

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY
FISCAL YEAR 2012 SOLID WASTE PROGRAM
BUDGET SUMMARY**



**November 2011
(Proposed)**

INTRODUCTION

The Cape May County Municipal Utilities Authority (CMCMUA/Authority) proposes to adopt a solid waste program budget and requisite user charges for the public use of the Authority's Solid Waste and Recycling Facilities for Fiscal Year 2012 (i.e., Calendar Year 2012). The proposed Solid Waste Budget and User Charges for Fiscal Year 2012 have been developed by the Authority in accordance with the New Jersey Municipal Utilities Authority Act (N.J.S.A. 40:14B-1, et seq.) and the Local Authorities Fiscal Control Law (Chapter 313, P.L. 1983).

A summary of the proposed annual budget and user charge system for Fiscal Year 2012 is presented herein. Specifically, the following information is provided:

1. An overview of the CMCMUA Solid Waste Management Program (Exhibit 1) and proposed Budget for Fiscal Year 2012 (Exhibit 2);
2. A summary of the proposed Fiscal Year 2012 Solid Waste Program Annual Budget by operating facility/activity, and major revenue and expense accounts (Exhibit 3), Fiscal Year 2012 Solid Waste Expenditure Distribution Chart and Fiscal Year 2012 Solid Waste Income Distribution Chart (Exhibit 4);
3. A list of the proposed user charges for the year 2012, by solid waste and recycling type, showing the Authority's proposed user fees, as well as the State-mandated taxes and other charges which are included in the proposed user fees (Exhibits 5 & 6).

EXHIBIT 1

CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY COMPREHENSIVE SOLID WASTE MANAGEMENT PROGRAM OVERVIEW

The Cape May County Municipal Utilities Authority (CMCMUA/Authority) serves as the implementing agency for the Cape May County Solid Waste Management Plan (County Plan) as adopted by the Cape May County Board of Chosen Freeholders and approved by the New Jersey Department of Environmental Protection (NJDEP). In its capacity as implementing agency, the CMCMUA has established a comprehensive solid waste management system which encourages recycling in order to minimize the quantity of solid waste ultimately requiring disposal. This system also assures the availability of reliable long-term solid waste disposal capacity to enable the proper disposal of all non-recycled solid waste generated in Cape May County. In accordance with the County Plan, an intrastate flow control strategy is utilized which mandates that all non-recycled solid waste generated in Cape May County, which is not transported out-of-state for disposal, must be disposed of at the CMCMUA's Sanitary Landfill or Transfer Station. Furthermore, the County Plan also specifies that waste generated outside of Cape May County shall not be accepted for disposal in Cape May County.

The CMCMUA has also established agreements with all 16 Cape May County municipalities which provide for the long-term disposal of all non-recycled solid waste generated at the CMCMUA Transfer Station and Sanitary Landfill. These agreements, which are not set to expire until December 31, 2018, also provide for solid waste disposal at reduced rates, supplemental services, and partnership in the County's comprehensive source separation and recycling program.

The CMCMUA provides a wide variety of recycling and solid waste disposal services to approximately 97,000 Cape May County year-round residents and serves a peak summer population estimated at 764,000. To serve the visitors, residents and businesses of Cape May County, the CMCMUA developed an Environmental Complex, which is located on a 478-acre site on the Borough of Woodbine – Upper Township border. The Environmental Complex, which was dedicated to former Authority Chairman, Daniel Riley, on October 15, 1999, is comprised of a wide variety of recycling and solid waste facilities that are all owned by the Authority. All of the facilities and services described herein, with the exception of the Intermediate Processing Facility, are operated by the CMCMUA.

A brief description of the major facilities and programs that comprise the County's solid waste management system is presented below.

Secure Sanitary Landfill

The CMCMUA's Sanitary Landfill (SLF) is a state-of-the-art, double-lined landfill sited within the above noted Environmental Complex which is located in the northern section of the County. This facility began operations in May 1984, on an initial 51-acre area which was constructed in three cells (Phase I, Cells 1A, 1B and 1C) that each include a bottom liner and leachate collection and detection systems to protect groundwater. The initial 51-acre area of the Sanitary Landfill has been filled to an interim design height and capped with an impermeable synthetic material to prevent rainwater from entering.

The Authority is currently landfilling in Cell 1F which is the third of three (3) new landfill cells located on 42 adjacent acres within the existing site. Construction of Cell 1F was completed in November 2006 and landfilling began in June 2007. Cell 1D, the first of these newer cells, which is now capped with an impermeable material, reached its interim design height at the end of 2003. Cell 1E, the second of these newer cells, reached its interim design height in 2007. Cell 1E was capped in 2010 using an innovative 100% synthetic liner. The waste disposal capacity of both Cells 1D and 1E was rapidly depleted as a direct result of higher than anticipated incoming tonnage for disposal. The decade long trend of receiving higher volumes of construction and demolition waste for disposal, which was the result of a County-wide redevelopment boom, finally ended in 2006. Since that time, the volume of construction and demolition waste requiring disposal has declined dramatically. The economic recession has also reduced the tonnage of municipal waste received for disposal. While some additional declines in the tonnage of waste received for disposal are possible in 2012, it is expected that the tonnage of waste to be received in 2012 will stabilize near 2011 levels.

Recognizing the need for additional, long-term disposal capacity, the CMCMUA applied to the Pinelands Commission in 2004 for authorization to expand the 93-acre area previously approved for landfilling at the Authority's Environmental Complex. On May 1, 2006, the New Jersey Pinelands Commission formally adopted an amendment to the Pinelands Comprehensive Management Plan which will allow landfilling to occur on an additional 74 acres of property already owned by the Authority. The final approvals needed to facilitate this expansion were received in 2009 from the Pinelands Commission and the NJDEP. This permitted landfill expansion, which provides for the development of five additional landfill cells (2G, 2H, 2I, 2J, and 2K) and the use of an innovative "vertical wall" design at the base of the new cells, should extend the current life of the Sanitary Landfill by more than 80 additional years to at least 2093. The CMCMUA's Sanitary Landfill, which is expected to receive more than 149,000 tons of solid waste for disposal in 2012, now has sufficient capacity to continue to serve both the short and long-term disposal needs of Cape May County.

Sustainable Landfilling

The Authority utilizes innovative technologies to extend the useful life of the Sanitary Landfill. The CMCMUA currently operates Cells 1A, 1C, 1D, 1E, and 1F as a bioreactor landfill in accordance with the Landfill's current operating permit. The operation of the Authority's Secure Sanitary Landfill as a bioreactor landfill, which includes the recirculation of leachate, accelerates waste degradation and thereby effectively extends the useful life of the Landfill by increasing the landfilling capacity. The Authority also employs the use of temporary caps, alternate cover materials, geosynthetic clay liners, and active landfill gas extraction as part of this sustainable landfilling strategy. Continuing to maximize recycling efforts and pursuing innovative operating and management strategies that are environmentally and technically sound and economically responsible will enable Cape May County to maintain solid waste self-sufficiency until the end of the current century.

