

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

This Agreement between Snohomish County (“County”) and Waste Management (“WM”) aims to increase the amount of recyclable material collected by WM from customers in Snohomish 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 will be in effect from September 1, 2010 to August 31, 2011. A new agreement for the time period of Sept 1, 2011 through Aug. 31, 2012 will be negotiated and agreed to by July 15, 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 15, 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 other may be discontinued. The cost of the ongoing programs will ultimately be built in to the next rate case.

Data Reporting

WM will provide monthly recycling and disposal reports on a timely basis using the format required by the County. WM will provide historic and current information on the amount of revenue retained by the company and that provided to customers on a per customer and total basis. Additionally, WM will provide a summary of data gained from waste sorts of recyclables and organics, as well as processing facility residuals and commodity contaminants.

Results of activities related to this agreement, as well as changes in recycling amounts, customer counts, etc. will be provided to the County in a summary report by June 15, 2011.

Waste Management will also report on public outreach events that it staffs and participates in throughout the County.

Activity	Cost/Funds	Due Date/Complete
Monthly report	Labor Cost (see attachment B)	End of following month
Annual Summary Report	Labor Cost (see attachment B)	June 15, 2011

Notification of Rate Changes

WM will submit to the County, for review and comment, any planned notification to customers pertaining to proposed or approved rate and/or service changes, prior to its production and distribution.

When seeking rate adjustments from the Washington Utilities and Transportation Commission, WM will notify the division and affected cities within the franchise area. The division and cities will be provided with a list of each existing required service and its related existing and proposed rates. WM will also submit a copy of the tariff filing to the County simultaneously with submission of such documents to the Washington Utilities and Transportation Commission. The County requests these documents to minimize staff work and to knowledgeably interact with the WUTC and WM, and not for the purposes of asserting any rate setting authority, which rests with the WUTC.

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 part of 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 to significantly affect the nature and/or quantity of recyclables and wastes collected in Snohomish County. Subjects to be addressed include, but are not limited to:

- Removing food waste, yard debris and wood waste from the garbage,
- Diverting other recyclable material with significant greenhouse gas footprints,
- Diverting household hazardous waste and problematic materials from disposal,
- Discussing the potential of integrating product stewardship approaches for packaging via curbside collection, and
- Frequency of recycling and garbage collection.

Before the first quarterly meeting in October 2010, WM will propose a detailed plan for public outreach during the Plan period, including: outreach methods (e.g., direct mailings,

web site improvements, calendar mailings); and estimated number of households and geographic areas targeted. For promotions and education throughout the year, the County shall be given at least a five-day advance review before materials are printed. Hard copies of final print materials will be provided to the County for its files. Additional hard copies will be provided upon request.

Activity	Cost/Funds	Completion Date
Schedule Meetings	Labor Cost (see attachment B)	Quarterly (by end of quarter)
Provide memos and updates	Labor Cost (see attachment B)	Minimum 3 days prior to meeting

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 results from previous efforts with the County and will expand or revise its strategy to most effectively increase use of curbside collection services.

Activity	Cost/Funds	Completion Date
Garbage Subscription Mailer	\$18,800	March 2011 through April 2011

Decrease Residuals and Contaminants

WM will continue to use public education to minimize the amount of non-recyclable material 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 product auditing to Cascadia Consulting Group, and will increase the scope of the audits to include sorting residuals, in order to better target our public education messaging.

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.

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

Timeline	Improvement
2010-2011	Optical Sorting for Plastics
2011-2012	Shredded Paper Collection System Film Plastic Capture System Magnet to increase recovery of ferrous metal
2012-2013	Fines Capture System
2013-2014	Upgrade Fibers Screens

Activity	Cost/Funds	Completion Date
Add Optical sorting upgrade	\$321,000 (allocated by tonnage for Snohomish County WUTC customers)	By plan year end – August 2011

Harmonization with Other Area Curbside Recycling Programs

WM will continue to consider materials accepted for recycling in other Puget Sound areas, and will recommend which of these materials could be viable for collection in Snohomish County. Harmonization plans will align with post capital investments made to the Cascade Recycling Center. WM does not intend to include deli trays at any time in the near future. These items degrade the value of paper bales and create problems for strict prohibitive guidelines surrounding contaminants.

