

QUARTERLY REPORT APRIL 2010

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

April 2010

Board of Trustees
SOCRRA

Subject: Quarterly Report – April 2010

Board Members:

Attached is a copy of SOCRRA's Quarterly Report, covering the first nine months operation of the fiscal year 2009/10. 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 2009/10 was \$743,054 before capital expenses and depreciation, which is \$131,205 greater than budgeted. This is about the same as the net income reported for the first nine months of 2008/09.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$13,669,673	+ \$529,904
Expenses	\$12,926,619	+ \$398,699
Net Operating Income	\$ 743,054	+ \$ 131,205

The increase in revenue was due primarily to receiving higher than budgeted prices for the sale of recycled materials (+\$212,000), higher than budgeted member revenue (+\$96,000), non-member revenue (+\$89,000) and miscellaneous revenue (+\$137,000). Revenue from the sale of recycled material totaled \$1.25 million, which is an 11% decrease over the amount generated for the first nine months of 2008/09, and was 9% of total revenue. Additional information on the prices for our recycled materials is in the Major Projects area of this report.

Expenses were significantly over budget with increases in labor (+\$120,000), maintenance (+\$114,000), contract expenses (+\$109,000), supplies (+\$26,000) and utilities (+\$24,000). Additional financial detail is attached.

As of March 25, 2010, our fund balance was 6.6% based on unrestricted assets. This is below the 7.5% working capital goal approved by the Board, but is an improvement over the 6.1% as of March 27, 2009.

MATERIAL HANDLED

The Authority processed 137,488 tons of refuse, yard waste and recyclables during the first nine months of the current fiscal year. This represents an increase of 5.6% or 7,263 total tons compared to the same period last year. This is the first increase in tonnage handled we have seen after five years of decreasing tonnage. This increase was largely due to increases in non-member tonnage, primarily from Rizzo Services. The amount of member refuse decreased by 4.1% compared to the previous fiscal year, continuing the trend of decreasing member refuse. Over this four year period in the table below, member refuse has decreased by 19.8%. Recycling from the member communities decreased by 1.3% compared to 2008/09.

July 1 Through March 31

	2005/06	2006/07	2007/08	2008/09	2009/10
Member Refuse	96,810	91,592	85,227	80,965	77,638
Non-Member Refuse	6,854	6,531	5,021	5,161	8,608
Member Recycling	11,748	11,781	11,737	12,507	12,346
Non-Member Recycling	178	188	300	521	2,815
Yard Waste	<u>27,146</u>	<u>28,572</u>	<u>30,410</u>	<u>31,072</u>	<u>36,081</u>
TOTAL	142,736	138,664	132,695	130,226	137,488

CAPITAL EXPENDITURES

Capital expenditures for the first nine months of the fiscal year totaled \$90,672 and were for partial payment for the new horizontal grinder at the Compost Site (\$56,000), the purchase of a new loader for the Troy Transfer Station (\$24,000), and the replacement of a portion of the driveway to the Troy Transfer Station (\$9,000).

MAJOR PROJECTS

RECYCLED COMMODITY PRICES

During the first nine months of 2009/10, we received substantial increases in the prices that we receive for our recycled materials. Since July 1, 2009, the price for natural HDPE (milk jugs) increased by 29%, colored HDPE (detergent bottles) increased by 122% and PETE (water bottles) increased by 194%. The price that we receive for our recycled metal products has increased by about 60%. These prices are all significantly above the budgeted level. The prices that we receive for our paper product streams remain fixed through a contract that expires on June 30, 2010. We have sent out a request for bids for paper brokering service, responses are due on April 28.

The increase in demand for plastics may be creating a market for our stream of mixed #1 to #7 injection molded plastics. We are working with our plastics purchasers to find outlets for this material.

