

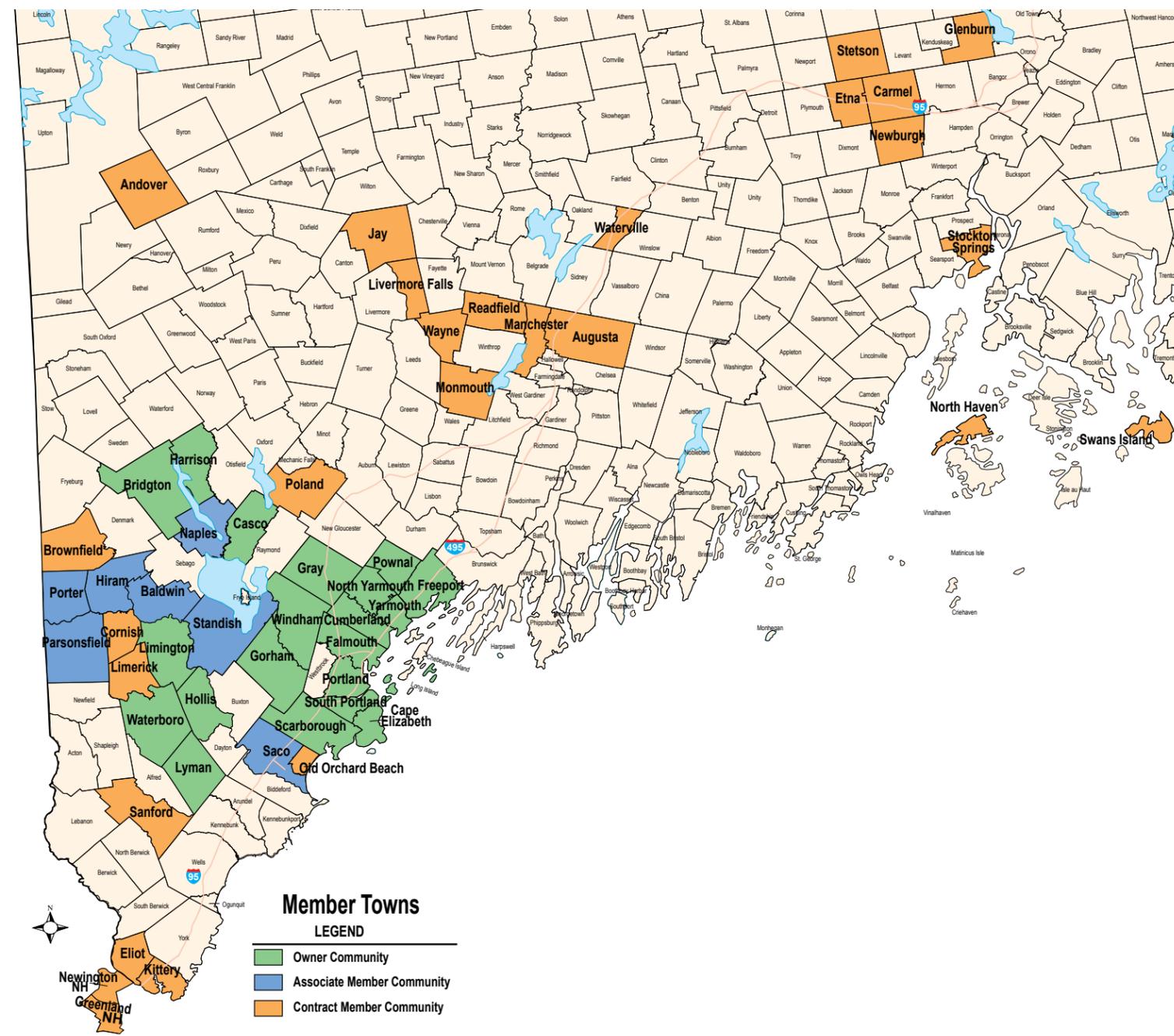


eco maine

“ecomaine is your *long term* sustainability partner ...
We are focused on excellence not just for today, but for
tomorrow —next week, next year, ten years from now.”

—Kevin Roche, CEO

ANNUAL REPORT
FISCAL YEAR 2015



ecomaine

provides comprehensive long-term solid waste solutions in a safe, environmentally responsible, economically sound manner, and is a leader in raising public awareness of sustainable waste management strategies.

ecomaine

mission statement

ecomaine board of directors - OFFICERS



“Member communities are now seeing the benefits of being a part of ecomaine. We have delivered on our promise to make financial relief a priority. We will continue to monitor and balance owner savings with the financial sustainability of ecomaine.”

