



## Memorandum

**DATE:** October 26, 2009  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, General Manager  
**SUBJECT:** Agenda for the Finance Committee Meeting

There is an ecomaine Finance Committee Meeting scheduled for Monday, November 2, 2009 at 4:00 p.m. at ecomaine's Waste-to-Energy facility. The agenda for this meeting is as follows:

1. Approval of Minutes:
  - September 8, 2009 Finance Committee meeting minutes (*Attachment A*)
2. Review of September Financial Statements (*Attachments B1 and B2*)
  - Statement of Revenue and Expenses
3. Review of Capital Expenditures (*Handout*)
4. Change of Trustee for bond funds (*Handout*)
5. Updating of financing activities and review of 5-year plan (*Attachments C1, C2 and C3*)
6. Status of Accounts Receivable (*Handout*)
7. Review of Recycling Costs (*Handout*)
8. Other Items
9. Future Meetings:
  - Recycling Committee: November 5<sup>th</sup> @ 4:00PM.
  - Executive Committee: November 19<sup>th</sup> @ 4:00PM.
  - Recycling Committee: December 3<sup>rd</sup> @ 4:00PM.
  - Executive Committee: December 17<sup>th</sup> @ 4:00PM.
  - Recycling Committee: January 7<sup>th</sup> @ 4:00PM.
  - Full Board Meeting: January 21st @ 4:00PM.

The Finance Committee 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>).

**Owner Communities**

Bridgton  
Cape Elizabeth  
Casco  
Cumberland  
Falmouth  
Freeport  
Gorham  
Gray  
Harrison  
Hollis  
Limington  
Lyman  
North Yarmouth  
Ogunquit  
Portland  
Pownal  
Scarborough  
South Portland  
Waterboro  
Windham  
Yarmouth

**Associate Members**

Baldwin  
Hiram  
Naples  
Parsonsfield  
Porter  
Saco  
Standish

**Recycling Members**

Andover  
Cornish  
Monmouth  
Poland  
Sanford

DATE: September 9, 2009  
TO: Chair and Members of the Finance Committee  
FROM: Kevin H. Roche, General Manager  
SUBJECT: Minutes of September 8, 2009 **ecomaine** Finance Committee Meeting

The Finance Committee of **ecomaine** met on Tuesday, September 8, 2009, at the Waste-to-Energy facility. The meeting was called to order at 4:00PM.

There were nine items on the Agenda:

1. Approval of 6/11/09 Finance Committee Meeting minutes
2. Review of FY '09 Results
3. Review of July Financial Statements
4. Change of Trustee
5. Status of FY '09 Audit
6. Updating of financing activities
7. Status of Accounts Receivable
8. Other Items
9. Future Meetings

**Item #1 – Approval of the 6/11/09 Finance Committee Meeting Minutes**

Mr. Cole moved that **the Finance Committee hereby approve the minutes of the June 11, 2009 Finance Committee meeting as presented.** The motion was seconded by Mr. Regier and passed with a unanimous vote of the Committee.

**Item #2 – Review of FY '09 Results**

Mr. Doane reviewed Attachment B-1 – ecomaine Statement of Revenue and Expenses Year Ended June 30, 2009, which notes Budget, Forecast and Actual figures. Total revenue less expenses for the year ended June 30, 2009, is \$11,168,654. The Actual vs. Budget variance for the year is favorable by \$1,152,304, which is good considering the present economy.

Mr. Doane then reviewed Attachment B-2 – ecomaine Designated Capital Fund Year Ended June 30, 2009. He noted that at 6/30/09, there was a balance of

\$4,136 in the fund. Mr. Doane noted that the attachment included adding the FY '09 actual to budget favorable variance of \$1,152,304 to the Designated Capital Fund.

### **Item #3 – Review of July Financial Statements**

Mr. Cole made a motion that the Finance Committee recommends to the Executive Committee that the \$1,152,304 be applied to the capital fund as a designated balance. Mr. Van Gaasbeek seconded the motion.

A discussion followed regarding the technical form of monies held. It was noted that the \$4,135 (projected balance, 6/30/2009) is a rather small amount to run **ecomaine** on, hence the reason to add the \$1,152,304 to the capital fund. The Committee was assured that these dollars could, if need be, moved back and forth. Once the dollars are approved, the monies are considered spent.

Mr. Miller stated that he would like to amend the motion to include after the fact communication of what the monies are spent on. Mr. Van Gaasbeek seconded the amendment.

