

FY 2020 Budget Presentation





ecomaine provides comprehensive long-term solid waste solutions in a safe, environmentally responsible, economically sound manner, and is a leader in raising public awareness of sustainable waste management strategies.

The logo for ecomaine is displayed in a large, stylized font. The word "eco" is in black, with the letter 'o' containing a white circular arrow pointing clockwise. The word "maine" is in a vibrant green color. The logo is set against a background of a lush green field with yellow and white wildflowers under a bright sky.

ecomaine

FY 2020 Budget Presentation

Comparing the FY 19 Budget to the FY 19 Forecast

-  Revenues down \$.4 MM or 2.2% (favorable MSW and recycling tipping fees of \$.5 MM and decrease of \$.9 MM due to 41% decrease in recycling market rate from \$47.44 to \$28.03.)
-  Operating Expenses are expected to be down \$.6 MM or 3.7%. Major reasons are 4.2% favorable spending in Waste to Energy and unused contingency of \$.25 MM.
-  Non Cash Operating expenses up \$.2 MM due to increase in depreciation expense.
-  Net Cash Provided by Operations of \$1.7 MM, which is \$.1 MM favorable to budget.

FY 2019 Budget Presentation

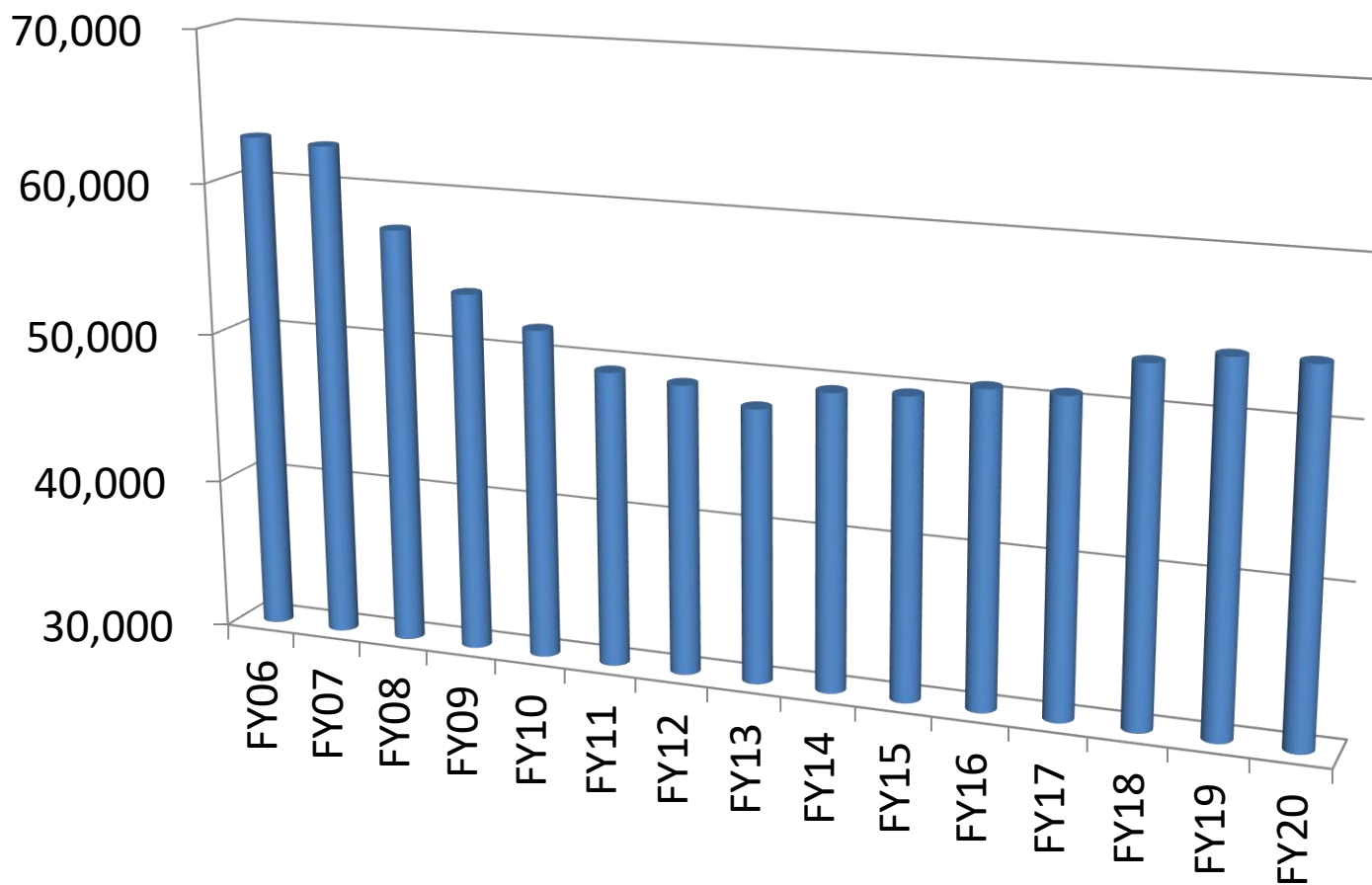
Comparing the FY 19 Budget to the FY 20 Budget

- ↑ Revenues are up \$.4 MM or 2% (owner and commercial tonnage up along with a 3.5% increase in the tipping fee, electrical revenue down 5% and recycling revenue up due to processing charge to owner communities).
- ↑ Operating Expenses up \$.4 MM or 2.5% due to payroll and benefits resulting from annual wage adjustments and addition of staff.
- Net Cash Provided by Operations is \$1.63 MM, which is even with budget.

Historical Trends and Projections

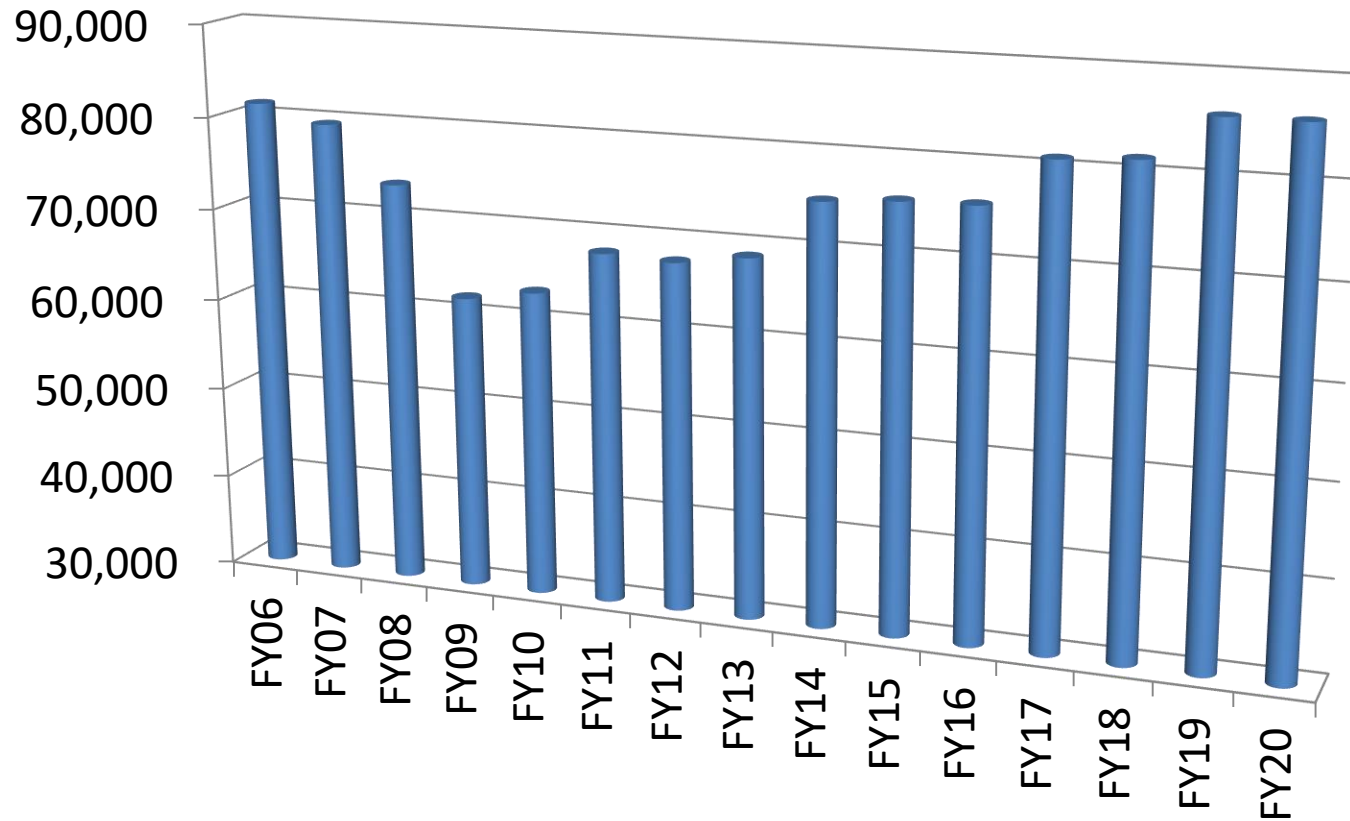
MSW Volume from Owner Communities

Tons are down 14% over last 14 years but up 12% from a low of 48,021 tons in FY 13



