



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

QUARTERLY REPORT OCTOBER 2008

BOARD OF TRUSTEES

BOARD OF TRUSTEES	
Representative	Municipality
J. Bais-DiSessa	City of Berkley
C. Wilson	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
K. Yee	City of Oak Park
S. W. Ball	City of Pleasant Ridge
G. Rassel	City of Royal Oak
B. P. Murphy	City of Troy

OFFICERS

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

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

Board of Trustees
SOCRRA

Subject: Quarterly Report - October 2008

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2008/09. 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 9, 2008, and members were elected to serve as Officers for the fiscal year beginning July 2008.

Following is a list of the current officers:

Chair:	B. P. Murphy
Vice Chair:	S. W. Ball
Secretary:	B. Photiades

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 2008, is as follows:

Municipality	Votes
Berkley	3
Beverly Hills	3
Birmingham	6
Clawson	3
Ferndale	5
Hazel Park	4
Huntington Woods	2
Lathrup Village	2
Oak Park	5
Pleasant Ridge	1
Royal Oak	14
Troy	<u>16</u>
Total:	64

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 2008/09 was \$283,179, before depreciation. This is a substantial improvement over the loss of \$152,000 that was recorded for the first 3 months of 2007/08.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$4,715,081	+ \$12,216
Expenses	\$4,431,902	- \$ 117,269
Net Income	\$ 283,179	+ \$129,485

The increase in revenue was due primarily to the higher than planned proceeds from the sale of recycled material (+\$28,000) and increased member revenue (+\$26,000), partially offset by decreases in other revenue (-\$32,000) and in non-member refuse and yard waste (-\$10,000). Actual revenue was within 1% of the budgeted revenue. The sale of recycled material generated \$561,000, which is a 22% increase over the amount generated for the first quarter of 2007/08. However, the prices that we receive for our recycled plastic and metal materials have begun to decrease since the end of the first quarter.

Expenses were below budget primarily due to non-labor Administrative and General expenses (-\$167,000), which are largely an issue of timing, partially offset by higher than budgeted costs for collection contracts (+\$33,000) and labor (+\$21,000). Additional financial detail is attached.

MATERIAL HANDLED

SOCRRA processed 45,296 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents an increase of 1.4% or 671 total tons compared to the same period last year. This is the first year out of the last five for which we have seen an increase in the total tonnage handled from the previous year. We are continuing to observe a decrease in the amount of refuse tonnage delivered by the member communities, although the rate of decline is lower than in previous years. The amount of member refuse decreased by 2.7% compared to the previous fiscal year. For this quarter, the decline in member refuse tonnage was offset by a 10.8% increase in member yard waste and an 8.3% increase in recycling tonnage. Non-member tonnage increased by 15.4%.

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

	2004/05	2005/06	2006/07	2007/08	2008/09
Member Refuse	37,534	34,972	32,604	30,765	29,938
Non-Member Refuse	2,898	2,798	2,872	2,006	2,256
Recycling	4,324	4,030	4,013	3,925	4,196
Yard Waste	<u>5,496</u>	<u>5,741</u>	<u>5,879</u>	<u>7,929</u>	<u>8,905</u>
TOTAL	50,252	47,541	45,368	44,625	45,296

CAPITAL EXPENDITURES

Capital expenditures totaled \$22,000 for the first quarter. The major purchases were a new forklift for the MRF (\$14,000) and the replacement of a portion of the driveway for the Troy Transfer Station (\$8,000).

MAJOR PROJECTS

EXPANSION OF RECYCLING PROGRAMS

As of July 1, 2008, we added several new items to our list of materials that can be recycled through SOCRRA's curbside recycling program. The new items are:

1. Green glass and blue glass bottles
2. Milk cartons, juice boxes, paperboard food and beverage containers, and paper cups

Adding these materials to our curbside recycling program should help to increase the amount of material being recycled. Our inability to recycle green glass bottles has been the major source of dissatisfaction for the people that use our curbside recycling program. These changes to our curbside recycling program were included in our 2008/09 Curbside Recycling Guidelines, which is available on our website, www.SOCRRA.org.