—Jim Gailey, Chairman,
Board of Directors



Troy Moon, Portland
Vice Chair

Matthew Frank, Harrison
Treasurer

Mike Shaw, Scarborough
Secretary



Erik Street, Yarmouth
Chair, Recycling Committee

ecomaine board of directors



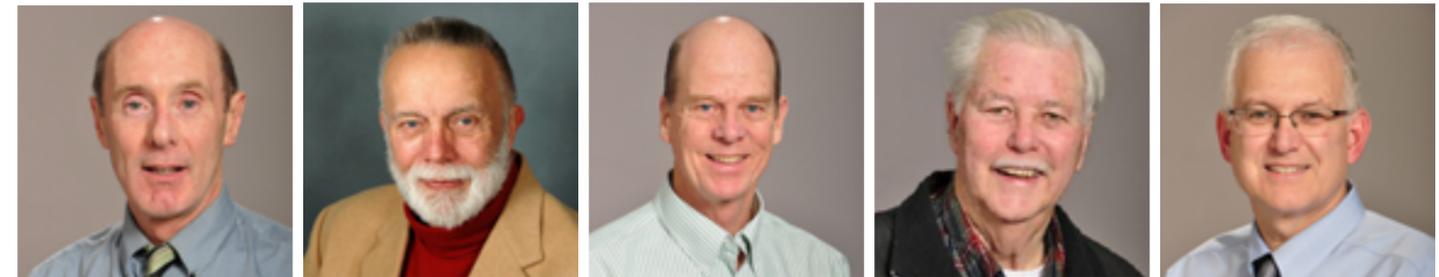
Michael McGovern,
Cape Elizabeth

David Morton, Casco

William Shane,
Cumberland

Caleb Hemphill, Falmouth

Rodney Regier, Freeport



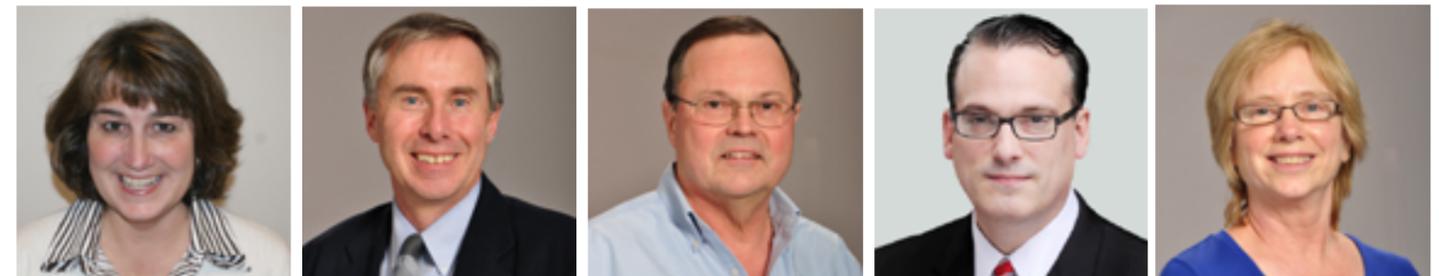
David Cole, Gorham

Len Van Gaasbeek, Hollis

Dennis Doughty, Limington

Richard Brobst,
North Yarmouth

Michael Bobinsky, Portland



Suzanne Knight, Portland

Edward Suslovic, Portland

Alan Bradstreet, Pownal

Shawn Babine,
Scarborough

Linda Boudreau,
South Portland



Maxine Beecher,
South Portland

Dennis Abbott, Waterboro

Anthony Plante, Windham

NOT PICTURED:
Deborah Cabana, Gray
Maureen McDevitt, Bridgton
John Tibbets, Lyman
Jamie Wagner, Cape Elizabeth



team ecomaine

ecomaine welcome



Kevin Roche, CEO

Dear Friends:

ecomaine is your long term sustainability partner. This promise is at the heart of our commitment to providing comprehensive, environmentally responsible and economically sound waste solutions. We are focused on excellence not just for today, but for tomorrow –next week, next year, ten years from now.

This long term vision is what sustains us during years like the one documented in this report, when prices dropped in the recycling commodities market and the annual outage work in the ecomaine Waste-To-Energy facility required more effort than anticipated. Despite these adverse conditions, we kept our promises.

In the 2014-2015 budget, the Board of Directors approved the complete elimination of Owner Member Assessment Fees and later approved a rebate

Keeping this promise to our communities did reduce our revenues. It also demonstrated our resolve.

to owner communities of \$1 million. These actions reduced annual costs for our owner members by \$5.7 million compared to 2011 and provided critical financial

relief. Keeping this promise to our communities did reduce our revenues. It also demonstrated our resolve. When we say we are your long term sustainability partner, *we mean it.*

Markets are cyclical and prices for recycled materials should come around. But we recognize that today's fiscal climate is fundamentally changed, and we continue to challenge ourselves to thrive without compromising the integrity of our services.

I am proud of the effort ecomaine employees put forward in these difficult times. In FY 2014-15, we handled a record amount of recycled material, processed more than 180,000 tons of municipal solid waste, maintained our certifications of environmental and occupational safety excellence, and expanded the reach of our educational outreach efforts.

More importantly, this growth is sustainable for the long term. We look forward to working with every ecomaine community to accomplishing even more in Fiscal Year 2015-16.

Kevin Roche
Chief Executive Officer
ecomaine

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ecomaine revenue and expenses

Fiscal Year 2015

	ACTUAL - PRIOR YEARS			CURRENT YEAR BUDGET VARIANCE			FY 14 vs. FY 15
	2012	2013	2014	Actual	Budget	Variance	Actual-Variance
OPERATING REVENUES							
Municipal assessments	\$4,442,000	\$3,442,000	\$2,942,000	\$(1,000,000)	\$0	\$(1,000,000)	\$(3,942,000)
Owners tipping fees	4,261,000	4,170,000	3,462,000	3,456,000	3,452,000	3,000	(7,000)
Assoc tipping fees	886,000	879,000	907,000	945,000	920,000	25,000	38,000
Contract tipping fees	162,000	272,000	283,000	296,000	274,000	21,000	12,000
Commercial tipping fees	5,662,000	5,809,000	5,194,000	5,114,000	5,264,000	(150,000)	(80,000)
Spot market tipping fees	2,254,000	2,291,000	2,009,000	2,009,000	1,650,000	359,000	(0)
Electrical generating revenues	3,707,000	3,752,000	4,570,000	4,617,000	4,504,000	113,000	47,000
Sales of recycled goods	3,694,000	2,808,000	3,434,000	2,956,000	2,837,000	119,000	(478,000)
Recycling tipping fees	42,000	68,000	104,000	131,000	70,000	61,000	27,000
Gorham property assessments	157,000	170,000	166,000	-	-	-	(166,000)
Other operating income	86,000	110,000	91,000	98,000	94,000	4,000	8,000
Total operating revenues	25,355,000	23,772,000	23,163,000	18,621,000	19,065,000	(444,000)	(4,542,000)
OPERATING EXPENSES							
Administrative expenses	2,433,000	2,447,000	2,531,000	2,632,000	2,594,000	(38,000)	(101,000)
Waste-to-energy operating expenses	8,693,000	9,019,000	9,412,000	9,222,000	9,807,000	585,000	190,000
Recycling operating expenses	1,780,000	1,652,000	2,017,000	2,088,000	2,088,000	(0)	(71,000)
Landfill/ashfill operating expenses	1,603,000	1,570,000	1,601,000	1,802,000	1,744,000	(58,000)	(202,000)
Contingency	-	-	-	-	200,000	200,000	-
Landfill closure & postclosure care costs	277,000	258,000	240,000	260,000	258,000	(2,000)	(20,000)
Post-retirement benefit- Health Care	-	-	95,000	50,000	95,000	45,000	46,000
Depreciation & amortization	3,808,000	4,015,000	4,195,000	3,805,000	3,900,000	95,000	390,000
Total operating expenses	18,594,000	18,961,000	20,092,000	19,859,000	20,686,000	827,000	232,000
NET OPERATING INCOME	6,761,000	4,811,000	3,071,000	(1,238,000)	(1,621,000)	383,000	(4,310,000)
NON-OPERATING INCOME (EXPENSE)							
Interest income	59,000	71,000	43,000	48,000	40,000	8,000	5,000
Investment income	-	-	-	71,000	-	71,000	71,000
Interest expense	(113,000)	(0)	1,000	0	-	0	(0)
Misc. Income / (Expenses)	3,000	87,000	54,000	83,000	(5,000)	88,000	29,000
Net non-operating	(51,000)	158,000	98,000	203,000	35,000	168,000	105,000
TOTAL REVENUE LESS EXPENSE	\$6,710,000	\$4,969,000	\$3,169,000	(\$1,035,000)	(\$1,586,000)	\$551,000	(\$4,204,000)



Financial relief and competitive rates.