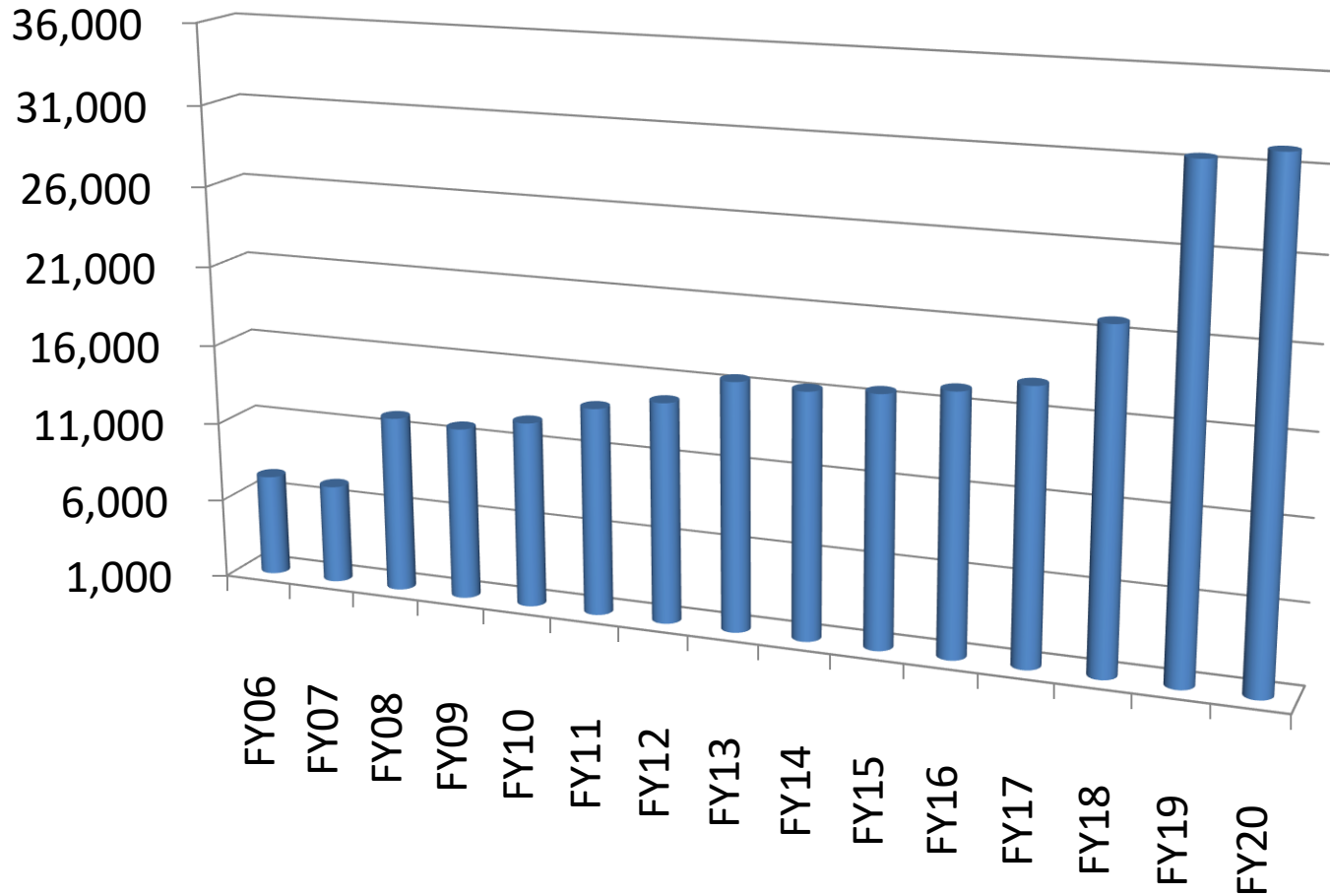
Commercial MSW Tons

Up 6% from 2006 and up 39% from the 2009 low



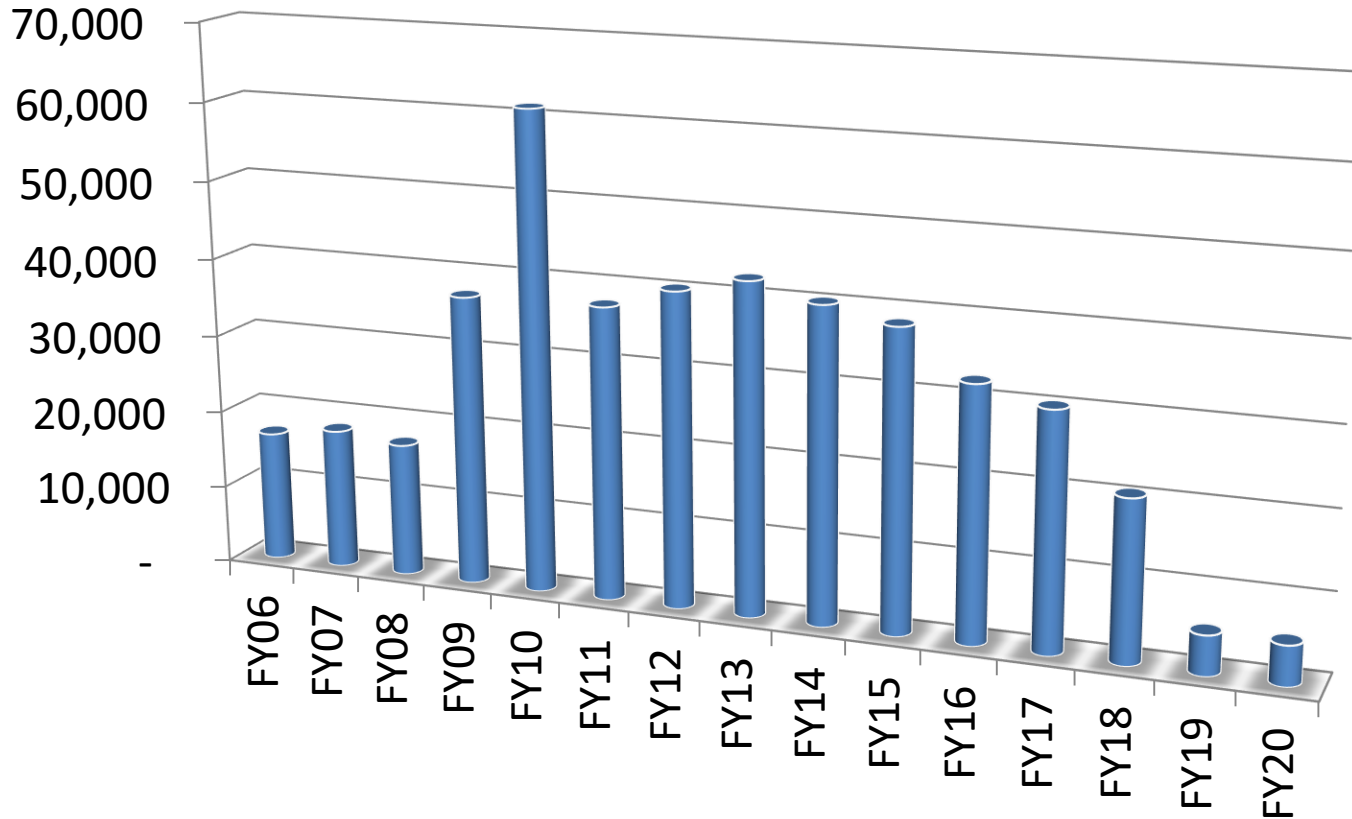
Associate & Contract Member MSW Tons

Up 335% since 2006, up 56% from FY 18



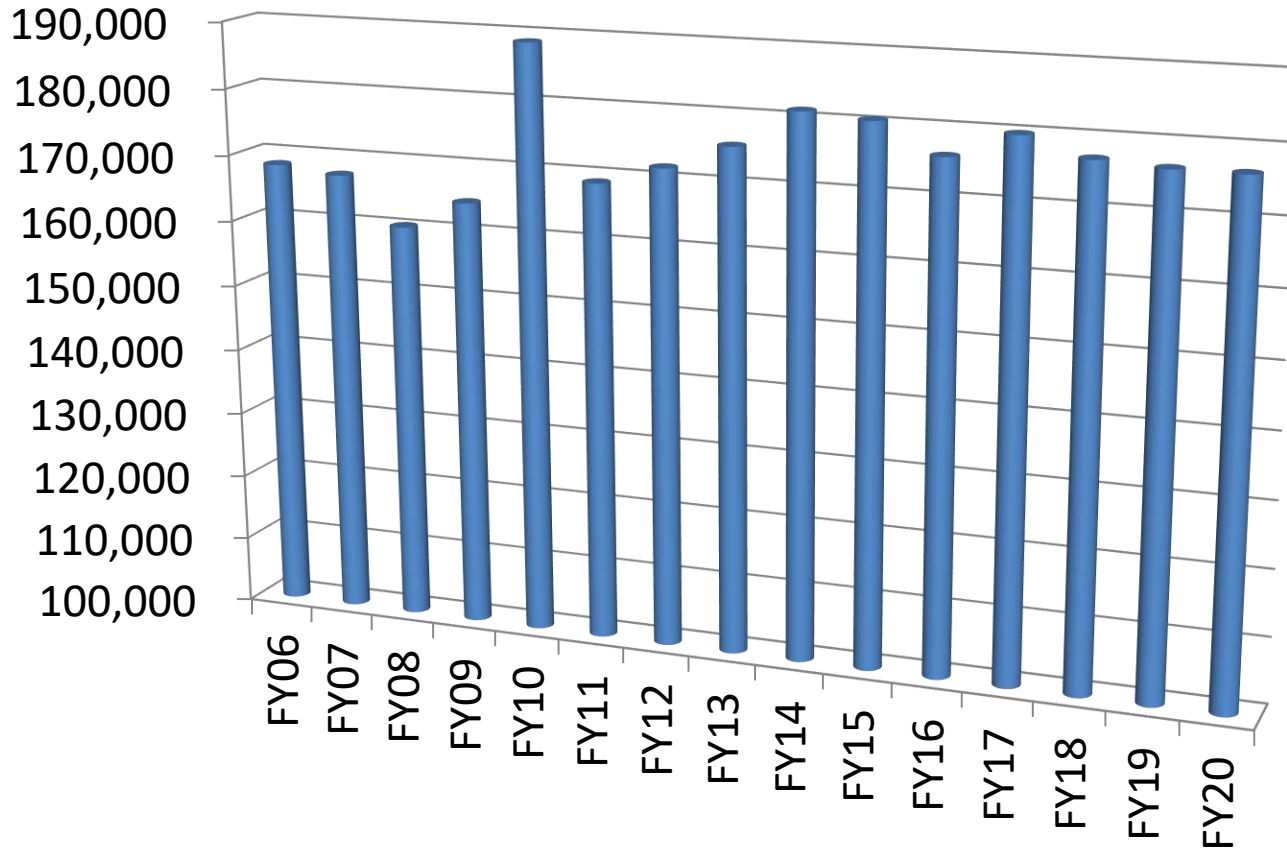
Spot Market MSW Tons

