



King County

Solid Waste Division

Department of Natural Resources and Parks

King Street Center

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Seattle, WA 98104-3855

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TTY Relay: 711

June 29, 2018

Steven V. King
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
PO Box 47250
Olympia WA 98504-7250

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 Plans referenced in this letter apply 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 conveys support for continuation of the Revenue Sharing Plan (Plan) effective from August 1, 2017 through July 31, 2019. It also reports King County's findings regarding Republic Services' performance for year one of the current 2017-2019 Plan (May 1, 2017 – April 30, 2018).

The current 2017-2019 Plan ends July 31, 2019. The final three months activities during the current agreement will be reported on during year one reporting of the new Plan starting August 1, 2019.

Current Plan (August 1, 2017 – July 31, 2019)

Republic Services and King County have projected an associated budget for service areas in King County for the period of August 1, 2017 through July 31, 2019. A copy of the current Plan, signed by both parties and certified by the King County Solid Waste Division Director as being in compliance with its current Solid Waste Management Plan, is attached with this letter. The Plan is divided into two parts to accommodate filing deadlines. Part 1, occurred May 1, 2017 – April 30, 2018, and included activities within the last three months of the previous Plan. Part 2 includes the period from May 1, 2018 – April 30, 2019.

In the certification letter sent June 8, 2017 King County recommended the Washington Utilities and Transportation Commission (WUTC) allow Republic Services to spend up to 50 % of the anticipated revenues from the sale of commodities generated during the 2017-2019 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 Plan are

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met, and to adjust the Plan as necessary with the fallen commodity values and reduced revenue to reflect actual collected revenues.

King County believes 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:
2017-2019 Plan (May 1, 2017 – April 30, 2018)**

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 reporting period be for the one-year period ending 3 months prior to Plan closing dates. For this Plan, the reporting periods include the final 3 months of the August 2015 – July 2017 Plan, and the first 9 months of the August 2017 – July 2019 Plan. Activities occurring from May 1, 2017 – April 30, 2018 will be evaluated as part of the 2017-2019 Plan evaluation. The last three months of the previous 2015-2017 Plan is included in year one of the 2017-2018 reporting.

Republic Services has completed the implementation of Plan tasks, to the satisfaction of King County, during this time frame. 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. Consequently, we recommend that WUTC allow Republic Services to retain revenues sufficient to reimburse the company for these expenditures.

Budget Revision:

The 2017-2019 proposed budget was initially forecast to be \$806,000 for the two-year plan. With falling recycling commodity values, the budget forecast has been revised to be \$299,245 for the two-year plan. A revision of Attachment C-revenue sharing budget, for the period August 1, 2018 through July 31, 2019, is attached with this letter. The budget has been allocated to support National Sword education outreach needs and is reflected in the Attachment C budget.

In response to the reduced commodity values resulting in reduced revenue and budget forecast, the budget for Task 1, project management in 2018-2019 has been reduced to 50% of the original planned budget. Republic Services staff will conduct this work without consultant support. Task 2, collection and reporting, will remain the same; Task 3, single family outreach, will be significantly reduced; and Task 4, multifamily outreach, will be completed.

Work completed during this reporting period:

During the Plan period, August 1, 2017 through April 30, 2018, Republic Services completed the following:

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 on an as needed basis.

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.

3. Multifamily outreach and infrastructure improvements

Republic continued its work to assist property managers, which began in the 2014-2015 agreement period, by adjusting collection container capacity and frequency of collection to maximize complex collection of recycling. Republic Services provided tenant education about how to recycle and distributed education materials door to door to tenants.

4. Single Family Continuing Education

This Plan task goal is to conduct ongoing education of single-family residences to increase participation in recycling and composting while reducing contamination.

In the current Plan year, Republic Services conducted research for an organics cart tagging program, completed the development and planning for a food scrap diversion program. Further work was stopped to accommodate budget reductions from the decrease in commodity values.

