



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

QUARTERLY REPORT October 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
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

OFFICERS	
Chair:	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 2012

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2012/13. 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 11, 2012, and members were elected to serve as Officers for the fiscal year beginning July 2012.

Following is a list of the current officers:

Chair: Byron Photiades
 Vice Chair: Jeff Mueller
 Secretary: Greg Rassel

Mr. Photiades retired from the City of Ferndale in August, 2012. The SOCRRA Board then elected the following members to serve as Officers for the remainder of the fiscal year:

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

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 2012, is as follows:

Municipality	Votes
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	14
Total:	59

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 2012/13 was \$243,026, before depreciation. This is a decrease from the net income of \$329,385 for the same period of 2010/11.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$4,888,351	+ \$ 31,440
Expenses	\$4,645,325	- \$ 506,943
Net Income	\$ 243,026	+ \$ 538,383

The increase in revenue was due primarily to greater than planned non-member refuse from Car Trucking, Rizzo Services and Tringali Sanitation (+\$95,000), increased member revenue (+\$55,000) and higher tonnage of non-member yard waste (\$10,000), partially offset by lower proceeds from the sale of recycled material (-\$126,000). The sale of recycled material generated \$264,000, which was 32% lower than budgeted and 32% lower than the revenue generated in the first quarter of 2011/12. The primary reason for this decrease in revenue was the extremely weak market for our recycled paper.

Expenses were significantly under budget. Reduced costs for contractors (-\$323,000) non-labor Administrative and General expenses (-\$209,000, which are partially an issue of timing), labor (-\$18,000) and utilities (-\$9,000) were partially offset by higher than budgeted costs for maintenance (+\$29,000) and supplies (+\$21,000). Additional financial detail is attached.

MATERIAL HANDLED

SOCRRA processed 46,824 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents a decrease of 2.6% or 1,242 total tons compared to the same period last year. We may have resumed the long term trend of decreasing amounts of refuse tonnage delivered by the member communities. Last year, this trend leveled off and we budgeted for a slight increase in member refuse for this fiscal year. The amount of member refuse decreased by 4.3% compared to the previous fiscal year. The amount of recycling from the member communities decreased by 17 tons or 0.4%. The tonnages for non-member recycling, non-member refuse and yard waste were very similar to last year.

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

	2008/09	2009/10	2010/11	2011/12	2012/13
Member Refuse	29,938	28,597	28,363	28,626	27,400
Non-Member Refuse	2,256	2,947	3,539	7,384	7,361
Member Recycling	4,112	4,035	4,190	4,259	4,242
Non-Member Recycling	84	945	377	113	145
Yard Waste	<u>8,905</u>	<u>10,044</u>	<u>8,499</u>	<u>7,683</u>	<u>7,676</u>
TOTAL	45,295	46,568	44,968	48,066	46,824

CAPITAL EXPENDITURES

Capital expenditures totaled \$37,216 for the first quarter. The major expenditures were payments for the new loader (\$13,000) at the Compost Site, the replacement of a portion of the driveway for the Troy Transfer Station (\$9,000), enlarging the retention pond at Compost Site (\$8,000) and for miscellaneous construction at the MRF (\$7,000).

MAJOR PROJECTS

RECYCLED COMMODITY PRICES

The prices that we receive for our recycled paper products fell throughout the quarter. As of October 1, our paper prices are the lowest they have been in several years. The decrease in prices seem to have been a result of a decline in the Chinese demand for recycled materials. Our plastic prices have improved throughout the quarter and are at approximately the budgeted level. We are continuing to have to pay to recycle our mixed color glass. During the first quarter, we were able to ship about 115,000 pounds of the mixed #1-#7 injection molded plastics material for recycling. We have a stable outlet for this material, although we continue to have to pay to have this material recycled. We expect the prices that we receive for our recycled materials to remain very volatile.

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.

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. We have presented a conceptual design of a new facility to Madison Heights and we will be working with Madison Heights to ensure that issues important to them are addressed as we redevelop our property. We have contracted with RRS to update their single stream recycling

feasibility study, which should be completed in October. Discussions with Rizzo are continuing. We hope to have a final plan ready to present to the Board by the end of 2012.

