

**Waste Management Recycling and Commodity Revenue Sharing Plan for
King County
January 1, 2018 – December 31, 2019**

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, 2018 to December 31, 2019, at which time it terminates. The Plan is to be implemented in three parts: Part A (January 1, 2018 -- September 30, 2018); Part B (October 1, 2018 - September 30, 2019); and Part C (October 1, 2019 – December 31, 2019). This schedule allows time to evaluate the effectiveness of Part A and B activities before a 2020/21 plan must be submitted to the WUTC for certification. Activities in the Part A and B time period will be evaluated in 4th Quarter 2019. 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: 2018-2019 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. 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 the County agree to carry forward unspent amounts from the 2016-2017 Agreement and have calculated that amount with the current Agreement budget. The actual overall expenditures during the 2016-2017 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 2017 through September 2019, and compare this number with the diversion rate previously achieved in October 2015 – September 2017. 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 2017 through September 2019 to determine the average monthly organics participation rate for the period. This average participation rate will be compared with the October 2015 through September 2017 average participation rate. If the rate has increased, WM will be eligible for this incentive payment, subject to the conditions in subsection c) below. In the event King County codifies and implements mandatory organics during the term of the this Plan, the above-stated condition shall be replaced by the following: for reducing overall garbage tons by regulated single family residential customers, an amount equal to **2%** of the total expenditures incurred by WM in implementation of Plan activities. WM will calculate the total number of regulated residential garbage tonnage at the beginning of this Plan period and compare it with the number of regulated residential tonnage at the conclusion of Part B of this Plan. If the garbage tonnage has decreased, WM will be eligible for this incentive payment.
- 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, 2019. The County may waive requirements a and b if in County's judgment, WM has complied with all aspects of the Plan.

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 Facilísimo, King County's Spanish language curbside education outreach program. During the duration of this agreement, if the County is prepared to conduct education outreach in additional language/cultural communities in King County, 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 participation and decrease contamination in WM's WUTC regulated areas of King County.
2. Increase the use of compost services and reduce contamination in the compost 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, reduce contamination; and
 - d) Implementing tactics which encourage those without curbside organics service to subscribe to yard/food waste service.

Quarterly Coordination Meetings and Regional Recycling & Composting Workgroups

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. Commodity revenue reporting for purposes of the quarterly meetings will be reported and the focus of the meetings will be to determine whether task budgets are adequate to complete work within the timeline, scope and budget, and in light of commodity revenue trends and data. 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. 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.

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.

Additionally, WM will participate in regional recycling and composting groups including the NW Commingled workgroup and Organics Contamination Reduction Workgroup in King County.

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.

Task 1: Single Family Residential Audience Outreach and Education

This agreement includes education, outreach, 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:
 - Testing tactics to increase recycling and decrease contamination
 - Educational outreach materials incentives and prompts encouraging participation
 - Advertising raising awareness about what to put in/not put in
 - Engagement tactics designed to address changes in the recyclable materials accepted at the curb in response to the implementation of China Sword policies.
2. Organics diversion from garbage to yard carts; tactics may include:
 - Testing tactics to increase composting and decrease contamination
 - Education outreach materials incentives and prompts encouraging participation
 - Advertising raising awareness about what to put in/not put in
3. Develop contamination reduction strategies to reduce contamination in the basic and organic streams. These strategies will emphasize increased proper sorting skills.

4. Develop alternative measures for waste diversion considering recent findings with sustainable materials management; tactics may include:
 - Consult with the County to explore opportunities to support their school curriculum and support existing educational endeavors in unincorporated King County
 - Research and reporting out findings from alternative diversion approaches, for example, reduction in MSW sustainable materials management or other tactics may prove to be indicators of success in conserving resources beyond those indicated by measuring the recycling rate.
5. Research and communication plan development around implementation of new King County's service level ordinance changes, including mandatory pay for yard waste service; tactics may include:
 - Meetings for planning, WM and KC
 - Meetings with WUTC staff
 - Communication plan development
 - Implementation of outreach campaign
6. Equity planning and multicultural research and outreach including, but not limited to, event outreach and partnerships to provide effective depth of reach for the audience. This work will support the Solid Waste Division's multicultural outreach and education planning; tactics may include:
 - Audience research where needed
 - Develop communication/outreach plan for reaching identified audiences
 - Assess outreach plan and develop ongoing strategy which may include social media platform, develop CBO relationships
 - Conduct events that support multicultural educational reach
 - Discuss ways to encourage diverse community members to become more familiar with the solid waste industry with the ultimate goal of hiring community members into the industry
 - Explore ways to accommodate residents with limited access to service because of American Disabilities Act (ADA) defined disabilities.

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. Continue to implement "Best Management Basics" (BMBs) for property managers and tenants;

2. Prepare outreach materials and begin promotions to complexes ready and willing to implement organics service.
3. Establish and implement protocol to ensure properties that have been set up with BMBs maintain successful recycling programs.
4. Establish and implement protocol addressing contamination reduction.

Task 3: Cascade Recycling Center (CRC) Upgrade

The recycling stream is evolving resulting in less newspaper due to electronic options, smaller cardboard due to advances in e-commerce and online shopping, plastic containers designed to be smaller and lighter and flexible packaging rapidly replacing rigid packaging. WM continues to invest in equipment and processing technology to keep pace with the ever-changing stream composition and characteristics. Part of WM's investment is the installation of modern screening technology that will help match the changing recycling stream and allow WM to continue to effectively process the ever-growing volumes of recyclables, efficiently produce marketable commodities, improve separation and recovery and minimize cross-contamination among commodity types.

