



## Memorandum

**DATE:** November 13<sup>th</sup>, 2014  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Agenda for the Finance Committee Meeting  
November 20<sup>th</sup>, 2014 @ 2: 30 PM

There is an **ecomaine Finance Committee Meeting** scheduled for the date noted above. The agenda for this meeting is as follows:

1. Approval of Minutes (**Attachment A**)
2. Introduction and Presentation by **HM Payson – Daniel Lay & William N. Weickert, Jr. Managing Directors**
3. Cash Disbursement Review
  - Current Review of Cash Disbursements (*sent under separate cover*)
4. Update on Procurement Process
5. Review of Financial Statements FY 15 (October YTD)
  - Statement of Revenues and Expenses (**Attachment B1**)
  - Statistical Data (**Attachment B2**)
  - Balance Sheet (**Attachment B3**)
  - Status of Accounts Receivable (**Attachment B4**)
  - Statement of Cash Balances (**Attachment B5**)
  - Capital Expenditures (**Attachment B6**)
6. Future Meetings:
  - Recycling Committee Meeting: December 4<sup>th</sup>, 2014 (Thursday) @ 4:00 PM
  - Executive Committee Meeting: December 18<sup>th</sup>, 2014 (Thursday) @ 4:00 PM
  - Finance Committee Meeting: January 15<sup>th</sup>, 2015 (Thursday) @ 2:30 PM
  - Full Board Meeting: January 15<sup>th</sup>, 2015 (Thursday) @ 4:00 PM
  - Recycling Committee Meeting: January 29<sup>th</sup>, 2015 (Thursday) @ 4:00 PM
  - Executive Committee Meeting: February 10<sup>th</sup>, 2015 (Thursday) @ 4:00 PM
  - Recycling Committee Meeting: February 26<sup>th</sup>, 2015 (Thursday) @ 4:00 PM

**DATE:** September 19<sup>th</sup>, 2014  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Finance Committee Minutes – September 18<sup>th</sup>, 2014

There was an **ecomaine Finance Committee Meeting** held on the date noted above @ **ecomaine**. The meeting was called to order at 2:35 by Matthew Frank, Chairman.

The following items were discussed:

1. Approval of the May 20<sup>th</sup>, 2014, Finance Committee Minutes
2. Presentation: – Steve Eddy – Investment Management & Consulting Group (IMCG)
3. Cash Disbursement Review
4. Review of Financial Statements FY 14/FY 15 & Five Year Projections
5. Landfill Close Post/Close Reserve

#### **Item #1: - Minutes**

Troy Moon motioned to accept the minutes as written. The motion was seconded by David Cole and unanimously approved by the members of the Finance Committee.

#### **Item #2: - Presentation – Steve Eddy – Investment Management & Consulting Group**

Steve Eddy provided an overview of the Request for Proposal (RFP) process and results. A motion was made by David Cole and seconded by Rod Regier to recommend to the Full board, HM Payson (as the investment advisor). Recommendation approved unanimously with William "Bill" Shane abstaining.

Questions were raised to Staff regarding the Tax implications as a result of returns on cash balances and answers will be sent out under separate cover.

#### **Item #3: - Cash Disbursements**

Cash Disbursements documents reviewed with no significant issues noted.

#### **Item #4: - Financial Statements - FY 14/FY 15**

Staff reviewed and discussed FY 14 financials. Staff reviewed projections of cash flow for FY 15 and the 5 year plan and made the following recommendations:

1. Provide Owner Communities a total of \$1 Million in Rebates in October 2014.
2. Establish a Recycling Revenue and Cost Sharing Reserve totaling \$500,000.

Motioned moved by Troy Moon and seconded by Len Van Gaasbeek to recommend both to the Board.

Discussions arose with a recommendation from William "Bill" Shane to increase rebate amount to \$1.5 Million, seconded by David Cole. A vote was taken on the increase and defeated by 5/2 against the proposed increase. The original motion was then approved unanimously.

The Board of Directors may wish to go into Executive Session for any of the above items under Section 405 of Title 1 of the Maine Revised Statutes ([per the following legislative website: http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html](http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html).)

11/13/2014

**Item #5: - Landfill Post Close Reserve**

There was continued discussion by the committee regarding funding for the Landfill Close/Post Close Reserve. It was recommended to continue adding \$850,000 to the post close reserve fund. Troy Moon moved to approve and the motioned was seconded by Jim Gailey. The motion was approved unanimously.