Landfill Gas (Methane) Recovery Facilities

Wells to extract the gas generated by the decomposition of solid waste at the Authority's Sanitary Landfill were installed in 1996 as part of an emissions control system. Since the primary constituent in landfill gas is methane, the Authority expanded that system in 1998 to collect and refine the landfill gas into a marketable product to fuel the boilers at the Woodbine Developmental Center (WDC). The sale of refined landfill gas to WDC was suspended in

December of 2009 due to the need to replace the antiquated boilers at that facility. New boilers have been installed at the WDC and it is anticipated that sales of refined landfill gas to WDC will resume prior to the end of calendar year 2011.

The operation of the Sanitary Landfill as a bioreactor, as detailed above, has resulted in a significant increase in the quality and quantity of methane generated from this landfill gas recovery project. As a result, the Authority's Landfill Gas Recovery Facility has been expanded to recover increased quantities of methane which are used to produce electricity.

Construction of a facility to refine landfill gas and subsequently use it as a clean burning fuel in combustion engines to produce electricity was completed in February 2007. This facility, which was fully operational in March 2007, and expanded to include a third combustion engine in June 2008, produces more than enough electricity to make the Environmental Complex energy self-sufficient while preventing the release of greenhouse gas emissions into the atmosphere that would contribute to the problem of global warming. Through a net metering agreement with Atlantic City Electric, electricity not used at the Environmental Complex is sold back to the electrical grid for general consumer use. This net metering agreement generates revenue for the CMCMUA and provides "green energy" to service the electrical needs of other users. Expansion of renewable energy generation at the Environmental Complex to provide an additional two megawatts of electric power to the grid has completed the permitting stage with operation anticipated to commence during the latter part of 2012. The Authority's Landfill Gas Recovery Facilities will be further expanded as the Sanitary Landfill continues to be used for the disposal of non-recycled solid waste in the future.

Transfer Station

The CMCMUA also owns and operates a solid waste transfer station on a 19-acre site in the Burleigh section of Middle Township. The Transfer Station transfers waste from municipal and commercial vehicles to larger open-top trailers, which are then hauled by Authority personnel to the CMCMUA's Sanitary Landfill. Each year, the Transfer Station handles more than 70,000 tons of solid waste and recyclables, from eleven of the County's sixteen municipalities as well as transferring recyclables. This facility, which began operations in July of 1984, provides convenient hauling services and minimizes truck traffic from the southern half of the County to the CMCMUA's Sanitary Landfill.

County-Wide Source Separation Program

All sixteen Cape May County municipalities and the Authority jointly participate in a mandatory source separation and recycling program. For the convenience of residents and seasonal visitors, and to encourage greater participation, municipalities provide curbside collection of source separated materials in two streams: **mixed paper**, which includes newspapers with inserts, corrugated, kraft grocery bags, magazines, office paper, telephone and paperback books, junk mail and shredded paper in "see-through" plastic bags; and **commingled bottles and cans**, including clear, green and brown glass, aluminum, steel and aerosol cans, and plastic bottles, jugs and jars imprinted with a , , , , , , or  on the bottom. These source-separated materials are collected from residents, businesses and institutions, parks, beaches and other public areas that are all required to recycle. These materials can either be dropped off at the Authority's Transfer Station, or they can be delivered directly to the CMCMUA's Intermediate Processing Facility at the Environmental Complex.

All sixteen municipalities have also implemented curbside, alley, or rear door collection programs for other materials that are mandated for source separation and recycling by the Cape May County Solid Waste Management Plan. Fourteen communities also provide drop-off depots for collection of supplemental types and/or quantities of recyclable materials. The County-wide source separation and recycling program "designates" more than 40 materials which are mandated for recycling by all waste generators in Cape May County.

Intermediate Processing Facility

The CMCMUA also owns and, under contract with a private operator, operates an Intermediate Processing Facility (IPF) which receives and processes source separated mixed paper and commingled bottles and cans delivered in separate streams. The IPF, which began commercial operations in April 1990, emphasizes mechanical sorting and processing of the mixed recyclables received at the facility. It was modified in 2002 to renovate the commingled bottle and can equipment and again in 2005 to renovate the mixed paper processing line. These modifications to replace worn out equipment have increased processing throughput to 25 tons per hour, improved efficiency and reduced operating and maintenance costs.

Consistent with the requirements of the Mandatory Source Separation and Recycling Act and the County Plan, the County's 16 municipalities have implemented local recycling programs to collect mandated IPF recyclables in two streams and deliver them to the CMCMUA in accordance with shared service agreements. Source separated recyclables are received, **at no charge**, six days per week from Cape May County municipalities, private haulers, institutions, businesses and residents who utilize the Authority's solid waste disposal facilities. The IPF also receives loads of source separated mixed rigid plastics (MRP) as a separate stream for processing and marketing. The IPF sorts, processes, and upgrades accepted materials to improve marketability. All recyclable materials processed through the IPF are aggressively marketed to receive the highest prices available from stable, long-term markets. Whenever IPF recycling revenues received by the CMCMUA exceed the Authority's cost to operate the IPF, the net gain is returned to Cape May County's participating municipalities.

Wood Pallet/Crate Recycling

Source separated wood pallets and crates are accepted for recycling by the CMCMUA at both the Environmental Complex and the Transfer Station. Clean, untreated, and unpainted wood pallets and crates, which are received **at no charge** from customers, are processed through a horizontal wood grinder. The resulting woodchips are used either as a bulking agent in the CMCMUA Wastewater Program's Sludge Composting Facility or they are colored to produce a marketable landscaping material. The operating expenses associated with this recycling project are offset by the sales of the finished product.

Tree Stump Recycling

Source separated tree stumps are accepted for recycling at a fee of **\$12.00 per ton**. Tree stumps are accepted at the Authority's Class B Recycling Facility located at the Environmental Complex for shredding and screening into marketable root mulch that is sold to the general public.

Recycling of Branches, Brush and Tree Limbs

Source separated brush, branches, tree limbs and stumps that are commingled are accepted at the Authority's Class B Recycling Facility at a fee of **\$33.00 per ton**. This vegetative material is chipped and converted into marketable wood chips and root mulch and sold to private landscapers and the public.

Christmas Tree Recycling

Natural, decoration-free Christmas trees are accepted by the CMCMUA at both the Environmental Complex and the Transfer Station **at no cost** and chipped by the CMCMUA, with the resulting mulch available seasonally to the general public **at no charge**.

Grass Clippings and Leaf Composting

Source separated, uncontaminated leaves and grass clippings are accepted and composted at the Authority's Leaf Compost Area located at the Environmental Complex at **\$10.00 per ton**. The leaves and grass clippings that are composted by the Authority are screened and added to a mixture of topsoil and sludge compost to create a product which is sold locally under the name of "Terragro". A marketable leaf compost is also produced from shredded and composted leaves and grass clippings. The finished compost is screened prior to being sold locally.