SOCRRA'S ARTICLES OF INCORPORATION

We have started a process to revise SOCRRA's Articles of Incorporation, which were last updated in 1976. The changes being proposed are largely to bring the Articles up to date including changing our official name, correcting the member communities, adding the withdrawal and dissolution provisions required under changes to State law and making many minor changes. A Board sub-committee composed of representatives from small, medium and large cities met to review changes proposed by SOCRRA's General Counsel Bob Davis and SOCRRA staff. The revised Articles have been approved by a unanimous vote of the Board. In order to become effective, the same version of the Articles must be approved by the governing body of each member community. As of October 15, the revised Articles have been approved by five of the member communities. We are scheduled to present the revised Articles to the governing bodies of the remaining seven member communities between November 5 and December 3.

USE OF OAKLAND COUNTY LOCAL GOVERNMENT INVESTMENT POOL

The Board approved the use of Oakland County's Local Government Investment Pool (LGIP) for investing a portion of SOCRRA's working capital. The LGIP offers a competitive interest rate, next day liquidity and is managed in compliance with Michigan statutes and SOCRRA's investment policy. While funds invested in the LGIP are not insured, move some of SOCRRA's uninsured funds to the LGIP will help to mitigate our level of risk.

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, 2012 and will be reviewed by the SOCRRA Board at their November, 2012 meeting.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$4,198,461.00	\$4,253,420.49	\$54,959.49
NON-MEMBER REFUSE	210,000.00	305,496.48	95,496.48
NON MEMBER YARD WASTE	12,000.00	21,626.80	9,626.80
	<u>\$4,420,461.00</u>	<u>\$4,580,543.77</u>	<u>\$160,082.77</u>

RECYCLING

NEWSPAPERS	\$175,000.00	\$120,348.22	(\$54,651.78)
BOXBOARD	60,000.00	34,327.09	(\$25,672.91)
CARDBOARD	14,000.00	10,157.48	(3,842.52)
PLASTIC	92,000.00	68,646.67	(23,353.33)
SCRAP METAL	16,000.00	8,701.04	(7,298.96)
TIN CANS	26,000.00	16,401.35	(9,598.65)
NON FERROUS METAL	2,000.00	4,103.20	2,103.20
GLASS	1,500.00	1,054.50	(445.50)
BATTERIES	500.00	330.66	(169.34)
USED ELECTRONICS	3,000.00	0.00	(3,000.00)
	<u>\$390,000.00</u>	<u>\$264,070.21</u>	<u>(\$125,929.79)</u>

OTHER

REVENUES-COMPOST	\$14,000.00	\$17,004.00	\$3,004.00
INTEREST ON INVESTMENTS	3,750.00	2,265.97	(1,484.03)
RENTAL INCOME	22,700.00	20,647.50	(2,052.50)
GRANTS	0.00	0.00	0.00
MISC. INCOME	6,000.00	3,819.50	(2,180.50)
	<u>\$46,450.00</u>	<u>\$43,736.97</u>	<u>(\$2,713.03)</u>

TOTAL REVENUES	<u>\$4,856,911.00</u>	<u>\$4,888,350.95</u>	<u>\$31,439.95</u>
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<u>EXPENSES</u>	<u>BUDGET APPROPRIATIONS</u>	<u>ACTUAL EXPENDITURES</u>	<u>VARIANCES</u>
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MADISON HEIGHTS FACILITY	\$6,279.00	\$1,620.85	(\$4,658.15)
TROY TRANSFER FACILITY	270,000.00	328,069.36	58,069.36
MATERIAL RECOVERY FACILITY	236,930.00	238,961.26	2,031.26
HOUSEHOLD HAZARDOUS WASTE	57,000.00	35,842.95	(21,157.05)
COMPOST/LANDFILL FACILITY	74,626.00	108,954.74	34,328.74
ADMINISTRATIVE & GENERAL	374,360.00	145,501.98	(228,858.02)
COLLECTION FEES	1,838,239.00	1,410,880.58	(427,358.42)
COLLECTION & DISPOSAL FEES IN TRANSIT	2,294,834.00	2,375,493.51	80,659.51
	<u>\$5,152,268.00</u>	<u>\$4,645,325.23</u>	<u>(\$506,942.77)</u>