Recent decreases are due to movement to contract tons



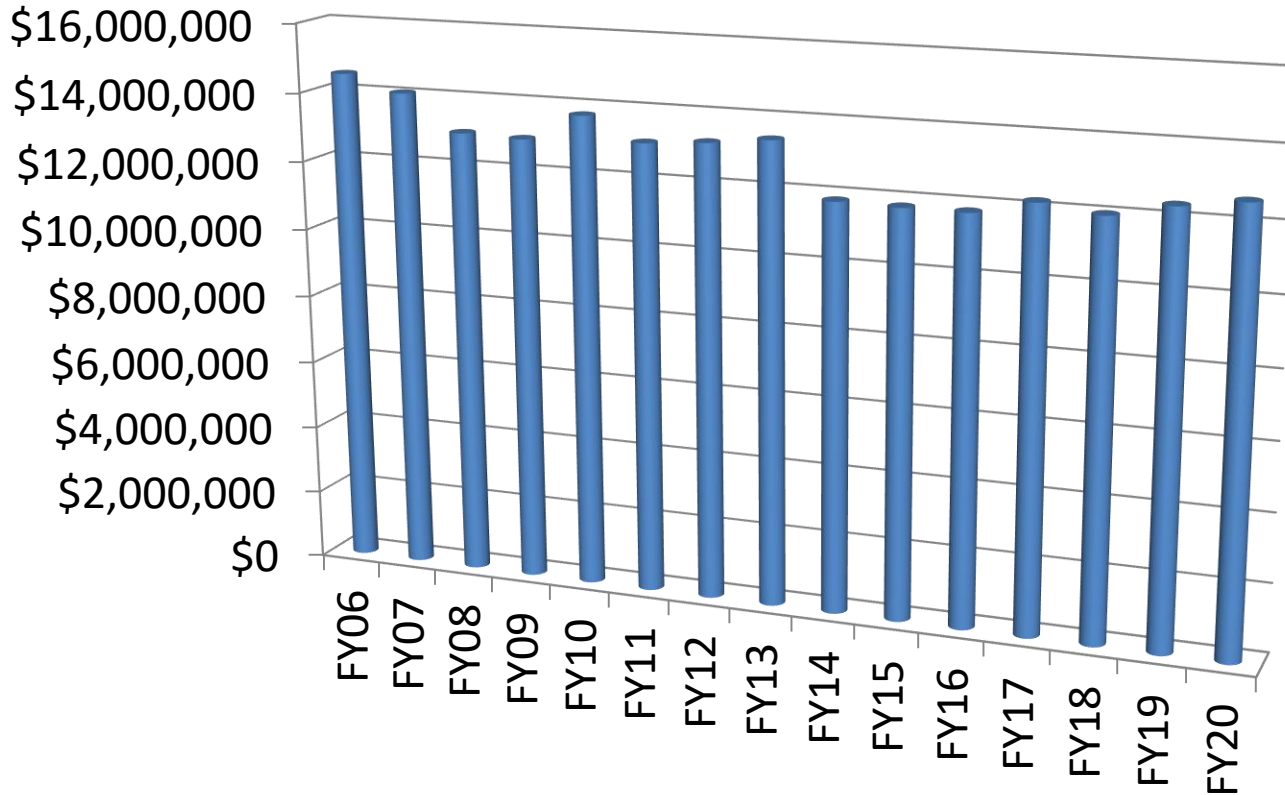
Overall Solid Waste Tons

Tonnage up 5% Since FY 06



MSW Tipping Fees

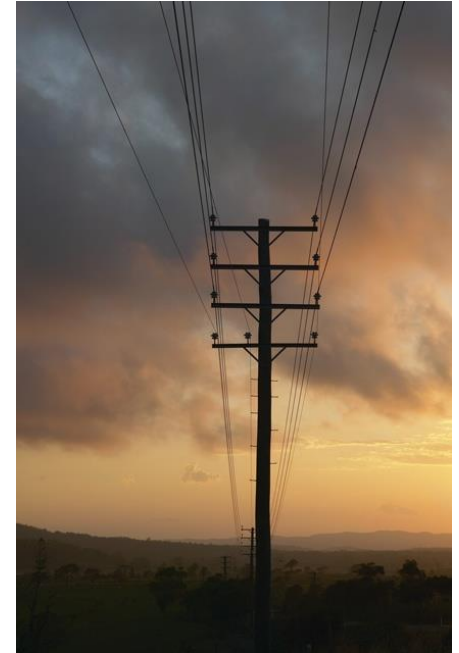
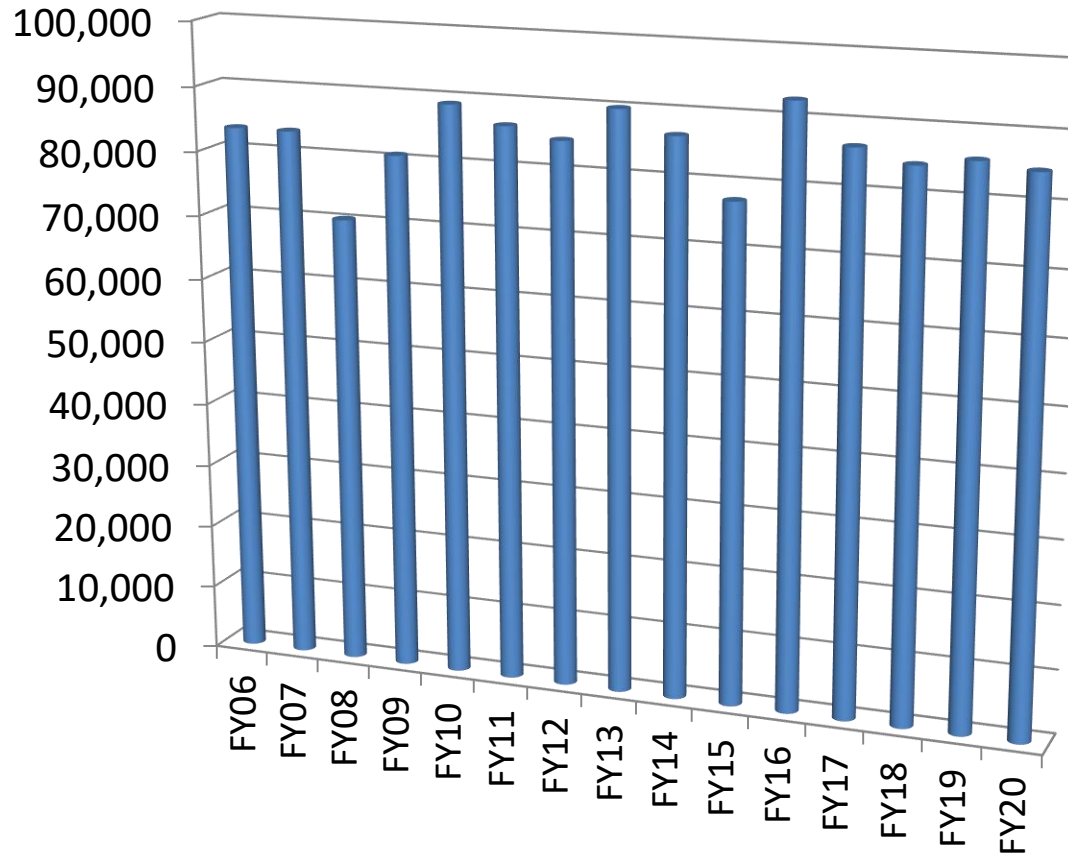
Down 13% from FY 06, 7% increase from FY 14



