



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

QUARTERLY REPORT

OCTOBER 2007

BOARD OF TRUSTEES	
Representative	Municipality
J. Bais-DiSessa	City of Berkley
R. Spallasso	Village of Beverly Hills
T. M. Markus	City of Birmingham
R. Haberman	City of Clawson
B. A. Photiades	City of Ferndale
A. LeCureaux	City of Hazel Park
A. R. Allie	City of Huntington Woods
J. Mueller	City of Lathrup Village
M. L. McReynolds	City of Oak Park
S. W. Ball	City of Pleasant Ridge
G. Rassel	City of Royal Oak
B. P. Murphy	City of Troy

OFFICERS	
Chair:	M. L. McReynolds
Vice Chair:	B. P. Murphy
Secretary:	S. W. Ball
Advisory Committee:	M. L. McReynolds A. R. Allie B. P. Murphy A. LeCureaux

J. A. McKeen	General Manager
M. A. Czuprenski	Operations Director
J. Schandavel	Authority Engineer

Board of Trustees
SOCRRA

Subject: Quarterly Report - October 2007

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2007/08. 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, 2007, and members were elected to serve as Officers for the fiscal year beginning July 2007. Following is a list of the current officers:

Chairman: M. L. McReynolds
 Vice Chairman: B. P. Murphy
 Secretary: S. W. Ball

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 2007, is as follows:

Municipality	Votes
Berkley	4
Beverly Hills	3
Birmingham	6
Clawson	4
Ferndale	6
Hazel Park	4
Huntington Woods	2
Lathrup Village	1
Oak Park	5
Pleasant Ridge	1
Royal Oak	14
Troy	16
Total:	66

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 2007/08 was -\$152,253.46, before depreciation.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$4,475,503.63	- \$43,939.37
Expenses	\$4,427,757.09	+ \$ 384,866.09
Net Income	\$- 152,253.46	-\$428,805.46

The decrease in revenue was due primarily to the lower than planned proceeds from the sale of recycled material (-\$58,000), reduced non-member refuse tonnage (-\$13,000), lower interest earned (-\$9,000) and lower rental property payments (-\$6,000), partially offset by receiving higher member revenue than budgeted (+\$29,000) and higher miscellaneous income (+\$11,000). Actual revenue was within 1% of the budgeted revenue. The prices we received for our recycled products have increased over the prices we budgeted, but we have received less recycling tonnage than planned. The sale of recycled material generated \$470,000, which is a 17% increase over the amount generated for the first quarter of 2006/07.

Expenses were above budget primarily due to settlement in the Waste Management arbitration on landfill surcharges (+\$133,000), higher than planned contractor expenses, which are largely an issue of timing (+\$100,000), maintenance expenses (+\$98,000), non-labor Administrative and General expenses (+\$35,000) and labor expenses (+\$16,000). Additional financial detail is attached.

MATERIAL HANDLED

SOCRRA processed 44,625 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents a decrease of 1.4% or 652 total tons compared to the same period last year. This is the fourth year in a row for which we have seen a decrease in the total tonnage handled. We are continuing to observe a substantial decrease in the amount of refuse tonnage delivered by the member communities. The amount of member refuse decreased by 5.6% compared to the previous fiscal year and by 12.0% compared to the first quarter of 2005/06. For this quarter, the decline in member refuse tonnage was partially offset by a 5.6% increase in member yard waste. Non-member tonnage decreased by 28%.

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

	2003/04	2004/05	2005/06	2006/07	2007/08
Member Refuse	39,854	37,534	34,972	32,604	30,765
Non-Member Refuse	2,388	2,898	2,798	2,872	2,006
Recycling	4,324	4,324	4,030	4,013	3,925
Yard Waste	<u>5,152</u>	<u>5,496</u>	<u>5,741</u>	<u>5,879</u>	<u>7,929</u>
TOTAL	51,718	50,252	47,541	45,278	44,625

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled \$67,168 and were for the purchase of yard trucks and partial payment for the new loader for the Troy Transfer Station.

MAJOR PROJECTS

IMPLEMENTATION OF 2007 CONTRACTS

The new collection and disposal contracts were successfully implemented on July 1, 2007. The extensive preparation of the contractors and the member communities resulted in a very smooth transition period, with very few problems. The collection contractors have performed very well. We have received very few complaints and several communities have noticed an improvement in their level of service. The implementation of the new contracts went much better than we anticipated.

