

**Waste Management Recycling and Commodity Revenue Sharing Plan for
King County
January 1, 2016 – December 31, 2017**

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 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, 2016 to December 31, 2017, at which time it terminates. The Plan is to be implemented in three parts: Part A (January 1, 2016 -- September 30, 2016); Part B (October 1, 2016 -- September 30, 2017); and Part C (October 1, 2017 – December 31, 2017). This schedule allows time to evaluate the effectiveness of Part A and B activities before a 2018/19 plan must be submitted to the WUTC for certification. Activities in the Part A and B time period will be evaluated in 4th Quarter 2017. 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 result in increased recycling in King County. These activities, along with specific deliverables and due dates, are attached in Attachment B: 2016-2017 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. Attachment C summarizes the budget allocations for the 2016-17 plan. 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 performance targets 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. WM and the County also reserve the right to modify the plan if 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.

In accordance with the Commission’s Interpretive Policy Statement TG-112162, WM and County agree to carry forward unspent amounts from the 2014-2015 Agreement and have calculated that amount with the current Agreement budget. The actual overall expenditures during the 2014-2015 Plan period, including the incentive, were less than 50% of the retained revenues.

Financial Incentives

WM is eligible for a financial incentive payment for implementation of the Plan if the following conditions are met:

- a) For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 3% of the total expenditures incurred by WM in implementation of Plan activities. To determine eligibility for this incentive payment, WM will calculate the diversion rate for regulated residential customers (single family and multifamily) during the period from October 2015 through September 2017, and compare this number with the diversion rate previously achieved in October 2013 – September 2015. Diversion rate means the weight of recycling and organics (food and yard waste) divided by the total weight of all material collected from regulated single family and multifamily customers. If the diversion rate has increased, WM will be eligible for the reward.
- b) For increasing voluntary subscriptions by regulated single family residential customers for organics collection services, an amount equal to 2% of the total expenditures incurred by WM in implementation of Plan activities. To determine eligibility for this incentive payment, WM will calculate the percentage of regulated single-family customers that subscribe to organics collection (food and yard waste) each month for the period from October 2015 through September 2017 to determine the average monthly organics participation rate for the period. This average participation rate will be compared with the October 2013 through September 2015 average participation rate. If the rate has increased, WM will be eligible for this incentive payment, subject to the conditions in subsection c) below.
- c) Eligibility for the incentive payments is conditional upon satisfaction by the County and WUTC that expenditures are reasonably 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, 2017.

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. 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 basic recycling and decrease contamination in WM's WUTC regulated areas of King County.
2. Increase the use of compost services as well as the amount of food scraps and food-soiled paper composted by residents in WM's WUTC regulated areas of King County by:
 - a) Raising awareness about curbside composting services available to single family households;
 - b) Implementing tactics designed to reduce barriers and increase participation;
 - c) Implementing tactics which encourage those with yard waste service who are already composting their food, to put out (more) food scraps and food soiled paper in their curbside bins; and
 - d) Implementing tactics which encourage those without curbside organics service to subscribe to yard/food waste service.

Quarterly Updates and Coordination Meetings

WM will meet with County staff on a quarterly basis to report on implementation steps undertaken as per this agreement. A brief summary document as developed in the 2013 agreement will be updated and maintained for presentation at each quarterly meeting. Budget reporting for purposes of the quarterly meetings will be reported as invoiced costs and the focus of the meetings will be to determine whether task budgets are adequate to complete work within the timeline, scope and budget. 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 monthly revenues being generated from marketing recyclable materials collected from regulated single family and multifamily customers in King County on a form similar to Attachment B. 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.

At the beginning of this agreement Waste Management and King County will develop a strategic two year work plan which will form the framework for individual projects to be carried out.

During monthly conference call briefings, Waste Management and King County will:

1. Discuss and determine elements of project proposals;
2. Review projects under way and determine whether they are on time and on budget; and
3. Review whether staffing and budget are adequate to complete project scope.

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.

WM will also track and report on the many public outreach events that it participates in throughout the County; this data will be reported to the County and updated as needed.

Task 1: Single Family Residential Audience Outreach and Education

This agreement includes education, outreach, curbside feedback tactics and infrastructure changes for the single family residential audience.

