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QUARTERLY REPORT APRIL 2015

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OFFICERS	
Chairman:	G. Rassel
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Advisory Committee:	C. Wilson G. Rassel

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

April 2015

Board of Trustees
SOCRRA

Subject: Quarterly Report – April 2015

Board Members:

Attached is a copy of SOCRRA's Quarterly Report, covering the first nine months operation of the fiscal year 2014/15. 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 2014/15 was \$866,660 before capital expenses and depreciation, which is \$265,027 more than budgeted. This is \$558,531 more than the net income reported for the first nine months of 2013/14.

	<u>Actual</u>		<u>Compared to Budget</u>
Revenue	\$17,854,933	+	\$3,036,986
Expenses	\$16,988,273	+	\$2,771,959
Net Operating Income	\$ 866,660	+	\$ 265,027

Revenue was higher than planned due to increased revenue from the member communities due to the flood debris (+\$2,947,000), non-member refuse revenue from Car Trucking, Rizzo Services and Tringali Sanitation (+\$326,000), non-member yard waste revenue (+\$32,000) and compost sales (+\$27,000). These increases were partially offset by lower than planned prices for our recycled materials (-\$282,000) and lower than planned miscellaneous revenue (-\$7,000). Additional information on the prices for our recycled materials is in the Major Projects area of this report.

Expenses were above budget primarily due to higher than planned costs for contractor expenses (+\$2,740,000) and labor (+\$140,000) most of which are due to the August flooding and utilities (+\$17,000), which were partially offset by lower than planned costs for non-labor Administrative and General Expenses (-\$78,000), maintenance (-\$46,000).

Additional financial detail is attached.

As of March 31, 2015, our working capital was 10.0% based on unrestricted assets. This is above the 7.5% working capital goal approved by the Board but was a decrease from the 11.1% working capital as of March 28, 2014.

MATERIAL HANDLED

The Authority processed 172,125 tons of refuse, yard waste and recyclables during the first nine months of the current fiscal year. This represents an increase of 18.6% or 26,962 total tons compared to the same period last year. This is the highest tonnage that we have handled over the last 5 years. Refuse tonnages from the member communities and from non-members increased significantly due to the August 2014 flood disaster. Recycling tonnage decreased by 2.3% from 2013/14 largely due to the recycling that was not collected during the flood disaster.

July 1 Through March 31

	2010/11	2011/12	2012/13	2013/14	2014/15
Member Refuse	77,139	79,207	75,237	76,066	100,063
Non-Member Refuse	21,596	18,526	20,837	22,271	26,421
Member Recycling	12,716	13,079	13,279	13,449	13,137
Non-Member Recycling	941	353	321	377	352
Yard Waste	<u>29,063</u>	<u>30,890</u>	<u>29,930</u>	<u>33,000</u>	<u>32,152</u>
TOTAL	141,455	142,055	139,654	145,163	172,125

CAPITAL EXPENDITURES

Capital expenditures for the first nine months of the fiscal year totaled \$211,783 and were for replacement of the container feed conveyor at the MRF (\$57,000), partial payments for a new loader at the Transfer Station (\$50,000) and for the Scarab compost turner at the compost site (\$52,000), a portable paper shredder for use at events in the member communities (\$15,000), a used tractor for the Transfer Station (\$14,000), a replacement door at the Transfer Station (\$10,000), the replacement of the metal coping at the baler feed conveyor (\$9,000) and cement replacement at the Transfer Station driveway (\$5,000).

MAJOR PROJECTS

AUGUST FLOOD DISASTER

The August 2014 flood disaster was the major event for SOCRRA in the first three quarters of the 2014/15 fiscal year. Collecting and disposing of the massive amounts of debris generated by the flooding was a major challenge for SOCRRA and our collection and disposal contractors. These efforts also incurred huge expenses, which are included in the financial results discussed above and in the attached financial statements.

