

Materials Recycling Fund	Parks & Land Use	Fund Purpose/ Summary
-------------------------------------	-----------------------------	----------------------------------

Fund Purpose/Program Description

The Materials Recycling Fund (MRF) accounts for processing and marketing of recyclables collected from municipalities within the Waukesha County program to comply with Chapter 287 of Wis. Stats., also known as the Solid Waste Reduction, Recovery, and Recycling Law. The Department provides technical and educational assistance to help ensure the proper use of drop-off and at-home recycling programs. Functions include the accumulation of data, production of reports, and long-range planning for managing solid waste in compliance with Wisconsin law and the County Solid Waste Management Plan.

Managed within the program, the MRF operations contract with a private vendor to process and market recyclables at the County-owned MRF. The program includes maintaining buildings and equipment, and collection service to drop-off sites. The administration and management of a Department of Natural Resource recycling grant is included within the program, along with preparing required applications and reports. The program promotes the proper separation of recyclables and participation in curbside recycling programs to the 25 participating communities. Tours of and presentations about the facility and operations are available upon request. The promotion of recycling and waste reduction takes place through publications and programs.

Financial Summary	2007	2008	2008	2009	Change From 2008	
	Actual	Adopted Budget	Estimate	Budget	Adopted Budget \$	%
<u>Revenues</u>						
General Government	\$1,070,438	\$1,150,000	\$1,300,000	\$1,300,000	\$150,000	13.0%
Charges for Services	\$0	\$0	\$121,500	\$162,500	\$162,500	N/A
Other Revenue	\$1,317,220	\$1,000,000	\$1,000,000	\$1,000,000	\$0	0.0%
Appr. Fund Balance (a)	\$831,116	\$741,000	\$741,000	\$761,400	\$20,400	2.8%
County Tax Levy	\$0	\$0	\$0	\$0	\$0	N/A
Total Revenue Sources	\$3,218,774	\$2,891,000	\$3,162,500	\$3,223,900	\$332,900	11.5%
<u>Expenditures</u>						
Operating Expenses	\$1,741,775	\$2,088,179	\$1,555,828	\$1,680,057	(\$408,122)	-19.5%
Interdept. Charges (b)	\$220,388	\$210,192	\$209,855	\$223,036	\$12,844	6.1%
Fixed Assets Memo (c)	\$301,071	\$48,500	\$45,000	\$20,000	(\$28,500)	-58.8%
Total Expenditures	\$1,962,163	\$2,298,371	\$1,765,683	\$1,903,093	(\$395,278)	-17.2%
Operating Inc./Loss	\$1,256,611	\$592,629	\$1,396,817	\$1,320,807	\$728,178	122.9%

- (a) Fund Balance appropriations include \$741,000 in 2008 and \$761,400 in 2009 are for dividend payments to participating communities. Fund Balance appropriation consists of prior year State Recycling Grant revenue received above budgeted amounts. For the 2008 budget, a portion of the revenue rebate (\$150,000), meant to help offset the increase in state tipping fees, was funded with State Recycling Grant revenues (which are funded with State tipping fees). For 2009, this portion (\$151,100) will continue to be funded with State Recycling Grant revenues. The remaining rebate (\$761,400) is funded with MRF Fund Balance.
- (b) Positions that support the MRF, are directly billed on an hourly basis and charged to Interdepartmental appropriations, (not assigned through the payroll system).
- (c) Total expenditures and net operating income/(loss) exclude capitalized Fixed Asset purchases and debt principal payments to conform to financial accounting standards. Fixed Asset purchases are made from cash generated by operating revenues, and are included in the Department's Fixed Asset request. Operating income is used to fund Fixed Asset capital outlay expenditures of \$20,000 planned for 2009.

Position Summary (FTE) -- No Positions are budgeted in this fund.

