



## King County

### Solid Waste Division

Department of Natural Resources and Parks

King Street Center

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TTY Relay: 711

June 8, 2015

Steven V. King  
Secretary and Executive Director  
Attention: Danny Kermode, Assistant Director  
Washington Utilities and Transportation Commission  
1300 S Evergreen Park Drive SW  
PO Box 47250  
Olympia WA 98504-7250

RE: Republic Services – King County Revenue Sharing Plans

Dear Mr. King:

The purpose of this letter is to provide King County's determinations regarding revenue sharing plan compliance with RCW 81.77.185 by Republic Services for its service areas within King County. The letter conveys support for a new revenue sharing plan (Plan) effective from August 1, 2015 through July 31, 2017. It also reports King County's findings regarding Republic Services' performance under Part B of the previous revenue sharing plan (May 1, 2014 - July 31, 2014) and Part A of the current plan (August 1, 2014 – April 30, 2015). The Plans referenced within apply to King County territory in Republic Services' G-12 certificate, and to territory in the G-60 certificate jointly owned by Republic Services and Fiorito Enterprises, Inc.

#### **New Plan (August 1, 2015 – July 31, 2017)**

Republic Services and King County have come to an agreement on a new Plan and associated budget for its service areas in King County for the period beginning August 1, 2015, and ending July 31, 2017. A copy of the new Plan signed by both parties and certified by King County as being in compliance with its current Solid Waste Management Plan, is being transmitted to you by Republic Services concurrently with this letter. The Plan is divided into two parts to accommodate filing deadlines. Part A will include activities occurring May 1, 2015 – April 30, 2016 (including activities in the last three months of the 2015-2016 Plan). Part B will run May 1 2016 – April 30, 2017.

We recommend 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 2015-2017 Plan period to implement program activities

described in the Plan. The county will work closely with Republic Services through quarterly meetings to ensure that milestones in the Plan are being met, and to make adjustments to the Plan if projected revenues are not being realized.

King County believes that the Plan demonstrates how the anticipated retained revenue will be used to 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:**

**- Part B, 2013-2014 Plan (May 1, 2014 – July 31, 2014)**

**- Part A, 2014-2015 Plan (August 1, 2015 – April 30, 2015)**

In order to allow time for King County to evaluate the effectiveness of Plans and still meet WUTC filing deadlines, Plans have specified that the evaluation period be for the one-year period ending 3 months prior to Plan closing dates. This period thus includes the final 3 months of the August 2013 – July 2014 Plan, and the first 9 months of the August 2014 – July 2015 Plan. Activities occurring in May – July 2015 will be evaluated as part of the 2015-2017 plan evaluation.

Republic Services has done an excellent job in implementing Plan tasks during this time frame. Detailed summaries of program activities and associated costs have been provided to the County, and to the best of our knowledge, the expenditures reported by Republic are justifiable and appropriate. Consequently, we recommend that WUTC allow Republic Services to retain revenues sufficient to reimburse the company for these expenditures.

**Performance Bonus Eligibility for Current Plan**

Consistent with WUTC's May 30, 2012 Interpretive and Policy Statement, King County's current Plan with Republic Services includes an opportunity for Republic to earn incentive bonuses equal to 5 percent of program expenditures if specific performance benchmarks are attained. The current Plan specifies that Republic may retain 5 percent of the percentage of recyclable materials (excluding organics) diverted from disposal increases. The increase is measured by comparing the 12-month period of May 2014-April 2015 with the previous 12-month period.

Based upon the monthly data reports provided to King County by Republic, we find that the company meets eligibility criteria for the bonus. The residential diversion rate (excluding organics) in regulated areas increased from 32.0 percent in the base year to 32.1 percent in the second year. Consequently, we recommend that Republic be allowed to retain the full bonus equal to 5% of program expenditures.

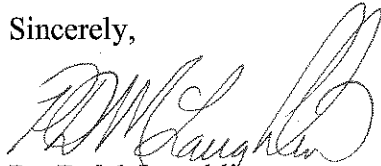
We acknowledge that this is a very modest increase in the recycling rate. However, as recent articles in the recycling trade press have noted, changes in the composition of waste materials

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throughout North America have resulted in declining recycling rates in many municipal programs. Reasons for declining rates include decreases in paper usage, especially newspaper; lightweighting of packaging material; and increased use of non-recyclable multi-layer packaging. It is not valid to assume that recycling rates would remain at current levels without programmatic efforts such as those funded through these revenue sharing plans.

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 any questions, please contact Bill Reed, Recycling Program Analyst, at 206-477-5285, or [bill.reed@kingcounty.gov](mailto:bill.reed@kingcounty.gov).

Sincerely,



Pat D. McLaughlin  
Division Director

Enclosure

cc: Jeff Borgida, General Manager, Republic Services of Bellevue  
Dennis Manes, General Manager, Republic Services of Kent  
Abby Christensen, Revenue Sharing Program Administrator  
Gerty Coville, Project/Program Manager, Solid Waste Division  
Bill Reed, Recycling Program Analyst, Solid Waste Division

