

**Waste Management Recycling and Commodity Revenue Sharing Plan for  
King County  
January 1, 2022 – December 31, 2023**

This Recycling and Commodity Revenue Sharing Plan (“Plan”) between King County (“County”) and Waste Management of Washington, Inc. (“WM”) has been developed with the express intent of increasing recycling and reducing environmental impact through management of solid waste streams in King County. “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.” Funding used by WM to implement this Plan will be from revenues retained by WM from the sale of commodities in accordance with the revenue sharing provision in RCW 81.77.185.

This Plan covers the time period of January 1, 2022 to December 31, 2023, at which time it terminates.

The Plan is to be implemented in three parts:

- Part A (January 1, 2022 -- September 30, 2022)
- Part B (October 1, 2022 -- September 30, 2023)
- Part C (October 1, 2023 – December 31, 2023)

This schedule allows time to evaluate the effectiveness of Part A and B activities before a 2024/25 plan must be submitted to the WUTC for certification. Activities in the Part A and B time period will be evaluated in 4<sup>th</sup> Quarter 2021. Please refer to the attached “Timeline for WM-King County Revenue Sharing Agreement” (Attachment A) for a schedule of key submittal dates.

The Plan includes a number of activities to be implemented by WM that both the County and WM believe will increase recycling and reduce environmental impact through proper disposal of waste in King County. These activities, along with specific deliverables and due dates, are attached in Attachment B: 2022-2023 WM-King County Revenue Sharing Activities and Tasks. None of the costs associated with the Plan are built into WM’s WUTC tariff rates. The expectation of the County and WM is that WUTC will allow WM to be fully compensated from retained revenues for expenditures that are reasonably consistent with the budget, deliverables and due dates in Attachment B. In addition, WM will be eligible to retain up to an additional five percent (5%) of County-approved expenditures on Plan programs as a financial incentive if goals specified below are achieved.

WM and the County reserve the right to modify activities in this Plan in order to accommodate unexpected opportunities or incorporate new ideas for increasing recycling, decreasing contamination or reducing environmental impact through waste disposal. WM and the County also reserve the right to modify the Plan if: (1) WUTC denies any WM rate filing that incorporates regular ongoing activities of prior RSA Plans, or (2) it

appears that actual total revenues will vary significantly from projected revenues; however, a modification is not required in order for WM to receive full compensation for expenditures and financial incentive.

### **Financial Incentives**

Waste Management is eligible for a financial incentive payment for implementation of the Plan if the following conditions are met:

- a) For participation in regional strategic planning efforts, planning and executing tactics in collaboration with King County addressing national sword and organic stream contamination reduction tactics and any increased diversion of materials from disposal by regulated residential customers, as a result of these efforts, an amount equal to **3%** of the total expenditures incurred by Waste Management in implementation of Plan activities. To determine eligibility for this incentive payment, Waste Management will, in collaboration with King County, develop and execute measures for delivery of tactics which reduce contamination in the basic and organic's stream. The completion of deliverables and evaluation will determine eligibility and be reported on for Part A (January 2022 – September 2022), and Part B (October 2022 – September 2023) of the plan.
- b) For increasing the total number of regulated residential recycling accounts, an amount equal to **2%** of the total expenditures incurred by WM in implementation of Plan activities. To determine the eligibility for this incentive payment, WM will calculate the total number of regulated residential accounts at the beginning of this Plan period and compare it with the number of regulated residential accounts at the end of the Plan period. If the number of accounts has increased, WM will be eligible for this incentive payment, subject to the conditions in subsection c) below.
- c) Eligibility for the incentive payment is conditional upon satisfaction by the County and WUTC that expenditures are consistent with the Plan activities, budget and timeline in Attachment B. The County shall provide a recommendation to WUTC regarding WM's eligibility to retain the incentive payments by November 15, 2023. The County may waive requirements a) and b) if in County's judgment, WM has complied with all aspects of the Plan.

### **Overview of Plan Activities**

Outreach tactics implemented in this agreement will be mutually agreed upon by WM and the County. Additionally, mutually agreed upon task plans will be developed by WM

prior to task implementation and will be reviewed with the County during quarterly meetings or additional task specific meetings.

Goals of this agreement:

1. Increase residential recycling participation and decrease contamination in the recycling in WM's WUTC regulated areas of King County.
2. Increase the use of compost services and reduce contamination in the compost by residents in WM's WUTC regulated areas of King County.
3. Conduct audience research to develop a better understanding of how to most effectively educate and interact with customers in King County WUTC regulated areas.

