



**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.

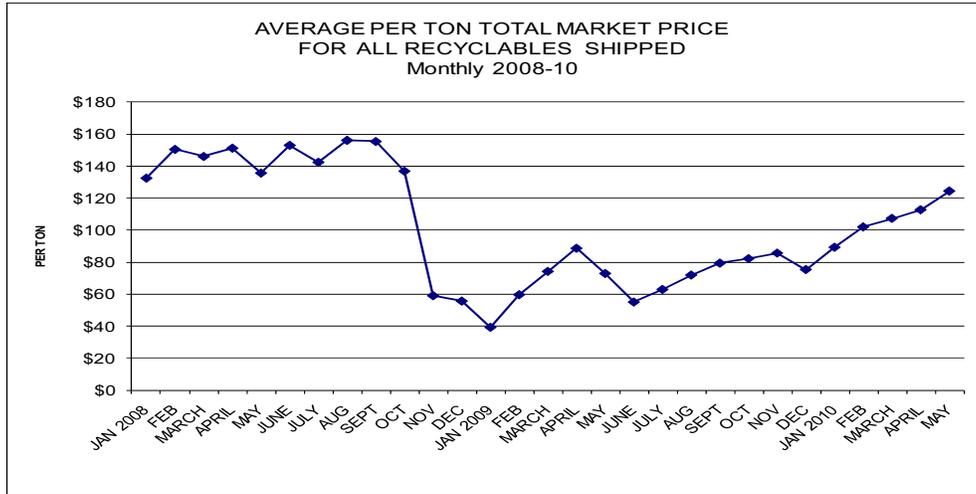
<b>Financial Summary</b>	2009	2010	2010	2011	Change From 2010	
	Actual (a)(e)	Adopted Budget (b)	Estimate (b)	Budget (c)	Adopted Budget	
					\$	%
<b>Revenues (b)</b>						
General Government (a)(c)	\$1,975,008	\$1,347,073	\$1,300,000	\$1,300,000	(\$47,073)	-3.5%
Charges for Services	\$57,285	\$125,200	\$65,200	\$65,200	(\$60,000)	-47.9%
Other Revenue	\$794,238	\$700,000	\$800,000	\$800,000	\$100,000	14.3%
Appr. Fund Balance (c)(e)	\$793,484	\$1,165,900	\$1,226,753	\$1,305,435	\$139,535	12.0%
<b>County Tax Levy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Total Revenue Sources</b>	<b>\$3,620,015</b>	<b>\$3,338,173</b>	<b>\$3,391,953</b>	<b>\$3,470,635</b>	<b>\$132,462</b>	<b>4.0%</b>
<b>Expenditures (b)</b>						
Personnel Costs	\$0	\$353,426	\$350,932	\$365,469	\$12,043	3.4%
Operating Expenses	\$1,377,874	\$1,989,263	\$1,952,912	\$2,091,474	\$102,211	5.1%
Interdept. Charges	\$214,225	\$192,408	\$187,753	\$202,492	\$10,084	5.2%
Fixed Assets Memo (d)	\$47,630	\$20,000	\$0	\$30,000	\$10,000	50.0%
<b>Total Expenditures</b>	<b>\$1,592,099</b>	<b>\$2,535,097</b>	<b>\$2,491,597</b>	<b>\$2,659,435</b>	<b>\$124,338</b>	<b>4.9%</b>
Operating Inc./Loss (d)(e)	\$2,027,916	\$803,076	\$900,356	\$811,200	\$8,124	1.0%
<b>Position Summary (FTE) (b)</b>						
Regular Positions	0.00	4.15	4.15	4.15	0.00	
Extra Help	0.00	1.32	1.45	1.45	0.13	
Overtime	0.00	0.00	0.00	0.00	0.00	
<b>Total Positions</b>	<b>0.00</b>	<b>5.47</b>	<b>5.60</b>	<b>5.60</b>	<b>0.13</b>	