Electricity Sold Megawatt Hours

Power Generation expected to be even with FY 18

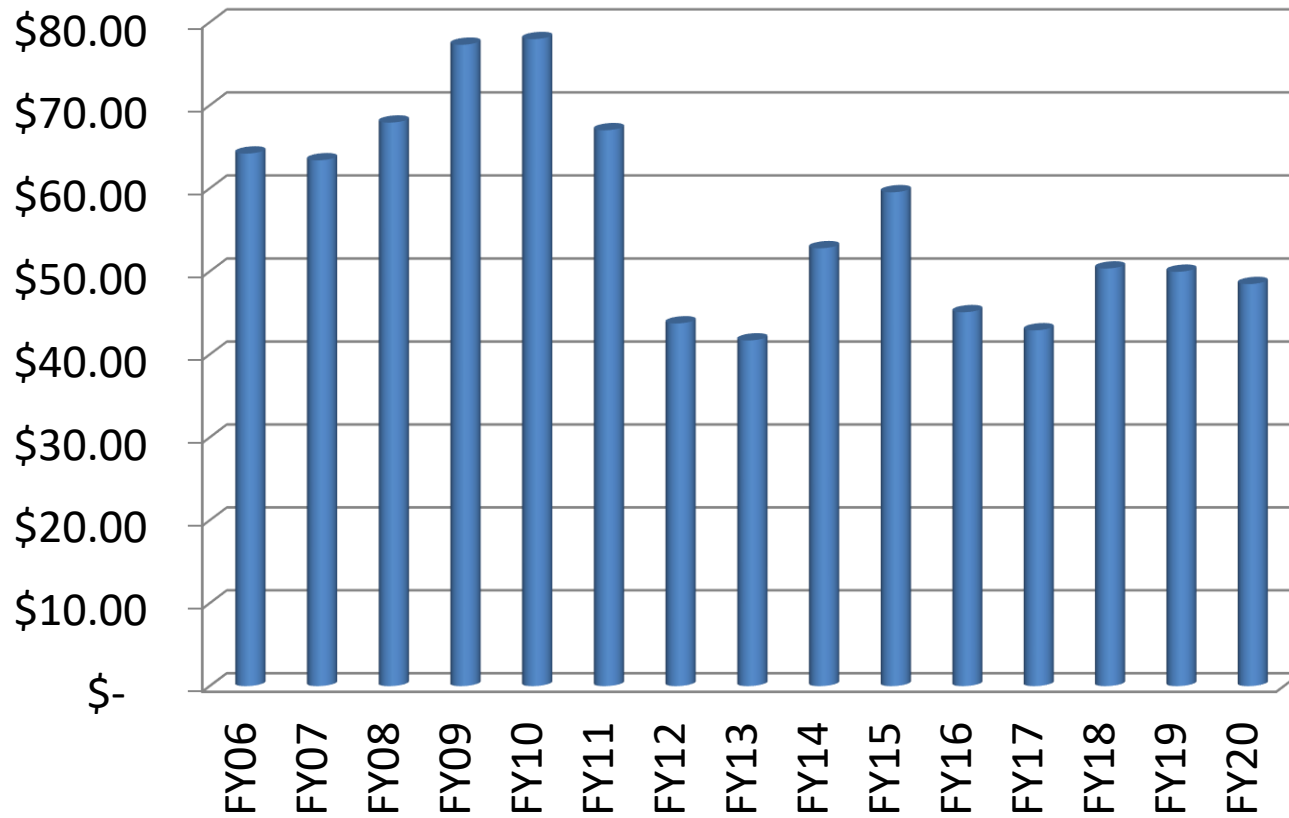
Megawatt Hours Sold



Electricity Sold Market Value per MWh

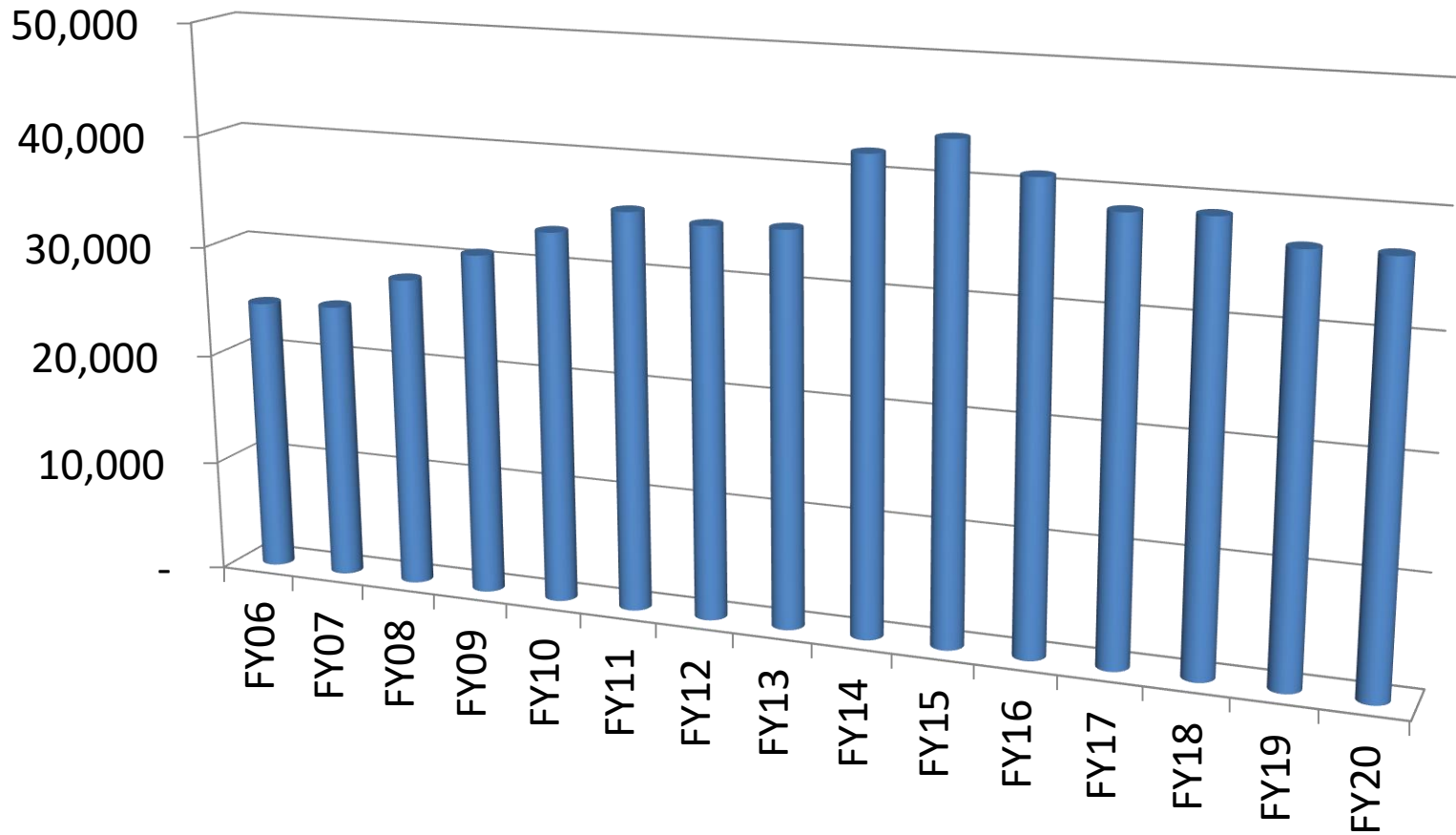
Up 16% from FY 13 low, down 38% from FY 10 peak