SOCRRA participated in many meetings with FEMA personnel in the second quarter of the 2014/15 fiscal year. Working with FEMA, we were able to develop a methodology of identifying incremental debris tonnage, collection costs and disposal costs for SOCRRA and for the 9 member communities that were affected by the August flooding. Individual invoices were

prepared for each member community, with all of the back-up material requested by FEMA, and were submitted to each community during October. Each of the 9 communities then submitted a reimbursement request to FEMA. Under the FEMA guidelines, the communities should be able to receive reimbursement for up to 85% of their debris removal costs. As of the end of March 2015, none of the communities have received reimbursement from FEMA.

The SOCRRA Board approved a two month loan of \$1 million from SOCWA, at the prime rate, to allow SOCRRA to pay contractor invoices while we were awaiting payments from the member communities. This loan was paid back in January, 2015. The financial statements attached to this report contain all of the costs and revenues from the flood event.

An event like this offers a great learning opportunity. SOCRRA is reviewing how we handled every aspect of our operations, including the operations of our contractors, during this event. We will be preparing disaster response plans that should help us respond to the next disaster.

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 and below the prices that we received last fiscal year. Revenue from the sale of recycled materials is under budget by \$282,000.

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 volume of our cash sales business has also increased significantly in recent months. The incremental revenue from our non-member customers helps us to offset the fixed costs of running the Troy Transfer Station.

STYROFOAM RECYCLING

SOCRRA began accepting Styrofoam for recycling at our recycling drop-off center in Troy on December 1, 2014. Dart Industries, which is located in Mason, MI, will be picking up the recycled Styrofoam on a no cost/no pay basis for a 6 month trial period. Thus far, Styrofoam recycling has gone very well. Dart is picking up the collected material every other week and they have not had any quality concerns with the material that we have collected. Many of our residents are delighted that we are now recycling Styrofoam. We will not be accepting Styrofoam as part of our curbside recycling program.

COLLECTION AND DISPOSAL CONTRACTS

SOCRRA's current collection and disposal contracts all expire on June 30, 2017. Each of these contracts allow SOCRRA to extend them for a second ten year term, at SOCRRA's sole discretion. SOCRRA General Counsel Bob Davis and I have completed our meetings with each SOCRRA Board member and we will be meeting with the Board to discuss how we should proceed with the renewal term of the contracts. Mr. Davis and I will be bringing potential revisions to the collection contracts to the May meeting for review by the Board.

ELECTRONICS RECYCLING CONTRACT

SOCRRA conducted an RFP for electronics recycling beginning on February 1, 2015. We sent the RFP document to over 40 vendors but received only 5 responses. Our current contractor, Vintage Tech, supplied the best proposal. We are continuing to discuss how Vintage Tech will support the SOCRRA staff to provide special event recycling at events hosted by the member communities. If your community would like to conduct an electronics recycling event this summer, please contact the SOCRRA office. This spring, Vintage Tech will be recycling electronics at events in Ferndale, Clawson, Hazel Park, Huntington Woods, Oak Park and Royal Oak.

MDEQ RECYCLING AWARDS AND RECYCLING GRANTS

The MDEQ has significantly increased their interest in recycling since the Governor announced the goal of doubling the level of recycling in Michigan in the next two years. The MDEQ is conducting a Recycling Awards program. SOCRRA submitted award applications for each of the 12 member communities and for SOCRRA as a whole. The winners will be announced at the Governor's Recycling Summit, which is being held on May 5, 2015. The MDEQ is also offering Pollution Prevention grants totaling \$600,000 for recycling improvement activities. SOCRRA and the member communities submitted 5 grant applications for a total amount of \$302,000. The grants are also expected to be announced at the Governor's Recycling Summit.

