



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

QUARTERLY REPORT October 2015

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
L. Cureton	City of Ferndale
A. LeCureaux	City of Hazel Park
A. Sullivan	City of Huntington Woods
M. Baumgarten	City of Lathrup Village
R. Fortura	City of Oak Park
S. Pietrzak	City of Pleasant Ridge
G. Rassel	City of Royal Oak
T. Richnak	City of Troy

OFFICERS	
Chairman:	G. Rassel
Vice Chair:	C. Wilson
Secretary:	T. Richnak
Advisory Committee:	C. Wilson G. Rassel

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

Board of Trustees
SOCRRA

Subject: Quarterly Report - October 2015

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2015/16. 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 8, 2015, and members were elected to serve as Officers for the fiscal year beginning July 2015.

Following is a list of the current officers:

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 2015, is as follows:

Municipality	Votes
Berkley	4
Beverly Hills	3
Birmingham	6
Clawson	3
Ferndale	6
Hazel Park	4
Huntington Woods	3
Lathrup Village	1
Oak Park	7
Pleasant Ridge	1
Royal Oak	15
Troy	<u>15</u>
Total:	68

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 2015/16 was \$456,336, before depreciation. This was \$631,901 greater than planned and a significant increase from the net income of \$137,406 for the same period of 2014/15.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$4,926,999	+ \$ 244,954
Expenses	\$4,470,662	- \$ 386,948
Net Income	\$ 456,336	+ \$ 631,901

The increase in revenue was due primarily to greater than planned non-member refuse from Car Trucking, Rizzo Services, Tringali Sanitation and our other cash customers (+\$245,000), higher member services revenue (+\$55,000), higher tonnage of non-member yard waste (\$24,000) and higher than planned compost sales (+\$10,000), which were partially offset by lower proceeds from the sale of recycled material (-\$79,000). The sale of recycled material generated \$195,000, which was 29% lower than budgeted and 8% lower than the revenue generated in the first quarter of 2014/15. The primary reasons for this decrease in revenue were the weak markets for all of our recycled materials.

Expenses were lower than budget due to reduced costs for non-labor Administrative and General expenses (-\$154,000), contract expenses (-\$132,000), maintenance (-\$36,000), labor (-\$36,000), utilities (-\$15,000) and supplies (-\$9,000). Additional financial detail is attached.

MATERIAL HANDLED

SOCRRA processed 51,665 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents a decrease of 29% or 21,465 total tons compared to the same period last year. Member refuse tonnage was significantly higher last year due to all of the debris generated by the August 2014 flood disaster. Member refuse tonnage has finally returned to a normal level. The amount of recycling from the member communities increased by 443 tons or 10.5%. Member recycling tonnage from last year was also lower than normal due to the collection issues we experienced following the August 2014 flood disaster.

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

	2011/12	2012/13	2013/14	2014/15	2015/16
Member Refuse	28,626	27,400	28,666	50,064	28,386
Non-Member Refuse	7,384	7,361	7,799	10,890	9,876
Member Recycling	4,259	4,242	4,485	4,206	4,649
Non-Member Recycling	113	145	127	132	117
Yard Waste	<u>7,683</u>	<u>7,676</u>	<u>9,274</u>	<u>7,838</u>	<u>8,637</u>
TOTAL	48,066	46,824	50,351	73,130	51,665

CAPITAL EXPENDITURES

Capital expenditures totaled \$149,334 for the first quarter. The major expenditures were for the replacement of paving at the Troy Transfer Station that was damaged during the August 2014 flooding (\$71,000), renovations of one of our rental properties at the Compost Site (\$46,000, which has been reimbursed by our insurance company), for payments for the Scarab compost turner (\$18,000) and the initial expenses for the MRF baler reline project (\$8,000) and the MRF single stream conversion project (\$7,000).

MAJOR PROJECTS

RECYCLED COMMODITY PRICES

The prices that we receive for our recycled plastic and metal products have fallen to very low levels. Revenue from the sale of recyclables declined \$17,000 (8%) from last year and \$65,000 (25%) from two years ago. Prices have been consistently below the level used to prepare our budget. It appears that recycled commodity prices will remain low at least for the remainder of this fiscal year.

