

**DATE:** September 12, 2019  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Agenda - Executive Committee Meeting

There is an **ecomaine** Executive Committee meeting **scheduled for September 19, 2019 @ 4:00 PM**. The meeting will be held at the **MPX Facility located at 2301 Congress Street, Portland, ME 04102**. The agenda for this meeting is as follows:

1. Approval of the Minutes (*Attachment A*)
2. Outreach & Recycling Committee Report – Caleb Hemphill, Chair
3. Finance & Audit Committee Report – Erik Street, Chair
  - Review **FY 19** Financial Statements
    - Financial Summary (*Attachment B1*)
    - Tonnage (*Attachment B2*)
    - Statement of Revenues and Expenses (*Attachment B3*)
    - Statistical Data (*Attachment B4*)
    - Summary Analysis of All Tons by Community (*Attachment B5*)
    - Electrical Generations Summary (*Attachment B6*)
  - Review of 5 Year Plan (*Attachment C*)
  - Review & Approval of Tipping Fees & Assessments for FY 21 (*Attachment D*)
  - Review & Approval of continued Investment Services HM Payson (*Attachment E*)
  - Review & Approval on the Amendment to Cash Reserve & Investment Policy (*Attachment F*)
  - Update – RFP Auditor Selection
4. Update – Electric Trucks
  - Approval for Down Payment Adjustment
5. Authorization for CEO to Solicit & Execute the Power Purchase Agreement (*Attachment G*)
6. Managers Report:
  - Landfill Solar Opportunities
  - Legislative Update – LD 988, LD 1494 and Product Stewardship
  - Update Recycling Markets & Contamination
  - Update Building Improvements
  - Financial Statements **FY 20 (Year to Date)**
    - Financial Summary (*Attachment H1*)
    - Tonnage (*Attachment H2*)
    - Statement of Revenue & Expenses (*Attachment H3*)
    - Statistical Data (*Attachment H4*)
    - Summary Analysis of All Tons by Community (*Attachment H5*)
    - Electrical Generations Summary (*Attachment H6*)

7. Other:

**Future Committee Meetings:**

Finance & Audit Committee	09-19-2019 @ 3pm	Outreach & Recycling Committee	02-13-2020 @ 3pm
Executive Committee	09-19-2019 @ 4pm	Executive Committee	02-13-2020 @ 4pm
Full Board of Directors	09-19-2019 @ 4pm	Outreach & Recycling Committee	03-19-2020 @ 3pm
Outreach & Recycling Committee	11-07-2019 @ 4pm	Full Board of Directors	03-19-2020 @ 4pm
Finance & Audit Committee	11-21-2019 @ 3pm	Finance & Full Board Budget Review	03-26-2020 @ 4pm
Executive Committee	11-21-2019 @ 4pm	Executive Committee	04-09-2020 @ 4pm
Executive Committee	12-19-2019 @ 4pm	Finance & Audit Committee	05-21-2020 @ 3pm
Finance & Audit Committee	01-16-2020 @ 3pm	Full Board of Directors	05-21-2020 @ 4pm
Full Board of Directors	01-16-2020 @ 4pm	Outreach & Recycling Committee	05-28-2020 @ 4pm
Outreach & Recycling Committee	01-23-2020 @ 4pm	Annual Board of Directors Meeting	06-18-2020 @ 11:30am

**The Executive 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](http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html))**

9/17/2019



**Memorandum**

**DATE:** July 11, 2019  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Executive Committee Minutes – May 16, 2019

There was an Executive Committee Meeting held on the date noted above., The meeting was called to order by Chairman Matthew Frank.

**Item #1:** Approval of the Minutes

Bill Shane motioned to accept the minutes as written. The motion was second by Maxine Beecher. All in favor.

**Item #2:** Executive Session:

The Executive Committee went into Executive Session, pursuant to 1 M.R.S. § 405(6)(E) to consult with the corporation's attorney concerning the legal rights and duties of the corporation and pending or contemplated litigation.

Linda Boudreau motioned to enter Executive Session to consult with the corporate attorney concerning the legal rights and duties of the corporation and or contemplated litigation. The motion was second by Bill Shane. All in favor.

