

## Chapter NR 549

### RECYCLING EFFICIENCY INCENTIVE GRANTS TO RESPONSIBLE UNITS

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**NR 549.01 Purpose.** The purpose of this chapter is to establish rules and procedures under s. 287.235, Stats., for the implementation and administration of a grants program which provides financial assistance to responsible units that have achieved efficiency in their recycling programs through the criteria or methods provided in this chapter.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.02 Applicability.** This chapter applies to all applicants and recipients of recycling efficiency incentive grants under s. 287.235, Stats. This chapter does not apply to waste reduction and recycling demonstration grants, under s. 287.25, Stats., nor to recycling grants under s. 287.23, Stats.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.03 Definitions.** In this chapter:

- (1) "Department" means the department of natural resources.
- (2) "Effective recycling program" means a solid waste management program that includes all of the components specified in s. 287.11 (2), Stats.
- (3) "Population" has the meaning specified in s. 287.23 (1) (c), Stats.
- (4) "Recycling center" means a facility that accepts source separated materials for processing and marketing.
- (5) "Responsible unit" has the meaning specified in s. 287.01 (9), Stats.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.05 Eligibility of applicant. (1) ELIGIBLE APPLICANTS.** Responsible units that the department determines operate an effective recycling program shall be eligible to apply for grants through this chapter.

**(2) REVIEW OF GRANT APPLICANT'S OR RECIPIENT'S ELIGIBILITY.** The department may review a responsible unit's eligibility for a recycling efficiency incentive grant at any time.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.07 Eligible and ineligible costs. (1) ELIGIBLE COSTS.** The grant applicant's recycling program costs, defined as the costs of operating the program minus those proceeds from the sale of recycled material, that are reasonable and necessary for planning, constructing or operating a recycling program are eligible for grant assistance. Eligible costs may include all of the following:

- (a) The costs of planning, including consultant fees.
- (b) Construction costs, including capitalized interest, professional services of an attorney and engineering services for design, construction, and construction inspection.
- (c) Training, salaries, and fringe benefit costs of personnel.
- (d) The purchase of necessary supplies.
- (e) Capital purchases for all of the following:
  - 1. Equipment costing \$1,000 or more and with an expected life of 3 or more years funded on an amortized basis.

2. Land, including site acquisition at fair market value and site preparation costs.

(f) The allocable cost of using equipment not purchased with grant monies, as provided under s. NR 542.10 (1) (b) 3.

(g) Costs of collecting recyclables, marketing and transporting recyclables to market.

(h) Costs of public education and enforcement.

(i) Written contracts entered into by responsible units to obtain services necessary for an effective recycling program.

(j) Any of the following costs of a solid waste facility designed to recover recyclables from post-consumer waste:

1. All costs that can be directly attributed to the recycling component.

2. The proportionate share of the remaining costs as calculated as a proportion of recovered recyclables to total waste, by weight.

(k) Costs of documenting how solid waste that is generated in the grant applicant's region and is not separated or recovered for recycling will be managed, as required by s. 287.11 (2) (ew), Stats.

**(2) INELIGIBLE COSTS.** Costs not directly associated with or not necessary for planning, construction or operation of an effective recycling program are not eligible for grant assistance under this chapter. Ineligible costs include all of the following:

(a) Costs incurred either prior to January 1 or after December 31 of the calendar year 2 years prior to the year for which the grant is awarded.

(b) The costs of collecting and disposing of municipal solid waste not separated for recycling, except for costs described in sub. (1) (k).

(c) Fines and penalties due to violations of, or failure to comply with, federal, state or local laws, regulations, rules and ordinances.

(d) Ordinary operating expenses of local government, such as salaries and expenses of a mayor or city council members that are not directly related to the recycling program.

(e) Interest or finance charges.

(f) Costs for which payment is received under another federal or state financial assistance program.

**Note:** Costs for which payment is received by a responsible unit under s. 287.23, Stats., are costs that are ineligible for a recycling efficiency incentive grant under this chapter.

(g) Costs incurred in a contract that creates a real or apparent conflict of interest. An apparent conflict of interest arises when an official or employee of a responsible unit participates in the selection, awarding, or administration of a contract supported by this program. An apparent conflict of interest includes all of the following:

1. Situations where the official or employee of the responsible unit, or his or her business partner or immediate family member, has an ownership interest in the firm selected for activities funded in part by a recycling efficiency incentive grant.

