

QUARTERLY REPORT October 2023

BOARD OF TRUSTEES	
Representative	Municipality
Shawn Young	City of Berkley
Jeff Campbell	Village of Beverly Hills
Jana Ecker	City of Birmingham
Trever Zablocki	City of Clawson
Andrea Bowman	City of Ferndale
Andy LeCureaux	City of Hazel Park
Chris Wilson	City of Huntington Woods
Karen Miller	City of Lathrup Village
Dave DeCoster	City of Oak Park
Jim Breuckman	City of Pleasant Ridge
Aaron Filipski	City of Royal Oak
Kurt Bovensiep	City of Troy

OFFICERS	
Chairman:	Chris Wilson
Vice Chair:	Kurt Bovensiep
Secretary:	AndyLeCureaux
Advisory Committee:	Jim Breuckman Kurt Bovensiep Andy LeCureaux Chris Wilson

Jeff McKeen	General Manager
Bob Jackovich	Operations Manager

Board of Trustees
SOCRRA

Subject: Quarterly Report - October 2023

Board Members:

Attached is a copy of SOCRRA's Quarterly Report covering the first three months operation of the fiscal year 2023/24. 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, 2023, and members were elected to serve as Officers for the fiscal year beginning July 2023.

Following is a list of the current officers:

Chair:	Chris Wilson
Vice Chair:	Kurt Bovensiepe
Secretary:	Andy LeCureaux

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 2023, is as follows:

Municipality	Votes
Berkley	4
Beverly Hills	3
Birmingham	6
Clawson	3
Ferndale	5
Hazel Park	3
Huntington Woods	2
Lathrup Village	1
Oak Park	5
Pleasant Ridge	1
Royal Oak	14
Troy	<u>15</u>
Total:	62

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 three months of 2023/24 was \$1,001,329 before depreciation. This was \$460,778 higher than planned and is a decrease from the net income of \$1,280,747 for the same period of 2022/23.

	<u>Actual</u>	<u>Compared to Budget</u>
Revenue	\$7,153,303	+ \$ 49,452
Expenses	\$6,151,973	- \$ 411,327
Net Income	\$ 1,001,329	+ \$ 460,778

The increase in revenue was due primarily to increases in member services (+\$88,000), processing recycling for others (+\$66,000), higher proceeds from the sale of recycled material (+\$35,000) and higher miscellaneous revenue (+\$4,000) which were partially offset by decreases in non-member refuse from Car Trucking, GFL, Tringali Sanitation and our other cash customers (-\$137,000), lower compost sales (-\$12,000) and lower non-member yard waste revenue (\$-5,000).

Expenses were lower than budget due to reduced costs for labor (-\$138,000), contract expenses (-\$138,000), maintenance (-\$66,000), miscellaneous expenses (-\$34,000), utilities (-\$14,000), supplies (-\$12,000) and non-labor Administrative and General expenses (-\$10,000). Additional financial detail is attached.

MATERIAL HANDLED

SOCRRA processed 54,491 tons of refuse, yard waste and recyclables during the first three months of the current fiscal year. This represents a decrease of 2.9% or 1,643 total tons compared to the same period last year. The amount of refuse from the member communities decreased by 56 tons (0.2%) and the amount of recycling from the member communities decreased by 139 tons (2.5%). The decrease in member tonnage that was a trend for all of 2022 seems to have lessened. Non-member refuse decreased by 3,175 tons (23.2%) from the prior year. Non-member recycling increased by 9.8%. Our recent history of tonnage handled is displayed in the table below:

	2019/20	2020/21	2021/22	2022/23	2023/24
Member Refuse	27,465	30,284	29,963	27,588	27,532
Non-Member Refuse	7,736	9,859	12,435	13,699	10,524
Member Recycling	5,996	6,183	6,006	5,472	5,333
Non-Member Recycling	1,590	2,352	1,650	1,812	2,683
Yard Waste	7,911	8,572	8,942	7,563	8,420
TOTAL	50,698	57,250	58,997	56,134	54,491

CAPITAL EXPENDITURES

Capital expenditures totaled \$52,017 for the first quarter and were for payments for the new compost screener and the new horizontal grinder at the Compost Site.

