

**Waste Management Recycling and Commodity Revenue Sharing Plan for
Spokane County
August 1, 2018 – July 31, 2020**

This Recycling and Commodity Revenue Sharing Plan (“Plan”) between Spokane County (“County”) and Waste Management of Washington, Inc. (“WM”) has been developed with the express intent of increasing recycling in Spokane 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 August 1, 2018 to July 31, 2020, at which time it terminates. The Plan is to be implemented in three parts: Part A (August 1, 2018 -- April 30, 2019); Part B (May 1, 2019 -- April 30, 2020); and Part C (May 1, 2020 – July 31, 2020). This schedule allows time to evaluate the effectiveness of Part A and B activities before a 2020/2022 plan must be submitted to the WUTC for certification. Activities in the Part A and B time period will be evaluated in late 2nd and early 3rd Quarter 2020. Please refer to the attached “Timeline for WM-Spokane 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 Spokane County. These activities, along with specific deliverables and due dates, are attached in Attachment B: 2018-2020 WM-Spokane 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.

Financial Incentives

Waste Management 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 single family and multifamily residential customers, an amount equal to 3% of the total expenditures incurred by WM in implementation of Plan activities. To determine the eligibility for this incentive payment, WM will calculate the diversion rate for regulated single family and multifamily customers based upon a 3-year rolling average on a calendar year basis with the most recent period being annualized. Diversion rate means the weight of recycling and organics (yard waste and food) divided by the total weight of all materials collected from WUTC regulated single family and multifamily customers. If the diversion rate has increased, WM will be eligible for this incentive payment, subject to the conditions in subsection c) below.
- b) For increasing the total number of regulated and participating residential accounts, an amount equal to 2% of the total expenditures incurred by WM in implementation of Plan activities. To determine the eligibility for this incentive payment, WM will calculate the total number of regulated residential accounts at the beginning of this Plan period and compare it with the number of regulated residential accounts at the end of the Plan period. If the number of accounts has increased, WM will be eligible for this incentive payment, subject to the conditions in subsection c) below.
- c) Eligibility for the incentive payment is conditional upon satisfaction by the County and WUTC that expenditures are 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 June 15, 2020. 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

Outreach tactics implemented in this agreement will be mutually agreed upon by WM and the County. County staff will be included in conceptual discussions, planning and review of all implementation tactics and materials and budget discussions that pertain to the implementation of tasks in this agreement. The County shall be given at least a two-week advance review before materials are distributed and electronic and hard copies of all publications shall be provided to the County after printing. 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.

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, lessons learned, proposed next steps and status of budget, including anticipated vs. actual revenues and expenditures. Memorandums, reports, promotional materials and other requirements described in this Plan will be

provided in advance of these meetings. During these meetings, WM and County staff will also discuss concepts, plans and implementation mechanisms designed, in the long-term, to significantly affect the nature and/or quantity of recyclables and wastes collected in Spokane County.

WM will track and report on the status of implementing Plan activities, on budgeted and actual program expenditures, and on monthly revenues being generated from marketing recyclable materials collected from regulated single family and multifamily customers in Spokane 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.

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 Recycling Education

Advertising of recycling and organics rules and guidelines is important to WUTC resident awareness of what is acceptable in programs. WM will implement a WUTC customer outreach campaign, aimed at increasing recycling and organics collection and decreasing contamination.

Tactics may include:

- Direct mail of education guides and materials
- Bill insert prompts
- Digital marketing campaign, potentially including social media, television, and radio advertising
- Developing and distributing stickers for indoor recycling bins
- Informational videos
- Community grassroots outreach: Partnerships with key community partners in Spokane County to distribute information

Task 1 Deliverables:

- Outreach campaign to educate residents
- Communications tool/materials
- Project report
- Knowledge sharing

Task 2: Recycling Education at Events

Community events provide a unique opportunity for residents to learn more about recycling and organics collection from industry experts and gather the latest tools and resources for increasing recycling and organics at home. In 2018-2020, Waste Management will participate in community events in or near WUTC areas.

In 2018-2020, Waste Management will conduct community education outreach at ten event days in or near WUTC service areas in Spokane County. Waste Management will create educational tools and booth resources to better engage residents.

Task 2 Deliverables:

- Promote County's recycling/composting bin lending library to prospective groups, partnering with the County parks department
- Community event outreach list (March 1, 2019 and March 1, 2020)
- Ten event days
- Educational materials and event booth supplies
- Outreach summary report

Task 3: Elementary School Recycling Education

WM will work with schools to introduce educational classroom workshops, and technical assistance to eligible elementary schools. This will include development and modification of existing WM school programs, coordination with schools to provide classroom workshops, and provision of technical assistance to schools when possible.

Classroom Workshops

WM will conduct workshops, using hands-on activities combined with table group and large group games. All workshops are aligned with Grade Level Expectations (GLEs) and expect students to use critical thinking skills and explore the impacts of their choices, thus encouraging behavior change. Waste reduction and recycling workshops will be offered to Elementary Schools.

Technical Assistance

The assistance and action projects will encourage schools to move from learning to action by providing hands-on technical assistance and project assistance related to waste prevention and recycling. This includes on-site visits, materials such as containers and signs, data tracking, and assistance with classroom projects.

Task 3 Deliverables:

- Recycling education and technical assistance program.
- Report on program, survey results and proposed next steps.