Tire Recycling

To provide an outlet for the proper handling of used tires, source-separated loads of car and truck tires, as well as segregated loads of oversized tires, are accepted by the CMCMUA and shipped to an out-of-county facility for processing and reuse, rather than landfilling these materials. Oversized tires, including farm equipment tires, will continue to be accepted in 2012 by the Authority at the Sanitary Landfill only. The **tipping fee** per ton charged for tires **varies** depending upon the size and type of tire being disposed.

Automotive and Marine Batteries Reclamation

Automotive and marine batteries are accepted at the Authority's solid waste facilities, **at no charge**, for subsequent recycling. Once sufficient quantities are accumulated, these spent batteries are transported to private processors for reclamation.

Rechargeable Batteries

In addition to encouraging generators to recycle rechargeable batteries through the industry sponsored Rechargeable Battery Recycling Corporation (RBRC), the CMCMUA's Transfer Station serves as a RBRC collection point for Seal Lead Acid and Nickel-Cadmium batteries from residential, business and institutional generators, accepting rechargeable batteries **at no charge**.

Used Motor Oil, Kerosene, #2 Home Heating Oil, Used Motor Oil Filters and Antifreeze Recycling

In an effort to discourage improper disposal, the Authority accepts **without charge** used motor oil, kerosene, #2 home heating oil, and used motor oil filters at its solid waste facilities for recycling. Most municipalities have also established collection points to receive used motor oil. At Authority facilities, used motor oil, #2 home heating oil and kerosene is stored in "igloos" and is routinely picked-up by reprocessors and re-refiners for purification and resale.

Used motor oil filters are also stored at CMCMUA solid waste facilities in special containers that are routinely picked-up by reprocessors. Used motor oil filters are recycled after the reprocessor recovers the remaining motor oil. The Authority also accepts antifreeze **without charge** at both the Transfer Station and Sanitary Landfill. The antifreeze is also stored until it is picked-up by reprocessors and ultimately re-refined for resale.

Computer and Electronics Recycling

The New Jersey Electronic Waste Management Act mandates the recycling of computers and TV's on a State-wide basis and prohibits disposal of such devices as solid waste, effective January 1, 2012. The Act requires manufacturers to collect and recycle televisions, portable, desktop and personal computers, and computer monitors in at least one location in each county without charge to consumers. The CMCMUA will accept computer monitors, TV's and other electronics for recycling **without charge** from municipalities, businesses, institutions, and residents which deliver these components. Consumer electronic components can be delivered for recycling to either CMCMUA solid waste facility during normal operating hours throughout the year.

Paints and Finishes Recovery/Disposal

The Authority accepts water based and oil based paints and finishes as "Universal Waste" on a routine basis from Cape May County generators for recycling and/or disposal. Under this program, latex paints, oil based paints and stains, boat bottom paints, enamels, varnishes, shellacs, lacquers, polyurethane, wood and masonry sealers, wood preservatives and aerosol paint cans are received from residents, schools, public and non-profit agencies and businesses for recycling/disposal to prevent the uncontrolled introduction of these materials into the environment and divert these potentially dangerous materials from the regular solid waste disposal system.

The materials specified above are accepted for drop off throughout the year at the Transfer Station only during normal operating hours. A fee of **\$1.25 per one gallon container and \$6.25 per five gallon container is charged**. There is **no charge for smaller containers**.

"White Goods" and CFC Recovery and Scrap Metal

Bulky household metals are accepted for recycling by the Authority at both the Environmental Complex and the Transfer Station. In accordance with Federal and State air quality regulations, CFC refrigerants are recovered from refrigerators, air conditioners, and similar units prior to being recycled. Due to the high cost of removing these refrigerants, the Authority charges a **per unit fee of \$10.00** for each scrap metal item that contains refrigerants when delivered by private customers. The CMCMUA also accepts and sorts scrap metal items, such as aluminum, copper, iron and sheet metal for recycling **at no charge**.

Propane Tanks

Empty 20 and 30 pound propane tanks are accepted from all Cape May County generators at both the Environmental Complex and the Transfer Station for a **per unit fee of \$7.00**. Tanks are reclaimed by vendors that evacuate any residual gas and then refurbish and refill tanks or salvage the empty tanks for recycling scrap metal.

Mixed Rigid Plastics (MRP) Recycling Program

The CMCMUA accepts MRP for recycling at both the Authority's Environmental Complex located in Woodbine and the Transfer Station located in Middle Township. Specific plastics acceptable under this program include: plastic laundry baskets, buckets with metal handles, lawn furniture, flower pots, closet organizers, dish drying racks, traffic signs, garbage cans, VHS tapes, blister packing material, car bumpers, milk and soda crates and drums up to 55 gallon capacity which contained food or other non-hazardous materials. All source separated loads of Mixed Rigid Plastics are accepted **at no charge**.

MRP is currently accepted by the Authority at the Transfer Station and at the Environmental Complex using two different methods. All customers delivering solid waste to the convenience areas at the facilities are asked by the Authority's operating staff to remove rigid plastics from their waste and place the MRP into a separate container for recycling prior to disposal of the remainder of their load. Public and private customers, including businesses that generate significant volumes of MRP waste, have also been requested to deliver source separated loads of mixed rigid plastics to the Transfer Station or to the IPF located at Environmental Complex. In addition, several municipalities collect or maintain a local drop-off site for MRP. When truckload quantities are accumulated, the municipality delivers MRP to the CMCMUA. When a container load of MRP is accumulated at the Transfer Station, it is hauled to the IPF. Source separated MRP, as well as MRP pulled from the residue at the IPF, is baled and marketed by the IPF operator.

Boat Shrink Wrap/Plastic Film Recycling Program

The CMCMUA recycles boat shrink wrap and other pre-approved plastic film through a cooperative program that was initiated in 2008 in partnership with the NJDEP's Coastal Management Program, the New Jersey Marine Sciences Consortium and the New Jersey Sea Grant Program. Through this partnership acceptable plastic film, including blue, white and clear boat shrink wrap, greenhouse film and similar shrink wrap utilized by other businesses, can be delivered **without charge** to the Authority's Environmental Complex located in Woodbine or the CMCMUA Transfer Station.

Street Sweepings and Catch Basin Cleanout Reuse

The Authority accepts at the Sanitary Landfill, **without charge** from all municipal cleaning operations, street sweepings and catch basin cleanout materials generated in Cape May County that are suitable for reuse as landfill cover in accordance with requirements established by the NJDEP. This reuse program was established by the CMCMUA to encourage and promote such pollution prevention activities in support of local and County initiatives directed toward improving water quality.

Contaminated Soil Reuse

Contaminated soil that is waste classified as Type 27, Dry Industrial Waste and approved for "Beneficial Use" as daily landfill cover, is accepted at the Authority's Environmental Complex from in-County and out-of-County sources on a case-by-case basis. Customers are required to submit results of standard testing for contaminated soils to enable the Authority to make a determination of whether the material is acceptable for reuse as landfill cover. If the test results comply with the parameters established by the Authority in the approved Operating Plan

for the Sanitary Landfill, the material is accepted with a \$20.00 per ton **fee charged** upon delivery.