The original motion, as amended, was unanimously approved by the Committee.

Handout A - *ecomaine Statement of Revenue and Expenses for the month ended July 31, 2009.* This handout denotes Actual Budget and variance for the month of July.

Handout B shows that Residential and Commercial tonnage is up (of which some may be due to seasonality).

Mr. Roche stated that landfilling is complete. (We had planned to place anywhere between 7,000 to 10,000 tons in the landfill.)

Recycled goods (newspaper, cardboard, plastics) have come back somewhat faster than anticipated.

Mr. Van Gaasbeek asked if Mr. Doane was looking into “seasonality” – outage, for example. Mr. Doane stated that the staff is working on “seasonalizing” some of the budgeted expenses and that will be reflected with the August statement.

### **Item #4 – Change of Trustee**

Mr. Doane stated that U.S. bank has resigned as **ecomaine**'s trustee and we are presently searching for a replacement. **ecomaine** is looking at four new banks for this position, which will be down to two candidates shortly (both with experience in being replacement trustees).

### **Item #5 – Status of FY '09 Audit**

Mr. Doane reported that the year-end audit is going well. He reported that Runyon Kersteen & Ouellette's **ecomaine** fixed asset information has now been

placed on **ecomaine's** own software and that our new Accountant, Cathy McLeod, did a lot of this work.

They will be reviewing a new accounting pronouncement regarding the reporting of post-employment benefits to determine its effect on **ecomaine**. The Landfill closure/post-closure costs will also be recalculated (is recalculated annually).

Mr. Roche noted that some of these extra accounting projects (fixed asset and scalehouse conversions) have required us to keep an accounting temporary on staff.

### **Item # 6 – Updating of Financial Activities**

**ecomaine** is looking into either a term loan or a line of credit of \$2 million for temporary short-term financing needs. Mr. Doane has been talking with banks regarding these two items. The term loan is looking like the better option and he will have an update at the November 2<sup>nd</sup> Finance Committee Meeting.

### **Item #7 – Status of Accounts Receivable**

#### *Accounts Receivable*

*Handout C – ecomaine Accounts Receivable as of September 1, 2009.* Mr. Roche noted that **ecomaine** has been and is going after new tonnage/new vendors to keep the WTE plant running at maximum capacity. When researching a new vendor, we are looking at their payment history and automatically checking with the DMV, completing a background check and checking references (the Accounting Department is staying on top of collections, as well).

### **Item # 8 – Other Items**

There were no other items for discussion.

### **Item #9 – Future Meetings**

It was noted that of the upcoming meetings, only the Finance Committee Meeting in November is not on a Thursday. The Committee will meet on Monday, November 2<sup>nd</sup>.

- Recycling Committee: (Thursday) September 10<sup>th</sup> @ 4:00PM  
(followed by a Regional Recycling Meeting @ **6:00PM**)
- Executive Committee: (Thursday) September 17<sup>th</sup> @ 4:00PM.
- Recycling Committee: (Thursday) October 1<sup>st</sup> @ 4:00PM.
- Audit Committee: (Thursday) October 15<sup>th</sup> @ 3:00PM.
- Board Meeting: (Thursday) October 15<sup>th</sup> @ 4:00PM.
- Finance Committee: (**Monday**) November 2<sup>nd</sup> @ 4:00PM.
- Recycling Committee: (Thursday) November 5<sup>th</sup> @ 4:00PM.
- Executive Committee: (Thursday) November 19<sup>th</sup> @ 4:00PM.
- Recycling Committee: (Thursday) December 3<sup>rd</sup> @ 4:00PM.
- Executive Committee: (Thursday) December 17<sup>th</sup> @ 4:00PM.

Mr. Cole then made a motion to adjourn the meeting. The motion was seconded by Mr. Van Gaasbeek and all were in favor. The meeting adjourned at 5:12PM.

