



Berkley • Beverly Hills • Birmingham • Clawson • Ferndale • Hazel Park • Huntington Woods • Lathrup Village • Oak Park • Pleasant Ridge • Royal Oak • Troy

## QUARTERLY REPORT OCTOBER 2013

<b>BOARD OF TRUSTEES</b>	
<b>Representative</b>	<b>Municipality</b>
J. Bais-DiSessa	City of Berkley
C. Wilson	Village of Beverly Hills
L. Wood	City of Birmingham
M. Pollock	City of Clawson
A. Lynch	City of Ferndale
A. LeCureaux	City of Hazel Park
A. Allie	City of Huntington Woods
J. Mueller	City of Lathrup Village
K. Yee	City of Oak Park
S. Ball	City of Pleasant Ridge
G. Rassel	City of Royal Oak
T. Richnak	City of Troy

<b>OFFICERS</b>	
Chairman:	J. Mueller
Vice Chair:	G. Rassel
Secretary:	C. Wilson
Advisory Committee:	A. Allie S. Ball J. Mueller G. Rassel

J. A. McKeen	General Manager
R. Jackovich	Operations Manager

Board of Trustees  
SOCRRA

Subject: Quarterly Report - October 2013

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2013/14. The report contains a financial statement of the Authority's operation and an outline of projects in progress or completed during the quarter. The report also contains statistical information and other information of general interest to the members of this Authority.

**BOARD OF TRUSTEES**

The governing body of the Authority is a Board of Trustees, consisting of one representative from each constituent municipality. The Board held its Organization Meeting on July 10, 2013, and members were elected to serve as Officers for the fiscal year beginning July 2013.

Following is a list of the current officers:

Chair: Jeff Mueller  
Vice Chair: Greg Rassel  
Secretary: Chris Wilson

Mr. Mueller retired from the City of Lathrup Village in September, 2013. The SOCRRA Board then elected the following members to serve as Officers for the remainder of the fiscal year:

Chair: Greg Rassel  
Vice Chair: Chris Wilson  
Secretary: Tim Richnak

Representatives on the Board are entitled to one vote for each 3,000 tons, or fraction thereof, of material delivered to the Authority during the preceding fiscal year. The number of votes of each constituent member for the fiscal year, beginning July 2013, is as follows:

<b>Municipality</b>	<b>Votes</b>
Berkley	3
Beverly Hills	3
Birmingham	6
Clawson	3
Ferndale	5
Hazel Park	3
Huntington Woods	2
Lathrup Village	1
Oak Park	5
Pleasant Ridge	1
Royal Oak	13
Troy	<u>14</u>
<b>Total:</b>	<b>59</b>

The Board meets in regular session once each month for the purpose of conducting all business coming before the Board.

The Authority is responsible for collecting recyclables, refuse and yard waste from the member communities and then recycling, disposing, or composting these materials. The Authority has entered into contracts with the individual members for a period extending to July 1, 2027. These contracts obligate the Authority to handle this material, charging rates sufficient to pay the operating costs and capital improvements.

### **FINANCIAL STATEMENT**

The total net income for the first 3 months of 2013/14 was \$269,880, before depreciation. This was \$175,245 greater than planned and a slight increase from the net income of \$243,026 for the same period of 2012/13.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$4,836,153	- \$ 41,717
Expenses	\$4,566,273	- \$ 216,962
Net Income	\$ 269,880	+ \$ 175,245

The decrease in revenue was due primarily to lower member services revenue due to the reduced member rates due to the renegotiation of the collection contracts (-\$106,000) and lower proceeds from the sale of recycled material (-\$45,000), which were partially offset by greater than planned non-member refuse from Car Trucking, Rizzo Services and Tringali Sanitation (+\$92,000), higher tonnage of non-member yard waste (\$14,000) and higher than planned compost sales (+\$9,000). The sale of recycled material generated \$264,000, which was 15% lower than budgeted and 1.5% lower than the revenue generated in the first quarter of 2012/13. The primary reasons for this decrease in revenue were the weak markets for all of our recycled materials.

Expenses were significantly under budget. Reduced costs for non-labor Administrative and General expenses (-\$136,000), contract expenses (-\$47,000), labor (-\$33,000), supplies (-\$9,000) and utilities (-\$5,000) were partially offset by higher than budgeted costs for maintenance (+\$12,000) and. Additional financial detail is attached.