SOCRRA v. ROCHESTER HILLS

We have been working for an extended period of time with Rochester Hills, the Oakland County Water Resources Commissioner's Office (WRC) and DWSD to resolve several years of bills for the meter that handles the leachate from the landfill and the effluent from the drain system under the compost pad. Neither Rochester Hills nor the WRC provide any service to our sewerage, but charge us substantial fees. In mid 2009, we filed a lawsuit in Oakland County Circuit Court against both Rochester Hills and the WRC asking to become a direct sewer customer of DWSD and to have all monies refunded that had been paid to Rochester Hills and the WRC for service that was not provided by either party. The WRC has been removed from the lawsuit by the Judge because we do not have a contractual relationship with the WRC. The lawsuit against Rochester Hills is pending. We have held two mediation sessions with Judge Mester, who has retired from the Oakland County Circuit Court, and Rochester Hills to attempt to resolve this dispute. Additional mediation sessions are being scheduled.

PROCESSING MATERIALS FROM OTHER COMMUNITIES

Rizzo Services is continuing to deliver a significant amount of refuse from Bloomfield Twp. to the Troy Transfer Station for disposal under an agreement completed between SOCRRA and Rizzo Services. The incremental revenue from Rizzo will help us to offset the fixed costs of running the Troy Transfer Station. Under our existing collection contracts with Rizzo, Tringali and Car Trucking, the contractors have the opportunity to deliver dual stream recyclables to us at a fixed price of \$20 per ton. Car Trucking and Rizzo Services have been delivering recyclables from Bingham Farms and Bloomfield Township, respectively, to our MRF for about a year. We are able to process this material and provide additional revenue through the sale of the recycled materials.

ELECTRONICS RECYCLING

Great Lakes Electronics, located in Warren, began a 12 month contract for recycling our electronics on November 1, 2009. The State of Michigan has enacted legislation that requires manufacturers of televisions and computer equipment to have "take back" programs in place by April of 2010. We are monitoring these take back programs in order to determine if we should be recommending them to our residents.

EECBG RECYCLING GRANT

SOCRRA worked with Huntington Woods, Pleasant Ridge and Beverly Hills to apply to the State of Michigan for a multi-jurisdictional Energy Efficiency Community Block Grant (EECBG) to fund several recycling improvement projects. In February, the three communities were notified that our grant application was funded. Under the grant, we will be conducting single stream recycling pilots using recycling carts in Beverly Hills and Huntington Woods, a commercial recycling pilot in Pleasant Ridge and performing a feasibility study to upgrade SOCRRA's recycling collection system and MRF to single stream operation. Under single stream recycling, the entire recyclables stream is collected as a mixed, single stream, eliminating the need for the recycling truck driver to sort materials at curbside. This should make the

collection of recyclables more efficient. The commingled materials then require additional separation at SOCRRA's MRF which would require a major capital investment in additional sorting equipment. For the pilots being performed in Huntington Woods and Beverly Hills, we are providing 65 gallon recycling carts on wheels to the residents of the pilot areas. Combining the use of single stream recycling with carts should make it easier for residents to recycle more material. The single stream upgrade feasibility study will determine the costs and benefits of converting SOCRRA's recycling system, including our MRF, to single stream operation.

The single stream pilots are scheduled to begin in early June. All of the grant activities must be completed by January 31, 2011. Huntington Woods is acting as the lead agency for this grant. We are working with Huntington Woods to ensure that all of the required reporting is completed.

RIZZO SERVICES

SOCRRA staff and General Counsel, Bob Davis, worked with Rizzo Services to resolve several issues regarding the services provided by Rizzo to Royal Oak under Rizzo's contract with SOCRRA. A contract amendment covering the resolution of these issues was approved by the Board at the February Board meeting. Rizzo continues to bring significant quantities of recycling and refuse to us under our existing agreements. The revenue generated by providing these services to Rizzo helps to cover the fixed costs of running our Troy Transfer Station and MRF.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager

