



Memorandum

DATE: September 7, 2017
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda for the Finance Committee Meeting

There is an ecomaine Finance Committee Meeting scheduled for September 14, 2017 @ 4PM. The agenda for this meeting is as follows:

- 1. Approval of Minutes (Attachment A)
2. Cash Disbursement Report – Mike Shaw, Chairman
3. Financial Statements FY 17
o Statement of Revenues and Expenses (Attachment B1)
o Statistical Data (Attachment B2)
o Balance Sheet (Attachment B3)
o Statement of Cash Balances (Attachment B4)
o Capital Expenditures (Attachment B5)
o Status of Accounts Receivable (Attachment B6)
4. Five Year Financial Plan Review (Handout)
5. Insurance Broker Review/RFP Process (Attachment C)
6. GASB45 – Other Post-Employment Benefits (Attachment D)
7. Other:

Future Meetings:

Table with 4 columns: Meeting Name, Date, Meeting Name, Date. Lists future meetings for Audit Committee, Executive Committee, Full Board Meeting, Recycling Committee, Finance Committee, and Annual Board Meeting from September 2017 to June 2018.



## Memorandum

**DATE:** May 30, 2017  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Finance Committee Minutes – May 18, 2017

There was a Finance Committee Meeting held on the date noted above. The meeting was called to order by Mike Shaw, Chair.

**Item #1: - Minutes**

Matthew Frank moved to approve the minutes from the last meeting. The motion was second by William Shane. All in favor.

**Item # 2: - Presentation MH Payson**

Mike Shaw introduced the presenters from HM Payson, Daniel Lay and Molly Reinfried. They gave the Finance Committee a presentation of the investment portfolio as of 03/31/2017.

**Item #3: - Cash Disbursement Report - Mike Shaw, Chair**

Mike Shaw reported that he reviewed the Cash Disbursements and found no issues or concerns.

**Item # 4: - Update on Purchasing**

Arthur Birt presented a summary of the new procurement policy to the committee. William Shane motioned to endorse the procurement policy. The motion was second by Dave Cole. Discussion. Some Finance Committee members indicated that they thought the new policy was well put together and thanked the staff for their efforts. All in favor.

**Item # 5: - Update on Medical Coverage**

Arthur Birt presented a summary on the medical coverage along with a cost benefit. Finance Committee member's voiced their support for the new plan and for the wellness program.

**Item # 6: - GASB45 – Other Post-Employment Benefits**

Due to time, the GASB45 agenda item was pushed to the next Finance Committee meeting in the fall. The Finance Committee also decided to hold off on review the Financial Statements until the following Executive Committee meeting scheduled to proceed after this meeting.

Len Van Gaasbeek moved to adjourn. The move was second by Matthew Frank. All in favor

**Present:**

Anne Bilodeau, Linda Boudreau, Dave Cole, Matthew Frank, Troy Moon, Dave Morton, Anthony Plante, Bill Shane, Mike Shaw & Len Van Gaasbeek

