

**Waste Management Recycling and Commodity Revenue Sharing Plan for
King County
September 1, 2010 – August 31, 2011**

This Agreement between King County (“County”) and Waste Management (“WM”) is with the expressed intent of increasing the amount of recyclable material collected by WM from customers in King County. A portion of the funding used by WM to implement this Plan will be from revenues from the sales of the commodities retained by WM in accordance with the revenue sharing provision in RCW 81.77.185.

This Plan covers the time period of September 1, 2010 to August 31, 2011, at which time it terminates. A new agreement for the time period of September 1, 2011 through August 31, 2012 will be negotiated and agreed to by July 1, 2011, if both parties agree that a continued agreement is in the best interests of ratepayers and the environment. If a new agreement is not negotiated by July 1, 2011, the Agreement may be terminated, requiring the development of a new Base Agreement.

For the 2010-2011 Agreement, WM is proposing to invest in public outreach staff to engage in intensive outreach efforts (media, mailings, events); to further expand our reports and studies; to continue with new customer outreach; to complete our media-intensive Clean Cart Challenge program; to conduct focus groups; and to make capital investments at CRC that will increase the quality of the material sorted and allow for further expansion of recyclable materials. All of these are described in this 2010-2011 Revenue Sharing Agreement.

The benefits to the County and our collective customers are significant. These programs are made possible by the revenue sharing program. The activities identified in this agreement are not requirements or costs that are built into Waste Management’s UTC tariff rates. Because the company does not earn a return on these expenditures and investments through its regulated operations, the program specifically allows for a profit incentive. By using revenue sharing funds, both WM and the County are able to pilot innovative approaches to increase diversion in King County. These programs will be evaluated at the end of the year; those that are deemed effective may carry into the following year and others may be discontinued. The cost of the ongoing programs will ultimately be built in to the next rate case.

Task 1: Data Reporting

WM will provide accurate monthly recycling and disposal reports using the format required by the County on a timely basis. In addition, WM will also submit monthly audit reports to the County on recycling activities at the Cascade Recycling Center as required by other Agreements between the parties.

Waste Management will also begin to track and report on the many public outreach events that we staff and participate in throughout the County.

Task 2: Quarterly Updates and Coordination Meetings

WM will meet with County staff quarterly in October 2010, January 2011, April 2011, and July 2011 to report on implementation steps undertaken as per this agreement, lessons learned, and proposed next steps. Memorandums, reports, promotional materials and other requirements described in this amendment will be provided in advance of these meetings. During these meetings, WM and County staff will also discuss concepts, plans and implementation mechanisms designed, in the long-term, to significantly affect the nature and/or quantity of recyclables and wastes collected in King County.

Subjects to be addressed include, but are not limited to:

- Removing the remaining food waste, yard debris and wood waste from the garbage
- Actions that will divert recyclable material with significant greenhouse gas footprints
- Education and other outreach strategies that will divert household hazardous waste and problematic materials from disposal, and
- Frequency of recycling and garbage collection.

The County shall be given at least a two-week advance review before materials are distributed, and hard copies of all publications shall be provided to the County after printing. A Public Outreach plan is included as an attachment to this contract.

Task 3: Increase Proportion of Households Subscribing to Curbside Collection Services.

WM will continue to target non-subscribing households to increase the number of households subscribing to curbside collection services. WM will evaluate new customer sign up results from the direct mail marketing campaign completed in June 2010 with the County and will expand or revise its strategy to most effectively increase use of curbside collection services. Should direct mail marketing efforts not result in a 2% response rate by June 30, 2011, WM will pilot alternative marketing methods (i.e. online, print or radio promotion etc), as mutually agreed upon between the County and WM.

Task 4: Decrease Residuals and Contaminants

WM will continue to use public education to minimize the amount of non-recyclable contaminants received at its processing facility(ies) and will monitor contamination of outgoing commodities (such as glass and plastic in paper) to increase the proportion of incoming material that is successfully recycled. WM will continue to subcontract this work to Cascadia Consulting Group, and will increase the scope of their contract to include sorting residuals, in order to better target our public education materials.

Waste Management will continue to invest in equipment and processing technologies to improve the quality of recyclables (and reduce contamination) at the Cascade Recycling Center (CRC). The RSA 2010/2011 Budget allocates funds for the installment of optical sorting technology.

The following timeline is the tentative plan for improvements made to the Cascade Recycling Center. Such improvements are subject to change based on actual revenue received.

