



King County

Solid Waste Division

Department of Natural Resources and Parks

King Street Center

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June 15, 2020

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Danny Kermode
Washington Utilities and Transportation Commission
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Dear Mr. Johnson and Mr. Kermode:

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 2019-2021 Plan, covering work completed between August 1, 2019 and April 30, 2020.

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, 2019 – July 31, 2021 and is divided into two parts to accommodate filing deadlines. Part 1 includes activities occurring August 1, 2019 – April 30, 2020, and activities within the last three months of the previous 2017-2019 Plan not reported on in the previous filing. Part 2 includes the period from May 1, 2020 – April 30, 2021.

In the certification letter sent in June 2019, King County recommended 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 2019-2021 Plan period to implement program strategies and activities described in the Plan. King County has worked closely with Republic Services through monthly meetings to ensure milestones in the

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Plan are met 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."

Compliance Determination for Past and Current Plans:

2019-2021 Plan (Part 1: May 1, 2019 – April 30, 2020)

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 closed dates. For this Plan, the reporting periods include the final three months of the August 2017 – July 2019 Plan and the first nine months of the August 2019 – July 2021 Plan. Activities from May 1, 2020 – April 30, 2021 will be evaluated as part of the 2019-2021 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.

Budget Revision:

The 2019-2021 proposed budget was initially forecast to be \$319,477 for the two-year plan. Based on actual commodity revenues during the plan period, the budget forecast is \$134,393 for the two-year plan. A revision of the budget for the period August 1, 2019 through July 31, 2020, is attached with this letter in Attachment C.

In response to the reduced commodity values resulting in reduced revenue and budget forecast, King County and Republic Services have focused the single-family outreach and education strategies on social media marketing in the plan period, which can be a more cost-effective way to reach residents. Task 6 to gain a deeper understanding on contamination has also been put on hold due to the decreased budget for the plan.

Work completed during this reporting period:

During the Plan period, August 1, 2019 through April 30, 2020, 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.

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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 One plan for single-family recycling education was to focus on keeping plastic bags out of recycling containers and promoting use of plastic bag retail take-back programs, in alignment with the priorities set out by the Communications Consortium. Promotion of the plastic bag retail take-back program was delayed due to concerns from the end processor about their ability to handle the anticipated supply of new material.

Alternate plans to promote Recycle Right messaging to single-family residents were put on hold at the beginning of March 2020 with the emergence of COVID-19 in the region.

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. This work was placed on hold in March 2020 following stay-at-home orders due to COVID-19.

5. Cost analysis and strategy development for incorporating costs into the tariff rate(s)

To support this task, Republic is developing a summary of RSA work accomplished in previous years. This summary will be compared to best practices identified by King County, such as ongoing multifamily resident engagement through technical assistance and door-to-door outreach, and contamination reduction strategies like cart tagging. Further research and analysis are ongoing.

6. Understanding contamination

This task is on hold reduced budget projections from decreased commodity revenues for the plan period.

Rollover of Unspent Funds into Year Two

During the current plan, the funds budgeted to implement single-family continuing education strategies were not spent. The plastic bag recycling campaign planned with the Communications Consortium for early 2019 was placed on hold, and Republic and King County agreed to re-evaluate their outreach and education strategy under this task after the emergence of COVID-19 impacts. The revised single-family continuing education plan is still under development but will be implemented in Year Two of the Plan. King County requests a rollover of unspent Year One funds (\$31,726) into Year Two to continue to support the waste prevention, recycling, and contamination reduction goals set out in the agreement.

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Performance Bonus Eligibility for Current Plan

Consistent with WUTC's May 30, 2012, Interpretive and Policy Statement, King County's current 2019-2021 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 2019-2021 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.

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: Kent Kronenberg, General Manager, Republic Services of Bellevue
Greg Hale, General Manager, Republic Services of Kent
Natalie Caulkins, Revenue Sharing Program Administrator
Andrea Lai, Project/Program Manager III, Solid Waste Division