

**Waste Management Recycling and Commodity Revenue Sharing Plan for
King County
January 1, 2020 – December 31, 2021**

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, 2020 to December 31, 2021, at which time it terminates.

The Plan is to be implemented in three parts:

- Part A (January 1, 2020 -- September 30, 2020)
- Part B (October 1, 2020 -- September 30, 2021)
- Part C (October 1, 2021 – December 31, 2021)

This schedule allows time to evaluate the effectiveness of Part A and B activities before a 2022/23 plan must be submitted to the WUTC for certification. Activities in the Part A and B time period will be evaluated in 4th 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: 2020-2021 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 2020 – September 2020), and Part B (October 2020 – September 2021) 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, 2021. 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

The County serves as the regional solid waste planning agency for unincorporated areas and all cities within County borders except Seattle and Milton. One of the County's responsibilities in the King County Comprehensive Solid Waste Management Plan is to implement countywide strategies to increase recycling and composting. The County's

residential curbside recycling education outreach program is Recycle More, It's Easy to Do and Recicla Mas Es Facilisimo, King County's Spanish language curbside education outreach program. During the duration of this agreement, if the County is prepared to conduct education outreach in additional language/cultural communities in King County, the tactics implemented in this agreement will support those outreach programs whenever possible, focusing on increasing the diversion of recyclable and compostable materials in WM's WUTC regulated areas.

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. Increase the awareness of sustainable materials management, and the importance of waste reduction.

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 including the NW Commingled workgroup, Organics Contamination Reduction Workgroup and Recycle Right Communications Consortium in King County.

The costs of staff support allocated to these activities is estimated in Labor costs. Staffing includes, but is not limited to:

- RSA Project Manager
- Support Staff

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.

The costs of staff support allocated to these activities is estimated in Labor costs. Staffing includes but is not limited to:

- Monthly Reporting

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.
 - Development of an updated recycling guide mailer, with expanded customer opportunity for obtaining information digitally.
 - Data reporting enhancements.
2. Reducing contamination in both the recycling and organics streams.
 - Waste Management will participate in regional recycling and composting work groups, including the NW Comingled workgroup and Organics Contamination Reduction Workgroup in King County. 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. Sustainable materials management development and waste reduction; tactics may include:
 - Development of materials and programming focused on sustainable materials management, proper recycling of core materials with strong environmental benefits that are foundational to the recycling system, and waste reduction.

A crucial component of engaging customers is providing educational opportunities for sustainable actions that may have not previously been considered. WM and King County will plan and execute projects such as advertising and piloting an event centered around textile collection. Sustainable action tactics will be developed and implemented in collaboration with King County and may leverage any diversion and waste prevention programs King County has developed.

4. Increased multicultural engagement; tactics may include:
 - Conducting four cultural event days or 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.

Staffing which will potentially support the execution of this task includes, but is not limited to:

- Intern Program
- Support Staff
- RSA Project Manager

Task 2: Multifamily Residential Audience Outreach and Education

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

1. WM will follow up with properties that still need additional assistance in implementing the Best Management Basics, and respond to requests for training, materials and technical assistance as they arise.
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. Ensure dumpster and cart decals are updated to improve visibility and function for tenants.

Staffing which will potentially support the execution of this task includes, but is not limited to:

- RSA Project Manager
- Support Staff
- Intern Program

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

The goal of task 3 is to discuss 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 implementing multifamily best practice basics have been developed and streamlined in our work in these agreements and the team feels ready for those practices 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:

- Waste Management staffing cost related to this agreement
- Costs associated with the multifamily best practice basics
- 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
- Costs of measuring cart capture rate changes in the recycling and organics stream

Staffing which will potentially support the execution of this task includes, but is not limited to:

- Executive Management/Oversight
- RSA Project Manager

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, 2020 – December 31, 2021 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, 2022, unless a 2022/2023 Plan approved by WUTC and the County specifies that the funds be carried forward.