Bill Shane motioned to end the Executive Session. The motion was second by Dave Morton. All in favor.

**Item #3:** Outreach & Recycling Committee Report – Caleb Hemphill, Chair

Caleb reported that the committee last met on March 7<sup>th</sup> and provided the following highlights:

- The committee reviewed earned media mentions and it's continued growth in FY 19, the review included increased social media engagement (Recyclopedia, Facebook, Twitter and Instagram) followers.
- 6 "Recycling is a Work of Art" containers have been placed and should be put into circulation on or around June 2019.
- Education & Outreach stands at 30,875 reached for FY 19.
- Staff has put together new virtual tour videos that will be used in schools and Community groups.

**Upcoming Events:**

City of Rockland's single sort program kick-off on June 8<sup>th</sup>.  
**ecomaine** Annual Board of Directors Meeting, June 20<sup>th</sup> @ 11:30am.

The next meeting of the Outreach & Recycling Committee is May 23, 2019 @ 4pm.

**Item #4:**      **Finance & Audit Committee Report – Erik Street, Chair**

Erik reported the Finance & Audit Committee met prior to the Executive Committee Meeting and the following items were discussed:

- Cash Disbursement were reviewed with no issues.
- Roger Lebreux, RKO briefed the committee on the FY 19 Audit. Roger discussed roles and responsibilities of staff, the committee and the Auditors. He also provided plans on review of specific areas of focus for this year’s Audit.
- The committee reviewed the timeline for solicitation and selection of Auditors for FY 20.
- The committee discussed future bonding and requested staff review yearly with 5-year plan.
- The committee reviewed the proposal from HM Payson for continued investment service and discussed the current language of Cash Reserve & Investment Policy.

The committee is recommending to the Executive Committee the following language amendment in the Cash Reserve and Investment Policy. “The Board, or designated committee at least every five years, will consider an RFP seeking Investment Services pursuant to 30-A M.R.S.A. § 5706 (4)”. There was a brief discussion.

Linda Bourdeau motion to recommend to the Full Board the amendment in the language of the Policy as prescribed. The motion was second by Bill Shane. All in favor.

**Item 5:**      **Managers Report:**

Kevin Roche provided an update on the current legislation specifically LD 1494. He commended the efforts of Representative Carson on his support of LD 988 and encouraged board members to reach out to legislative representatives in support of the bill.

**Item # 6:**      **Executive Session: CEO Evaluation Review**

The Board went into Executive Session for discussion or consideration of evaluation and compensation of the CEO, under section 405, of the Title 1 of the Maine Revised Statutes.

Dave Morton made the motion to go into Executive Session for the purpose of conducting the GM/CEO’s performance review. The motion was seconded by Caleb Hemphill. All in favor.

Staff was dismissed during Executive Session and was unable to capture the motion to end the Executive Session or adjournment.

**Present:**

Jeff Amatrudo, Maxine Beecher, Anne Bilodeau, Linda Boudreau, Christopher Branch, Matthew Frank, Jamie Garvin, Don Hamill, Caleb Hemphill, Greg L’Heureux, Dave Morton, Rod Regier, Bill Shane, Mike Shaw & Erik Street

**Guest:**

Mark Bower, Jensen Baird Gardner & Henry

**Staff:**

Don Hebert, Denise Mungen, Kevin Roche & Kevin Trytek

## Financial Summary June, 2019 (FY19)

<u>Revenues YTD- Compared to Budget and Last Year</u>						
	Compared to Budget			Compared to Prior Year		
	Revenue YTD	Units	Revenue \$/Units	Revenue YTD	Units	Revenue \$/Units
Owner	\$109,508	2%	1%	\$118,881	2%	1%
Associate	31,437	(0%)	3%	31,025	0%	3%
Contract	(407,338)	(20%)	(9%)	518,093	84%	3%
Commercial	484,062	5%	3%	495,145	6%	2%
Spot	(92,060)	(24%)	0%	(876,622)	(80%)	24%
Recycling	(506,537)	(10%)	(39%)	(535,789)	(10%)	(37%)
Electrical	(55,056)	(7%)	6%	13,789	(3%)	4%
Overall	(\$433,816)			(\$232,214)		

