



Memorandum

DATE: November 10, 2011
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: **Agenda for the November 17, 2011 Finance Committee Meeting**

There is a ***Finance Committee Meeting*** scheduled for **Thursday, November 17, 2011 @ 3:00PM**, first floor at ecomaine's Waste-to-Energy facility. The agenda for this meeting is as follows:

1. Approval of the September 8, 2011 Finance Committee Meeting Minutes (*Attachment A*)
2. Review of Financial Statements
 - Statement of Revenues and Expenses – Month & YTD (*Attachment B*)
 - Cash Flows (*Attachment C*)
 - Balance Sheet (*Attachment D*)
 - CIP
 - Status of Accounts Receivable (*Attachment E*)
3. Oversight of Expenditures
4. Medical Insurance (*Attachment F*)
 - Alternatives within MMEHT
 - Alternatives to MMEHT
 - Retiree Options
5. Other Items
6. Future Meetings:
 - Executive Committee: November 17th (*Thursday*) @ 4:00PM.
 - Recycling Committee: November 30th (*Wednesday*) @ 4:00PM.
 - Executive Committee: December 15th (*Thursday*) @ 4:00PM.
 - Board Meeting: January 19th (*Thursday*) @ 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

Contract Members

Andover
Cornish
Harpwell
Jay
Livermore Falls
Manchester
Monmouth
Newington (NH)
North Haven
Old Orchard Beach
Poland
Readfield
Sanford
Wayne

DATE: September 9, 2011
TO: Chair and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: Minutes of 9/8/11 **ecomaine** Finance Committee Meeting

There was an **ecomaine** Finance Committee Meeting on Thursday, September 8, 2011, at the Waste-to-Energy facility at 4:00PM.

There were six (6) items on the Agenda:

1. Approval of the May 12, 2011 Finance Committee Meeting Minutes
2. Approval of Assessments FY '13
3. Five Year Plan
4. Review of Financial Statements
5. Other Items
6. Future Meetings

Item #1 – Approval of the May 12, 2011 Finance Committee Meeting Minutes

Ms. Boudreau moved to approve the minutes of the May 12, 2011, Finance Committee Meeting. The motion was seconded by Mr. Regier and passed unanimously.

The discussion then turned to Item #3 (as opposed to Item #2).

Item #3 – Five Year Plan

Recommendation from the Recycling Committee regarding Recycling Revenue Sharing

After a discussion of (*Attachment C - Recommendation from Recycling Committee on Recycling Revenue Sharing*), the Finance Committee will accept the recommendation from the Recycling Committee and not include recycling revenue sharing in FY 2013. The Finance Committee will wait for the Recycling Committee to study the issue in greater detail and then review at the appropriate time.

Cash Flow Projections Update

Mr. Birt reviewed and gave an update on both the short and long formats of the cash flow projections.

Approval of Cash Reserve Policies

The Finance Committee determined that they would like to review the Cash Reserve Policies on an annual basis.

Mr. Cole made a motion that the Finance Committee recommends to the Executive Committee approval of the Cash Reserve Policies as reviewed here in the Finance Committee Meeting of 9/8/11. The motion was seconded by Susan McGinty and passed unanimously.

Item #2 – Approval of Assessments FY '13

After a discussion of the FY '13 Proposed Assessments (noting that the 5-year rolling average will change each year), Mr. Cole made a motion that the Finance Committee recommends to the Executive Committee approval of the FY '13 Proposed Assessments as drafted here in the Finance Committee Meeting of 9/8/11. The motion was seconded by Susan McGinty and passed unanimously.

Item #4 – Review of Financial Statements

Mr. Birt reviewed the Statement of Revenues and Expenses for 6/30/11 and 7/31/11, as well as the Balance Sheet, Cash Flows, CIP and Status of Accounts Receivable.

Item #5 – Other Items

There were no other items.

Item #6 – Future Meetings

It was noted that:

- the Finance Committee Meeting scheduled for 9/22/11 has been cancelled.
- a Finance Committee Meeting has been added for 11/17/11 @ 3:00PM.
- the **ecomaine** Annual Open House (at Recycling) is coming up on 9/24/11.

Mr. Cole made a motion to adjourn the meeting. The motion was seconded by Ms. Boudreau and all were in favor. The meeting adjourned at 5:35PM.

PRESENT:

M. Bobinsky
L. Boudreau
D. Cole
M. Frank
J. Gailey
S. McGinty
R. Regier
M. St. Clair
L. Van Gaasbeek

ABSENT:

J. Miller
T. Plante

Staff: A. Birt, K. Roche and L. Trufant.