5. Service Level Ordinance (SLO) Changes

During the current Plan, King County and Republic Services planned, but decided not to conduct, online education strategies and a mandatory yard waste pilot because of commodity market value fluctuations and the need for further research.

Performance Bonus Eligibility for Current Plan

Consistent with WUTC's May 30, 2012 Interpretive and Policy Statement, King County's current 2017-2019 Plan includes an opportunity for Republic Services to earn incentive bonuses equal to 5% of program expenditures if specific performance benchmarks are attained. The current 2017-2019 Plan specifies that Republic Services may retain 5% of program expenditures if the percentage of recyclable materials diverted from disposal increases. The increase is measured by comparing the period of May 2016-April 2017 with the period of May 2017-April 2018.

Based on the 12-month data comparison provided to King County by Republic Services, we find that the company meets eligibility criteria for the 5% bonus. The combined residential and multifamily diversion rates in regulated areas achieved in May 1, 2016 – April 30, 2017 increased from 48.4% to 49.3% in the May 1, 2017 through April 30, 2018 plan year.

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 Gerty Coville, Project Program Manager III, at 206-477-5271, or gerty.coville@kingcounty.gov.

Sincerely,


Pat D. McLaughlin
Division Director

Steven V. King

June 29, 2018

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Enclosure

cc: Danny Kermode, Assistant Director, Washington Utilities and Transportation Commission
Corby Stephens, General Manager, Republic Services of Bellevue
Yasser Brennes, General Manager, Republic Services of Kent
Carla Johnson, Revenue Sharing Program Administrator
Gerty Coville, Project/Program Manager III, Solid Waste Division

Republic Services (RS of Bellevue, RS of Kent/SeaTac, & Kent-Meridian Disposal)
 WUTC King County - **YEAR 2 FORECAST**
 Attachment C - Revenue Sharing Budget
 August 1, 2018 Through July 31, 2019

Revenue Retained - August 1, 2018 Through July 31, 2019

	Total	50% Passed Back	50% Retained
Eastside Single-Family Value (Estimated)	\$ 16,720.00	\$ 8,360.00	\$ 8,360.00
Eastside Multi-Family Value (Estimated)	\$ 1,388.00	\$ 694.00	\$ 694.00
Kent-Meridian Single-Family Value (Estimated)	\$ 19,380.00	\$ 9,690.00	\$ 9,690.00
Kent-Meridian Multi-Family Value (Estimated)	\$ 150.00	\$ 75.00	\$ 75.00
SeaTac Single-Family Value (Estimated)	\$ 3,880.00	\$ 1,940.00	\$ 1,940.00
SeaTac Multi-Family Value (Estimated)	\$ 114.00	\$ 57.00	\$ 57.00
	\$ -	\$ -	\$ -
Total Revenue Retained	\$ 41,632	\$ 20,816	\$ 20,816
Unspent revenue carried forward from 8/1/17 through 6/30/18			\$ 161,764
Estimated revenue for August 1, 2018 through June 30, 2019			\$ 182,580

Program Costs - August 1, 2018 Through July 31, 2019

Task 1: Project Management/Administration & Coordination of the Agreement		
Revenue Share Agreement Administrator (70%)	\$ 33,000	
Project Management/Administration and Coordination (30%)	\$ 10,500	
Task 2: Data Collection & Reporting		
Monthly Reports and Required Time for Creation & Composition	\$ 11,000	
Task 3: Single Family - Continuing Education		
Planning of Organics Cart Tagging and Food Scrap Program	\$ 4,700	
Task 4: Multifamily Outreach		
Technical Assistance for Properties	\$ 44,000	
Task 5: National Sword Outreach Campaign		
	\$ 50,000	
Program Expenditures	\$ 153,200	
Potential Program Incentive on Incurred Expenditures	\$ 7,660	5%
Total Budget	\$ 160,860	386%
Revenues Returned to the Customer		0%