REVISION OF ARTICLES OF INCORPORATION

We have begun a process to revise our Articles of Incorporation. This document, which outlines how SOCRRA is to be governed, has not been substantively revised since 1960. Mr. Davis and I are developing a draft of the revised Articles, which will then be reviewed by a committee established by the Board before being referred to the Board as a whole. The revised Articles will then be presented to the City Council of each member community for their approval. The approval of each member community is required for the new articles to be effective. We anticipate bringing the revised Articles to the City Councils in the first quarter of 2008.

PLAN FOR MADISON HEIGHTS FACILITY

We have begun a process to develop a plan for our Madison Heights facility. With the new collection contracts that went into effect on July 1, 2007, this facility is no longer being routinely used for refuse transfer. We are continuing to use this facility for transfer of leaves from the member communities in the fall months and as a backup refuse transfer facility in case of a problem with the Troy Transfer Station. As the first step in this process, the Board will be participating in a strategic planning session following the November Board meeting in order to discuss and evaluate possible uses of this facility. Our plan calls for this process to be completed by the end of May, 2008.

EXPANSION OF RECYCLING PROGRAMS

We are continuing our effort to expand our recycling programs in order to get more material processed by our MRF and to return more revenue to the member communities. The new collection contracts allow us to offer recycling using 95 gallon carts on wheels in addition to the typical 18 gallon curbside bins. These carts have proven very popular with schools and businesses and allow us to easily add these locations to our curbside recycling routes. If you receive any inquiries about recycling in businesses, schools or churches, please forward them to the SOCRRA office. In addition, the Recycling Committee is used as a monthly sounding board to assess the feasibility of adding new items to our list of recyclable materials.

WASTE MANAGEMENT ISSUES

We reached agreement with Waste Management regarding payment for the issues decided by the arbitration. The final payment was made during September. Waste Management also made all of the repairs to the Troy Transfer Station required under our contract. Our contract with Waste Management ended as of June 30, 2007 and all of our contract issues have been resolved.

ANNUAL AUDIT

Our auditors have begun the preparation of our annual audit and have completed their field work. The significant change this year is that SOCRRA, rather than the auditors, prepared a draft of our financial statements for review by the auditors. This change was discussed when last year's audit was presented to the Board and is being done to increase SOCRRA's responsibility for our financial statements.

LEGAL OPINION-STATE ENABLING LAWS

As part of our study to develop a plan for the use of our Madison Heights facility, Mr. Davis prepared a legal opinion regarding the functions that SOCRRA can perform under the state enabling laws. In summary, SOCRRA can undertake any lawful function which any individual SOCRRA member community is authorized to do on its own. This allows SOCRRA to perform a wide range of functions for its member communities.

RECYCLING COMMITTEE

Vickie Richardson, of Troy, has agreed to chair the Recycling Committee for the 2007/08 fiscal year. We will be rotating the chair of the Committee among the member communities on an annual basis. Claire Galed, of Huntington Woods, was recognized by the Committee for her lengthy service as Chair of the Committee. The Committee meets on the third Wednesday of every month at 9:30 at the MRF Education Center to discuss recycling issues and to address any collection issues that occur.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1,2007 THROUGH SEPTEMBER 30,2007

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$3,759,276.00	\$3,788,525.61	\$29,249.61
NON-MEMBER REFUSE	170,000.00	158,149.78	(11,850.22)
NON MEMBER YARD WASTE	7,920.00	6,925.60	(994.40)
<u>RECYCLING</u>			
CARDBOARD	\$36,978.00	\$16,230.81	(\$20,747.19)
PLASTICS	116,217.00	100,825.82	(15,391.18)
SCRAP METAL	4,743.00	38,128.43	33,385.43
NEWSPAPERS	348,648.00	283,254.48	(65,393.52)
GLASS	5,283.00	5,641.92	358.92
BATTERIES	540.00	460.00	(80.00)
TIN CANS	10,566.00	14,259.12	3,693.12
NON FERROUS METAL	5,283.00	11,111.83	5,828.83
	<u>\$528,258.00</u>	<u>\$469,912.41</u>	<u>(\$58,345.59)</u>
<u>OTHER</u>			
REVENUES-COMPOST	\$9,800.00	\$12,712.76	\$2,912.76
INTEREST ON INVESTMENTS	17,400.00	8,051.05	(9,348.95)
GRANT FUNDS	0.00	0.00	0.00
RENTAL INCOME	24,789.00	18,725.00	(6,064.00)
MISC. INCOME	2,000.00	12,501.42	10,501.42
	<u>\$53,989.00</u>	<u>\$51,990.23</u>	<u>(\$1,998.77)</u>
TOTAL REVENUES	<u>\$4,519,443.00</u>	<u>\$4,475,503.63</u>	<u>(\$43,939.37)</u>