Year	Equipment Description
2010-2011	Optical sorting for plastics and paper
2011-2012	Shredded paper collection system Film plastic capture system Magnet to increase recovery of ferrous material
2012-2013	Fines capture system
2013-2014	Upgrade fiber screens

These equipment upgrades will allow for expanded collection of plastics,, shredded paper, and additional metals.

Task 5: Harmonization with Other Area Curbside Recycling Programs

WM will continue to examine the materials collected in other Puget Sound areas to recommend which of these materials could be collected for recycling in King County and which materials it would advise against. Harmonization plans will align with post capital investments made to the Cascade Recycling Center.

As we invest in processing equipment, WM will examine the types of materials accepted, including a review of all materials accepted in Seattle’s collection program. WM will provide a status report by May 31, 2011.

Task 6: Targeted Commodities

Due to greenhouse gas emission impacts and other environmental benefits, WM will target the recycling of all metals, paper and biogenic organics.

In an effort to drive year-round participation in food scrap collection and reduce collection schedule confusion in the residential sector, Waste Management will pilot weekly collection of yard waste during the winter months in areas mutually agreeable to WM and the County. Transition of yard waste and food scrap collection to weekly service year- round may serve as a first step towards every other week garbage service in the County. The pilot will take place during the winter season spanning 2010-2011.

Task 7: E-Waste, Problematic and Household Hazardous Waste

WM will develop strategies to divert problematic and hazardous materials and to assist customers in accessing and benefiting from programs such as e-waste recycling. The order of priority is: 1) fluorescent lamps; 2) e-waste; and 3) household hazardous waste.

WM will work to implement an educational program to educate its customers on ways to properly recycle/dispose of e-waste and household hazardous waste by:

- Maintaining and updating WM call center staff training and resource information on locations and services for properly disposing of electronic waste, other problematic materials, and household hazardous waste.
- Including websites and phone numbers where King County residents and businesses can access information on locations and services for electronic waste, other problematic materials, and household hazardous waste on our website and in new customer mailings and customer updates.
- Identifying and implementing strategies like use of dumpster decals to inform residential and commercial customers of proper recycling and disposal regulations. Waste Management will continue placing instructional dumpster decals on containers used by King County customers and will provide KCSWD a schedule for completing the process.
- Implementing strategies such as website information, bill inserts, and notices on customer mailings, to better inform customers of the ban on disposal of fluorescent lamps, including handling instructions and recycling options.

Task 8: Ongoing Promotion of the Food waste Program to Yard Waste Customers to Increase Participation

WM will continue to take the lead and work cooperatively with KCSWD to promote Food waste service to all WM single-family customers. WM will utilize bill inserts, brochures or other public education/marketing mechanisms, including our website and direct mail, to provide information to all residential customers regarding Food waste and Yard waste programs. The goal of our residential yard waste subscription outreach is to produce a 2% subscriber increase between June 1, 2010 and May 31, 2011.

WM will employ an outreach coordinator who will be dedicated to public education regarding food and yardwaste. The coordinator will work throughout King and Snohomish Counties and promoting and educating customers. Although daily efforts will focus on commercial foodwaste and recycling programs, public events will primarily focus on residential customers.

Task 9: Multi-family Recycling Education Program

WM will continue to work to increase multi-family recycling efforts in King County by:

- Seeking feedback from multi-family customers via surveys or focus groups, with incentives for participation
- Through these surveys or focus groups – identifying multi-family customers that want to increase recycling, and providing them with special assistance. These experiences could serve as templates for encouraging other complexes

WM will report its multifamily education and marketing efforts to the County and will seek input from the County when creating or revising related materials. Focus group or survey will be conducted in September 2010 and reported at the January 2011 quarterly

meeting.

Task 10: Commercial Recycling

Waste Management will hire a commercial recycling outreach/sales coordinator to increase the amount of commercial recyclables being diverted from the waste stream. Waste Management will fill this position by November 2010.

WM will also continue to promote commercial food waste sign-ups with a goal of increasing customer count by 3% between June 1, 2010 and May 31, 2011.

Task 11: Promotion of Recycling

Waste Management will promote its King County recycling programs using a variety of public outreach efforts, including web-based information, new customer mailings, annual mailings, bill inserts, media outreach, labeling of containers and carts, etc. WM will maintain up-to-date program information and instructions on its website. WM will make recycling instructions available in a multi-lingual format and will promote the availability of multi-lingual information to the appropriate communities. WM will seek input from the County when creating or revising materials, and will discuss with the County which languages to target.