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.

Activity	Cost/Funds	Completion Date
Addition of accepted materials	Labor Cost (see attachment B)	By plan year end – August 2011

Targeted Commodities

Due to greenhouse gas emission impacts and other environmental benefits, WM will target metals, paper and biogenic organics for collection.

In an effort to drive year-round participation in food scrap collection and reduce collection schedule confusion in the residential sector, Waste Management may pilot continuation of weekly collection of food and 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 could serve as a step toward every other week garbage service in the County.

This pilot will take place during planned focus groups during September 1, 2010 – March 15, 2011.

Activity	Cost/Funds	Completion Date
Weekly Yard waste pilot	\$13,500	March 15, 2011
Post-Weekly YW Survey	\$20,200	March 15, 2011

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.

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, household hazardous waste, and other problematic materials.
- Including websites and phone numbers where Snohomish County residents and businesses can access information on locations and services for electronic waste, household hazardous waste, and other problematic materials on our website, 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 and will provide SCSWD a schedule for completing the process.
- Implementing strategies such as website information, bill inserts, and customer mailings to better inform customers of the ban on disposal of fluorescent lamps, including handling instructions and recycling options.

Activity	Cost/Funds	Completion Date
Send resource information to call center regarding E-waste	Labor Cost (see attachment B)	Complete 10/1/10
Maintain websites and phone numbers for customers	Covered in rate	Ongoing
Dumpster Decals	Covered in rate	Complete 09/10
Bill inserts	\$20,000	December 15, 2010

Ongoing Promotion of the Food Waste Collection to Yard Waste Customers to Increase Participation

WM will continue to take the lead and work cooperatively with SCSWD to promote Food waste service to all WM single-family customers. WM will utilize bill inserts, brochures or other public education/marketing mechanisms, including its website and direct mail, to provide information to all residential customers regarding Food waste and Yard waste collection.

During the period covered in this agreement, WM will consider the possible benefits and feasibility of a compost distribution program. If the possibilities are promising, WM will propose how it could implement such a program for consideration in the next Revenue Sharing agreement. WM will provide information to the County on its process and findings related to this task.

WM will employ an Organics Outreach Coordinator who will be dedicated to public education regarding food and yardwaste. The coordinator will work throughout King and Snohomish Counties, promoting the program and educating customers. Daily outreach

will focus on commercial food waste and recycling. Public events will primarily focus on residential customers.

Activity	Cost/Funds	Completion Date
Bill Insert	\$20,000	January 2011
Residential Brochure & Calendar	\$128,000	Complete by July 2011
Media Campaign	\$46,700	Ongoing, complete by plan year end
Organics Outreach Coordinator	Labor Cost (see attachment B)	Complete 10/1/10
Robust Print Ad campaign	\$18,000	Ongoing, complete by plan year end

Multi-family Recycling Education Program

WM will continue to work to increase multi-family recycling by:

- seeking feedback from multi-family customers via surveys or focus groups, with incentive 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 service as templates for encouraging other complexes to participate more effectively.

WM will report its multifamily education and marketing initiatives to the County and will seek input from the County when creating or revising related materials.

Activity	Cost/Funds	Completion Date
Multi-family Survey	\$20,000	June, 2011
Multi-family Focus Groups	Cost included in Focus Group Section	February, 2011

Recycling Outreach

Waste Management will employ a Recycling Outreach Coordinator to staff community events and to develop public education and increase awareness about recycling and waste reduction in the County.

Activity	Cost/Funds	Completion Date
Staffing Events throughout the county	Labor Cost (see attachment B)	Ongoing

Promotion of Recycling Programs

Waste Management will promote its Snohomish County recycling services using a variety of public outreach strategies, including web-based information, new customer mailings, annual mailings, bill inserts, media outreach, container labeling, etc. WM will maintain up- to-date program information and instructions on its website. WM will make

recycling instructions available in a variety of languages promote the availability of multi-lingual information to the appropriate communities. Mechanisms for distributing multi-lingual information will be included in WM's outreach plan. 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 implement a recycling incentive program for WM customers in unincorporated areas of Snohomish 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.