### **MATERIAL HANDLED**

SOCRRA processed 50,351 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents an increase of 7.5% or 3,527 total tons compared to the same period last year. This was the highest amount of material handled in the last 5 years. The amount of member refuse increased by 4.6% compared to the previous fiscal year. The amount of recycling from the member communities increased by 243 tons or 5.7%. Non-member refuse and yard waste tonnages also increased.

Our recent history of tonnage handled is displayed in the table below:

	2009/10	2010/11	2011/12	2012/13	2013/14
Member Refuse	28,597	28,363	28,626	27,400	28,666
Non-Member Refuse	2,947	3,539	7,384	7,361	7,799
Member Recycling	4,035	4,190	4,259	4,242	4,485
Non-Member Recycling	945	377	113	145	127
Yard Waste	<u>10,044</u>	<u>8,499</u>	<u>7,683</u>	<u>7,676</u>	<u>9,274</u>
TOTAL	46,568	44,968	48,066	46,824	50,351

## **CAPITAL EXPENDITURES**

Capital expenditures totaled \$47,219 for the first quarter. The major expenditures were for the initial payment for the new paper shredder (\$20,000), expenses for relocating the compactor from Madison Heights to the MRF (\$15,000) and for the initial payments for the Scarab compost turner (\$13,000).

## **MAJOR PROJECTS**

### **RECYCLED COMMODITY PRICES**

The prices that we receive for our recycled paper and plastic products have been fairly stable, but at a very low level. Prices have been consistently below the level used to prepare our budget. Part of the reason for lower commodity prices is the “Green Fence” policy instituted by China. Under this policy, the acceptable level of contamination of recycled material has been reduced and material being imported to China is being more rigorously inspected. While only a small portion of SOCRRA’s materials are shipped to China and we have not had an issue with contamination, this policy has reduced the amount of material being exported to China and has resulted in lower prices throughout the United States.

We are continuing to have to pay to recycle our mixed color glass. During the first quarter, we were able to ship about 127,000 pounds of the mixed #1-#7 injection molded plastics material for recycling. We have been receiving a small payment for this material and we finally have a stable outlet that can recycle the material as it is generated.

### **CONTRACTOR COLLECTION RATES**

In January of 2013, we started a process, allowed under our collection contracts, to review the pricing and services provided by the three collection contractors to the member communities. As a result of this process, we were able to negotiate contract amendments with our 3 collection contractors that resulted in their rates being reduced by about 4% as of July 1, 2013. This results in an annual savings of \$550,000, which were passed along to the SOCRRA member communities. In addition, our future rate increases due to fuel and CPI cost escalators were limited to 1.5% for two of the contractors.

### **CURBSIDE CLOTHING RECYCLING**

We have been approached by a vendor that would like to provide curbside clothing recycling in the SOCRRA communities. Residents would place clothing to be recycled in a brightly colored plastic bag which would be picked up by the vendor on the resident’s usual recycling and trash day. The material collected would be sorted for resale at local thrift shops and the unsold or unusable material would be exported for further sorting and processing. SOCRRA would be paid a small fee for each pound of material collected. In addition, SOCRRA would not have to pay to have this material landfilled. The EPA estimates that about 5% of the refuse in this

country is clothing. At this level, the SOCRRA communities could generate about 10 million pounds of clothing that could be taken out of the waste stream and recycled.

We are working with the vendor to develop an agreement to allow a pilot test of this concept in some of the SOCRRA communities for a four month period in early 2014. This vendor is also developing a pilot of their program in some of the RRRASOC communities, immediately to our west. We will be working with RRRASOC to develop a consistent way of communicating this pilot to our residents.

### **RECYCLING LATEX PAINT**

We have established a method of recycling the latex paint that is brought in to our household hazardous waste program. The vendor that receives the materials from our HHW program delivers all of the latex paint to a company in western Michigan that blends the recycled paint into a product that is sold at Habitat for Humanity stores. We have tested this recycling method for almost a year with no issues except for some frozen paint during the winter months that could not be recycled. The paint recycler has donated their recycled paint for use in repainting our administrative offices.