<u>Cash Expenses YTD</u>			
Expense	Status	% of Annual Budget	Notable Items Affecting Expenses YTD
Total Departmental Costs	\$986,936	96%	<p><b>Favorable</b></p> <ul style="list-style-type: none"> <li>* Recycle Material: \$302k - anticipated usual price of cardboard was budgeted but not needed due to the market</li> <li>* Spare Parts: \$190k - WTE, favorable due to cooling tower project scope reduced</li> <li>* Chemicals: \$152k - WTE, favorable lime usage, combined with favorable carbon &amp; urea, pricing &amp; usage</li> <li>* Major Repairs: \$127k - WTE, favorable due to document scanning and plant heater projects came in under budget</li> <li>* Outside Services: \$53k - WTE, favorable due to less boiler downtime and less spare parts</li> <li>* Baling Wire: \$41k - recycling, considerable less baling wire usage due to lower recycling volume</li> </ul> <p><b>Unfavorable</b></p> <ul style="list-style-type: none"> <li>* Water &amp; Sewer: (\$111k) - Landfill, unfavorable due to higher than usual precipitation</li> <li>* Temporary Labor: (\$96k) - landfill, unfavorable due to vacancy of truck driver as enpro was hired to fill the vacancy</li> </ul>

<u>Revenue Less Expenses</u>	YTD vs. Budget YTD		YTD vs. Prior YTD	
	Rev. - Exp.	%	Rev. - Exp.	%
	\$2,628,150	98%	\$1,075,034	99%

<u>Cash Position</u>		Notes
Cash on 7/1/2018	\$30,335,576	
Cash Generated	2,457,280	
Non-Operating Income	1,553,348	
Capital Expenditures	(6,994,987)	
Current Cash Position	\$27,351,217	

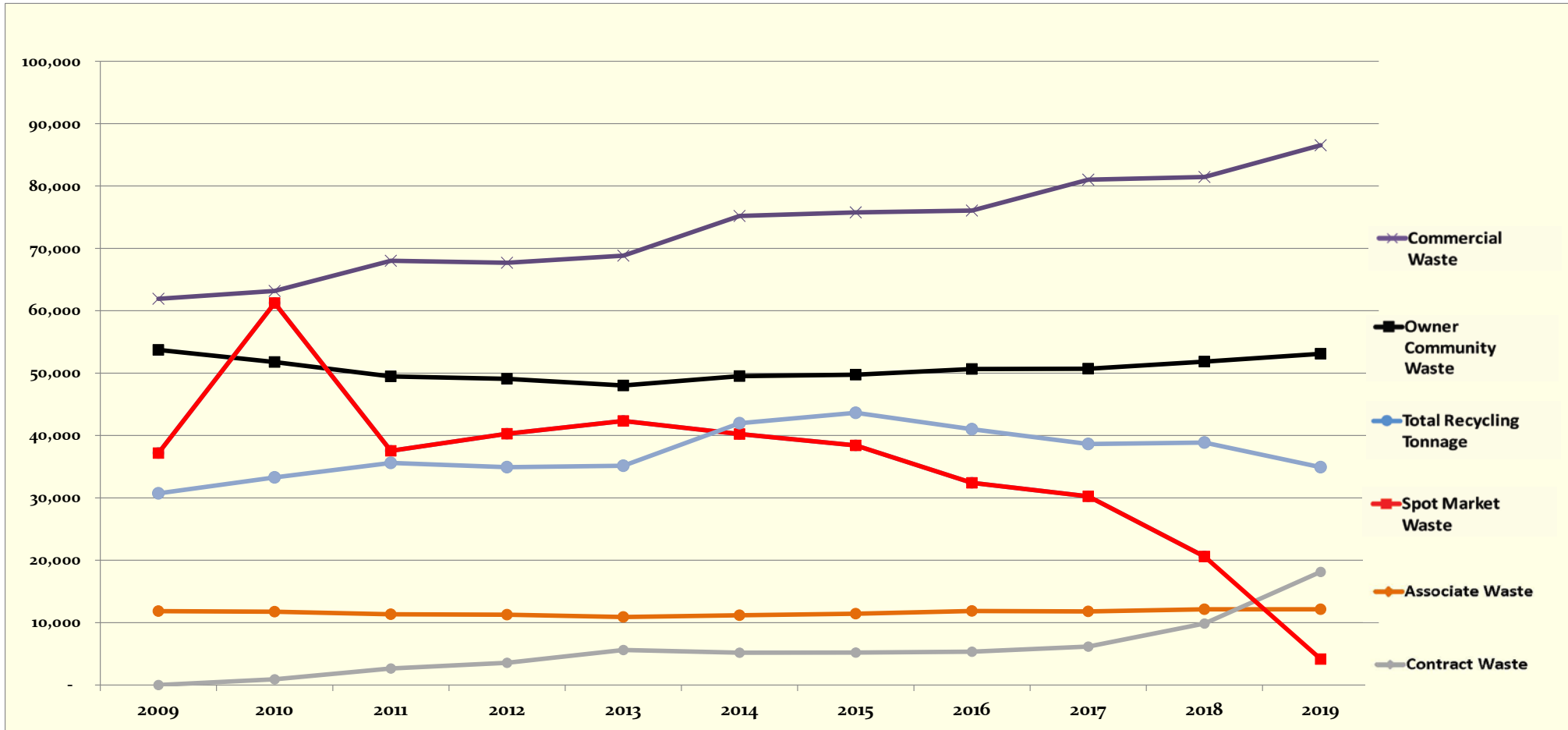
<u>Average WTE Operations</u>				
Month	Power Sold % Capacity	Avg. Boiler Availability %	Sales-MW Hrs	Notes
May	81%	98%	7,320	
June	81%	100%	7,058	