### **Quarterly Coordination Meetings and Regional Recycling & Composting Workgroups**

WM will meet with County staff on a quarterly basis to report on implementation steps undertaken as per this agreement. Exhibit B will be updated and maintained for presentation at each quarterly meeting. Commodity revenue reporting for purposes of the quarterly meetings will be reported and the focus of the meetings will be to determine whether task budgets are adequate to complete work within the timeline, scope and budget, and in light of commodity revenue trends and data. The meetings will also serve as a platform to review work being conducted and will include discussions on the overall direction of the work and how the work supports King County's Comprehensive Solid Waste Management Plan.

WM will track and report on the status of implementing Plan activities, on budgeted and actual program expenditures, and on monthly revenues being generated from marketing recyclable materials collected from regulated single family and multifamily customers in King County. If there are significant variations from expenditures or revenues, WM will report to the County with recommendations for adjustments to the Plan activities to respond to those variances.

Additionally, WM will participate in regional recycling and composting groups such as the Recycle Right Communications Consortium in King County.

### **Monthly Data Reporting Requirements**

WM will provide accurate monthly recycling and disposal reports using the format required by the County by the end of the following month. Waste Management will also provide a monthly report on the quantity of processing residuals from King County generators and the quantity of residuals delivered to Cedar Hills Regional Landfill.

### **Task 1: Single Family Residential Audience Outreach and Education -**

The scope of work for the two-year agreement will focus on the following areas:

1. Increasing capture of recyclable materials; tactics may include, but not be limited to:
  - Increasing customer use of the WM CartWise application through updating content, and raising awareness of the application.
  - Mailing an updated recycling guide, while expanding digital resources for customers.
  - Data reporting enhancements.
2. Coordinated efforts for contamination reduction in both the recycling and organics streams.
  - Waste Management will participate in regional recycling and composting work groups, such as the King County Recycle Right Communications Consortium. WM will also participate in the development of King County's Contamination Reduction Outreach Plan.
  - Waste Management will participate in and execute tactics from strategic campaigns that are developed as part of these workgroups that would have most significant impact for King County unincorporated regions around contamination reduction.
3. Increased multicultural engagement; tactics may include:
  - Pending COVID-19, WM will conduct six cultural event days or other in-person events at key central locations (i.e. grocery stores, cultural retail hubs, libraries, community centers) in or near WUTC service areas in King County. These events may leverage efforts from King County in their multicultural execution strategies.
  - Waste Management will partner with local organizations through grassroots community education efforts, to better reach customers for whom traditional outreach methods such as social media advertising and mail efforts aren't as effective. The goal will be to provide direct education in locations where these community groups gather in partnership with organizations they know and trust.
4. JMK Video and Contamination Reduction
  - The JMK material recovery facility is undergoing large updates. Providing updated educational content around how the facility processes recyclables, and why it's crucial to keep contamination out of the recycling stream are important to customer understanding of the recycling process.
  - Deliverables may include:
    - Education video demonstrating JMK Fibers facility and how sorting takes place
    - Short vignette videos that will highlight individual pieces of the sorting process and contamination reduction importance, to be used

during virtual and in person presentations, and with social media and website efforts.

5. Cart tagging

- Cart tagging has been demonstrated in previous studies to be an effective form of educating around what should be recycled, and what should be kept out of the recycling stream.
- In 2022-23 WM will conduct cart tagging efforts, focusing on routes that have high levels of contamination.

6. Food Waste Reduction and Capture

- In 2022/23 WM will evaluate various forms of outreach, potentially: cart tags, mailers, and social media campaigns; in order to study which methods are most effective at increasing compost subscription sign ups in rural areas of WUTC regulated King County or other service areas with low subscription rates.
- WM will also attempt to pilot milk dispensers at two schools in King County. These pilots would both reduce carton usage, as well as milk waste, and allow for additional food waste reduction in collaboration with King County Green Schools.

7. Behavior study

- The goal for this audience research is to gather data that can inform outreach and education approaches used to increase recycling rates, decrease contamination, and promote other sustainable materials management behavior. Areas of exploration may include:
  - Understanding resident beliefs about and trust in the recycling system.
  - Identifying points of confusion that contribute to recycling contamination.
  - Continuing to understand wishcycling behavior and resident confidence in what they can or cannot recycle at home.
  - Updating our understanding of how residents prefer to receive information about recycling.
  - Building on past studies, and exploring opportunities to identify customers that do not participate in food scraps diversion and how to reach them.

**Task 2: Multifamily Residential Audience Outreach and Education -**

This agreement will expand upon the foundational Best Management Basics (Capacity, Co-location, Clarity & Color) that were developed in 2013.

1. WM will continue to implement the Best Management Basics at properties that have not yet reached the goals, or those who have previously reached it three or more years prior.
2. While on site for other technical assistance, WM will address individual property needs, and introduce slotted lids to property managers as a means to significantly reduce contamination in the recycling stream.
3. WM will evaluate residents recycling convenience before and after changes are made.
4. Ensure dumpster and cart decals are updated to improve visibility and function for tenants.
5. WM will implement QR codes into decals and handouts, and monitor usage to determine if this is an effective future education method.
6. WM will develop a video version of a multifamily toolkit, a ‘do-it-yourself’ version for property managers to walk through different steps to determine if they have opportunities for improvement.