Household Hazardous Waste Collection

The Authority conducts programs in the spring and fall of each year to divert potentially dangerous materials from the regular solid waste disposal system. Under this program, household hazardous wastes and other unregulated hazardous wastes are received from residents and other "conditionally exempt small quantity generators" ("CESQG's"), such as schools, public agencies and businesses. These materials are accepted **without charge** when delivered in quantities of 25 gallons/100 pounds or less by households or CESQG. Quantities over 25 gallons/100 pounds, when accepted by the CMCMUA, are subject to a charge of \$5.00 per gallon/\$5.00 per pound. Through this program, approximately 455 tons of potentially dangerous materials such as paints, thinners, solvents, cleaners, polishes, gasoline, kerosene, mercury, pesticides, and herbicides have been removed from the waste stream during the twenty-four years this program has been in operation.

Recycling Promotion/Education

Technical and promotional assistance is provided to municipalities, businesses, institutions, residents and visitors to expand source reduction, reuse, and recycling activities. Promotional and technical assistance is provided to assist municipalities and businesses that face unique recycling challenges due to the large influx of summer vacationers. A comprehensive recycling education program provided by the Authority includes an advertising/promotional program along with tours of CMCMUA facilities offered to local schools and the general public. These services are provided by the CMCMUA **without charge**.

Litter Abatement Partnership Program

Under a partnership agreement with participating Cape May County municipalities, the Authority accepts, **without charge**, during any four (4) days within a calendar year, any bulky wastes that are collected as part of a scheduled residential bulky waste collection service. To encourage the clean-up of litter and illegal dumping, the CMCMUA also accepts, **without charge**, roadside litter and other debris collected by the County Road Department along County roads and by participating municipal public works or road departments along local roadways.

Enforcement

Unique and effective recycling enforcement strategies have been implemented by municipalities and the Authority that include substantial fines, refusal to pick up solid waste, monetary surcharges and a ban on landfilling of more than 40 designated recyclables. The landfill ban established by the CMCMUA prohibits the disposal of all materials designated for recycling at the Cape May County IPF, as well as leaves, grass clippings, brush, tree branches, tree stumps, Christmas trees, "white goods", scrap metals, wood pallets, asphalt, concrete, contaminated soil, propane tanks, consumer electronics, auto and truck bodies, tires, used motor oil, kerosene, #2 home heating oil, used oil filters, anti-freeze, lead acid batteries and consumer rechargeable NiCad and small seal lead acid batteries. The disposal of out-of-County waste, hazardous waste and other specific waste classifications are also prohibited from disposal at the Authority's facilities.

To supplement the inspection and enforcement programs conducted by municipalities, the Authority has implemented an inspection program for loads of recyclables and solid waste delivered to Authority facilities and has established a system of warnings and monetary surcharges for violators. The Authority routinely inspects incoming loads at both the Environmental Complex and the Transfer Station to visually identify and document violations. While the Authority's staff seeks to gain compliance by providing education and technical assistance to waste generators, repeat violators are subject to warning notices and the assessment of monetary penalties.

The Authority's staff also inspects off-site locations, such as construction sites and large commercial businesses, to ensure that designated recyclables are source separated and recovered by the generator prior to waste disposal. The Authority has also been working with solid waste haulers to ensure that they notify their customers of mandatory source separation and recycling requirements and has requested their assistance in advising waste generators of the mandatory recycling requirements.

In addition, the Authority actively enforces the provisions of the Cape May County Solid Waste Management Plan and NJDEP regulations including the requirement that all non-recycled solid waste generated in Cape May County must be disposed of at the CMCMUA Sanitary Landfill or transported out-of-State for disposal. Prohibiting Cape May County generated waste from being disposed at other landfills located in New Jersey will help assure that sufficient tipping fee revenues are received by the Authority to repay the outstanding debt associated with the development of Cape May County's Comprehensive Solid Waste Management System. In addition, by not soliciting and/or accepting solid waste from out-of-County sources, the CMCMUA seeks to maximize the useful life of the Authority's Sanitary Landfill for the disposal of non-recycled solid waste generated by County residents, businesses, and visitors.

Additional detailed information regarding the CMCMUA's solid waste management program can be found in the County Solid Waste Management Plan Update included on the Authority's website at www.cmcmua.com ("Forms And Documents" link).

EXHIBIT 2

OVERVIEW OF THE PROPOSED FISCAL YEAR 2012 SOLID WASTE OPERATIONS BUDGET

Total program expenses and revenues from all sources, including user fees, earned interest, grant receipts, other income, and a transfer from the Solid Waste Program's Bond Reserve Fund are projected to be \$14,799,503 for Fiscal Year 2012. Budgeted income from operations is anticipated at \$12,037,759 for Fiscal Year 2012. In comparison, the adopted 2011 budget included income from operations totaling \$13,169,789. Fiscal Year 2012 revenues include the transfer of \$2,761,744 in Solid Waste Program's Bond Reserve Funds. The adopted 2011 budget included a subsidy of \$1,125,400 from the Solid Waste Program's Future Construction and Capital Improvement Fund. Fiscal Year 2012 operating expenses are projected at \$9,084,752 as compared to \$9,035,782 for the 2011 adopted budget. Some of the major components and changes in the Fiscal Year 2012 Solid Waste Operations Budget are summarized as follows:

2012 Revenue Projections for the Solid Waste Operations Budget and Revenue Transfer From the Solid Waste Program's Bond Revenue Fund:

The breakdown of the 2012 Solid Waste Operations Budget Projected Revenue is as follows:

\$ 10,304,435	Tipping Fee Income
\$ 629,300	Wood Products & Scrap Metal Sales
\$ 164,542	Recycling Grant Income and Misc. Recycling Income
\$ 719,182	Methane Sales and Electric Income
\$ 30,000	Interest Income
\$ <u>190,300</u>	Miscellaneous Income (includes beneficial reuse soil)
\$ <u>12,037,759</u>	Total 2012 Projected Income from Tipping Fees, Recycling Programs, Energy Income, Interest Income and Misc. Revenues
\$ 2,761,744	Transfer from the Solid Waste Program's Bond Reserve Fund
\$ <u>14,799,503</u>	Total 2012 Solid Waste Operations Budgeted Revenue

Authority solid waste operating income in 2012 is projected to significantly decline as a direct result of anticipated reductions in earned interest, grant income, wood product sales, carbon and renewable energy certificate (REC) sales, and a decrease in the quantity of out-of county recyclables received. While the CMCMUA has cut expenses in many areas, overall expenses are anticipated to increase due to escalation in the cost of health insurance, equipment maintenance and repair, and NJDEP inspection fees. However, this combination of reduced income, modest increases in expenses, and relatively low levels of solid waste anticipated to be received for disposal in 2012 will not result in increased tipping fees for most of our solid waste customers as the CMCMUA will utilize its Bond Reserve Funds in the 2012 fiscal year operating budget.