Len Van Gaasbeek motioned adjournment and was seconded by David Cole, all were in favor and the meeting was adjourned.

**Present:**

David Cole  
Matthew Frank  
Jim Gailey  
Troy Moon  
Rod Regier  
William "Bill" Shane  
Len Van Gaasbeek

**Absent:**

Dennis Abbott  
Michael Bobinsky  
Anthony Plante  
Michael Shaw

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## Statement of Revenue &amp; Expenses October 2014 (FY2015)

\$000's

	Actual - Prior Years YTD			Current Year To Date			FY15 to FY14 Variance
	2012	2013	2014	Actual	Budget	Variance	
<b>Operating revenues</b>							
Municipal assessments & rebates	\$ 1,481	\$ 1,147	\$ 981	\$ (1,000)	\$ -	\$ (1,000)	\$ (1,981)
Owners tipping fees	1,549	1,527	1,260	1,269	1,151	118	9
Assoc tipping fees	333	318	333	344	307	37	11
Contract tipping fees	66	109	105	108	91	17	3
Commercial tipping fees	2,066	2,087	1,900	1,947	1,755	192	47
Spot market tipping fees	815	1,020	778	797	550	247	19
Electrical generating revenues	1,474	1,117	1,408	1,392	1,357	36	(16)
Sales of recycled goods	1,612	858	1,320	1,116	946	170	(204)
Recycling tipping fees	14	29	46	38	23	14	(8)
Gorham property assessments	33	69	55	-	-	-	(55)
Other operating income	28	29	29	32	31	0	2
<b>Total operating revenues</b>	<b>9,469</b>	<b>8,312</b>	<b>8,215</b>	<b>6,043</b>	<b>6,211</b>	<b>(167)</b>	<b>(2,172)</b>
<b>Operating expenses</b>							
Administrative expenses	798	781	861	909	909	0	(47)
Waste-to-energy operating expenses	2,341	2,644	2,575	2,590	2,898	308	(15)
Recycling operating expenses	534	535	727	655	701	47	72
Landfill/ashfill operating expenses	485	520	500	540	587	48	(40)
Contingency	-	-	-	-	67	67	-
Landfill closure & postclosure care costs	93	92	86	80	86	6	6
Post-retirement benefit- Health Care			32	19	32	12	13
Depreciation & amortization	1,367	1,400	1,407	1,222	1,300	78	185
<b>Total operating expenses</b>	<b>5,617</b>	<b>5,972</b>	<b>6,189</b>	<b>6,014</b>	<b>6,579</b>	<b>565</b>	<b>174</b>
<b>Net operating income</b>	<b>3,852</b>	<b>2,340</b>	<b>2,026</b>	<b>29</b>	<b>(369)</b>	<b>398</b>	<b>(1,997)</b>
<b>Non-operating income (expense)</b>							
Interest income	15	25	26	22	13	9	(4)
Interest expense	(37)	(1)	(0)	1	-	1	1
Misc. Income / (Expenses)	-	3	2	(0)	(2)	1	(2)
<b>Net non-operating</b>	<b>(23)</b>	<b>28</b>	<b>27</b>	<b>22</b>	<b>12</b>	<b>11</b>	<b>(5)</b>
<b>Total Revenue Less Expenses</b>	<b>\$3,829</b>	<b>\$2,368</b>	<b>\$2,054</b>	<b>\$51</b>	<b>-\$357</b>	<b>\$408</b>	<b>(2,002)</b>

(ATTACHMENT B2)

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Statistical Data October 2014 (FY2015)