From an administrative perspective, the recently concluded fiscal year represents uncharted waters for ecomaine; as of July 1, 2014, ecomaine owner member communities no longer paid Assessment Fees. This was in addition to the reduction in Tipping Fees the year before.

These reductions, precipitated by the early retirement of ecomaine's long-term debt, left ecomaine well positioned to remain competitive in an increasingly price-sensitive market. They also allowed the Board

of Directors to provide a critical measure of financial relief to our owner communities, with revenue rebates, which were issued in October 2014.

However, it must be noted that the elimination of these fees also reduced operating revenues. Including the \$1 million rebated back to ecomaine communities in FY 2015, annual operating revenues declined by \$5.7 million since 2011.

ecomaine capital projects: investing in the future



Each year, ecomaine undertakes a number of capital projects to ensure the continued, efficient operation of mission-critical facilities and equipment.



critical upgrades
to key components of
waste-to-energy



upgrades to
software and servers



construction of new
scale house

At the Waste-To-Energy facility, these projects included several large-scale efforts, specifically: a complete steam turbine overhaul, which must be done every five to seven years, a replacement of both boiler secondary superheaters, and continued work on the environmental system.

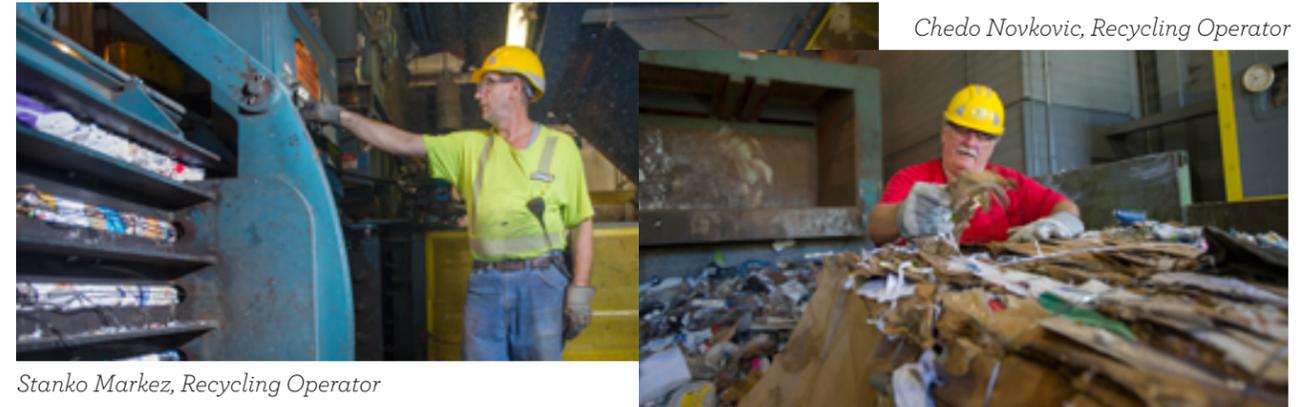
Key projects at the ecomaine Ashfill/Landfill facility included a new fence to control litter, the replacement of equipment used to move materials and the acquisition of additional land as a buffer around the facility.

In the administrative area, we are in the process of replacing and upgrading software and computer servers; we have also begun the process of replacing the scale house, a 27-year-old structure.

The cost associated with these projects exceeded the budgeted amount by \$1.3 million, with the majority of this overrun due to the larger-than-expected costs associated with both the turbine overhaul and the secondary superheater replacements at the ecomaine WTE facility.

Finally, it should be noted that as a result of declining revenues and the increased costs, our cash on hand has declined by \$2.8 million, from \$29.3 million in FY 2014 to \$26.5 million in FY 2015.

ecomaine environmental / occupational safety



Stanko Markez, Recycling Operator

Chedo Novkovic, Recycling Operator

All three ecomaine facilities – Recycling, WTE and the Ashfill/Landfill – were recommended by independent auditors for recertification in compliance with OHSAS 18001 and ISO 14001 standards.

The OHSAS 18001 standard is an internationally accepted assessment of occupational health and safety management systems. Developed by leading trade and international standards bodies, it outlines proper and effective management of health and safety in the workplace. Maintaining the OHSAS 18001 standard reduces workforce accidents, generating significant cost savings.

The ISO 14001 protocol is an internationally accepted standard outlining effective environmental management systems. Ongoing recertification requires compliance with strict requirements, incorporating processes and procedures intended to reduce environmental impacts, and detailed reporting confirming the system is in place and functioning throughout the year.

Our Environmental Management System continuously seeks to reduce the impact of our operations on our local ecosystem through complete environmental compliance. We dedicate mission-critical resources to meet and exceed permit requirements, prevent pollution and providing environmental and safety-related education for our employees.

In May, we received a renewed Air Permit from the Maine Department of Environmental Protection, certifying that the ecomaine WTE facility remains in compliance with state clean-air regulations. In addition, Maine DEP's Bureau of Solid Waste, Remediation and Waste Management also certified ecomaine to dispose of pharmaceuticals and personal care products as part of daily business. As a result, we can now offer this service to all our communities.

In March, the U.S. Department of Agriculture approved ecomaine's status as a facility safely able to process international waste, allowing ecomaine to receive waste from the many cruise ships that dock in Portland.