This increased level of State involvement in recycling has also identified some potential opportunities of funding recycling improvements at SOCRRA. We are working with the MDEQ to explore these opportunities.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1, 2014 THROUGH MARCH 31, 2015

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$12,789,747.00	\$15,736,531.97	\$2,946,784.97
NON-MEMBER REFUSE	700,000.00	1,025,802.90	325,802.90
NON MEMBER YARD WASTE	47,000.00	78,694.05	31,694.05
	<hr/> \$13,536,747.00	<hr/> \$16,841,028.92	<hr/> \$3,304,281.92
 <u>RECYCLING</u> 			
NEWSPAPERS	\$420,000.00	\$319,203.68	(\$100,796.32)
BOXBOARD	140,000.00	103,772.22	(\$36,227.78)
CARDBOARD	48,000.00	39,072.70	(8,927.30)
PLASTIC	322,000.00	265,597.57	(56,402.43)
SCRAP METAL	71,500.00	46,267.32	(25,232.68)
TIN CANS	109,500.00	61,234.35	(48,265.65)
NON FERROUS METAL	12,000.00	6,890.88	(5,109.12)
GLASS	8,500.00	2,205.75	(6,294.25)
BATTERIES	2,800.00	2,497.00	(303.00)
USED ELECTRONICS	13,000.00	18,090.22	5,090.22
	<hr/> \$1,147,300.00	<hr/> \$864,831.69	<hr/> (\$282,468.31)
 <u>OTHER</u> 			
REVENUES-COMPOST	\$29,000.00	\$56,347.20	\$27,347.20
INTEREST ON INVESTMENTS	14,900.00	13,842.09	(1,057.91)
RENTAL INCOME	71,000.00	66,547.00	(4,453.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	19,000.00	12,335.92	(6,664.08)
	<hr/> \$133,900.00	<hr/> \$149,072.21	<hr/> \$15,172.21
 TOTAL REVENUES	 <hr/> <hr/> \$14,817,947.00	 <hr/> <hr/> \$17,854,932.82	 <hr/> <hr/> \$3,036,985.82
 <u>EXPENSES</u> 			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$92,550.00	\$375,996.92	\$283,446.92
TROY TRANSFER FACILITY	1,956,300.00	3,009,966.88	1,053,666.88
MATERIAL RECOVERY FACILITY	892,350.00	942,724.06	50,374.06
HOUSEHOLD HAZARDOUS WASTE	197,650.00	211,561.83	13,911.83
COMPOST/LANDFILL FACILITY	304,000.00	302,749.26	(1,250.74)
ADMINISTRATIVE & GENERAL	937,635.00	847,497.49	(90,137.51)
COLLECTION FEES	7,907,867.00	9,457,704.05	1,549,837.05
COLLECTION & DISPOSAL FEES IN TRANSIT	1,927,962.00	1,840,072.58	(87,889.42)
	<hr/> \$14,216,314.00	<hr/> \$16,988,273.07	<hr/> \$2,771,959.07
 REVENUES OVER EXPENSES	 \$601,633.00	 \$866,659.75	 \$265,026.75
 NET INCOME BEFORE DEPRECIATION	 <hr/> <hr/> \$601,633.00	 <hr/> <hr/> \$866,659.75	 <hr/> <hr/> \$265,026.75