**Staff:**

Arthur Birt & Kevin Roche

**Guests:**

Dan Lay & Molly Reinfried

## Statement of Revenue &amp; Expenses June, 2017 (FY17)

	Actual - Prior Years YTD			Current Year To Date			FY17 to FY16
	2014	2015	2016	Actual	Budget	Variance	Variance
<b>Operating revenues</b>							
Municipal assessments & rebates	\$2,942,109	(\$1,000,003)	\$0	\$0	\$0	\$0	\$0
Owners tipping fees	3,462,495	3,455,911	3,543,278	3,554,488	3,510,242	44,246	11,210
Assoc tipping fees	906,862	944,682	978,906	982,194	956,026	26,168	3,288
Contract tipping fees	283,452	295,585	306,831	357,524	299,780	57,744	50,692
Commercial tipping fees	5,193,993	5,114,351	5,263,778	5,649,092	5,127,039	522,053	385,314
Spot market tipping fees	2,008,675	2,008,508	1,728,293	1,687,510	1,593,144	94,366	(40,783)
Electrical generating revenues	4,569,868	4,616,876	4,182,191	3,715,051	3,729,700	(14,649)	(467,140)
Sales of recycled goods	3,434,385	2,956,003	2,369,969	3,806,555	2,378,560	1,427,995	1,436,585
Recycling tipping fees	104,072	130,981	140,644	29,296	163,356	(134,060)	(111,348)
Gorham property assessments	166,230	0	0	0	0	0	0
Other operating income	90,900	98,434	103,117	101,695	98,718	2,977	(1,421)
<b>Total operating revenues</b>	<b>\$23,163,041</b>	<b>\$18,621,329</b>	<b>\$18,617,008</b>	<b>\$19,883,404</b>	<b>\$17,856,564</b>	<b>\$2,026,841</b>	<b>\$1,266,396</b>
<b>Operating expenses</b>							
Administrative expenses	2,531,443	2,631,993	2,520,240	2,518,887	2,701,649	182,762	1,354
Waste-to-energy operating expenses	9,412,289	9,222,332	8,946,000	9,371,777	9,829,923	458,146	(425,777)
Recycling operating expenses	2,017,161	2,088,193	2,173,789	2,203,746	2,276,510	72,764	(29,957)
Landfill/ashfill operating expenses	1,600,635	1,802,372	1,641,948	1,931,544	1,618,116	(313,429)	(289,596)
Contingency	0	0	0	0	200,000	200,000	0
Landfill closure & postclosure care costs	239,704	259,936	295,483	(2,182,480)	260,000	2,442,480	2,477,963
Post-retirement benefit- Health Care	95,461	49,730	70,458	60,244	75,000	14,756	10,214
Depreciation & amortization	4,194,858	3,804,881	4,201,984	4,177,307	4,300,000	122,693	24,678
<b>Total operating expenses</b>	<b>\$20,091,550</b>	<b>\$19,859,438</b>	<b>\$19,849,903</b>	<b>\$18,081,024</b>	<b>\$21,261,197</b>	<b>\$3,180,173</b>	<b>\$1,768,879</b>
<b>Net operating income</b>	<b>\$3,071,491</b>	<b>(\$1,238,109)</b>	<b>(\$1,232,895)</b>	<b>\$1,802,380</b>	<b>(\$3,404,634)</b>	<b>\$5,207,013</b>	<b>\$3,035,275</b>
<b>Non-operating income (expense)</b>							
Non Investment Interest	43,376	48,352	35,662	36,584	15,000	21,584	922
Investment Income Net of Expenses	0	71,167	141,924	1,164,205	0	1,164,205	1,022,281
Misc. Income / (Expenses)	54,265	83,442	(68,836)	65,532	0	65,532	134,368
<b>Net non-operating</b>	<b>\$97,641</b>	<b>\$202,961</b>	<b>\$108,750</b>	<b>\$1,266,322</b>	<b>\$15,000</b>	<b>\$1,251,322</b>	<b>\$1,157,572</b>
<b>Total Revenue Less Expenses</b>	<b>\$3,169,132</b>	<b>(\$1,035,148)</b>	<b>(\$1,124,146)</b>	<b>\$3,068,702</b>	<b>(\$3,389,634)</b>	<b>\$6,458,335</b>	<b>\$4,192,847</b>

