

Republic Services

Commodity Revenue Share Agreement for King County



REPUBLIC
SERVICES

2014-2015 Agreement

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Republic Services
Commodity Revenue Sharing Enhancement Plan for King County
August 1, 2014 – April 30, 2015 Part A (and)
May 1, 2015 – July 31, 2015 Part B

Per RCW 81.77.185, Rabanco Ltd, Kent Meridian Disposal, SeaTac Disposal., aka Republic Services (RS), is setting forth this plan to increase recycling and decrease garbage and other materials that would otherwise be disposed of in a landfill. Republic Services seeks to continue retaining up to 50% of the commodity value revenues generated through effective recycling practices for **Part A & B (August 1, 2014 through July 31, 2015)**. The intent of this one-year plan (the Plan), developed in partnership with the King County Solid Waste Division (the County), is to increase the amounts and types of materials recycled at single-family homes and multi-family properties in the Republic Services service area defined in Tariff No. 11, Rabanco LTD & Rabanco Recycling, Inc. (Certificate G-12); Tariff No. 26, Rabanco LTD (Certificate G-12); and Tariff No. 27, Fiorito Enterprises, Inc. & Rabanco Connections (Certificate G-60). Per the definition in RCW 70.95.030, "recycling" means "transforming or remanufacturing waste materials into usable or marketable materials for use other than landfill disposal or incineration."

This Plan covers the time period of **August 1, 2014, to July 31, 2015**, at which time it terminates. The plan is to be implemented in two parts, Part A (**August 1, 2014–April 30, 2015**) and Part B (**May 1, 2015–July 31, 2015**), in order to allow sufficient time to evaluate the past plan effectiveness before new plans must be submitted to the WUTC for certification; therefore creating a 3-month lag in the evaluation period.

The benefits to the County and to our collective customers are significant. These innovative programs are made possible by the revenue sharing program. The activities identified in this agreement are not requirements or costs that are built into Republic Services WUTC tariff rates. The proposed 2014-2015 budget, which includes projected revenues and expenditures, is presented in Attachment C.

Deliverables such as reports, brochures, other materials and tactics which are proven to work to improve residential recycling participation in implementing this agreement may be shared with other in the MSW education community.

By using revenue sharing funds, both Republic Services and the County are able to pilot innovative approaches to increase recycling in King County. Throughout the course of the Plan subject to this agreement, Republic Services and the County reserve the right to modify activities or approaches described in this Plan in order to accommodate unexpected opportunities for increasing recycling, respond to data collected, and to refine activities.

Republic Services is eligible for a financial incentive for implementation of this plan as follows:

- For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of the total expenditures incurred by Republic Services in implementation of Plan activities. To determine eligibility for this incentive payment, Republic Services will calculate the diversion rate for regulated residential customers (single family and multifamily) during the period from **May 2013 through April 2014**, and compare this number with the diversion rate achieved in **May 2014 through April 2015**. Diversion rate is calculated by the weight of recycling, divided by the weight of recycling and MSW collected from regulated single family and multifamily customers. Materials collected in organics collection programs are not included in this calculation. If the diversion rate has increased, Republic Services will be eligible for the incentive payment, subject to the conditions specified in bullet point two.
- Eligibility for the incentive payments is conditional upon satisfaction by the County and WUTC that expenditures are consistent with the Plan activities and budget. The County shall provide a recommendation to the WUTC regarding Republic Services' eligibility to retain the incentive payments by June 15, 2015.

The Agreement includes seven sections:



1. Project Management/Administration and Coordination of the Agreement
2. Data Collection and Reporting
3. Multifamily Outreach and Infrastructure Improvements
4. Mobile and Web App Implementation and Marketing
5. Yard & Food Waste Education and Promotion
6. Cart Contamination
7. Plan Extension

Republic Services would like to prioritize implementation of the following goals:

- a. Implementation of multifamily resident recycling education and property infrastructure improvements with the goal to increase the multifamily diversion rate to 25%. The current diversion WUTC multifamily diversion rate is 17%.
- b. Implementation and promotion of the mobile app to provide consistent and continuous communication to the resident. Our goal is to achieve a 10% subscription rate which is 4,715 residential customers.
- c. To expand upon projects on a large scale whose goal is to reduce basic and organic cart contamination using education outreach and customer feedback tactics found to be successful from previous pilot conclusions such as cart labeling and tagging.

