



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

## QUARTERLY REPORT October 2017

<b>BOARD OF TRUSTEES</b>	
<b>Representative</b>	<b>Municipality</b>
D. Schueller	City of Berkley
C. Wilson	Village of Beverly Hills
J. Valentine	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
K. Marten	City of Lathrup Village
R. Fortura	City of Oak Park
S. Pietrzak	City of Pleasant Ridge
G. Rassel	City of Royal Oak
K. Bovensiep	City of Troy

<b>OFFICERS</b>	
Chairman:	G. Rassel
Vice Chair:	C. Wilson
Secretary:	M. Pollock
Advisory Committee:	R. Fortura M. Pollock C. Wilson G. Rassel

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

Board of Trustees  
SOCRRA

Subject: Quarterly Report - October 2017

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2017/18. 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 12, 2017, and members were elected to serve as Officers for the fiscal year beginning July 2017.

Following is a list of the current officers:

Chair:	Greg Rassel
Vice Chair:	Chris Wilson
Secretary:	Mark Pollock

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 2017, is as follows:

<b>Municipality</b>	<b>Votes</b>
Berkley	4
Beverly Hills	3
Birmingham	6
Clawson	3
Ferndale	6
Hazel Park	4
Huntington Woods	2
Lathrup Village	2
Oak Park	6
Pleasant Ridge	1
Royal Oak	13
Troy	<u>15</u>
<b>Total:</b>	<b>65</b>

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 2017/18 was \$720,252, before depreciation. This was \$336,179 greater than planned and a decrease from the net income of \$973,799 for the same period of 2016/17.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$5,603,107	+ \$ 167,519
Expenses	\$4,882,855	- \$ 168,659
Net Income	\$ 720,252	+ \$ 336,179

The increase in revenue was due primarily to higher member services revenue (+\$65,000), greater than planned non-member refuse from Advanced Disposal, Car Trucking, Rizzo Services, Tringali Sanitation and our other cash customers (+\$61,000), proceeds from the sale of recycled material (+\$39,000) and higher interest on investments (+\$9,000), which were partially offset by lower than planned sales of compost (-\$9,000). Even though the MRF was shut down for renovations for the entire quarter, we were able to generate \$47,000 in revenue from our cardboard collection efforts and from the material collected at our Troy recycling drop-off center.

Expenses were lower than budget due to reduced costs for non-labor Administrative and General expenses (-\$122,000), labor (-\$21,000), utilities (-\$19,000) and contract expenses (-\$6,000). Additional financial detail is attached.

### **MATERIAL HANDLED**

SOCRRA processed 52,607 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents a decrease of 4.4% or 2,404 total tons compared to the same period last year. The amount of recycling from the member communities increased by 990 tons or 20%. Non-member refuse decreased by 1,853 tons (13%) from the prior year.

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

	2013/14	2014/15	2015/16	2016/17	2017/18
Member Refuse	28,666	50,064	28,386	29,066	27,911
Non-Member Refuse	7,799	10,890	9,876	13,880	12,027
Member Recycling	4,485	4,206	4,649	4,848	5,838
Non-Member Recycling	127	132	117	134	384
Yard Waste	9,274	7,838	8,637	7,083	6,831
<b>TOTAL</b>	<b>50,351</b>	<b>73,130</b>	<b>51,665</b>	<b>55,011</b>	<b>52,607</b>

## **CAPITAL EXPENDITURES**

Capital expenditures totaled \$4.2 million for the first quarter and were primarily for the purchase of the recycling carts (\$4.19 million) and for completion of the compactor move to Madison Heights (\$5,000) and some expenses for the MRF renovation project (\$8,000).

## **MAJOR PROJECTS**

### **DISTRIBUTION OF RECYCLING CARTS**

During the quarter, our contractor delivered about 95,000 of the 65 gallon recycling carts to the single family residential households in the SOCRRA communities. The deliveries went much better than expected and were completed in early September. Our residents immediately began to use their carts for recycling and our recycling tonnage began to increase. We have monthly data readily available going back to January of 2008 and the September recycling tonnage is the highest monthly recycling total during that time period. Recycling tonnage increased over last year by 17% for August and by 18% for September. We added an employee to our office staff for the summer to assist with the large volume of calls we received from residents regarding the recycling carts.

