



CITY COUNCIL AGENDA ITEM

Date: May 7, 2012

To: John Szerlag, City Manager

From: Timothy Richnak, Public Works Director

Subject: SOCRRA Quarterly Report April 2012

Background

This report contains a financial statement of the Authority's operation and an outline of projects in progress and completed during the quarter. The report also contains statistical information and other information of general interest.

tlr\S:\Richnak Agenda Items\SOCCRRA Quarterly Report April 2012

QUARTERLY REPORT April 2012

BOARD OF TRUSTEES	
Representative	Municipality
J. Bais-DiSessa	City of Berkley
C. Wilson	Village of Beverly Hills
L. Wood	City of Birmingham
M. Pollock	City of Clawson
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Advisory Committee:	A. Allie S. Ball J. Mueller B. Photiades

J. A. McKeen	General Manager
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April 2012

Board of Trustees
SOCRRA

Subject: Quarterly Report – April 2012

Board Members:

Attached is a copy of SOCRRA's Quarterly Report, covering the first nine months operation of the fiscal year 2011/12. 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 the Board of Trustees, and the members of the governing body of each of the member municipalities of this Authority.

FINANCIAL STATEMENT

The total net income for the first 9 months of 2011/12 was \$1,097,100 before capital expenses and depreciation, which is \$214,555 more than budgeted. This is \$397,683 greater than the net income reported for the first nine months of 2010/11.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$14,681,638	+ \$473,698
Expenses	\$13,584,538	+ \$259,143
Net Operating Income	\$ 1,097,100	+ \$ 214,555

The increase in revenue was due primarily to receiving higher than budgeted non-member refuse (+\$279,000), member revenue (+\$117,000), compost sales (+\$61,000) and the sale of recycled materials (+\$44,000). These increases were partially offset by decreases in rental income (-\$22,000) and in grant revenue (\$-7,000). Revenue from the sale of recycled material totaled \$1.41 million, which is a 17% increase over the amount generated for the first nine months of 2010/11, and was 9.6% of total revenue. Additional information on the prices for our recycled materials is in the Major Projects area of this report.

Expenses were significantly over budget with increases in contract expenses (+\$417,000), which were partially offset by decreases in non-labor Administrative & General expense (-\$99,000), labor (-\$30,000), maintenance (-\$21,000), and utilities (-\$8,000). Additional financial detail is attached.

As of March 30, 2012, our working capital was 11.1% based on unrestricted assets. This is above the 7.5% working capital goal approved by the Board and is a significant improvement over the 7.9% as of March 25, 2011.

MATERIAL HANDLED

The Authority processed 142,055 tons of refuse, yard waste and recyclables during the first nine months of the current fiscal year. This represents an increase of 0.4% or 600 total tons compared to the same period last year. This is the third consecutive increase in tonnage handled we have seen after five years of decreasing tonnage. Refuse tonnage from the member communities increased by 2.7%, which is the first increase we have seen after many years of decreasing member refuse. We had a large decrease (14%) in non-member refuse tonnage, primarily from Rizzo Services and Tringali Sanitation sending some tonnage to the Detroit incinerator, which was not open for a significant portion last year. Recycling tonnage from the member communities increased by 2.9% compared to 2010/11.

July 1 Through March 31

	2007/08	2008/09	2009/10	2010/11	2011/12
Member Refuse	85,227	80,965	77,638	77,139	79,207
Non-Member Refuse	5,021	5,161	8,608	21,596	18,526
Member Recycling	11,737	12,507	12,346	12,716	13,079
Non-Member Recycling	300	521	2,815	941	353
Yard Waste	<u>30,410</u>	<u>31,072</u>	<u>36,081</u>	<u>29,063</u>	<u>30,890</u>
TOTAL	132,695	130,226	137,488	141,455	142,055

CAPITAL EXPENDITURES

Capital expenditures for the first nine months of the fiscal year totaled \$122,295 and were for partial payments for the new loader (\$50,000) and the new horizontal grinder (\$21,000) at the Compost Site, concrete replacement at the Troy Transfer Station (\$30,000), a new overhead door at the MRF (\$14,000) and the replacement of the main electrical feed to the Madison Heights Transfer Stations (\$5,000).

MAJOR PROJECTS

RECYCLED COMMODITY PRICES

We continued to receive very strong prices for our recycled paper and plastic materials during the quarter. The plastic prices have increased about 50% from December of 2011. This resulted in the MRF generating about \$180,000 in revenue per month for the first 8 months of the fiscal year. We are continuing to have to pay to recycle our mixed color glass and the mixed #1-#7 injection molded plastics. We are continuing to ship about 30,000 pounds of these plastics for recycling every month. Since all of the prices that we receive for our recycled materials are tied to market prices, we continue to expect significant month-to-month price fluctuations.