WM will develop and incorporate messaging related to green house gas reduction and climate change issues in relation to increased reuse and recycling. WM will seek input from the County when developing these messages.

WM will also staff community events with public education staff to provide education and increase awareness about recycling and waste reduction in the County. WM will staff at least 10 community events in King County (including all suburban cities serviced by WM) during the term of this agreement. WM will report community education activities quarterly.

WM will also report on our charitable contributions to non-profit organizations in King County that promote reuse, reduction and recycling.

WM will implement a recycling incentive program in June-August 2010 for all WM customers in unincorporated areas of King County, including residential, multifamily and commercial sectors. The recycling incentive program will seek to increase awareness and engagement about waste reduction and recycling, with an emphasis on reducing contamination in recycling. Winners will be rewarded with cash gift cards.

The recycling rewards program will feature a combination of outreach methods, such as:

- Direct mail and bill inserts
- Multi-family posters and letters
- Print ads,
- Radio and/or transit ads; and
- Social media outlets.

Task 12: Recycling Audits

WM will audit one route truck of Residential, Commercial and Multi-family recyclables per quarter from cities in King and Snohomish Counties, including the WUTC collection area. Once each quarter, material collected from the three streams in a service area will be sorted at a WM facility to identify non-recyclables, by percentage and type of items. WM will compile the audit data and provide summary reports to the cities and the counties by February 2011.

Waste Management will work cooperatively with the County, other waste and recycling haulers and consultants to design and execute a streamlined and consistent auditing procedure in an effort to ensure consistency in reporting among haulers.

Task 13: Focus Group

Waste Management will plan and execute a series of customer focus groups between July 1, 2010 and June 30, 2011. The goal of the focus groups will be to fine-tune customer messaging so that all customer communications will reflect consistent, clear and effective messaging. Focus groups will include representatives from residential, multifamily and commercial sectors, and will provide WM and the County with information that may include:

- The effectiveness of WM marketing and public education messages, materials and website.
- Service expectations of both current and future service offerings.
- Customer thoughts/motivations/hesitations regarding behavioral changes such as: collection of food scraps, recycling, solid waste reduction (i.e. every-other-week garbage), etc.
- The effectiveness of WM's current emergency collection messages.

Waste Management will hire a third party agency to manage this process in order to help develop appropriate messaging for future outreach efforts.

Task 14: County Reporting to the WUTC

If all program components specified in this plan are achieved, and if the County is satisfied with the progress WM has made toward achieving numerical goals, the County agrees to provide a written recommendation to the WUTC that WM will retain 50% of commodity values, for the September 2010 – August 2011 period. If the Data Reporting requirement of this Agreement is not met the parties agree that WM will retain no more than 25% of the total commodity values during this period and a revenue sharing agreement for September 2011 – August 2012 will not be signed until all required data is submitted.

Task 15: Recycling Goals

The goal of this agreement is to increase recycling levels of WM customers. WM and King County will use available data and data required by this Agreement to monitor changes in recycling and/or garbage levels. As a result of the programs, activities, and

infrastructure improvements implemented by WM and associated with the ongoing series of revenue sharing agreements and addenda, the parties expect to maintain the recycling levels achieved; increase organics recycling as a result of adding food waste to yard waste services and increasing food/yard waste subscription, and to improve the quality of materials collected from customers.

Continued Cooperation

In addition to the provisions of the Plan and the Addendums, the County and WM agree to continue to look for means of diverting material away from landfill disposal and increasing the number of residential customers it services through its curbside collection programs. The County and WM further agree to negotiate in good faith enhancements to the recycling services being provided by WM.

WM Authorized Representative

Date



Dean Kattler
Market Area Vice President

OCT 28/10

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



Kevin Kiernan
Director, King County Solid Waste Division

10-27-10

King and Snohomish County Revenue Sharing Plan Budget

2010 - 2011 plan year

Attachment B

	King County Cost	Snohomish County Cost	Total	Comments/Notes
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Customer Counts:

Residential	40,000 33.3%	80,000 66.7%	120,000 100.0%	
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Tonnage:

Residential and Multi-Family WUTC tonnage	16,200 33.5%	32,400 66.5%	48,600 100.0%	
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Total tonnage processed at CRC including 40,000 tons outside King and Snohomish County.

