

Streets Division's Report to Council on Resource Recovery Costs

Under MGO Sec. 4.097(5), the Common Council shall annually approve the resource recovery special charge. As part of this approval process, the Streets Division shall prepare a report to the Common Council of the City's resource recovery costs. The report shall detail the past and future anticipated expenditures for this service.

Recourse recovery costs are defined, at MGO Sec. 4.097(2), as including "those costs incurred by the City's Streets Division, under its recycling program, to provide recycling services to its customers, including the costs incurred to collect, sort and recycle curbside recycling collections. Resource recovery costs do not include the costs incurred by the City for garbage collection purposes under its solid waste management program."

Cost of Recycling

In 2021, the City spent \$3.1 million on direct costs associated with recycling. This includes costs for staff performing curbside pickup and transportation, as well as costs to contract with Pellitteri to process the City's recycling. Administrative costs brings the City's recycling operation to \$3.8 million in 2021. Through the preparation of this report in April 2022, the City has spent \$646,649. Future expenditures are expected to be in a similar range to those experienced over the last 4 years, with direct costs around \$3.1 million and total costs around \$3.8 million.

RECYCLING	2018	2019	2020	2021	2022
Direct Cost	\$3,228,426	\$2,966,918	\$3,138,238	\$3,103,540	\$500,701
Total Cost	\$3,937,093	\$3,748,588	\$3,892,116	\$3,837,430	\$646,649

The primary costs for the City's recycling program are concentrated in four areas: 1) permanent wages, 2) health insurance; 3) process fees (the contract with the recycling vendor), and 4) fleet charges to purchase and maintain recycling equipment.

Salary and Benefits. The City of Madison's recycling program is operated by the Streets Division. Because the City operates a biweekly recycling program, hours worked on this program are relatively consistent over time. The consistency in these hours over time results in a relatively consistent personnel budget for recycling.

Health insurance is charged based on wage costs and health insurance rates. Therefore, health insurance costs reflect the consistency of the City's salary costs for recycling services, as well as the types of health insurance (single vs. family) selected by the employee.

Fleet Charges. The Fleet Services Division is responsible for purchasing and maintaining the City's fleet of equipment and vehicles, including the equipment used to pick up and transport recycling. There are currently 13 automated and 8 rear loaders used by the Streets Division for recycling services. The life of an automated unit is 84 months, while a rear loader is 96 months.

Process Fees. Under the current contract, the City pays a rate to Pellitteri for the work they are performing to process the City's recycling collections. These costs are predictable over the life of the contract and are expected to be consistent.