SOCRRA
STATEMENT OF INCOME
JULY 1, 2009 THROUGH MARCH 31, 2010

<u>REVENUES</u>	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
MEMBER SERVICES	\$11,548,044.00	\$11,644,419.85	\$96,375.85
NON-MEMBER REFUSE	383,000.00	472,412.02	89,412.02
NON MEMBER YARD WASTE	41,000.00	40,917.40	(82.60)
	<hr/> \$11,972,044.00	<hr/> \$12,157,749.27	<hr/> \$185,705.27
 <u>RECYCLING</u> 			
NEWSPAPERS	\$675,000.00	\$823,743.04	\$148,743.04
PLASTICS	134,000.00	180,330.44	46,330.44
CARDBOARD	87,000.00	92,655.50	5,655.50
TIN CANS	40,500.00	61,909.30	21,409.30
SCRAP METAL	71,000.00	57,384.75	(13,615.25)
NON FERROUS METAL	12,700.00	11,428.88	(1,271.12)
GLASS	10,500.00	14,954.58	4,454.58
BATTERIES	2,625.00	2,973.46	348.46
	<hr/> \$1,033,325.00	<hr/> \$1,245,379.95	<hr/> \$212,054.95
 <u>OTHER</u> 			
REVENUES-COMPOST	\$27,000.00	\$25,852.00	(\$1,148.00)
INTEREST ON INVESTMENTS	10,500.00	11,624.64	1,124.64
RENTAL INCOME	71,900.00	67,152.76	(4,747.24)
GRANTS	0.00	0.00	0.00
MISC. INCOME	25,000.00	161,914.79	136,914.79
	<hr/> \$134,400.00	<hr/> \$266,544.19	<hr/> \$132,144.19
 TOTAL REVENUES	 <hr/> <hr/> \$13,139,769.00	 <hr/> <hr/> \$13,669,673.41	 <hr/> <hr/> \$529,904.41
 <u>EXPENSES</u> 			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCES</u>
	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	
MADISON HEIGHTS FACILITY	\$81,514.00	\$113,896.85	\$32,382.85
TROY TRANSFER FACILITY	1,639,577.00	1,662,146.07	22,569.07
MATERIAL RECOVERY FACILITY	617,734.00	761,810.48	144,076.48
HOUSEHOLD HAZARDOUS WASTE	165,970.00	229,346.32	63,376.32
COMPOST/LANDFILL FACILITY	235,974.00	356,252.05	120,278.05
ADMINISTRATIVE & GENERAL	1,067,766.00	1,061,850.60	(5,915.40)
COLLECTION FEES	7,263,710.00	7,236,636.97	(27,073.03)
COLLECTION & DISPOSAL FEES IN TRANSIT	1,455,675.00	1,504,679.80	49,004.80
	<hr/> \$12,527,920.00	<hr/> \$12,926,619.14	<hr/> \$398,699.14
 REVENUES OVER EXPENSES	 \$611,849.00	 \$743,054.27	 \$131,205.27
 NET INCOME BEFORE DEPRECIATION	 <hr/> <hr/> \$611,849.00	 <hr/> <hr/> \$743,054.27	 <hr/> <hr/> \$131,205.27

SOCRRA
STATEMENT OF INCOME
JULY 1, 2009 THROUGH MARCH 31, 2010

<u>REVENUE</u>	<u>TOTAL TONS</u>	<u>AMOUNT</u>
MEMBER SERVICES	77,637.52	\$11,644,419.85
NON-MEMBER REFUSE	8,607.91	472,412.02
 <u>YARD WASTE</u>		
MEMBERS	35,494.85	0.00
OTHERS	585.78	40,917.40
 <u>RECYCLABLES</u>		
MEMBERS	12,346.37	0.00
OTHERS	2,815.14	0.00
	<hr/>	<hr/>
	137,487.57	\$12,157,749.27
 <u>RECYCLING</u>		
NEWSPAPERS		\$823,743.04
PLASTICS		180,330.44
CARDBOARD		92,655.50
TIN CANS		61,909.30
SCRAP METAL		57,384.75
NON FERROUS METAL		11,428.88
GLASS		14,954.58
BATTERIES		2,973.46
		<hr/>
		\$1,245,379.95
 <u>OTHER</u>		
COMPOST SALES		\$25,852.00
INTEREST ON INVESTMENTS		11,624.64
RENTAL INCOME		67,152.76
GRANTS		0.00
MISC. INCOME		161,914.79
		<hr/>
		\$266,544.19
TOTAL REVENUE		<hr/> <hr/>
		\$13,669,673.41
 <u>EXPENSES</u>		
MADISON HEIGHTS FACILITY		\$113,896.85
TROY TRANSFER FACILITY		1,662,146.07
MATERIAL RECOVERY FACILITY		761,810.48
HOUSEHOLD HAZARDOUS WASTE		229,346.32
COMPOST/LANDFILL FACILITY		356,252.05
ADMINISTRATIVE & GENERAL		1,061,850.60
COLLECTION CONTRACT EXPENSES		7,236,636.97
COLLECTION & DISPOSAL FEES IN TRANSIT		1,504,679.80
		<hr/>
		\$12,926,619.14
NET INCOME BEFORE DEPRECIATION		\$743,054.27
DEPRECIATION		307,898.55
NET INCOME		<hr/> <hr/>
		\$435,155.72