## Statistical Data June, 2017 (FY17)

	Actual - YTD			Year to Date 2017				Year to Date Vs. Last Yr	
	2014	2015	2016	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
<b>MSW - Tons</b>									
Owner	49,517	49,753	50,659	50,695	50,254	441	0.9%	36	0.1%
Associate	11,175	11,439	11,863	11,798	11,622	176	1.5%	(65)	-0.6%
Contract	5,184	5,206	5,351	6,173	5,251	922	17.6%	822	15.4%
Commercial	75,201	75,778	76,072	81,024	76,114	4,910	6.5%	4,952	6.5%
Spot	40,232	38,411	32,416	30,249	29,530	719	2.4%	(2,167)	-6.7%
Total MSW	181,309	180,587	176,361	179,939	172,771	7,168	4.1%	3,578	2.0%
<b>Recycle - Tons</b>									
Inbound - MRF only	41,968	43,642	41,011	38,638	41,160	(2,522)	-6.1%	(2,373)	-5.8%
Outbound- MRF only	37,469	38,722	35,621	35,161	36,190	(1,029)	-2.8%	(460)	-1.3%
Outbound- Post Burn	4,514	4,289	4,603	4,828	4,730	98	2.1%	225	4.9%
Outbound- Landfill Metal Mining	14,860	6,904	(24)	-	-	0		24	
Outbound Total	56,843	49,916	40,200	39,989	40,920	(931)	-2.3%	(211)	-0.5%
<b>MSW - Revenue \$/Ton</b>									
Owner	\$69.93	\$69.46	\$69.94	\$70.11	\$69.85	\$0.26	0.4%	\$0.17	0.2%
Associate	81.15	82.58	82.52	83.25	82.26	0.99	1.2%	0.74	0.9%
Contract	54.68	56.78	57.34	57.92	57.09	0.83	1.4%	0.58	1.0%
Commercial	69.07	67.49	69.19	69.72	67.36	2.36	3.5%	0.53	0.8%
Spot	49.93	52.29	53.32	55.79	53.95	1.84	3.4%	2.47	4.6%
Total MSW	65.39	65.45	67.03	67.97	66.48	1.49	2.2%	0.94	1.4%
<b>Recycle - Revenue \$/Ton</b>									
\$/Ton Outbound (Includes glass/metals)	\$62.25	\$61.84	\$62.45	\$95.92	\$62.12	\$33.80	54.4%	\$33.47	53.6%
\$/Ton Inbound- Rev/Cost Sharing	70.18	61.75	57.39	92.87	59.23	33.64	56.8%	35.48	61.8%
<b>Energy</b>									
MWH's Sold	86,562	77,550	92,744	86,573	87,185	(611)	-0.7%	(6,170)	-6.7%
\$/MWH	\$52.79	\$59.53	\$45.09	\$42.91	\$42.78	\$0.13	0.3%	(\$2.18)	-4.8%
Steam Plant Capacity Factor %	87.4%	85.6%	92.5%	90.1%					
Average Boiler Availability %	92.9%	90.6%	93.7%	93.3%	92.8%				
Steam Plant Capacity Utilization %	94.0%	94.0%	99.0%	96.5%					
Power Capacity Factor %	82.0%	73.0%	87.0%	81.4%					
Power Sold - % of Capacity to Sell	82.0%	73.0%	87.5%	81.7%	82.3%				

**Steam Plant Capacity Factor %** - Steam 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 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.

## ecomaine Balance Sheet

ATTACHMENT B3

June, 2017 (FY17)

	Year End Actuals @ 6/30			FY 2017
	2014	2015	2016	June
<b>Assets</b>				
Current Assets				
Balance Operating Cash	\$29,316,709	\$6,298,130	\$5,914,305	\$6,223,377
Accounts Receivable	1,883,790	1,943,169	1,885,906	2,135,332
Inventory	2,554,175	2,487,755	2,641,991	2,808,335
Prepaid Expenses	232,130	190,326	405,802	197,485
Total Current Assets	<u>\$33,986,803</u>	<u>\$10,919,380</u>	<u>\$10,848,004</u>	<u>\$11,364,529</u>
Property, Plant & Equipment	130,999,240	136,800,702	138,831,131	141,863,509
Less: Accumulated Depreciation	<u>101,917,064</u>	<u>105,721,945</u>	<u>109,792,071</u>	<u>113,825,748</u>
Net Property, Plant and Equipment	<u>29,082,176</u>	<u>31,078,757</u>	<u>29,039,060</u>	<u>28,037,761</u>
Cash Reserve Accounts	-	20,212,199	22,623,738	24,637,943
Gorham Property	1,500,000	1,500,000	-	-
Total Assets	<u>\$64,568,980</u>	<u>\$63,710,335</u>	<u>\$62,510,802</u>	<u>\$64,040,233</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	597,988	49,687	83,895	526,605
Accrued Expenses	782,002	1,148,099	751,829	800,081
Accrued Compensated Absences	931,343	980,386	901,118	993,122
Total Current Liabilities	<u>2,311,333</u>	<u>2,178,171</u>	<u>1,736,842</u>	<u>2,319,808</u>
Other Liabilities				
Bonds - Long-Term Portion				
Accrued Landfill Close & Post Close costs	16,191,575	16,451,511	16,746,994	14,564,514
Accrued Post Retirement Benefit - Health Care	390,165	439,894	510,352	570,596
Total Liabilities	<u>18,893,073</u>	<u>19,069,577</u>	<u>18,994,189</u>	<u>17,454,918</u>
<b>Net Assets (Equity)</b>				
Fund Balance (Retained Earnings)	42,506,775	45,675,907	44,640,758	43,516,613
Revenues Less Expenses (Current Year)	<u>3,169,132</u>	<u>(1,035,148)</u>	<u>(1,124,146)</u>	<u>3,068,702</u>
Total Fund Balance (Retained Earnings)	<u>45,675,907</u>	<u>44,640,758</u>	<u>43,516,613</u>	<u>46,585,314</u>
Total Net Assets (Equity)	<u>\$ 45,675,907</u>	<u>\$ 44,640,758</u>	<u>\$ 43,516,613</u>	<u>\$ 46,585,314</u>

