

**Republic Services of Lynnwood Recycling and Commodity
Revenue Sharing Plan for Snohomish County
August 1, 2013 – April 30, 2014 Part A (and)
May 1, 2014 – July 31, 2014 Part B**

This agreement between Snohomish County (“County”) and the Republic Services (“RS”) of Lynnwood to implement the activities identified in this “Recycling and Commodity Revenue Sharing Plan for County” (“Plan”), which is with the expressed intent of increasing recycling in 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 RS to implement this Plan will be from revenues based on the sales of the commodities retained by RS in accordance with the revenue sharing provision in RCW 81.77.185.

This plan covers the time period of August 1, 2013, to July 31, 2014, at which time it terminates. This plan is to be implemented in two parts, Part A (August 1, 2013-April 30, 2014) and Part B (May 1, 2014-July 31, 2014), in order to allow sufficient time to evaluate the past plan effectiveness before new plans must be submitted to the WUTC for certification; therefore creating a 3-month lag in the evaluation period. Attachment B includes revenue share activities and tasks including budget, outreach deliverables and timelines.

The activities identified in this agreement are not requirements or costs that are built into the WUTC tariff rates of RS. The proposed budget presented in Attachment C projects revenues and estimates expenses for the activities identified in this Plan.

By using revenue share funds, both RS and the County are able to pilot innovative approaches to increase recycling in County. Throughout the course of the plan, subject to this agreement, RS and the County reserve the right to modify activities or approaches described in this plan in order to accommodate unexpected opportunities to increase recycling, respond to data collected, and to refine activities.

A matrix of activities, results, lessons learned and recommended next steps from previous agreement is attached for your reference (See attachment G).

Overview of Plan Activities

Outreach tactics implemented in this agreement will be mutually agreed upon by RS 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 posted, printed, or distributed. Electronic or hard copies of all publications shall be provided to the County after printing. Additionally, mutually agreed upon task plans will be developed by RS prior to task implementation and will be reviewed and approved by the County during quarterly meetings or additional task specific meetings. Materials developed as part of this plan will be reviewed and approved by county prior to distribution.

Task 1: Staffing, Quarterly Updates and Coordination Meetings

RS will retain and assign staffing necessary to fulfill the activities contained in this agreement, including a Revenue Share Agreement Manager estimated to spend 30% of her/his time on Snohomish RSA tasks. This manager's time and other staffing of RSA activities will be tracked on the performance tracking and reporting form. (Attachment D)

RS will meet with County staff in the first month of each quarter during the period covered in this agreement 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. Findings from monthly reports from the previous quarter will be presented by RS for review. Memorandums, reports, promotional materials and other requirements described in this Plan will be provided at least three working days in advance of these meetings. During these meetings, RS 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.

In the first quarterly meeting, RS will be prepared to brief the county staff, with a brief (2-3 page) "snap shot" overview on the following topics. This briefing document will be in addition to Appendix B and will include:

- A current list of key RS contacts, titles, roles and contact information
- An overview of RS service territory, including WUTC service territory and list of contract cities, including breakdown of WUTC customers and contract city customers
- 2013 rates for common service levels among WUTC service territory customers
- The number of multi-family units believed to be within WUTC areas and contracted areas if available
- Customer and Service statistics: percent of customers utilizing organics collection, lbs. of recyclables and organics and garbage collected per customer. Customer counts for each service type, WUTC and contracted services within the County.
- What is recyclable in WUTC service area (should be the same as Snohomish County contract cities)
- Contamination in Recycling and Organics
- Current trends: any key observations of trends within the customer base and RS initiatives
- Other information that RS or the County deems useful including:
 - A report on progress made in implementation of tasks undertaken as per this agreement, lessons learned and proposed next steps. The conclusions the team has made regarding the effectiveness of tactics should be included in this summary.
- The "snapshot" will be updated quarterly, as needed

Summary/Annual Reporting & Interpretation:

In a summary report, due to the County on or before the week of May 12, 2014, RS will provide: a summary of plan implementation efforts, budgeted and actual expenditures, and retained revenues during the 7-month period ending April 31, 2014. This report will be updated in an

annual report for part B of this agreement due to the County the week of August 25, 2014. These reports will be updated in Attachment B.