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. We have started recycling programs at a number of schools within the SOCRRA communities with the start of the new school year. We currently have over 50 schools in the SOCRRA communities with recycling programs. If you receive any inquiries about recycling in businesses, schools or churches, please forward them to the SOCRRA office.

LONG TERM PLANNING PROCESS

SOCRRA staff has begun a long term planning process for SOCRRA's operations and facilities. As part of this process, the Board approved hiring RRS from Ann Arbor to develop a financial model that can be used to evaluate the costs and benefits of alternative versions of SOCRRA's future. We will be working on this planning process for the remainder of this fiscal year.

COMPOST OPERATIONS

SOCRRA staff has implemented a major change to our compost operations. We have begun using a large horizontal grinder as our primary method of producing compost. We previously used 2 SCARAB compost turners, which have been maintenance problems and are reaching the end of their useful lives. The grinder is being used to grind all incoming material and would also be used to aerate the compost piles as they age. It appears as if the use of a grinder would simplify our operations, make us more efficient and also allow us to compost branches larger than those currently collected as yard waste.

CHANGE OF AUDITORS

The Board approved the selection of Plante & Moran to perform the annual audits of SOCRRA for a three year period. Representatives of Plante & Moran were in our office for about 2 weeks

during August performing their audit of our accounting records. The final audit is being reviewed with the SOCRRA Audit Committee during October, 2008 and will be reviewed by the SOCRRA Board at their November, 2008 meeting

RECYCLING COMMITTEE

Bob Fox, of Birmingham, has agreed to chair the Recycling Committee for the 2008/09 fiscal year. We will be rotating the chair of the Committee among the member communities on an annual basis. Vicki Richardson, of Troy, was recognized by the Committee for her service as Chair of the Committee during 2007/08. 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 1,2008 THROUGH SEPTEMBER 30,2008

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$3,918,540.00	\$3,945,031.95	\$26,491.95
NON-MEMBER REFUSE	180,000.00	161,564.72	(18,435.28)
NON MEMBER YARD WASTE	8,000.00	16,750.80	8,750.80
 <u>RECYCLING</u>			
NEWSPAPERS	\$300,000.00	\$280,931.55	(\$19,068.45)
PLASTICS	129,000.00	121,062.05	(7,937.95)
CARDBOARD	30,000.00	32,401.70	2,401.70
TIN CANS	24,000.00	47,767.86	23,767.86
SCRAP METAL	33,000.00	64,402.96	31,402.96
NON FERROUS METAL	12,000.00	6,510.00	(5,490.00)
GLASS	4,500.00	6,972.85	2,472.85
BATTERIES	1,125.00	1,429.26	304.26
	<u>\$533,625.00</u>	<u>\$561,478.23</u>	<u>\$27,853.23</u>
 <u>OTHER</u>			
REVENUES-COMPOST	\$17,000.00	\$6,416.00	(\$10,584.00)
INTEREST ON INVESTMENTS	12,000.00	4,260.34	(7,739.66)
RENTAL INCOME	23,700.00	19,175.00	(4,525.00)
GRANTS	0.00	0.00	0.00
MISC. INCOME	10,000.00	404.06	(9,595.94)
	<u>62,700.00</u>	<u>30,255.40</u>	<u>(32,444.60)</u>
 TOTAL REVENUES	 <u>\$4,702,865.00</u>	 <u>\$4,715,081.10</u>	 <u>\$12,216.10</u>
 <u>EXPENSES</u>			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$25,369.00	\$3,226.93	(\$22,142.07)
TROY TRANSFER FACILITY	337,201.00	348,798.98	11,597.98
MATERIAL RECOVERY FACILITY	198,172.00	208,361.37	10,189.37
HOUSEHOLD HAZARDOUS WASTE	42,880.00	56,758.28	13,878.28
COMPOST/LANDFILL FACILITY	103,538.00	104,517.99	979.99
ADMINISTRATIVE & GENERAL	366,591.00	201,838.95	(164,752.05)
COLLECTION FEES	1,764,245.00	1,874,166.35	109,921.35
COLLECTION & DISPOSAL FEES IN TRANSIT	1,711,175.00	1,634,233.35	(76,941.65)
	<u>\$4,549,171.00</u>	<u>\$4,431,902.20</u>	<u>(\$117,268.80)</u>
 REVENUES OVER EXPENSES	 \$153,694.00	 \$283,178.90	 \$129,484.90
 NET INCOME BEFORE DEPRECIATION	 <u>\$153,694.00</u>	 <u>\$283,178.90</u>	 <u>\$129,484.90</u>