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Statement of Cash Balances June, 2017 (FY17)								
	12 Month Actuals @ 6/30				Bud FY 2017 @ 6/30/17	Act FY 17 @ 6/30/17	Reserves per policy	Reserve Target
	2013	2014	2015	2016				
Cash & Reserves - beginning of period	\$23,928,932	\$23,060,082	\$29,317,000	\$26,510,251	\$25,573,230	\$28,538,043		
Cash flows from operating activities:								
Net operating income	4,811,025	3,071,498	(1,238,109)	(1,232,895)	(3,404,952)	1,802,380		
Add back: depreciation	4,015,074	4,194,858	3,804,881	4,201,984	4,300,000	4,177,307		
Add back: landfill closure costs	257,852	239,704	259,936	295,483	260,000	(2,182,480)		
Add back: Post Retirement Benefit	0	95,461	49,730	70,458	75,000	60,244		
Other working capital changes	(711,375)	670,507	(41,673)	(859,134)		388,720		
Net cash provided by operating activities	8,372,576	8,272,028	2,834,765	2,475,896	1,230,048	4,246,170		
Cash flows from capital and related financing activities:								
Payment of interest	(304)	683	427	1,983	0	0		
Repayment of long-term debt	(4,560,000)	0	0	0	0	0		
Repayment of capital leases	0	0	0	0	0	0		
Net cash used in capital and related financing	(4,560,304)	683	427	1,983	0	0		
Cash flows from investing activities:								
Receipts of interest	70,547	42,693	48,352	35,662	15,000	36,584		
Investment income	0	0	71,167	141,924	0	1,164,205		
Capital expenditures	(4,751,669)	(2,058,485)	(5,761,460)	(2,147,288)	(3,385,500)	(3,123,683)		
Sale of Gorham Property				1,519,615				
Net cash used in investing activities	(4,681,122)	(2,015,792)	(5,641,941)	(450,087)	(3,370,500)	(1,922,894)		
Net increase (decrease) in cash	(868,850)	6,256,919	(2,806,749)	2,027,791	(2,140,452)	2,323,277		
Cash & Reserves - end of period	23,060,082	29,317,000	26,510,251	28,538,043	23,432,778	30,861,320		
Cash Reserve Detail								
Operating Cash Reserve	7,500,000	8,160,000	8,174,000	8,249,690	8,189,775	8,290,518	8,290,518	8,290,518
Landfill Closure Reserve			300,151	300,941	300,284	301,736	301,736	301,736
Descretionary Landfill Closure Reserve	1,701,000	3,052,000	3,922,780	6,214,445	4,625,994	7,712,419	7,712,419	22,217,000
Long Term Capital Reserve	4,004,000	4,006,000	4,049,713	4,057,653	3,920,841	4,520,183	4,520,183	4,520,183
Recycling Revenue & Cost Sharing			500,294	502,516	500,566	502,847	502,847	0
Short Term Capital Reserve	3,253,000	3,255,000	3,265,183	3,298,492	3,273,413	3,310,239	3,310,239	3,310,239
Bond Payment Reserves								
Debt Service Reserves								
Balance Operating Cash	6,602,082	10,844,000	6,298,130	5,914,305	2,621,905	6,223,377		
Total	\$23,060,082	\$29,317,000	\$26,510,251	\$28,538,043	\$23,432,778	\$30,861,320	\$24,637,943	\$38,639,676