We have received all of the MDEQ grant money for the recycling carts except for 5% of the total, which is withheld until we complete the final report on this project which will include the actual recycling tonnage for about a year after the carts were delivered. We have submitted our request for reimbursement for the recycling cart grant from The Recycling Partnership.

We were extremely pleased with the delivery of the recycling carts and with the increase in recycling tonnage that we are observing. Close cooperation with the member communities resulted in the completion of the deliveries with a minimum number of issues, most of which were resolved quickly. We even received a number of compliments and positive comments from residents about their new recycling carts!

Our collection contractors made a smooth transition to collection of the recyclables from the new recycling carts. We coordinated the transition schedule with each community so that the contractors were ready to handle the new carts as they were delivered. The contractors are also reporting that they are noticing a significant increase in both the number of residents that are recycling and in the amount of material being recycled.

### **MRF CONSTRUCTION PROJECT**

Construction on the project to rebuild the SOCRRA MRF in order to handle the mixed recycling generated by the recycling carts began in April. As of the end of September, the old recycling equipment had been completely removed from the MRF and the existing building had been prepared for the new recycling equipment. This involved filling in the old below grade pits that were used for below grade conveyors and excavating and constructing new pits for the same purpose at new locations. The delivery of the new recycling equipment began on October 9. Approximately 50 trailers of equipment will be delivered during October.

Construction has begun on the MRF building addition, which will contain the tipping floor where the loads of recycling will be dumped.

The MRF is tentatively scheduled for completion in mid-December. The critical path item is the installation of the new electric service by DTE. The switchgear from DTE is scheduled to be shipped on November 9.

We will be hosting a grand opening of the MRF during January. The date will be set after we receive the DTE equipment. We will also be conducting tours of the MRF for employees of the member communities during December and January.

### **TEMPORARY CLOSURE OF RECYCLING DROP-OFF CENTER**

SOCRRA closed our recycling drop-off center on Monday, October 9 in order to accommodate the continuation of our MRF construction project. The area that we had been using for the drop-off center was required to store and stage the new recycling equipment for placement inside the MRF. The area that we had been using for Household Hazardous Waste (HHW) and electronics drop-off is being excavated for repaving and for the installation of the compactor for the MRF reject. In order to accommodate our resident's HHW and electronics drop-off needs, we are holding Saturday events at our Troy facility during October and November. We are asking residents to use their new recycling carts for recycling paper, cardboard and containers and to hold their hard to recycle materials (Styrofoam, hard cover books, etc.) until we are able to reopen our recycling drop-off center.

### **SOCRRA OPERATIONS DURING MRF CLOSURE**

Our contractors have been taking the curbside recycling to Royal Oak Recycling for processing since April 12, 2017. Data is flowing on a daily basis and staff members at Royal Oak Recycling and SOCRRA are in regular communication regarding individual weigh ticket issues. This change has been transparent to our residents.

On August 15, we opened our Madison Heights facility for the disposal of the construction and demolition debris and yard waste generated by our commercial customers. This required major renovations to our facility and close cooperation with Madison Heights officials. The Madison Heights facility has been operating well and we are receiving a steady stream of customers. The facility will be ready to receive the leaves collected by the municipal crews starting in mid-October.

### **BRUSH CHIPPING CONTRACTS**

SOCRRA's brush chipping contract, which provides brush chipping service for a number of member communities, expired on June 30, 2017. We worked with the member communities that receive brush chipping service to replace the old contractor with several new contractors. The transition to the new contractors did not proceed smoothly during July. In August, we were able to get new contracts in place with 3 different brush chipping contractors and we have been able to provide our usual level of service since then.

### **TEAMSTERS CONTRACT NEGOTIATIONS**

We reached a new 3 year contract with our Teamsters employees which was ratified and approved in July. The new contract calls for modest wage increases in each of the 3 years of the contract and annual contract reopeners to address changes in employee health insurance which are required due to the uncertainty in the health insurance marketplace.