Pursuant to the renewal of a shared services agreement between the Authority and all sixteen Cape May County municipalities, tipping fees will remain at 2011 rates for almost all waste types. The only increases will be to raise Construction and Demolition Waste (Type 13C) to \$71.00/ton from \$70.00/ton. There will also be a slight increase on tire disposal rates.

Class B Recycling Facility

Due to the loss of a large contract supplier of pallets, the CMCMUA has reduced the size of its wood chipping, coloring and marketing operation at its Class B Recycling Facility. As a result, the total expense budget for this program is anticipated to decline by 12% in fiscal year 2012 to \$628,947.

Methane Recovery Program and Electric Energy Generation Program

This component of the Solid Waste Operations Budget specifically sets forth the salaries and operating expenses for running the Methane and Electric Generation Programs for landfill gas. The total expense budget for these programs is projected to be \$505,360.

The sale of refined landfill gas to Woodbine Developmental Center was suspended in December of 2009 due to the need to replace the antiquated boilers at that facility. New boilers have been installed at the WDC and it is anticipated that sales of refined landfill gas will resume prior to the end of calendar year 2011. As a result, anticipated revenue generated through the sale of landfill methane gas that is sold to the Woodbine Developmental Center in the amount of \$600,000 is included as income in the 2012 Solid Waste Operations Budget. The landfill methane gas also powers the electric generators at the Landfill that provide electricity for the entire Landfill Complex which reduces onsite costs by more than \$100,000. Revenue from outside sales of this electricity is estimated at \$116,000 in 2012.

Additional revenue generated through the Methane Recovery Program and Electric Energy Generation Program in the form of carbon credits and REC I energy credits has decreased from an estimated value of \$46,000 in the 2011 budget to \$3,000 in the 2012 budget.

The 2012 anticipated revenues listed above will offset the projected expense of these programs and reduce the overall net costs of the Landfill Complex.

Intermediate Processing Facility (IPF) and Other Recycling Programs

Net revenue from recyclable paper and glass cans and bottles accepted at the IPF from out of County sources or merchant tons and marketed through the IPF is included as income in the 2012 Solid Waste Operations Budget. This revenue is estimated at \$20,000 in fiscal year 2012 which is a 92% decline when compared to the fiscal year 2011 budget of \$252,919. This anticipated revenue decline is the result of the termination of a contract with an out-of-county public agency supplier of source separated recyclable materials at the IPF. The amount of recycling grant income anticipated in the 2012 fiscal year budget is also projected to decline by 45% to \$110,000.

Expenses for this budget component are also projected to decline in 2012. It is estimated that Recycling Program expenses will be \$245,049 in fiscal year 2012 which represents a 34% reduction in expenses when compared to 2011. No loss is currently projected in 2012 for the operation of the Intermediate Processing Facility due to a steady recycling market for source-separated recyclables. All net revenues received by the CMCMUA from the sale of Cape May County IPF recyclables is rebated to participating municipalities.

Reserve for Future Construction

For 2012, the expense line item "Reserve for Future Construction" is funded in the amount of \$566,793. This reserve is dedicated to fund future landfill cell construction and other capital projects. While this "pay as you go" philosophy is intended to reduce the need for any future borrowing, the CMCMUA anticipates that it will eventually be required to authorize new solid waste debt for additional landfill construction in future years, including an already planned borrowing through the New Jersey Environmental Infrastructure Trust for construction of the next landfill cell.

Debt Service

The Debt Service payment for fiscal year 2012 include the final payments for the Series 2003 and Series 2009 Bonds. Inasmuch as these final payments are held in trust in a Bond Reserve Fund, the \$2,761,744 in this fund will be recognized as a non-operating revenue in 2012 as the source of funds for the final payments. Also, the construction of the next landfill cell, 2G, has begun. The Authority is in the process of borrowing \$5.65 million from the New Jersey Environmental Infrastructure Trust Fund to provide funding for the first phase expansion, including filling one of the sedimentation basins at the CMCMUA Sanitary Landfill. Additional borrowings over the next few years are anticipated to complete the construction of cell 2G.

Tonnage Projection

For the 2012 Solid Waste Operations Budget, the projected tonnages for all waste types anticipated to be received is based on actual current year tonnage data. Preliminary 2011 tonnage data indicates that Municipal Solid Waste (Type 10) decreased by 5% from 2010. As a result, the Authority is projecting that the tonnage of Municipal Solid Waste received for disposal in 2012 will be the same as the current annual 2011 tonnage estimate. Type 10 waste comprises the single largest category of waste received by the CMCMUA for disposal.

Preliminary 2011 tonnage data indicates that Construction and Demolition Waste (Type 13C) will decrease after stabilizing in 2010. 2011 actual tonnage data from January through August indicates that Bulky Waste (Type 13) and Construction and Demolition Waste combined decreased by more than 7% over the 2010 tonnage for the same period. While it is difficult to predict tonnage trends in this economic environment, it is likely that Types 13 and Type 13C waste may be stabilizing near this lower estimated 2011 tonnage level. Therefore, the 2012 budgeted tonnage projection for Construction and Demolition Waste and Bulky Waste is projected to equal current 2011 tonnage estimates, which are more than 7% lower than budgeted 2011 figures. Type 13C waste comprises the second largest category of waste received by the CMCMUA.

Preliminary 2011 tonnage data for all other waste types received for disposal by the CMCMUA indicates a tonnage decline for most of these waste types. Given the currently available tonnage data, the CMCMUA anticipates that total annual waste tonnage for disposal in 2011 will decrease slightly when compared to 2010 tonnage data and that 2012 total annual waste tonnage will remain constant at currently projected 2011 levels.

User Charges

The 2012 Solid Waste Operations Budget user charge for most solid waste types including Municipal Solid Waste is proposed to remain the same as 2011 at \$65.95 per ton. A recent survey of tipping fees for counties in New Jersey indicated that the CMCMUA's Type 10 Waste

tipping fee is still one of the lowest rates in the State and substantially below the regional average for this waste type during 2011. In 2012, the user fee for Construction and Demolition Waste will increase to \$71.00 per ton; up only 1.4%. The same survey indicated that \$71.00 per ton is consistent with the regional average and substantially less than the State average for this waste type.

The total user charge for the year 2012, including solid waste related expenses, escrow fund payments, taxes and other charges will be \$65.95 per ton for Municipal Waste and Bulky Waste and \$71.00 per ton for Construction and Demolition Waste. Collectively, these three (3) waste types currently represent more than 97% of the County's solid waste stream delivered to the CMCMUA for disposal. The user fees proposed for the year 2012 include \$10.06 per ton to provide for various State-mandated solid waste disposal taxes and host community benefits payments for the two host communities at the Sanitary Landfill. Additionally, host community benefit payments to Middle Township equivalent to \$1.87 per ton of refuse accepted for disposal at the CMCMUA Transfer Station are budgeted in the year 2012.

Waste Flow and Economic Analysis

In 2011, the Authority's solid waste and recycling facilities received non-hazardous solid waste from residential, commercial, and institutional sources located within Cape May County. As a result of the County's significant seasonal variation in population, solid waste quantities received by the Authority ranged from 8,391 tons in January 2011 to 18,791 tons in July 2011.