<u>Food Waste YTD Tonnage</u>			
	Food Waste In	Food Waste Out	Food Waste Contaminates
Food Waste Tonnages	4405	4016	2617

<u>Recycling Markets</u>					
Materials	FY18 YTD Average	FY19 YTD Average	Variance		Current Prices
Cardboard	\$123	\$77	(38%)		\$46
Paper	1	(21)	(1,691%)		(21)
Cans	166	175	5%		128
#2 Natural Plastic	709	644	(9%)		432
#2 Colored Plastic	358	320	(11%)		280
#1 PET Plastic	264	301	14%		400
Post Burn Metal	80	88	10%		52



June Year to Date Tonnage - FY18



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
53,722	51,775	49,463	49,093	48,021	49,517	49,753	50,659	50,695	51,843	53,102	Owner Community Waste
11,842	11,746	11,349	11,264	10,902	11,175	11,439	11,863	11,798	12,136	12,138	Associate Waste
-	920	2,661	3,557	5,613	5,184	5,206	5,351	6,173	9,862	18,145	Contract Waste
61,916	63,179	68,021	67,705	68,824	75,201	75,778	76,072	81,024	81,449	86,540	Commercial Waste
37,176	61,233	37,541	40,292	42,332	40,232	38,411	32,416	30,249	20,609	4,165	Spot Market Waste
164,656	188,853	169,035	171,911	175,692	181,309	180,587	176,361	179,939	175,898	174,091	Total Waste
30,723	33,286	35,598	34,928	35,141	41,968	43,642	41,011	38,638	38,861	34,932	Recycling (Inbound)