**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 November 2017 and will be reviewed by the SOCRRA Board at their December 2017 meeting.

Respectfully submitted,

Jeffrey A. McKeen, P.E.  
General Manager

SOCRRA  
STATEMENT OF INCOME  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$6,080,448.00	\$6,166,474.62	\$86,026.62
MEMBERS SURCHARGE	\$448,468.00	\$448,468.00	\$0.00
NON-MEMBER REFUSE	580,000.00	644,396.54	64,396.54
NON MEMBER YARD WASTE	40,000.00	24,129.00	(15,871.00)
	<hr/> \$7,148,916.00	<hr/> \$7,283,468.16	<hr/> \$134,552.16

RECYCLING

NEWSPAPERS	\$1,600.00	\$11,383.63	\$9,783.63
BOXBOARD	0.00	\$0.10	\$0.10
CARDBOARD	0.00	\$31,642.37	31,642.37
PLASTIC	0.00	\$0.00	0.00
SCRAP METAL	8,000.00	\$28,555.85	20,555.85
TIN CANS	0.00	\$0.00	0.00
NON FERROUS METAL	0.00	\$0.00	0.00
GLASS	0.00	\$0.00	0.00
BATTERIES	1,200.00	\$2,522.00	1,322.00
USED ELECTRONICS	0.00	\$0.00	0.00
	<hr/> \$10,800.00	<hr/> \$74,103.95	<hr/> \$63,303.95

OTHER

REVENUES-COMPOST	\$38,000.00	\$25,733.00	(\$12,267.00)
INTEREST ON INVESTMENTS	\$16,400.00	\$28,652.55	12,252.55
RENTAL INCOME	\$37,000.00	\$41,360.00	4,360.00
GRANTS	\$0.00	\$0.00	0.00
MISC. INCOME	\$8,000.00	\$3,783.75	(4,216.25)
	<hr/> \$99,400.00	<hr/> \$99,529.30	<hr/> \$129.30

TOTAL REVENUES

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\$7,259,116.00    \$7,457,101.41    \$197,985.41

EXPENSES

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$88,817.00	\$49,856.24	(\$38,960.76)
TROY TRANSFER FACILITY	\$654,150.00	\$732,272.33	78,122.33
MATERIAL RECOVERY FACILITY	\$458,926.00	\$521,074.02	62,148.02
HOUSEHOLD HAZARDOUS WASTE	\$153,900.00	\$98,050.66	(55,849.34)
COMPOST/LANDFILL FACILITY	\$177,760.00	\$215,308.87	37,548.87
ADMINISTRATIVE & GENERAL	\$554,000.00	\$393,613.17	(160,386.83)
COLLECTION FEES	\$2,698,000.00	\$2,801,440.73	103,440.73
COLLECTION & DISPOSAL FEES IN TRANSIT	\$1,980,000.00	\$2,360,784.00	380,784.00
	<hr/> \$6,765,553.00	<hr/> \$7,172,400.02	<hr/> \$406,847.02

REVENUES OVER EXPENSES

\$493,563.00    \$284,701.39    (\$208,861.61)

NET INCOME BEFORE DEPRECIATION

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\$493,563.00    \$284,701.39    (\$208,861.61)

SOCRRA  
STATEMENT OF INCOME  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