PROCESSING MATERIALS FROM OTHER COMMUNITIES

Both Rizzo Services and Tringali Sanitation are continuing to bring us a significant amount of refuse from outside of the SOCRRA communities, despite the reopening of the Detroit incinerator. The incremental revenue from Rizzo and Tringali helps us to offset the fixed costs

of running the Troy Transfer Station. Car Trucking has also approached us about using the Troy Transfer Station for refuse; we are developing an agreement with Car.

REUSE OF SOCRRA'S MADISON HEIGHTS FACILITY

We are continuing to work with Rizzo Services to develop a plan for the reuse of SOCRRA's Madison Heights property as a transfer station and single stream recycling processing center. Our discussions with Rizzo are progressing well. We also met with representatives of Madison Heights in January to discuss this project. We will be working with Madison Heights to ensure that issues important to them are addressed as we redevelop our property. Our discussions with both Rizzo and Madison Heights have gone extremely well.

ELECTRONICS RECYCLING

At the January Board meeting, the Board approved extending our one year contract for electronics recycling with Materials Processing Corporation. In the new contract, MPC increased the prices that they pay us for our recycled electronics. MPC is also certified as both a Responsible Recycler and as an e-Steward by the Basel Action Network. Having two third party certifications, both of which require external verification, offers SOCRRA significant assurances that our electronic materials are being recycled correctly. One of the reasons that we are now being paid for our electronics is that the State of Michigan enacted legislation that requires manufacturers of televisions and computer equipment to have "take back" programs in place as of April of 2010. Over the last two years, our electronics recycling program has changed from an annual cost of approximately \$60,000 to annual revenue of about \$12,000.

LANDFILL CLOSURE

We have responded to the MDEQ regarding the issues that they raised regarding our landfill closure request, which was submitted in December of 2005. We have not yet received a response from the MDEQ. We have been maintaining the landfill as being closed and the MDEQ field inspectors have identified the landfill as being closed in each of the quarterly inspections that have been completed since 2005.

PERSONNEL CHANGES

Two of our MRF employees retired during the quarter. As a result, we have done two internal promotions and we are in the process of hiring an entry level employee. We have used these personnel changes as an opportunity to review our job descriptions to make sure that they are current and to develop new training and assessment procedures to ensure that all newly hired or promoted employees are fully capable of performing all of the duties of their new job. This should provide us with significant operational flexibility in future years.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1, 2011 THROUGH MARCH 31, 2012

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$12,143,790.00	\$12,261,092.00	\$117,302.00
NON-MEMBER REFUSE	510,000.00	788,906.60	278,906.60
NON MEMBER YARD WASTE	52,000.00	53,922.80	1,922.80
	<hr/> \$12,705,790.00	<hr/> \$13,103,921.40	<hr/> \$398,131.40
 <u>RECYCLING</u> 			
NEWSPAPERS	\$712,000.00	\$630,401.92	(\$81,598.08)
PLASTICS	290,000.00	329,397.57	39,397.57
CARDBOARD	186,000.00	287,456.15	101,456.15
TIN CANS	96,000.00	93,521.50	(2,478.50)
SCRAP METAL	60,700.00	44,477.09	(16,222.91)
NON FERROUS METAL	9,500.00	15,152.66	5,652.66
GLASS	7,200.00	4,080.25	(3,119.75)
ELECTRONICS	4,000.00	6,872.51	2,872.51
BATTERIES	2,700.00	1,128.54	(1,571.46)
	<hr/> \$1,368,100.00	<hr/> \$1,412,488.19	<hr/> \$44,388.19
 <u>OTHER</u> 			
REVENUES-COMPOST	\$25,000.00	\$85,781.00	\$60,781.00
INTEREST ON INVESTMENTS	11,250.00	14,154.10	2,904.10
RENTAL INCOME	72,000.00	49,691.62	(22,308.38)
GRANTS	6,800.00	0.00	(6,800.00)
MISC. INCOME	19,000.00	15,601.90	(3,398.10)
	<hr/> \$134,050.00	<hr/> \$165,228.62	<hr/> \$31,178.62
 TOTAL REVENUES	 <hr/> <hr/> \$14,207,940.00	 <hr/> <hr/> \$14,681,638.21	 <hr/> <hr/> \$473,698.21
 <u>EXPENSES</u> 			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$90,471.00	\$98,993.63	\$8,522.63
TROY TRANSFER FACILITY	1,710,767.00	2,004,963.91	294,196.91
MATERIAL RECOVERY FACILITY	780,417.00	774,527.13	(5,889.87)
HOUSEHOLD HAZARDOUS WASTE	131,962.00	173,320.53	41,358.53
COMPOST/LANDFILL FACILITY	308,410.00	318,828.03	10,418.03
ADMINISTRATIVE & GENERAL	965,368.00	810,990.85	(154,377.15)
COLLECTION FEES	7,771,000.00	7,721,887.95	(49,112.05)
COLLECTION & DISPOSAL FEES IN TRANSIT	1,567,000.00	1,681,026.31	114,026.31
	<hr/> \$13,325,395.00	<hr/> \$13,584,538.34	<hr/> \$259,143.34
 REVENUES OVER EXPENSES	 \$882,545.00	 \$1,097,099.87	 \$214,554.87
 NET INCOME BEFORE DEPRECIATION	 <hr/> <hr/> \$882,545.00	 <hr/> <hr/> \$1,097,099.87	 <hr/> <hr/> \$214,554.87