\$/MWh



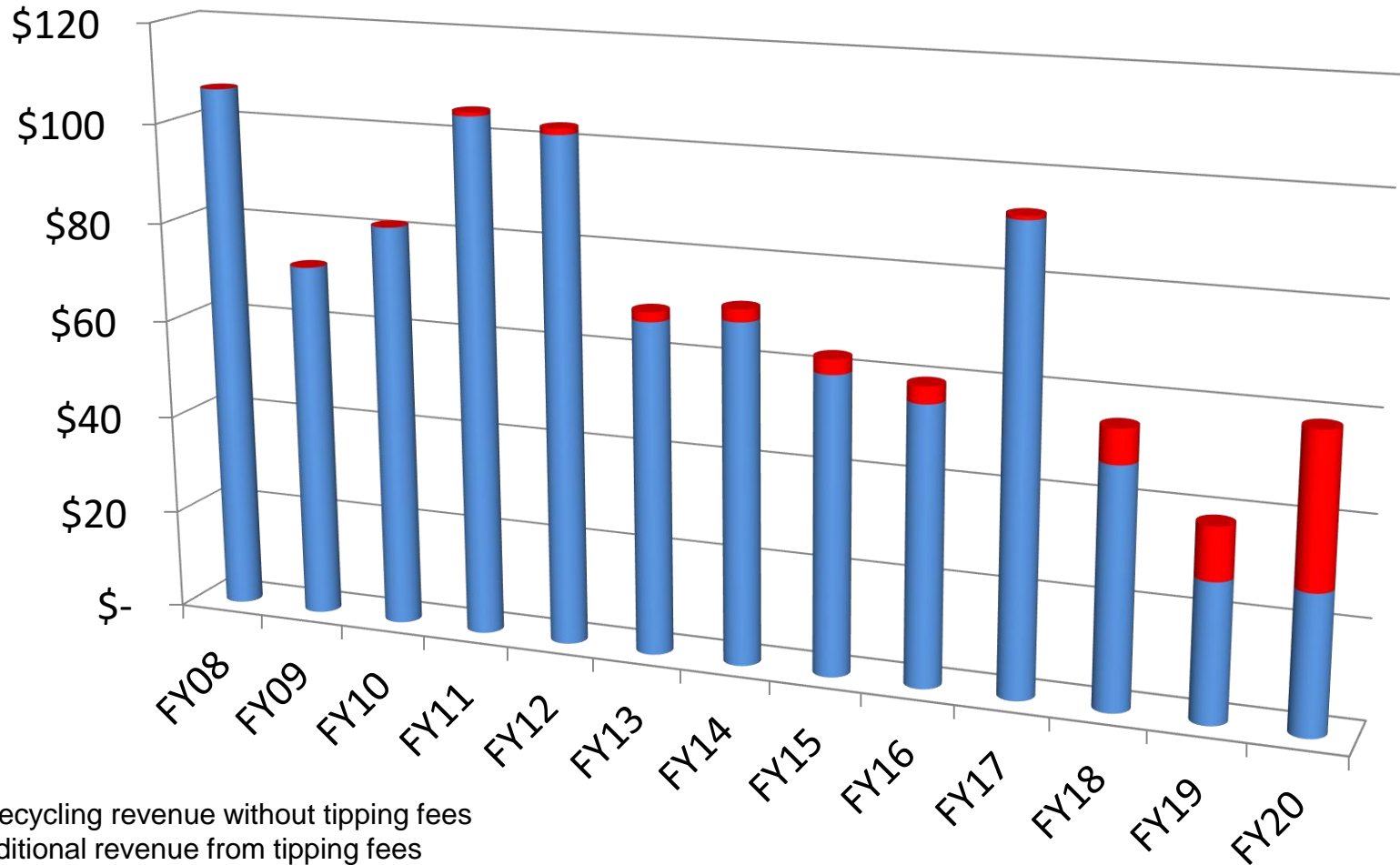
Inbound Recycling Tons

Down 16% from record year in FY 15



Recycling - \$/ Inbound Ton

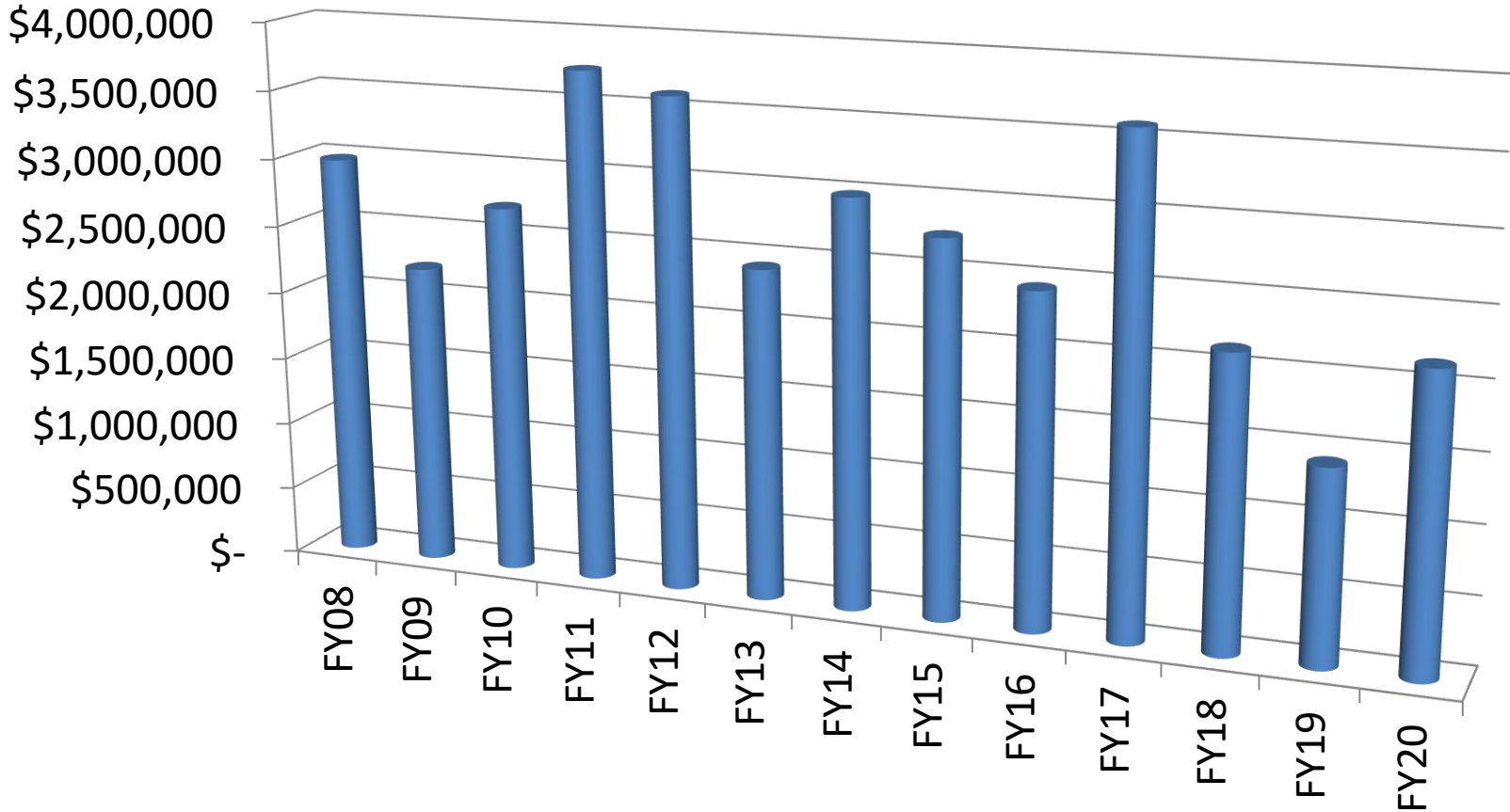
FY 20 Projections are up 52% due to tipping fee charge to owner communities



BLUE: Recycling revenue without tipping fees
RED: Additional revenue from tipping fees