SOCRRA
 STATEMENT OF REVENUES & EXPENDITURES
 COMPARED WITH TOTAL BUDGET
 JULY 1, 2009 THROUGH MARCH 31, 2010

<u>REVENUES</u>	<u>TOTAL BUDGET 2009/10</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MEMBERS SERVICES	\$15,397,386.00	\$11,644,419.85	\$3,752,966.15	76%
NON-MEMBER REFUSE	548,000.00	472,412.02	75,587.98	86%
<u>YARD WASTE</u>				
NON-MEMBERS	75,000.00	40,917.40	34,082.60	55%
	<hr/> \$16,020,386.00	<hr/> \$12,157,749.27	<hr/> \$3,862,636.73	
<u>RECYCLABLES</u>				
NEWSPAPERS	\$1,020,000.00	\$823,743.04	\$196,256.96	81%
PLASTICS	215,000.00	180,330.44	34,669.56	84%
CARDBOARD	135,000.00	92,655.50	42,344.50	69%
TIN CANS	62,000.00	61,909.30	90.70	100%
SCRAP METAL	110,000.00	57,384.75	52,615.25	52%
NON FERROUS METAL	19,000.00	11,428.88	7,571.12	60%
GLASS	16,000.00	14,954.58	1,045.42	93%
BATTERIES	4,000.00	2,973.46	1,026.54	74%
	<hr/> \$1,581,000.00	<hr/> \$1,245,379.95	<hr/> \$335,620.05	79%
<u>OTHER</u>				
COMPOST SALES	\$40,000.00	\$25,852.00	\$14,148.00	65%
INTEREST ON INVESTMENTS	15,000.00	11,624.64	3,375.36	77%
RENTAL OF HOMES	96,500.00	67,152.76	29,347.24	70%
GRANTS	0.00	0.00	0.00	0%
MISC. INCOME	25,000.00	161,914.79	(136,914.79)	648%
	<hr/> \$176,500.00	<hr/> \$266,544.19	<hr/> (\$90,044.19)	151%
 TOTAL REVENUES	 <hr/> <hr/> \$17,777,886.00	 <hr/> <hr/> \$13,669,673.41	 <hr/> <hr/> \$4,108,212.59	 77%

SOCRRA
STATEMENT OF REVENUES & EXPENDITURES
COMPARED WITH TOTAL BUDGET
JULY 1, 2009 THROUGH MARCH 31, 2010

<u>EXPENSES</u>	<u>TOTAL BUDGET 2009/10</u>	<u>ACTUAL 9 MONTHS</u>	<u>BALANCE</u>	
MADISON HEIGHTS FACILITY	\$111,400.00	\$113,896.85	(\$2,496.85)	102%
TROY TRANSFER FACILITY	2,716,728.00	1,662,146.07	1,054,581.93	61%
MATERIAL RECOVERY FACILITY	845,000.00	761,810.48	83,189.52	90%
HOUSEHOLD HAZARDOUS WASTE	226,800.00	229,346.32	(2,546.32)	101%
COMPOST/LANDFILL FACILITY	322,600.00	356,252.05	(33,652.05)	110%
ADMINISTRATIVE & GENERAL	1,459,221.00	1,061,850.60	397,370.40	73%
COLLECTION & DISPOSAL FEES	11,258,073.00	7,236,636.97	4,021,436.03	64%
COLLECTION & DISPOSAL FEES IN TRANSIT	0.00	1,504,679.80	(1,504,679.80)	0%
	<u>\$16,939,822.00</u>	<u>\$12,926,619.14</u>	<u>\$4,013,202.86</u>	
 TOTAL EXPENDITURES	 <u>\$16,939,822.00</u>	 <u>\$12,926,619.14</u>	 <u>\$4,013,202.86</u>	 76%
 NET INCOME	 <u>\$838,064.00</u>	 <u>\$743,054.27</u>	 <u>\$95,009.73</u>	 89%