### **PROCESSING MATERIALS FROM OTHER COMMUNITIES**

Car Trucking, Rizzo Services and Tringali Sanitation are continuing to bring us a significant amount of refuse from outside of the SOCRRA communities. The incremental revenue from Car, Rizzo and Tringali helps us to offset the fixed costs of running the Troy Transfer Station.

### **RECYCLING BIN BLITZ**

As part of our celebration of America Recycles Day on November 15, during the month of November, SOCRRA and the member communities will again be selling recycling bins at a reduced price of \$6. This is about half of the usual price. We are doing this in order to encourage more residents to recycle and to use more than one bin for recycling in order to recycle the full range of materials that can be collected through our curbside recycling program. We hope to sell 1,000 recycling bins during the month of November.

### **NEW PAPER SHREDDER**

The SOCRRA Board approved the purchase of a larger paper shredder for the MRF at the August Board meeting. The shredder is currently being built and should be in service this fall. The larger shredder should allow additional residents to use this free service.

### **ANNUAL AUDIT**

Representatives of Plante & Moran were in the SOCRRA office for about a week during September performing their audit of our accounting records. The final audit is being reviewed with the SOCRRA Audit Committee during October, 2013 and will be reviewed by the SOCRRA Board at their November, 2013 meeting.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

SOCRRA  
STATEMENT OF INCOME  
JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$4,279,770.00	\$4,173,809.24	(\$105,960.76)
NON-MEMBER REFUSE	235,000.00	326,937.62	91,937.62
NON MEMBER YARD WASTE	12,000.00	25,737.80	13,737.80
	<hr/> \$4,526,770.00	<hr/> \$4,526,484.66	<hr/> (\$285.34)
 <u>RECYCLING</u> 			
NEWSPAPERS	\$130,000.00	\$89,330.70	(\$40,669.30)
BOXBOARD	40,000.00	25,699.19	(\$14,300.81)
CARDBOARD	10,000.00	16,305.34	6,305.34
PLASTIC	74,000.00	84,679.09	10,679.09
SCRAP METAL	17,000.00	18,093.63	1,093.63
TIN CANS	26,000.00	18,270.08	(7,729.92)
NON FERROUS METAL	3,000.00	3,340.76	340.76
GLASS	1,600.00	504.25	(1,095.75)
BATTERIES	600.00	1,376.80	776.80
USED ELECTRONICS	2,000.00	2,058.44	58.44
	<hr/> \$304,200.00	<hr/> \$259,658.28	<hr/> (\$44,541.72)
 <u>OTHER</u> 			
REVENUES-COMPOST	\$14,000.00	\$22,724.50	\$8,724.50
INTEREST ON INVESTMENTS	3,900.00	3,531.34	(368.66)
RENTAL INCOME	23,000.00	22,192.00	(808.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	6,000.00	1,562.00	(4,438.00)
	<hr/> \$46,900.00	<hr/> \$50,009.84	<hr/> \$3,109.84
 TOTAL REVENUES	 <hr/> <hr/> \$4,877,870.00	 <hr/> <hr/> \$4,836,152.78	 <hr/> <hr/> (\$41,717.22)
 <u>EXPENSES</u> 			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$3,000.00	\$5,038.36	\$2,038.36
TROY TRANSFER FACILITY	328,900.00	420,134.62	91,234.62
MATERIAL RECOVERY FACILITY	294,050.00	238,800.62	(55,249.38)
HOUSEHOLD HAZARDOUS WASTE	68,600.00	35,068.94	(33,531.06)
COMPOST/LANDFILL FACILITY	141,725.00	127,154.15	(14,570.85)
ADMINISTRATIVE & GENERAL	346,960.00	196,926.47	(150,033.53)
COLLECTION FEES	1,590,000.00	1,622,923.11	32,923.11
COLLECTION & DISPOSAL FEES IN TRANSIT	2,010,000.00	1,920,226.31	(89,773.69)
	<hr/> \$4,783,235.00	<hr/> \$4,566,272.58	<hr/> (\$216,962.42)
 REVENUES OVER EXPENSES	 \$94,635.00	 \$269,880.20	 \$175,245.20
 NET INCOME BEFORE DEPRECIATION	 <hr/> <hr/> \$94,635.00	 <hr/> <hr/> \$269,880.20	 <hr/> <hr/> \$175,245.20