2017-2018 Plan Year Management & Administrative Costs (body of table is average hours/month)

Months	Accounting	GMs	Managers	Operations	Training	Total
May-17	3	0	2	0.5	1.5	7
Jun-17	3	0	2	0.5	1.5	7
Jul-17	0.5	0	2	0.5	0.5	3.5
Aug-17	0.5	0	0.5	0.5	0.5	2
Sep-17	1.5	0	0.5	0.5	5	7.5
Oct-17	1.5	0.5	0.5	0.5	5	8
Nov-17	0.5	0.5	0.5	0.5	0.5	2.5
Dec-17	0.5	0	0.5	0.5	0.5	2
Jan-18	0.5	0.5	0.5	0.5	0.5	2.5
Feb-18	0.5	0	0.5	0.5	0.5	2
Mar-18	0.5	0	0.5	0.5	0.5	2
Apr-18	0.5	0.5	0.5	0.5	0.5	2.5
May-18	3	0.5	2	0.5	1.5	7.5
Jun-18	3	0.5	2	0.5	1.5	7.5
Jul-18	0.5	0	2	0.5	0.5	3.5
TOTAL	78.00	12.00	66.00	30.00	82.00	268.00
Allocation - \$/hr	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00
Total Admin Cost	\$ 5,460.00	\$ 840.00	\$ 4,620.00	\$ 2,100.00	\$ 5,740.00	\$ 18,760.00

King Co.
Snohomish Co.

70%
30%

\$ \$

Republic Services (RS of Bellevue, RS of Kent/SeaTac, & Kent-Meridian Disposal)
WUTC King County
Revenue Sharing Summary
Through April 30, 2018

Period	Recycle Tons			YW Tons		MSW Tons		Customers		Recycle		Total Diversion		Diversion %
	Recycle Tons	YW Tons	MSW Tons	Customers	Lbs/Customer	YW Lbs/Customer	Total Diversion	Diversion %						
1/1/2012 - 07/31/2012	10,167.37	9,756.70	21,560.05	43,716.00	465.16	446.37	911.52	48.0%						
5/1/2011 - 4/30/2012	12,699.72	14,130.86	27,379.73	38,049.00	667.55	742.77	1,410.32	49.5%						
5/1/2012 - 4/30/2013	11,884.94	12,131.03	24,249.78	34,089.00	697.29	711.73	1,409.02	49.8%						
5/1/2013 - 4/30/2014	12,328.03	13,014.55	24,402.59	34,224.00	720.43	N/A	720.43	33.56%						
5/1/2014 - 4/30/2015	12,434.36	13,532.00	24,491.00	35,489.00	700.74	762.60	1,463.35	51.46%						
5/1/2015 - 4/30/2016	12,869.81	13,695.77	24,784.72	35,425.00	726.59	773.23	1,499.82	51.73%						
<i>For Reporting Period Incentive:</i>														
5/1/2016 - 4/30/2017	12,505.18	13,098.06	25,681.08	35,839.00	697.85	730.94	1,428.79	49.92%						
5/1/2017 - 4/30/2018	12,915.82	13,919.01	25,921.91	36,479.00	708.12	763.12	1,471.25	50.87%						
Single Family														
Multi-Family														
1/1/2012 - 07/31/2012	401.52	N/A	1,638.79	N/A	N/A	N/A	N/A	19.7%						
5/1/2011 - 4/30/2012	723.89	N/A	3,104.23	N/A	N/A	N/A	N/A	18.9%						
5/1/2012 - 4/30/2013	738.80	N/A	3,546.53	N/A	N/A	N/A	N/A	17.2%						
5/1/2013 - 4/30/2014	633.08	N/A	3,135.20	N/A	N/A	N/A	N/A	16.8%						
5/1/2014 - 4/30/2015	623.18	N/A	3,089.90	N/A	N/A	N/A	N/A	16.8%						
5/1/2015 - 4/30/2016	803.76	5.72	2,873.54	N/A	N/A	N/A	N/A	22.0%						
<i>For Reporting Period Incentive:</i>														
5/1/2016 - 4/30/2017	431.25	6.90	2,069.56	N/A	N/A	N/A	N/A	17.5%						
5/1/2017 - 4/30/2018	454.75	10.12	2,109.43	N/A	N/A	N/A	N/A	18.1%						
Combined														
1/1/2012 - 07/31/2012	10,568.89	9,756.70	23,198.84	43,716.00	465.16	446.37	911.52	46.7%						
5/1/2011 - 4/30/2012	13,423.61	13,689.84	30,483.95	38,049.00	667.55	742.77	1,410.32	47.1%						
5/1/2012 - 4/30/2013	12,623.74	12,688.06	27,796.31	34,089.00	697.29	711.73	1,409.02	47.7%						
5/1/2013 - 4/30/2014	12,961.11	N/A	27,537.79	34,224.00	720.43	N/A	720.43	32.0%						
5/1/2014 - 4/30/2015	13,057.54	13,532.00	27,580.90	35,489.00	700.74	762.60	1,463.35	49.1%						
5/1/2015 - 4/30/2016	13,673.6	13,701.5	27,658.3	35,425.00	726.59	773.23	1,499.82	49.7%						
<i>For Reporting Period Incentive:</i>														
5/1/2016 - 4/30/2017	12,936.4	13,105.0	27,750.6	35,839.00	697.85	730.94	1,428.79	48.41%						
5/1/2017 - 4/30/2018	13,370.6	13,929.1	28,031.3	36,479.00	708.12	763.12	1,471.25	49.34%						