Task 4: Multifamily Recycling Education

WM will work with WUTC multifamily property managers to inform them of established “best practice basics” and implement best practices where applicable.

Best Practice Basics Include:

- Convenience: Co-location of collection containers for equally convenient access
- Clarity: Making it clear through use of labels which container is for recycling
- Capacity: Ensuring there is sufficient room in the recycling container for tenants to place their recyclables

Once the Best Practice Basics have been implemented at a property, WM will work with WUTC multifamily property managers to educate residents about proper recycling and organics collection.

Education tactics may include:

- Resident trainings and lobby events
- Providing door hangers to residents regarding proper recycling
- Providing door-to-door outreach to residents to discuss proper recycling, answer questions, and transcreated recycling fliers, stickers, magnets, or other educational materials
- Recycling bin or tote bag distribution to increase ease of taking recyclables to the collection area

Task 4 Deliverables:

- Roll out of education materials and offering trainings to multifamily properties and residents
- Roll out of best practice basics to multifamily properties
- Project final report

County Reporting to the UTC

The County has determined that the elements of this Plan conforms with the Spokane 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 August 1, 2018 – July 31, 2020 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 August 1, 2020, unless a 2020/2022 Plan is approved by WUTC and the County specifies that the funds be carried forward.

WM Authorized Representative

Date



6/12/2018

Mary S. Evans
Area Director – Public Sector Solutions

SPOKANE COUNTY CERTIFICATION

With this acknowledgement, Spokane 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.

Spokane County Authorized Representative

Date



6-11-18

Kevin Cooke, P.E.
Director of Environmental Services
Spokane County

Attachment A:

2018-2020 Timeline for WM-Spokane County Revenue Sharing Agreement

Aug 1 2018	Effective date for rates and 2018/20 Plan.
May 15 2019	Preliminary report from WM to Spokane Co on achievements and costs during Part A (Aug 1 2018 - Apr 30 2019) of the 2018/2020 Plan.
Jun 15 2019	Final report to WUTC from WM on expenditures and achievements for the period Part A of the 2018/2020 Plan.
Jun 15 2019	Spokane Co certification of Part A of the 2018/2020 Plan to WUTC.
Jun 15 2019	Commodity value adjustments to WUTC from WM for 2019/2020.
Aug 1 2019	Effective date for 2019/20 rates
May 15 2020	Preliminary report from WM to Spokane Co on achievements and costs during the 2018/20 Plan period.
May 15 2020	Proposal from WM to Spokane Co on 2020/22 Plan.
Jun 15 2020	Final report to WUTC from WM on expenditures and achievements for the 2018/19 Plan.
Jun 15 2020	Commodity value adjustments, including application of incentive, to WUTC from WM for 2020/22.
Jun 15 2020	Plan to WUTC from WM for Aug 1 2020 – Jul 31 2022.
Jun 15 2020	Spokane Co certification of 2018/20 Plan to WUTC.
Aug 1 2020	Effective date for rates and 2020/22 Plan

Attachment B
2018/20 WM-Spokane County Revenue Sharing Tasks Quarterly Update
August 1, 2018 through July 31, 2020

Task 1: Single Family Recycling Education		
	Timeline	Task Update
Task 2: Recycling Education at Events		
	Timeline	Task Update
Task 3: Elementary School Recycling Education		
Task 4: Multifamily Recycling Education		
	Timeline	Task Update

Attachment C
2018/20 WM-Spokane County Revenue Sharing Budget
August 1, 2018 through July 31, 2020

Customer Counts:		
Residential		<u>22,957</u>
Tonnage:		
Residential and Multi-Family WUTC tonnage (2 years)		<u>10,601</u>
Revenues:		
Total 24 month Projected Commodity Revenue (based on most recent 5 months average commodity values due to "China Sword")		<u>\$ 896,600</u>
Expenditures Budget:		
Estimated Revenue Sharing retained by Company	50.0%	\$ 448,300
Less: Recycling Incentive	5%	<u>\$ (20,400)</u>
		<u>\$ 427,900</u>
Detailed Expenditures:		
Labor Cost Total (see detail below)		<u>\$ 124,300</u>
Tasks As Outlined In RSA		
Task 1 - Recycling and Organics Rules Advertising		\$ 125,000
Task 2 - Recycling and Organics Promotion at Events		\$ 25,000
Task 3 - Elementary School Recycling Education		\$ 80,000
Task 4 - Multifamily recycling Education Programs		\$ 53,200
Total RSA Task Fees (excluding capital)		<u>\$ 283,200</u>
Total Budgeted Expenses		<u>\$ 407,500</u>
Performance Incentive (5% of expenditures)		<u>\$ 20,400</u>
Total Expenditures plus incentive		<u>\$ 427,900</u>
Avg. lbs./customer/mo.		<u>38.48</u>
Avg. revenue/ton		<u>\$ 84.57</u>

Labor Cost Allocation	Total		
	Hours	Hourly Rate	Total 2 yrs
Monthly Reporting	50	\$ 80	\$ 4,000
Executive Management/Oversight	50	\$ 140	\$ 7,000
RSA Project Manager (includes travel expenses)	960	\$ 110	\$ 105,600
Public Education Team & Website Updates	96	\$ 80	\$ 7,700
Labor Cost Totals	<u>1,156</u>		<u>\$ 124,300</u>