<u>EXPENSES</u>	<u>BUDGET APPROPRIATIONS</u>	<u>ACTUAL EXPENDITURES</u>	<u>VARIANCES</u>
TROY TRANSFER STATION	\$587,737.00	\$677,478.18	\$89,741.18
MADISON HEIGHTS OPERATION	9,910.00	8,216.23	(1,693.77)
HOUSEHOLD WASTE	30,410.00	43,137.42	12,727.42
MATERIAL RECOVERY FACILITY	169,220.00	193,911.67	24,691.67
COMPOST/LANDFILL OPERATION	83,010.00	166,901.59	83,891.59
ADMINISTRATIVE & GENERAL	384,988.00	421,470.34	36,482.34
COLLECTION FEES	1,848,935.00	1,950,259.02	101,324.02
COLLECTION & DISPOSAL FEES IN TRANSIT	1,128,681.00	1,166,382.64	37,701.64
	<u>\$4,242,891.00</u>	<u>\$4,627,757.09</u>	<u>\$384,866.09</u>
REVENUES OVER EXPENSES	\$276,552.00	(\$152,253.46)	(\$428,805.46)
NET INCOME BEFORE DEPRECIATION	<u>\$276,552.00</u>	<u>(\$152,253.46)</u>	<u>(\$428,805.46)</u>

SOCRRA
STATEMENT OF INCOME
JULY 1,2007 THROUGH SEPTEMBER 30,2007

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	30,764.65	\$3,788,525.61
NON-MEMBER REFUSE	2,005.94	158,149.78
<u>YARD WASTE</u>		
MEMBERS	7,841.05	0.00
OTHERS	87.79	6,925.60
<u>RECYCLABLES</u>		
MEMBERS	3,797.07	0.00
OTHERS	128.41	0.00
	44,624.91	\$3,953,600.99
<u>RECYCLING</u>		
CARDBOARD		\$16,230.81
PLASTICS		100,825.82
SCRAP METAL		38,128.43
NEWSPAPERS		283,254.48
GLASS		5,641.92
BATTERIES		460.00
TIN CANS		14,259.12
NON FERROUS METAL		11,111.83
		\$469,912.41
<u>OTHER</u>		
REVENUES-COMPOST		\$12,712.76
INTEREST ON INVESTMENTS		8,051.05
GRANT FUNDS		0.00
RENTAL INCOME		18,725.00
MISC. INCOME		12,501.42
		51,990.23
TOTAL REVENUE		\$4,475,503.63
<u>EXPENSES</u>		
TROY TRANSFER STATION		\$677,478.18
MADISON HEIGHTS OPERATION		8,216.23
HOUSEHOLD WASTE		43,137.42
MATERIAL RECOVERY FACILITY		193,911.67
COMPOST/LANDFILL OPERATION		166,901.59
ADMINISTRATIVE & GENERAL		421,470.34
COLLECTION FEES		1,950,259.02
COLLECTION & DISPOSAL FEES IN TRANSIT		1,166,382.64
		\$4,627,757.09
NET INCOME BEFORE DEPRECIATION		(\$152,253.46)
DEPRECIATION		106,165.50
NET INCOME		(\$258,418.96)

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1,2007 THROUGH SEPTEMBER 30,2007

<u>REVENUES</u>	<u>TOTAL BUDGET 2007/08</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>
MEMBERS SERVICES	\$15,037,108.00	\$3,788,525.61	\$11,248,582.39
NON-MEMBER REFUSE	680,000.00	158,149.78	521,850.22
<u>YARD WASTE</u>			
NON-MEMBERS	66,000.00	6,925.60	59,074.40
<u>RECYCLABLES</u>			
CARDBOARD	\$136,955.00	\$16,230.81	\$120,724.19
PLASTICS	430,430.00	100,825.82	329,604.18
SCRAP METAL	17,405.00	38,128.43	(20,723.43)
NEWSPAPERS	1,291,290.00	283,254.48	1,008,035.52
GLASS	19,565.00	5,641.92	13,923.08
BATTERIES	2,160.00	460.00	1,700.00
TIN CANS	39,130.00	14,259.12	24,870.88
NON FERROUS METAL	19,565.00	11,111.83	8,453.17
	<u>\$1,956,500.00</u>	<u>\$469,912.41</u>	<u>\$1,486,587.59</u>
<u>OTHER</u>			
REVENUES-COMPOST	\$28,000.00	\$12,712.76	\$15,287.24
INTEREST ON INVESTMENTS	60,000.00	8,051.05	51,948.95
GRANT FUNDS	0.00	0.00	0.00
RENTAL INCOME	99,156.00	18,725.00	80,431.00
MISC. INCOME	25,000.00	12,501.42	12,498.58
	<u>\$212,156.00</u>	<u>\$51,990.23</u>	<u>\$160,165.77</u>
 TOTAL REVENUES	 <u><u>\$17,951,764.00</u></u>	 <u><u>\$4,475,503.63</u></u>	 <u><u>\$13,476,260.37</u></u>