## ATTACHMENT B5

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Capital Expenditures								
June, 2017 (FY17)								
Project		FY 2017 Budget	Project Expend YTD	FY 17 Forecast	Variance From Budget	Total Cost @ 06/30/17	Inservice Date	Comments
No	Title							
1524-149-2	x Boiler - Air Preheater Coil Upgrade	350,000	464,465	464,465	-\$114,465	\$732,054	Sep-17	In Progress
1524-232-2	CEMS - Data Logger Replacements	75,000		0	\$75,000	\$0	Aug-17	Postponed till fy18
1524-298-2	x ESP - Casing Repairs		(54)	(54)	\$54	\$597,246	Apr-17	Complete
1524-372-2	x Refuse Crane Replacement	\$ 1,175,000	\$ 785,606	\$ 785,606	\$ 389,394	\$ 956,680	Aug-17	In Progress
1524-373-2	x Refuse Crane Rebuild (rails)	124,000	167,597	167,597	(43,597)	280,295	Jun-17	Complete
1524-373-3	Refuse Crane Cable Replacement (N Crane)	120,000	124,921	124,921	(4,921)	124,921	Jun-17	Complete
1524-373-4	Refuse Crane Grapple Replacement	75,000	47,329	47,329	27,671	47,329	Jun-17	Complete
1524-412-3	x Building - Locker Room Renovations & Decon Zone		530,061	530,061	(530,061)	561,805	Jun-17	Complete
1524-416-2	x Ash Handling - Mixer Conditioner Tub Replace	20,000	27,939	27,939	(7,939)	115,057	Jun-17	Complete
1524-477-7	Boiler - Inconel Work	375,000	315,500	315,500	59,500	315,500	Jun-17	Complete
1524-482-2	Ash Handling - Ash Building Engineering	300,000	30,845	30,845	269,155	30,845	Mar-18	Complete
1524-517-2	Cameras - Refuse Bunker - FLIR Cameras	50,000	12,235	12,235	37,765	12,235	Jun-17	In Progress
1524-533-1	ESP - Controls upgrade	25,000	24,565	24,565	435	24,565	Oct-16	Complete
1524-534-1	x Equipment - Floor Scrubber	15,000	-	-	15,000	14,495		Complete - FY 16
1526-538-1	Vehicles - Loader - Snow Pusher	6,500	8,195	8,195	(1,695)	8,195	Feb-17	Complete
1526-544-1	Vehicles - Loader	310,000	-	-	310,000	-		Postponed till fy18
	Subtotal WTE	3,020,500	2,539,205	2,539,205	481,295	3,821,223		
	<b>Recycle</b>							
1526-535-1	Vehicles - Fork Truck Replacements - 1	30,000	32,957	32,957	(2,957)	32,957	May-17	Complete
1526-536-1	Vehicles - Fork Truck Replacements - 2	30,000	32,957	32,957	(2,957)	32,957	May-17	Complete
1526-537-1	Vehicles - Loader Replacement	100,000	132,850	132,850	(32,850)	132,850	Jun-17	Complete
1527-041-4	Building - Lower Facility Roof Replacement	35,000	17,300	17,300	17,700	17,300	Jun-17	Complete
1527-041-5	Building - Tipping Floor Replacement	50,000	-	-	50,000	-	Jun-17	Postponed till fy18
1527-250-2	Equipment - Plant Air Compressor Replacement	50,000	41,637	41,637	8,363	41,637	Jun-17	Complete
1527-413-2	Equipment - Blast Relief Hatch Fire Suppression	20,000	4,775	4,775	15,226	4,775	Jun-17	Complete
1527-468-2	x Equipment - Harris Baler Upgrades	40,000	-	-	40,000	165,710	Jun-17	Postponed till fy18
	Subtotal Recycle	355,000	262,476	262,476	92,524	428,185		
	<b>Landfill</b>							
1525-531-1	x Land - Fill Extension - West Side		(13,741)	(13,741)	13,741	(0)	Jun-16	Moved to Major Repairs
1525-545-1	Generator		12,711	12,711	(12,711)	12,711		Complete
1526-540-1	Vehicles- Used Pick up Truck		15,383	15,385	(15,385)	15,385	Mar-17	Complete
	Subtotal Landfill	-	14,353	14,355	(14,355)	28,096		
	<b>Administration</b>							
1524-412-4	Building - Office Improvements	25,000	-	-	25,000	-	Oct-17	Postponed till fy18
1524-526-1	x Building - Scalehouse Replacement	30,000	272,667	272,667	(242,667)	301,210	Oct-17	In Progress
1524-526-2	Building - Scale House Sign	15,000	-	-	15,000	-	Oct-17	Not started
1528-525-1	x Systems - Software Upgrades	35,000	40,452	40,452	(5,452)	76,780	Sep-16	In Progress
1528-541-1	Phone System Replacement		32,393	32,393	(32,393)	32,393	Jul-17	In Progress
1528-546-1	Projector & Screen Upgrade		14,462	14,462	(14,462)	14,462	Aug-17	In Progress
	Subtotal Administration	105,000	359,974	359,974	(254,974)	424,845		
	<b>Total All Areas</b>	<b>\$ 3,480,500</b>	<b>\$ 3,176,008</b>	<b>\$ 3,176,010</b>	<b>\$ 304,490</b>	<b>\$ 4,702,348</b>		
	x Project carried over from prior year							
	* A project is complete when it goes in service and not when the money is necessarily spent.							