OHSAS 18001
recertification for
occupational safety
and ISO 14001
recertification for
environmental safety



Maine DEP clean air and
pharmaceutical disposal
certifications renewed



USDA approval
to process
international waste

ecomaine recycling and metals mining



Edwin Scott, Mechanic

FY 2015 was a record year for ecomaine recycling, with respect to tons processed.

Recycling tons increased for the third year in a row, from 41,968 in FY 2014 to 43,667 in FY 2015, an increase of 4 percent.

Nonetheless, overall recycling revenues were unfavorable for the year and declined from FY 2014 as a result of a sustained downturn in prices in the recycling commodities market, from \$3.5 million to \$3.1 million.

In March 2011, ecomaine signed a three-year licensing agreement with RMP-EM for the recovery of metals in the ashfill/landfill, and excavation began in November 2011. The license was extended for an additional 18 months in September 2013, and the operator submitted a "Notice of Termination of License Agreement," on March 31, 2015. The final shipment of recovered metal was sent on April 3, 2015.

The metal recovery program was a strong success and provided a number of positive outcomes for ecomaine: 38,000 tons of ferrous and non-ferrous metals were recovered. As a result of this recovery, ecomaine realized revenues of \$329,000 and gained nearly 17,000 cubic yards of airspace, valued at \$338,000, at the facility. The recovered airspace extended the estimated life of the ashfill/landfill facility by approximately six months.



third straight year of inbound recycling tonnage increases

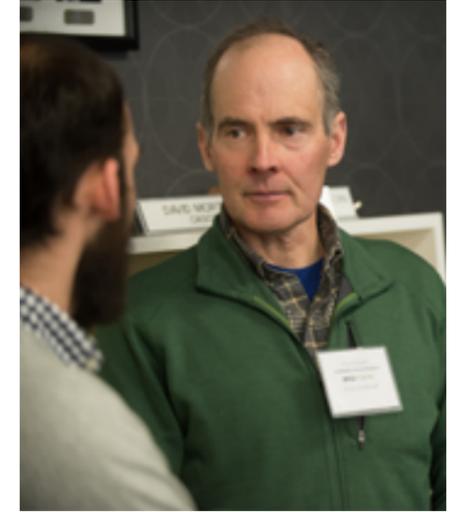
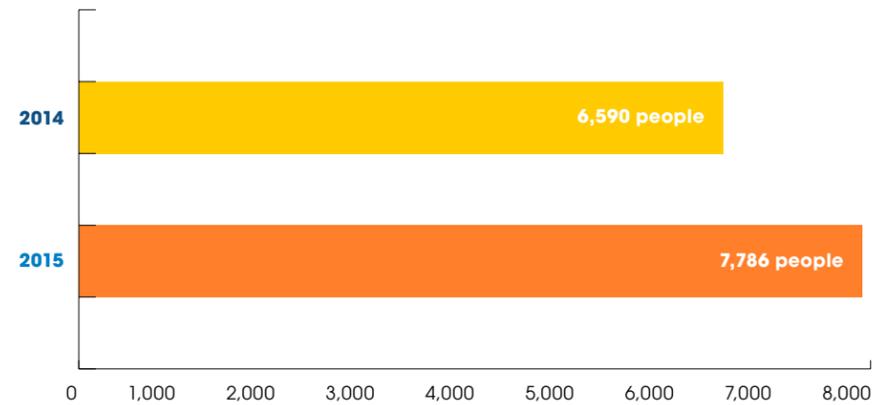


metal recovery program finishes strong

ecomaine education and outreach

Raising awareness about sustainable waste management strategies is a core component of our mission.

It is also an important distinction in a competitive business environment—a value-added service that not many provide. In FY 2015, our education and outreach programs (tours, presentations and events) reached 7,786 people—an 18 percent increase over the previous year.



Caleb Hemphill, Board of Directors

We have developed and implemented an effective set of communications and outreach tools, reaching key audience segments with core messaging around sustainability and the Waste Hierarchy. We reimagined how we present information on our website and through social media. We reconfigured the website design to increase access and engagement with mission-critical information about who we are, what we do and how we do it, and used social media to drive traffic to the site, where we present our core messaging in deeper context and in greater detail.

ecomaine integrated a new social media platform, Instagram, into our suite of social media tools, complementing content on Facebook, Twitter and YouTube. We have successfully used these tools to engage with tens of thousands of people within our service area. Many of these people, particularly the younger demographics, are difficult to reach via traditional media. The ecomaine Facebook page alone reached more than 90,000 people in FY 2015, with 41 percent of this audience between the ages of 18 - 35.

As a result, we saw positive movement in key metrics relating to our website: in FY 2015 the number of visits to the ecomaine website increased by 39 percent over FY 2014, from 22,922 to 31,980; the number of pages viewed increased by 25 percent, from 82,403 to 103,098 during the same time period.



ecomaine adds instagram feed



unique visits and pageviews jump at ecomaine.org



7,786 people learned about or visited ecomaine this year



new, high impact educational materials



taking advantage of earned media

Beyond the digital realm, we also created a suite of outreach materials to help people who live and work in ecomaine communities learn more about what and what not to recycle in their blue bins. These materials, which can be downloaded from the ecomaine website, are fully customizable and available on demand to any ecomaine community.

We also emphasized our approach to earned media – the stories we see each day in the newspaper and on television newscasts. This coverage represents important opportunities to tell our story and underscores our core messages, and while social media audiences have grown dramatically in the recent past, traditional media still reaches an older demographic and drives traffic to our online content.

In FY 2015, we reinforced working relationships with media outlets and journalists throughout the ecomaine service area, consistently identifying entry points for members of the media to either directly report news generated by ecomaine or use ecomaine voices to provide context for news external to ecomaine.

As a result, we generated 98 earned media clips during the period from July 1, 2014, to June 30, 2015. This coverage appeared in daily and weekly newspapers, each of the television stations that serve the Portland metro area media market, radio stations, trade publications and a number of out-of-market outlets as well.

Many of these stories were generated by events hosted by ecomaine, such as the School Grants program and the annual eco-Excellence Awards. However, it is worth noting that we were able to ensure the ecomaine voice was heard clearly and consistently in stories driven by external circumstances as well – for example, during the public policy debate that took place in Portland around the proposed, now enacted, legislation to levy a fee on the use of plastic bags.