### **Task 3: Cost analysis and strategy development for incorporating costs into the tariff(s) rate**

The goal of task 3 is to continue to discuss and evaluate a range of costs which have been part of the revenue sharing agreement expenditures in the past which the team would recommend may have the potential to be incorporated into the tariff rate in the future. Because some tactics, such as the WM CartWise application have been fully developed, they may be ready to be incorporated into the tariff rate so that the tactics, necessary to increase recycling and/or composting while reducing contamination, are funded and are included in regular outreach activities.

#### **Discussion topics may include but not be limited to:**

- Costs associated with maintaining the WM CartWise application
- Costs of identifying residential contamination violators
- Costs associated with contamination reduction enforcement pathways such as working directly with violator households
- Costs associated with contaminated basic or organics loads
- Development of cost analyses for new education and contamination control strategies and tactics developed in the agreement

**County Reporting to the UTC**

The County has determined that the elements of this Plan conforms with the King County Comprehensive Solid Waste Management Plan, and the statutory requirements of RCW 81.77.185. It therefore will provide a certification of this Plan and a recommendation to the WUTC that WM retain 50% of the revenues generated from marketing recyclable materials during the period covered by this Plan to be used in performing the activities identified herein.

Furthermore, if all program components specified in this Plan are achieved, and if the County is satisfied that WM has achieved the performance goals stated in this Plan, the County agrees to provide a written recommendation to the WUTC that WM should retain a financial award for the January 1, 2022 – December 31, 2023 period in an amount up to 5% of its program expenditures. Revenues retained by WM during this period that exceed the expenditures and financial awards stated in this plan will be returned to rate payers in the commodity adjustment effective on January 1, 2024, unless a 2024/2025 Plan approved by WUTC and the County specifies that the funds be carried forward.

WM Authorized Representative

Date

  
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Mary S. Evans  
Area Director – Public Sector Solutions

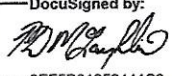
12/13/2021

**KING 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 81.77.185.

King County Authorized Representative

Date

DocuSigned by:  
  
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Pat D. McLaughlin  
Director, King County Solid Waste Division

Dec 7, 2021

**Attachment B**  
**2022/23 WM-King County Revenue Sharing Tasks Quarterly Update**  
**January 1, 2022 through December 31, 2023**

<b>Task 1: Single Family Residential Audience Outreach and Education</b>		
<b>Subtask</b>	<b>Timeline</b>	<b>Task Update</b>
Recycling Diversion from Garbage to Recycling		
Contamination reduction strategies to reduce contamination and increase proper sorting skills.		
Multicultural Engagement		
Recycling Center Contamination Reduction		
Cart Tagging Efforts		
Food Waste Reduction and Capture		
Behavior Study		
SMM Efforts and Study		
<b>Task 2: Multifamily Residential Audience Outreach and Education</b>		
<b>Subtask</b>	<b>Timeline</b>	<b>Task Update</b>
BMB Follow up		
Develop and Update Resources and Materials		
Resident check in and baseline outreach		
Piloting QR code usage and testing		
Develop video version of multifamily toolkit		
<b>Task 3: Analysis of incorporating tasks into base rates</b>		



Incorporating tasks into base rates		

**Attachment C**

# King County Revenue Sharing Plan Budget

2022 - 2023 plan years

		<u>King County</u>
<b><u>Customer Counts:</u></b>		
Residential (average)		<u>40,184</u>
<b><u>Tonnage:</u></b>		
Residential and Multi-Family WUTC tonnage		<u>24,584</u>
<b><u>Revenues:</u></b>		
Total Projected Commodity Revenue (based most recent 12 months average commodity values)		<u>\$ 1,664,000</u>
<b><u>Expenditures Budget:</u></b>		
Estimated Revenue Sharing retained by Company	<b>50.0%</b>	\$ 832,000
Add: Increase in the Budget to reflect prior underspent funds (net of incentive)		\$ 62,900
Less: Performance Incentive Earned (5% of Expenditures)		<u>\$ (42,600)</u>
		<u>\$ 852,300</u>
<b><u>Detailed Expenditures:</u></b>		
<b><u>Tasks As Outlined In RSA</u></b>		
Task 1 - Increasing Recyclable Material Capture		\$ 647,000
Task 2 - Multifamily Outreach		\$ 200,000
Task 3 - Analysis of Incorporating Tasks into Base Rates		\$ 5,300
<b>Total RSA Task Fees (excluding capital)</b>		<u><b>\$ 852,300</b></u>

**Avg. lbs./customer/mo.**

**50.98**

**Avg. revenue/ton**

**\$ 67.69**