ecomaine 6/30/17						
Accounts Receivables						
Date	Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total
07/31/16	Balances	\$1,470,503	\$276,461	\$47,404	\$131,601	\$1,925,968
	%	76.4%	14.4%	2.5%	6.8%	100.0%
08/31/16	Balances	\$1,597,355	\$139,647	\$32,938	\$38,250	\$1,808,190
	%	88.3%	7.7%	1.8%	2.1%	100.0%
09/30/16	Balances	\$1,430,779	\$200,540	\$22,120	\$72,232	\$1,725,671
	%	82.9%	11.6%	1.3%	4.2%	100.0%
10/31/16	Balances	\$1,407,765	\$199,950	\$10,460	\$35,636	\$1,653,811
	%	85.1%	12.1%	0.6%	2.2%	100.0%
11/30/16	Balances	\$1,620,182	\$326,160	\$72,083	\$33,143	\$2,051,567
	%	79.0%	15.9%	3.5%	1.6%	100.0%
12/31/16	Balances	\$1,446,068	\$339,278	\$112,285	\$52,584	\$1,950,215
	%	74.1%	17.4%	5.8%	2.7%	100.0%
01/31/17	Balances	\$1,728,627	\$127,978	\$32,952	\$50,438	\$1,939,996
	%	89.1%	6.6%	1.7%	2.6%	100.0%
02/28/17	Balances	\$1,434,828	\$319,364	\$20,374	\$46,447	\$1,821,012
	%	79%	18%	1%	3%	100%
03/31/17	Balances	\$1,594,249	\$164,079	\$20,240	\$49,358	\$1,827,927
	%	87.2%	9.0%	1.1%	2.7%	100.0%
04/30/17	Balances	\$1,434,362	\$350,296	\$37,232	\$52,698	\$1,874,589
	%	76.5%	18.7%	2.0%	2.8%	100.0%
05/31/17	Balances	\$1,536,395	\$99,140	\$37,703	\$28,731	\$1,701,969
	%	90.3%	5.8%	2.2%	1.7%	100.0%
06/30/17	Balances	\$1,696,298	\$330,174	\$17,470	\$71,257	\$2,115,199
	%	80.2%	15.6%	0.8%	3.4%	100.0%

ATTACHMENT B6

**Note:** The Allowance for Doubtful Accounts & 1217 IRS are not included in the above.



## Broker Selection

### Overview

Attached is a summary of our coverage (that USI put together recently for ecomaine internal purposes) that will help you in understanding our coverage as you develop your presentation. We would like you to address the following in your presentation package at a minimum but you should feel free to expand as you see fit.