SOCRRA
STATEMENT OF INCOME
JULY 1, 2014 THROUGH MARCH 31, 2015

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	100,063.16	\$15,736,531.97
NON-MEMBER REFUSE	26,421.03	1,025,802.90
<u>YARD WASTE</u>		
MEMBERS	31,241.45	0.00
OTHERS	910.46	78,694.05
<u>RECYCLABLES</u>		
MEMBERS	13,136.63	0.00
OTHERS	352.31	0.00
	172,125.04	\$16,841,028.92
<u>RECYCLING</u>		
NEWSPAPERS		\$319,203.68
BOXBOARD		103,772.22
CARDBOARD		39,072.70
PLASTIC		265,597.57
SCRAP METAL		46,267.32
TIN CANS		61,234.35
NON FERROUS METAL		6,890.88
GLASS		2,205.75
BATTERIES		2,497.00
USED ELECTRONICS		18,090.22
		\$864,831.69
<u>OTHER</u>		
COMPOST SALES		\$56,347.20
INTEREST ON INVESTMENTS		13,842.09
RENTAL INCOME		66,547.00
GRANTS		0.00
MISC. INCOME		12,335.92
		149,072.21
TOTAL REVENUE		\$17,854,932.82
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$375,996.92
TROY TRANSFER FACILITY		3,009,966.88
MATERIAL RECOVERY FACILITY		942,724.06
HOUSEHOLD HAZARDOUS WASTE		211,561.83
COMPOST/LANDFILL FACILITY		302,749.26
ADMINISTRATIVE & GENERAL		847,497.49
COLLECTION CONTRACT EXPENSES		9,457,704.05
COLLECTION & DISPOSAL FEES IN TRANSIT		1,840,072.58
		\$16,988,273.07
NET INCOME BEFORE DEPRECIATION		\$866,659.75
DEPRECIATION		292,987.62
NET INCOME		\$573,672.13

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2014 THROUGH MARCH 31, 2015

<u>REVENUES</u>	<u>TOTAL BUDGET 2014/15</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$17,053,000.00	\$15,736,531.97	\$1,316,468.03	92%
NON-MEMBER REFUSE	954,000.00	1,025,802.90	(71,802.90)	108%
<u>YARD WASTE</u>				
NON-MEMBERS	70,000.00	78,694.05	(8,694.05)	112%
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<u>RECYCLABLES</u>				
NEWSPAPERS	\$630,000.00	\$319,203.68	\$310,796.32	51%
BOXBOARD	210,000.00	103,772.22	106,227.78	49%
CARDBOARD	71,000.00	39,072.70	31,927.30	55%
PLASTIC	485,000.00	265,597.57	219,402.43	55%
SCRAP METAL	107,000.00	46,267.32	60,732.68	43%
TIN CANS	164,000.00	61,234.35	102,765.65	37%
NON FERROUS METAL	17,000.00	6,890.88	10,109.12	41%
GLASS	13,000.00	2,205.75	10,794.25	17%
BATTERIES	4,000.00	2,497.00	1,503.00	62%
USED ELECTRONICS	21,000.00	18,090.22	2,909.78	86%
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	\$1,722,000.00	\$864,831.69	\$857,168.31	50%
<u>OTHER</u>				
COMPOST SALES	\$60,000.00	\$56,347.20	\$3,652.80	94%
INTEREST ON INVESTMENTS	20,000.00	13,842.09	6,157.91	69%
RENTAL OF HOMES	95,000.00	66,547.00	28,453.00	70%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	12,335.92	12,664.08	49%
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	\$200,000.00	\$149,072.21	\$50,927.79	75%
<hr/>				
TOTAL REVENUES	\$19,999,000.00	\$17,854,932.82	\$2,144,067.18	89%

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2014 THROUGH MARCH 31, 2015

<u>EXPENSES</u>	<u>TOTAL BUDGET 2014/15</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$96,000.00	\$375,996.92	(\$279,996.92)	392%
TROY TRANSFER FACILITY	3,148,600.00	3,009,966.88	138,633.12	96%
MATERIAL RECOVERY FACILITY	1,192,050.00	942,724.06	249,325.94	79%
HOUSEHOLD HAZARDOUS WASTE	270,200.00	211,561.83	58,638.17	78%
COMPOST/LANDFILL FACILITY	428,900.00	302,749.26	126,150.74	71%
ADMINISTRATIVE & GENERAL	1,256,800.00	847,497.49	409,302.51	67%
COLLECTION & DISPOSAL FEES	12,528,000.00	9,457,704.05	3,070,295.95	75%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,840,072.58	(1,840,072.58)	0%
	<u>\$18,920,550.00</u>	<u>\$16,988,273.07</u>	<u>\$1,932,276.93</u>	
TOTAL EXPENDITURES	<u>\$18,920,550.00</u>	<u>\$16,988,273.07</u>	<u>\$1,932,276.93</u>	90%
NET INCOME	<u>\$1,078,450.00</u>	<u>\$866,659.75</u>	<u>\$211,790.25</u>	80%