**PRESENT:**

E. Auden  
D. Cole  
G. Foster  
M. McGovern  
J. Miller  
R. Regier  
L. Van Gaasbeek

**ABSENT:**

S. McGinty  
M. St. Clair

**Staff:** E. Doane, K. Roche and L. Trufant.

ecomaine  
Statement of Revenue and Expenses  
For the month ended September 30, 2009

	Actual	September Budget	Variance
Operating revenues			
Municipal assessments	\$389,167.06	\$389,887.82	(\$720.76)
Owners tipping fees	406,032.07	374,814.00	31,218.07
Associate tipping fees	72,065.05	69,137.08	2,927.97
Commercial tipping fees	435,393.79	377,967.33	57,426.46
Spot market tipping fees	306,567.49	196,338.58	110,228.91
Electrical generating revenues	555,760.82	513,025.00	42,735.82
Sales of recycled goods	200,629.33	83,333.33	117,296.00
Recycling tipping fees	3,128.55	8,333.33	(5,204.78)
Gorham property assessments	9,166.67	9,166.67	0.00
Other operating income	11,614.34	27,083.34	(15,469.00)
Total operating revenues	<u>2,389,525.17</u>	<u>2,049,086.48</u>	<u>340,438.69</u>
Operating expenses			
Administrative expenses	203,766.91	202,769.24	997.67
Waste-to-energy operating expenses	584,179.78	589,887.95	(5,708.17)
Recycling operating expenses	114,000.33	127,098.49	(13,098.16)
Landfill/ashfill operating expenses	149,342.35	145,406.47	3,935.88
Contingency	0.00	31,250.00	(31,250.00)
Landfill closure and postclosure care costs	0.00	0.00	0.00
Depreciation & amortization	450,000.00	450,000.00	0.00
Total operating expenses	<u>1,501,289.37</u>	<u>1,546,412.15</u>	<u>(45,122.78)</u>
Net operating income	<u>888,235.80</u>	<u>502,674.33</u>	<u>385,561.47</u>
Non-operating income (expense)			
Interest income	5,640.26	16,041.67	(10,401.41)
Interest expense	(87,018.11)	(128,741.66)	41,723.55
Net non-operating	<u>(81,377.85)</u>	<u>(112,699.99)</u>	<u>31,322.14</u>
Total revenue less expenses	<u><u>806,857.95</u></u>	<u><u>389,974.34</u></u>	<u><u>416,883.61</u></u>

ecomaine  
Statement of Revenue and Expenses  
For the Three Months Ending September 30, 2009

	Actual	YTD Budget	Variance
Operating revenues			
Municipal assessments	\$1,169,988.37	\$1,169,663.46	\$324.91
Owners tipping fees	1,261,282.61	1,124,442.00	136,840.61
Associate tipping fees	238,863.02	207,411.24	31,451.78
Commercial tipping fees	1,395,696.02	1,133,901.99	261,794.03
Spot market tipping fees	897,973.29	589,015.74	308,957.55
Electrical generating revenues	1,805,668.73	1,651,004.00	154,664.73
Sales of recycled goods	530,490.68	249,999.99	280,490.69
Recycling tipping fees	14,988.94	24,999.99	(10,011.05)
Gorham property assessments	27,501.01	27,500.01	1.00
Other operating income	37,717.18	81,250.02	(43,532.84)
<b>Total operating revenues</b>	<b>7,380,169.85</b>	<b>6,259,188.44</b>	<b>1,120,981.41</b>
Operating expenses			
Administrative expenses	578,389.44	608,307.72	(29,918.28)
Waste-to-energy operating expenses	1,678,601.59	2,015,466.15	(336,864.56)
Recycling operating expenses	319,020.77	381,295.47	(62,274.70)
Landfill/ashfill operating expenses	419,712.52	392,864.95	26,847.57
Contingency	0.00	93,750.00	(93,750.00)
Landfill closure and postclosure care costs	0.00	0.00	0.00
Depreciation & amortization	1,350,000.00	1,350,000.00	0.00
<b>Total operating expenses</b>	<b>4,345,724.32</b>	<b>4,841,684.29</b>	<b>(495,959.97)</b>
<b>Net operating income</b>	<b>3,034,445.53</b>	<b>1,417,504.15</b>	<b>1,616,941.38</b>
Non-operating income (expense)			
Interest income	16,628.91	48,125.01	(31,496.10)
Interest expense	(270,425.22)	(386,224.98)	115,799.76
<b>Net non-operating</b>	<b>(253,796.31)</b>	<b>(338,099.97)</b>	<b>84,303.66</b>
<b>Total revenue less expenses</b>	<b>2,780,649.22</b>	<b>1,079,404.18</b>	<b>1,701,245.04</b>

Projected Statement of Revenues and Expenses  
For Years Ended June 30, 2008 - 2014

