

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 the State Recycling Law, Chapter 287. Provides technical and educational assistance to ensure proper use of drop-off and at-home recycling programs. Functions also 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.

The Materials Recycling Processing/Marketing/Administration and Education Program manages the MRF operations contract with a private vendor to process and market recyclables at the county-owned MRF. Maintains building and equipment and provides collection service to drop off sites. Administers and manages DNR Recycling Grant; prepares required applications and reports. Promotes proper separation of recyclables and participation in curbside recycling programs in 25 participating communities. Provide tours and presentations to all requests. Develops, designs and distributes displays, brochures, and programs that promote recycling and waste reduction.

Financial Summary	2005	2006 Adopted	2006	2007	Change From 2006 Adopted Budget	
	Actual	Budget	Estimate	Budget	\$	%
Revenues						
General Government	\$1,071,968	\$1,000,000	\$1,100,000	\$1,000,000	\$0	0.0%
Charges for Services	\$0	\$35,000	\$0	\$0	(\$35,000)	-100.0%
Other Revenue	\$1,041,015	\$735,000	\$900,000	\$880,000	\$145,000	19.7%
Appr. Fund Balance (a)	\$763,849	\$650,000	\$709,285	\$725,000	\$75,000	11.5%
County Tax Levy	\$0	\$0	\$0	\$0	\$0	N/A
Total Revenue Sources	\$2,876,832	\$2,420,000	\$2,709,285	\$2,605,000	\$185,000	7.6%
Expenditures						
Operating Expenses	\$1,489,025	\$1,878,125	\$1,793,029	\$1,926,960	\$48,835	2.6%
Interdept. Charges (b)	\$141,552	\$165,816	\$165,046	\$191,204	\$25,388	15.3%
Fixed Assets Memo (c)	\$0	\$346,000	\$325,000	\$194,000	(\$152,000)	-43.9%
Total Expenditures	\$1,630,577	\$2,043,941	\$1,958,075	\$2,118,164	\$74,223	3.6%
Operating Inc./(Loss) (c)	\$1,246,255	\$376,059	\$751,210	\$486,836	\$110,777	29.5%

Position Summary (FTE)

No Positions are budgeted in this fund.

- (a) Fund balance appropriations include \$650,000 in 2006 and \$725,000 for dividend payments to participating communities.
- (b) Positions, which 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 will be 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 \$194,000 planned for 2007.

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.

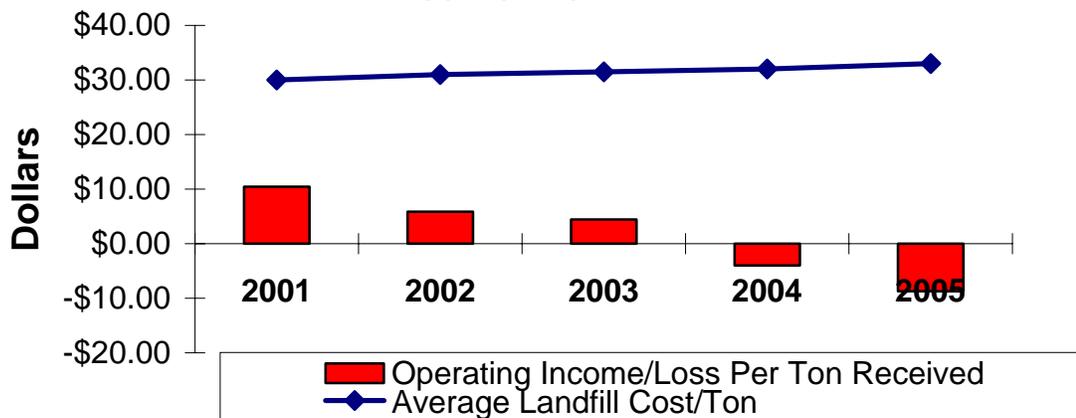
Key Outcome Indicator: Maintain recycling program cost per ton at a rate lower than landfill disposal. Net operating cost of recycling per ton received at the MRF compared to average landfill revenue tip fee. (Collection costs paid by municipalities or residents are not included in either the recycling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

Performance Measure:	2005 Actual	2006 Target	2006 Estimate	2007 Target
Revenue as % of total expenses	125%	100%	128%	123%
Net operating cost per ton(1)	-\$8.72	\$33.00	\$15.72	\$18.97

(1) Including education, but not including 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 2001 due to very strong markets in recent years. The prevailing landfill disposal charge for solid waste is estimated at \$33 per ton. The 5-year net average operating loss of \$1.42 per ton is approximately \$32 per ton less expensive than current estimated landfill costs. The cost to dispose of material in a landfill is greater than the recycling processing costs.

