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 provides processing and marketing of 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	2008 Actual	2009 Adopted Budget (a)	2009 Estimate	2010 Budget (a)	Change From 2009 Adopted Budget $	%
Revenues						
General Government (a)	$1,352,071	$1,300,000	$1,188,000	$1,250,000	($50,000)	-3.8%
Charges for Services	$113,705	$162,500	$120,000	$120,000	($42,500)	-26.2%
Other Revenue	$1,385,412	$1,000,000	$700,000	$700,000	($300,000)	-30.0%
Appr. Fund Balance (a)	$741,000	$761,400	$761,400	$770,600	$9,200	1.2%
County Tax Levy	**$0**	**$0**	**$0**	**$0**	**$0**	**N/A**
Total Revenue Sources	**$3,592,188**	**$3,223,900**	**$2,769,400**	**$2,840,600**	**($383,300)**	**-11.9%**
Expenditures						
Operating Expenses (a)	$1,502,149	$1,680,057	$1,547,592	$1,817,092	$137,035	8.2%
Interdept. Charges (b)	$203,142	$223,036	$221,743	$220,432	($2,604)	-1.2%
Fixed Assets Memo (c)	$0	$20,000	$0	$20,000	$0	0.0%
Total Expenditures (c)	**$1,705,291**	**$1,903,093**	**$1,769,335**	**$2,037,524**	**$134,431**	**7.1%**
Operating Inc./(Loss) (c)	$1,886,897	$1,320,807	$1,000,065	$803,076	($517,731)	-39.2%

Position Summary (FTE) (b) No positions are budgeted in this fund.

(a) MRF Fund Balance appropriation consists of prior year State Recycling Grant revenue received above budgeted amounts, and is appropriated to pay for a portion of the disbursement payment made to municipalities participating in the County's recycling program: the Base Dividend and the Rebate Incentive. The remaining portion of the disbursement, the Solid Waste Tip Fee Credit, which is used to help offset municipalities' costs of disposing of solid waste in landfills, is funded with current-year State Recycling Grant revenues. Fund Balance appropriations for the Base Dividend and the Rebate Incentive total $761,400 in 2009 and $770,600 in 2010. The Solid Waste Tip Fee Credit is budgeted at $150,100 in 2009 and $300,000 in 2010.

(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 2010.

Program Highlights

General Government revenues, which consist of the State Recycling Grant, are budgeted to decrease by $50,000 to $1,250,000.

Charges for Service revenues, which consist of a recycling tip fee charge paid by the MRF vendor to the County for every ton of materials collected at the facility, decreases by $42,500 to $120,000. This decrease is based upon an estimated reduction in the amount materials estimated to be collected from 25,000 tons in the 2009 budget to 24,000 tons in the 2010 budget. Further, this budget assumes a reduction in the per-ton tip fee charge from $6.50 per ton to $5.00 per ton, based on the possibility that the current economic downturn will lower the market prices for recyclable materials significantly and trigger provisions in the MRF vendor's contract lowering the per-ton tip fee charge. The recyclable material markets experienced a substantial decline in the last quarter of 2008. Fiber markets declined approximately 80%, and commingled containers market declined approximately 50%. In the first quarter of 2009, markets rebounded approximately 50%.

Other revenues, which consist of the County's share (50%) of material sales revenue generated by the MRF operator, are budgeted to decrease by $300,000 to $700,000. This reduction is based on lower estimated market prices for recyclable materials, discussed above.

Appropriated MRF fund balance, which increases by $9,200 to $770,600, is used to cover a portion of the $1,070,600 disbursement anticipated to be paid to municipalities participating in the County's recycling program (discussed below). The remaining $300,000 of the disbursement is funded with state Recycling Grant revenues.

Operating Expenditures increase by $137,035 to $1,817,092, mostly due to an increase in the disbursement paid to municipalities participating in the County's recycling program by $158,100 to $1,070,600. This disbursement consists of three components (displayed in the table below). The solid waste tip fee credit, which is provided to help offset the costs of disposing solid waste in landfills, is budgeted to increase by $148,900 to $300,000, due to the state's adopted 2009-11 biennium budget increasing its mandated tip fee by $5.897/ton to approximately $12.997/ton. The solid waste tip fee credit provided in this disbursement is budgeted to increase by $2.10/ton to $4.25/ton, covering approximately 30% of the State's $7.10 tip fee charge increase. The rebate incentive to encourage recycling, increases $9,200 to $370,600, and the based dividend remains at the 2009 budget level of $400,000.