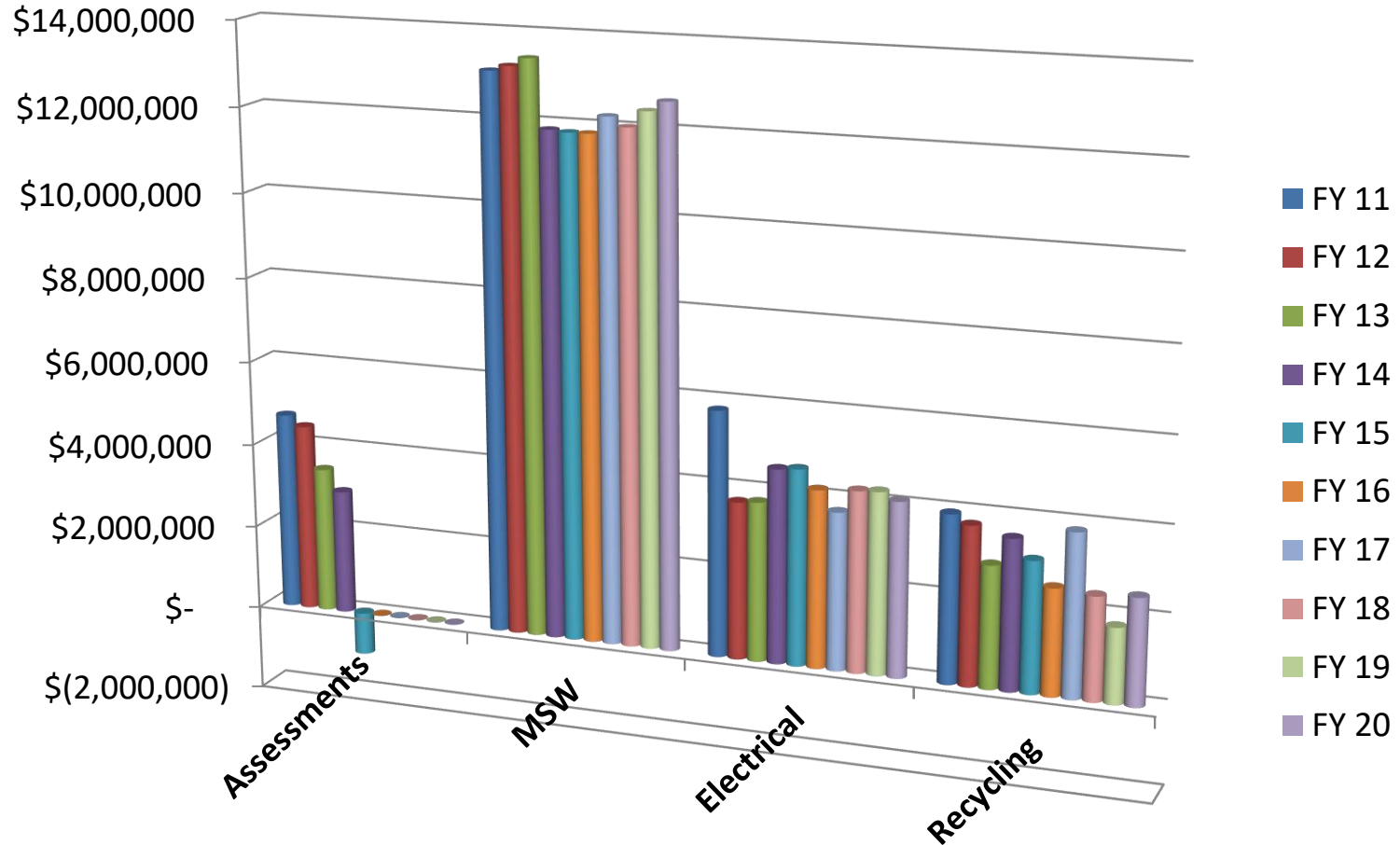
The Recycle Market – Total Revenue

FY 20 Revenue will be up 52% from FY 19



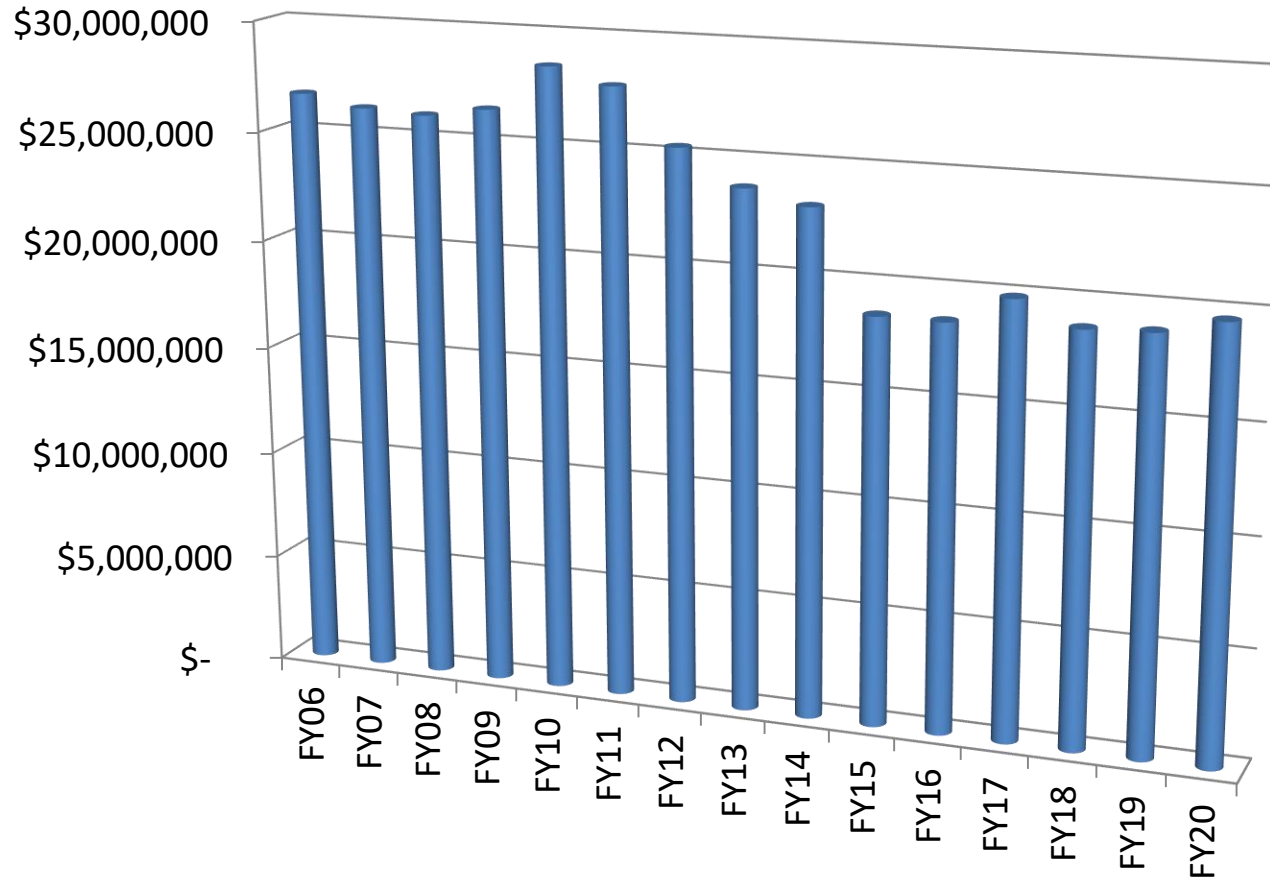
Sources of Revenue

In FY 20, 66% MSW, 21% Electrical, & 13% from Recyclables



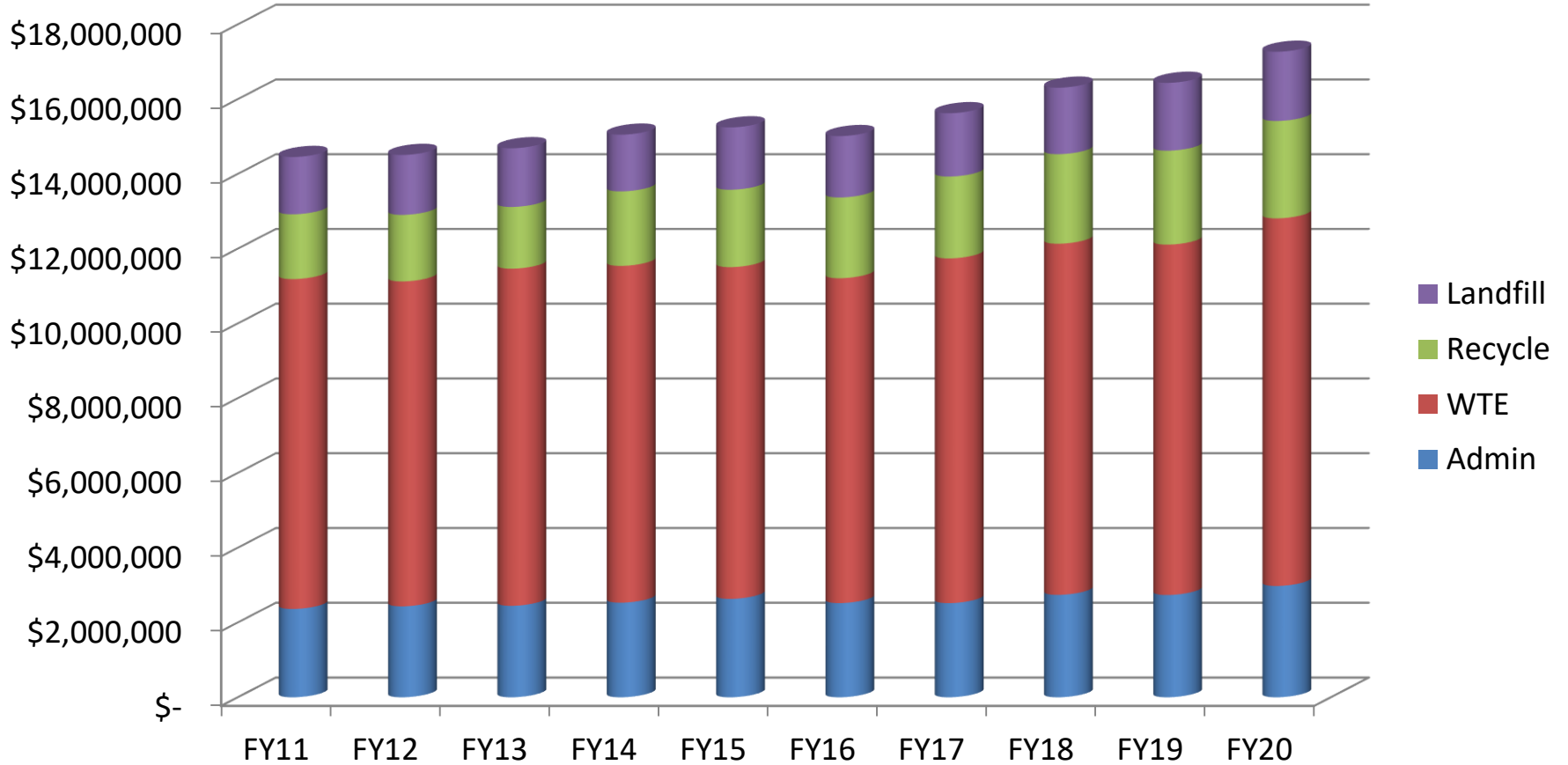
Total ecomaine Revenues

Down 26% since FY 06 and up 5% since FY 15



Operating Costs

Up an average of 2.0% annually since FY 11



(Data excludes Contingency & Major Repairs)