2. Situations where any person identified in subd. 1. receives any contract, gratuity, or favor from the award of the contract for a recycling efficiency incentive grant.

(h) The purchase of plastic containers for the collection of recyclable materials, unless the recycled content of the plastic containers is at least 25% by weight.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.08 Grant application and departmental review.** (1) APPLICATION METHOD. Applicants shall submit applications on forms provided by the department and shall provide the information specified in subs. (4) to (7).

**Note:** Recycling efficiency incentive grant application forms may be obtained as follows:

**Mailing Address:**

Department of Natural Resources  
Community Financial Assistance Bureau  
P. O. Box 7921  
101 S. Webster Street  
Madison, Wisconsin 53707-7921

**Phone:**

608-266-7555

(2) DEADLINES TO SUBMIT ELIGIBLE APPLICATIONS. (a) Each application for financial assistance under this chapter shall indicate that an effective recycling program has implemented an efficiency. In addition, the following limitations shall apply:

1. During the first grant period, applications shall be post-marked no later than April 15, 2003, to be eligible for a grant award in calendar year 2003 and all applications submitted shall claim that an efficiency was implemented before March 31, 2003.

2. During the second grant period, applications shall be post-marked no later than October 30, 2003, to be eligible for a grant award in calendar year 2004 and all applications submitted shall claim that an efficiency was implemented or a signed agreement for consolidation or cooperative services was approved by the participating responsible units during the period between April 1, 2003, and October 30, 2003, and will be in place no later than January 1, 2004.

3. During the third grant period, applications shall be submitted by October 30, 2004, to be eligible for a grant award in calendar year 2005. In all subsequent grant periods, applications shall be submitted no later than October 30th before the grant year, and all applications submitted shall claim that an efficiency was implemented during the period between October 31 of the previous year and October 30 of the year in which the application is made, and was in place before April 30 of the year in which the application is made.

(3) REQUIREMENTS FOR GRANT AWARDS. (a) Responsible units claiming the following, as a measure of recycling efficiency, may do so only for the first grants awarded in calendar year 2003:

1. A consolidation pursuant to sub. (4) (a) 1. or achieving county responsible unit status pursuant to sub. (4) (a) 3. that was implemented before March 31, 2003. Responsible units claiming consolidations or cooperative agreements as a measure of recycling efficiency under this chapter after the first grant period may do so only if the consolidation or cooperative agreement was entered after April 1, 2003.

(b) An efficiency claimed under sub. (4) (b) for an effective recycling program shall be demonstrated by either of the following:

1. The probability of a reduction in eligible costs for the year or an increase in recycling materials sales revenues. A reduction in eligible costs means an expected reduction in eligible costs or increase in revenues compared to the expenses or revenues of the previous year, and may occur on either a program-wide basis, or in one or more component areas of the responsible unit's recycling program. Component areas may include comprehensive program planning, collection, sorting, processing, marketing, or education. A reduction in eligible costs cannot be as a result of additional financial assistance received from the state.

2. An increase in the quality or scope of the program for the year in which the responsible unit attributes the efficiency measures. An increase in the quality or scope of the program means an increase in the quality or scope of the program from the previous year, and may occur on either a program-wide basis, or in one or more areas of the responsible unit's recycling program. Component areas may include comprehensive program planning, collection, sorting, processing, marketing, or collection. Claims of efficiency shall be substantial and not marginal or lacking a sound basis.

**Note:** Activities that increase a responsible unit's recycling program quality or scope may include the following:

1. Changing collection methods from consumer drop-off sites to curbside pick-up where recyclable items are collected by either another responsible unit or by a private vendor contracted jointly with another responsible unit.

2. Coordinated program delivery through joint comprehensive planning or educational efforts by a single planning unit for 2 or more responsible units.

3. Collection of a greater amount or type of plastic containers by 2 or more responsible units made possible through sorting provided by a responsible unit or by vendors jointly contracted by the responsible units.

4. Provision of new services by responsible units or joint vendor contracting.

5. Organizing coordinated program delivery in a specific geographic area with a reduction in eligible costs.

Efficiencies considered to be substantial may increase recycling collection or participation rates, environmental benefits, responsible unit revenues, or reduce environmental degradation and program operating costs.