MAJOR PROJECTS

RECYCLING OPERATIONS

Revenue from the sale of recycled materials was 30% lower for the first quarter compared with the first quarter of last year. The prices that we receive for our recycled commodities decreased significantly throughout last fiscal year, but they began to recover in the first quarter of this fiscal year. October prices are about at the budgeted levels for 2023/24. Recycled commodity prices continue to be very volatile.

The MRF continues to operate very well. Leadpoint and CEO, our suppliers of sorter labor at the MRF, have been able to fully staff the MRF on most days.

Our first robot was installed at the MRF in August of 2022 and continues to perform well. The robot was partially funded through grants from the Polypropylene Recycling Coalition (polypropylene, PP or #5, is used in yogurt and food take out containers) and from the Michigan Department of Environment and Great Lakes and Energy (EGLE). The robot is being used to sort PP and natural PE. PP is a new product from our MRF, and the robot has greatly increased our recovery of natural PE. Having the robot in place also enables us to improve the recovery of other materials by redeploying sorters.

We are working with a robot start-up company to supply a second robot for the MRF that will be partially funded by separate grants from the Polypropylene Recycling Coalition, Michigan EGLE, the Carton Council and the Food Service Packaging Institute. The robot is scheduled to be in service in March 2024.

Our glass is being recycled by Strategic Materials, which is located near Chicago. We continue to have to pay the cost of transporting our glass to Chicago for recycling and there is no payment or cost for the glass recycling.

We are continuing to process recyclables from other communities. We charge a tip fee for this service, and we sell the recycled products that result from this material. The revenue for recycling received from other communities increased by 39% from the first quarter of 2022/23. This was due to both an increase in our tip fee and an increased amount of material being processed.

COLLECTION OPERATIONS

SOCRRA's operations have been normal throughout the first quarter. Our collection contractors were on schedule throughout the quarter although collection is running significantly later into the evening than in prior years. All three collection contractors are reporting that it has become slightly easier to hire and maintain employees. We expect the contractors to continue to collect materials later into the evening until yard waste collection stops as of December 15. SOCRRA has opened our facilities both earlier and later than required under our contracts to accommodate both early and late deliveries from the contractors in order to help the contractors remain on their collection schedules. The amount of trash and recycling that we are receiving from the member communities has stabilized after dropping significantly last year. For the first quarter, we

observed small decreases in trash (-0.2%) and recycling (-2.5%) tonnage from the member communities compared with the first quarter of last year.

RECYCLING DROP-OFF CENTER

The SOCRRA recycling drop-off center continues to be open by appointment only for residents of the SOCRRA communities. Drop-off appointments are available through the SOCRRA website at <https://hhw.socrra.org/>. We instituted appointments to reduce the number of residents at our site at any one time. This has reduced traffic congestion issues at our site so that the truck operations to get material into and out of the Transfer Station and MRF are not affected by resident drop-off traffic. We have made several changes in our appointment system that have resulted in next day appointments generally being available throughout the day with appointments available for eight to ten different days. We are also doing Saturday appointments twice each month.

In order to make our drop-off service more accessible, we are continuing to provide alternative locations, which do not require appointments, for residents to drop off household hazardous waste, recycle electronics, cardboard, scrap metal and to have paper shredding performed. The details about these alternatives are attached to this report and are available on the SOCRRA website at <https://www.socrra.org/recycling-drop-off>.

PENSION FUNDING

MERS completed their annual actuarial analysis of SOCRRA's pension plans. The combined union pension plans were 79% funded as of December 31, 2022. This was a slight decrease from the 80% funding level as of December 31, 2021. The funding levels were 97% for the employees hired after July 1, 2010, 83% for non-supervisory employees hired before July 1, 2010 and 63% for supervisory employees. SOCWA's pension plan for their administrative employees, which is an obligation shared by SOCRRA and SOCWA, was 107% funded as of December 31, 2022. We are budgeted to make incremental pension contributions before the end of December 2023 to increase our pension funding level.