MRF SINGLE STREAM RECYCLING RFP

Changing to single stream recycling using 65 gallon recycling carts has been part of SOCRRA's long term plan to improve service to our residents and to generate additional recyclable material. In order to do this, SOCRRA needs to revise our collection contracts to include single stream recycling, develop the ability to process the single stream material at our Materials Recovery Facility (MRF) and provide the 65 gallon recycling carts to all of the households in the 12 SOCRRA communities. Accomplishing all of this will result in significant expenditures.

For the first phase of this project, SOCRRA staff worked with Resource Recycling Systems (RRS) to develop a Request for Proposals for the conversion of our MRF to single stream recycling. This would enable SOCRRA to process the commingled recyclables that would be generated by our residents using the 65 gallon recycling carts. The RFP was sent out on September 21, 2015. The RFP offers 2 options for a single stream MRF, Design/Build or Design/Build/Operate and a third option to transfer of single stream recyclables to another location for processing. Given the current very low commodity prices, we expect to receive proposals for Design/Build and Transfer. Proposals are due on November 24, 2015. We plan to bring a summary of the proposals to the December Board meeting and ask Board approval of a proposal in early 2016.

We held a pre-proposal meeting on Wednesday, October 7. Fourteen potential proposers attended including equipment manufacturers: BHS, CPG, Green Machine, Machinex, RRT, Sherbrooke and Van Dyk/Bollegraaf, MRF operators American Waste, Emterra, ReCommunity and REMM and large waste firms Republic, Rizzo and Waste Management. FTCH, the architectural firm that designed the MRF also attended. They could potentially be a partner for the equipment manufacturers.

The meeting went very well with a significant number of questions, particularly from the equipment manufacturers. A listing of the questions that were received both during the meeting and after the meeting and their answers were distributed to all the participants. I was pleasantly surprised by the number of potential proposers that attended the meeting and their level of engagement with the RFP.

COLLECTION CONTRACTS

SOCRRA's current collection and disposal contracts all expire on June 30, 2017. The SOCRRA Board has approved a plan of renegotiating the collection contracts with the current providers so that they include single stream recycling. SOCRRA General Counsel, Bob Davis, has developed a draft contract that simplifies the existing agreement and includes single stream recycling. This draft contract will be reviewed with the contractors during November. We plan to have final contracts ready for review by the SOCRRA Board in early 2016.

CHANGES TO SOCRRA'S HOUSEHOLD HAZARDOUS WASTE PROGRAM

As of September 1, 2015, SOCRRA is no longer requiring residents to make an appointment in order to use our Household Hazardous Waste (HHW) and Electronics drop-off services at our Troy recycling center. We made this change in order to provide better service to our residents and to eliminate the large number of telephone calls that were made to both the SOCRRA office and to the Troy drop-off center in order to schedule appointments. We have also eliminated the 30 minute lunch time closure period. These changes have significantly improved the service to our residents. We have received many positive comments regarding these changes from our residents.

RECYCLING REBATES

During 2014/15, SOCRRA member communities earned a total of \$624,717 in credits for the recyclables generated from the curbside recycling program in their community. These credits reduced the amount that each community pays for the services provided by SOCRRA. This was approximately the same amount credited to the member communities for recycling in 2013/14. However, for 2015/16, the price per ton credited to the member communities for recycling was reduced from \$35 per ton to \$25 per ton due to the continued low prices we are receiving for our recycled materials.

RECYCLING REBATES CREDITED TO SOCRRA COMMUNITIES

COMMUNITY	REBATE PAID
Berkley	\$37,720
Beverly Hills	38,514
Birmingham	72,176
Clawson	25,064
Ferndale	53,313
Hazel Park	19,239
Huntington Woods	36,741
Lathrup Village	6,900
Oak Park	28,191
Pleasant Ridge	10,306
Royal Oak	136,739
Troy	159,814
TOTAL	\$624,717

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.