- (a) 2009 Actual General Government revenues include \$771,918 in prior and current-year state Recycling Efficiency Initiative (REI) grant revenue that is planned to be re-appropriated in future year budgets to help provide free yard-waste composting to County residents.
- (b) For comparative purposes, the 2010 Budget and 2010 Estimate for revenues, expenditures are staffing (FTE) levels have been restated here to reflect the reallocation of costs associated with recycling education, municipal composting recycling services and other recycling related items that are funded with recycling funding, which are from the Parks General Fund – Solid Waste Planning program to this Fund in the 2011 budget.
- (c) MRF Fund Balance appropriation includes prior year State Recycling Grant revenue received above budgeted amounts, and \$917,400 is appropriated to pay disbursement payments to municipalities participating in the County's recycling program: the Base Dividend and the Rebate Incentive and a portion of the Solid Waste Tip Fee Credit payment (the remainder covered with current-year State Recycling Grant Revenues). MRF Fund Balance appropriation of \$114,000 consists of prior-year state Recycling Efficiency Initiative (REI) grant dollars, which are budgeted to provide yard-waste composting services to municipalities at no charge. The remaining \$274,035 in MRF Fund Balance appropriation consists of accumulated MRF interest earnings and is budgeted to cover program administration.
- (d) 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 revenues are used to fund the purchase of fixed asset capital outlay expenditures of \$30,000 planned for 2011.
- (e) Amount shown for the 2009 Actual Operating Income/(Loss) differs from the Comprehensive Annual Financial Report (CAFR) because the CAFR does not recognize Appropriated MRF Fund Balance of \$793,484 as a current-year revenue source. In addition, the CAFR includes an interfund transfer from the MRF to the Parks General to help fund the Solid Waste Planning program operations of \$275,000 that is not reflected in the financial summary above.



**Program Highlights**

General Government revenues, which consist of the State Recycling Grant are budgeted to decrease by about \$47,000 to \$1.3 million. Charges for Service include \$60,000 for a per-ton payment received from the vendor for incoming tons, which is budgeted to decrease \$60,000, mainly due to adjustments made to the vendor contract, which ties this payment to market conditions. Other Revenue consists of the County's share (50%) of material sales from MRF operations, which is budgeted to increase \$100,000 to \$800,000, reflecting an improvement in market sales prices. Recovered material markets are rebounding from a low of \$39.22 per ton in January 2009 to approximately \$120 per ton in the first half of 2010 (see graph below). This budget assumes an average market price of \$80 per ton (County's share is \$40) for 20,000 tons sold.



Appropriated MRF Fund balance increases \$139,535 to \$1,305,435 over 2010, mainly to help fund an increase in recycling disbursements paid to participating communities (discussed below), including funding all of the base dividend, the rebate incentive and a portion of the solid waste tip fee credit payment (the remainder funded with State Recycling Grant Revenue).

Personnel costs increase by \$12,043 to \$365,469 and include the cost to continue for the current 4.15 FTE staffing levels, and an increase in temporary extra help (program interns) by 0.13 FTE (about 270 hours). Operating expenditures increase by \$102,211 to nearly \$2.1 million, mainly due to a \$146,800 increase in recycling disbursements to communities participating in the County's Recycling program (mentioned above, and displayed in the table below). This disbursement consists of three components. The base dividend, prorated to each community based on State Recycling Grant eligible costs, increases by \$59,400 to \$459,400. The solid waste tip fee credit payment is budgeted to increase by \$43,700 to \$343,700, to help offset higher waste disposal costs resulting from the State's increase in its mandated tip fee by \$7.10 per ton to \$12.99 per ton in its 2009-11 biennium budget. The solid waste tip fee credit provided in this disbursement, increases from \$4.25 per ton in the 2010 budget to \$5.20 per ton in 2011 (or by 33% of the State's tip fee to 40%). The rebate incentive, which is calculated based on the actual tons delivered to the MRF and each community's recycling rate, increases \$43,700 to \$414,300.

**Disbursement and Other Grants to Communities: 2010 and 2011**

	'10 Budget	'11 Budget	Bud. Chng.
<b>Base Dividend</b>	\$400,000	\$459,400	\$59,400
<b>Solid Waste Tip Fee Credit</b>	\$300,000	\$343,700	\$43,700
<b>Rebate Incentive</b>	\$370,600	\$414,300	\$43,700
<b>Subtotal Disbursement to Participating Municipalities</b>	<b>\$1,070,600</b>	<b>\$1,217,400</b>	<b>\$146,800</b>
<b>Other Recycling Grants to Communities/Organizations (a)</b>	\$50,900	\$51,000	\$100
<b>Total Grants to Communities</b>	<b>\$1,121,500</b>	<b>\$1,268,400</b>	<b>\$146,900</b>

- (a) Other recycling grants to communities include funding for green school program, special event recycling program and subsidies for drop-off site operations.