DISASTER DEBRIS MANAGEMENT PLANS

The SOCRRA Board approved hiring Tetra Tech to develop disaster debris management plans for SOCRRA, the SOCRRA communities and RRRASOC and the RRRASOC communities (Farmington, Farmington Hills, Milford, Milford Twp., Novi, South Lyon, Southfield, Walled Lake and Wixom). Tetra Tech is a large engineering consulting firm with significant expertise in developing disaster debris management plans. While SOCRRA has been able to successfully handle debris generated by recent disaster events, the increasing frequency and severity of disasters made us realize that better planning is required for future disasters. Having our neighboring communities involved in this project lowers the cost of the project and prepares us for better collaboration during future disasters. We will be working with representatives of each community to develop these important plans.

ANNUAL AUDIT

Representatives of Plante Moran performed our annual audit in our office in early September. The final audit will be reviewed with the SOCRRA Audit Committee during October 2023 and will be reviewed by the SOCRRA Board at their November meeting.

New accounting standards required SOCRRA to conduct an actuarial valuation of our liability for Other Post Employment Benefits (OPEB or retiree health insurance). We performed this analysis using a tool provided by Milliman, our actuarial firm. As of June 30, 2023, the OPEB

plan for Union employees was 161.3% funded which is an increase from the 118.2% funding level as of June 30, 2022. The OPEB plan for the SOCWA administrative employees, which is a shared obligation between SOCRRA and SOCWA, was 186 % funded as of June 30, 2023. We are continuing to pay 100% of our retiree health insurance costs from the OPEB plan assets.

Respectfully submitted,

Jeffrey A. McKeen, P.E.
General Manager



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

ALTERNATIVES AVAILABLE TO SOCRRA RESIDENTS FREE OF CHARGE

ERG Environmental Services Phone: 734-437-9650

Electronics Recycling and Household Hazardous Waste Disposal (computers, TVs, cell phones, VCRs, video equipment, paint, household cleaners, medications, sharps, auto fluids, pesticides, etc. – visit www.socrra.org for a complete list)

- Location: 13040 Merriman Road, Livonia (Use visitor entrance, enter off Industrial Road)
- Hours: Call for current hours
- Must have ID showing residency from a SOCRRA community, Bingham Farms, the City of Bloomfield Hills or Franklin Village or **printed** paper voucher for Rochester and Rochester Hills residents -- purchase from city
- Ring doorbell and RETURN TO YOUR CAR. Attendant with PPE will unload your items

eCycle Opportunities (JVS facility) Phone: 248-233-4477

Electronics Recycling ONLY (computers, TVs, cell phones, VCRs, video equipment, etc. – visit www.socrra.org for a complete list)

- Location: 29699 Southfield Road, Southfield – part of the JVS building
- Hours: Call for current hours
- Must be resident of a SOCRRA community, Bingham Farms, the City of Bloomfield Hills or Franklin Village or bring **printed** paper voucher for Rochester and Rochester Hills residents -- purchase from city
- Go to warehouse door on south side of building (next to Arby's), place electronics in bin or on ground if they are large. Ring doorbell for assistance with heavy items

GFL Recycling Phone: 248-541-4020

Drop-off **Paper Shredding and Cardboard/Paper and Scrap Metal Recycling**

- Location: 414 E. Hudson, Royal Oak
- Hours: M – F 7AM – 4PM
- Procedure: **MASKS ARE REQUIRED**
 - Shredding – main building entrance; NOT self-service – leave papers with attendant
 - Cardboard/Paper and Scrap Metal recycling -- drive into truck entrance; open top dumpsters to self-unload

SOCRRA's main function is to provide and manage the CURBSIDE collection of trash, recycling and yard waste in our 12 SOCRRA communities and we remain open and fully functional for these ESSENTIAL services.