Republic Services must submit a new draft plan for 2014/2015 to Snohomish County no later than the week of May 5, 2014. A concept discussion on the new plan will be conducted at the 3rd quarterly meeting with a follow up conference call the week of April 22, 2014 to confirm the details before the actual plan is written and submitted. The final draft plan must be submitted to the WUTC no later than June 16, 2014.

Deliverables:

- Snapshot report
- Summary and annual report
- 2014/2015 Plan

Task 1 Related Timeline: The timeline for activities is noted in the text above (See attachment F)

Task 1 Related Budget: \$37,000

Revenue Share Agreement Manager (estimate: 30%) – \$27,000, this position will be tracked using the performance tracking and reporting form. (Attachment D)

Project Management/Administration and Coordination of the Agreement and Task- \$10,000, this account will be tracked using the performance tracking and reporting form. This cost includes the time spent by management for oversight of the agreement and staff to complete tasks such as events. (Attachment D)

Task 2: Monthly Data Reporting Requirements

RS will provide accurate monthly recycling and disposal reports using the format required by the County by the end of the following month. RS understands that these reports are required by Snohomish County Code 7.42.070, and while they will be discussed in quarterly meetings and used as a tool to measure results of the RSA activities, the costs of developing the Code-required reports is included in the base rate and is not financed through shared revenues.

Deliverables: Monthly reports in format required by County

Task 2 Related Timeline: Reports are provided monthly (See attachment F)

Task 2 Related Budget: The cost of developing Code-required reports is included in the base rate and is not financed through shared revenues.

Task 3: Recycle Right Contamination

A cart contamination and tagging pilot study was conducted by Cascadia Consulting for RS in the previous agreement period. RS and County will analyze the results of the pilot to determine how to utilize information gained to implement tagging and contamination inspections for other UTC customers. If results of the pilot suggest other approaches might be more effective than

tagging, then RS and the County may select alternate approaches. If a mutually agreeable plan cannot be developed in the first quarter of this agreement, for implementation during this agreement period, then the budget dedicated to this task will be reallocated (with County approval) or returned to rate payers.

Deliverables:

- Results of tagging and cart contamination pilot and recommendations for further implementation (prior to first quarterly meeting)
- Implementation of program (2-4 quarters of plan)

Task 3 Related Timeline: The timeline for activities is noted in the text above (See attachment F)

Task 3 Related Budget: \$66,000

Task 4: Annual Mailer and Harmonization

RS will engage in discussions with the County and others to try to standardize collected recyclable materials by RS in Snohomish County with other service providers within the County, and to the degree effective, in neighboring jurisdictions, in order to:

- Create less confusion by the public who often live and work in different cities or counties, which will lead to a decrease in contamination
- Allow for media-shed education campaigns that cross multiple jurisdictions, enabling pooling of resources
- Create a greater consistency and predictability of materials entering the MRFs

The long term goal is to consider ways to harmonize materials that are collected curbside in the region.

Proposed changes to materials collected in curbside programs in Snohomish County will be reviewed and approved by the County. RS will also participate in the NW Commingled Recycling Workgroup facilitated by Department of Ecology.

Information gathered through these discussions, container inspections and other activities will be used to update and improve the RS annual instructions that are sent to customers. To meet promotional requirements called for in County Code 7.42.040 (5) (c) and (d), RS provides an annual mailer to customers that includes current program information, including recycling instructions. RS will coordinate with the County on this mailer, which will be provided to the County for review and approval. However, the costs of producing and mailing the annual instructions are not included in the RSA budget and are paid for within the base rate.