Comparisons

- ❖ Comparing the FY 19 Budget to the FY 19 Forecast
- ❖ Comparing the FY 19 Budget to the FY 20 Budget
- ❖ Comparing the FY 19 Forecast to the FY 20 Budget

❖ Comparing the FY 19 Budget to the FY 19 Forecast

Reduced loss by \$.5 million (20%)

	Revenue	Expense	Net
FY 19 Budget	\$19,014,000	\$21,742,000	\$ (2,728,000)
Tipping Fee Revenue – volume up 2% & average rates up 5%	240,000		240,000
Electrical Rev. – MWH down 2%, rate up 1%	(41,000)		(41,000)
Recycle Revenue – market rates down 33%	(625,000)		(625,000)
Operating Expense – down 4% overall, primarily in WTE		(386,000)	386,000
Contingency – not required		(250,000)	250,000
Non Cash Expenses – Primarily Depreciation		176,000	(176,000)
Other Inc./Exp. – investments		(505,000)	505,000
FY 19 Forecast	\$18,588,000	\$20,777,000	\$(2,189,000)

Comparing the FY19 Budget to FY20 Budget

The FY 20 Loss of \$2.5 million is favorable to the FY19 Budget by \$.2 million

	Revenue	Expense	Net
FY 19 Budget	\$19,014,000	\$21,742,000	\$ (2,728,000)
MSW Revenue – Average tip fee up 4%	481,000		481,000
Electrical Revenue – market rates down 2% and MWh units down 3%	(216,000)		(216,000)
Recycling Revenue – tonnage down 7%, OCC down 37% and Owner Fee set to \$35	109,000		109,000
Operating Expenses – up 2.5% - primarily due to payroll and benefits in all departments		436,000	(436,000)
Non Cash Expenses – depreciation		258,000	(258,000)
Other Inc./Exp. – interest		(530,000)	530,000
FY 20 Budget	\$19,388,000	\$21,906,000	(\$2,518,000)

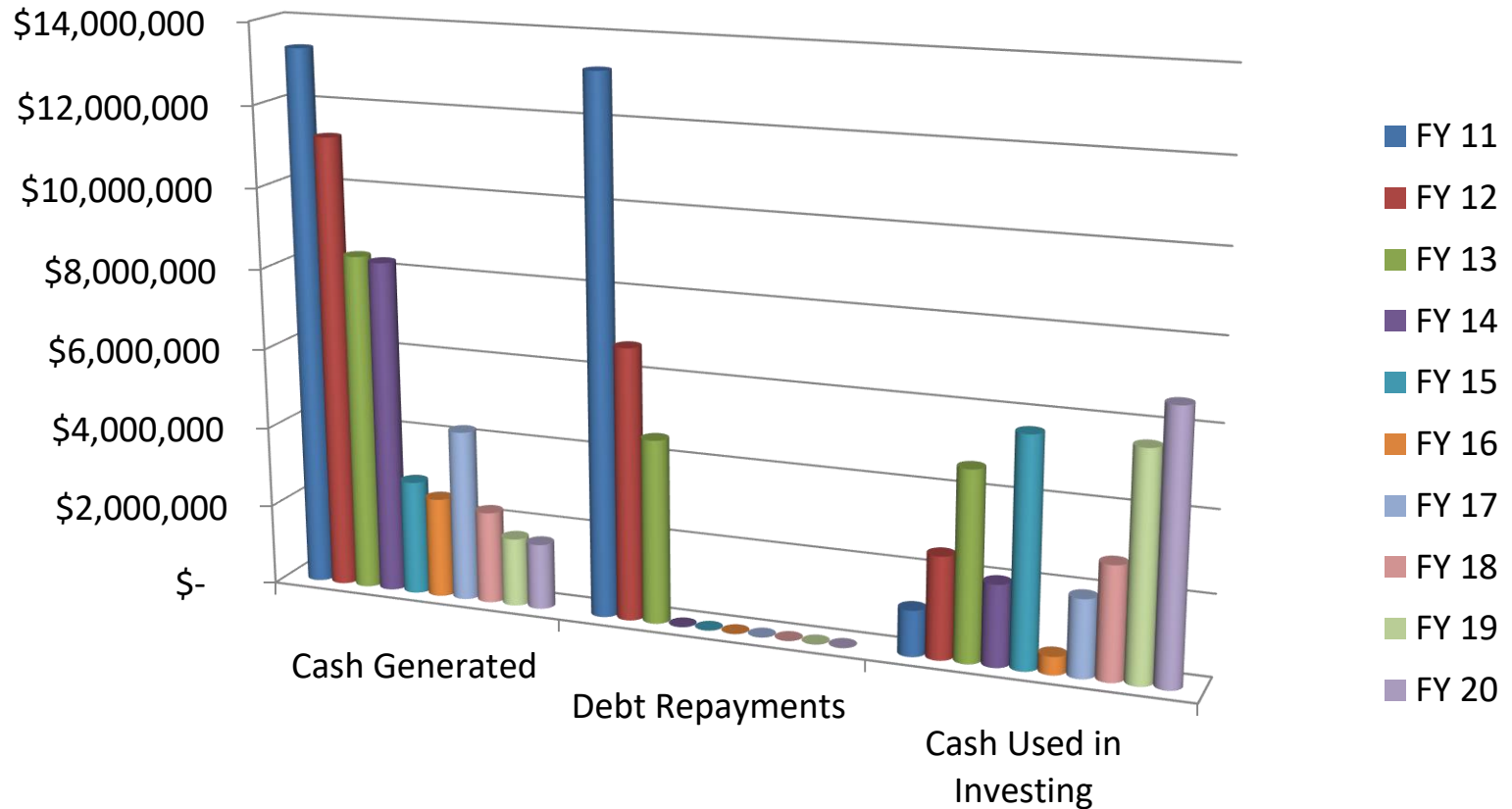
Comparing the FY19 Forecast to the FY20 Budget

The FY 20 Loss of \$2.5 million is \$.3 million unfavorable to the FY19 Projected loss