	Actual 6/30/2008	Actual 6/30/2009	Budget 6/30/2010	Projected 6/30/2011	Projected 6/30/2012	Projected 6/30/2013	Projected 6/30/2014	Notes
<b>Operating Revenues</b>								
Municipal assessments	\$ 4,611,193	\$ 4,678,702	\$ 4,678,654	\$ 4,678,654	\$ 4,678,654	\$ 4,678,654	\$ 4,678,654	1
Municipal tipping fees	5,061,760	4,787,218	4,497,768	4,497,768	4,497,768	4,497,768	4,497,768	1
Associate members	851,433	864,095	829,645	829,645	829,645	829,645	829,645	1
Commercial tipping fees	6,256,666	5,433,109	4,535,608	4,535,608	4,535,608	4,535,608	4,535,608	1
Spot market	854,522	1,884,478	2,356,063	2,000,000	2,000,000	2,000,000	2,000,000	2
Electrical generation	4,745,063	6,250,476	6,082,941	5,474,647	5,474,647	5,474,647	5,474,647	3
Sales of recycled goods	3,112,437	2,034,325	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	4
Recycling tipping fees	-	136,587	100,000	-	-	-	-	-
Gorham property	138,284	141,722	120,000	110,000	110,000	110,000	110,000	1
Other	405,551	265,297	325,000	150,000	150,000	150,000	150,000	5
<b>Total operating revenues</b>	<b>26,036,909</b>	<b>26,476,009</b>	<b>24,525,679</b>	<b>24,276,322</b>	<b>24,276,322</b>	<b>24,276,322</b>	<b>24,276,322</b>	
<b>Operating expenses</b>								
Administrative expenses	2,267,986	2,420,593	2,838,231	2,937,569	3,040,384	3,146,797	3,256,935	6
WTE operating expenses	8,718,902	8,440,743	8,553,469	8,852,840	9,162,690	9,483,384	9,815,302	6
Recycling operating expenses	1,636,370	1,508,877	1,525,182	1,578,563	1,633,813	1,690,997	1,750,181	6
Landfill operating expenses	1,190,468	1,690,169	1,484,751	1,536,717	1,590,502	1,646,170	1,703,786	6
Landfill closure and post-closure costs	186,620	188,841	-	-	-	-	-	-
Depreciation and amortization	5,200,630	4,014,904	5,400,000	4,000,000	4,000,000	4,000,000	4,000,000	-
<b>Total operating expenses</b>	<b>19,200,976</b>	<b>18,264,127</b>	<b>19,801,633</b>	<b>18,905,690</b>	<b>19,427,389</b>	<b>19,967,348</b>	<b>20,526,205</b>	
<b>Net operating income</b>	<b>6,835,933</b>	<b>8,211,882</b>	<b>4,724,046</b>	<b>5,370,632</b>	<b>4,848,933</b>	<b>4,308,974</b>	<b>3,750,117</b>	
<b>Non-operating income (expense)</b>								
Interest income	589,266	203,637	192,500	25,000	50,000	100,000	200,000	
Interest expense	(1,925,080)	(1,448,289)	(1,544,900)	(682,262)	(450,900)	(1,036,850)	(1,224,000)	
Post-retirement benefit	-	(92,220)	-	-	-	-	-	
<b>Net non-operating</b>	<b>(1,335,814)</b>	<b>(1,336,872)</b>	<b>(1,352,400)</b>	<b>(657,262)</b>	<b>(400,900)</b>	<b>(936,850)</b>	<b>(1,024,000)</b>	
<b>Total revenue less expense</b>	<b>\$ 5,500,119</b>	<b>\$ 6,875,010</b>	<b>\$ 3,371,646</b>	<b>\$ 4,713,370</b>	<b>\$ 4,448,033</b>	<b>\$ 3,372,124</b>	<b>\$ 2,726,117</b>	

**Assumptions**

- 1 - Projected at 2010 budget levels, no increase
- 2 - Projected at \$2 million for 2011 and thereafter
- 3 - Projected to 10% decrease in 2011 due to new contract
- 4 - Projected to be \$2 million per year for 2011 - 2014
- 5 - Decrease due to reclassification of certain customer accounts from "other" to "spot"
- 6 - Projected to increase by 3.5% annually



**Projected Statement of Cash Flows  
For Years Ended June 30, 2009 - 2014**

Attachment C(2)