Disbursement and Other Grants to Communities: 2009 and 2010

	'09 Budget	'10 Budget	Bud. Chng.
Solid Waste Tip Fee Credit	$151,100	$300,000	$148,900
Rebate Incentive	$361,400	$370,600	$9,200
Base Dividend	$400,000	$400,000	$0
Subtotal Disbursement to Participating Municipalities	**$912,500**	**$1,070,600**	**$158,100**
Other Recycling Grants to Communities/Organizations	$62,500	$50,900	($11,600)
Total Grants to Communities	**$975,000**	**$1,121,500**	**$146,500**

Other recycling grants to communities and organizations include $50,900 to provide recycling receptacles for municipal parks and local events ($20,000); recycling bins and other items to help local schools and not-for-profit agencies improve their recycling practices ($16,000); and funding to municipalities to help them operate their regional recycling drop-off sites ($14,900).

Consulting services remain at the 2009 budget level of $140,000 and include $65,000 for a continuation of a study to determine the feasibility of transitioning to a regional MRF; $40,000 for promotional assistance with the "Recycle MORE Challenge" program; and $20,000 for assistance to local municipalities to design fee systems for their solid waste programs. This budget also includes the County's share of the Be SMART (Save Money and Reduce Trash) Coalition that is dedicated to reducing waste and encouraging recycling through education and coordination of regional recycling efforts, which remains budgeted at the 2009 level of $34,000. The "Recycle MORE Challenge" and the Be SMART Coalition will likely merge operations and streamline administration and expand its media campaign statewide. Depreciation expense is budgeted to decrease by $25,000 to $225,000 in 2010.

Fixed assets remain at the 2009 budget level of $20,000 for periodic improvements to the bailer and "walking floor" (used to move recently-baled recycling materials out of the bailers).

Major Departmental Strategic Outcomes and Objectives for 2010

County-Wide Key Strategic Outcome: An environmentally responsible county

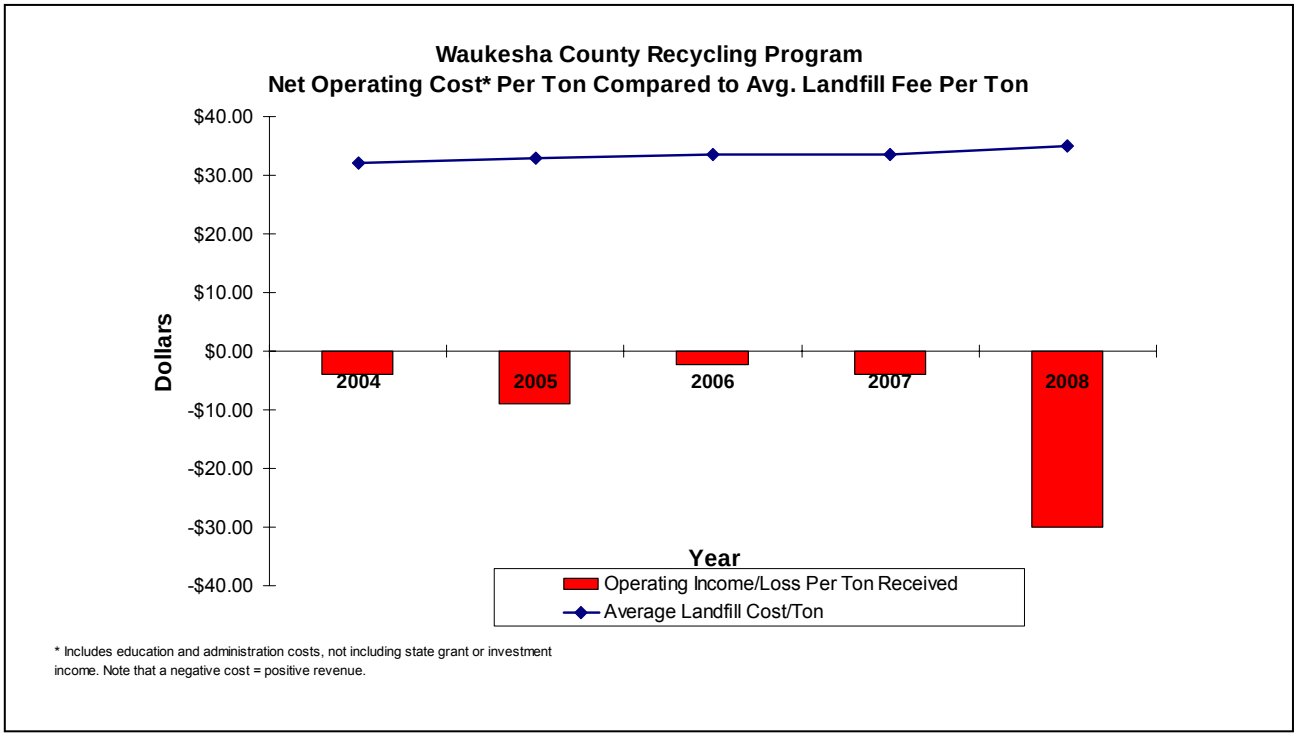
Objective 1: Maintain a cost-effective system for processing recyclables at the County Materials Recycling Facility (MRF) that is competitive with local landfill costs.