	Actual - YTD		2014		Year to Date 2015		Year to Date Vs. Last Yr		
	2012	2013	2014	Actual	Budget	Units	Var - Fav / (Unfav)	Units	%
<b>MSW - Tons</b>									
Owner	17,874	17,564	17,943	18,319	16,386	1,933	11.8%	376	2.1%
Associate	4,253	3,964	4,099	4,148	3,776	372	9.9%	49	1.2%
Contract	1,370	2,186	1,929	1,945	1,669	276	16.6%	16	0.8%
Commercial	24,042	24,960	27,583	28,524	25,445	3,079	12.1%	941	3.4%
Spot	14,019	17,369	15,476	14,745	11,000	3,745	34.0%	(731)	-4.7%
Total MSW	61,558	66,043	67,030	67,681	58,275	9,406	16.1%	651	1.0%
<b>Recycle - Tons</b>									
Inbound - MRF only	12,179	12,286	16,027	15,349	12,333	3,016	24.5%	(678)	-4.2%
Outbound- MRF only	10,939	11,057	14,426	13,619	10,641	2,978	28.0%	(808)	-5.6%
Outbound- Post Burn	707	1,396	1,902	1,125	1,533	(408)	-26.6%	(778)	-40.9%
Outbound- Landfill Metal Mining	-	2,561	5,548	3,861	5,000	(1,139)	-22.8%	(1,686)	-30.4%
Outbound Total	11,646	15,014	21,876	18,605	17,174	1,431	8.3%	(3,271)	-15.0%
<b>MSW - Revenue \$ /Ton</b>									
Owner	\$86.68	\$86.95	\$70.23	\$69.27	\$70.23	-\$0.96	-1.4%	(0.96)	-1.4%
Associate	78.18	80.34	81.21	82.88	81.18	1.70	2.1%	1.67	2.1%
Contract	47.89	49.90	54.56	55.76	54.78	0.97	1.8%	1.20	2.2%
Commercial	85.92	83.62	68.87	68.25	68.96	(0.71)	-1.0%	(0.62)	-0.9%
Spot	58.14	58.71	50.30	54.08	50.00	4.08	8.2%	3.78	7.5%
Total MSW	\$78.43	\$76.64	\$65.29	\$65.98	\$66.13	(0.15)	-0.2%	0.69	1.1%
<b>Recycle - Revenue \$</b>									
\$/Ton Outbound (Includes glass/metals)	\$139.55	\$59.13	\$62.42	\$62.00	\$56.42	\$5.58	9.9%	-\$0.41	-0.7%
\$/Ton Inbound- Rev/Cost Sharing	\$133.31	\$71.83	\$70.11	\$64.46	\$63.13	\$1.33	2.1%	-\$5.65	-8.1%
<b>Energy</b>									
MWH's Sold	30,806	31,265	32,037	31,641	30,876	765	2.5%	(396)	-1.2%
\$/MWH	\$47.84	\$35.74	\$43.96	\$44.01	\$43.94	\$0.07	0.2%	\$0.05	0.1%
Steam Plant Capacity Factor %	89.8%	91.3%	92.6%	91.0%					
Average Boiler Availability %	96.5%	97.4%	98.6%	95.7%					
Steam Plant Capacity Utilization %	93.1%	93.7%	93.9%	95.1%					
Power Capacity Factor %	86.6%	86.0%	88.6%	87.9%					
Power Sold - % of Capacity to Sell	86.2%	87.5%	89.7%	88.6%	88.7%				

**Steam Plant Capacity Factor %** - Steam to the turbine from the two boilers as a % of the total unadjusted capacity (144,000 lbs/hour for time in period with no down time)  
**Average Boiler Availability %** - Percent of hours that boilers are available to burn MSW during period - reflects time out of service for boilers due to equipment problems  
**Steam Plant Capacity Utilization %** - Steam to the turbine from the two boilers as a % of the adjusted capacity (144,000 lbs/hour for time in period less time not on MSW)  
**Power Capacity Factor %** - Actual power produced (MWH's) by the turbine as a % of the rated capacity (14.1 MW's) for all hours in the period  
**Power Sold - % of Capacity to Sell** - Power sold (MWH's) on grid as a % of the power available to sell (generation net of internal load -- 12.1 MW's) for the given time period  
**Revenue Share 'break even' is between \$80-85** -- when average revenue per ton falls below \$80, a payment is required by owners to ecomaine & when average revenue per ton exceeds \$85 a payment is paid by ecomaine to owners.

