



June 2022

Amanda Maxwell and Mike Young
Washington Utilities and Transportation Commission

Dear Ms. Maxwell and Mr. Young:

This letter determines revenue-sharing plan compliance with RCW 81.77.185 by Republic Services for its service areas within King County. The plan referenced in this letter applies to King County territories described in Republic Services' G-12 certificate and in the G-60 certificate jointly owned by Republic Services and Fiorito Enterprises, Inc.

This letter reports King County's findings regarding Republic Services' performance under Year One of the current 2021-2023 Plan, covering work completed between August 1, 2021, and April 30, 2022.

Current Plan

A copy of the current plan, signed by both parties and certified by the King County Solid Waste Division Director as in compliance with its current Solid Waste Management Plan, is provided as Attachment A to this letter. The current plan period runs from August 1, 2021 – July 31, 2023 and is divided into two parts to accommodate filing deadlines. Part 1 includes activities occurring August 1, 2021 – April 30, 2022. Part 2 includes the period from May 1, 2022 – April 30, 2023.

King County recommends that the Washington Utilities and Transportation Commission (WUTC) allow Republic Services to spend up to 50 percent of the anticipated revenues from the sale of commodities generated during the 2021-2023 Plan period to implement program strategies and activities described in the Plan. King County has worked closely with Republic Services through monthly meetings to scope activities to increase recycling and adjust the Plan as necessary to reflect differences in the projected vs. actual revenues.

King County believes the Plan demonstrates how the anticipated retained revenue will increase recycling, as required by RCW 81.77.185. "Recycling," as defined in RCW 70.95.030, means "transforming or remanufacturing waste materials into usable or marketable materials for use other than landfill disposal or incineration."

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Compliance Determination for Past and Current Plans:

2021-2023 Plan (Part 1: May 1, 2021 – April 30, 2022)

To allow time for King County to evaluate the effectiveness of Plans and still meet WUTC filing deadlines, Plans have specified that the reporting period be for the one-year period ending three months before plan end dates. Activities from May 1, 2020 – April 30, 2023, will be evaluated as part of the 2021-2023 Plan evaluation.

Republic Services has completed the implementation of Plan tasks to the satisfaction of King County. Detailed summaries of program activities and associated costs have been provided to King County, and to the best of our knowledge, the expenditures reported by Republic Services are justifiable and appropriate. We recommend that WUTC allow Republic Services to retain revenues sufficient to reimburse the company for these expenditures. A summary of activities completed by Republic Services is included as Attachment B.

2021-2023 Plan Budget:

The 2021-2023 proposed budget was forecast to be \$139,000 for the two-year plan. Based on actual commodity revenues during the plan period, the budget forecast is \$314,600 for the two-year plan. King County and Republic Services are working together to identify, scale, and implement single-family outreach and education strategies to use the higher-than-forecasted budget available in this plan.

Work completed during this reporting period:

During the Plan period, August 1, 2021, through April 30, 2022, Republic Services completed:

1. Project management, administration and coordination

This task covered the costs of the Revenue Share Administrator and management of Republic staff who supported the work as needed.

2. Data collection and reporting

Republic Services provided monthly reports of tonnages and customer counts to King County for all areas of King County served by Republic Services.

3. Single Family Continuing Education

This Plan task goal is to educate single-family residences to increase participation in recycling and composting while reducing contamination. In the current plan period, Republic Services has continued to participate in and engage with the King County-led Recycle Right Communications Consortium on strategies for single-family education.

The Year 1 plan for single-family recycling education was to develop and begin implementing a cart tag campaign to remind residents to keep plastic bags out of recycling containers. Republic and King County have a consultant and scope of work for this activity, but implementation has been delayed to Year 2.

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This campaign will also include a bill insert for residents with the same message. Republic Services has also developed a survey to go with the bill insert to identify what commodities (such as metal or plastic bottles) some residents are not currently recycling and why. In Year 2, we anticipate implementing focus groups to get more in-depth information about responses and how to overcome identified barriers to recycling participation.

4. Multifamily outreach and infrastructure improvements

Republic continued their work to assist property managers, begun in prior agreement periods, by adjusting collection container capacity and frequency of collection to maximize complex collection of recycling. They provided tenant education about how to recycle and distributed education materials to tenants.

Republic is also working to recruit select multifamily properties to use slotted lids to help minimize and manage contamination in the recycling bins.

5. Understanding contamination

This task is not scoped. We anticipate developing some work around this task in Year 2.

Rollover of Unspent Funds into Year Two

During the current plan, the funds budgeted to implement single-family continuing education strategies were not spent. Commodity prices for recyclables were higher than planned during this plan period, and Republic and King County worked to scale up and develop a consultant scope for cart tagging to use the additional funds. Implementation of this program as well as plans for multicultural multifamily outreach were delayed due to limited consultant availability.

King County requests a rollover of unspent Year One funds into Year Two to continue to support the planned (but delayed) programs that require consultant support in order to meet our waste prevention, recycling, and contamination reduction goals set out in the agreement.

Performance Bonus Eligibility for Current Plan

Consistent with WUTC's May 30, 2012, Interpretive and Policy Statement, King County's current 2021-2023 Plan includes an opportunity for Republic Services to earn incentive bonuses equal to 5 percent of program expenditures if specific performance benchmarks are met. The current 2021-2023 Plan specifies that Republic Services may retain 5 percent of program expenditures if Republic Services regularly attends regional meetings facilitated and organized by King County and if expenditures support and leverage County outreach, planning, and implementation for contamination reduction.

We find that the company meets eligibility criteria for the 5% bonus. Republic Services has attended all Recycling Right Communications Consortium meetings (a monthly meeting led by King County that includes neighboring jurisdictions and local haulers to collaborate on and align recycling and contamination reduction messaging) during the Plan period. The expenditures to-date have supported County outreach, planning, and implementation for contamination reduction.

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Thank you for the opportunity to provide these comments and support for the revenue sharing plans developed by Republic Services and King County. If you have questions, please contact Andrea Lai, Project Program Manager III, at 206-263-1010, or alai@kingcounty.gov.

Sincerely,

DocuSigned by:



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Pat D. McLaughlin
Division Director

Enclosure

cc: Rich Rinehart, General Manager, Republic Services of Bellevue
John Olivares, General Manager, Republic Services of Kent
Natalie Caulkins, Revenue Sharing Program Administrator
Andrea Lai, Project/Program Manager III, Solid Waste Division