	Actual 6/30/2009	Budget 6/30/2010	Projected 6/30/2011	Projected 6/30/2012	Projected 6/30/2013	Projected 6/30/2014
<b>Cash flows from operating activities:</b>						
Net operating income	\$ 8,211,882	\$ 4,724,046	\$ 5,370,632	\$ 4,848,933	\$ 4,308,974	\$ 3,750,117
Addback: depreciation	4,014,904	5,400,000	4,000,000	4,000,000	4,000,000	4,000,000
Addback: landfill closure costs	188,841	-	-	-	-	-
Other working capital changes	(1,165,490)	-	-	-	-	-
	<u>11,250,137</u>	<u>10,124,046</u>	<u>9,370,632</u>	<u>8,848,933</u>	<u>8,308,974</u>	<u>7,750,117</u>
<b>Net cash provided by operating activities</b>						
<b>Cash flows from capital and related financing activities:</b>						
Payment of interest	(1,448,289)	(1,544,900)	(682,262)	(450,900)	(1,036,850)	(1,224,000)
Repayment of long-term debt	(10,415,000)	(8,135,000)	(10,450,000)	(6,630,000)	(3,975,000)	(285,000)
Repayment of capital leases	(183,990)	(180,000)	(180,000)	(150,000)	(120,000)	(120,000)
Funding for landfill closure costs	-	-	-	-	(711,500)	(711,500)
Bonding for capital projects	-	-	-	3,000,000	16,000,000	5,000,000
Repayment of new bonds	-	-	-	-	(3,500,000)	(3,500,000)
	<u>(12,047,279)</u>	<u>(9,859,900)</u>	<u>(11,312,262)</u>	<u>(4,230,900)</u>	<u>6,656,650</u>	<u>(840,500)</u>
<b>Net cash used in capital and related financing</b>						
<b>Cash flows from investing activities:</b>						
Receipts of interest	203,637	192,500	25,000	50,000	100,000	200,000
Capital expenditures	(2,703,966)	(1,814,153)	(2,451,000)	(2,620,000)	(2,735,000)	(2,786,000)
Capital projects for bonding	-	-	-	(3,000,000)	(16,000,000)	(5,000,000)
	<u>(2,500,329)</u>	<u>(1,621,653)</u>	<u>(2,426,000)</u>	<u>(5,570,000)</u>	<u>(18,635,000)</u>	<u>(7,586,000)</u>
<b>Net cash used in investing activities</b>						
Net increase (decrease) in cash	(3,297,471)	(1,357,507)	(4,367,630)	(951,967)	(3,669,376)	(676,383)
Cash, beginning of period	21,726,401	18,428,930	17,071,423	12,703,793	11,751,825	8,082,449
Cash, end of period	<u>\$ 18,428,930</u>	<u>\$ 17,071,423</u>	<u>\$ 12,703,793</u>	<u>\$ 11,751,825</u>	<u>\$ 8,082,449</u>	<u>\$ 7,406,066</u>

**Cash Balances And Bond Covenants  
For Years Ended June 30, 2009 - 2014**

Attachment C(3)

	Actual 6/30/2009	Budget 6/30/2010	Projected 6/30/2011	Projected 6/30/2012	Projected 6/30/2013	Projected 6/30/2014
Cash, June 30th	\$ 18,428,930	\$ 17,071,423	\$ 12,703,793	\$ 11,751,825	\$ 8,082,449	\$ 7,406,066
Less: debt service fund, restricted	\$ (3,295,971)	\$ (3,295,971)	\$ (3,295,971)	\$ (3,295,971)	\$ (3,295,971)	\$ (3,295,971)
Debt payment, July 1	(8,135,000)	(10,450,000)	(6,630,000)	(3,975,000)	(285,000)	(300,000)
Cash, after debt payment	<u>\$ 6,997,959</u>	<u>\$ 3,325,452</u>	<u>\$ 2,777,822</u>	<u>\$ 4,480,854</u>	<u>\$ 4,501,478</u>	<u>\$ 3,810,095</u>

Bond Covenant - excess rate coverage

Current state	\$ 4,604,870	\$ (719,283)	\$ 3,349,477	\$ 8,252,474	\$ 12,424,202
Cash from additional borrowings		2,000,000			(2,000,000)
Covenant after borrowings	<u>\$ 4,604,870</u>	<u>\$ 1,280,717</u>	<u>\$ 3,349,477</u>	<u>\$ 8,252,474</u>	<u>\$ 10,424,202</u>