SOCRRA
STATEMENT OF INCOME
JULY 1,2008 THROUGH SEPTEMBER 30,2008

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	29,938.40	\$3,945,031.95
NON-MEMBER REFUSE	2,256.47	161,564.72
<u>YARD WASTE</u>		
MEMBERS	8,682.12	0.00
OTHERS	222.57	16,750.80
<u>RECYCLABLES</u>		
MEMBERS	4,111.99	0.00
OTHERS	84.23	0.00
	45,295.78	\$4,123,347.47
<u>RECYCLING</u>		
NEWSPAPERS		\$280,931.55
PLASTICS		121,062.05
CARDBOARD		32,401.70
TIN CANS		47,767.86
SCRAP METAL		64,402.96
NON FERROUS METAL		6,510.00
GLASS		6,972.85
BATTERIES		1,429.26
		\$561,478.23
<u>OTHER</u>		
COMPOST SALES		\$6,416.00
INTEREST ON INVESTMENTS		4,260.34
RENTAL INCOME		19,175.00
GRANTS		0.00
MISC. INCOME		404.06
		30,255.40
TOTAL REVENUE		\$4,715,081.10
<u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$3,226.93
TROY TRANSFER FACILITY		348,798.98
MATERIAL RECOVERY FACILITY		208,361.37
HOUSEHALD HAZARDOUS WASTE		56,758.28
COMPOST/LANDFILL FACILITY		104,517.99
ADMINISTRATIVE & GENERAL		201,838.95
COLLECTION CONTRACT EXPENSES		1,874,166.35
COLLECTION & DISPOSAL FEES IN TRANSIT		1,634,233.35
		\$4,431,902.20
NET INCOME BEFORE DEPRECIATION		\$283,178.90
DEPRECIATION		106,323.00
NET INCOME		\$176,855.90

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1,2008 THROUGH SEPTEMBER 30,2008

<u>REVENUES</u>	<u>TOTAL BUDGET 2008/09</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$15,674,149.00	\$3,945,031.95	\$11,729,117.05	25%
NON-MEMBER REFUSE	620,000.00	161,564.72	458,435.28	26%
<u>YARD WASTE</u>				
NON-MEMBERS	57,000.00	16,750.80	40,249.20	29%
<u>RECYCLABLES</u>				
NEWSPAPERS	\$1,173,548.00	\$280,931.55	\$892,616.45	24%
PLASTICS	499,520.00	121,062.05	378,457.95	24%
CARDBOARD	111,000.00	32,401.70	78,598.30	29%
TIN CANS	89,457.00	47,767.86	41,689.14	53%
SCRAP METAL	125,000.00	64,402.96	60,597.04	52%
NON FERROUS METAL	45,000.00	6,510.00	38,490.00	14%
GLASS	17,500.00	6,972.85	10,527.15	40%
BATTERIES	4,500.00	1,429.26	3,070.74	32%
	<u>\$2,065,525.00</u>	<u>\$561,478.23</u>	<u>\$1,504,046.77</u>	27%
<u>OTHER</u>				
COMPOST SALES	\$40,000.00	\$6,416.00	\$33,584.00	16%
INTEREST ON INVESTMENTS	60,000.00	4,260.34	55,739.66	7%
RENTAL OF HOMES	95,000.00	19,175.00	75,825.00	20%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	404.06	24,595.94	2%
	<u>\$220,000.00</u>	<u>\$30,255.40</u>	<u>\$189,744.60</u>	14%
 TOTAL REVENUES	 <u><u>\$18,636,674.00</u></u>	 <u><u>\$4,715,081.10</u></u>	 <u><u>\$13,921,592.90</u></u>	 25%

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1,2008 THROUGH SEPTEMBER 30,2008