Task 1: Project Management/Administration and Coordination of the Agreement

RS will retain and assign staffing necessary to fulfill the activities contained in this agreement, including a Revenue Share Agreement Manager estimated to spend 70% of her/his time on tasks in this RSA. Activities of this manager and other RS staff (such as, but not limited to the Area Controller, Municipal Manager, and Senior Marketing Analyst) to implement RSA activities will be tracked on the performance tracking and reporting form (Attachment D). RS will develop a plan to ensure efficient planning, implementation and evaluation of the deliverables and tasks completed in the RSA.

The project management/administration task includes the following:

- Quarterly meetings whose goal is to update on plan implementation and revenue estimates
- The preparation and review of reports and summaries
- RS staff participation in regional meetings sponsored by the County to discuss or report on strategies for increasing recycling

Summary/Annual Reporting & Interpretation:

In an summary report, due to the County on or before the week of May 11th, 2015, RS will provide: a summary of the number of yard waste and food scrap subscriptions during the 7-month period ending April 30th, 2015; a summary of the number and size of carts currently in use throughout the service area. This report will be updated in an annual report for part B of this agreement due to the County the week of August 24th, 2015. These reports will be updated in Attachment B which includes specific revenue share activities and tasks including projected budget and actual budget, outreach deliverables, and timelines.

Review Period: The County will be given 7 business days to review the material. Republic Services will be given 5 business days to review and respond to each new request, change, or suggestion brought by the County. If a deliverable is not approved by the County within three weeks of Republic Services original submission date, then Republic and King County upper management will need to have a conference call to discuss why the deliverable has not been approved and what will need to occur for the deliverable to be approved.

Task I. Related Deliverables/Measurable: Results of activities related to this agreement, as well as changes in collected recycling amounts, customer counts, will be updated in attachment B.

Task I. Related Timeline: Implementation plans for tasks 3-6 will be provided no later than October 1st 2014. These implementation plans will lay out specific timelines, budgets, and deliverables and will serve as a working reference document throughout the plan year.



Task 1. Related Budget: \$87,000
Revenue Share Agreement Manager (70%) – \$66,000
Project Management/Administration and Coordination of the Agreement and Tasks outlined in the agreement. - \$21,000

Task 2: Data collection and reporting

Republic Services (RS) will provide monthly reporting of tonnages and customer counts to the County for all areas in King County (excluding Seattle) served by RS. These reports will be provided to the County by the end of the following month. Reports shall be disaggregated by jurisdiction and by generator type (single family, multifamily, and commercial).

Task 2 Related Deliverables/Measurable:

- Monthly reports in format required by County

Task 2 Related Timeline: Reports are provided monthly

Task 2 Related Budget: \$11,000

Task 3: Multifamily Outreach and Infrastructure Improvements

In the 2013-2014 RSA contract, Republic Services collected service and unit size data for each multifamily property to identify the lowest performing properties with the lowest diversion percentage and highest amount of MSW/unit/month. The Revenue Share Administrator conducted site audits and recommended infrastructure improvements for target properties. The site audits consisted of, contacting the property manager (PM), visiting the property to affix labels to containers and record contamination in the containers. If the PM was ready and willing to make service changes, the Revenue Share Administrator worked with operations to make infrastructure changes, if the PM was interested in recycling but needed education to be conducted in conjunction with service changes, those properties were recorded as high priority properties for the 2014-2015 outreach work. Republic Services plans to assess current multifamily infrastructure, make recommendations for improvements and prioritize multifamily complexes to identify the highest priority complexes for further education outreach in 2014-15. Prior to outreach, we will gather information about successful multifamily outreach models in the greater Seattle area and will develop specific outreach strategies around the findings. This work will include targeting limited English proficiency (LEP) audiences in multifamily complexes in Republic Service unincorporated territories and providing education outreach program design which is culturally appropriate including recycling of education materials into target languages. The identification of the target languages will be in collaboration with King County.