### Organization

Please provide an overview of your organization:

- What distinguishes your firm from others,
- Areas of relevant experience in managing waste and recycling insurance requirements,
- Why your firm can best meet the complex and diverse risk management needs of an organization like ecomaine,
- Local and national office locations,

### Account Team

In order to assist ecomaine in understanding the qualification of whom we will be working with please:

- Identify the members of your organization that will be assigned to the ecomaine account, their qualifications, their specific responsibilities and their location,
- Describe the percent of production activity vs. service activity in the individual's time budget if a team member has production responsibilities,
- Include a description of how you will manage the day-to-day account activities and servicing issues,
- Define "the bench strength" of your organization/office – who covers in an absence of one or more key players,

### Market Availability

In order to assist ecomaine in evaluating your presence in the marketplace, please provide the following information:

- A list of your principal markets and the premium volume – regional and national,
- A list of the top five insurance companies that you partner with that address the various aspects of risks associated with Waste to Energy Facilities, Recycling Facilities and Landfill Operations including environmental,
- Describe the current market conditions for relevant coverage,

### Insurer Evaluation Services

In order to assist ecomaine in better understanding the risks associated with the insurers your work with please provide the following information:

- Describe your firm's capability to continuously evaluate the solvency or quality of insurers used by your firm,
- Explain to what extent and how this information is made available to your clients.

## Quality Control

In order to assist ecomaine in better understanding how you would determine proper coverage for ecomaine please discuss:

- How you determine the correct levels of insurance for a quasi-municipal organization, such as ecomaine, at competitive premiums,
- How your firm's waste & recycling insurance addresses existing environmental contamination,
- How your firm exercises internal quality control on risk investigation, identification of new risks, marketing-insurance placement, policy issuance and policy content,
- Your marketing process and how you review that process with the client,
- Who in your firm will be responsible for quality control and client satisfaction if selected as ecomaine's broker,
- What you might proposed for a program structure --what changes you might suggest that may be different than current program and why,

## Services and Resources

Please describe the extent to which the following services are available from your organization & the plan for delivery for ecomaine:

- Your firm's enterprise risk management review process,
- Risk management information systems,
- Claims management services,
- Loss control resources,
- Information available on line for above services,
- Other services such as statistical services, educational seminars, and/or specialized services which apply to relevant lines of coverage,

## Transition Plan/Renewal Strategy

Please present your proposed transition plan and typical renewal strategy and timetable.

## Broker Compensation (minimum 5 years business arrangement)

So we can better understand how your organization will be compensated please provide:

- Your preference for commission based or fee based compensation,
- Provide an annual compensation amount/arrangement you believe to be fair to all parties involved, including how it might change over 5 years,
- Specify any services and/or activities that would be subject to additional charges or fees,
- If a fee arrangement, include a sample copy of an agreement,

# Insurance Broker RFP Process

## RFP Development

- Staff work with several broker agencies to develop an RFP for providing broker services for our business insurance (non-employee benefit coverage) needs for a minimum 5 year period. A copy of the RFP as issued in early May is attached for background information.
- Three firms were invited to participate, tours and additional requested information (loss runs, etc.) was provided. The three firms included:
  - **Cross Insurance** - a family owned and operated business headquartered in Bangor, Me and is a network of wholly owned insurance agencies located throughout 5 northeastern states. It is one of the largest New England independent Insurance intermediaries and the nation's 33<sup>rd</sup> largest broker of U.S. Business with over 15,000 business clients.
  - **Norton Hub International** is a result of a recent combination of Norton Insurance & Financial (Maine based agency) and Hub (the largest independent insurance agency in the USA) with over 400 offices and over 1 million clients.
  - **USI Maine** is headquartered in South Portland Me and began as Morse, Payson, and Noyes which was founded in 1784. It was eventually acquired by USI in 2012 and is now part of an organization with over 4,400 professionals, and more than 140 offices operating in every state in the USA.
- Staff received extensive responses from all three organizations (including possible modifications to the ecomaine insurance program) and interviews were arranged.