	<u>TOTAL</u> <u>TONS</u>	<u>AMOUNT</u>
	<u>REVENUE</u>	
MEMBER SERVICES	27,910.68	\$6,614,942.62
NON-MEMBER REFUSE	12,027.20	644,396.54
	<u>YARD WASTE</u>	
MEMBERS	6,767.21	0.00
OTHERS	64.28	24,129.00
	<u>RECYCLABLES</u>	
MEMBERS	5,453.93	0.00
OTHERS	383.78	0.00
	52,607.08	\$7,283,468.16
	<u>RECYCLING</u>	
NEWSPAPERS		\$11,383.63
BOXBOARD		0.10
CARDBOARD		31,642.37
PLASTIC		0.00
SCRAP METAL		28,555.85
TIN CANS		0.00
NON FERROUS METAL		0.00
GLASS		0.00
BATTERIES		2,522.00
USED ELECTRONICS		0.00
		\$74,103.95
	<u>OTHER</u>	
COMPOST SALES		\$25,733.00
INTEREST ON INVESTMENTS		28,652.55
RENTAL INCOME		41,360.00
GRANTS		0.00
MISC. INCOME		3,783.75
		99,529.30
	TOTAL REVENUE	\$7,457,101.41
	<u>EXPENSES</u>	
MADISON HEIGHTS FACILITY		\$49,856.24
TROY TRANSFER FACILITY		732,272.33
MATERIAL RECOVERY FACILITY		521,074.02
HOUSEHOLD HAZARDOUS WASTE		98,050.66
COMPOST/LANDFILL FACILITY		215,308.87
ADMINISTRATIVE & GENERAL		393,613.17
COLLECTION CONTRACT EXPENSES		2,801,440.73
COLLECTION & DISPOSAL FEES IN TRANSIT		2,360,784.00
		\$7,172,400.02
NET INCOME BEFORE DEPRECIATION		\$284,701.39
DEPRECIATION		\$ 107,000.00
	NET INCOME	\$177,701.39



SOCRRA  
STATEMENT OF REVENUES & EXPENDITURES  
COMPARED WITH TOTAL BUDGET  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

<u>REVENUES</u>	<u>TOTAL BUDGET 2017/2018</u>	<u>ACTUAL 3 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$18,241,336.00	\$6,166,474.62	\$12,074,861.38	34%
MEMBERS SURCHARGE	\$1,345,404.00	\$448,468.00	\$896,936.00	33%
NON-MEMBER REFUSE	1,700,000.00	644,396.54	1,055,603.46	38%
<u>YARD WASTE</u>				
NON-MEMBERS	75,000.00	24,129.00	50,871.00	32%
	\$21,361,740.00	\$7,283,468.16	\$14,078,271.84	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$300,000.00	\$11,383.63	\$288,616.37	4%
BOXBOARD	250,000.00	0.10	249,999.90	0%
CARDBOARD	75,000.00	31,642.37	43,357.63	42%
PLASTIC	250,000.00	0.00	250,000.00	0%
SCRAP METAL	30,000.00	28,555.85	1,444.15	95%
TIN CANS	28,000.00	0.00	28,000.00	0%
NON FERROUS METAL	15,000.00	0.00	15,000.00	0%
GLASS	10,000.00	0.00	10,000.00	0%
BATTERIES	4,000.00	2,522.00	1,478.00	63%
USED ELECTRONICS	0.00	0.00	0.00	0%
	\$962,000.00	\$74,103.95	\$887,896.05	8%
<u>OTHER</u>				
COMPOST SALES	\$130,000.00	\$25,733.00	\$104,267.00	20%
INTEREST ON INVESTMENTS	50,000.00	28,652.55	21,347.45	57%
RENTAL OF HOMES	110,000.00	41,360.00	68,640.00	38%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	3,783.75	21,216.25	15%
	\$315,000.00	\$99,529.30	\$215,470.70	32%
<u>TOTAL REVENUES</u>	<u>\$22,638,740.00</u>	<u>\$7,457,101.41</u>	<u>\$15,181,638.59</u>	<u>33%</u>

SOCRRA  
STATEMENT OF REVENUES & EXPENDITURES  
COMPARED WITH TOTAL BUDGET  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

<u>EXPENSES</u>	<u>TOTAL BUDGET</u> <u>2017/2018</u>	<u>ACTUAL</u> <u>3 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$301,750.00	\$49,856.24	\$251,893.76	17%
TROY TRANSFER FACILITY	3,435,450.00	732,272.33	2,703,177.67	21%
MATERIAL RECOVERY FACILITY	1,630,490.00	521,074.02	1,109,415.98	32%
HOUSEHOLD HAZARDOUS WASTE	461,700.00	98,050.66	363,649.34	21%
COMPOST/LANDFILL FACILITY	445,430.00	215,308.87	230,121.13	48%
ADMINISTRATIVE & GENERAL	1,514,200.00	393,613.17	1,120,586.83	26%
COLLECTION & DISPOSAL FEES	12,594,000.00	2,801,440.73	9,792,559.27	22%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	2,360,784.00	(2,360,784.00)	0%
	<u>\$20,383,020.00</u>	<u>\$7,172,400.02</u>	<u>\$13,210,619.98</u>	
TOTAL EXPENDITURES	<u>\$20,383,020.00</u>	<u>\$7,172,400.02</u>	<u>\$13,210,619.98</u>	35%
NET INCOME	<u>\$2,255,720.00</u>	<u>\$284,701.39</u>	<u>\$1,971,018.61</u>	13%