SOCRRA
INCOME STATEMENT
07/01/23 - 09/30/23

	Period Actual	Period Budget	Variance
REVENUES			
MUNICIPAL REFUSE			
MEMBER MSW	5,743,007.61	5,655,348.00	87,659.61
MONTHLY SURCHARGE	282,003.00	282,003.00	0.00
NON-MEMBER MSW	443,391.27	580,000.00	(136,608.73)
NON-MEMBER YARD WASTE	600.00	6,000.00	(5,400.00)
TOTAL MUNICIPAL REFUSE	6,469,001.88	6,523,351.00	(54,349.12)
SALE OF RECYCLED MATERIAL			
MIXED PAPER	93,974.30	59,000.00	34,974.30
NEWSPAPER	0.00	2,000.00	(2,000.00)
CARDBOARD	152,706.05	108,000.00	44,706.05
SORTED OFFICE PAPER	0.00	4,000.00	(4,000.00)
PLASTICS	32,268.75	63,000.00	(30,731.25)
SCRAP METAL	34,473.95	21,000.00	13,473.95
ALUMINUM CANS	22,467.20	36,000.00	(13,532.80)
TIN CANS	18,762.58	26,000.00	(7,237.42)
MIXED RECYCLING - OTHERS	233,777.82	168,000.00	65,777.82
BATTERIES	0.00	1,000.00	(1,000.00)
TOTAL SALE OF RECYCLED MATERIAL	588,430.65	488,000.00	100,430.65
OTHER INCOME			
COMPOST	23,407.00	35,000.00	(11,593.00)
RENTAL INCOME	34,345.00	31,500.00	2,845.00
INTEREST ON INVESTMENTS	23,931.95	20,000.00	3,931.95
GRANT REVENUE	3,728.54	0.00	3,728.54
MISC INCOME	10,457.56	6,000.00	4,457.56
TOTAL OTHER INCOME	95,870.05	92,500.00	3,370.05
TOTAL REVENUES	7,153,302.58	7,103,851.00	49,451.58
EXPENSES			
MADISON HEIGHTS TRANSFER STATION	3,369.98	12,800.00	(9,430.02)
TROY TRANSFER STATION	157,215.21	511,950.00	(354,734.79)
MATERIAL RECOVERY FACILITY	449,369.71	649,600.00	(200,230.29)
HOUSEHOLD HAZARDOUS WASTE	20,951.27	126,250.00	(105,298.73)
COMPOST FACILITY	108,755.21	168,300.00	(59,544.79)
ADMINISTRATIVE AND GENERAL	436,163.21	450,400.00	(14,236.79)
COLLECTION CONTRACT EXPENSES	1,616,116.90	1,816,667.00	(200,550.10)
IN TRANSIT	3,360,031.76	2,827,333.00	532,698.76
TOTAL EXPENSE	6,151,973.25	6,563,300.00	(411,326.75)
NET INCOME BEFORE DEPRECIATION	1,001,329.33	540,551.00	460,778.33
DEPRECIATION	246,325.50		
NET INCOME	755,003.83		