SOCRRA
 STATEMENT OF INCOME
 JULY 1, 2011 THROUGH MARCH 31, 2012

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	79,207.08	\$12,261,092.00
NON-MEMBER REFUSE	18,526.19	788,906.60
<u>YARD WASTE</u>		
MEMBERS	30,096.92	0.00
OTHERS	793.47	53,922.80
<u>RECYCLABLES</u>		
MEMBERS	13,079.16	0.00
OTHERS	353.63	0.00
	142,056.45	\$13,103,921.40
<u>RECYCLING</u>		
NEWSPAPERS		\$630,401.92
PLASTICS		329,397.57
CARDBOARD		287,456.15
TIN CANS		93,521.50
SCRAP METAL		44,477.09
NON FERROUS METAL		15,152.66
GLASS		4,080.25
ELECTRONICS		6,872.51
BATTERIES		1,128.54
		\$1,412,488.19
<u>OTHER</u>		
COMPOST SALES		\$85,781.00
INTEREST ON INVESTMENTS		14,154.01
RENTAL INCOME		49,691.62
GRANTS		0.00
MISC. INCOME		15,601.90
		\$165,228.53
TOTAL REVENUE		\$14,681,638.12
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$98,993.63
TROY TRANSFER FACILITY		2,004,963.91
MATERIAL RECOVERY FACILITY		774,527.13
HOUSEHOLD HAZARDOUS WASTE		173,320.53
COMPOST/LANDFILL FACILITY		318,828.03
ADMINISTRATIVE & GENERAL		810,990.85
COLLECTION CONTRACT EXPENSES		7,721,887.95
COLLECTION & DISPOSAL FEES IN TRANSIT		1,681,026.31
		\$13,584,538.34
NET INCOME BEFORE DEPRECIATION		\$1,097,099.78
DEPRECIATION		478,314.00
NET INCOME		\$618,785.78

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2011 THROUGH MARCH 31, 2012

<u>REVENUES</u>	<u>TOTAL BUDGET 2011/12</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$16,191,714.00	\$12,261,092.00	\$3,930,622.00	76%
NON-MEMBER REFUSE	690,000.00	788,906.60	(98,906.60)	114%
<u>YARD WASTE</u>				
NON-MEMBERS	64,000.00	53,922.80	10,077.20	84%
<hr/>				
	\$16,945,714.00	\$13,103,921.40	\$3,841,792.60	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$1,112,000.00	\$630,401.92	\$481,598.08	57%
PLASTICS	435,000.00	329,397.57	105,602.43	76%
CARDBOARD	277,000.00	287,456.15	(10,456.15)	104%
TIN CANS	138,000.00	93,521.50	44,478.50	68%
SCRAP METAL	92,000.00	44,477.09	47,522.91	48%
NON FERROUS METAL	13,000.00	15,152.66	(2,152.66)	117%
GLASS	11,000.00	4,080.25	6,919.75	37%
ELECTRONICS	6,000.00	6,872.51	(872.51)	115%
BATTERIES	4,000.00	1,128.54	2,871.46	28%
<hr/>				
	\$2,088,000.00	\$1,412,488.19	\$675,511.81	68%
<u>OTHER</u>				
COMPOST SALES	\$40,000.00	\$85,781.00	(\$45,781.00)	214%
INTEREST ON INVESTMENTS	15,000.00	14,154.01	845.99	94%
RENTAL OF HOMES	95,800.00	49,691.62	46,108.38	52%
GRANTS	10,000.00	0.00	10,000.00	0%
MISC. INCOME	25,000.00	15,601.90	9,398.10	62%
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	\$185,800.00	\$165,228.53	\$20,571.47	89%
TOTAL REVENUES	<hr/> <hr/> \$19,219,514.00	<hr/> <hr/> \$14,681,638.12	<hr/> <hr/> \$4,537,875.88	76%