Statement of Revenue and Expenses - October 2011
\$000's

	Month			YTD			Last Year - YTD	
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Variance
Operating revenues								
Municipal assessments	\$ 370	\$ 370	\$ -	\$ 1,481	\$ 1,481	\$ -	\$ 1,560	\$ (79)
Owners tipping fees	356	353	3	1,549	1,414	136	1,539	10
Associate tipping fees	86	77	9	398	308	91	354	44
Commercial tipping fees	511	478	34	2,066	1,911	154	2,054	12
Spot market tipping fees	170	170	1	815	680	135	839	(24)
Electrical generating revenues	351	348	3	1,474	1,404	70	2,375	(902)
Sales of recycled goods	327	250	77	1,612	1,000	612	1,052	560
Recycling tipping fees	4	1	3	14	4	9	6	7
Gorham property assessments	8	8	-	33	33	-	37	(3)
Other operating income	7	8	(1)	28	32	(4)	28	0
Total operating revenues	2,192	2,064	128	9,469	8,267	1,203	9,844	(375)

Operating expenses								
Administrative expenses	209	204	(5)	801	839	38	824	23
Waste-to-energy operating expenses	515	662	147	2,341	2,623	281	2,359	18
Recycling operating expenses	105	147	42	534	587	53	530	(3)
Landfill/ashfill operating expenses	107	123	16	485	545	61	446	(38)
Contingency	-	16	16	-	65	65	1	1
Landfill closure and postclosure care costs	23	-	(23)	93	-	(93)	-	(93)
Post-retirement benefit	3	-	(3)	40	-	(40)	-	(40)
Depreciation & amortization	342	342	(0)	1,367	1,367	(0)	1,300	(67)
Total operating expenses	1,303	1,493	190	5,660	6,026	366	5,461	(199)
Net operating income	889	571	318	3,809	2,240	1,569	4,383	(573)

Non-operating income (expense)								
Interest income	5	1	5	15	2	12	14	1
Interest expense	(9)	(11)	2	(37)	(45)	8	(185)	148
Other Expense	-	-	-	-	-	-	-	-
Net non-operating	(4)	(11)	7	(23)	(43)	20	(172)	149
Total revenue less expenses	\$ 885	\$ 560	\$ 325	\$ 3,787	\$ 2,197	\$ 1,589	\$ 4,211	(424)

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Statement of Cash Balances -October 2011
 \$000's

	Act FY 11 @ 6/30/11	Bud FY 2012 @ 6/30/12	Act FY 2012 @ 10/31/11
Cash flows from operating activities:			
Net operating income	\$ 9,092	\$ 5,413	\$ 3,809
Add back: depreciation	3,918	4,100	1,367
Add back: landfill closure costs	278	-	93
Add back: Post Retirement Benefit	101	-	40
Other working capital changes	56	-	(192)
Net cash provided by operating activities	<u>13,445</u>	<u>9,513</u>	<u>5,117</u>
Cash flows from capital and related financing activities:			
Bank loan	(750)	-	-
Payment of interest	(429)	(136)	(37)
Repayment of long-term debt	(10,450)	(6,630)	(6,630)
Repayment of capital leases	(1,580)	(70)	-
Net cash used in capital and related financing	<u>(13,209)</u>	<u>(6,836)</u>	<u>(6,667)</u>
Cash flows from investing activities:			
Receipts of interest	42	19	15
Capital expenditures	(1,286)	(3,276)	(289)
Net cash used in investing activities	<u>(1,244)</u>	<u>(3,257)</u>	<u>(275)</u>
Net increase (decrease) in cash	(1,008)	(580)	(1,825)
Cash, beginning of period	22,976	19,385	21,968
Cash, end of period	<u>21,968</u>	<u>18,805</u>	<u>20,143</u>
Detail			
Operating Cash Reserve	-	-	-
Long Term Capital Reserve	1,673	115	2,384
Landfill Closure reserve	-	-	-
Bond Payment Reserves	6,875	4,099	3,136
Debt Service Reserves	3,292	3,292	2,000
Other Cash	10,129	11,299	12,623
Total	<u>\$ 21,969</u>	<u>\$ 18,805</u>	<u>\$ 20,143</u>

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Balance Sheet - October 2011
\$000's