Denise Mungen, Executive Assistant



Looking Forward

In conclusion, FY 2015 must be viewed as a strong year for ecomaine, a year in which we met the difficult challenges as they emerged and continued to make one of our highest priorities – providing financial relief to our owner communities – a reality.

More importantly, we positioned ecomaine to remain strong well into the future, reinforcing our capacity to continue providing safe, environmentally responsible, economically sound and sustainable municipal solid waste solutions today, tomorrow and for years to come.

We look forward to working with all the ecomaine communities in the coming Fiscal Year in service to our mission, with an emphasis on fiscal responsibility and environmental sustainability.



ecomaine statement of cash balances
June 2015

	2012	2013	2014	BUDGET FY 2015	ACTUAL FY 2015
CASH, BEGINNING OF PERIOD	\$21,968,000	\$23,928,000	\$23,060,000	\$27,609,000	\$29,317,000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net operating income	6,761,000	4,811,000	3,071,000	(1,621,000)	(1,238,000)
Add back: depreciation	3,808,000	4,015,000	4,195,000	3,900,000	3,805,000
Add back: landfill closure costs	277,000	258,000	240,000	258,000	260,000
Add back: Post Retirement Benefit	-	-	95,000	95,000	50,000
Other working capital changes	385,000	(711,000)	669,000	-	(41,000)
Net cash provided	11,231,000	8,373,000	8,270,000	2,632,000	2,835,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bank loan	-	-	-	-	-
Payment of interest	(113,000)	-	1,000	-	0
Repayment of long-term debt	(6,630,000)	(4,560,000)	-	-	-
Repayment of capital leases	-	-	-	-	-
Net cash used	(6,743,000)	(4,560,000)	1,000	-	0
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of interest	59,000	71,000	43,000	0	48,000
Investment income	-	-	-	-	71,000
Capital expenditures	(2,587,000)	(4,752,000)	(2,058,000)	(4,461,000)	(5,761,000)
Net cash used in investing	(2,528,000)	(4,681,000)	(2,015,000)	(4,461,000)	(5,642,000)
NET INCREASE (DECREASE)	1,960,000	(868,000)	6,256,000	(1,829,000)	(2,806,000)
CASH, END OF PERIOD	\$23,928,000	\$23,060,000	\$29,317,000	\$25,780,000	\$26,510,000

ecomaine balance sheet summary
June 2015

	2012	2013	2014	2015
ASSETS				
Current Assets				
Balance Operating Cash	\$11,801,000	\$19,182,000	\$23,060,000	\$6,298,000
Cash, Held By Trustee For Debt Payments	6,875,000	2,947,000	-	-
Accounts Receivable	2,274,000	1,983,000	1,884,000	1,943,000
Inventory	2,128,000	2,362,000	2,554,000	2,488,000
Prepaid Expenses	244,000	193,000	232,000	190,000
Total Current Assets	23,322,000	26,667,000	27,730,000	10,919,000
Property, Plant & Equipment	124,466,000	128,976,000	130,999,000	136,801,000
Less: Accumulated Depreciation	94,050,000	97,792,000	101,917,000	105,722,000
Net Property, Plant & Equipment	30,416,000	31,184,000	29,082,000	31,079,000
Debt Service Reserve	1,800,000	-	-	-
Cash Reserve Accounts	-	-	-	20,212,000
Gorham Property	1,500,000	1,500,000	1,500,000	1,500,000
Total Assets	57,039,000	59,350,000	58,313,000	63,710,000
LIABILITIES				
Current Liabilities				
Accounts Payable	894,000	130,000	598,000	50,000
Accrued Expenses	681,000	497,000	782,000	1,148,000
Accrued Compensated Absences	830,000	902,000	931,000	980,000
Current Portion of Long Term Debt	4,560,000	-	-	-
Total Current Liabilities	6,965,000	1,529,000	2,311,000	2,178,000
Other Liabilities				
Accrued Landfill Close & Post Close costs	15,694,000	15,952,000	16,192,000	16,452,000
Accrued Post-Retirement Benefit - Health Care	295,000	295,000	390,000	440,000
Total Liabilities	22,954,000	17,775,000	18,893,000	19,070,000
NET ASSETS (EQUITY)				
Restricted - Debt Service Reserve	1,800,000	-	-	-
Total Restricted Reserves	1,800,000	-	-	-
Capital Reserves	-	-	-	-
Total Designated Reserves	-	-	-	-
Fund Balance (Retained Earnings)	29,028,000	37,538,000	42,507,000	45,676,000
Revenues Less Expenses (Current Year)	6,710,000	4,969,000	3,169,000	(1,035,000)
Total Fund Balance (Retained Earnings)	35,738,000	42,507,000	45,676,000	44,577,000
Total Net Assets (Equity)	\$37,538,000	\$42,507,000	\$45,676,000	\$44,641,000