SOCRRA

INCOME STATEMENT COMPARED TO TOTAL BUDGET

07/01/23 - 09/30/23

	Period Actual	Total Budget 2023-2024	Remaining Budget	% Received or Expended
REVENUES				
MUNICIPAL REFUSE				
MEMBER MSW	5,743,007.61	22,621,392.00	16,878,384.39	25%
MONTHLY SURCHARGE	282,003.00	1,128,012.00	846,009.00	25%
NON-MEMBER MSW	443,391.27	2,100,000.00	1,656,608.73	21%
NON-MEMBER YARD WASTE	600.00	30,000.00	29,400.00	2%
TOTAL MUNICIPAL REFUSE	6,469,001.88	25,879,404.00	19,410,402.12	25%
SALE OF RECYCLED MATERIAL				
MIXED PAPER	93,974.30	240,000.00	146,025.70	39%
NEWSPAPER	0.00	6,000.00	6,000.00	0%
CARDBOARD	152,706.05	433,000.00	280,293.95	35%
SORTED OFFICE PAPER	0.00	24,000.00	24,000.00	0%
PLASTICS	32,268.75	251,000.00	218,731.25	13%
SCRAP METAL	34,473.95	82,000.00	47,526.05	42%
ALUMINUM CANS	22,467.20	142,000.00	119,532.80	16%
TIN CANS	18,762.58	107,000.00	88,237.42	18%
MIXED RECYCLING - OTHERS	233,777.82	700,000.00	466,222.18	33%
BATTERIES	0.00	5,000.00	5,000.00	0%
TOTAL SALE OF RECYCLED MATERIAL	588,430.65	1,990,000.00	1,401,569.35	30%
OTHER INCOME				
COMPOST	23,407.00	160,000.00	136,593.00	15%
RENTAL INCOME	34,345.00	125,000.00	90,655.00	27%
INTEREST ON INVESTMENTS	23,931.95	80,000.00	56,068.05	30%
GRANT REVENUE	3,728.54	0.00	(3,728.54)	0%
MISC INCOME	10,457.56	25,000.00	14,542.44	42%
TOTAL OTHER INCOME	95,870.05	390,000.00	294,129.95	25%
TOTAL REVENUES	7,153,302.58	28,259,404.00	21,106,101.42	25%
EXPENSES				
MADISON HEIGHTS TRANSFER STATION	3,369.98	50,000.00	46,630.02	7%
TROY TRANSFER STATION	157,215.21	4,752,000.00	4,594,784.79	3%
MATERIAL RECOVERY FACILITY	449,369.71	2,622,900.00	2,173,530.29	17%
HOUSEHOLD HAZARDOUS WASTE	20,951.27	499,000.00	478,048.73	4%
COMPOST FACILITY	108,755.21	637,500.00	528,744.79	17%
ADMINISTRATIVE AND GENERAL	436,163.21	1,443,400.00	1,007,236.79	30%
COLLECTION CONTRACT EXPENSES	1,616,116.90	15,800,000.00	14,183,883.10	10%
IN TRANSIT	3,360,031.76	0.00	(3,360,031.76)	0%
TOTAL EXPENSE	6,151,973.25	25,804,800.00	19,652,826.75	24%
REVENUE OVER EXPENSES	1,001,329.33	2,454,604.00	1,453,274.67	41%

SOCRRA
COMPARATIVE STATEMENT
07/01/23 - 09/30/23

	Period Actual 2023-2024	Period Actual 2022-2023	Over/(Under)
REVENUES			
MUNICIPAL REFUSE			
MEMBER MSW	5,743,007.61	5,474,351.03	268,656.58
MONTHLY SURCHARGE	282,003.00	282,003.00	0.00
NON-MEMBER MSW	443,391.27	546,895.64	(103,504.37)
NON-MEMBER YARD WASTE	600.00	330.00	270.00
TOTAL MUNICIPAL REFUSE	6,469,001.88	6,303,579.67	165,422.21
SALE OF RECYCLED MATERIAL			
MIXED PAPER	93,974.30	124,611.84	(30,637.54)
NEWSPAPER	0.00	14,679.41	(14,679.41)
CARDBOARD	152,706.05	216,008.93	(63,302.88)
SORTED OFFICE PAPER	0.00	5,190.22	(5,190.22)
PLASTICS	32,268.75	43,630.97	(11,362.22)
SCRAP METAL	34,473.95	32,213.45	2,260.50
ALUMINUM CANS	22,467.20	48,136.14	(25,668.94)
TIN CANS	18,762.58	21,093.93	(2,331.35)
MIXED RECYCLING - OTHERS	233,777.82	137,142.26	96,635.56
BATTERIES	0.00	513.00	(513.00)
TOTAL SALE OF RECYCLED MATERIAL	588,430.65	643,220.15	(54,789.50)
OTHER INCOME			
COMPOST	23,407.00	35,731.00	(12,324.00)
RENTAL INCOME	34,345.00	34,150.00	195.00
INTEREST ON INVESTMENTS	23,931.95	11,271.08	12,660.87
GRANT REVENUE	3,728.54	131,843.05	(128,114.51)
MISC INCOME	10,457.56	12,768.51	(2,310.95)
TOTAL OTHER INCOME	95,870.05	225,763.64	(129,893.59)
TOTAL REVENUES	7,153,302.58	7,172,563.46	(19,260.88)
EXPENSES			
MADISON HEIGHTS TRANSFER STATION	3,369.98	5,494.30	(2,124.32)
TROY TRANSFER STATION	157,215.21	480,257.32	(323,042.11)
MATERIAL RECOVERY FACILITY	449,369.71	449,260.98	108.73
HOUSEHOLD HAZARDOUS WASTE	20,951.27	75,747.32	(54,796.05)
COMPOST FACILITY	108,755.21	136,257.74	(27,502.53)
ADMINISTRATIVE AND GENERAL	436,163.21	306,274.42	129,888.79
COLLECTION CONTRACT EXPENSES	1,616,116.90	1,469,887.23	146,229.67
IN TRANSIT	3,360,031.76	2,968,636.67	391,395.09
TOTAL EXPENSES	6,151,973.25	5,891,815.98	260,157.27
REVENUE OVER EXPENSES	1,001,329.33	1,280,747.48	(279,418.15)

