



## Memorandum

**DATE:** September 9, 2010  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, General Manager  
**SUBJECT:** Agenda for the Finance Committee Meeting

There is a Finance Committee Meeting scheduled for **Thursday, September 16, 2010 at 3:00PM** at ecomaine's Waste-to-Energy facility. The agenda for this meeting is as follows:

1. Approval of the June 15, 2010 Finance Committee Meeting Minutes (*Attachment A*)
2. Review of updated Cash Reserve Policies for Executive Committee approval (*Attachment B*)
3. Review of year-end 2010 Financials (*Attachments C1 and C2*)
4. Review of August Financial Statements
  - Statement of Revenues and Expenses (*Attachment D*)
  - Cash Flows
  - Balance Sheet
5. Review of Capital Projects (*Attachment E*)
6. Status of Accounts Receivable
7. Repayment of Term Loan
8. Other Items
9. Future Meetings:
  - Executive Committee: September 16<sup>th</sup> (Thursday) @ 4:00PM.  
(*immediately following Finance Committee Meeting*)
  - Audit Committee: September 29<sup>th</sup> (Wednesday) @ 4:00PM.
  - Recycling Committee: October 6<sup>th</sup> (Wednesday) @ 4:00PM.
  - Full Board Meeting: October 21<sup>st</sup> (Thursday) @ 4:00PM.

**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: June 16, 2010  
TO: Chair and Members of the Finance Committee  
FROM: Kevin H. Roche, General Manager  
SUBJECT: Minutes of June 15, 2010 **ecomaine** Finance Committee Meeting

There was an **ecomaine** Finance Committee Meeting on Tuesday, June 15, 2010, at the Waste-to-Energy facility. The meeting was called to order at 4:05PM.

There were six items on the Agenda:

1. Approval of the May 11, 2010 Finance Committee Meeting minutes
2. Review of 5-Year Plan
3. Review of May, 2010 Financial Statements
4. Status of Accounts Receivable
5. Other Items
6. Future Meetings

**Item #1 – Approval of the May 11, 2010 Finance Committee Meeting Minutes**

Mr. Van Gaasbeek moved that **the Finance Committee hereby approve the minutes of the May 11, 2010 Finance Committee meeting as presented.** The motion was seconded by Mr. Cole and passed with a unanimous vote of the Committee.

**Item #2 – Review of 5-Year Plan**

The Committee discussed the 5-year plan and the guiding principles for cash reserves at length. The Committee debated whether to consider them guiding principles or recommend that the Board adopt them as a Cash Reserve Policy. They decided to make them a policy and amended them by adding a section (D) to provide financial relief to owner communities if and when the financial position of the organizations becomes more favorable and adding a section (E) to review this policy every 2-3 years or when circumstances create the need.

Mr. Cole made a motion to recommend this policy to the Executive Committee and then to the full board at the appropriate time. The motion was seconded by Mr. Regier and passed with a unanimous vote of the Committee.

**Item #3 – Review of May, 2010 Financial Statements**

The Committee reviewed the Financial Statements for the year and month ending May 31, 2010.

**Item #4 – Status of Accounts Receivable**

The Committee also reviewed the status of Accounts Receivable.

**Item #5 – Other Items**

The Committee discussed the \$750,000 loan and the schedule to pay it back.

Mr. Regier made a motion to recommend to the Board at the Annual Meeting (on June 17, 2010) that the loan be paid back in the first quarter of the new fiscal year, due to the positive financial position the organization is in. The motion was seconded by Mr. Cole and passed with a unanimous vote of the Committee.

Mr. Van Gaasbeek then made a motion to adjourn the meeting. The motion was seconded by Mr. Regier and all were in favor. The meeting adjourned at 5:40PM.

**PRESENT:**

D. Cole  
J. Gailey  
M. McGovern  
R. Regier  
L. Van Gaasbeek

**ABSENT:**

E. Auden  
S. McGinty  
J. Miller  
M. St. Clair

**Staff:** E. Doane, K. Roche.



## Cash Reserve Policies

### A. Operating Cash Reserve

**Objective:** To provide financial security for extraordinary events that could cause a significant decrease in operating revenues or increase in operating expenses. The reserve would be used to fund operations during this period and until assessments could be adjusted, if needed, to provide sufficient cash flow to maintain operations. The goal would be to build a reserve for six months of cash operating expenses.