REVENUES OVER EXPENSES	(\$295,357.00)	\$243,025.72	\$538,382.72
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NET INCOME BEFORE DEPRECIATION	<u>(\$295,357.00)</u>	<u>\$243,025.72</u>	<u>\$538,382.72</u>
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SOCRRA
STATEMENT OF INCOME
JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	27,400.49	\$4,253,420.49
NON-MEMBER REFUSE	7,360.65	305,496.48
<u>YARD WASTE</u>		
MEMBERS	7,427.98	0.00
OTHERS	248.65	21,626.80
<u>RECYCLABLES</u>		
MEMBERS	4,241.74	0.00
OTHERS	144.95	0.00
	46,824.46	\$4,580,543.77
<u>RECYCLING</u>		
NEWSPAPERS		\$120,348.22
BOXBOARD		\$34,327.09
CARDBOARD		10,157.48
PLASTIC		68,646.67
SCRAP METAL		8,701.04
TIN CANS		16,401.35
NON FERROUS METAL		4,103.20
GLASS		1,054.50
BATTERIES		330.66
USED ELECTRONICS		0.00
		\$264,070.21
<u>OTHER</u>		
COMPOST SALES		\$17,004.00
INTEREST ON INVESTMENTS		2,265.97
RENTAL INCOME		20,647.50
GRANTS		0.00
MISC. INCOME		3,819.50
		\$43,736.97
TOTAL REVENUE		\$4,888,350.95
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$1,620.85
TROY TRANSFER FACILITY		328,069.36
MATERIAL RECOVERY FACILITY		238,961.26
HOUSEHOLD HAZARDOUS WASTE		35,842.95
COMPOST/LANDFILL FACILITY		108,954.74
ADMINISTRATIVE & GENERAL		145,501.98
COLLECTION CONTRACT EXPENSES		1,410,880.58
COLLECTION & DISPOSAL FEES IN TRANSIT		2,375,493.51
		\$4,645,325.23
NET INCOME BEFORE DEPRECIATION		\$243,025.72
DEPRECIATION		102,826.17
NET INCOME		\$140,199.55

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

<u>REVENUES</u>	TOTAL BUDGET 2012/13	ACTUAL 3 MONTHS	BALANCE	
MEMBERS SERVICES	\$16,793,838.00	\$4,253,420.49	\$12,540,417.51	25%
NON-MEMBER REFUSE	690,000.00	305,496.48	384,503.52	44%
<u>YARD WASTE</u>				
NON-MEMBERS	64,000.00	21,626.80	42,373.20	34%
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	\$17,547,838.00	\$4,580,543.77	\$12,967,294.23	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$1,010,000.00	\$120,348.22	\$889,651.78	12%
BOXBOARD	320,000.00	34,327.09	285,672.91	
CARDBOARD	80,000.00	10,157.48	69,842.52	13%
PLASTIC	500,000.00	68,646.67	431,353.33	14%
SCRAP METAL	92,000.00	8,701.04	83,298.96	9%
TIN CANS	156,000.00	16,401.35	139,598.65	11%
NON FERROUS METAL	15,000.00	4,103.20	10,896.80	27%
GLASS	10,000.00	1,054.50	8,945.50	11%
BATTERIES	4,000.00	330.66	3,669.34	8%
USED ELECTRONICS	12,000.00	0.00	12,000.00	0%
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	\$2,199,000.00	\$264,070.21	\$1,934,929.79	12%
<u>OTHER</u>				
COMPOST SALES	\$50,000.00	\$17,004.00	\$32,996.00	34%
INTEREST ON INVESTMENTS	16,000.00	2,265.97	13,734.03	14%
RENTAL OF HOMES	92,000.00	20,647.50	71,352.50	22%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	3,819.50	21,180.50	15%
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	\$183,000.00	\$43,736.97	\$139,263.03	24%
TOTAL REVENUES	<hr/> <hr/> \$19,929,838.00	<hr/> <hr/> \$4,888,350.95	<hr/> <hr/> \$15,041,487.05	25%