STYROFOAM RECYCLING

The SOCRRA Board approved an agreement with Dart Industries that will allow us to continue to accept Styrofoam for recycling at our recycling drop-off center in Troy. Dart is providing this recycling service on a no cost/no pay basis. We will not be accepting Styrofoam as part of our curbside recycling program. Our ability to accept this material at our recycling drop-off center has generated a substantial amount of material and has been very popular with our residents. Our facility is now one of the largest Styrofoam recycling centers in the state.

ANNUAL AUDIT

Representatives of Plante & Moran were in the SOCRRA office for a week during September performing their audit of our accounting records. The final audit is being reviewed with the SOCRRA Audit Committee during October, 2015 and will be reviewed by the SOCRRA Board at their November, 2015 meeting.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$4,185,345.00	\$4,240,358.00	\$55,013.00
NON-MEMBER REFUSE	165,000.00	410,011.45	245,011.45
NON MEMBER YARD WASTE	12,000.00	36,394.40	24,394.40
	<hr/> \$4,362,345.00	<hr/> \$4,686,763.85	<hr/> \$324,418.85
 <u>RECYCLING</u> 			
NEWSPAPERS	\$102,000.00	\$71,292.48	(\$30,707.52)
BOXBOARD	34,000.00	31,537.31	(\$2,462.69)
CARDBOARD	9,000.00	8,935.86	(64.14)
PLASTIC	86,000.00	59,208.32	(26,791.68)
SCRAP METAL	13,000.00	9,745.69	(3,254.31)
TIN CANS	20,000.00	6,844.13	(13,155.87)
NON FERROUS METAL	3,000.00	2,999.55	(0.45)
GLASS	2,000.00	0.00	(2,000.00)
BATTERIES	600.00	1,676.00	1,076.00
USED ELECTRONICS	4,000.00	2,308.85	(1,691.15)
	<hr/> \$273,600.00	<hr/> \$194,548.19	<hr/> (\$79,051.81)
 <u>OTHER</u> 			
REVENUES-COMPOST	\$14,000.00	\$23,836.00	\$9,836.00
INTEREST ON INVESTMENTS	5,100.00	2,120.75	(2,979.25)
RENTAL INCOME	21,000.00	17,705.00	(3,295.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	6,000.00	2,024.72	(3,975.28)
	<hr/> \$46,100.00	<hr/> \$45,686.47	<hr/> (\$413.53)
 TOTAL REVENUES	 <hr/> <hr/> \$4,682,045.00	 <hr/> <hr/> \$4,926,998.51	 <hr/> <hr/> \$244,953.51
 <u>EXPENSES</u> 			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$15,450.00	\$6,587.28	(\$8,862.72)
TROY TRANSFER FACILITY	354,814.00	394,575.55	39,761.55
MATERIAL RECOVERY FACILITY	319,544.00	265,581.93	(53,962.07)
HOUSEHOLD HAZARDOUS WASTE	75,100.00	61,316.15	(13,783.85)
COMPOST/LANDFILL FACILITY	117,250.00	103,167.39	(14,082.61)
ADMINISTRATIVE & GENERAL	360,395.00	199,055.94	(161,339.06)
COLLECTION FEES	1,730,223.00	1,525,800.78	(204,422.22)
COLLECTION & DISPOSAL FEES IN TRANSIT	1,884,834.00	1,914,577.36	29,743.36
	<hr/> \$4,857,610.00	<hr/> \$4,470,662.38	<hr/> (\$386,947.62)
 REVENUES OVER EXPENSES	 (\$175,565.00)	 \$456,336.13	 \$631,901.13
 NET INCOME BEFORE DEPRECIATION	 <hr/> <hr/> (\$175,565.00)	 <hr/> <hr/> \$456,336.13	 <hr/> <hr/> \$631,901.13