Republic Services (RS of Bellevue, RS of Kent/SeaTac, & Kent-Meridian Disposal)
WUTC King County - **CURRENT YEAR ACTUALS**
Attachment C - Revenue Sharing Budget
May 1, 2017 - April 30, 2018

Revenue Retained

	Total	50% Passed Back	50% Retained
Eastside Single-Family Value	\$ 198,165.45	\$ 99,082.73	\$ 99,082.73
Eastside Multi-Family Value	\$ 15,144.04	\$ 7,572.02	\$ 7,572.02
Kent-Meridian Single-Family Value	\$ 311,737.81	\$ 155,868.91	\$ 155,868.91
Kent-Meridian Multi-Family Value	\$ 2,094.79	\$ 1,047.39	\$ 1,047.39
SeaTac Single-Family Value	\$ 69,569.43	\$ 34,784.72	\$ 34,784.72
SeaTac Multi-Family Value	\$ 1,777.98	\$ 888.99	\$ 888.99
Total Revenue Retained	\$ 598,490	\$ 299,245	\$ 299,245

Program Costs

Task 1: Project Management/Administration & Coordination of the Agreement			
Revenue Share Agreement Administrator	\$	54,657.64	
Project Management/Administration and Coordination	\$	13,132.00	
Task 2: Data Collection & Reporting			
Monthly Reports and Required Time for Creation & Composition	\$	7,290.00	
Task 3: Single Family - Continuing Education			
Planning of Organics Cart Tagging and Food Scrap Program	\$	5,364.70	
Task 4: Multifamily Outreach			
Technical Assistance for Properties	\$	50,489.46	
Task 5: Service Level Ordinance			
Project on hold at the request of King Co until further research.	\$	-	
Task 6: Extensions			
No budget assigned	\$	-	
Program Expenditures			
	\$	130,933.80	
Earned Program Incentive on Incurred Expenditures (5% of program expenditures)	\$	6,546.69	
Total Spent	\$	137,480.49	22.97%
Revenues Returned to the Customer	\$	299,244.75	50.00%
Unspent Revenues-Unspent amounts carried forward in year 2 of 2 year plan	\$	161,764.26	27.03%