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

<u>EXPENSES</u>	<u>TOTAL BUDGET 2012/13</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$104,790.00	\$1,620.85	\$103,169.15	2%
TROY TRANSFER FACILITY	3,110,350.00	328,069.36	2,782,280.64	11%
MATERIAL RECOVERY FACILITY	1,066,530.00	238,961.26	827,568.74	22%
HOUSEHOLD HAZARDOUS WASTE	233,650.00	35,842.95	197,807.05	15%
COMPOST/LANDFILL FACILITY	399,414.00	108,954.74	290,459.26	27%
ADMINISTRATIVE & GENERAL	1,288,100.00	145,501.98	1,142,598.02	11%
COLLECTION & DISPOSAL FEES	12,690,919.00	1,410,880.58	11,280,038.42	11%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	2,375,493.51	(2,375,493.51)	0%
	<u>\$18,893,753.00</u>	<u>\$4,645,325.23</u>	<u>\$14,248,427.77</u>	
TOTAL EXPENDITURES	<u>\$18,893,753.00</u>	<u>\$4,645,325.23</u>	<u>\$14,248,427.77</u>	25%
NET INCOME	<u>\$1,036,085.00</u>	<u>\$243,025.72</u>	<u>\$793,059.28</u>	23%

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1, 2011 THROUGH SEPTEMBER 30, 2011

	<u>2012/13</u>	<u>2011/12</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$4,253,420.49	\$4,082,716.77	\$170,703.72
NON MEMBER REFUSE	305,496.48	320,979.35	(15,482.87)
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	21,626.80	14,068.60	7,558.20
	<hr/> \$4,580,543.77	<hr/> \$4,417,764.72	<hr/> \$162,779.05
<u>RECYCLABLES</u>			
NEWSPAPERS	\$120,348.22	\$167,932.72	(\$47,584.50)
BOXBOARD	34,327.09	0.00	34,327.09
CARDBOARD	10,157.48	90,691.03	(80,533.55)
PLASTIC	68,646.67	91,005.23	(22,358.56)
SCRAP METAL	8,701.04	12,426.92	(3,725.88)
TIN CANS	16,401.35	21,578.36	(5,177.01)
NON FERROUS METAL	4,103.20	2,485.84	1,617.36
GLASS	1,054.50	1,384.00	(329.50)
BATTERIES	330.66	0.00	330.66
USED ELECTRONICS	0.00	1,838.24	(1,838.24)
	<hr/> \$264,070.21	<hr/> \$389,342.34	<hr/> (\$125,272.13)
<u>OTHER</u>			
COMPOST SALES	\$17,004.00	\$20,836.00	(\$3,832.00)
INTEREST ON INVESTMENTS	2,265.97	2,772.88	(506.91)
RENTAL OF HOMES	20,647.50	14,805.00	5,842.50
GRANTS	0.00	0.00	0.00
MISC. INCOME	3,819.50	4,648.35	(828.85)
	<hr/> \$43,736.97	<hr/> \$43,062.23	<hr/> \$674.74
TOTAL REVENUES	\$4,888,350.95	\$4,850,169.29	\$38,181.66
OPERATING EXPENSES	\$4,645,325.23	\$4,520,784.47	\$124,540.76
EXCESS	<hr/> <hr/> \$243,025.72	<hr/> <hr/> \$329,384.82	<hr/> <hr/> (\$86,359.10)

SOCRRA
TOTAL SERVICE CHARGES
JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	1,808	\$222,658.81
BEVERLY HILLS	1,797	154,176.00
BIRMINGHAM	3,344	346,711.52
CLAWSON	2,159	183,886.13
FERNDALE	3,565	408,288.23
HAZEL PARK	2,133	268,872.00
HUNTINGTON WOODS	886	89,022.00
LATHRUP VILLAGE	576	68,468.00
OAK PARK	3,170	391,521.68
PLEASANT RIDGE	514	43,584.68
ROYAL OAK	8,723	1,066,848.35
TROY	10,395	1,009,383.09
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SUB-TOTAL	39,070	\$4,253,420.49
	<hr/>	<hr/>
OTHER CUSTOMERS	7,642	\$327,123.28
DROP OFF CENTERS	112	0.00
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TOTAL	46,824	\$4,580,543.77

SOCRRA
IMPROVEMENT FUND
JULY 1, 2012 THROUGH SEPTEMBER 30, 2012

EXPENDITURES

TS Driveway Replacement	\$8,827.10
MRF Cash Customer Bay	2,295.00
MRF Tour Room Renovation	4,948.41
CS Retention Pond	8,254.09
CS Equipment - Loader Payments	12,891.00
TOTAL	<u>\$37,215.60</u>