SOCRRA
STATEMENT OF INCOME
JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	28,385.78	\$4,240,358.00
NON-MEMBER REFUSE	9,876.35	410,011.45
<u>YARD WASTE</u>		
MEMBERS	8,199.12	0.00
OTHERS	438.18	36,394.40
<u>RECYCLABLES</u>		
MEMBERS	4,648.53	0.00
OTHERS	117.38	0.00
	51,665.34	\$4,686,763.85
<u>RECYCLING</u>		
NEWSPAPERS		\$71,292.48
BOXBOARD		31,537.31
CARDBOARD		8,935.86
PLASTIC		59,208.32
SCRAP METAL		9,745.69
TIN CANS		6,844.13
NON FERROUS METAL		2,999.55
GLASS		0.00
BATTERIES		1,676.00
USED ELECTRONICS		2,308.85
		\$194,548.19
<u>OTHER</u>		
COMPOST SALES		\$23,836.00
INTEREST ON INVESTMENTS		2,120.75
RENTAL INCOME		17,705.00
GRANTS		0.00
MISC. INCOME		2,024.72
		45,686.47
TOTAL REVENUE		\$4,926,998.51
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$6,587.28
TROY TRANSFER FACILITY		394,575.55
MATERIAL RECOVERY FACILITY		265,581.93
HOUSEHOLD HAZARDOUS WASTE		61,316.15
COMPOST/LANDFILL FACILITY		103,167.39
ADMINISTRATIVE & GENERAL		199,055.94
COLLECTION CONTRACT EXPENSES		1,525,800.78
COLLECTION & DISPOSAL FEES IN TRANSIT		1,914,577.36
		\$4,470,662.38
NET INCOME BEFORE DEPRECIATION		\$456,336.13
DEPRECIATION		107,199.54
NET INCOME		\$349,136.59

SOCRRA
STATEMENT OF REVENUES & EXPENDITURES
COMPARED WITH TOTAL BUDGET
JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

<u>REVENUES</u>	<u>TOTAL BUDGET 2015/16</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$17,067,700.00	\$4,240,358.00	\$12,827,342.00	25%
NON-MEMBER REFUSE	660,000.00	410,011.45	249,988.55	62%
<u>YARD WASTE</u>				
NON-MEMBERS	70,000.00	36,394.40	33,605.60	52%
<hr/>				
	\$17,797,700.00	\$4,686,763.85	\$13,110,936.15	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$610,000.00	\$71,292.48	\$538,707.52	12%
BOXBOARD	210,000.00	31,537.31	178,462.69	15%
CARDBOARD	53,000.00	8,935.86	44,064.14	17%
PLASTIC	518,000.00	59,208.32	458,791.68	11%
SCRAP METAL	79,000.00	9,745.69	69,254.31	12%
TIN CANS	121,000.00	6,844.13	114,155.87	6%
NON FERROUS METAL	17,000.00	2,999.55	14,000.45	18%
GLASS	13,000.00	0.00	13,000.00	0%
BATTERIES	4,000.00	1,676.00	2,324.00	42%
USED ELECTRONICS	24,000.00	2,308.85	21,691.15	10%
<hr/>				
	\$1,649,000.00	\$194,548.19	\$1,454,451.81	12%
<u>OTHER</u>				
COMPOST SALES	\$60,000.00	\$23,836.00	\$36,164.00	40%
INTEREST ON INVESTMENTS	20,000.00	2,120.75	17,879.25	11%
RENTAL OF HOMES	90,000.00	17,705.00	72,295.00	20%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	2,024.72	22,975.28	8%
<hr/>				
	\$195,000.00	\$45,686.47	\$149,313.53	23%
<hr/>				
TOTAL REVENUES	\$19,641,700.00	\$4,926,998.51	\$14,714,701.49	25%