The total quantity of solid waste expected at Authority facilities for disposal in the year 2012 is projected to be 149,245 tons. This reflects a 5.1% decrease for annual tonnage anticipated to be received by the CMCMUA for disposal in calendar year 2011 and reflects a 4.3% decrease from the 155,905 tons actually received for disposal in 2010. After multiple years of significant tonnage declines due to the nationwide economic recession, the quantity of waste received by the CMCMUA appears to still be declining slightly. The precipitous four year tonnage drop from calendar year 2005, during which 248,891 tons of waste was disposed at CMCMUA solid waste facilities, has resulted in dramatically reduced revenues being received by the CMCMUA for use to sustain its solid waste operations. During this multi-year economic downturn, Construction and Demolition Waste received at the Authority's Landfill declined by 64% and the total annual tonnages received for disposal declined by 40%.

While the tonnage of waste received for disposal by the CMCMUA appears to be in the process of stabilizing, significant increases in tonnage are not anticipated in the near future. As a result, the 2012 annual tonnage projection is forecast to remain at 2011 levels. Authority solid waste income is not anticipated to significantly rebound in 2012.

All sixteen (16) municipalities within Cape May County have now executed Service Agreements with the CMCMUA agreeing to deliver all municipality collected and/or contracted solid waste to the Authority's solid waste facilities for disposal through 2018. During 2011, the CMCMUA renegotiated these long-term waste disposal agreements with Cape May County's municipalities to continue our partnership which provides convenient, innovative and environmentally protective solid waste disposal and recycling services at the lowest possible price. Additionally, by securing permits for the landfill expansion, the CMCMUA has provided a unique and valuable opportunity to extend the current life of the Sanitary Landfill until near the end of this century which will economically benefit all Cape May County's municipalities and other CMCMUA solid waste users.

EXHIBIT 3

**SOLID WASTE MANAGEMENT PROGRAM
PROPOSED FISCAL YEAR 2012 OPERATING BUDGET**

INCOME	YEAR 2012 TONS	RATE PER TON	AMOUNT (in dollars)
<u>Solid Waste Types</u>			
10 Municipal	87,107	\$65.95	\$5,744,707
13 Bulky	10,034	\$65.95	\$661,742
13C Construction & Demolition	48,049	\$71.00	\$3,411,479
23 Vegetative	953	\$65.95	\$62,850
25 Animal & Food	1,470	\$65.95	\$96,947
27 Dry Industrial	1,156	\$65.95	\$76,238
27A Asbestos	476	\$111.35	\$53,003
Solid Waste Totals	<u>149,245</u>		<u>\$10,106,966</u>
<u>Recycling Types</u>			
13SR Tires Stockpiled	132	\$250.00	\$32,888
13TL Oversized Tires	11	\$325.00	\$3,500
23H Branches, Brush & Limbs	2,671	\$33.00	\$88,152
23C Leaves & Grass (Municipal Delivery)	5,556	\$0.00	\$0
23C Leaves & Grass (Non-Muni Delivery)	5,807	\$10.00	\$58,072
23S Stumps	828	\$12.00	\$9,930
23T Christmas Trees	74	\$0.00	\$0
13WP Wood Pallets (Volume Discount)	1,750	\$0.00	\$0
13WP Wood Pallets (Non-Muni Delivery)	1,024	\$0.00	\$0
13WG White Goods	12	\$0.00	\$0
Scrap Metal	44	\$0.00	\$0
12 Mixed Paper	13,096	\$0.00	\$0
18 Commingled	16,920	\$0.00	\$0
27SC Street Sweepings/Catch Basin	5,203	\$0.00	\$0
Contaminated Soil	246	\$20.00	\$4,927
Recycling Totals	<u>53,374</u>		<u>\$197,469</u>
TOTAL TONS	<u>202,619</u>	CMCMUA USER FEES TOTAL	<u>\$10,304,435</u>

**SOLID WASTE MANAGEMENT PROGRAM
PROPOSED FISCAL YEAR 2012 OPERATING BUDGET**

INCOME	AMOUNT (in dollars)
<hr/>	
<u>Other Revenue</u>	
Earned Interest	\$30,000
Bond Reserve Fund	\$2,761,744
Recycling Grant	\$110,000
Paint Recycling Income	\$15,132
Electronics Recycling Income	\$17,560
Shrink Wrap/Oil/Batteries Recycling Income	\$850
Household Hazardous Waste Income	\$1,000
IPF Out-of-County/Merchant Recycling Revenue	\$20,000
Beneficial Soil/SLF Cover	\$100,000
Asbestos Bag Sales	\$12,500
Miscellaneous Income	\$20,000
Sludge Hauling Income	\$15,000
Glass Hauling Income	\$42,800
Other Revenue Total	<u>\$3,146,586</u>
<u>Class B Recycling Facility Income</u>	
Recycled Wood Product Sales	\$550,000
Wood Products Delivery Charges	\$10,000
Scrap Metal Sales	\$63,000
White Goods/CFC Appliance Income	\$6,300
Class B Recycling Facility Income Total	<u>\$629,300</u>
<u>Methane Sales & Electric Generation Income</u>	
Landfill Methane Sales	\$600,000
Atlantic City Electric Energy Credit	\$60,000
Class 1 Renewable Energy (REC) Sales	\$3,000
IPF Electric Sales	\$56,182
Methane Sales & Electric Generation Income Total	<u>\$719,182</u>
Total Other Income (Not From User Fees)	<u>\$4,495,068</u>
<u>TOTAL INCOME</u>	<u>\$14,799,503</u>

EXPENSES	AMOUNT (in dollars)	PERCENT OF TOTAL
<u>Sanitary Landfill Administration</u>		
Salaries & Benefits	\$555,194	3.75%
NJ Registrations, Permitting & Inspections Fees	\$137,000	0.93%
Other Landfill Administration Expense	<u>\$62,996</u>	<u>0.43%</u>
Total Landfill Administration Expense	<u>\$755,190</u>	<u>5.10%</u>
<u>Sanitary Landfill Support Services</u>		
Salaries & Benefits	\$791,438	5.35%
Landfill Support Expense	<u>\$762,000</u>	<u>5.15%</u>
Total Landfill Support Services Expense	<u>\$1,553,438</u>	<u>10.50%</u>
<u>Sanitary Landfill Operations</u>		
Salaries & Benefits	\$202,904	1.37%
Landfill Operations Expense	<u>\$25,225</u>	<u>0.17%</u>
Total Landfill Operations Expense	<u>\$228,129</u>	<u>1.54%</u>
<u>Class B Recycling Facility</u>		
Salaries & Benefits	\$569,997	3.85%
Class B Recycling Expense	<u>\$58,950</u>	<u>0.40%</u>
Total Class B Recycling Facility Expense	<u>\$628,947</u>	<u>4.25%</u>
<u>Methane Program & Electric Generation</u>		
Salaries & Benefits	\$270,360	1.83%
Methane & Electric Generation Expense	<u>\$235,000</u>	<u>1.59%</u>
Total Methane & Electric Generation Expense	<u>\$505,360</u>	<u>3.41%</u>
<u>Transfer Station Operations</u>		
Salaries & Benefits	\$1,077,300	7.28%
NJ Registrations, Permitting & Inspections Fees	\$44,700	0.30%
Transfer Station Expense	<u>\$98,649</u>	<u>0.67%</u>
Total Transfer Station Expense	<u>\$1,220,649</u>	<u>8.25%</u>
<u>Maintenance & Repair Operations</u>		
Salaries & Benefits	\$644,584	4.36%
Maintenance & Repair Support Expense	\$22,165	0.15%
Heavy Equipment Repair & Replacement Parts	\$177,000	1.20%
Vehicle Repair & Replacement Parts	\$149,405	1.01%
Specialized Equipment Replacement Parts	\$104,650	0.71%
Support Equipment Replacement Parts	\$31,275	0.21%
Tire Repair & Replacement	\$74,350	0.51%
Consumables (Fuel, Oil, Supplies)	<u>\$646,039</u>	<u>4.37%</u>
Total Maintenance & Repair Expense	<u>\$1,849,468</u>	<u>12.50%</u>