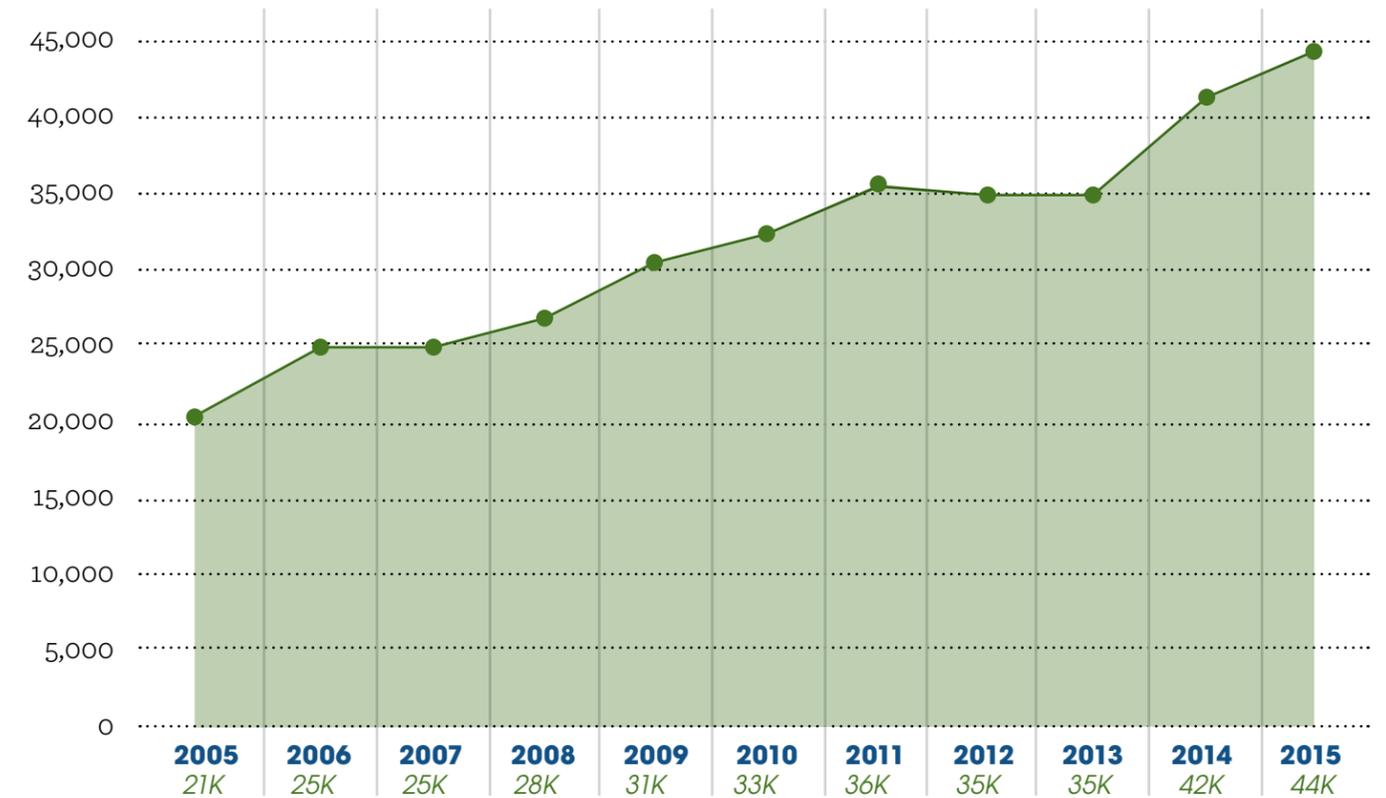
ecomaine revenues on recyclables and energy

FY 2015

	2012	2013	2014	2015
MSW REVENUE				
Total Tons	171,911	175,692	181,309	180,587
Total Revenue	\$13,225,000	\$13,421,000	\$11,855,000	\$11,819,000
Average \$ / Ton	\$76.93	\$76.39	\$65.39	\$65.45
RECYCLING REVENUE				
Total Inbound Tons	34,928	35,141	41,968	43,667
Total Revenue	\$3,737,000	\$2,876,000	\$3,538,000	\$3,087,000
Average \$ / Ton Outbound (incl. glass / metals)	\$99.06	\$61.59	\$62.22	\$61.84
Average \$ / Inbound - Revenue / Cost Sharing	\$106.55	\$73.78	\$70.18	\$61.63
ENERGY				
MWH's Sold	84,762	90,001	86,562	77,551
Total Revenue	\$3,707,000	\$3,752,000	\$4,570,000	\$4,617,000
Average \$ / MWH	\$43.74	\$41.69	\$52.79	\$59.53

ecomaine inbound recycling tons

This was a record year for inbound recycling tons, up 110% since 2005.