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1, 2014 THROUGH MARCH 31, 2015

	<u>2014/15</u>	<u>2013/14</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$15,736,531.97	\$12,541,998.90	\$3,194,533.07
NON MEMBER REFUSE	1,025,802.90	886,628.32	139,174.58
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	78,694.05	63,875.80	14,818.25
	<hr/>	<hr/>	<hr/>
	\$16,841,028.92	\$13,492,503.02	\$3,348,525.90
<u>RECYCLABLES</u>			
NEWSPAPERS	\$319,203.68	\$356,333.09	(\$37,129.41)
BOXBOARD	103,772.22	102,550.74	1,221.48
CARDBOARD	39,072.70	52,597.88	(13,525.18)
PLASTIC	265,597.57	290,053.05	(24,455.48)
SCRAP METAL	46,267.32	61,798.23	(15,530.91)
TIN CANS	61,234.35	83,052.07	(21,817.72)
NON FERROUS METAL	6,890.88	8,665.88	(1,775.00)
GLASS	2,205.75	5,979.25	(3,773.50)
BATTERIES	2,497.00	2,671.15	(174.15)
USED ELECTRONICS	18,090.22	12,360.98	5,729.24
	<hr/>	<hr/>	<hr/>
	\$864,831.69	\$976,062.32	(\$111,230.63)
<u>OTHER</u>			
COMPOST SALES	\$56,347.20	\$32,043.50	\$24,303.70
INTEREST ON INVESTMENTS	13,842.09	15,599.74	(1,757.65)
RENTAL OF HOMES	66,547.00	66,998.00	(451.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	12,335.92	11,717.85	618.07
	<hr/>	<hr/>	<hr/>
	\$149,072.21	\$126,359.09	\$22,713.12
TOTAL REVENUES	\$17,854,932.82	\$14,594,924.43	\$3,260,008.39
OPERATING EXPENSES	\$16,988,273.07	\$14,286,795.06	\$2,701,478.01
EXCESS	<hr/>	<hr/>	<hr/>
	\$866,659.75	\$308,129.37	\$558,530.38

SOCRRA
TOTAL SERVICE CHARGES
JULY 1, 2013 THROUGH MARCH 31, 2015

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	9,537	\$981,239.77
BEVERLY HILLS	6,172	\$465,545.50
BIRMINGHAM	11,881	\$1,045,294.45
CLAWSON	6,687	\$758,371.22
FERNDALE	12,596	\$1,497,049.07
HAZEL PARK	7,795	\$932,788.49
HUNTINGTON WOODS	6,947	\$623,503.63
LATHRUP VILLAGE	2,142	\$209,114.96
OAK PARK	14,343	\$1,750,541.17
PLEASANT RIDGE	1,827	\$145,481.84
ROYAL OAK	34,087	\$4,064,674.89
TROY	30,427	3,262,926.98
	<hr/>	<hr/>
SUB-TOTAL	144,441	\$15,736,531.97
	<hr/>	<hr/>
OTHER CUSTOMERS	27,338	\$1,104,496.95
DROP OFF CENTERS	346	0.00
	<hr/>	<hr/>
TOTAL	172,125	\$16,841,028.92

SOCRRA
IMPROVEMENT FUND
JULY 1, 2014 THROUGH MARCH 31, 2015

EXPENDITURES

TS Driveway Replacement	\$4,672.25
TS Garage Door	9,719.00
TS Auto Car Tractor	14,000.00
MRF New Paper Portable Shredder	14,969.33
MRF Baler Pit Plate	9,090.00
MRF Conveyor Belt	57,059.47
MRF John Deere Loader	50,440.85
CS SCRAB	51,832.22

TOTAL \$211,783.12

\$211,783.12