ecomaine							
Statement of Revenue & Expenses June, 2019 (FY19)							
Attachment B3	Actual - Prior Years YTD			Current Year To Date			FY19 to FY18
	2016	2017	2018	Actual	Budget	Variance	Variance
<b>Operating revenues</b>							
Municipal assessments & rebates	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owners tipping fees	3,543,278	3,554,488	3,610,889	3,729,770	3,620,262	109,508	118,881
Assoc. tipping fees	978,906	982,194	1,024,419	1,055,445	1,024,008	31,437	31,025
Contract tipping fees	306,831	357,524	574,321	1,092,414	1,499,752	(407,338)	518,093
Commercial tipping fees	5,263,778	5,649,092	5,636,624	6,131,770	5,647,708	484,062	495,145
Spot market tipping fees	1,728,293	1,687,510	1,170,268	293,645	385,706	(92,060)	(876,622)
Electrical generating revenues	4,182,191	3,715,051	4,257,098	4,270,887	4,325,943	(55,056)	13,789
Sales of recycled goods	2,369,969	3,806,555	2,165,413	1,376,697	2,269,641	(892,944)	(788,716)
Recycling tipping fees	140,644	29,296	269,741	522,668	136,261	386,407	252,927
Other operating income	103,117	101,695	103,401	106,665	104,496	2,168	3,263
<b>Total operating revenues</b>	<b>\$18,617,008</b>	<b>\$19,883,404</b>	<b>\$18,812,174</b>	<b>\$18,579,960</b>	<b>\$19,013,776</b>	<b>(\$433,816)</b>	<b>(\$232,214)</b>
<b>Operating expenses</b>							
Administrative expenses	2,520,240	2,518,887	2,740,466	2,791,697	2,840,541	48,845	(51,231)
Waste-to-energy operating expenses	8,946,000	9,371,777	9,717,360	9,389,047	9,969,144	580,097	328,313
Recycling operating expenses	2,173,789	2,203,746	2,490,994	2,032,494	2,531,450	498,956	458,500
Landfill/ashfill operating expenses	1,641,948	1,931,544	1,794,473	1,950,085	1,809,123	(140,962)	(155,611)
Contingency	0	0	0	0	250,000	250,000	0
Landfill closure & post-closure care costs	295,483	(2,182,480)	254,884	263,379	275,000	11,621	(8,495)
Post-retirement benefit - health Care	70,458	60,244	55,575	47,094	85,000	37,906	8,481
Depreciation & amortization	4,201,984	4,177,307	4,316,892	3,859,420	4,103,425	244,005	457,471
<b>Total operating expenses</b>	<b>\$19,849,903</b>	<b>\$18,081,024</b>	<b>\$21,370,644</b>	<b>\$20,333,216</b>	<b>\$21,863,683</b>	<b>\$1,530,467</b>	<b>\$1,037,429</b>
<b>Net operating income</b>	<b>(\$1,232,895)</b>	<b>\$1,802,380</b>	<b>(\$2,558,470)</b>	<b>(\$1,753,256)</b>	<b>(\$2,849,907)</b>	<b>\$1,096,651</b>	<b>\$805,214</b>
<b>Non-operating income (expense)</b>							
Non Investment Interest	35,662	36,584	49,340	68,278	45,000	23,278	18,938
Investment Income Net of Expenses	141,924	1,164,205	1,205,691	1,485,070	0	1,485,070	279,379
Misc. Income / (Expenses)	(68,836)	65,532	51,649	23,151	0	23,151	(28,498)
<b>Net non-operating</b>	<b>\$108,750</b>	<b>\$1,266,322</b>	<b>\$1,306,680</b>	<b>\$1,576,499</b>	<b>\$45,000</b>	<b>\$1,531,499</b>	<b>\$269,820</b>
<b>Total Revenue Less Expenses</b>	<b>(\$1,124,146)</b>	<b>\$3,068,702</b>	<b>(\$1,251,790)</b>	<b>(\$176,756)</b>	<b>(\$2,804,907)</b>	<b>\$2,628,150</b>	<b>\$1,075,034</b>