Examples of increases in the quality or scope of the program that are marginal or without a sound basis may include:

1. Sharing equipment on a free or at-cost basis between responsible units without a resulting increase in the collection of recyclables in at least one of the responsible units.

2. An educational campaign that does not reach the majority of the residents of the responsible units and is conducted without a reasonable expectation of increasing awareness of recycling issues and citizen participation in the recycling programs.

(c) An increase in efficiency in a recycling activity category not previously the subject of an effort by the responsible unit shall qualify as an increase in efficiency only if the increase does not duplicate an effort previously undertaken under this chapter.

(d) At least 25% of the responsible units visited each year as part of the department's recycling program review under s. 287.23 (2) (b), Stats., will include responsible units receiving grants under this chapter.

(4) CLAIM OF RECYCLING EFFICIENCY. Applications pursuant to this section shall indicate at least one of the recycling program efficiencies in par. (a) or (b) have been achieved:

(a) *Operational status or size.* The responsible unit meets one or more of the following criteria:

1. The responsible unit was formed by the consolidation of 2 or more prior responsible units before March 31, 2003.

2. Two or more responsible units have consolidated into a single responsible unit on or after April 1, 2003.

**Note:** Section 287.09, Stats., provides for the formal consolidation of responsible units by agreements under s. 66.0301, Stats.

3. The responsible unit is a county. A county shall be eligible for a grant under this chapter not more than once under this criterion.

(b) *Written cooperative agreements.* 1. The responsible unit has entered into a written cooperative agreement with at least one other responsible unit for direct recycling services by or for the responsible unit, or for private vendor services to be shared jointly by the participating responsible units to the agreement. The cooperative agreement shall address at least one of the following elements:

a. Comprehensive program planning.

b. Collection and transportation of recyclables.

c. Sorting recyclables at a materials recovery facility.

d. Educational efforts about waste reduction, reuse and recycling.

2. When a responsible unit enters a cooperative recycling agreement pursuant to this paragraph for joint services or private vendor services, it shall be entered into by the applicant with the expectation either of a reduction in program costs or that the coop-

erative agreement will provide an increase in the scope or quality of recycling services. Cooperative agreements shall include an effective date, a brief description of the responsibilities of all parties and a statement of expectations of how costs will be reduced, funds will be saved or the scope or quality of the responsible unit's recycling program will be improved.

3. All cooperative agreements shall be made by an agent of the responsible unit who has authorization under s. 66.0301, Stats., from the responsible unit's local governing body to enter the responsible unit into a cooperative agreement.

**Note:** The department will examine ways to allow eligibility for operational and managerial efficiencies—efforts made by a single responsible unit to improve internal efficiency. If the department decides to expand eligibility, it will amend this rule at a later date to allow internal efficiencies by a single responsible unit.

(5) **REQUIRED PROOF OF COOPERATIVE AGREEMENT.** If an application for a recycling efficiency incentive grant under this chapter claims recycling efficiency as a result of a written cooperative agreement pursuant to sub. (4) (b), the application shall document this by showing that the responsible unit participating in the cooperative agreement has authorized the responsible unit to participate in the cooperative agreement. County responsible units shall provide proof of authorization from the county's governing body, but need not provide proof of authorization from each municipality within the jurisdiction of the county.

(6) **REQUIRED AUTHORIZING RESOLUTION.** All applicants for recycling efficiency incentive grants shall submit to the department an authorizing resolution from their respective body of elected officials who have the power to authorize the resolution, that designates a representative of the responsible unit as the person authorized to submit an application for financial assistance under this chapter and handle all grant actions. Prior resolutions on file with the department for other recycling grant programs in prior years do not satisfy this requirement. No application may be considered complete until the resolution is submitted.

(7) **REQUIRED SIGNATURE OF RESPONSIBLE PARTY.** All applications for financial assistance under this chapter shall be signed by the person designated in the authorizing resolution.

(8) **COMPLETE APPLICATIONS REQUIRED.** The department shall review all applications submitted by eligible responsible units by the deadlines listed in sub. (2) for completeness and compliance with the requirements of this section. For an application to be deemed complete by the department, all portions shall be correct and fully answered or provided.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

#### **NR 549.11 Distribution of grant assistance.**

(1) **FIRST GRANT PERIOD.** Recycling efficiency incentive grants provided under this chapter shall first be provided in calendar year 2003.