	2011 June 30	2011 October 31
Assets		
Current Assets		
Cash, Operating	\$ 11,801	\$ 15,007
Cash, Held By Trustee For Debt Payments	6,875	3,136
Accounts Receivable	2,317	2,053
Inventory	2,029	2,029
Prepaid Expenses	186	199
Total Current Assets	<u>23,208</u>	<u>22,423</u>
Property, Plant & Equipment	121,879	122,168
Less: Accumulated Depreciation	90,242	91,609
Net Property, Plant and Equipment	<u>31,637</u>	<u>30,560</u>
Debt Service Reserve	3,292	2,000
Gorham Materials Recovery Facility	1,500	1,500
Total Assets	<u>59,637</u>	<u>56,483</u>
Liabilities		
Current Liabilities		
Accounts Payable	661	264
Accrued Expenses	472	425
Accrued Compensated Absences	774	774
Current Portion of Long Term Debt	6,630	3,975
Current Portion of Capital Leases	-	-
TD Bank Term Loan	-	-
Total Current Liabilities	<u>8,537</u>	<u>5,439</u>
Other Liabilities		
Bonds - Long-Term Portion	4,560	585
Accrued Landfill Close & Post Close costs	15,417	15,510
Accrued Post Retirement Benefit	295	335
Total Liabilities	<u>28,809</u>	<u>21,868</u>
Net Assets (Equity)		
Restricted - Debt Service Reserve		
Total Restricted Reserves	3,292	2,000
Capital Reserve		
Total Designated Reserves	2,384	2,384
Fund Balance (Retained Earnings)	17,178	26,444
Revenues Less Expenses (Current Year)	7,975	3,787
Total Fund Balance (Retained Earnings)	<u>25,153</u>	<u>30,231</u>
Total Net Assets (Equity)	<u>\$ 30,829</u>	<u>\$ 34,615</u>

		ecomaine				
Item	Current	Age of Receivables				Total
		31-60 Days	61-90 Days	91 & Over Days		
06/30/11	\$ 1,967,592	\$ 263,795	\$ 34,601	\$ 4,168	\$ 2,270,157	
Balances %	86.7%	11.6%	1.5%	0.2%	100.0%	
07/31/11	\$ 1,951,212	\$ 173,592	\$ 6,049	\$ 4,004	\$ 2,134,857	
Balances %	91.4%	8.1%	0.3%	0.2%	100.0%	
08/31/11	\$ 2,155,353	\$ 157,025	\$ 58,311	\$ 6,728	\$ 2,377,418	
Balances %	90.7%	6.6%	2.5%	0.3%	100.0%	
09/30/11	\$ 1,984,043	\$ 359,325	\$ 5,003	\$ 31,539	\$ 2,379,910	
Balances %	83.4%	15.1%	0.2%	1.3%	100.0%	
10/31/11	\$ 1,649,372	\$ 318,054	\$ 42,208	\$ 10,434	\$ 2,020,067	
Balances %	81.6%	15.7%	2.1%	0.5%	100.0%	

Note: The IRS Receivable, Allowance for Doubtful Accounts and the receivable associated with the landfill gas project are not included in the above.

Options for Consideration RE: Medical Coverage at ecomaine

- **Alternatives Available within MMEHT**
 - ✓ Medical Premiums (including basic life) in CY 11 average about \$80,000 per month for ecomaine – Employee and Employer combined.
 - ✓ Beginning in 2012 MMEHT will offer 2 more options to pick from with varying premiums and out of pocket costs to the employee. They will also announce the elimination of one option (indemnity) effective at the close of FY 12.
 - ✓ We can offer up to 3 options for employees but have in the recent past only offered two.
 - ✓ Each option has ecomaine paying 90% of the premiums in the recent past – we can pay a higher share of the premiums for plans that have a higher deductible and maximum out of pocket cost.
 - ✓ We could pay a lower share of all plan premiums – move from 90% to 85%

- **Alternatives Available outside MMEHT**
 - ✓ Both TD Insurance and Turner Barker Insurance have expressed interest in our health care business and would be interested in developing options for our review.
 - ✓ We can leave the MMEHT with 60 days notice – the external carries do not like to embrace 10 month plans – but a 22 month plan might be doable.
 - ✓ Consideration should be given to one year savings vs. long terms costs.

- **Alternatives Available for Retiree Coverage**
 - ✓ Employees who retire with at least 5 years of consecutive service with ecomaine and are at least 55 years of age are eligible for medical coverage.
 - ✓ They pay 100% of the cost – which currently means they pay the same total rate as an active employee. Ecomaine does not contribute to their premiums. However in reality older people typically have higher claims experience.
 - ✓ At the current time the position of the MMEHT is we cannot add a surcharge to the active rates to cover the higher claims experience and we cannot eliminate the retiree option.
 - ✓ Outside coverage (TD Ins or Turner Barker) may allow separate coverage for retirees having them pick up the full cost of their claims experience.

- **Other Comments**
 - ✓ Some of the options may require coordination with the labor contract
 - ✓ The devil is in the details on medical coverage and we need to be sure we are not swapping lower premiums for poor coverage.