**Action:** Fund the reserve in a three year period starting in 2014.

### B. Long-Term Capital Fund

**Objective:** To reserve funds for new capital projects which have not been provided in the annual capital plan. New capital projects are large projects in which the necessity and timing is not known at the present time. These could be projects to upgrade the current facilities or add additional capacity or functionality. It is estimated that the potential amount of new projects could cost a total of \$21 million within seven years. We believe that one-half of the new projects should be bonded and one-half should be funded through a long-term capital fund.

**Action:** Fund the reserve in a three year period starting in 2014.

### C. Landfill Closure and Post Closure Care Cost Reserve

**Objective:** To fully fund the landfill closure and post closure care costs during its useful life. As of June 30, 2009 the used capacity of the landfill was 66.8% and the closure and post closure care liability associated with the used capacity is \$14.8 million. The goal is to fully fund the existing liability, as of June 30, 2009, within 20 years.

**Action:** Beginning in 2014 reserve funds to fund the landfill closure costs so that the accrued liability will be fully funded in twenty years. Reserve \$711,500 annually.

### D. Favorable Cash Flow

To provide financial relief to owner communities if and when the financial position of ecomaine becomes more favorable.

### E. Periodic Review

Cash Reserve Policies should be reviewed every 2-3 years and adjusted as necessary.

ecomaine  
Statement of Revenue and Expenses  
For the Twelve Months Ending June 30, 2010

|   | Actual                            | YTD<br>Budget                     | Variance                          |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Operating revenues                          |                                   |                                   |                                   |
| Municipal assessments                       | \$4,678,657.79                    | \$4,678,654.02                    | \$3.77                            |
| Owners tipping fees                         | 4,513,718.33                      | 4,497,768.00                      | 15,950.33                         |
| Associate tipping fees                      | 870,586.74                        | 829,645.00                        | 40,941.74                         |
| Commercial tipping fees                     | 5,219,023.30                      | 4,535,608.00                      | 683,415.30                        |
| Spot market tipping fees                    | 3,025,542.95                      | 2,356,063.00                      | 669,479.95                        |
| Electrical generating revenues              | 6,941,594.33                      | 6,082,941.00                      | 858,653.33                        |
| Sales of recycled goods                     | 2,783,734.80                      | 1,000,000.00                      | 1,783,734.80                      |
| Recycling tipping fees                      | 31,743.99                         | 100,000.00                        | (68,256.01)                       |
| Gorham property assessments                 | 138,284.35                        | 110,000.00                        | 28,284.35                         |
| Other operating income                      | 369,364.54                        | 325,000.00                        | 44,364.54                         |
| <b>Total operating revenues</b>             | <b><u>28,572,251.12</u></b>       | <b><u>24,515,679.02</u></b>       | <b><u>4,056,572.10</u></b>        |
| Operating expenses                          |                                   |                                   |                                   |
| Administrative expenses                     | 2,436,754.72                      | 2,463,231.00                      | (26,476.28)                       |
| Waste-to-energy operating expenses          | 8,468,831.08                      | 8,553,469.00                      | (84,637.92)                       |
| Recycling operating expenses                | 1,637,155.52                      | 1,525,182.00                      | 111,973.52                        |
| Landfill/ashfill operating expenses         | 1,532,135.44                      | 1,484,751.00                      | 47,384.44                         |
| Contingency                                 | 0.00                              | 375,000.00                        | (375,000.00)                      |
| Landfill closure and postclosure care costs | 304,370.00                        | 0.00                              | 304,370.00                        |
| Post-retirement benefit                     | 0.00                              | 0.00                              | 0.00                              |
| Depreciation & amortization                 | 3,886,597.88                      | 5,400,000.00                      | (1,513,402.12)                    |
| <b>Total operating expenses</b>             | <b><u>18,265,844.64</u></b>       | <b><u>19,801,633.00</u></b>       | <b><u>(1,535,788.36)</u></b>      |
| <b>Net operating income</b>                 | <b><u>10,306,406.48</u></b>       | <b><u>4,714,046.02</u></b>        | <b><u>5,592,360.46</u></b>        |
| Non-operating income (expense)              |                                   |                                   |                                   |
| Interest income                             | 65,667.49                         | 192,500.00                        | (126,832.51)                      |
| Interest expense                            | (891,964.65)                      | (1,544,900.00)                    | 652,935.35                        |
| <b>Net non-operating</b>                    | <b><u>(826,297.16)</u></b>        | <b><u>(1,352,400.00)</u></b>      | <b><u>526,102.84</u></b>          |
| <b>Total revenue less expenses</b>          | <b><u><u>9,480,109.32</u></u></b> | <b><u><u>3,361,646.02</u></u></b> | <b><u><u>6,118,463.30</u></u></b> |