Major Departmental Strategic Outcomes and Objectives for 2009

County-Wide Key Strategic Outcome: An environmentally responsible county

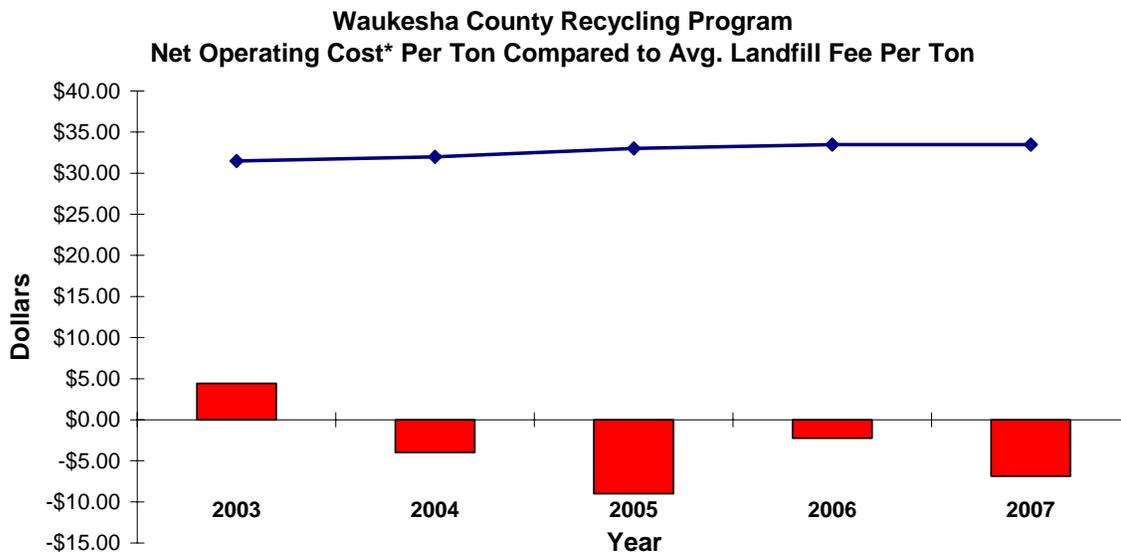
Objective 1: Maintain a cost-effective system for processing recyclables at the County Materials Recycling Facility (MRF) that is competitive with local landfill costs.

Key Outcome Indicator: Maintain recycling program cost per ton at a rate lower than landfill disposal. Net operating cost of recycling per ton received at the MRF, compared to the average landfill revenue tip fee. Collection costs paid by municipalities or residents are not included in either the recycling or landfill cost.

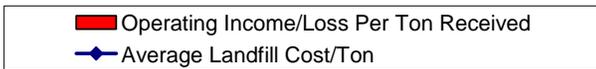
Performance Measure:	2007 Actual	2008 Target	2008 Estimate	2009 Target
Revenue as a percentage of total expenses	164%	128%	179%	169%
Net operating cost per ton (a)	(\$6.86)	\$15.29	(\$9.98)	(\$9.38)

(a) Includes education cost, but does not include State grant funding or dividend/rebate program.

The following chart shows the net operating cost per ton compared to the average landfill revenue tip fee for the past five years. There has been a trend toward a positive net operating cost since 2003, due to very strong markets in recent years. The prevailing landfill disposal charge for solid waste is estimated at \$33.50 per ton. The five year net average operating gain of \$3.48 per ton when added to landfill costs is \$36.98 per ton advantage to recycling.



* Includes education and administration costs, not including state grant or investment income. Note that a negative cost = positive revenue.



Objective 2: Increase recyclable material volume and quality, and decrease the amount of waste going to landfills.

Key Outcome Indicator: Annual percent of non-recyclables shipped from the MRF to the landfill is less than 5% of the total weight received. Under the current operations contract, residue from processing must not exceed 5% of total tons shipped.

Performance Measure:	2007 Actual	2008 Target	2008 Estimate	2009 Target
Percentage of residue rejected	3%	4%	4%	4%

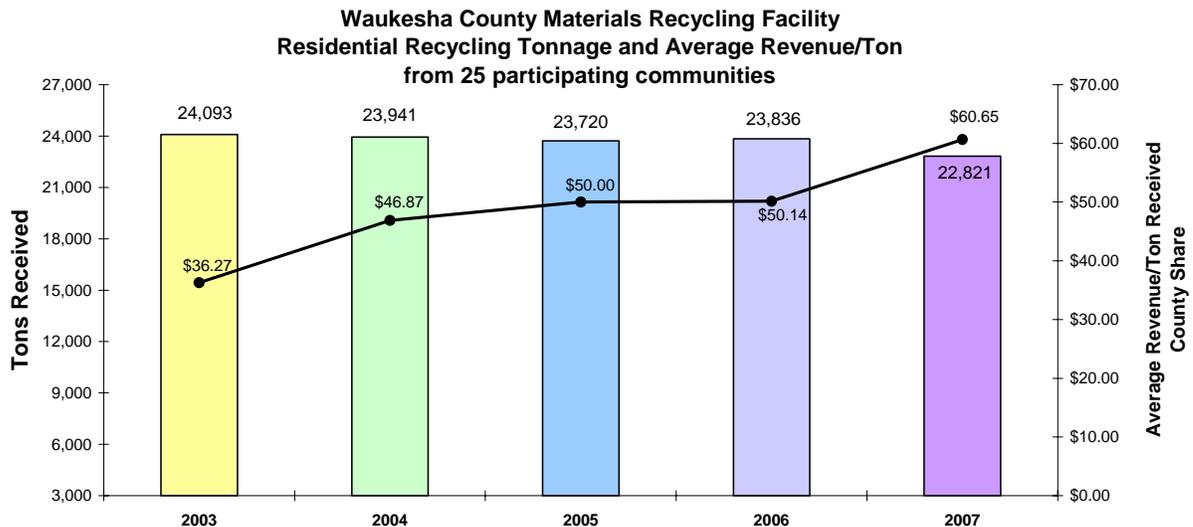
County-Wide Key Strategic Outcome: Cost effective services delivered with competence and skill

