

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

This Recycling and Commodity Revenue Sharing Plan (“Plan”) between Snohomish County (“County”) and Waste Management of Washington, Inc. (“WM”) has been developed with the express intent of increasing recycling in Snohomish 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-Snohomish 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 Snohomish County. These activities, along with specific deliverables and due dates, are attached in Attachment B: 2018-2019 WM-Snohomish 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 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

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 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 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

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 Snohomish 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 Snohomish 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: Strategic Communications

Building upon efforts in 2016-2017, WM will continue management and promotion of the mobile application WM RightCycle. The mobile application serves as a one-stop resource for recycling information and includes a searchable database of items with recycling instructions, recycling game and additional announcements/information from Waste Management.

WM will also identify regional opportunities to share information and knowledge regarding the work of the RSA. Opportunities may include guest speaking at industry topic conferences and submitting articles to industry and community publications.

Task 1 Deliverables:

- Maintain and promote mobile application
- WM's RSA Website Annual Report 2019
- Project final report
- Knowledge sharing
- Data reporting enhancements

Task 2: Multicultural Community Outreach

Building off research conducted since 2014, WM will implement key elements related to reaching and engaging multicultural populations in WUTC areas of Snohomish County.

- Research on ways to best engage multicultural communities
- In language outreach campaigns
- Distribution of transcreated multi-lingual materials
- Spanish-speaking outreach campaign

Communications tactics may include:

- In-language Advertising
- Digital Marketing Campaign
- Direct Mail
- Community Grassroots Outreach: Partnerships with key ethnic community partners in Snohomish County
- Participation in Cultural Events: Attend cultural events in or near WUTC areas that engage multilingual audiences

Task 2 Deliverables:

- In-language outreach campaign
- Project final report
- Knowledge sharing

Task 3: Multifamily Recycling

In the 2016-2017 Plan, WM established “best practice basics” and began rolling them out to multifamily properties. WM will continue to reach out to additional properties and provide assistance to establish the best practice basics at additional multifamily properties.

Task 3 Deliverables:

- Roll out of best practice basics to multifamily properties
- Project final report

Task 4: Organics

Waste Management will continue to conduct outreach to the existing community of Foodcyclers through ongoing education on curbside composting.

Task 4 Deliverables:

- Recruitment of new Foodcyclers
- Continuation of Foodcyclers educational campaign

Task 5: Promotion of Recycling at Key Events

Community events provide a unique opportunity for residents to learn more about recycling and composting from industry experts and gather the latest tools and resources for increasing recycling and composting at home. This is especially true for residents with limited English proficiency who may be hesitant to call to ask questions or may not understand mailings delivered to their home. In 2018-2019, Waste Management will participate in community events in or near WUTC areas and will recruit event staff proficient in Spanish, Chinese, Vietnamese or Korean to engage with diverse resident populations.

In 2018-2019, Waste Management will conduct community education outreach at 12 cultural event days or at key central locations (i.e. grocery stores, cultural retail hubs, libraries, or community centers) in or near WUTC service areas in Snohomish County. Waste Management will create new educational tools to better engage multicultural populations.

Task 5 Deliverables:

- Community event outreach list (April 1, 2018 and 2019)
- 12 multicultural event days
- Supporting education materials
- Outreach summary report

Task 6: Increase Recycling and Decrease Contamination Education Campaign

In 2018 and 2019, WM will implement a targeted WUTC customer outreach campaign, aimed at increasing recycling the top recyclable materials identified in the 2013 Behavior Study - paper. Tactics may include:

- Paper recycling tool distribution via events or neighborhood groups
- Direct mail education/prompt
- Advertising
- Videos to be used online

WM will support community based recycling efforts by partnering with WSU Extension's Waste Wise Program. This program provides much needed training for dedicated volunteers and supports volunteers in sharing their learnings with the community.

In 2019, Waste Management will produce an updated recycling booklet that utilizes the findings from regional research to ensure residents have the most up to date recycling information.

On our journey to advance recycling, we need to stay focused on the ultimate goal – reducing our environmental impact. WM will prepare a white paper on sustainable materials management to help guide us on our next steps in advancing resource management.

Task 6 Deliverables:

- Paper campaign
- Communications tool/materials
- 2019 Recycling Guide
- Materials management white paper
- Support of WSU Waste Wise program
- Project report
- Knowledge sharing

Task 7: Elementary Recycling Educational Presentations and Outreach

WM will continue to build upon previous efforts and make available educational assemblies, classroom workshops, storytelling and technical assistance to eligible schools, including elementary, middle schools and high schools.