Mark Dolloff, Operations Supervisor

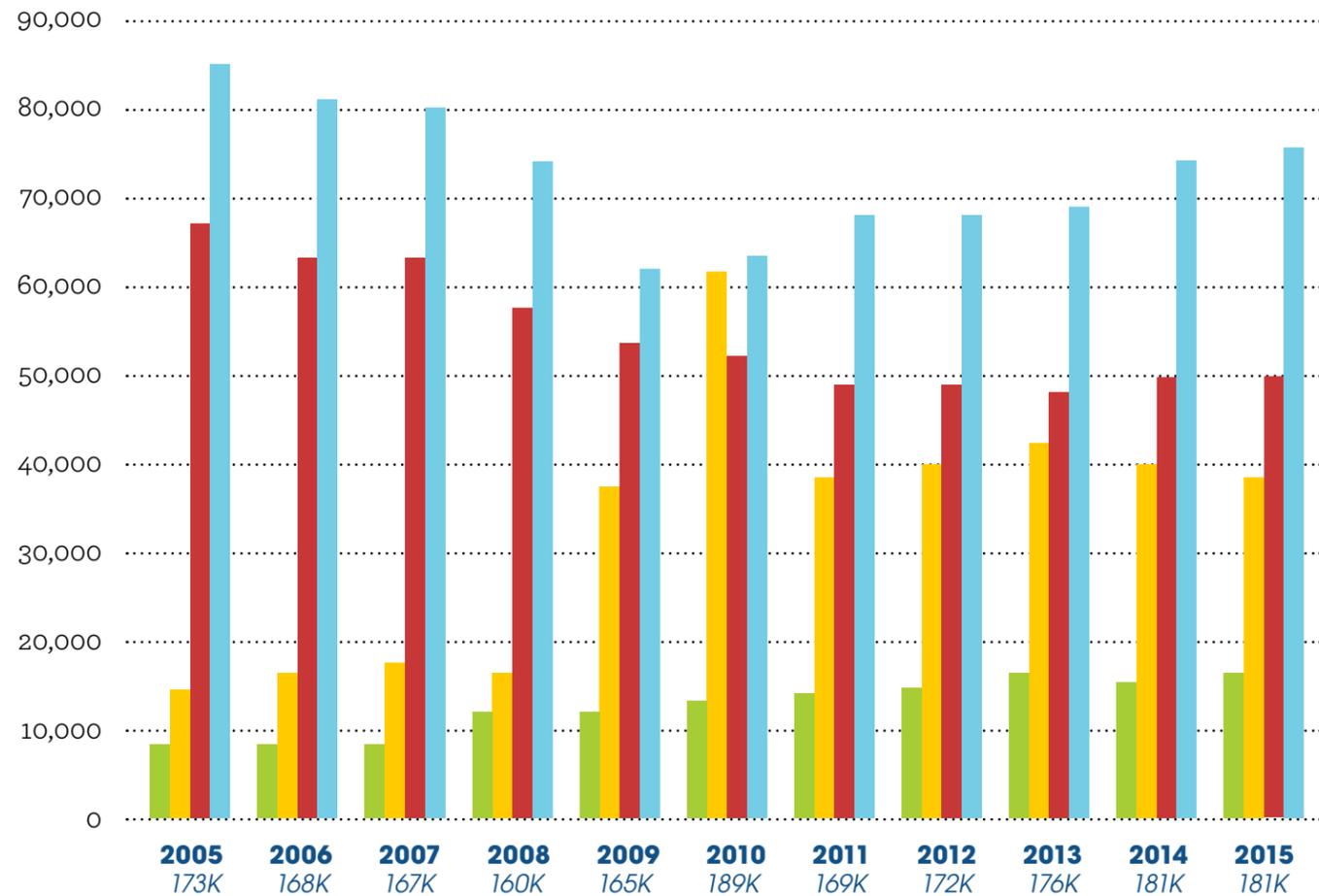
AVERAGE PRICE PER TON IN THE RECYCLING MARKET

Recycling markets saw strong downward pressure in FY15.



ecomaine waste tonnage

Overall solid waste tons held steady in FY15 after four years of increases.



Spot Market

38,000 tons in FY15

While Spot Market tons decreased in FY 2015 by almost 5%, they have still increased 171% in the last ten years.

Owner Community

50,000 tons in FY15

Owner Community tons held steady in FY15, but are still down 26% over the last ten years.

Commercial

76,000 tons in FY15

Commercial tons increased slightly in FY15, down 11% over the last ten years.

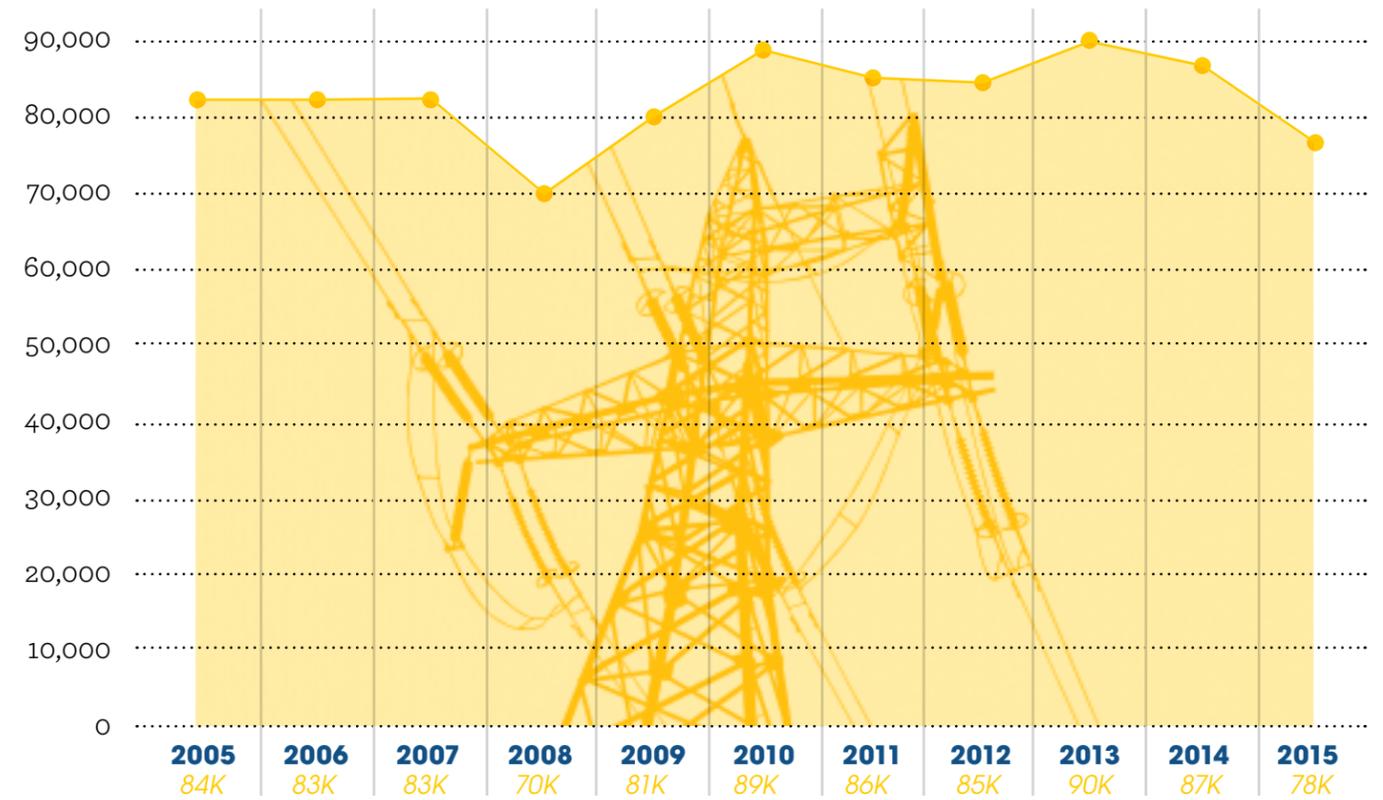
Associate/Contract

17,000 tons in FY15

Associate and Contract tons decreased slightly but have remained relatively steady overall.

ecomaine annual electricity sales

The amount of electricity sold in FY2015 declined due to turbine overhaul (same as in FY2008).