Republic has identified the following priorities that will be incorporated into future outreach efforts:

- Cultural competency
- Optimization of services and infrastructure
- Development and harmonization of educational materials, resources and tools offered to multifamily customers in King and Snohomish Counties
- Direct resident and property manager education and engagement

Some properties will require a combination of both infrastructure improvements and outreach. Republic's Operations team will work to provide proper containers to multifamily properties which are in need of infrastructure changes. Republic Services may include garbage and recycling composition studies to determine whether pilot education and infrastructure changes are effective in complexes and to determine whether Republic Services was successful in increasing their multifamily diversion to 25%. To implement this plan, Republic will give the County a proposal and opportunity to discuss the merit of piloting education and infrastructure changes. The approach will be mutually agreed upon.

In an effort to make multifamily work widely scalable across the WUTC area, Republic will evaluate the multifamily rate structure to ensure adequate funding is currently included in the rate to cover operations costs such as container changes,



visual audits, and container decals. If it is determined that the rates need to be changed to accommodate, that will be determined at the next rate case.

Task 3 Deliverables/Measurable:

- Education and infrastructure recommendations
- Final Multifamily Outreach Reports provided by April 2015 at the end of part A of the agreement.
- Monitoring of recycling tonnage to ensure that work is promoting an increase in recycling with the goal of 25% diversion.

Task 3 Related Timeline: Outreach will begin September 2014 and continue through the 2014-2015 contract period.

Task 3 Related Budget: \$130,000.00

- \$100,000 will be spent to complete the implementation of the multifamily outreach
- \$30,000 will be spent on education and outreach materials.

Task 4: Mobile and Web App Implementation and Marketing

Consistent, positive, and individualized customer experience is something Republic Services considers a high priority. Republic Services is in the process of developing and expanding their mobile presence with mobile application development and implementation. Through the RSA program, we intend to provide unincorporated King County customers with a comprehensive customer focused tool which provides easy access to the information they need regarding services and recycling information. The mobile app and web tool may include the following and will not be limited to:

- Personalized service schedule calendar depending on customer's address. Customer will be able to check the recyclability of items in their area by typing the item into a simple search bar.
- Direct customer interaction from Republic Services based on service area
- Easy customer/customer service interaction for resolving missed pick-ups, complaints, complements, and service changes.
- Weekly customer notifications can include recycling tips and education along with their service reminder.

The mobile and web app will target multifamily and single family audiences and cover a variety of mutually agreed upon content designed to raise awareness about recycling and disposal services King County residents fund for handling and disposing hazardous materials/products and for materials which are not collected at the curb.

A link to this app will be on the RepublicServicesNW website, the King County website, and any other applicable city websites, but the app itself will be a unique customer portal that is unique to the existing Republic website and will be much easier for the customer to navigate. The appropriate King County IT and web design employees will be included in the implementation process. Along with the app implementation, Republic Services will employ marketing and promotional strategies to solicit subscription to the app. These marketing strategies will be decided in collaboration with King County.

The implementation of this type of promotional and education tool will be tested to look for opportunities to leverage education messages from Republic Services in partnership with King County.

Task 4 Deliverables/Measurable:

- Development and implementation plan for app launch and marketing tactics of educational tools in the app.
- End of contract period report on customer usage.

Task 4 Related Timeline: Initial work on implementation will begin September 2014. A specific timeline will be included in the implementation plan.