S O C R R A  
 COMPARATIVE STATEMENT  
 JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

	<u>2017/2018</u>	<u>2016/2017</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$6,166,474.62	\$4,509,805.59	\$1,656,669.03
MEMBER SURCHARGE	\$448,468.00	\$329,037.00	\$119,431.00
NON MEMBER REFUSE	644,396.54	538,602.94	105,793.60
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	24,129.00	31,836.51	(7,707.51)
	<hr/>	<hr/>	<hr/>
	\$7,283,468.16	\$5,409,282.04	\$1,874,186.12
<u>RECYCLABLES</u>			
NEWSPAPERS	\$11,383.63	\$86,107.75	(\$74,724.12)
BOXBOARD	0.10	\$61,151.90	(61,151.80)
CARDBOARD	31,642.37	\$2,304.75	29,337.62
PLASTIC	0.00	\$26,062.25	(26,062.25)
SCRAP METAL	28,555.85	\$10,744.62	17,811.23
TIN CANS	0.00	\$4,160.66	(4,160.66)
NON FERROUS METAL	0.00	\$1,956.36	(1,956.36)
GLASS	0.00	\$0.00	0.00
BATTERIES	2,522.00	\$1,882.00	640.00
USED ELECTRONICS	0.00	\$0.00	0.00
	<hr/>	<hr/>	<hr/>
	\$74,103.95	\$194,370.29	(\$120,266.34)
<u>OTHER</u>			
COMPOST SALES	\$25,733.00	\$42,983.00	(\$17,250.00)
INTEREST ON INVESTMENTS	28,652.55	\$2,791.17	25,861.38
RENTAL OF HOMES	41,360.00	\$29,434.00	11,926.00
GRANTS	0.00	\$0.00	0.00
MISC. INCOME	3,783.75	\$2,114.00	1,669.75
	<hr/>	<hr/>	<hr/>
	\$99,529.30	\$77,322.17	\$22,207.13
TOTAL REVENUES	\$7,457,101.41	\$5,680,974.50	\$1,776,126.91
OPERATING EXPENSES	\$7,172,400.02	\$4,707,175.98	\$2,465,224.04
EXCESS	<hr/>	<hr/>	<hr/>
	\$284,701.39	\$973,798.52	(\$689,097.13)

SOCRRA  
TOTAL SERVICE CHARGES  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	2,212	\$260,742.65
BEVERLY HILLS	1,760	\$178,515.00
BIRMINGHAM	3,681	\$400,488.00
CLAWSON	1,863	\$225,498.81
FERNDALE	3,493	\$483,055.13
HAZEL PARK	1,886	\$305,879.75
HUNTINGTON WOODS	906	\$96,605.75
LATHRUP VILLAGE	684	\$80,068.75
OAK PARK	3,509	\$458,459.72
PLEASANT RIDGE	461	\$50,704.38
ROYAL OAK	8,786	\$1,229,081.37
TROY	10,883	\$1,192,382.47
	<hr/>	<hr/>
SUB-TOTAL	40,126	\$4,961,481.78
	<hr/>	<hr/>
OTHER CUSTOMERS	12,091	\$517,950.68
DROP OFF CENTERS	390	
	<hr/>	<hr/>
TOTAL	52,607	\$5,479,432.46

SOCRRA  
IMPROVEMENT FUND  
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

FIXED ASSETS

EXPENDITURES

Recycling Carts	4,166,254.42
Madison Heights renovation	3,428.16
Troy transfer station SCADA compactor	2,878.73
Material Recycling Facility Renovation	8,161.38
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	\$ 4,180,722.69