The scope of work for the two year agreement will focus on the following areas:

1. Basic recycling diversion from garbage to recycling carts; tactics may include:
 - Paper or plastic pilot
 - Educational outreach materials (including education materials, mobile app, annual guide, web changes), incentives and prompts encouraging participation
 - Advertising raising awareness (including broad media, social media, geotargeted advertising) about what to put in/not put in
2. Organics diversion from garbage to yard carts; tactics may include:
 - Education outreach materials (including education materials, mobile app, annual guide, web changes), incentives and prompts encouraging participation
 - Advertising raising awareness (including broad media, social media, geotargeted advertising) about what to put in/not put in
3. Piloting and implementation of curbside cart tagging including incentives and tools to make diversion of organics and recyclables easier for residents; tactics may include:
 - Cart tagging pilot
 - Planning and implementation of tagging across WM's WUTC regulated areas of King County

4. Reducing contamination in basic recycling and compost carts including participation in the Organics Contamination Reduction Workgroup in King County; tactics may include:
 - WM's participation in organics contamination reduction workgroup
 - Education outreach, incentives and prompts
 - Cart tagging
5. Research and thought leadership around implementation of mandatory pay for yard waste service; tactics may include:
 - Meetings for planning, WM and KC
 - Meetings with WUTC staff
 - Pilot plan development
6. Research and thought leadership around implementation of every other week garbage collection; tactics may include:
 - Meetings for planning, WM and KC
 - Meetings with WUTC staff
 - Pilot plan development
7. Hispanic/Latino language group research and outreach including event outreach and partnerships with Community Based Organizations (CBO's) to provide effective depth of reach for the audience. This work will support the Solid Waste Division's Recicla Mas outreach and education program; tactics may include:
 - Complete behavior study
 - Develop outreach plan for piloting
 - Assess outreach plan and develop ongoing strategy which may include social media platform, develop CBO relationships (e.g. opportunities for outreach at their events, event tabling, hiring interns, training)

Budget: \$680,400

Task 2: Multifamily Residential Audience Outreach and Education

This agreement will conduct implementation of multifamily household outreach and collection container feedback tactics.

The approach of the scope of work for the two year agreement will be on the following areas:

1. Development of "Best Management Basics" for tenants (BMB); tactics may include:
 - Finalize the BMB's
 - Produce materials for distribution

2. Development of BMB for property managers; tactics may include:
 - Finalize the BMB's
 - Produce materials for distribution
3. Implementation of BMB across WM's WUTC regulated areas of King County multifamily complexes; tactics may include:
 - Staff costs for site audits
 - Infrastructure change costs estimate
 - Plan what number of complexes can be completed each of the two years
 - Implement year one, year two
4. Evaluation of implementation, contamination, and diversion of waste in complexes; tactics may include:
 - Team discussion on what elements we want to evaluate (contamination, tonnage)
 - Evaluation plan
5. Consideration regarding whether any multifamily complexes in Waste Management King County WUTC areas are ready for organics collection service implementation, education and evaluation; tactics may include:
 - Assess, at end of agreement, how much progress has been made in BMB
6. Multicultural outreach, with an emphasis on Hispanic/Latino language group. This work will support the Solid Waste Division's Recicla Mas outreach and education program; tactics may include:
 - Recruit and train education staff
 - Outreach for tenants

Budget: \$242,500

County Reporting to the UTC

The County has determined that the elements of this Plan conform 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 47.5% 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, 2016 – December 31, 2017 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, 2018, unless a 2018 Plan approved by WUTC and the County specifies that the funds be carried forward.