ECOMAINE

For the Twelve Months Ending June 30, 2010

|   | <u>2010</u><br><u>YTD</u> |
|---|---------------------------|
| <b>ASSETS</b>                           |                           |
| Current assets:                         |                           |
| Cash, operating                         | \$5,812,326.83            |
| Cash, capital reserve fund              | 2,547,707.84              |
| Cash, held by trustee for bond payments | 11,323,863.04             |
| Accounts receivable - customers         | 1,648,554.78              |
| Accounts receivable - other             | 611,533.44                |
| Inventory                               | 1,847,573.90              |
| Prepaid expenses                        | 289,190.25                |
| Total current assets                    | <u>24,080,750.08</u>      |
| Property, plant and equipment:          |                           |
| Property, plant and equipment           | 120,594,558.68            |
| Less: accumulated depreciation          | <u>86,323,665.50</u>      |
| Net property, plant and equipment       | <u>34,270,893.18</u>      |
| Restricted cash and cash equivalents:   |                           |
| Restricted cash, debt reserve fund      | <u>3,291,616.91</u>       |
| Other assets:                           |                           |
| Gorham materials recovery facility      | <u>2,230,000.00</u>       |
| Total other assets                      | <u>2,230,000.00</u>       |
| Total assets                            | <u>\$63,873,260.17</u>    |

ECOMAINE

For the Twelve Months Ending June 30, 2010

|  | <u>2010</u><br><u>YTD</u>   |
|--|-----------------------------|
| LIABILITIES                                    |                             |
| Current liabilities:                           |                             |
| Accounts payable                               | \$286,896.13                |
| Accrued expenses                               | 862,486.18                  |
| Accrued compensated absences                   | 569,547.76                  |
| Current portion of long-term debt              | 10,450,000.00               |
| Current portion of capital leases              | 180,620.00                  |
| Bank term loan                                 | <u>750,000.00</u>           |
| Total current liabilities                      | <u>13,099,550.07</u>        |
| Other liabilities:                             |                             |
| Long-term debt, bonds                          | 11,190,000.00               |
| Capital leases                                 | 1,399,071.31                |
| Accrued landfill closure and postclosure costs | 15,138,501.92               |
| Accrued post-retirement benefit                | 92,220.00                   |
| Total liabilities                              | <u><u>40,919,343.30</u></u> |

ECOMAINE

For the Twelve Months Ending June 30, 2010

|   | <u>2010</u><br><u>YTD</u>   |
|---|-----------------------------|
| NET ASSETS (EQUITY)                             |                             |
| Invested in capital assets, net of related debt | <u>\$5,216,714.32</u>       |
| Restricted reserves:                            |                             |
| Restricted - debt service reserve               | 3,291,443.00                |
| Restricted - construction funds                 | <u>4,528.00</u>             |
| Total restricted reserves                       | <u>3,295,971.00</u>         |
| Designated reserves:                            |                             |
| Capital reserve                                 | <u>2,972,914.00</u>         |
| Total designated reserves                       | <u>2,972,914.00</u>         |
| Other unrestricted reserves:                    |                             |
| Fund balance                                    | (1,392,869.58)              |
| Due to / from other funds                       | 3,381,077.81                |
| Revenue less expenses, current year             | <u>9,480,109.32</u>         |
| Subtotal unrestricted reserves                  | <u>11,468,317.55</u>        |
| Total designated and unrestricted               | <u>14,441,231.55</u>        |
| Total net assets                                | <u><u>22,953,916.87</u></u> |



