

FINAL REPORT

MUNICIPAL RECYCLING FUND GROUP

EXECUTIVE SUMMARY

In 1990, 25 partner municipalities adopted resolutions to identify the County as the 'Responsible Unit' to implement an effective recycling program as defined under the authority of Chapter 287 of Wisconsin Statutes. This was done as the initial step in the development of a comprehensive recycling program where participating municipalities would benefit from efficiencies gained through collaboration.

Beginning in 2001, Waukesha County was able to provide additional program revenues back to participating communities. The dividend payments consisted of a base dividend as well as a performance-based incentive. The dividend amounts increased as additional funds were available. In 2014 Intergovernmental Agreements with participating communities expanded the program to new communities and also incorporated additional payments to defray the costs of leasing carts and transporting material to the new Waukesha County City of Milwaukee Joint Materials Recovery Facility (MRF). This was done to not only share revenues associated with the program, but also to spend down the amount of funds held in reserve.

Due to the unprecedented market upsets caused by international actions in 2018, the program revenues were less than program costs. After several years the MRF fund could no longer sustain ongoing dividends. These totaled approximately \$1M annually and were not tied to actual program revenues.

Over the course of 2021 and into early 2022, County and municipal representatives partnered through a workgroup to develop a new dividend structure. The workgroup engaged with national consultants to better understand the regional and national recycling landscape and then developed recommendations on payment thresholds and how the dividend would be shared. The goal was to make a sustainable dividend program based on a sustainable business model that lessens the impact of market changes while providing new incentives for partnering, educating, and providing clean tons to the program.

WORKGROUP GOAL

By May 2022, develop a sustainable business model for the County's recycling fund that lessens the impact of market highs and lows to be included in the 2023 Budget.

WORKGROUP MEMBERS

Tom Grisa (*City of Brookfield*)
Tom Hafner (*City of Delafield*)
Dave De Angelis (*Village of Elm Grove*)
Josh Radomski (*City of New Berlin*)
Ald. Joseph Stribl (*City of New Berlin*)
Mark Frye (*City of Oconomowoc*)
Maggie Wagner (*City of Pewaukee*)
Karen Schuh (*Village of Vernon*)
Dustin Nolan (*City of Waukesha*)
Brandon Bledsoe (*Village of Waukesha*)

Beth Gerbing (*Village of Waukesha*)
Supervisor Bill Mitchell (*Waukesha County*)
Dale Shaver (*Waukesha County*)
Alan Barrows (*Waukesha County*)
Steve Trimborn (*Waukesha County*)
Analiese Smith (*Waukesha County*)
Abbie Liedtke (*Waukesha County*)
Kendra Oldfield-Roberson (*Waukesha County*)
Demetra Christopoulos (*Waukesha County*)
Sarah Spaeth (*Waukesha County*)

TIMELINE

TASK	DATE
Charter Development & Kick-off Meeting	Jan '21
Municipal kick-off communication	Feb '21
Benchmark other fee structures including Municipal SMEs and WC Staff	Feb '21
Municipal SME Meeting to review benchmark data	March '21
Budget deep dive	March '21
Recommendations on budget opportunities and realignments if needed	March '21
Create budget tracking file	March '21
Decide on plan components & baseline metrics	March '21
Municipal communication on benchmark research and plan components	March '21
Municipal communication on fee structures – 1 st meeting	April '21
Develop 3 - 4 fee structures	December '21
2 nd Community Workgroup Meeting with feedback	December '21
MRF Fund Policy	January '22
3 rd Community Workgroup Meeting with feedback	January '22
All Community Update at Annual Meeting	January '22
Draft final recommendations	February '22

WORKGROUP ACTIVITIES

The workgroup met four times throughout the project to review various options and provide feedback on program design. The first meeting included a presentation to provide industry information on both a regional and national level. This information confirmed that the current recycling program is successful, especially compared to tipping fees and program costs

experienced by other programs. The remaining meetings the workgroup had wide-ranging discussions on a variety of topics including program revenue streams, program goals and success metrics, historical program costs, basing funding on tonnages vs. household numbers, disposal challenges, and the importance of education and providing high quality recycling tons without additional residue. These conversations served as the basis for the recommendations included in this report.

KEY RECOMMENDATIONS

GENERAL DIVIDEND STRUCTURE

- Programmatic financial decisions (i.e. amount of annual dividend) will be based on audited financial results. A timeline further outlining this process is included as Appendix A.
- Dividends to the participating municipalities will be incorporated into the County's budget when the fund is above \$3.5 M.
- Dividends to the participating municipalities will be considered based on future projections when the fund is below \$3.5 M but above \$3.1 M.
- Payments from the participating municipalities will be considered to support programmatic costs when the fund is below \$3.1 M. If the financial recovery is presumed to be short term, payments may be waived.
- Additional funds may be sought (i.e. through grants or other funding sources) to fund efficiency infrastructure improvements.
- In lieu of creating a separate fund for upgrades to the Joint Materials Recovery Facility beyond the current Intergovernmental Agreement with the City of Milwaukee (through 2030), the Recycling Fund may borrow funds from the County with a structured repayment plan.
- The County will provide bi-monthly financial updates to municipal partners.
- The workgroup may reconvene from time-to-time to update programmatic recommendations.

DIVIDEND PAYMENT COMPONENTS

- The final dividend formula will be shared with municipal partners when the budget is submitted.
- 50% of the dividend will be based on the historical 5-year average of program costs by community.
- 35% of the dividend will be based on total household count for the community.
- 7.5% of the dividend will be based on additional recycling services offered with a list to be updated from time-to-time that targets key materials for a municipality's residents and all County residents.
- 7.5% of the dividend will be based on educational collaboration with the county in regard to maintaining an updated website or linking to the County's website, partnering with the County to provide residential education, and participating in the County's Hauler Recycling App program.

FUTURE CONSIDERATIONS

- Reassess the necessary fund balance to maintain program sustainability, as needed.
- Consider a cushion for dividend payment or fee collection for years that fall just above and just below the dividend payment threshold
- Consider future opportunities for strategic implementation of efficiency infrastructure improvements

NEXT STEPS

- Share plan with the Waukesha County Cooperative Council
- Develop Intergovernmental Agreements
- Incorporate into the 2023 County Budget

By May 2022, develop a new dividend program for the County's recycling fund that includes a dividend payment when possible and a fee structure when needed to support a sustainable MRF Fund to be included in the 2023 Budget.

APPENDIX A