ecomaine									
Statistical Data June, 2019 (FY19)									
Attachment B4	Actual - YTD			Year to Date 2019				Year to Date Vs. Last Year	
	2016	2017	2018	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
<b>MSW - Tons</b>									
Owner	50,659	50,695	51,843	53,102	51,893	1,209	2.3%	1,260	2.4%
Associate	11,863	11,798	12,136	12,138	12,150	(12)	-0.1%	2	0.0%
Contract	5,351	6,173	9,862	18,145	22,674	(4,529)	-20.0%	8,284	84.0%
Commercial	76,072	81,024	81,449	86,540	82,356	4,184	5.1%	5,091	6.3%
Spot	32,416	30,249	20,609	4,165	5,471	(1,306)	-23.9%	(16,443)	-79.8%
Total MSW	176,361	179,939	175,898	174,091	174,544	(453)	-0.3%	(1,807)	-1.0%
<b>Recycle - Tons</b>									
Inbound - MRF only	41,011	38,638	38,861	34,932	38,951	(4,019)	-10.3%	(3,929)	-10.1%
Outbound- MRF only including glass	35,621	35,161	35,145	31,598	35,116	(3,518)	-10.0%	(3,547)	-10.1%
Outbound- Post Burn	4,603	4,828	3,766	4,333	4,700	(367)	-7.8%	567	15.0%
Outbound- Landfill Metal Mining	(24)	-	-	-	-	0		0	
Outbound Total	40,200	39,989	38,911	35,931	39,816	(3,885)	-9.8%	(2,980)	-7.7%
<b>MSW - Revenue \$/Ton</b>									
Owner	\$69.94	\$70.11	\$69.65	\$70.24	\$69.76	\$0.47	0.7%	\$0.59	0.8%
Associate	82.52	83.25	84.41	86.95	84.28	2.67	3.2%	2.54	3.0%
Contract	57.34	57.92	58.24	60.20	66.14	(5.94)	-9.0%	1.97	3.4%
Commercial	69.19	69.72	69.20	70.85	68.58	2.28	3.3%	1.65	2.4%
Spot	53.32	55.79	56.79	70.50	70.50	0.00	0.0%	13.71	24.2%
Total MSW	67.03	67.97	68.32	70.67	69.77	0.90	1.3%	2.35	3.4%
<b>Recycle - Revenue \$/Ton</b>									
\$/Ton Outbound (Includes glass/metals)	\$62.45	\$95.92	\$62.58	\$52.86	\$60.43	(\$7.56)	-12.5%	(\$9.72)	-15.5%
\$/Ton Inbound- Revenue	57.39	93.10	49.60	31.14	50.94	(19.80)	-38.9%	(18.46)	-37.2%
<b>Energy</b>									
MWH's Sold	92,744	86,573	84,544	81,616	87,436	(5,820)	-6.7%	(2,928)	-3.5%
\$/MWH	\$45.09	\$42.91	\$50.35	\$52.33	\$49.48	\$2.85	5.8%	\$1.98	3.9%
Steam Plant Capacity Factor %	92.5%	90.1%	92.5%	93.7%					
Average Boiler Availability %	93.7%	93.3%	92.0%	94.0%	91.3%				
Steam Plant Capacity Utilization %	99.0%	96.5%	100.6%	99.6%					
Power Capacity Factor %	87.0%	81.4%	79.4%	76.8%					
Power Sold - % of Capacity to Sell	87.5%	81.7%	79.8%	77.0%	82.5%				