Task 4 Related Budget: \$56,500.00

Task 5: Food and Yard Waste Education and Promotion



Republic Services and King County will work cooperatively to promote food and yard waste service to all Republic Services UTC single-family customers. Republic Services will promote single-family customers in King County to:

- a) Encourage retention of yard waste service for at least one full year after subscription begins
- b) Increase the amount of food scraps and food soiled paper recycled to 100%.
- c) Decrease common contaminants found in yard and food waste carts as the slightest amount of contamination can cause major processing issues.

Republic Services will monitor the effectiveness of this program and evaluate whether the task can be included in the tariff in future years. In the 2012-2013 RSA contract, four seasonal yard waste post cards were developed and approved by Republic Services and King County. In the 2014-2015 agreement, Republic Services will continue to utilize education outreach mailers developed in the previous agreement. The education materials will be used to decrease the amount of customer recidivism during winter months. This tactic will be carried out in conjunction with cart contamination curbside education tactics outlined in Task 6.

Task 5 Deliverables/Measurable:

- Implementation plan of yard and food waste promotion
- End of contract report to review the percentage increase in subscriptions
- Advertising and/or education collateral created for the task.

Task 5 Related Timeline: Mailers will be sent out October 2014, December 2014, March 2015, and June 2015.

Task 5 Related Budget: \$35,000.00

Task 6: Reducing cart contamination in MSW containers; increasing organics (single family) and basic recycling (multifamily)

Republic Service has conducted many studies aimed to categorize residential curbside contamination and analyze whether tagging and labeling initiatives, used to give residents feedback at the curb, has generated an increase in diversion and a decrease in contamination. The goal of the cart contamination audits was to provide valuable communication and information to customers about specific items they may be confused about and gather detailed knowledge on the most prevalent items that are incorrectly being disposed, rather than recycled.

The findings from our previous agreement reveal that tagging makes a positive change in customer disposal and recycling habits; prompting the customer to evaluate how they are disposing of certain items. These behavioral changes require regular and continuing prompting and reminders for keeping contamination levels low.

Republic Services will conduct a series of tagging and labeling tactics targeting multifamily and single family MSW containers which will focus, in the case of the single family audience, on diverting food waste and food soiled paper out of the MSW, and in the case of the multifamily audience, reducing contamination in recycling and decreasing the amount of recyclables incorrectly placed in MSW containers. Republic Services will employ the assistance of operations, general managers, and other appropriate staff to help develop an effective tool or tactic that is scalable to larger portions of the single family and multifamily audience than piloted versions and work to include the cost in the tariffs.

Task 6 Deliverables/Measurable:

- Implementation plan of Cart Contamination Projects
- End of contract report to review results of the work completed.
- Advertising and/or education collateral created for the task.

Task 6 Related Timeline: The implementation plan will be presented to the county in the first quarter of the contract. A specific timeline regarding task implementation and completion will be included in the plan.




Task 6 Related Budget: \$169,500.00

Task 7: Extensions

Extension of the revenue sharing program beyond July 31st, 2015 will require WUTC approval based in part upon the results of this year's program and the submittal by Republic Services of another plan certified by King County. Republic Services must submit a new draft plan to King County no later than the week of May 4th, 2015 in order for certification to be considered. A concept discussion on the new plan will be conducted at the 3rd quarterly meeting with a follow up conference call the week of April 21st, 2015 to confirm the details before the actual plan is written and submitted. The final draft plan must be submitted to the WUTC no later than June 16th, 2015.

Republic Services Authorized Representative

Date



Jeff Borgida

6/12/14

General Manager, Republic Services of Bellevue



6/12/14

Dennis Manes

General Manager, Republic Services of Kent

COUNTY CERTIFICATION

With this acknowledgement, King County hereby certifies this Recycling Plan is consistent with the County's Comprehensive Solid Waste Management Plan and the County's understanding of RCW 8 1.77.185.

King County Authorized Representative

Date



6/16/14

Pat D. McLaughlin

Director, King County Solid Waste Division