



## King County

### Solid Waste Division

Department of Natural Resources and Parks

King Street Center

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TTY Relay: 711

June 13, 2014

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

RE: Republic Services – King County Revenue Sharing Plans

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 letter conveys support for a new revenue sharing plan (Plan) effective from August 1, 2014 through July 31, 2015. It also reports King County's findings regarding Republic Services' performance under Part B of the previous revenue sharing plan (May 1, 2013 - July 31, 2013) and Part A of the current plan (August 1, 2013 – April 30, 2014). The Plans referenced within apply to King County territory in Republic Services' G-12 certificate, and to territory in the G-60 certificate jointly owned by Republic Services and Fiorito Enterprises, Inc.

#### **New Plan (August 1, 2014 – July 31, 2015)**

Republic Services and King County have come to an agreement on a new Plan and associated budget for its service areas in King County for the period beginning August 1, 2014, and ending July 31, 2015. A copy of the new Plan, signed by both parties and certified by King County as being in compliance with its current Solid Waste Management Plan, is being transmitted to you by Republic Services concurrently with this letter. The Plan is divided into two parts to accommodate filing deadlines. Part A will run August 1, 2014 – April 30, 2015; Part B will run May 1 – July 31, 2015.

We recommend that the Washington Utilities and Transportation Commission (WUTC) allow Republic Services to spend up to 50 percent of the anticipated revenues from the sale of commodities generated during the 2014-2015 Plan period to implement program activities described in the Plan. The county will work closely with Republic Services through quarterly

meetings to ensure that milestones in the Plan are being met, and to make adjustments to the Plan if projected revenues are not being realized.

King County believes that 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 (May 1, 2013 – April 30, 2014)**

In order to allow time for King County to evaluate the effectiveness of Plans and still meet WUTC filing deadlines, Plans specify that the evaluation period be for the one-year period ending 3 months prior to Plan closing dates. This period thus includes the final 3 months of the August 2012 – July 2013 Plan, and the first 9 months of the August 2013 – July 2014 Plan.

Republic Services has done an excellent job in implementing Plan tasks during this time frame. Detailed summaries of program activities and associated costs have been provided to the County, and to the best of our knowledge, the expenditures reported by Republic are justifiable and appropriate. Consequently, we recommend that WUTC allow Republic Services to retain revenues sufficient to reimburse the company for these expenditures.

### **Performance Bonus Eligibility for Current Plan**

Consistent with WUTC's May 30, 2012 Interpretive and Policy Statement, King County's current Plan with Republic Services includes an opportunity for Republic to earn incentive bonuses equal to 5 percent of program expenditures if specific performance benchmarks are attained. The Plan specifies that Republic may retain 4 percent if the percentage of materials diverted from disposal increases, and 1 percent if the percentage of single family garbage customers who subscribe to organics (yard/food waste) collection increases (using average monthly customer counts). In both cases, the increase is measured by comparing the 12-month period of May 2013-April 2014 with the previous 12-month period.

The methodology for calculating these percentages is complicated by the fact that Republic Services' regulated areas were significantly reduced during this two-year period due to the City of Covington assuming collection authority. Incorporated areas typically have higher than average organics subscription rates and diversion levels. To avoid skewing results, Republic Services and the County agreed to base bonus calculations only on areas that were regulated for the entire two-year period. This is the same methodology we used for assessing bonus eligibility last year.

Based upon the monthly data reports provided to King County by Republic, we find that the company meets eligibility criteria for both bonuses. The residential diversion rate in regulated areas increased from 47.6% in the base year to 48.5% in the second year, and the single family yard waste subscription rate increased from 44.6% in the base year to 45.2% in the second year.

Washington Utilities and Transportation Commission

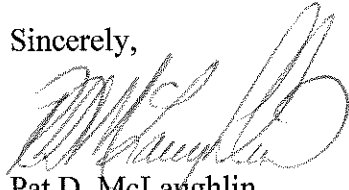
June 12, 2014

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Consequently, we recommend that Republic be allowed to retain the full bonus equal to 5% of program expenditures.

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 Bill Reed, Recycling Program Analyst, at 206-477-5285, or [bill.reed@kingcounty.gov](mailto:bill.reed@kingcounty.gov).

Sincerely,



Pat D. McLaughlin  
Division Director

Enclosure

cc: Gene Eckhardt, Assistant Director, WA Utilities and Transportation Commission  
Jeff Borgida, General Manager, Republic Services of Bellevue  
Dennis Manes, General Manager, Republic Services of Kent  
Abby Christensen, Revenue Sharing Program Administrator  
Connor Vander Zalm, Senior Market Analyst, Republic Services  
Gerty Coville, Project/Program Manager, Solid Waste Division  
Bill Reed, Recycling Program Analyst, Solid Waste Division