<u>EXPENSES</u>	<u>TOTAL BUDGET 2008/09</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$101,000.00	\$3,226.93	\$97,773.07	3%
TROY TRANSFER FACILITY	2,980,000.00	348,798.98	2,631,201.02	12%
MATERIAL RECOVERY FACILITY	837,000.00	208,361.37	628,638.63	25%
HOUSEHOLD HAZARDOUS WASTE	171,000.00	56,758.28	114,241.72	33%
COMPOST/LANDFILL FACILITY	425,600.00	104,517.99	321,082.01	25%
ADMINISTRATIVE & GENERAL	1,466,730.00	201,838.95	1,264,891.05	14%
COLLECTION & DISPOSAL FEES	11,655,982.00	1,874,166.35	9,781,815.65	16%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,634,233.35	(1,634,233.35)	0%
	<u>\$17,637,312.00</u>	<u>\$4,431,902.20</u>	<u>\$13,205,409.80</u>	
TOTAL EXPENDITURES	<u>\$17,637,312.00</u>	<u>\$4,431,902.20</u>	<u>\$13,205,409.80</u>	25%
NET INCOME	<u>\$999,362.00</u>	<u>\$283,178.90</u>	<u>\$716,183.10</u>	28%

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1,2008 THROUGH SEPTEMBER 30,2008

	<u>2008/09</u>	<u>2007/08</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$3,945,031.95	\$3,788,525.61	\$156,506.34
NON MEMBER REFUSE	161,564.72	158,149.78	3,414.94
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	16,750.80	6,925.60	9,825.20
<u>RECYCLABLES</u>			
NEWSPAPERS	\$280,931.55	\$283,254.48	(\$2,322.93)
PLASTICS	121,062.05	100,825.82	20,236.23
CARDBOARD	32,401.70	16,230.81	16,170.89
TIN CANS	47,767.86	14,259.12	33,508.74
SCRAP METAL	64,402.96	38,128.43	26,274.53
NON FERROUS METAL	6,510.00	11,111.83	(4,601.83)
GLASS	6,972.85	5,641.92	1,330.93
BATTERIES	1,429.26	460.00	969.26
	<u>\$561,478.23</u>	<u>\$469,912.41</u>	<u>\$91,565.82</u>
<u>OTHER</u>			
COMPOST SALES	\$6,416.00	\$12,712.76	(\$6,296.76)
INTEREST ON INVESTMENTS	4,260.34	8,051.05	(3,790.71)
RENTAL OF HOMES	19,175.00	18,725.00	450.00
GRANTS	0.00	0.00	0.00
MISC. INCOME	404.06	12,501.42	(12,097.36)
	<u>\$30,255.40</u>	<u>\$51,990.23</u>	<u>\$161,396.81</u>
TOTAL REVENUES	\$4,715,081.10	\$4,475,503.63	\$422,709.11
OPERATING EXPENSES	\$4,431,902.20	\$4,627,757.09	(\$195,854.89)
EXCESS	<u>\$283,178.90</u>	<u>(\$152,253.46)</u>	<u>\$618,564.00</u>

SOCRRA
TOTAL SERVICE CHARGES
JULY 1,2008 THROUGH SEPTEMBER 30,2008

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	2,138	\$201,716.00
BEVERLY HILLS	1,879	143,196.00
BIRMINGHAM	3,469	321,979.30
CLAWSON	2,415	166,884.00
FERNDALE	3,566	374,678.40
HAZEL PARK	2,443	249,424.00
HUNTINGTON WOODS	1,106	81,180.00
LATHRUP VILLAGE	646	63,270.00
OAK PARK	3,562	356,501.70
PLEASANT RIDGE	540	40,244.00
ROYAL OAK	9,398	1,017,981.99
TROY	11,570	927,976.56
	<hr/>	<hr/>
SUB-TOTAL	42,733	\$3,945,031.95
	<hr/>	<hr/>
OTHER CUSTOMERS	2,483	\$178,315.52
DROP OFF CENTERS	80	0.00
	<hr/>	<hr/>
TOTAL	45,296	\$4,123,347.47

SOCRRA
IMPROVEMENT FUND
JULY 1,2008 THROUGH SEPTEMBER 30,2008

EXPENDITURES

TS Driveway Replacement	\$8,126.32
MRF Equipment	13,484.95
TOTAL	<hr/> \$21,611.27