SOCRRA  
STATEMENT OF INCOME  
JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	28,665.69	\$4,173,809.24
NON-MEMBER REFUSE	7,799.11	326,937.62
<u>YARD WASTE</u>		
MEMBERS	8,950.64	0.00
OTHERS	323.01	25,737.80
<u>RECYCLABLES</u>		
MEMBERS	4,484.95	0.00
OTHERS	127.14	0.00
	50,350.54	\$4,526,484.66
<u>RECYCLING</u>		
NEWSPAPERS		\$89,330.70
BOXBOARD		25,699.19
CARDBOARD		16,305.34
PLASTIC		84,679.09
SCRAP METAL		18,093.63
TIN CANS		18,270.08
NON FERROUS METAL		3,340.76
GLASS		504.25
BATTERIES		1,376.80
USED ELECTRONICS		2,058.44
		\$259,658.28
<u>OTHER</u>		
COMPOST SALES		\$22,724.50
INTEREST ON INVESTMENTS		3,531.34
RENTAL INCOME		22,192.00
GRANTS		0.00
MISC. INCOME		1,562.00
		\$50,009.84
TOTAL REVENUE		\$4,836,152.78
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$5,038.36
TROY TRANSFER FACILITY		420,134.62
MATERIAL RECOVERY FACILITY		238,800.62
HOUSEHOLD HAZARDOUS WASTE		35,068.94
COMPOST/LANDFILL FACILITY		127,154.15
ADMINISTRATIVE & GENERAL		196,926.47
COLLECTION CONTRACT EXPENSES		1,622,923.11
COLLECTION & DISPOSAL FEES IN TRANSIT		1,920,226.31
		\$4,566,272.58
NET INCOME BEFORE DEPRECIATION		\$269,880.20
DEPRECIATION		92,045.49
NET INCOME		\$177,834.71

SOCRRA  
 STATEMENT OF REVENUES & EXPENDITURES  
 COMPARED WITH TOTAL BUDGET  
 JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

<u>REVENUES</u>	<u>TOTAL BUDGET 2013/14</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$17,119,098.00	\$4,173,809.24	\$12,945,288.76	24%
NON-MEMBER REFUSE	890,000.00	326,937.62	563,062.38	37%
<u>YARD WASTE</u>				
NON-MEMBERS	64,000.00	25,737.80	38,262.20	40%
<hr/>				
	\$18,073,098.00	\$4,526,484.66	\$13,546,613.34	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$782,000.00	\$89,330.70	\$692,669.30	11%
BOXBOARD	242,000.00	25,699.19	216,300.81	11%
CARDBOARD	63,000.00	16,305.34	46,694.66	26%
PLASTIC	442,000.00	84,679.09	357,320.91	19%
SCRAP METAL	105,000.00	18,093.66	86,906.34	17%
TIN CANS	157,000.00	18,270.08	138,729.92	12%
NON FERROUS METAL	18,000.00	3,340.76	14,659.24	19%
GLASS	10,000.00	504.25	9,495.75	5%
BATTERIES	4,000.00	1,376.80	2,623.20	34%
USED ELECTRONICS	15,000.00	2,058.44	12,941.56	14%
<hr/>				
	\$1,838,000.00	\$259,658.31	\$1,578,341.69	14%
<u>OTHER</u>				
COMPOST SALES	\$50,000.00	\$22,724.50	\$27,275.50	45%
INTEREST ON INVESTMENTS	16,000.00	3,531.34	12,468.66	22%
RENTAL OF HOMES	92,000.00	22,192.00	69,808.00	24%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	1,562.00	23,438.00	6%
<hr/>				
	\$183,000.00	\$50,009.84	\$132,990.16	27%
<hr/> <hr/>				
TOTAL REVENUES	\$20,094,098.00	\$4,836,152.81	\$15,257,945.19	24%

SOCRRA  
 STATEMENT OF REVENUES & EXPENDITURES  
 COMPARED WITH TOTAL BUDGET  
 JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

