rebuild Together, Habitat for Humanity, and NeighborWorks America)
- Flexibility with short-term service holds for impacted commercial and industrial customers

Our Crisis Response Teams hold regular status and response discussions, from our Headquarters to your local Business Unit



# Shifting Volumes from Pandemic



Small and large container volumes decreased dramatically as businesses, bars, restaurants and schools closed



Residential volumes increased as much as 30% during the shelter-in-place weeks.

- Residents forced to remain home
- More family with children home from college and school
- Panic purchasing in early weeks
- More e-Commerce and at-home delivery

Residential volume increases drive additional costs due to routes and disposal

# Impacts from Surge in Residential Volume



Residential routes are **filling trucks faster** requiring more trips to the disposal site

**Additional hours, drivers and trucks** are required to serve some routes on time

**Up to 30% higher tonnage and disposal costs** seen due to additional waste collected from residential customers

Residential rates are based on long-standing historical trends for a municipality, including average set-out volume. These COVID-related increases cause a step-change in contract economics.



# The New Normal – Industry Cost Impacts

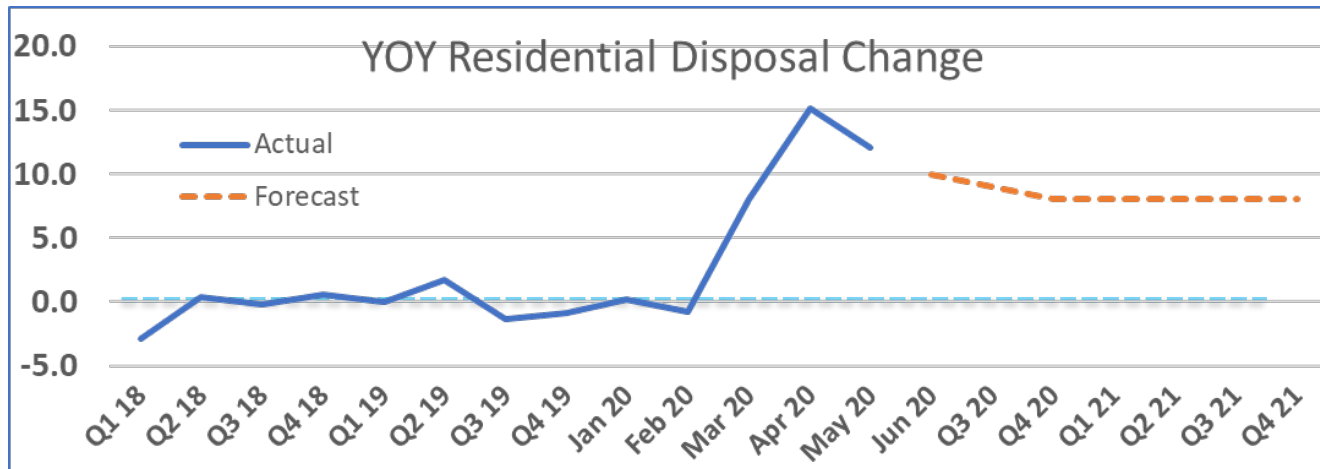
New/Increased costs include:

- Cleaning and sanitizing fleet and facilities
- Increased amount of needed PPE
- Increased disposal costs for additional residential volume
- Higher bad debt from individually billed customers



Additional costs will largely come from increased disposal costs and bad debt.

# Resi Volume Trends As The Country Reopens



Residential Volumes will likely remain elevated over trailing 2-year averages by ~8%

- Less than 50% of public are willing to go out other than work, groceries or barber <sup>1</sup>
- More employees will be afforded work from home opportunities <sup>2</sup>
- More e-Commerce and at-home delivery <sup>3</sup>
- Some college students electing to remain home for online learning

The “New Normal” yields a long-term shift in volumes across our contracts

1 - [https://www.ipsos.com/sites/default/files/inline-images/abc\\_covid-19\\_051420\\_1.jpg](https://www.ipsos.com/sites/default/files/inline-images/abc_covid-19_051420_1.jpg)

2 - <https://www.zdnet.com/article/cfos-looking-to-make-remote-work-telecommuting-more-permanent-following-covid-19-says-gartner-survey/>

3 - <https://www.theatlantic.com/ideas/archive/2020/04/how-pandemic-will-change-face-retail/610738/>