The mailer will continue to include information on how to prepare materials for proper recycling or disposal, and will provide information to customers on other options for recycling materials, such as clothing through charity thrifts, plastic bags through grocery stores and hazardous materials through drop-off or stewardship programs.

Deliverables:

3rd Draft Republic Services Snohomish County RSA 2013-2014 Plan (last revised 5/30/2013)

- Participation in NW Commingled Recycling Workgroup
- Recommended revisions list of collected materials or instructions far in advance of approval and implementation deadlines
- Annual mailer mailed to all customers

Task 4 Related Timeline: Ongoing. Annual mailer is mailed in April (See attachment F)

Task 4 Related Budget: The staffing cost associated with task 4 is included in the overall staffing budget of the plan in task 1.

Task 5: Improving Multi-family Recycling

During the previous agreement period, RS participated in the WSRA WAMRS committee which is researching best practices for multi-family recycling and conducted surveys of property managers and multi-family recycling programs. This work is still in the process of being synthesized and next steps determined. RS will continue to participate in the WAMRS committee, and when results are released, will use this information to propose to the County next steps in improving and expanding Multi-family recycling. This should include considering what best management practices RS will adopt for its on-going Multi-family program in the County. Full implementation or related pilots will begin in the 2014-2015 agreement period, unless information and budget allows start up in 2013-14.

Deliverables:

- Participation in WAMRS committee (ongoing)
- Proposal for BMPs and program improvements the week of October 14, 2013

Task 5 Related Timeline: Ongoing, the timeline for activities is noted in the text above (See attachment F).

Task 5 Related Budget: The staffing cost associated with task 5 is included in the overall staffing budget of the Plan in task 1. Implementation or related pilot budget will be included in the 2014-2015 Plan.

Task 6: Organics

Odor and contamination issues related to the collection and processing of organics can negatively impact the overall viability of yard waste and food scrap collection programs, restrict the expansion of services, reduce “good will” toward organics recycling, impact compost sales, increase processing costs paid by rate payers, and have other undesirable impacts on WUTC rate payers and the community. Continued expansion of programs and increase in organics recycled requires that all entities that are part of the system do their part to ensure its success.

As such, RS will undertake a number of actions as part of this revenue sharing agreement to include the following: (1) RS will convene a meeting in July 2013 that will include, at a minimum, its compost service vendors, RS staff, including appropriate operations staff, and King and Snohomish County staff to inventory and discuss potential points of intervention and actions

that RS can undertake to ensure that it is doing all it can to minimize potential odors and contamination that it delivers to its compost vendors. (2) RS will then review its activities, including operational activities, to determine if improvements are needed and to implement those improvements.

RS will also undertake activities in Snohomish County to help residents and others understand the importance of keeping contaminants out of organics collection programs and the importance of “closing the loop” through the purchase and use of local compost. Planning will need to begin early July 2013 for any autumn-timed implementation. RS will work with its compost vendors and other parties, to develop incentives for decreasing contamination and increasing the use of locally produced compost. Activities to be considered include, but are not limited to free or reduced cost compost promotions (a larger discount in the winter, which is typically a compost facility’s non-peak time, and smaller discounts for the months moving into peak period in the spring), all you can dig events, promotional mailings, and invoice inserts.

Deliverables:

- Report that documents review of activities and findings, adjustments made, and recommendations (if any) that require further work or action by the RS, the Counties, or others.
- Proposal and timeline for outreach and incentive efforts, coordinated with compost vendors.

Task 6 Related Timeline: (See attachment F)

- Review of practices meeting – July 2013
- Implementation of organics incentive programs – TBD, but general timeline should be determined prior to conclusion of 2012-13 agreement.