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2011 THROUGH MARCH 31, 2012

<u>EXPENSES</u>	<u>TOTAL BUDGET 2011/12</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$111,440.00	\$98,993.63	\$12,446.37	89%
TROY TRANSFER FACILITY	2,871,140.00	2,004,963.91	866,176.09	70%
MATERIAL RECOVERY FACILITY	1,101,150.00	774,527.13	326,622.87	70%
HOUSEHOLD HAZARDOUS WASTE	190,100.00	173,320.53	16,779.47	91%
COMPOST/LANDFILL FACILITY	445,388.00	318,828.03	126,559.97	72%
ADMINISTRATIVE & GENERAL	1,280,540.00	810,990.85	469,549.15	63%
COLLECTION & DISPOSAL FEES	12,035,000.00	7,721,887.95	4,313,112.05	64%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,681,026.31	(1,681,026.31)	0%
	<u>\$18,034,758.00</u>	<u>\$13,584,538.34</u>	<u>\$4,450,219.66</u>	
TOTAL EXPENDITURES	<u>\$18,034,758.00</u>	<u>\$13,584,538.34</u>	<u>\$4,450,219.66</u>	75%
NET INCOME	<u>\$1,184,756.00</u>	<u>\$1,097,099.78</u>	<u>\$87,656.22</u>	93%

SOCRRA
 COMPARATIVE STATEMENT
 JULY 1, 2011 THROUGH MARCH 31, 2012

	<u>2011/12</u>	<u>2010/11</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$12,261,092.00	\$11,908,047.53	\$353,044.47
NON MEMBER REFUSE	788,906.60	842,858.12	(53,951.52)
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	53,922.80	34,786.60	19,136.20
	<hr/>	<hr/>	<hr/>
	\$13,103,921.40	\$12,785,692.25	\$318,229.15
<u>RECYCLABLES</u>			
NEWSPAPERS	\$630,401.92	\$597,258.95	\$33,142.97
PLASTICS	329,397.57	256,987.51	72,410.06
CARDBOARD	287,456.15	179,401.17	108,054.98
TIN CANS	93,521.50	95,849.01	(2,327.51)
SCRAP METAL	44,477.09	53,362.32	(8,885.23)
NON FERROUS METAL	15,152.66	4,515.71	10,636.95
GLASS	4,080.25	7,287.57	(3,207.32)
ELECTRONICS	6,872.51	249.90	6,622.61
BATTERIES	1,128.54	1,002.27	126.27
	<hr/>	<hr/>	<hr/>
	\$1,412,488.19	\$1,195,914.41	\$216,573.78
<u>OTHER</u>			
COMPOST SALES	\$85,781.00	\$36,309.00	\$49,472.00
INTEREST ON INVESTMENTS	14,154.01	11,213.54	2,940.47
RENTAL OF HOMES	49,691.62	69,206.89	(19,515.27)
GRANTS	0.00	14,735.98	(14,735.98)
MISC. INCOME	15,601.90	20,018.17	(4,416.27)
	<hr/>	<hr/>	<hr/>
	\$165,228.53	\$151,483.58	\$13,744.95
TOTAL REVENUES	\$14,681,638.12	\$14,133,090.24	\$548,547.88
OPERATING EXPENSES	\$13,584,538.34	\$13,433,672.81	\$150,865.53
EXCESS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$1,097,099.78	\$699,417.43	\$397,682.35

SOCRRA
TOTAL SERVICE CHARGES
JULY 1, 2011 THROUGH MARCH 31, 2012

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	6,874	\$640,161.24
BEVERLY HILLS	5,050	\$446,670.00
BIRMINGHAM	12,003	\$1,002,068.45
CLAWSON	6,201	\$542,378.89
FERNDALE	10,526	\$1,182,983.20
HAZEL PARK	6,253	\$779,364.00
HUNTINGTON WOODS	3,212	\$253,080.00
LATHRUP VILLAGE	2,156	\$197,817.00
OAK PARK	10,166	\$1,124,584.76
PLEASANT RIDGE	1,849	\$126,257.77
ROYAL OAK	28,580	\$3,065,217.69
TROY	29,512	\$2,900,509.00
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SUB-TOTAL	122,383	\$12,261,092.00
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OTHER CUSTOMERS	19,371	\$842,829.40
DROP OFF CENTERS	303	0.00
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TOTAL	142,056	\$13,103,921.40
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SOCRRA
IMPROVEMENT FUND
JULY 1, 2011 THROUGH MARCH 31, 2012

EXPENDITURES

TS Driveway Replacement	\$8,218.70
TS Floor Repair	21,875.00
MHTS Primary Cable Replacement	5,160.00
MRF New Overhead Door	13,839.00
MRF Tour Room Tables	2,025.48
MRF Tour Room Chairs	241.79
CS Equipment - Grinder Payments	20,642.06
CS Equipment - Loader Payments	50,293.45
TOTAL	<u>\$122,295.48</u>