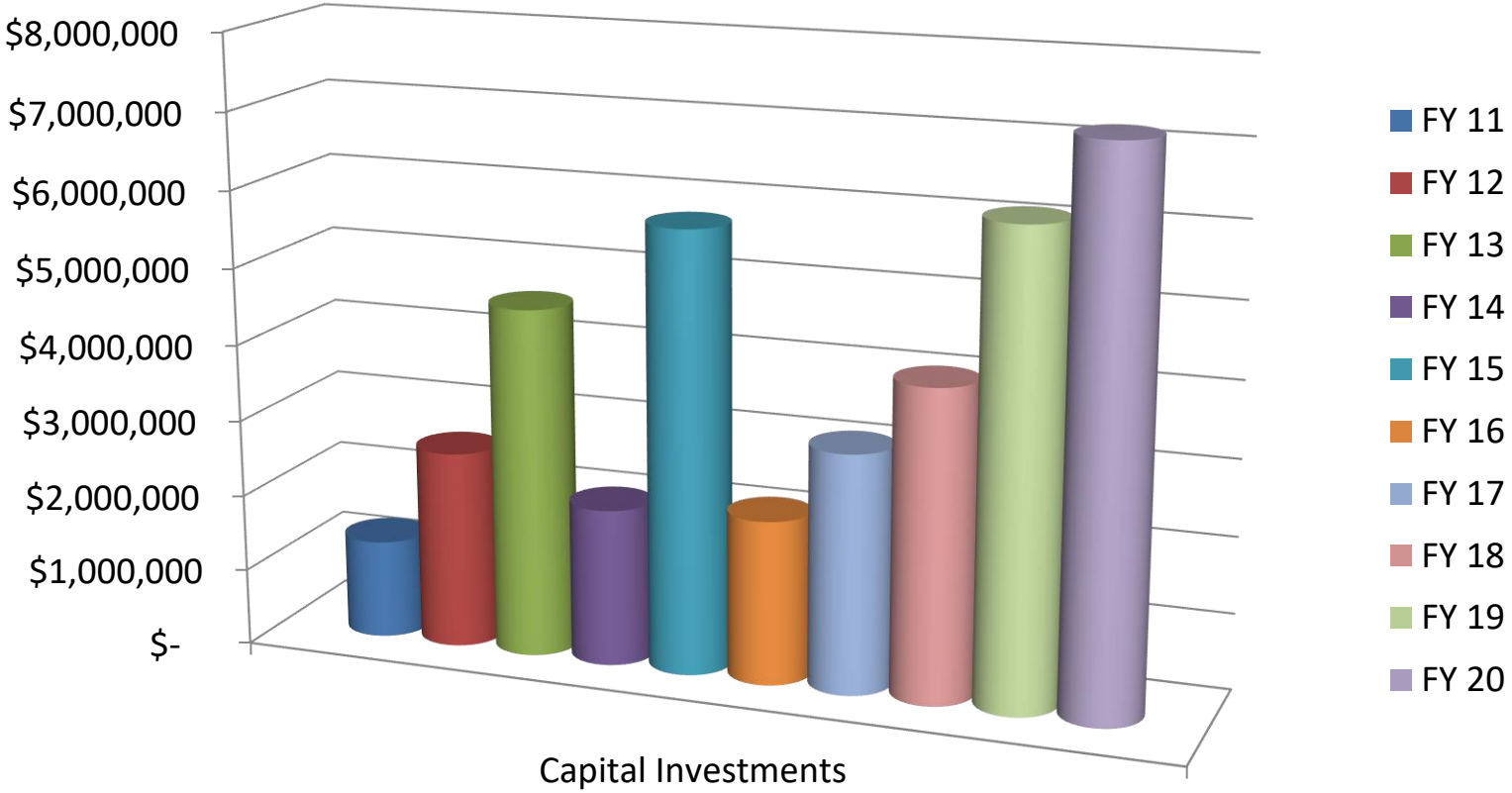
	Revenue	Expense	Net
FY 19 Forecast	\$18,587,000	\$20,776,000	\$ (2,189,000)
MSW Revenue	240,000		240,000
Electrical Revenue – MWh’s sold down 1% and rate down 3%	(175,000)		(175,000)
Recycle Revenue – Owner fee set to \$35/ton	735,000		735,000
Operating Expenses – unfavorable 5% due to payroll, benefits and additional positions		823,000	(823,000)
Contingency – budgeted for FY20		250,000	(250,000)
Non Cash Expenses – Depreciation		61,000	(61,000)
Other Income/Expense – Investments		(5,000)	5,000
FY 20 Budget	\$19,387,000	\$21,905,000	(\$2,518,000)

Statement of Cash Balances – Key Items

Cash generated from operations is down 88% (\$11.7 million from FY 11), Long Term Debt Payments (\$13.2 million in FY 11) have been eliminated. Major cash investments are up \$1 MM or 18%



Capital Investments – Excluding Investment Income & Sale of Assets



Capital Projects – FY 20

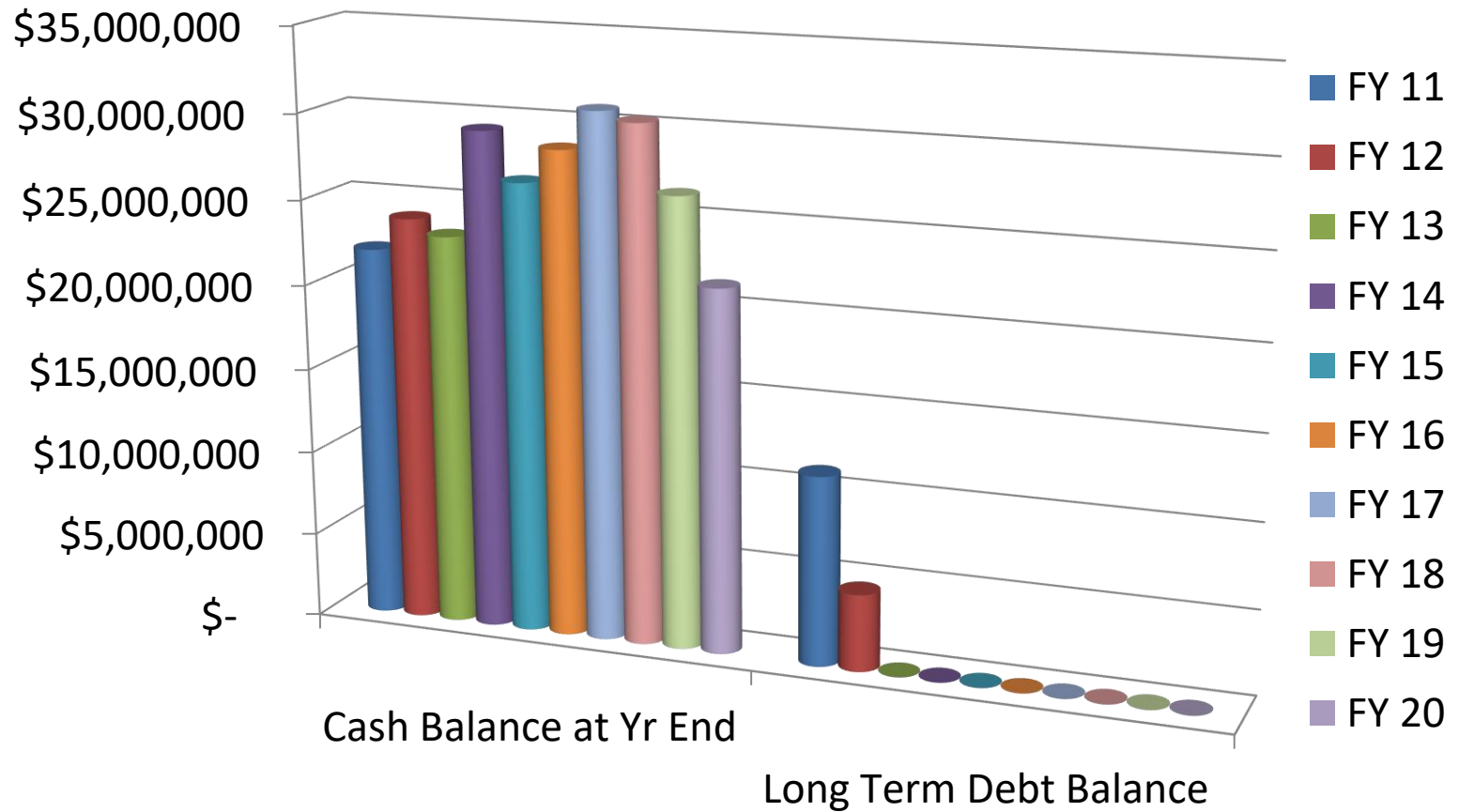
Total \$7.2 million of investment

WTE Building – Waterproofing, Siding, Roofing and Remodeling (continued from FY19)	\$2,950,000
Superheaters A & B	1,050,000
Boiler refractory (tile)	500,000
Secondary air nozzle upgrade	500,000
Sorting Equipment Upgrades	300,000
480 volt switchgear	250,000
Suspension System Repair	150,000
Replace cooling structure/valves and joints	150,000
Upgrade Nox controls	130,000
Replacement of CEM analyzers	125,000
Tipping Hall – Phase 2 of resurface	100,000
Landfill – Temporary Cover	100,000
Construct washbay	100,000
Miscellaneous	795,000



Statement of Cash Balances – Key Items

Cash balances are down 31% (\$9.5 million) from the peak year of FY 17



Conclusions

- ❑ FY 20 Revenues Less Expenses are expected to be favorable to the FY 19 budget by \$.2MM
 - Increase total revenue \$.4MM
 - Increase operating expenses \$.4MM
 - Increase depreciation expense \$.3MM
 - Increase in investment income \$.5MM
- ❑ Budgeted Revenues for FY 20 are favorable to the FY 19 budget by 2%
 - Increase MSW revenue due to rate increase
 - Increase recycling revenue due to \$35 fee charged to owner communities
 - Significant decrease in Recycling Market Value
 - Maintain strong investment income
- ❑ FY 20 Expenses are unfavorable to FY 19 budget by 2.5%
 - Overall payroll and benefit increase
 - Addition of positions 1-WTE, 1-Recycling, 1 Educator and 1- Admin
- ❑ FY 20 Capital Expenditures will total \$7.2MM, part of which is a carry over from FY19
- ❑ FY 20 will show a total cash decline from \$26MM down to \$21MM
- ❑ Stay the course with Recycling, consider technology improvements for recycling contamination, increase outreach to meet recycling needs, proceed with non-ferrous recovery from ash and monitor cash flows closely.

Our Mission

ecomaine provides comprehensive long-term solid waste solutions in a safe, environmentally responsible, economically sound manner, and is a leader in raising public awareness of sustainable waste management strategies.