Due to the new E-Cycle Wisconsin program, electronics manufacturers pay the cost to recycle residential electronics. Elimination of the County funded program results in a budget savings of approximately \$44,000 in this Fund (and approximately \$16,000 in the Solid Waste Planning program in the General Fund, for a total County costs savings of \$60,000). In addition, there is a \$25,000 reduction in scheduled depreciation. Overall consulting services remain at the 2010 budget level of \$140,000, including \$60,000 for the continuation of a study to determine the feasibility of transitioning to a regional, single-stream 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. The remaining \$20,000 is requested mostly for technology consulting assistance to develop a Household Hazardous Waste (HHW) program module that will allow municipalities to enter HHW data into a central website and track program volume. This budget also includes the County's share in a coalition of local governments, the state, businesses and not-for-profit entities dedicated to reducing waste and encouraging recycling through education and coordination of regional recycling efforts, which remains at the 2010 budget level of \$34,000. Fixed asset purchases of \$30,000 are budgeted for new conveyor belts. Pending a decision on the future of the current facility, major modifications are being deferred.

**Major Departmental Strategic Outcomes and Objectives for 2011**

**County-Wide Key Strategic Outcome: An environmentally responsible county**

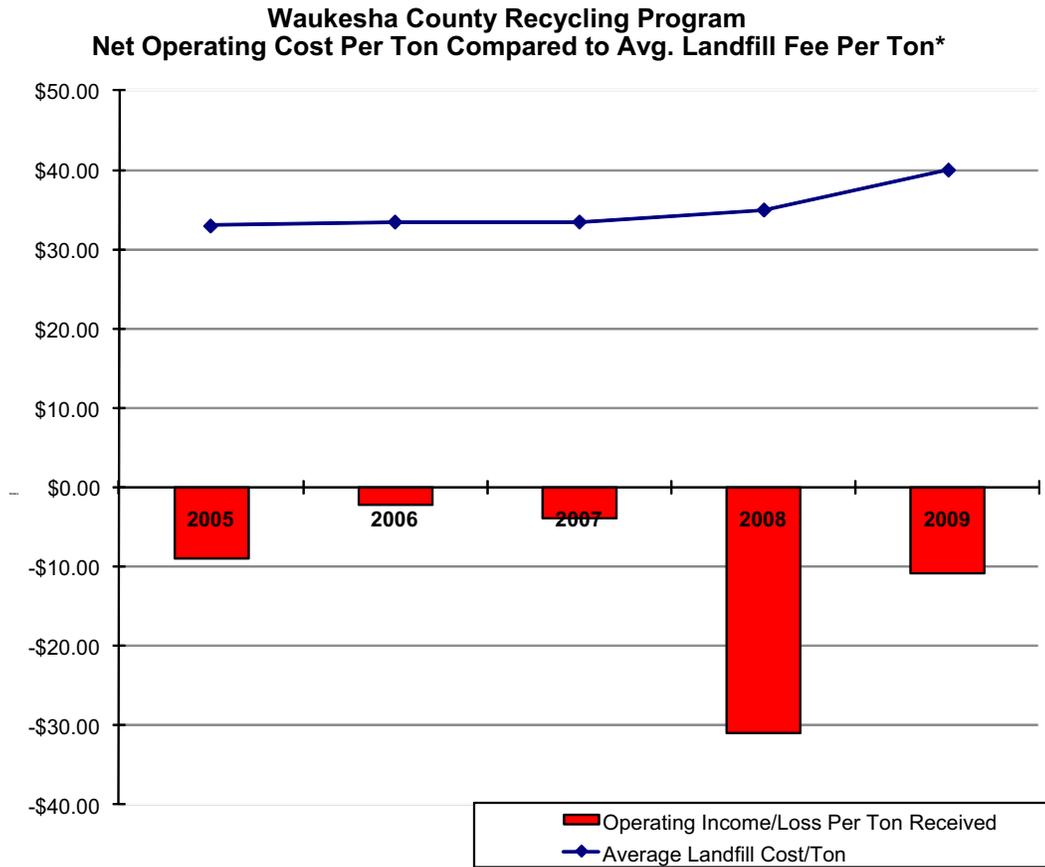
**Objective 1:** Maintain a cost-effective system for processing recyclables at the County Materials Recycling Facility (MRF) that is competitive with local landfill costs.