Objective 3: Improve understanding and participation in recycling to receive more than 22,000 tons of recyclables at the MRF.

Key Outcome Indicator: Greater than 22,000 annual tons of recyclables received at the County MRF.

Performance Measure:	2007 Actual	2008 Target	2008 Estimate	2009 Target
Tons of recyclables received	22,821	25,000	24,000	25,000

There was a slight gradual decline in annual tonnage recycled at the MRF from 2003 to 2007. However, because of the rebate incentive and recycle more programs, there is a projected increase for 2008 and 2009. In regards to material market revenues, they have shown an upward trend since 2003, with exceptionally strong market years in 2004 through 2007.



Objective 4: Increase participation in recycling, waste reduction, and composting to 95% of households and 35% waste diversion from landfills.

Key Outcome Indicators: Maintaining over 95% of household recycling participation rates and over 35% of residential material diverted from landfill from recycling, composting, and waste reduction, calculated annually.

Performance Measure:	2007 Actual	2008 Target	2008 Estimate	2009 Target
Recycling participation as measured by survey	98%	98%	98%	98%
Percentage of waste stream recycled	37%	40%	40%	40%



Program Highlights

General Government revenue, which consists of State Recycling Grant funds, is expected to increase by \$150,000 to \$1,300,000 in 2009. Charges for Service revenue increase by \$162,500 due to a new contract with the MRF operator, in which the County receives a tip fee credit of \$6.50 per ton of recyclable materials received (estimated at 25,000 tons for 2009). The County continues to receive the 50% share of revenue from MRF sales of materials.

Appropriated MRF Fund balance, which increases by \$20,400 to \$761,400, is used to cover most of the revenue disbursement paid to participating municipalities, which totals \$912,500 for 2009. Of this amount, the Recycling dividend portion distributed to participating municipalities will be reduced from \$500,000 to \$400,000 to increase the recycling rebate incentive. With a 5% increase in recycling, this rebate is estimated to be \$361,400. The landfill tip fee credit portion, which is funded with state Recycling Grant revenues, was instituted in 2008 to cover the increase in state landfill tipping fees for participating municipalities. The tip fee credit portion increases by \$1,100 to \$151,100.

For 2009, there will be an increase in media outreach for the “*RECYCLE MORE* Challenge”, a regional public education campaign to increase the tons recycled by 5% and decrease residential waste sent to landfill in conjunction with a statewide campaign coordinated by the Wisconsin Be SMART Coalition.

Operating Expenses decline by \$408,122 to \$1,680,057, which is mostly due to the elimination of processing fees per ton paid by the County to the private MRF operator, estimated to reduce costs by approximately \$611,000, due to new a processing contract at the MRF, mentioned above. This increase is partially offset by a \$59,000 increase in payments to municipalities, which mostly include the revenue disbursement to participating communities, mentioned above.

Consulting services increase by \$21,000 to \$140,000, and includes \$65,000 for the continuation of the Phase 2 feasibility study of the MRF capacity/recycling system study to follow up on the recommendations of the study conducted in 2007, including investigation of coordinating a joint contract for collection and/or processing. Consulting services also include \$40,000 for increased media outreach efforts for the *Recycle More* Challenge (mentioned above) and \$25,000 to help municipalities design fees for their local solid waste programs.

Other operating expense increases include depreciation expenses on capitalized fixed assets by \$25,000 and contracted transportation services to collect recyclables from regional drop off sites by \$10,000.

Interdepartmental Charge expenditures increase by \$12,844 to 223,036, mostly due to an increase in County wide indirect charges and Parks administrative charges by \$8,300 and \$3,431, respectively.

Fixed Asset purchases include \$20,000 for baler and walking floor maintenance. Major modifications have been completed on this facility over the past several years.