S O C R R A
 COMPARATIVE STATEMENT
 JULY 1, 2009 THROUGH MARCH 31, 2010

	<u>2009/10</u>	<u>2008/09</u>	<u>VARIANCES</u>
<u>REVENUES</u>			
MEMBER SERVICES	\$11,644,419.85	\$11,838,960.60	(\$194,540.75)
NON MEMBER REFUSE	472,412.02	363,167.70	109,244.32
<u>YARD WASTE</u>			
MEMBERS	0.00	0.00	0.00
OTHERS	40,917.40	47,189.00	(6,271.60)
	<hr/>	<hr/>	<hr/>
	\$12,157,749.27	\$12,249,317.30	(\$91,568.03)
<u>RECYCLABLES</u>			
NEWSPAPERS	\$823,743.04	\$864,004.34	(\$40,261.30)
PLASTICS	180,330.44	264,446.23	(84,115.79)
CARDBOARD	92,655.50	96,737.10	(4,081.60)
TIN CANS	61,909.30	58,196.05	3,713.25
SCRAP METAL	57,384.75	82,367.47	(24,982.72)
NON FERROUS METAL	11,428.88	20,615.74	(9,186.86)
GLASS	14,954.58	20,328.00	(5,373.42)
BATTERIES	2,973.46	3,077.30	(103.84)
	<hr/>	<hr/>	<hr/>
	\$1,245,379.95	\$1,409,772.23	(\$164,392.28)
<u>OTHER</u>			
COMPOST SALES	\$25,852.00	\$26,357.00	(\$505.00)
INTEREST ON INVESTMENTS	11,624.64	19,156.49	(7,531.85)
RENTAL OF HOMES	67,152.76	63,342.95	3,809.81
GRANTS	0.00	0.00	0.00
MISC. INCOME	161,914.79	21,835.03	140,079.76
	<hr/>	<hr/>	<hr/>
	\$266,544.19	\$130,691.47	\$135,852.72
TOTAL REVENUES	\$13,669,673.41	\$13,789,781.00	(\$120,107.59)
OPERATING EXPENSES	\$12,926,619.14	\$13,059,877.29	(\$133,258.15)
EXCESS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$743,054.27	\$729,903.71	\$13,150.56

SOCRRA
TOTAL SERVICE CHARGES
JULY 1, 2009 THROUGH MARCH 31, 2010

<u>MUNICIPALITY</u>	<u>TOTAL TONS</u>	<u>SERVICE CHARGES</u>
BERKLEY	4,977	\$598,228.57
BEVERLY HILLS	4,518	425,034.00
BIRMINGHAM	10,929	954,066.77
CLAWSON	5,938	500,973.76
FERNDALE	9,486	1,121,851.44
HAZEL PARK	5,868	738,060.00
HUNTINGTON WOODS	3,119	240,167.52
LATHRUP VILLAGE	2,223	188,091.20
OAK PARK	9,274	1,063,081.39
PLEASANT RIDGE	1,961	119,348.00
ROYAL OAK	28,485	2,942,571.37
TROY	28,543	2,752,945.83
	<hr/>	<hr/>
SUB-TOTAL	115,321	\$11,644,419.85
	<hr/>	<hr/>
OTHER CUSTOMERS	10,481	\$513,329.42
DROP OFF CENTERS	236	0.00
	<hr/>	<hr/>
TOTAL	126,038	\$12,157,749.27

SOCRRA
IMPROVEMENT FUND
JULY 1, 2009 THROUGH MARCH 31, 2010

EXPENDITURES

TS Driveway Replacement	\$8,779.62
CS Equipment	56,377.22
TS Equipment	24,250.00
MRF Equipment - Shredder	1,265.60
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TOTAL	\$90,672.44