(2) **DETERMINATION OF GRANT AMOUNT.** The department shall award a grant to each responsible unit that submits a complete application that is approved by the department. The amount of the grant shall be determined as follows:

(a) The per capita amount shall be calculated by dividing the funds appropriated for recycling efficiency incentive grants by the sum of the population of all responsible units whose applications meet the requirements of s. NR 549.08.

(b) The grant amount shall be determined by multiplying the per capita amount times the population of the responsible unit.

(c) Notwithstanding pars. (a) and (b), a grant under this chapter plus a grant under s. 287.23, Stats., may not exceed the net eligible expenses identified under s. 287.23 (3) (b), Stats., that the responsible unit incurred in the year 2 years before the year for which the grants are being made.

(d) Funds available to the department for grants under this chapter shall be distributed to all eligible applicants until either all available funds have been depleted or until all eligible applicants have received their statutory maximum awards. Grants under this

chapter are subject to the availability of funds provided to the department.

(3) **AWARD NOTIFICATION.** The department shall notify, in writing, successful applicants by issuance of a grant award. Accepting funds provided through the grant award shall subject the responsible unit to all provisions of this chapter and all terms and conditions contained in the grant award.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

#### **NR 549.12 Grant recipient accountability.**

(1) **RECORDS MANAGEMENT.** Each responsible unit shall maintain an accounting system that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards and provides clear reference to source or original documents.

(a) **Accounting procedures.** Financial schedules and statements filed with grant applications and payment requests shall be based on records maintained under generally accepted accounting principles which meet the following minimum requirements:

1. Grant recipient program accounts shall separate grant receipts and eligible expenditures from those allocable to other programs and activities.

2. Receipts and expenditures shall be listed in sufficient detail to provide a basis for accurate and complete program reporting.

3. All program receipts shall be identified in sufficient detail to reflect their source and purpose.

4. Supporting records for all program expenditures shall be itemized in detail to indicate the nature and appropriateness of each disbursement. Proof of payment, such as canceled checks or receipts from vendors, shall be maintained.

5. Time and attendance records describing the work performed, specifying project hours worked by day, signed by the employee and bearing evidence of management approval, shall be maintained, along with computations showing hourly pay rates and allocations of fringe benefits.

(b) **Fiscal controls.** 1. Any consultant, construction or service contract totaling \$10,000 or more annually shall be covered by a formal contract or agreement specifying financial terms, contract duration and services to be rendered.

2. Acquisition of real property shall be in accordance with state guidelines for preparation of appraisals and relocation assistance.

**Note:** Land appraisal and relocation guidelines can be obtained from the department's regional recycling specialist.

3. Allowable rates for use of a responsible unit's own equipment not purchased with grant monies shall be limited to the county-wide rates established annually by the Wisconsin department of transportation. Allowable costs for the use of equipment, for which the department of transportation rates are not available, may be based on the grant recipient's calculation of operating the equipment attributable to recycling activities.

**Note:** County-wide rates established by the department of transportation can be obtained from the grant recipient's county highway department.

(2) **RECORDS RETENTION AND AUDITING.** All responsible units receiving grant funds are subject to audit by the department. Grant recipients shall retain all records pertaining to their programs for 3 years after the end of the year in which they received the recycling efficiency incentive grant.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.14 Interpretation of chapter.** (1) **DISPUTE CONSIDERATION.** Any disputes regarding the interpretation of this chapter shall be decided by the department based upon whether an increase in efficiency can be inferred through a probability of either a reduction in eligible costs for the year or an increase in recycling materials sales revenues, or an increase in the quality or scope of the program for the year in which the responsible unit attributes the efficiency measures. This consideration shall be made in accordance with all applicable state and federal laws.

(2) **DISPUTE RESOLUTION.** In the event that a dispute arises between the department and the grant recipient, either party may request a conference between the department's director of the bureau of community financial assistance and the grant recipient, or designee, to resolve the dispute.