Activity	Cost/Funds	Completion Date
Recycling Ad Campaign	\$46,800	Ongoing – complete by plan year end
Clean Cart Challenge	\$43,300	Complete 9/31/10
Bill Inserts (2)	\$40,000	March 2011, June 2011
Print Ad Campaign	\$18,000	Ongoing – complete by plan year end

Information on the program is included in the documents below:



Recycling Audits

WM will audit one load of Residential, Commercial and Multi-family recyclables per month from cities and unincorporated areas in King and Snohomish Counties, including the WUTC collection area. Material collected from the three streams 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 to ensure consistency in reporting among haulers.

Activity	Cost/Funds	Completion Date
Cascadia Recycling Audits	\$53,300	Ongoing throughout plan year
Cascadia Audit Reports	Labor Cost	February 2011

Focus Group

Waste Management will plan and execute a series of customer focus groups between September 1, 2010 – March 15, 2011. 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. Relevant County staff will be invited to participate in focus group activities including observing focus groups.

Activity	Cost/Funds	Completion Date
Running Focus Groups	\$40,000	February 2011

WM Reporting to Snohomish County SWAC

WM will report on its efforts described in this agreement and proposed activities for the next 2011-2012 agreement to the Snohomish County Solid Waste Advisory Committee at the SWAC’s May 2011 meeting, unless the SWAC’s agenda does not accommodate a presentation.

Activity	Cost/Funds	Completion Date
Presentation to SWAC	Labor Cost (see attachment B)	May 2011

County Reporting to the WUTC

If all of the goals and program components specified in this plan are achieved, the County agrees to provide written a recommendation to the WUTC that WM will retain 50% of commodity values, for the period covered by this revenue sharing agreement. If the Data Reporting requirement of this Agreement is not met the parties agree that WM will retain no more than 15% of the total commodity values during this period and a revenue sharing agreement for September 2012 – August 2013 will not be signed until all required data is submitted.

Recycling Goals

The goal of this agreement is to increase recycling levels of WM customers. WM and Snohomish 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 in connection 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
- Improve the quality of materials collected.

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 decreasing landfill disposal volumes and increasing the number of residential curbside customers. 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
Area Vice President

Oct 22 / 10

SNOHOMISH COUNTY CERTIFICATION

With this acknowledgement, Snohomish 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.

Snohomish County Authorized Representative

Date



Matt Zybas
Director, Snohomish County Solid Waste Division

10/29/10

King and Snohomish County Revenue Sharing Plan Budget

2010 - 2011 plan year

Attachment B

	King County Cost	Snohomish County Cost	Total	<u>Comments/Notes</u>
<u>Customer Counts:</u>				
Residential	40,000 <u>33.3%</u>	80,000 <u>66.7%</u>	120,000 <u>100.0%</u>	
<u>Tonnage:</u>				
Residential and Multi-Family WUTC tonnage	16,200 <u>33.5%</u>	32,400 <u>66.5%</u>	48,300 <u>100.0%</u>	Total tonnage processed at CRC including 40,000 tons outside King and Snohomish County.
Total Recycling Tonnage processed by CRC	56,000 <u>40.0%</u>	44,000 <u>31.4%</u>	140,000 <u>71.4%</u>	
% of Tonnage processed at CRC that is from WUTC customers	<u>28.9%</u>	<u>73.0%</u>	<u>34.5%</u>	
<u>Revenues:</u>				
Total Projected Commodity Revenue	\$ 1,243,500	\$ 2,421,700	\$ 3,665,200	
Estimated Revenue Sharing (50%) retained by Company	\$ 621,750	\$ 1,210,850	\$ 1,832,600	
<u>Expenditures:</u>				
<u>Allocated Labor Costs(see detail below)</u>				
Labor Cost Total	\$ 104,700	\$ 209,500	\$ 314,200	
<u>Printed Materials</u>				
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
<u>Professional & Marketing Fees</u>				
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	

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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Total

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

34.5%

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
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Total 2010-2011 Budgeted Expenses and Capital	\$ 571,900	\$ 1,114,100	\$ 1,686,000
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Net Revenue retained by Company	\$ 49,850	\$ 96,750	\$ 146,600
	<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
Intern staffing	500	\$ 25.00	\$ 12,500		70%
Labor Cost Totals	<u>6,080</u>		<u>\$ 314,200</u>		