WM Authorized Representative

Date

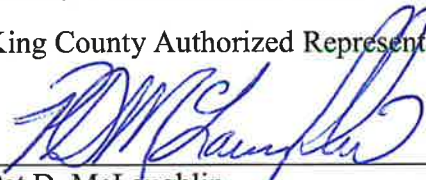
 Mary S. Evans
 Area Director – Public Sector Solutions

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



 Pat D. McLaughlin
 Director, King County Solid Waste Division

11/26/19

**Attachment A:
 2020-2021 Timeline for WM-King County Revenue Sharing Agreement**

Jan 1 2020	Effective date for rates and 2020/21 Plan
Oct 15 2020	Preliminary report from WM to King Co on achievements and costs during Part A (Jan 1 2020 - Sep 30 2020) of the 2020/21 Plan.
Nov 15 2020	Final report to WUTC from WM on expenditures and achievements for the period Part A of the 2020/21 Plan.
Nov 15 2020	King Co certification of Part A of the 2020/21 Plan to WUTC
Nov 15 2020	Commodity value adjustments to WUTC from WM for 2021
Jan 1 2021	Effective date for 2021 rates

Oct 15 2021	Preliminary report from WM to King Co on achievements and costs during the 2020/21 Plan period.
Oct 15 2021	Proposal from WM to King Co on 2022/23 Plan
Nov 15 2021	Final report to WUTC from WM on expenditures and achievements for the 2020/21 Plan.
Nov 15 2021	Commodity value adjustments, including application of incentive, to WUTC from WM for 2022/23
Nov 15 2021	Plan to WUTC from WM for Jan 1 2022 – Dec 31 2023
Nov 15 2021	King Co certification of 2020/21 Plan to WUTC
Jan 1 2022	Effective date for rates and 2022/23 Plan

Attachment B
2020/21 WM-King County Revenue Sharing Tasks Quarterly Update
January 1, 2020 through December 31, 2021

Task 1: Single Family Residential Audience Outreach and Education		
Subtask	Timeline	Task Update
Basic recycling diversion from garbage to recycling carts		
Contamination reduction strategies to reduce contamination and increase proper sorting skills.		
Alternative measures for waste diversion considering recent findings with sustainable materials management		
Multicultural research and outreach		
Task 2: Multifamily Residential Audience Outreach and Education		
Subtask	Timeline	Task Update
BMB Follow up		
Introduction of slotted lids		

Attachment C

King County Revenue Sharing Plan Budget

2020 - 2021 plan years

	<u>Budget</u>
	King County
<u>Customer Counts:</u>	
Residential (average)	<u>38,629</u>
<u>Tonnage:</u>	
Residential and Multi-Family WUTC tonnage (based on most recent 12 months)	<u>23,806</u>
<u>Revenues:</u>	
Total Projected Commodity Revenue (based most recent 12 months average commodity values)	<u>\$ 664,000</u>
<u>Expenditures Budget:</u>	
Estimated Revenue Sharing retained by Company	50.0% \$ 332,000
Less: Performance Incentive Earned (5% of Expenditures)	<u>\$ (15,800)</u>
Amount available to spend	<u>\$ 316,200</u>
<u>Detailed Expenditures:</u>	
Labor Cost Total (see detail below)	\$ 200,200
<u>Tasks As Outlined In RSA</u>	
Task 1 - Single Family Residential Audience Outreach & Education	\$ 102,500
Task 2 - Multifamily Residential Audience Outreach & Education	\$ 9,000
Task 3 - Analysis of incorporating tasks into base rates	\$ 4,500
Total RSA Task Fees (excluding capital)	<u>\$ 116,000</u>

Total Budgeted Expenses **\$ 316,200**

Avg. lbs./customer/mo. **51.36**

Avg. revenue/ton **\$ 27.89**

<u>Labor Cost Allocation</u>	<u>Total</u>		
	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total 2 yrs</u>
Mentor Reporting (CC Team)	300	\$ 90	\$ 27,000
Executive Management/Oversight (Mindy & Mary)	180	\$ 150	\$ 27,000
RSA Project Manager	950	\$ 90	\$ 85,500
Support Staff (e.g. Public Education Team, Website Updates, Accounting)	400	\$ 90	\$ 36,000
Intern Program (recruitment & boot camp)	206	\$ 120	\$ 24,700
Labor Cost Totals	2,036		\$ 200,200