ecomaine  
Statement of Revenue and Expenses  
For the Two Months Ending August 31, 2010

|   | Actual              | YTD<br>Budget       | Variance            |
|---|---------------------|---------------------|---------------------|
| Operating revenues                          |                     |                     |                     |
| Municipal assessments                       | \$780,112.41        | \$779,775.64        | \$336.77            |
| Owners tipping fees                         | 803,748.88          | 692,692.00          | 111,056.88          |
| Associate tipping fees                      | 166,069.94          | 164,181.34          | 1,888.60            |
| Commercial tipping fees                     | 1,063,563.42        | 781,126.66          | 282,436.76          |
| Spot market tipping fees                    | 448,858.18          | 350,000.00          | 98,858.18           |
| Electrical generating revenues              | 1,263,044.15        | 1,141,600.00        | 121,444.15          |
| Sales of recycled goods                     | 512,968.14          | 375,000.00          | 137,968.14          |
| Recycling tipping fees                      | 3,516.70            | 4,166.66            | (649.96)            |
| Gorham property assessments                 | 18,333.34           | 18,333.34           | 0.00                |
| Other operating income                      | 52,607.42           | 40,833.34           | 11,774.08           |
| <b>Total operating revenues</b>             | <b>5,112,822.58</b> | <b>4,347,708.98</b> | <b>765,113.60</b>   |
| Operating expenses                          |                     |                     |                     |
| Administrative expenses                     | 387,054.09          | 413,517.30          | (26,463.21)         |
| Waste-to-energy operating expenses          | 1,142,900.23        | 1,292,971.86        | (150,071.63)        |
| Recycling operating expenses                | 270,504.32          | 262,930.82          | 7,573.50            |
| Landfill/ashfill operating expenses         | 229,642.79          | 258,535.16          | (28,892.37)         |
| Contingency                                 | 0.00                | 41,666.66           | (41,666.66)         |
| Landfill closure and postclosure care costs | 0.00                | 0.00                | 0.00                |
| Post-retirement benefit                     | 0.00                | 0.00                | 0.00                |
| Depreciation & amortization                 | 650,000.00          | 666,666.66          | (16,666.66)         |
| <b>Total operating expenses</b>             | <b>2,680,101.43</b> | <b>2,936,288.46</b> | <b>(256,187.03)</b> |
| <b>Net operating income</b>                 | <b>2,432,721.15</b> | <b>1,411,420.52</b> | <b>1,021,300.63</b> |
| Non-operating income (expense)              |                     |                     |                     |
| Interest income                             | 7,503.40            | 8,333.34            | (829.94)            |
| Interest expense                            | (94,692.22)         | (125,182.66)        | 30,490.44           |
| <b>Net non-operating</b>                    | <b>(87,188.82)</b>  | <b>(116,849.32)</b> | <b>29,660.50</b>    |
| <b>Total revenue less expenses</b>          | <b>2,345,532.33</b> | <b>1,294,571.20</b> | <b>1,050,961.13</b> |