Task 6 Related Budget: \$7,500

Task 7: School Recycling Education and Outreach

During the previous plan period, RS, in consultation with the County, developed an educational program to help students learn why and how to successfully recycle at home, and to carry those messages home to help with recycling there. Schools were selected serving students coming from RS WUTC areas and where RS is the schools service provider. Care is being taken to ensure the program promotes recycling in general, rather than RS’s services or brand. Triangle, or another content development firm, will continue developing and providing recycling presentations for schools in UTC service areas in the County or that serve WUTC students. The program will be adjusted and expanded upon to present to junior high and high schools. RS and the County have collaborated with the consulting firm to develop a scope for school outreach. The scope of the project will be finalized during the 2012-2013 Plan and is included as Attachment E. Our contractor will also focus on harmonizing the outreach program between RS and other recycling service providers’ educational programs in Snohomish County.

Deliverables:

- Consultant project scope

- Summary report with information that RS or the County deems useful including:
 - A list of all the schools in the County will be evaluated by RS, County staff, and the consultant to determine an implementation plan based on anticipated program influence and audience priority
 - If it is determined the budget is unreasonable for selected schools it will be adjusted accordingly.
 - RS will include applicable information in the summary report which may include, but are not limited to the following:
 - Evaluation of results from teacher/students evaluations and before and after recycling and garbage data
 - Number of schools provided programs
 - Number of students involved in program
 - Lessons learned from prior plan year to implement an expansion of the school outreach program for the upcoming plan year

Task 7 Related Timeline: The timeline for activities is noted in the text above (See attachment F).

Task 7 Related Budget: \$54,000

Task 8: Continued Cooperation and Contingencies

RS will assess its activities in previous revenue sharing agreements. The current agreement will be built on lessons learned and to determine next effective steps proposing future activities. Each future revenue sharing agreement will show how it builds on previous work or why alternate approaches are proposed. This information will be included in Part A and Part B summary reports.

In addition to the provisions of the Plan, Addendums, and reports to the County; RS agrees to continue to look for means of diverting material away from landfill disposal and increasing recycling from residential customers through its curbside collection programs.

The County and RS further agree to negotiate in good faith enhancements to the recycling services being provided by RS and modifications to plan activities that respond to information gathered or conditions created during the plan period.

County reporting to the WUTC:

The County has determined that the elements of this plan comport with its Solid Waste Management plan, and the statutory requirements of RCW 81.77.185. It therefore will provide a certification of this plan (budget excluding the financial incentive) and a recommendation to the WUTC that RS retain revenues from marketing recyclable materials necessary to cover the budget related to this plan, up to 50% less the incentives referenced below, during the period covered by this plan, and to be used in performing the activities identified herein.

Furthermore, if all program components specified in this plan are achieved, the County agrees to provide a written recommendation to the WUTC that RS should retain revenues equal to the funds they expended in executing this plan for the 2013-2014 period. Revenues retained by RS during this period that exceed the expenditures and incentives stated in this plan will be returned to rate payers in the commodity adjustment effective on August 1, 2014, unless a prior year plan approved by WUTC and the County specifies that the funds be carried forward.

The plan allows for RS to earn a financial incentive, to be determined at the end of the period covered by this plan in accordance with the company's ability to achieve the performance standards stated in this plan. The proposed budget earmarks funds to be potentially earned by RS, but does not guarantee the company those incentives, unless RS has incurred program expenditures as envisioned by this plan, and the company has been able to meet the standards that demonstrate increased recycling in Snohomish County.

RS is eligible for a financial incentive for achieving tangible results in the factors listed below:

For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of company expenditures. To determine eligibility for this incentive, RS will calculate the diversion rate for regulated residential customers (single family and multifamily) during the period from May 2012 through April 2013, and compare this number with the diversion rate achieved in May 2013 – April 2014. Diversion rate means the weight of recycling, 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, RS will be eligible for the incentive.

Republic Services Authorized Representative

Date



6/18/13

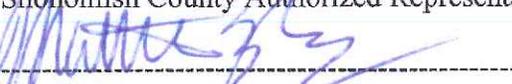
Jeff Borgida
General Manager, Republic Services of Lynnwood

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 8 1.77.185.

Snohomish County Authorized Representative

Date



6/17/13

Matthew Zybas
Director, Snohomish County Solid Waste Division