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1,2007 THROUGH SEPTEMBER 30,2007

<u>EXPENSES</u>	<u>TOTAL BUDGET 2007/08</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>
TROY TRANSFER STATION	\$2,951,667.00	\$677,478.18	\$2,274,188.82
MADISON HEIGHTS OPERATION	123,000.00	8,216.23	114,783.77
HOUSEHOLD WASTE	146,000.00	43,137.42	102,862.58
MATERIAL RECOVERY FACILITY	773,000.00	193,911.67	579,088.33
COMPOST/LANDFILL OPERATION	410,000.00	166,901.59	243,098.41
ADMINISTRATIVE & GENERAL	1,334,660.00	421,470.34	913,189.66
COLLECTION & DISPOSAL FEES	11,093,614.00	1,950,259.02	9,143,354.98
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,166,382.64	(1,166,382.64)
	<u>\$16,831,941.00</u>	<u>\$4,627,757.09</u>	<u>\$12,204,183.91</u>
TOTAL EXPENDITURES	<u>\$16,831,941.00</u>	<u>\$4,627,757.09</u>	<u>\$12,204,183.91</u>
NET INCOME	<u>\$1,119,823.00</u>	<u>(\$152,253.46)</u>	<u>\$1,272,076.46</u>

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1,2007 THROUGH SEPTEMBER 30,2007

	<u>2007/08**</u>	<u>2006/07</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$3,788,525.61	\$1,105,640.32	\$2,682,885.29
NON MEMBER REFUSE	158,149.78	191,930.36	(33,780.58)
<u>YARD WASTE</u>			
MEMBERS	0.00	179,637.60	(179,637.60)
OTHERS	6,925.60	10,469.56	(3,543.96)
<u>RECYCLABLES</u>			
CARDBOARD	\$16,230.81	\$15,454.15	\$776.66
PLASTICS	100,825.82	69,030.70	31,795.12
SCRAP METAL	38,128.43	22,591.96	15,536.47
NEWSPAPERS	283,254.48	237,075.42	46,179.06
GLASS	5,641.92	5,778.36	(136.44)
BATTERIES	460.00	658.00	(198.00)
TIN CANS	14,259.12	6,052.17	8,206.95
NON FERROUS METAL	11,111.83	10,984.31	127.52
	<u>\$469,912.41</u>	<u>\$367,625.07</u>	<u>\$102,287.34</u>
<u>OTHER</u>			
REVENUES-COMPOST	\$12,712.76	\$10,267.00	\$2,445.76
INTEREST ON INVESTMENTS	8,051.05	4,623.99	3,427.06
GRANT FUNDS	0.00	0.00	0.00
HOUSEHOLD WASTE	0.00	36,321.00	
RENTAL INCOME	18,725.00	24,724.95	(5,999.95)
MISC. INCOME	12,501.42	138,798.68	(126,297.26)
	<u>\$51,990.23</u>	<u>\$214,735.62</u>	<u>\$78,150.29</u>
TOTAL REVENUES	\$4,475,503.63	\$2,070,038.53	\$2,646,360.78
OPERATING EXPENSES	\$3,487,794.09	\$1,776,632.57	\$1,711,161.52
EXCESS	<u>\$987,709.54</u>	<u>\$293,405.96</u>	<u>\$935,199.26</u>

**Reflects first year of refuse, recyclables & Yard waste collection

SOCRRA
 TOTAL DISPOSAL CHARGES
 JULY 1,2007 THROUGH SEPTEMBER 30,2007

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>DISPOSAL CHARGES</u>
BERKLEY	2,177	\$195,500.50
BEVERLY HILLS	1,710	138,150.00
BIRMINGHAM	3,437	310,570.00
CLAWSON	1,989	161,522.00
FERNDALE	3,621	362,482.00
HAZEL PARK	2,628	240,334.00
HUNTINGTON WOODS	1,032	78,030.00
LATHRUP VILLAGE	804	61,425.75
OAK PARK	3,596	343,181.22
PLEASANT RIDGE	545	38,672.00
ROYAL OAK	8,848	959,918.02
TROY	12,016	898,740.12
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SUB-TOTAL	42,403	\$3,788,525.61
	<hr/>	<hr/>
OTHER CUSTOMERS	2,076	\$165,074.84
DROP OFF CENTERS	146	0.00
	<hr/>	<hr/>
TOTAL	44,625	\$3,953,600.45