**FY' 2011 Capital projects statement**

|   |                    |
|---|--------------------|
| FY 2010 Capital Improvement Project Yr end Balance          | \$1,671,497        |
| FY 2011 Capital Improvement Project Funding                 | \$1,995,568        |
| FY 2010 Surplus Funds Transferred In                        | \$0                |
| <b>FY 2011 Capital Improvement Project Balance 7/1/2010</b> | <b>\$3,667,065</b> |

|   | Remaining FY 2010<br>Projects | FY 2011 Projects<br>Budget | FY 2011 Forecast | Project<br>Expenditures | Project Status |
|---|-------------------------------|----------------------------|------------------|-------------------------|----------------|
| <b>WTE Operations</b>                             |                               |                            |                  |                         |                |
| RO System (water treatment)                       |                               | \$150,000                  | \$94,000         | \$31,422                | In progress    |
| Precipitator catwalks                             |                               | \$50,000                   | \$53,000         |                         | In progress    |
| Control room and lab upgrades                     |                               | \$20,000                   | \$20,000         |                         |                |
| Ash system controls replacement                   |                               | \$120,000                  | \$120,000        |                         |                |
| Double dump valves replacement                    |                               | \$30,000                   | \$30,000         |                         |                |
| Reactor / scrubber conveyor replacement           |                               | \$60,000                   | \$60,000         |                         |                |
| 1513 Construction of steel shell for scrubber "B" |                               | \$400,000                  | \$400,000        |                         |                |
| Superheater tubes replacement                     |                               | \$250,000                  | \$250,000        |                         |                |
| Boiler inconel and water wall tubes               |                               | \$300,000                  | \$300,000        |                         |                |
| 1535 Boiler "B" refractory replacement            |                               | \$200,000                  | \$200,000        |                         |                |
| Induced Draft Fan VFR replacement                 |                               | \$40,000                   | \$40,000         |                         | In progress    |
| Crane Controls Upgrade                            |                               | \$120,000                  | \$120,000        |                         |                |
| Stack repairs / replacements                      |                               | \$50,000                   | \$50,000         |                         |                |
| 1564 WTE roof replacement                         |                               | \$75,000                   | \$75,000         | \$45,778                | in progress    |
| Ferrous recovery upgrades                         |                               | \$100,000                  | \$100,000        |                         |                |
| HVAC controls upgrade                             |                               | \$75,000                   | \$75,000         |                         | in progress    |
| Board room upgrade                                |                               | \$0                        | \$90,000         |                         | In progress    |
| 1513 Construction of steel shell for scrubber "A" | \$400,000                     |                            | \$400,000        |                         |                |
| 1520 Vibrating conveyor pan replacement           | \$60,000                      |                            | \$60,000         |                         |                |
| 1535 Boiler "A" refractory replacement            | \$200,000                     |                            | \$200,000        |                         |                |
| 1548 Air compressor overhaul and rebuild          | \$50,000                      |                            | \$50,000         | \$6,245                 | In progress    |
| 1567 Tipping floor concrete resurfacing           | \$35,000                      |                            | \$35,000         |                         |                |
| 1566 Miscellaneous building replacements          | \$50,000                      |                            | \$50,000         |                         | In progress    |
| 1529 Boiler feed chute liner plate replacement    | \$120,000                     |                            | \$120,000        |                         |                |
| <b>Recycling Operations</b>                       |                               |                            |                  |                         |                |
| Facility entrance paving                          |                               | \$12,000                   | \$12,000         |                         |                |
| Overhead door replacement                         |                               | \$20,000                   | \$20,000         |                         |                |
| Toter tipper mixed plastics bunker                |                               | \$8,500                    | \$8,500          |                         |                |
| Tipping hall sprinkler system                     |                               | \$26,300                   | \$26,300         |                         |                |
| American baler reline                             |                               | \$33,000                   | \$33,000         |                         |                |
| Harris baler reline                               |                               | \$35,000                   | \$35,000         |                         |                |
| Disc replacement on the star screen               |                               | \$35,000                   | \$35,000         |                         |                |
| <b>Landfill Operations</b>                        |                               |                            |                  |                         |                |
| Pick up truck                                     |                               | \$7,000                    | \$7,000          | \$6,134                 | Complete       |
| <b>Administration</b>                             |                               |                            |                  |                         |                |
| 1502 Office equipment / IT upgrades               |                               | \$25,000                   | \$25,000         |                         |                |
| <b>Totals</b>                                     | \$915,000                     | \$2,241,800                | \$3,193,800      | \$89,579                |                |
| <b>Fund Balance</b>                               |                               |                            | \$473,265        | \$3,577,486             |                |