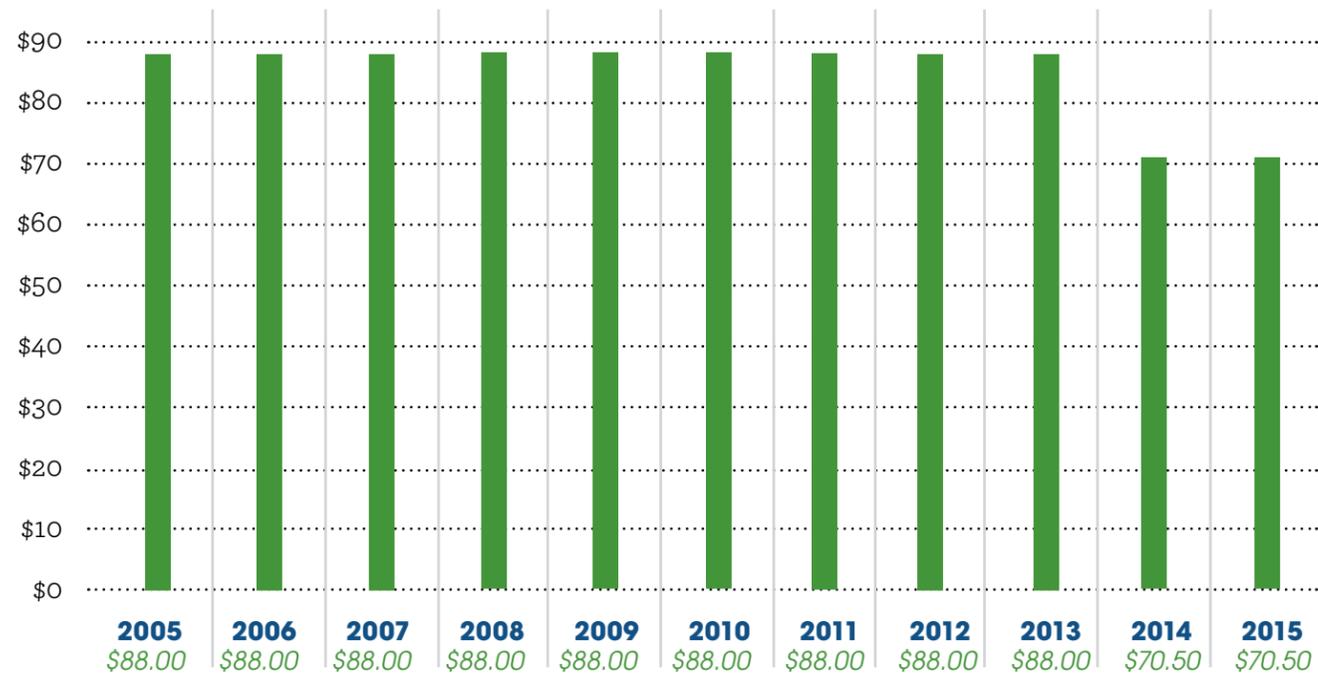
AVERAGE PRICE PER MHW OF ELECTRICITY

The decline in sales volume was offset by a 13% increase in sale price.



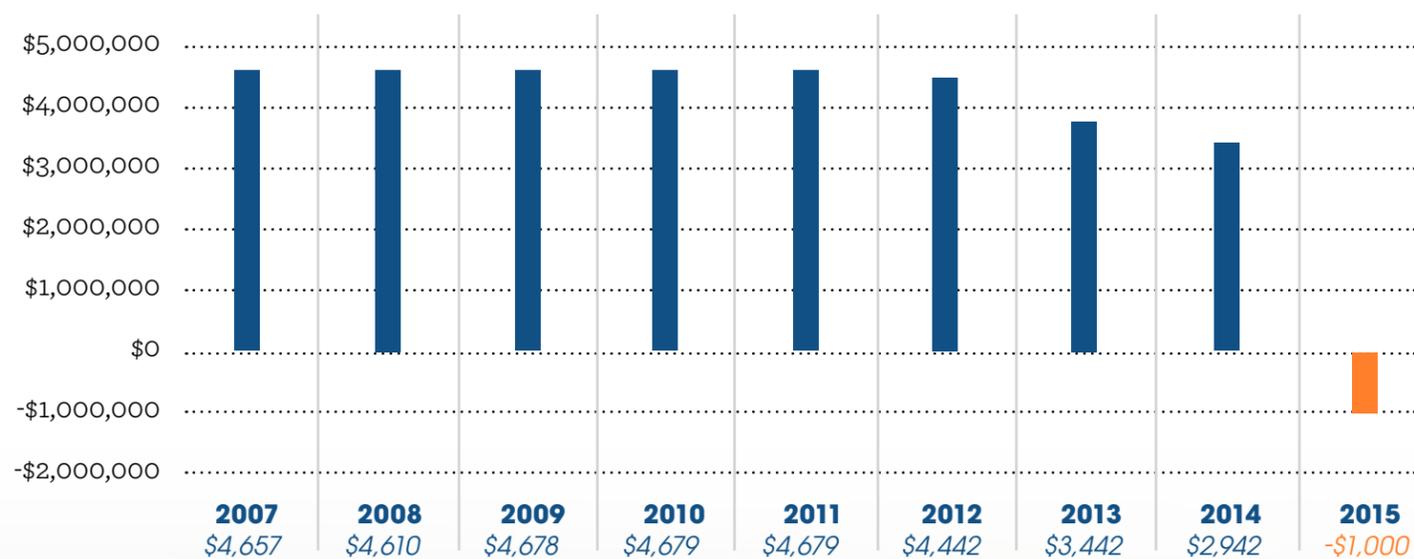
ecomaine annual tipping fees

Tipping fees for owner communities, reduced by 20% in FY14, held steady.



REBATES AND ASSESSMENTS

Eliminating assessment fees and rebates reduced owner community costs by \$5.7 million compared to FY11.



Carolyn Knights
1965 - 2015

On Sept. 14, 2015, our friend and colleague, Carolyn Knights passed away.

Carolyn joined ecomaine in 2012, and was an important member of our family. As Human Resources Accountant, Carolyn handled our HR, payroll and other accounting responsibilities, but those of us who worked with her know she was much more than her title would indicate.

Almost everyone at ecomaine stopped by Carolyn's office at one time or another—to straighten out a payroll snafu, get information about the Wellness Program, to make changes to a benefit. Carolyn treated everyone with dignity, respect and professionalism.

Carolyn was instrumental in the implementation of our Wellness program, and she personally made sure that all staff members, regardless of which shifts they worked, had access to a steady stream of Lunch & Learns on a variety of topics to help us stay on track and lead healthier, longer lives. She also played a key role in our transition to a new insurance plan, helping to ensure that the changes were as seamless as possible and answering everyone's many questions quickly and accurately.

These were not easy tasks. Yet through it all, Carolyn remained extraordinarily generous, working with each employee to ensure that everything went smoothly.

Personally, I can scarcely believe she's gone. Each time I walk by the door to her office, I still expect to see her hard at work, handling some of our most critical internal operations with her customary grace and attention to detail. It is hard to accept and understand, and we are all diminished by her absence. She will be deeply missed.

Kevin Roche, Chief Executive Officer & General Manager



ecomaine

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