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:	2008 Actual	2009 Target	2009 Estimate	2010 Target
Revenue as a percentage of total expenses	188%	169%	97%	86%
Net operating cost per ton (a)	($30.95)	($9.38)	$1.21	$5.75

(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 positive net operating cost since 2004, due to very strong markets in recent years. The prevailing landfill disposal charge for solid waste is estimated at $35.00 per ton. The five year net average operating gain of $4.83 per ton when added to landfill costs is $39.83 per ton advantage to recycling. The dramatic downturn in market revenue that began in October 2009 is expected to result in reduced net revenue for 2010.



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:	2008 Actual	2009 Target	2009 Estimate	2010 Target
Percentage of residue rejected	3.2%	4.0%	4.0%	4.0%

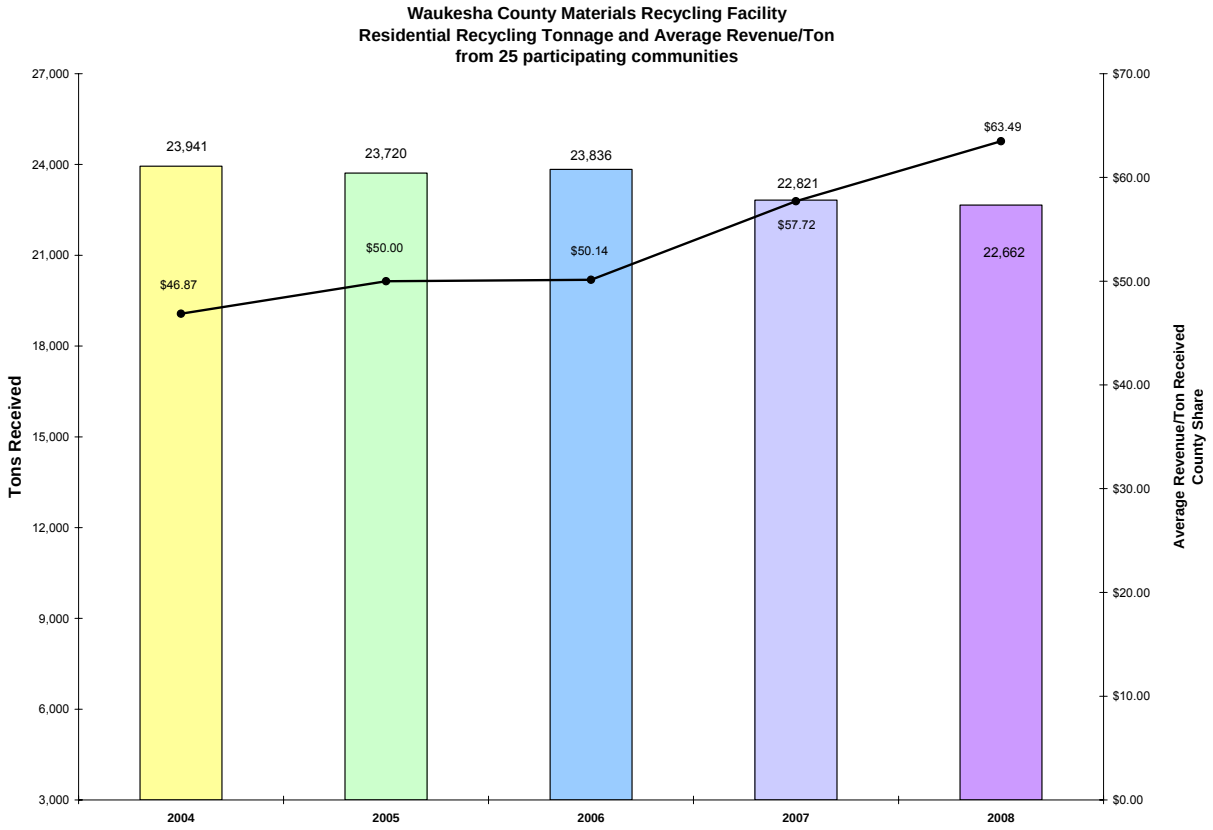
County-Wide Key Strategic Outcome: Cost effective services delivered with competence and skill

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:	2008 Actual	2009 Target	2009 Estimate	2010 Target
Tons of recyclables received	22,662	25,000	24,000	24,000

There was a slight gradual decline in annual tonnage recycled at the MRF from 2004 to 2008. However, because of the rebate incentive and *Recycle MORE* programs, there is a projected increase for 2009 and 2010 over 2008 actual level. In regards to material market revenues, they showed an upward trend from 2004-2008, with exceptionally strong markets during the past 5 years. With current economic conditions, county share of average revenue per ton is expected to drop to approximately $32.00 per ton in 2009.



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

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

Performance Measure:	2008 Actual	2009 Target	2009 Estimate	2010 Target
Recycling participation as measured by survey	98%	98%	98%	98%
Percentage of waste stream recycled	40%	40%	40%	40%