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Balance Sheet October 2014 (FY2015)  
\$000's

	Year End Actuals @ 6/30		FY 2015 October	Reserves per policy	Target
	2012	2013			
<b>Assets</b>					
Current Assets					
Balance Operating Cash	\$ 3,580	\$ 6,602	\$ 10,844	\$ 11,551	\$ -
Cash Reserve, Operating	7,500	7,500	8,160	8,160	8,160
Cash Reserve, Short Term Capital	3,251	3,253	3,255	3,259	3,250
Cash Reserve, Long Term Capital	4,001	4,004	4,006	4,010	4,000
Cash Reserve, Landfill Close/Post Close	850	1,701	3,052	3,056	2,217
Cash, Held By Trustee For Debt Payments	6,875	2,947	-	-	-
Accounts Receivable	2,274	1,983	1,884	1,755	-
Inventory	2,128	2,362	2,554	2,554	-
Prepaid Expenses	244	193	232	224	-
Total Current Assets	30,703	30,546	33,987	34,570	-
Property, Plant & Equipment	124,466	128,976	130,999	131,368	-
Less: Accumulated Depreciation	94,050	97,792	101,917	103,139	-
Net Property, Plant and Equipment	30,416	31,184	29,082	28,229	-
Debt Service Reserve	1,800	-	-	-	-
Gorham Property	1,500	1,500	1,500	1,500	-
Total Assets	64,420	63,229	64,569	64,299	-
<b>Liabilities</b>					
Current Liabilities					
Accounts Payable	894	130	598	101	-
Accrued Expenses	681	497	782	858	-
Accrued Compensated Absences	830	902	931	931	-
Current Portion of Long Term Debt	4,560	-	-	-	-
Current Portion of Capital Leases	-	-	-	-	-
TD Bank Term Loan	-	-	-	-	-
Total Current Liabilities	6,965	1,529	2,311	1,890	-
Other Liabilities					
Bonds - Long-Term Portion	-	-	-	-	-
Capital Leases - Long Term Portion	-	-	-	-	-
Accrued Landfill Close & Post Close costs	15,694	15,952	16,192	16,271	-
Accrued Post Retirement Benefit - Health Care	295	295	390	410	-
Total Liabilities	22,954	17,775	18,893	18,572	-
<b>Net Assets (Equity)</b>					
Restricted - Debt Service Reserve	1,800	-	-	-	-
Total Restricted Reserves	1,800	-	-	-	-
Capital Reserves					
Total Designated Reserves	-	-	-	-	-
Fund Balance (Retained Earnings)	29,028	37,538	42,507	45,676	-
Revenues Less Expenses (Current Year)	6,710	4,969	3,169	51	-
Total Fund Balance (Retained Earnings)	35,738	42,507	45,676	45,727	-
Total Net Assets (Equity)	\$ 37,538	\$ 42,507	\$ 45,676	\$ 45,727	-

(ATTACHMENT B4)

		ecomaine 10/31/14						
		Accounts Receivables						
Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total			
05/31/14	\$ 1,532,621	\$ 143,641	\$ 22,083	\$ 29,435	\$ 1,727,781			
%	88.7%	8.3%	1.3%	1.7%	100.0%			
06/30/14	\$ 1,645,544	\$ 202,460	\$ 34,892	\$ 31,841	\$ 1,914,738			
%	85.9%	10.6%	1.8%	1.7%	100.0%			
07/31/14	\$ 1,788,865	\$ 179,480	\$ 55,342	\$ 46,377	\$ 2,070,065			
%	86.4%	8.7%	2.7%	2.2%	100.0%			
08/31/14	\$ 1,693,322	\$ 171,626	\$ 61,268	\$ 87,551	\$ 2,013,766			
%	84.1%	8.5%	3.0%	4.3%	100.0%			
09/30/14	\$ 1,309,276	\$ 194,703	\$ 91,600	\$ 37,285	\$ 1,632,863			
%	80.2%	11.9%	5.6%	2.3%	100.0%			
10/31/14	\$ 1,526,340	\$ 136,487	\$ 51,778	\$ 70,253	\$ 1,784,858			
%	85.5%	7.6%	2.9%	3.9%	100.0%			

**Note:** The Allowance for Doubtful Accounts is not included in the above.

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Statement of Cash Balances October 2014 (FY2015)  
\$000's

