

Agenda Date: November 24, 2010

Item Number: B5

**Docket: TG-101224**

Company Name: Rabanco Ltd, d/b/a Lynnwood Disposal G-12

Staff: David Gomez, Deputy Assistant Director – Water and Transportation

### **Recommendation**

Staff recommends that the commission defer action on the company's petition to lift the interim status of revenue sharing until the December 30, 2010, open meeting and issue an order authorizing the continuation of the interim status of revenue sharing for recyclable commodities, subject to refund, through December 31, 2010.

### **Background**

On November 1, 2010, Rabanco Ltd, d/b/a Lynnwood Disposal (Lynnwood or company) filed with the Utilities and Transportation Commission (commission):

- Petition to make fifty percent revenue sharing, allowed on an interim basis in Order 01, permanent;
- Lynnwood's budget for retained revenues for the 2010-2011 plan period;
- Results of September 29, 2010, annual coordination meeting with Cedar Grove Composting in Everett, WA;
- Snohomish County and Lynnwood 2010-2011 Detailed Public Outreach Plan;
- Lynnwood's Revenue Sharing Agreement with Snohomish County for the 2010-2011 plan period showing how retained revenues will be used to increase recycling; and
- A letter from Matt Zybas, Director Snohomish County Solid Waste Division certifying the plan for Snohomish County is consistent with the local government solid waste plan.

The company filed these items in compliance with TG-101224, Order 01 issued on August 31, 2010. The commission's order required Lynnwood to:

- Retain fifty percent of the revenue received from the sale of recyclable materials collected in its single family and multi-family residential recycling programs on an interim basis, from September 1, 2010, through December 1, 2010, subject to refund.
- Work with Snohomish County to devise a budget and subsequently petition the commission in sixty-days (no later than November 1, 2010) to allow the revenue sharing through August 31, 2011, and lift the interim status of the revenue sharing by December 1, 2010.
- Include in its petition, a recycling plan and detailed budget consistent with Snohomish County's Comprehensive Solid Waste Management Plan that shows details on the amount of revenue it expects to retain, the amount of money it plans to spend on the activities identified in the recycling plan together with the anticipated effect the activities will have

on increasing recycling.

Upon compliance by the company with the order, the commission, in turn, would consider:

- Issuing an order by December 1, 2010, either lifting the interim status of the revenue sharing or set some other amount percentage for revenue sharing or revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.
- Require the company to carry over into the next year retained revenues not spent during the previous plan period, and carry over into the following year's unspent revenues from this plan period, unless some other treatment is ordered by the commission.

The company also filed a detailed budget for the 2010-2011 plan period. They included \$176,781 in expenditures for:

- Communication costs - \$43,000 (25 percent)
- Labor/staffing - \$83,782 (47 percent)
- Other - \$50,000 (28 percent)

RCW 81.77.185 states that the commission shall allow a solid waste collection company collecting recyclable materials from single-family customers to retain "up to fifty percent of the revenue paid" to the company for the material if the company submits a plan to the commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue must be passed through to single-family customers.

Lynnwood and Snohomish County's Revenue Sharing Agreement for the 2010-2011 plan period calls for fifty percent of the retained recyclable commodity revenue to be awarded to the company based on completing the following tasks:

1. Data reporting – monthly recycling and data reports to include monthly audit reports on the recycling activities at the Cascade Recycling Center;
2. Notification of rate changes – Providing materials and notice to the county to allow analysis by the county and interaction with the commission and stakeholder regarding any proposed rate actions;
3. Quarterly updates and coordination meetings – Quarterly meetings with county staff to report on implementation steps, lessons learned and next steps to ensure successful completion of the plan;
4. Promotion of recycling programs;
5. Increase proportion of households subscribing to curbside collection;
6. Multi-family recycling education program;
7. Area recycling coordinator – Hiring of a management level position titled Area Recycling Coordinator;
8. Decrease residuals and contaminants – Public education and increased investment in equipment and processing technologies to improve the quality of recyclables;
9. Harmonization with other area curbside recycling programs;

10. Targeted commodities – Includes winter weekly yardwaste collection pilot;
11. E-Waste, problematic and household hazardous waste – Development of strategies to divert these waste from landfills;
12. Organics collection – Includes exploring feasibility for a pilot weekly collection of organics for next recycling plan period; and
13. Planning for possible future transition every-other-week garbage, weekly recycling and organics collection.

The letter and the plan itself are both signed by Matt Zybas, Director Snohomish County Solid Waste Division, certifying that the plan is consistent with the local government solid waste plan.

On November 4, 2010, staff sent the company a data request regarding expenditures contained in the Snohomish County 2010-2011 plan. Staff is most interested in understanding labor costs associated with the plan which account for almost half of the planned expenditures for the 2010-2011 plan period. On November 10, 2010, Lynwood responded as follows:

"Due to the fact that the people responsible for the elements in the AW [Allied Waste] of Lynwood plan are currently engaged in the development of the new plans for AW of Bellevue and Sea-Tac we are not able to complete all of the responses requested below by November 12th. We can provide completed responses that should satisfactorily answer the questions posed by Friday, November 19th."

As a result, staff has not completed its analysis and recommends to the commission that the interim status of the fifty percent revenue sharing be allowed to continue through December 31, 2010, subject to refund.

### **Conclusion**

Staff recommends that the commission defer action on the company's petition to lift the interim status of revenue sharing until the December 30, 2010, open meeting and issue an order authorizing the continuation of the interim status of revenue sharing for recyclable commodities, subject to refund, through December 31, 2010.