## Broker Selection

- Albert Risk Management Consultants were retained by ecomaine to assist in the interview process. This organization, which was established in 1967, is the largest independent risk management consulting firm in the USA and is headquartered in Mass.
- Each of the three brokerage firm were interviewed by a committee consisting of James Evans (Albert Risk Management), K. Roche and A. Birt.
- Following the interviews the committee discussed each of the firms giving consideration to "the team, oral and written proposals, services available, & fees". USI was selected by the committee based on this analysis, utilizing a fixed fee concept with full disclosure of any commissions.

## Post Selection

- Potential modifications (e.g. consolidation of selected policies, greater utilization of claims management services, etc.) to the ecomaine insurance program included in the responses have been consolidated and discussions are underway with USI on the cost/benefit to ecomaine. Those that are found to be beneficial will be incorporated in our program.

Date: May 10, 2017  
To: ecomaine Finance Committee Members  
From: Arthur Birt – Director Finance & Administration  
Subject: GASB 45

As part of the review of the proposed 2018 Budget several questions were raised relating to an item on our Statement of Revenues Less Expenses entitled **Post-retirement benefit-Health Care**. We were asked to provide a written explanation for this and to have RKO review this item in the fall.

Individuals who retire and still need medical insurance can “buy it on the open market” at individual rates. However, retired ecomaine employees are able to purchase medical insurance thru the Maine Municipal Employee Health Trust (the Trust) at group rates although they are required to pay 100% of the group premium. The concept of the post retirement benefit is “simply” being able to acquire medical insurance at group rates (vs individual rates on the open market) which can be a material benefit over 30 or more years of retirement. For financial reporting purposes, ecomaine historically followed a pay-as-you-go approach. In a nut shell, the rates were set annually based on claims experience (which included retirees). We reported/paid based on these rates each year and that was the accepted accounting practice. Having retirees in these group rates pushed up these costs.

The **Governmental Accounting Standards Board** (GASB) is the source of generally accepted accounting principles used by local governments and this board issues statements (called GASB Statements in short) that define the accounting principles to be followed. GASB 45 became effective in 2009 and is entitled “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”. Pensions are one of the more common forms of postemployment benefit and have their own set of rules. In our case we follow GASB 45 to develop and report the cost of group medical coverage for former employees and their beneficiaries.

You might wonder if ecomaine does not pay any portion of the medical costs for former employees (or their dependents) why would there be any cost to report under **Post-retirement benefit-Health Care**. Each year, as an active employee, I earn some piece of this benefit and GASB 45 states that this cost should be reflected in the Statement of Revenues Less Expenses and by my retirement date the liability for this benefit should be fully reflected on the Balance Sheet. To make things a little more interesting GASB 45 also recognizes that there is an existing liability not fully included on the Balance Sheet (for benefits that have already been earned) and it provides for the recognition of this cost over some years.

GASB 45 does not require us to set aside money in advance to pay for these future medical costs but simply that we report out today's cost and reflect the liability in our periodic financial statements. These costs are developed by actuaries following GASB 45 and some of the factors they consider include 1) How many employees are expected to receive benefits, 2) How long employees are expected to work, 3) How long employees are expected to live after retiring, 4) How much healthcare costs are expected to increase, & 5) How large a return is expected to be earned on investments.

In 2011 we asked the trust about discontinuing this benefit or about increasing the premium charges to retirees in an effort to eliminate this liability for ecomaine. The answer was basically “those types of options are not available at this point”.

An actuarial report is required every three years for an organization like ecomaine and our last actuarial report was completed in 2014. Therefore one is needed for the 2017 audit and that is underway. In addition, GASB 45 is going to be revised with GASB 75 effective for your June 30, 2018 audit and the process then (as I understand it) will resemble GASB 68 (accounting for pensions).

If you want to know more about this topic, we will have RKO ready to discuss in more detail in the fall.