<u>EXPENSES</u>	<u>TOTAL BUDGET 2013/14</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$78,500.00	\$5,038.36	\$73,461.64	6%
TROY TRANSFER FACILITY	3,027,240.00	420,134.62	2,607,105.38	14%
MATERIAL RECOVERY FACILITY	1,218,200.00	238,800.62	979,399.38	20%
HOUSEHOLD HAZARDOUS WASTE	266,900.00	35,068.94	231,831.06	13%
COMPOST/LANDFILL FACILITY	454,670.00	127,154.15	327,515.85	28%
ADMINISTRATIVE & GENERAL	1,224,660.00	196,926.47	1,027,733.53	16%
COLLECTION & DISPOSAL FEES	12,713,821.00	1,622,923.11	11,090,897.89	13%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,920,226.31	(1,920,226.31)	0%
	<u>\$18,983,991.00</u>	<u>\$4,566,272.58</u>	<u>\$14,417,718.42</u>	
TOTAL EXPENDITURES	<u>\$18,983,991.00</u>	<u>\$4,566,272.58</u>	<u>\$14,417,718.42</u>	24%
NET INCOME	<u>\$1,110,107.00</u>	<u>\$269,880.23</u>	<u>\$840,226.77</u>	24%

S O C R R A  
 COMPARATIVE STATEMENT  
 JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

	<u>2013/14</u>	<u>2012/13</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$4,173,809.24	\$4,253,420.49	(\$79,611.25)
NON MEMBER REFUSE	326,937.62	305,496.48	21,441.14
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	25,737.80	21,626.80	4,111.00
	<hr/>	<hr/>	<hr/>
	\$4,526,484.66	\$4,580,543.77	(\$54,059.11)
<u>RECYCLABLES</u>			
NEWSPAPERS	\$89,330.70	\$120,348.22	(\$31,017.52)
BOXBOARD	25,699.19	34,327.09	(8,627.90)
CARDBOARD	16,305.34	10,157.48	6,147.86
PLASTIC	84,679.09	68,646.67	16,032.42
SCRAP METAL	18,093.63	8,701.04	9,392.59
TIN CANS	18,270.08	16,401.35	1,868.73
NON FERROUS METAL	3,340.76	4,103.20	(762.44)
GLASS	504.25	1,054.50	(550.25)
BATTERIES	1,376.80	330.66	1,046.14
USED ELECTRONICS	2,058.44	0.00	2,058.44
	<hr/>	<hr/>	<hr/>
	\$259,658.28	\$264,070.21	(\$4,411.93)
<u>OTHER</u>			
COMPOST SALES	\$22,724.50	\$17,004.00	\$5,720.50
INTEREST ON INVESTMENTS	3,531.34	2,265.97	1,265.37
RENTAL OF HOMES	22,192.00	20,647.50	1,544.50
GRANTS	0.00	0.00	0.00
MISC. INCOME	1,562.00	3,819.50	(2,257.50)
	<hr/>	<hr/>	<hr/>
	\$50,009.84	\$43,736.97	\$6,272.87
TOTAL REVENUES	\$4,836,152.78	\$4,888,350.95	(\$52,198.17)
OPERATING EXPENSES	\$4,566,272.58	\$4,645,325.23	(\$79,052.65)
EXCESS	<hr/>	<hr/>	<hr/>
	\$269,880.20	\$243,025.72	\$26,854.48

SOCRRA  
TOTAL SERVICE CHARGES  
JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	1,952	\$217,690.92
BEVERLY HILLS	2,082	\$151,980.00
BIRMINGHAM	3,657	\$341,648.73
CLAWSON	2,178	\$180,254.10
FERNDALE	3,847	\$402,779.78
HAZEL PARK	2,419	\$262,314.00
HUNTINGTON WOODS	918	\$83,160.00
LATHRUP VILLAGE	590	\$67,422.00
OAK PARK	3,412	\$382,521.65
PLEASANT RIDGE	409	\$42,552.72
ROYAL OAK	9,361	\$1,046,434.42
TROY	11,277	995,050.92
	<hr/>	
SUB-TOTAL	42,102	\$4,173,809.24
	<hr/>	
OTHER CUSTOMERS	8,152	\$352,675.42
DROP OFF CENTERS	97	0.00
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TOTAL	50,351	\$4,526,484.66
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SOCRRA  
IMPROVEMENT FUND  
JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

EXPENDITURES

TS New Compactor	\$14,503.82
MRF New Paper Shredder	19,915.00
CS Scarab Rental/Shipping	<u>12,800.00</u>
TOTAL	<u>\$47,218.82</u>