SOCRRA
INCOME STATEMENT & TONS
07/01/23 - 09/30/23

	TOTAL TONS	AMOUNT
REVENUES		
MEMBER SERVICES	27,531.67	6,025,010.61
NON-MEMBER MSW	10,523.73	443,391.27
YARD WASTE		
MEMBER	8,420.00	0.00
NON MEMBER	0.00	600.00
RECYCLABLES		
MEMBERS	5,332.50	0.00
NON MEMBER	2,683.20	0.00
TOTAL MUNICIPAL REFUSE	54,491.10	6,469,001.88
SALE OF RECYCLED MATERIAL		
MIXED PAPER		93,974.30
NEWSPAPER		0.00
CARDBOARD		152,706.05
SORTED OFFICE PAPER		0.00
PLASTICS		32,268.75
SCRAP METAL		34,473.95
ALUMINUM CANS		22,467.20
TIN CANS		18,762.58
MIXED RECYCLING - OTHERS		233,777.82
BATTERIES		0.00
TOTAL SALE OF RECYCLED MATERIAL		588,430.65
OTHER INCOME		
COMPOST		23,407.00
RENTAL INCOME		34,345.00
INTEREST ON INVESTMENTS		23,931.95
GRANT REVENUE		3,728.54
MISC INCOME		10,457.56
TOTAL OTHER INCOME		95,870.05
TOTAL REVENUES		7,153,302.58
EXPENSES		
MADISON HEIGHTS TRANSFER STATION		3,369.98
TROY TRANSFER STATION		157,215.21
MATERIAL RECOVERY FACILITY		449,369.71
HOUSEHOLD HAZARDOUS WASTE		20,951.27
COMPOST FACILITY		108,755.21
ADMINISTRATIVE AND GENERAL		436,163.21
COLLECTION CONTRACT EXPENSES		1,616,116.90
IN TRANSIT		3,360,031.76
TOTAL EXPENSES		6,151,973.25
NET INCOME BEFORE DEPRECIATION		1,001,329.33
DEPRECIATION		246,325.50
NET INCOME		755,003.83

SOCRRA
TOTAL SERVICE CHARGES
07/01/23 - 09/30/23

MUNICIPALITY	TONS	SERVICE CHARGES
BERKLEY	2,311.16	315,741.17
BEVERLY HILLS	1,676.50	218,247.00
BIRMINGHAM	3,494.98	489,109.00
CLAWSON	1,844.96	273,806.50
FERNDALE	3,495.77	608,444.05
HAZEL PARK	2,549.63	376,302.52
HUNTINGTON WOODS	913.89	117,011.16
LATHRUP VILLAGE	658.68	97,612.59
OAK PARK	3,347.54	559,633.33
PLEASANT RIDGE	420.85	61,943.68
ROYAL OAK	9,283.68	1,454,796.34
TROY	11,286.53	1,452,363.27
TOTAL MEMBER	41,284.17	6,025,010.61
TOTAL OTHER CUSTOMERS	13,206.93	443,991.27
GRAND TOTAL	54,491.10	6,469,001.88

SOCRRA
Capital Expenditures
07/01/23 - 09/30/23

Capital Asset Expenditures

Total **0.00**

Capital Asset Debt Service

Compost Screener Loan 12,387.72

Compost Grinder Loan 39,629.58

Total **52,017.30**