EXPENSES	AMOUNT (in dollars)	PERCENT OF TOTAL
<u>Recycling Program & IPF</u>		
Salaries & Benefits	\$123,652	0.84%
Recycling Support & Education Expense	\$12,897	0.09%
Recycling Program Operation Expense	\$86,000	0.58%
Recycling Enhancement Act Grant Supported Programs Expense	<u>\$22,500</u>	<u>0.15%</u>
Total Recycling Operations Expense	<u>\$245,049</u>	<u>1.66%</u>
<u>Administration</u>		
Salaries & Benefits	\$507,225	3.43%
Insurance Expense	\$225,000	1.52%
Administration Support Services	<u>\$130,550</u>	<u>0.88%</u>
Total Administrative Expense	<u>\$862,775</u>	<u>5.83%</u>
<u>Enforcement & Compliance</u>		
Salaries & Benefits	\$131,947	0.89%
Enforcement & Compliance Expense	<u>\$13,000</u>	<u>0.09%</u>
Total Enforcement & Compliance Expense	<u>\$144,947</u>	<u>0.98%</u>
<u>Solid Waste Program Overhead</u>		
	<u>\$1,090,800</u>	<u>7.37%</u>
TOTAL OPERATIONS EXPENSE	<u>\$9,084,752</u>	<u>61.39%</u>
<u>Debt Service Reserves</u>		
Bond Principal and Interest	\$2,773,498	18.74%
Reserve for Future Construction	\$566,793	3.83%
Equipment Reserves	\$757,931	5.12%
Closure Reserve 1 (2012 SW tons @ \$1.00 p/t inc. IPF Residue)	<u>\$151,245</u>	<u>1.02%</u>
Total Debt Service Reserves	<u>\$4,249,467</u>	<u>28.71%</u>
<u>Taxes & Other Fees</u>		
Contingency Tax (2012 SW tons @ \$.50 p/t inc. IPF Residue)	\$75,547	0.51%
Recycling Tax (2012 SW tons @ \$3.00 per ton)	<u>\$447,735</u>	<u>3.03%</u>
Total Taxes	<u>\$523,282</u>	<u>3.54%</u>
Host Community Benefit/Upper (2012 SW tons @ \$2.78 per ton)	\$414,901	2.80%
Host Community Benefit/Woodbine (2012 SW tons @ \$2.78 per ton)	\$414,901	2.80%
Host Community Benefit/Middle (60,000 tons @ \$1.87 per ton)	<u>\$112,200</u>	<u>0.76%</u>
Total Other Fees	<u>\$942,002</u>	<u>6.37%</u>
<u>TOTAL EXPENSES</u>	<u>\$14,799,503</u>	<u>100.00%</u>