**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:	2009 Actual	2010 Target	2010 Estimate	2011 Target
Revenue as a percentage of total expenses	134%	86%	101%	97%
Net operating cost per ton (a)	\$10.20	\$5.75	(\$0.37)	\$1.31

(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 2005, mainly due to strong markets in 2006 and 2007 and a significant reduction in processing costs due to a new vendor contract in 2008. The prevailing landfill disposal charge for solid waste is estimated to increase to \$40.00 per ton due to State tip fee increases. The five year net average operating gain of \$11.28 per ton when added to landfill costs is \$51.28 per ton advantage to recycling.



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

**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:	2009 Actual	2010 Target	2010 Estimate	2011 Target
Percentage of residue rejected	3.2%	4.0%	4.0%	4.0%

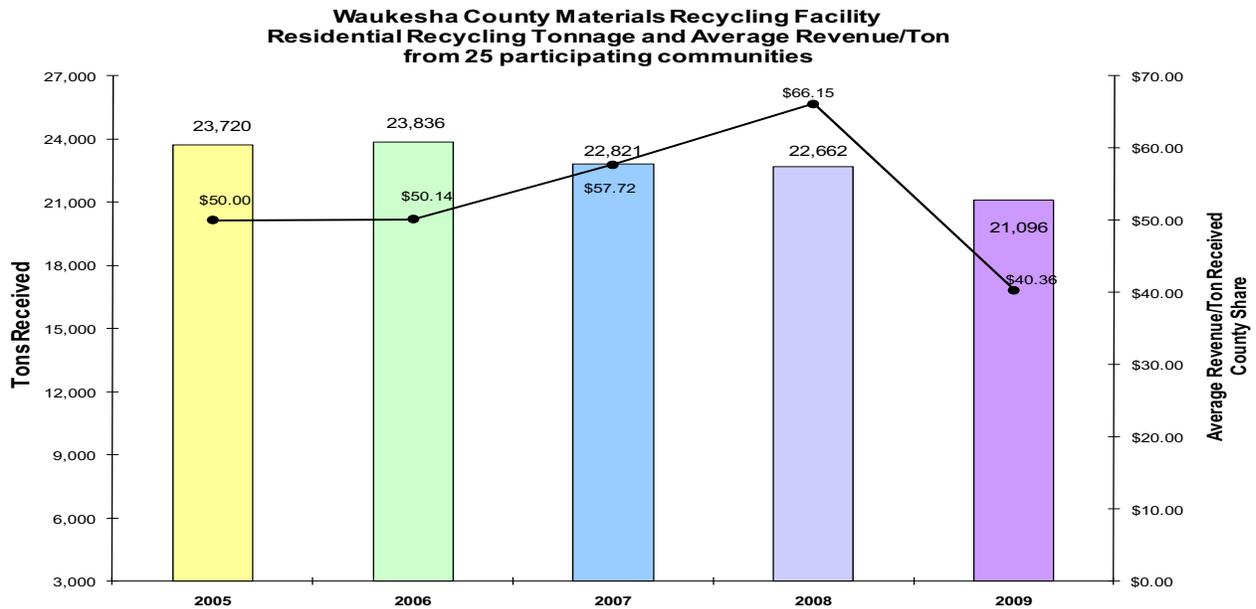
**County-Wide Key Strategic Outcome: Cost effective services delivered with competence and skill**

**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 be received at the County MRF.

Performance Measure:	2009 Actual	2010 Target	2010 Estimate	2011 Target
Tons of recyclables received	21,096	24,000	22,000	23,000

There has been a slight gradual decline in annual tonnage recycled at the MRF since 2005. However, because of the rebound in the economy there is a projected increase for 2011. The drop in average per ton revenue in 2009 reflected the economic conditions. However, with improved economic conditions, the county share of average revenue per ton is expected to rebound to approximately \$40.00 per ton in 2011.



**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 through recycling, composting, and waste reduction, calculated annually.

Performance Measure:	2009 Actual	2010 Target	2010 Estimate	2011 Target
Recycling participation as measured by survey	98%	98%	98%	98%
Percentage of waste stream recycled	43%	40%	42%	42%