	12 Month Actuals @ 6/30		Bud FY 2015 @	Act FY 15 @
	2012	2013	6/30/15	10/31/14
Cash, beginning of period	\$ 21,968	\$ 23,928	\$ 27,609	\$ 29,317
Cash flows from operating activities:				
Net operating income	6,761	4,811	(1,621)	29
Add back: depreciation	3,808	4,015	3,900	1,222
Add back: landfill closure costs	277	258	258	80
Add back: Post Retirement Benefit	-	-	95	19
Other working capital changes	385	(711)	669	(285)
Net cash provided by operating activities	11,231	8,373	2,632	1,065
Cash flows from capital and related financing activities:				
Bank loan	-	-	-	-
Payment of interest	(113)	-	-	1
Repayment of long-term debt	(6,630)	(4,560)	-	-
Repayment of capital leases	-	-	-	-
Net cash used in capital and related financing	(6,743)	(4,560)	-	1
Cash flows from investing activities:				
Receipts of interest	59	71	0	22
Capital expenditures	(2,587)	(4,752)	(4,461)	(369)
Net cash used in investing activities	(2,528)	(4,681)	(4,461)	(347)
Net increase (decrease) in cash	1,960	(868)	(1,829)	719
Cash, end of period	23,928	23,060	25,780	30,036

Cash Reserve Detail

Detail	Reserves as	
	per policy	Target
Operating Cash Reserve	8,160	\$ 8,160
Short Term Capital Reserve	3,259	3,259
Long Term Capital Reserve	4,010	4,010
Landfill Closure Reserve	3,056	3,056
Bond Payment Reserves	-	-
Debt Service Reserves	-	-
Balance Operating Cash	11,551	-
Total	\$ 30,036	\$ 37,627



(ATTACHMENT B6)

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Capital Expenditures							
October 2014 (FY2015)							
No	Project Title	FY 2015 Budget	Project Expend YTD	FY 15 Forecast	Var from Budget	Total Expected Cost @ 06/30/2015	Project Status
1524-149-2	Boiler Air Preheater Coil Upgrade	\$ 600,980	15,000	\$ 600,980	\$ -	\$ 609,697	In Progress
1524-387-4	Boiler Feedwater Pump Overhaul	50,000	6,835	50,000	-	50,000	In Progress
1524-477-4	Boiler Inconel Work	500,000	-	500,000	-	500,000	
1524-517-1 *	Camera System Replacement		11,331	18,000	(18,000)	39,704	In Progress
1524-255-4	CEMS Data Acquisition System Upgrade		41,000	41,000	(41,000)	41,000	In Progress
1524-310-2	Cooling Tower VFD Replacement	40,000	33,562	40,000	-	40,000	In Progress
1524-447-3	ESP Hopper Replacements	500,000		500,000	-	500,000	
1524-506-3 *	HVAC Roof Top Chiller Replace 12 ton		5,288	5,288	(5,288)	30,873	Complete
1524-498-3	Increase Warehouse Storage	20,000		20,000	-	20,000	
1524-325-2	Refractory Replacement	500,000		500,000	-	500,000	
1524-373-2	Refuse Crane Rebuild	250,000		250,000	-	250,000	
1524-392-2	Steam Turbine Generator Overhaul	1,300,000	86,000	1,300,000	-	1,300,000	In Progress
	Subtotal WTE	3,760,980	199,016	3,825,268	(64,288)	3,881,274	
<b>Recycle</b>							
1527-463-2	American Baler Reline	25,000		-	25,000	\$15,893	Complete Prior Yr
1527-468-2	Harris Baler Reline	50,000	(37,559)	(37,559)	87,559	(37,559)	Complete Prior Yr
1527-316-2	Tipping Floor Expansion	450,000		125,000	325,000	125,000	
1527-346-2	Drum Feeder Blast Relief Hatch & Catwalk	50,000		16,000	34,000	40,092	In Progress
	Subtotal Recycle	575,000	(37,559)	103,441	471,559	143,426	
<b>Landfill</b>							
1526-514-1	Ash Truck	100,000		-	100,000	-	Cancelled
1526-521-1	Used Bull Dozer		169,000	200,000	(200,000)	200,000	Complete
1526-520-1 *	New Ash Truck Body		22,000	22,000	(22,000)	22,000	Complete
	Subtotal Landfill	100,000	191,000	222,000	(122,000)	222,000	
<b>Administration</b>							
1528-500-3 *	Computer/Server Replacements		16,553	17,000	(17,000)	110,001	In Progress
	Server Replacement/Software Upgrades	25,000		100,000	(75,000)		
	Subtotal Administration	25,000	16,553	117,000	(92,000)	110,001	
<b>Total All Areas</b>		\$ 4,460,980	369,010	\$ 4,267,709	\$ 193,271	\$ 4,356,701	