(3) **DECISION OF THE DEPARTMENT.** Except as otherwise provided by law, any dispute arising as a result of a grant provided under this chapter shall be decided in writing by the department. The department shall serve personally or by certified mail, return receipt requested, a copy of the decision upon the grant recipient.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.15 Variances.** The department may approve variances from nonstatutory requirements of this chapter upon written request of grant applicants. The department may approve variances for good cause, to encourage recycling or to accomplish the objectives of this chapter. Before granting a variance, the department shall take into account factors such as good cause, circumstances beyond the control of the grant recipient and financial hardship.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.17 Termination.** The department may initiate the termination of a grant award provided under this chapter with 30 days advance written notice to the grant recipient. Notice of termination shall be served on the grant recipient personally or by mail.

(1) **ACTION TO INITIATE.** Any action undertaken by the department to terminate a grant award shall include the effective date of termination of the grant award, the basis for settlement of award termination costs, and the amount and date of payment of any sums due either party.

(b) The department may terminate awards, in whole or in part, upon a finding of one of the grounds specified in par. (c) and in accordance with the following procedure:

1. The department shall attempt to consult with the grant recipient prior to initiating any termination action. After the department has received and considered the views of the grant recipient, or 30 days after the grant recipient has been notified of the department's intent to terminate the recycling efficiency incentive grant, the department may terminate the grant award in whole or in part.

2. Any termination action taken by the department shall be made in writing and shall state the reasons for termination.

(c) The department may terminate a grant, in whole or in part, if the department determines any of the following:

1. There has been no substantial performance under the terms of the grant by the grant recipient, without good cause.

2. There is clear and convincing evidence that the grant was obtained by fraud.

3. There is clear and convincing evidence of gross abuse or corrupt practices in the administration of the grant.

(2) **GRANT REFUND.** Upon termination, the grant recipient shall refund to the department all funds provided by the department under this chapter that have not been spent as of the date of termination without written approval from the department, except an amount as may be required to meet commitments which had become enforceable prior to the date of termination. The grant recipient shall reduce the amount of outstanding commitments as much as possible and remit to the department any uncommitted

balance of grant funds awarded. A grant recipient may spend funds otherwise required to be refunded under this subsection only with the written approval from the department.

(3) **REVIEW.** Any responsible unit that is dissatisfied with any determination made by the department under this section may request review by the chief of the department's environmental financial assistance section. If the matter is still not resolved, review may be sought from the director of the department's bureau of community financial assistance. All requests for review of termination actions shall be made in writing by the grant recipient, be addressed to the appropriate department staff, and shall contain factual information explaining the basis for requesting review. The department shall issue all decisions under this subsection in writing.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.

**NR 549.18 Enforcement.** (1) **SANCTIONS.** The department may impose the following sanctions for noncompliance of any provisions of this chapter:

(a) The grant may be terminated pursuant to s. NR 549.17.

(b) Program costs directly related to the noncompliance may be declared ineligible.

(c) Repayment of some or all of the grant amount related to the noncompliance may be required.

(d) Other administrative and judicial remedies may be sought as legally available and appropriate.

(2) **WITHHOLDING OR REFUND OF GRANTS.** (a) If any responsible unit uses any scheme or device to unjustly benefit from the grant program under this chapter, the department shall withhold grants awarded under this chapter or require a refund of part or all of any payments otherwise due or paid to the responsible unit. A scheme or device to unjustly benefit from this program includes, but is not limited to, coercion, fraud or misrepresentation, false claims or any business or other dissolution, reorganization, revival or other legal mechanism designed for or having the effect of evading the requirements of this chapter.

(b) If any responsible unit takes action resulting in, or fails to take action to prevent, the destruction or impairment of a prescribed condition or term of the grant award, the department shall withhold a grant provided under this chapter or require a refund of part or all of any payments otherwise due or paid.

(c) Any responsible unit that has spent funds received under this chapter on ineligible costs described under s. NR 549.07 (2) is ineligible for:

1. Recycling efficiency incentive grant assistance the following year if the funds were intentionally diverted to other purposes by the responsible unit.

2. A portion of the recycling efficiency incentive grant assistance for the following year if the responsible unit does not repay to the department the inappropriately spent funds and the amount exceeds any outstanding grant payments owed the responsible unit.

(3) **OTHER PENALTIES.** (a) Nothing requiring the withholding or repayment of a grant provided under this chapter shall preclude any other penalty or liability available by law.

(b) Any person who violates this chapter by a material misrepresentation in an application is subject to the penalties specified in s. 287.97, Stats.

**History:** CR 02-060: cr. Register March 2003 No. 567, eff. 4-1-03.