Total Recycling Tonnage processed by CRC

	56,000 40.0%	44,000 31.4%	140,000 71.4%	
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% of Tonnage processed at CRC that is from WUTC customers

	28.9%	73.0%	34.5%	
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Revenues:

Total Projected Commodity Revenue	\$ 1,243,500	\$ 2,421,700	\$ 3,665,200	
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Estimated Revenue Sharing (50%) retained by Company

	\$ 621,750	\$ 1,210,850	\$ 1,832,600	
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Expenditures:

Allocated Labor Costs(see detail below)

Labor Cost Total	\$ 104,700	\$ 209,500	\$ 314,200	
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Printed Materials

Bill Inserts (4 residential)	\$ 40,000	\$ 80,000	\$ 120,000	Cost of bill inserts per customer - \$0.25
Residential Brochure & Calendar	\$ 64,000	\$ 128,000	\$ 192,000	Cost of residential brochure per customer - \$1.60
Garbage Service Promotional Mailing	\$ 6,300	\$ 18,800	\$ 25,100	Cost of promotional mailing per customer - \$1.25
Weekly YW pilot notification/education	\$ 13,200	\$ 13,500	\$ 26,700	Cost of YW pilot notices - \$1.25/customer
Printed Materials Total	\$ 123,500	\$ 240,300	\$ 363,800	

Winter Weekly YW Pilot Routing operational Costs

	\$ 36,800	\$ 37,000	\$ 73,800	KC - Federal Way / SC - Bothell Annexation Area
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Professional & Marketing Fees

Post-weekly YW Phone Survey	\$ 19,800	\$ 20,200	\$ 40,000	
Media Campaign (incl. radio) promoting food and yard waste subscription/participation	\$ 23,300	\$ 64,700	\$ 88,000	Includes two ad campaigns in SC and one in KC
Multifamily Survey	\$ 10,000	\$ 20,000	\$ 30,000	
Recycling and waste reduction ad campaign	\$ 23,400	\$ 64,800	\$ 88,200	Includes two ad campaigns in SC and one in KC
Clean Cart Challenge	\$ 21,700	\$ 43,300	\$ 65,000	
Cascadia Consulting - Recycling Sorts	\$ 26,700	\$ 53,300	\$ 80,000	
General Customer Focus Groups	\$ 20,000	\$ 40,000	\$ 60,000	
Professional & Marketing Fees Total	\$ 144,900	\$ 306,300	\$ 451,200	

Total Budgeted Expenses

	\$ 373,100	\$ 756,100	\$ 1,129,200	
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King and Snohomish County Revenue Sharing Plan Budget

2010 - 2011 plan year

Attachment B

	King County Cost	Snohomish County Cost	Total
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Total

Capital	
Optical sorting for plastics	\$ 700,000
Optical sorting for paper	\$ 700,000
	<u>\$ 1,400,000</u>

34.5%

% of Total CRC Tonnage from WUTC customers

CRC Capital Improvements are allocated proportionately based on the amount of tonnage processed from WUTC customers in King and Snohomish Counties.

Total investment allocated to WUTC customers	\$ 483,000	\$ 162,000	\$ 321,000	\$ 483,000
Total 2010-2011 Budgeted Expenses and Capital	\$ 571,900	\$ 1,114,100	\$ 1,686,000	
Net Revenue retained by Company	\$ 49,850	\$ 96,750	\$ 146,600	
	<u>8.0%</u>	<u>8.0%</u>	<u>8.0%</u>	<u>8.0%</u>

Labor Cost Allocation	Annual Hours	Cost/Hr.	Cost	Comments/Notes	
Labor Associated with monthly reporting requirements (Ryan & Amanda)	2,600	\$ 38.00	\$ 98,800	Ryan: 20% - because Ryan is required to manage recycle sorts, generate data using SMART and MAS, and populate reports for both cities and UTC customers. & Amanda: 25%; Data Entry: 80%	
Labor costs associated with contract management/implementation (Katie/Emily)	1,040	\$ 68.10	\$ 70,800		Katie/Emily - 25% time each
Labor costs associated with management of website and public education development (Emily Newcomer/Rita)	1,040	\$ 68.10	\$ 70,800		Emily/Rita - 25% time each
Labor associated with Yard Waste cart "welcome bags"	500	\$ 68.10	\$ 34,100		100 hours each
Labor associated with commercial recycling outreach					
Operational cost associated with weekly yard waste pilot (truck, fuel, labor, etc.)					
Labor Associated with staffing public events	400	\$ 68.10	\$ 27,200		Emily/Laura/Will/Katie - 100 hours each 70%
Intern staffing	500	\$ 25.00	\$ 12,500		
Labor Cost Totals	<u>6,080</u>		<u>\$ 314,200</u>		