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

<u>EXPENSES</u>	<u>TOTAL BUDGET 2015/16</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$132,200.00	\$6,587.28	\$125,612.72	5%
TROY TRANSFER FACILITY	3,166,750.00	394,575.55	2,772,174.45	12%
MATERIAL RECOVERY FACILITY	1,286,400.00	265,581.93	1,020,818.07	21%
HOUSEHOLD HAZARDOUS WASTE	2,851,000.00	61,316.15	2,789,683.85	2%
COMPOST/LANDFILL FACILITY	446,700.00	103,167.39	343,532.61	23%
ADMINISTRATIVE & GENERAL	1,330,800.00	199,055.94	1,131,744.06	15%
COLLECTION & DISPOSAL FEES	12,089,000.00	1,525,800.78	10,563,199.22	13%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,914,577.36	(1,914,577.36)	0%
	<u>\$21,302,850.00</u>	<u>\$4,470,662.38</u>	<u>\$16,832,187.62</u>	
TOTAL EXPENDITURES	<u>\$21,302,850.00</u>	<u>\$4,470,662.38</u>	<u>\$16,832,187.62</u>	21%
NET INCOME	<u>(\$1,661,150.00)</u>	<u>\$456,336.13</u>	<u>(\$2,117,486.13)</u>	-27%

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

	<u>2015/16</u>	<u>2014/15</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$4,240,358.00	\$4,303,758.32	(\$63,400.32)
NON MEMBER REFUSE	410,011.45	412,882.58	(2,871.13)
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	36,394.40	28,274.80	8,119.60
	<hr/>	<hr/>	<hr/>
	\$4,686,763.85	\$4,744,915.70	(\$58,151.85)
<u>RECYCLABLES</u>			
NEWSPAPERS	\$71,292.48	\$78,416.10	(\$7,123.62)
BOXBOARD	31,537.31	23,410.00	8,127.31
CARDBOARD	8,935.86	8,992.61	(56.75)
PLASTIC	59,208.32	64,677.65	(5,469.33)
SCRAP METAL	9,745.69	12,080.63	(2,334.94)
TIN CANS	6,844.13	15,059.52	(8,215.39)
NON FERROUS METAL	2,999.55	2,616.00	383.55
GLASS	0.00	544.25	(544.25)
BATTERIES	1,676.00	794.00	882.00
USED ELECTRONICS	2,308.85	5,069.88	(2,761.03)
	<hr/>	<hr/>	<hr/>
	\$194,548.19	\$211,660.64	(\$17,112.45)
<u>OTHER</u>			
COMPOST SALES	\$23,836.00	\$19,630.20	\$4,205.80
INTEREST ON INVESTMENTS	2,120.75	2,455.32	(334.57)
RENTAL OF HOMES	17,705.00	20,887.00	(3,182.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	2,024.72	2,031.50	(6.78)
	<hr/>	<hr/>	<hr/>
	\$45,686.47	\$45,004.02	\$682.45
TOTAL REVENUES	\$4,926,998.51	\$5,001,580.36	(\$74,581.85)
OPERATING EXPENSES	\$4,470,662.38	\$4,864,174.09	(\$393,511.71)
EXCESS	<hr/>	<hr/>	<hr/>
	\$456,336.13	\$137,406.27	\$318,929.86

SOCRRA
TOTAL SERVICE CHARGES
JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	1,918	\$229,764.80
BEVERLY HILLS	1,808	\$158,100.00
BIRMINGHAM	3,808	\$355,138.54
CLAWSON	2,086	\$193,956.76
FERNDALE	3,689	\$429,951.80
HAZEL PARK	2,226	\$272,850.00
HUNTINGTON WOODS	995	\$86,448.00
LATHRUP VILLAGE	684	\$71,272.34
OAK PARK	3,492	\$408,671.02
PLEASANT RIDGE	433	\$45,063.32
ROYAL OAK	8,926	\$929,573.27
TROY	11,169	1,059,568.15
	<hr/>	<hr/>
SUB-TOTAL	41,233	\$4,240,358.00
	<hr/>	<hr/>
OTHER CUSTOMERS	10,342	\$446,405.85
DROP OFF CENTERS	90	0.00
	<hr/>	<hr/>
TOTAL	51,665	\$4,686,763.85

SOCRRA
IMPROVEMENT FUND
JULY 1, 2015 THROUGH SEPTEMBER 30, 2015

EXPENDITURES

TS Cement		\$70,880.39
CS SCRAB		18,018.22
1670 School RD -		45,721.91
Single Stream Conversion		6,885.00
MRF Baler Relining		7,828.00
	TOTAL	<u>\$149,333.52</u>
		\$149,333.52