Classroom Storytelling

WM will provide a bilingual storytelling program for primary grade classrooms community organizations with significant Spanish speaking populations within Snohomish County. Through a bilingual, interactive theatrical format, the program will engage students and encourage them to reduce waste, recycle more and correctly sort their waste. In 2019, WM will develop a new bilingual or multicultural classroom presentation

School Assemblies

WM will implement a live theater assembly show for grades K-6 engages students and staff to educate around choices that contribute to a more sustainable home, school, community and planet through waste prevention and recycling. Students will walk away understanding that recycling and waste reduction is important, and that they play a role at home and at school to prevent waste.

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 and Middle Schools. A new High School workshop will be developed, piloted, scheduled and presented for High School students.

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 7 Deliverables:

- Recycling education and technical assistance program.
- Development of a new high school
- Development of a new bilingual or multicultural classroom presentation
- Report on program, survey results and proposed next steps.

Task 8: CRC Upgrade

The recycling stream is evolving. 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 thru-put. This Agreement will support approximately 42.5% of a 47% pro rata share of the upgrade and an educational room build-out to better support educational tours.

County Reporting to the UTC

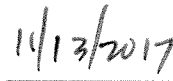
The County has determined that the elements of this Plan conforms with the Snohomish County Comprehensive Solid Waste Management Plan, and the statutory requirements of RCW 81.77.185. It therefore will provide a certification of this Plan and a recommendation to the WUTC that WM retain 42.5% of the revenues 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



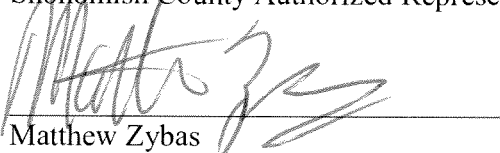
Mary S. Evans
Area Director – Public Sector Solutions

SNOHOMISH COUNTY CERTIFICATION

With this acknowledgement, Snohomish 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.

Snohomish County Authorized Representative

Date



Matthew Zybas
Director, Snohomish County Solid Waste Division

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

Jan 1 2018	Effective date for rates and 2018/19 Plan.
Oct 15 2018	Preliminary report from WM to Snohomish Co 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	Snohomish Co 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 Snohomish Co on achievements and costs during the 2018/19 Plan period.
Oct 15 2019	Proposal from WM to Snohomish Co 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	Snohomish Co certification of 2018/19 Plan to WUTC.
Jan 1 2020	Effective date for rates and 2020/21 Plan

Task 7: Elementary Recycling Educational Presentations and Outreach

Subtask	Timeline	Task Update

Task 8: CRC Upgrade

Subtask	Timeline	Task Update

Attachment C

Snohomish County Revenue Sharing Plan Budget 2018 - 2019 plan years

**Snohomish
County
Budget**

Customer Counts:

Residential

93,929

Tonnage:

Residential and Multi-Family WUTC tonnage

69,304

Revenues:

Total Projected Commodity Revenue (based most recent 12 months average commodity values)

\$ 5,106,064

Expenditures Budget:

Estimated Revenue Sharing retained by Company

42.5%

\$ 2,170,000

Less: Performance Incentive Earned (5% of Expenditures)

\$ (97,000)

\$ 2,073,000

Detailed Expenditures:

Labor Cost Total (see detail below)

\$ 302,800

Tasks As Outlined In RSA

Task 1 - Strategic Communications

\$ 150,000

Task 2 - Latino Behavior Study and Pilot

\$ 220,000

Task 3 - Multifamily Recycling

\$ 220,000

Task 4 - Organics

\$ 75,000

Task 5 - Promotion of Recycling at Events

\$ 200,000

Task 6 - Increase Recycling and Decrease Contamination

\$ 200,000

Task 7 - Schools Outreach

\$ 438,200

Task 8 - CRC Upgrades

\$ 168,000

Total RSA Task Fees (excluding capital)

\$ 1,671,200

Total Budgeted Expenses

\$ 1,974,000

Performance Incentive (5% of expenditures)

\$ 99,000

Total Expenditures plus incentive

\$ 2,073,000

Avg. lbs./customer/mo.

61.49

Avg. revenue/ton

\$ 73.68

<u>Labor Cost Allocation</u>	<u>Total</u>		
	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total 2 yrs</u>
Monthly Reporting (CC Team)	384	\$ 80	\$ 30,700
Executive Management/Oversight (Mindy & Mary)	180	\$ 140	\$ 25,200
RSA Project Manager	1,875	\$ 80	\$ 150,000
Other Managerial (Robin, Michelle, Accounting)	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>