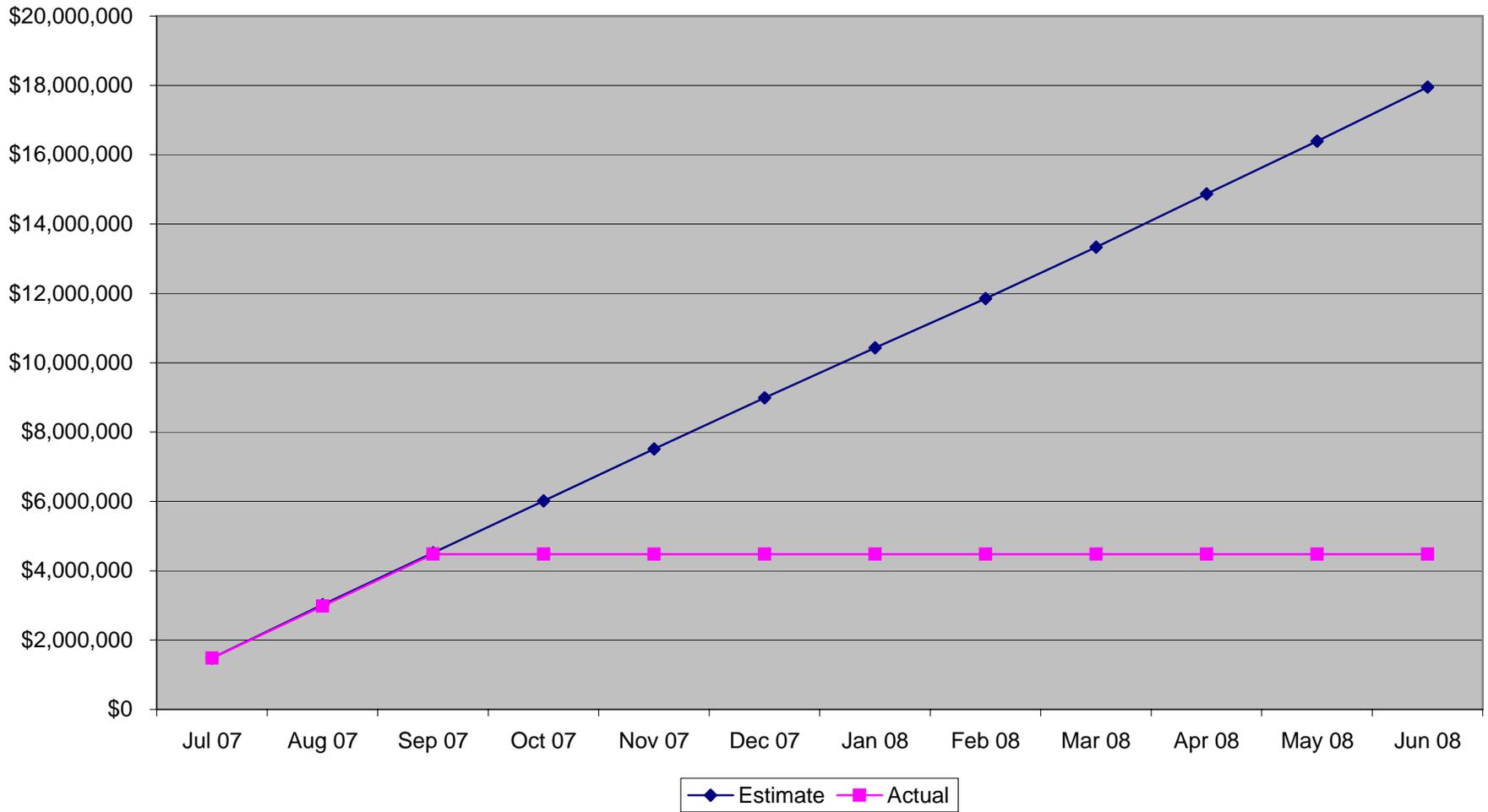
EXPENDITURES

TS Heavy Equipment (Yard Trucks & CAT 950 Loader) \$67,168.03

TOTAL

\$67,168.03

SOCRRA REVENUES 2007/08



SOCRRA EXPENSES 2007/08