EXHIBIT 4

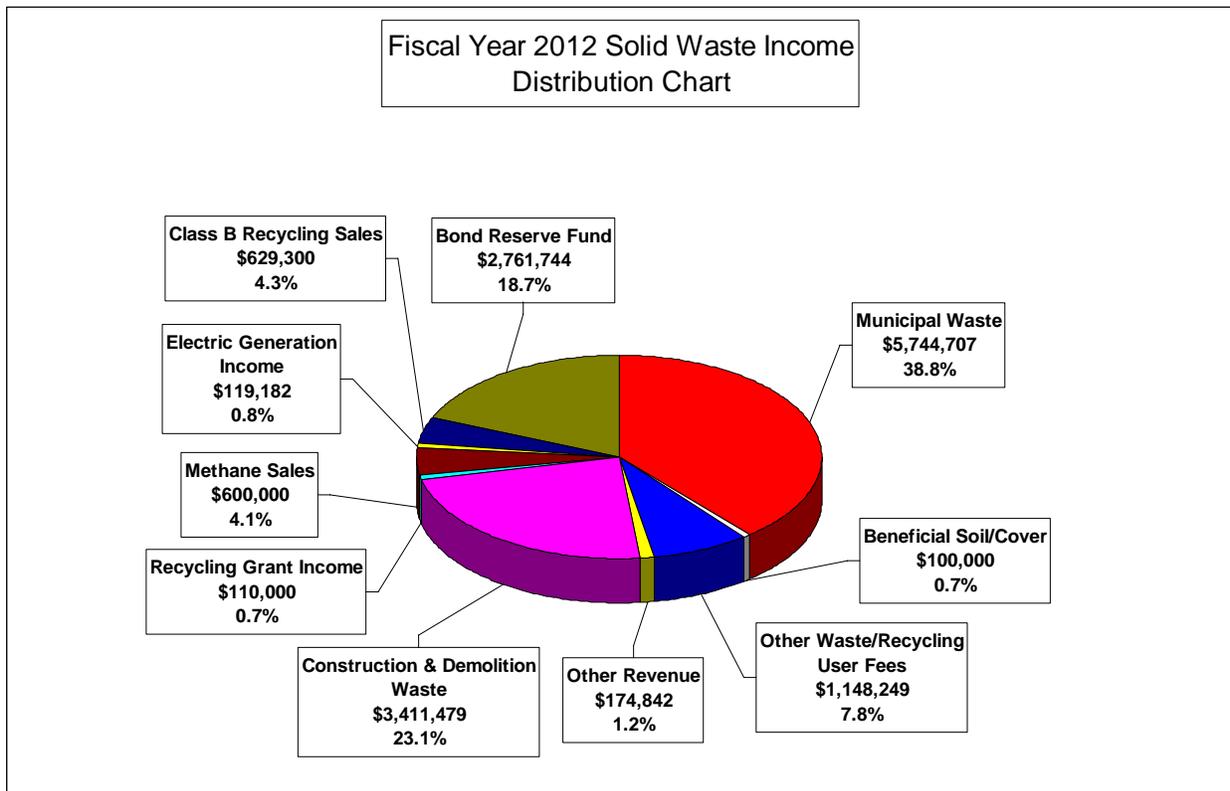
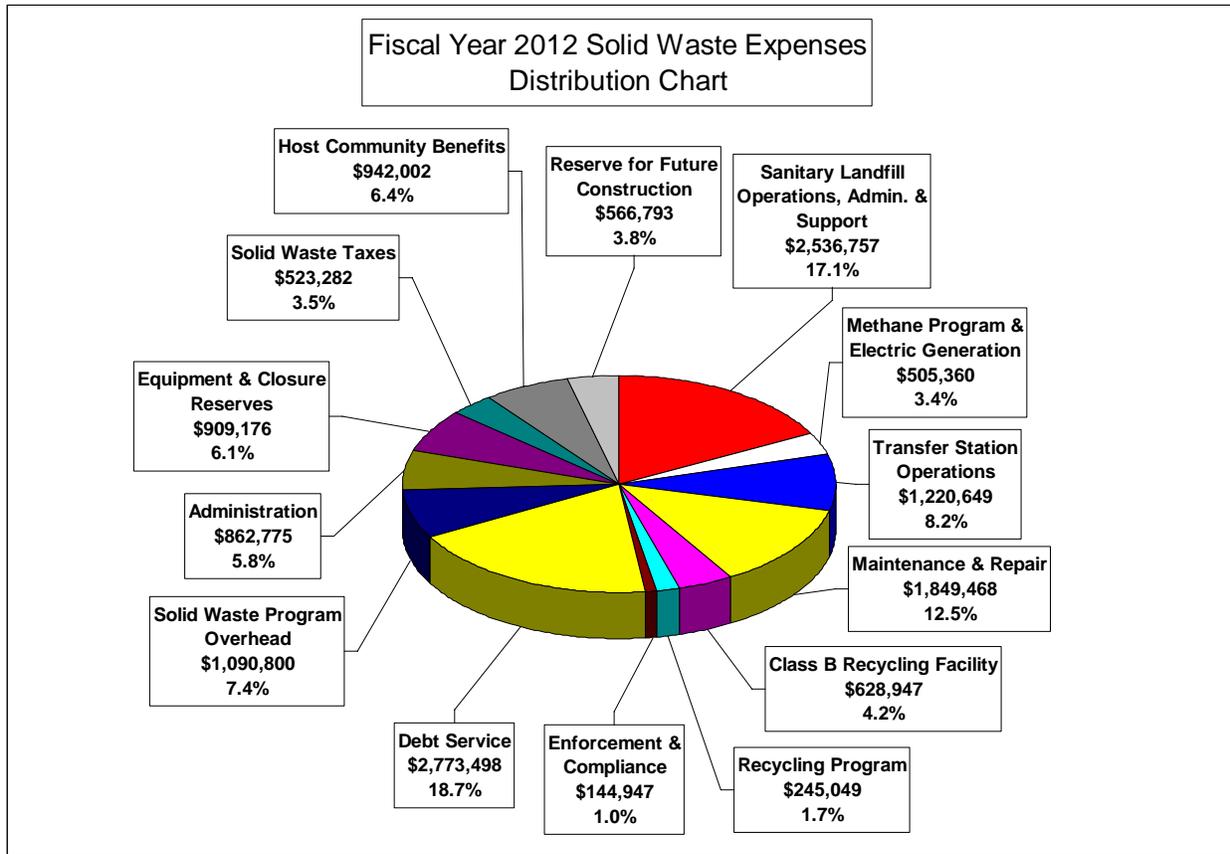


EXHIBIT 5

**SOLID WASTE PROGRAM
PROPOSED 2012 SOLID WASTE/RECYCLING
TONNAGE AND USER FEES**

<u>WASTE TYPE (Taxed)</u>	<u>ANTICIPATED TONNAGE</u>	<u>TOTAL USER FEE (\$/ton)*</u>
Municipal Waste (Type 10)	87,107	\$ 65.95/T
Bulky Waste (Type 13)	10,034	\$ 65.95/T
Construction/Demolition Waste (Type 13C)	48,049	\$ 71.00/T
Vegetative Waste (Type 23)	953	\$ 65.95/T
Animal/Food Processing Waste (Type 25)	1,470	\$ 65.95/T
Dry Industrial Waste (Type 27)	1,156	\$ 65.95/T
Asbestos (Type 27A)	<u>476</u>	\$ 111.35/T
TOTAL TAXED TONNAGE	<u>149,245</u>	
<u>RECYCLABLE MATERIAL (Non-Taxed)</u>		
Tires (Type 13SR)	132	\$ 250.00/T
Tires-Oversized (Type 13TL)	11	\$ 325.00/T
Branches, Brush, Stumps, Tree Limbs (Type 23H)	2,671	\$ 33.00/T
Stumps (Type 23S)	828	\$ 12.00/T
Leaves & Grass (Type 23C) (Municipal Delivery)	5,556	\$ 0.00/T **
Leaves & Grass (Type 23C)	5,807	\$ 10.00/T
Christmas Trees (Type 23T)	74	\$ 0.00/T
Wood Pallets (Type 13WP) (Volume Discount)	1,750	\$ 0.00/T
Wood Pallets (Type 13WP) (Non-Municipal Delivery)	1,024	\$ 0.00/T
White Goods (Type 13WG)	12	\$ 0.00/T ***
Scrap Metal	44	\$ 0.00/T
Mixed Paper (Type 12)	13,096	\$ 0.00/T
Commingled (Type 18)	16,920	\$ 0.00/T
Contaminated Soil (Type 27E)	246	\$ 20.00/T
Street Sweepings/Catch Basin (Type 27SC)	<u>5,203</u>	\$ 0.00/T
TOTAL NON-TAXED TONNAGE	<u>53,374</u>	
TOTAL ESTIMATED 2012 TONNAGE	<u>202,619</u>	

* Total user fees listed include taxes, when applicable.

** In 2012, compostable leaves and grass and CFC/Freon containing White Goods will continue to be accepted at no charge when delivered through Cape May County Municipal Public Works or Municipal Contract to the Cape May County Municipal Utilities Authority's Composting Facility or Class B Recycling Facility, located at the Sanitary Landfill Facility in Woodbine.

*** In 2012, non-municipal customers will be charged \$10.00 per unit for CFC/Freon containing White Goods (e.g. refrigerators, air conditioners and freezers) other White Goods (e.g. gas and/or electric ranges) will be accepted at no charge.

EXHIBIT 6

CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY

**MANDATED TAXES & OTHER PAYMENTS
RELATED TO SOLID WASTE DISPOSAL**

(Effective January 1, 2012)

<u>NAME</u>	<u>\$/TON</u>
Contingency Tax	\$ 0.50
Closure Escrow Fund	\$ 1.00
Recycling Tax	\$ 3.00
Host Community Economic Benefit (Sanitary Landfill)	\$ <u>5.56</u>
TOTAL	\$ 10.06¹

¹ Additionally, a Host Community Economic Benefit of \$1.87 per ton for each ton of solid waste disposed at the CCMUA's Transfer Station is also required to be paid pursuant to the New Jersey Solid Waste Management Act.