WM Authorized Representative

Date



11/10/15

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

 For PDM

11-10-15

Pat D. McLaughlin
Director, King County Solid Waste Division

**Attachment A:
2016-2017 Timeline for WM-King County Revenue Sharing Agreement**

Jan 1 2016	Effective date for rates and 2016/17 Plan
Oct 15 2016	Preliminary report from WM to King Co on achievements and costs during Part A (Jan 1 2016 - Sep 30 2016) of the 2016/17 Plan.
Nov 15 2016	Final report to WUTC from WM on expenditures and achievements for the period Part A of the 2016/17 Plan.
Nov 15 2016	Commodity value adjustments to WUTC from WM for 2017
Jan 1 2017	Effective date for rates
Oct 15 2017	Preliminary report from WM to King Co on achievements and costs during the 2016/17 Plan period.
Oct 15 2017	Proposal from WM to King Co on 2018/19 Plan
Nov 15 2017	Final report to WUTC from WM on expenditures for the 2016/17 Plan.
Nov 15 2017	Commodity value adjustments, including application of incentive, to WUTC from WM for 2016/17
Nov 15 2017	Plan to WUTC from WM for Jan 1 2018 – Dec 31 2019
Nov 15 2017	King Co certification of 2016/17 Plan to WUTC
Jan 1 2018	Effective date for rates and 2018/19 Plan

Attachment B: 2016/17 WM-King County Revenue Sharing Activities and Tasks

**WM-King County Revenue Sharing Agreement January 1, 2016 through December 31, 2017
Budget, Outreach Deliverables & Timeline**

Scope of Work	Due Date	WM Lead	Detailed Update	Expenditures		Commodity Revenues	
				Budget	Actual	Budget	Actual
Labor Costs							
Quarterly Updates and Coordination Meetings							
Quarterly Updates and Coordination Meetings	Quarterly	Mindy R.					
Strategic Plan							
Monthly Data Reporting Requirements							
Monthly Data Reporting	Monthly	Dawn P.					
Task 1: Single Family Residential Audience Outreach and Education							
Basic recycling diversion from garbage to recycling carts							
Organics diversion from garbage to yard carts							
Piloting and implementation of curbside cart tagging							
Reducing contamination in basic recycling and compost carts							
Research and thought leadership - mandatory pay for yard waste service							
Research and thought leadership - every other week garbage collection							
Hispanic/Latino language group research and outreach							
Task 2: Multifamily Residential Audience Outreach and Education							

Development of "Best Management Basics" for tenants (BMB)																				
Development of BMB for property managers																				
Implementation of BMB																				
Evaluation of implementation, contamination, and diversion of waste																				
Consideration regarding organics collection service implementation, education and evaluation																				
Multicultural outreach																				

Total RSA Expenses

Attachment C

King County Revenue Sharing Plan Budget

2016 - 2017 plan years

	King County
Customer Counts:	
Residential	<u>37,164</u>
Tonnage:	
Residential and Multi-Family WUTC tonnage	<u>28,764</u>
Revenues:	
Total Projected Commodity Revenue (based most recent 12 months average commodity values)	\$ <u>2,332,800</u>
Expenditures Budget:	
Estimated Revenue Sharing retained by Company	47.5% \$ 1,108,100
Plus held over funds from prior RSA (net of performance incentive)	\$ <u>220,400</u>
	<u>\$ 1,328,500</u>
Detailed Expenditures:	
Labor Cost Total (see detail below)	\$ <u>342,600</u>
Tasks As Outlined In RSA	
Quarterly Updates and Coordination Meetings	\$ -
Monthly Data Reporting Requirements	\$ -
Task 1 - Single Family Residential Audience Outreach & Education	\$ 680,400
Task 2 - Multifamily Residential Audience Outreach & Education	<u>\$ 242,500</u>
Total RSA Task Fees (excluding capital)	<u>\$ 922,900</u>
Total Budgeted Expenses	<u>\$ 1,265,500</u>
Performance Incentive (5% of expenditures)	\$ 63,000
Total Expenditures plus incentive	<u>\$ 1,328,500</u>
Avg. lbs./customer/mo.	<u>64.50</u>
Avg. revenue/ton	<u>\$ 81.10</u>

Labor Cost Allocation	Total Hours	Cost/hr.	Total Cost
Monthly Reporting	700	\$ 75.00	\$ 52,500
Executive Management/Oversight	500	\$ 135.00	\$ 67,500
RSA Compliance Clerk	1,000	\$ 35.00	\$ 35,000
Other Managerial (Robin, Michelle, Accounting)	920	\$ 105.00	\$ 96,600
Public Education Team & Website Updates	950	\$ 75.00	\$ 71,300
Intern recruitment	188	\$ 105.00	\$ 19,700
Labor Cost Totals	<u>4,258</u>		<u>\$ 342,600</u>