WM will replace a primary ONP Screen and associated conveyor(s) in an effort to achieve better separation and recovery of commodities, minimize cross contamination, improve efficiencies with anti-wrapping shafts and achieve higher throughput.

WM acknowledges future King County WUTC tariff filings should not include recovery of this investment, to prevent ratepayers from paying twice for such efforts.


County Reporting to the WUTC

The County has determined that the elements of this Plan conforms to 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 50% 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, 2018 – December 31, 2019 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, 2020, unless a 2020/2021 Plan approved by WUTC and the County specifies that the funds be carried forward.

WM Authorized Representative

Date



Mary S. Evans
Area Director – Public Sector Solutions

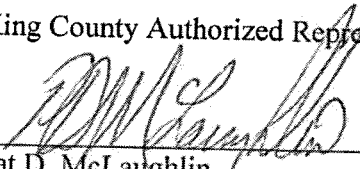
11/13/2017

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



Pat D. McLaughlin
Director, King County Solid Waste Division

11/9/17

**Attachment A:
2018-2019 Timeline for WM-King County Revenue Sharing Agreement**

Jan 1 2018	Effective date for rates and 2018/19 Plan
Oct 15 2018	Preliminary report from WM to King County on achievements and costs during Part A (Jan 1 2018 - Sep 30 2018) of the 2018/19 Plan.
Nov 15 2018	Final report to WUTC from WM on expenditures and achievements for the period Part A of the 2018/19 Plan.
Nov 15 2018	King County certification of Part A of the 2018/19 Plan to WUTC
Nov 15 2018	Commodity value adjustments to WUTC from WM for 2019
Jan 1 2019	Effective date for 2019 rates
Oct 15 2019	Preliminary report from WM to King County on achievements and costs during the 2018/19 Plan period.
Oct 15 2019	Proposal from WM to King County on 2020/21 Plan
Nov 15 2019	Final report to WUTC from WM on expenditures and achievements for the 2018/19 Plan.
Nov 15 2019	Commodity value adjustments, including application of incentive, to WUTC from WM for 2020/21
Nov 15 2019	Plan to WUTC from WM for Jan 1 2020 – Dec 31 2021
Nov 15 2019	King County certification of 2018/19 Plan to WUTC
Jan 1 2020	Effective date for rates and 2020/21 Plan

Attachment B
2018/19 WM-King County Revenue Sharing Tasks Quarterly Update
January 1, 2018 through December 31, 2019

Task 1: Single Family Residential Audience Outreach and Education		
Subtask	Timeline	Task Update
Basic recycling diversion from garbage to recycling carts		
Organics diversion from garbage to yard carts		
Contamination reduction strategies to reduce contamination and increase proper sorting skills.		
Alternative measures for waste diversion considering recent findings with sustainable materials management		
Research and communication plan development around implementation of new King County's service level ordinance changes, including mandatory pay for yard waste service		
Multicultural research and outreach		
Task 2: Multifamily Residential Audience Outreach and Education		
Subtask	Timeline	Task Update
Implement BMBs		
Prepare outreach materials and begin promotions to complexes ready and willing to implement organics service		

<p>Establish and implement protocol to ensure properties that have been set up with BMBs maintain successful recycling programs</p>		
<p>Task 3: CRC Upgrade</p>		

Attachment C:

King County Revenue Sharing Plan Budget

2018 - 2019 plan years

	<u>Budget</u>
<u>Customer Counts:</u>	
Residential (average)	<u>37,532</u>
<u>Tonnage:</u>	
Residential and Multi-Family WUTC tonnage	<u>28,836</u>
<u>Revenues:</u>	
Total Projected Commodity Revenue (based most recent 12 months average commodity values)	<u>\$ 2,122,182</u>
<u>Expenditures Budget:</u>	
Estimated Revenue Sharing retained by Company	50.0% \$ 1,061,100
Less: Performance Incentive Earned (5% of Expenditures)	\$ (47,000)
Add: Funds underspent from prior RSA	\$ 24,800
	<u>\$ 1,038,900</u>
<u>Detailed Expenditures:</u>	
Labor Cost Total (see detail below)	<u>\$ 302,800</u>
<u>Tasks As Outlined In RSA</u>	
Task 1 - Single Family Residential Audience Outreach & Education	\$ 403,100
Task 2 - Multifamily Residential Audience Outreach & Education	\$ 214,000
Task 3 - CRC Upgrade	\$ 70,000
Total RSA Task Fees (excluding capital)	<u>\$ 687,100</u>
Total Budgeted Expenses	<u>\$ 989,900</u>
Performance Incentive (5% of expenditures)	<u>\$ 49,000</u>
Total Expenditures plus incentive	<u>\$ 1,038,900</u>
Avg. lbs./customer/mo.	<u>64.03</u>
Avg. revenue/ton	<u>\$ 73.60</u>

<u>Labor Cost Allocation</u>	<u>Total</u>		
	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total 2 yrs</u>
Monthly Reporting	384	\$ 80	\$ 30,700
Executive Management/Oversight	180	\$ 140	\$ 25,200
RSA Project Manager	1,875	\$ 80	\$ 150,000
Other Managerial	400	\$ 110	\$ 44,000
Public Education Team & Website Updates	400	\$ 80	\$ 32,000
Intern recruitment & Management	190	\$ 110	\$ 20,900
Labor Cost Totals	<u>3,429</u>		<u>\$ 302,800</u>