**Waukesha County Recycling Program
Net Operating Cost* Per Ton Compared to Avg. Landfill
Fee Per Ton**



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

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

Performance Measure:	2005 Actual	2006 Target	2006 Estimate	2007 Target
% of residue rejected	2.6%	5%	4%	4%

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

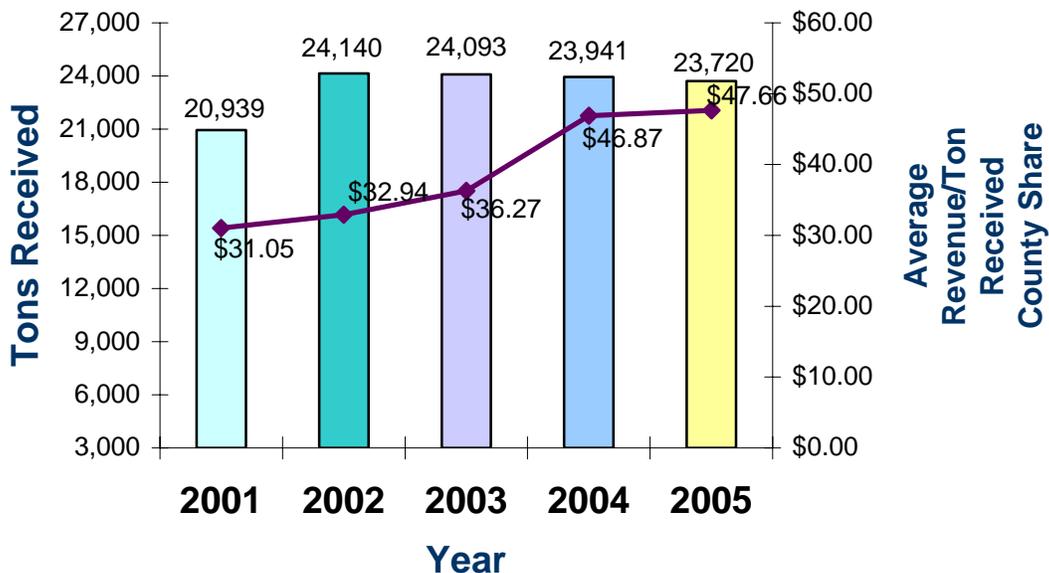
Objective 3: Improve understanding and participation in recycling to receive more than 22,000 tons of recyclables at the MRF.

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

Performance Measure:	2005 Actual	2006 Target	2006 Estimate	2007 Target
Tons of recyclables received	23,720	26,000	25,000	26,000

The chart below shows continued slight decline in annual tonnage recycled at the MRF since 2002. An increase is projected in 2007 due to Rebate Incentive program. Material market revenues show an upward trend since 2001, with exceptionally strong market years in 2004 and 2005.

**Waukesha County MRF
Residential Recycling Tonnage and Average
Revenue/Ton**



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:	2005 Actual	2006 Target	2006 Estimate	2007 Target
Recycling participation as measured by survey(1)	98%	95%	98%	98%
% of waste stream recycled	37%	35%	37%	37%

(1) Recycling participation determined by a statistically valid phone survey of citizen opinions and behaviors regarding recycling and solid waste conducted in December 2002 and January 2003.

Major Strategic Achievements from 7/01/05 to 6/30/06

1. Completed second audit of equipment maintenance by independent engineering firm.
2. Developed Recycling Rebate Incentive program to increase tons recycled and decrease waste going to landfill, with input from participating communities.
3. Installed security gates at MRF and extended scale to accommodate longer semi trailers.
4. Instituted and promoted free blue bin replacement for residents in cooperation with municipalities and haulers to encourage more recycling.



Program Highlights

Material sale revenues are anticipated to increase \$145,000 due to an increase in tonnage and a slight increase in average revenue per ton processed. Fund balance appropriation has been increased \$75,000 to fund the implementation of Recycling Incentive Rebate program. Recycling dividend distributed to participating municipalities will be \$500,000. The new recycling rebate program is estimated at about \$223,000, but will be based on actual tons delivered to MRF. Total disbursement is about \$725,000 (increased from \$650,000 last year).

Operating expenses have increased almost \$49,000 or 2.6%. The implementation of an expanded Recycling Rebate Incentive program has increased expenses \$50,000. The expanded program is designed to increase tons recycled at the MRF. The budget includes a projected 5% increase in recycling and 5% decrease in waste sent to landfills.

Consulting services expenses have increased \$37,000 and include funding for a “Recycle More Challenge” program and Phase 2 of the long-term recycling capacity/system study. “RECYCLE MORE Challenge” will be a coordinated public education campaign to increase the tons recycled by 5% and decrease waste sent to landfill by residents in the 25 participating municipalities, using a variety of media and outreach methods. The county will contract with a PR firm and plans to make the “RECYCLE MORE Challenge” a regional theme to be able to use media more effectively. Phase 2 of the long-term MRF capacity/recycling system study will follow up on the results of Phase 1 and involve a timeline and planning for recommended facility expansion/relocation, feasibility of regional processing, and evaluation of potential intergovernmental cooperation for processing of recyclables.

Expenditure increases are partially offset with reductions in scheduled depreciation expenses (\$25,000) and maintenance projects (\$20,000). The budget includes \$59,500 for the second year of a 3-year program to redistribute residential recycling bins to participating municipalities to replace damaged and missing bins and provide a second bin on request to accommodate additional recycling. Prior to 2006 municipalities provided 50% cost share with the county for recycling bins.

Fixed asset purchases are budgeted at \$194,000 and include the replacement of paper infeed conveyor to the sort line and commingled transfer conveyors.