**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



Summary Analysis of All Tons - Detail

July 1, 2018 to June 30, 2019

Community	Waste			Food Waste			Bulky/Other			Recycle		
	FY18	FY19	over/(under)	FY18	FY19	over/(under)	FY18	FY19	over/(under)	FY18	FY19	over/(under)
BRIDGTON	2,344	2,325	(19)	-	-	-	90	158	67	535	530	(5)
CAPE ELIZABETH	2,099	2,096	(3)	-	-	-	313	495	182	1026	942	(84)
CASCO	954	897	(57)	-	-	-	-	-	-	422	372	(50)
CUMBERLAND	1,353	1,439	86	-	-	-	204	206	1	929	837	(93)
FALMOUTH	2,024	2,152	128	-	-	-	127	106	(21)	1472	1338	(134)
FREEPORT	1,525	1,567	42	-	-	-	-	-	-	830	833	3
GORHAM	2,654	2,854	200	-	-	-	7	10	3	1159	1029	(130)
GRAY	2,739	2,730	(9)	-	-	-	-	-	-	-	-	-
HARRISON	916	941	25	-	-	-	-	-	-	186	172	(14)
HOLLIS	1,102	1,188	86	-	-	-	-	-	-	291	254	(36)
LIMINGTON	1,663	1,680	16	-	-	-	-	-	-	97	78	(20)
LYMAN	1,280	1,337	57	-	-	-	195	306	112	231	208	(23)
NORTH YARMOUTH	650	693	43	-	-	-	-	-	-	413	382	(31)
PORTLAND	9,032	8,803	(229)	-	-	-	-	-	-	5606	5348	(258)
POWNAI	238	250	12	-	-	-	-	12	-	144	128	(16)
SCARBOROUGH	5,510	5,673	163	7	-	(7)	-	-	-	2377	2226	(150)
SOUTH PORTLAND	5,788	5,635	(153)	46	-	(46)	1,380	1,377	(3)	2277	2307	30
WATERBORO	2,082	2,225	144	-	-	-	541	721	180	461	353	(108)
WINDHAM	2,394	2,521	127	-	-	-	14	-	(14)	1464	1382	(82)
YARMOUTH	1,953	2,005	51	-	-	-	613	719	105	1053	890	(162)
<b>Owner Member Total</b>	<b>48,300</b>	<b>49,010</b>	<b>710</b>	<b>54</b>	<b>-</b>	<b>(53)</b>	<b>3,485</b>	<b>4,097</b>	<b>612</b>	<b>20,972</b>	<b>19,608</b>	<b>(1,364)</b>
NAPLES	1,147	1,081	(66)				-	-	-	-	-	-
PARSONFIELD	739	705	(34)				26	19	(7)	76	69	(7)
SACO	5,352	5,382	30				-	-	-	1,700	1,622	(78)
STANDISH	2,995	3,027	32				97	109	12	471	542	71
TRI-TOWN (BALDWIN, HIRAM & PORTER)	1,716	1,740	24				64	64	-	166	160	(6)
BALDWIN	572	580	8				21	21	-	55	53	(2)
HIRAM	572	580	8				21	21	-	55	53	(2)
PORTER	572	580	8				21	21	-	55	53	(2)
<b>Associate Member Total</b>	<b>11,949</b>	<b>11,936</b>	<b>(13)</b>				<b>187</b>	<b>192</b>	<b>6</b>	<b>2,413</b>	<b>2,394</b>	<b>(19)</b>
ANDOVER	-	-	-				-	-	-	46	41	(5)
AUGUSTA	-	-	-				-	-	-	387	344	(43)
BROWNFIELD	-	307	307				-	-	-	95	65	(30)
CARMEL	-	-	-				-	-	-	55	50	(6)
CHEBEAGUE ISLAND	233	234	1				-	-	-	51	51	-
CHELSEA	-	-	-				-	-	-	7	24	17
CORNISH	-	-	-				-	-	-	46	45	(1)
ELIOT	349	389	40				184	267	83	-	-	-
ETNA	-	-	-				-	-	-	8	-	(8)
FRYEBURG	-	-	-				-	-	-	352	261	(91)
GLENBURN	-	-	-				-	-	-	97	80	(17)
GREENLAND, NH	-	-	-				-	-	-	367	355	(12)
JAY	-	-	-				-	-	-	221	189	(32)
KITTERY	1,866	1,810	(56)				-	-	-	-	-	-
LIMERICK	1,344	1,386	43				167	119	(48)	105	79	(26)
LIVERMORE FALLS	510	457	(52)				-	-	-	113	98	(15)
MANCHESTER	-	-	-				-	-	-	114	50	(64)
MIDCOAST	1,428	5,649	4,221				-	-	-	15	-	(15)
MONMOUTH	-	-	-				-	-	-	261	253	(8)
NEWBURGH	-	-	-				-	-	-	56	22	(34)
NEWINGTON	-	-	-				-	-	-	87	108	22
NORTH HAVEN	200	208	8				-	-	-	71	63	(8)
OHSTT	802	3,197	2,395				-	-	-	24	140	116
OLD ORCHARD	-	-	-				1	-	-	667	521	(147)
OTISFIELD	-	-	-				-	-	-	34	68	34
POLAND	-	-	-				-	-	-	324	278	(46)
READFIELD/WAYN	-	-	-				-	-	-	300	285	(15)
ROCKLAND	1,166	1,992	826				-	-	-	-	21	21
SANFORD	-	-	-				416	198	(218)	1,776	1,322	(453)
SHAPLEIGH	-	-	-				-	-	-	134	134	-
STETSON	-	-	-				-	-	-	31	24	(7)
STOCKTON SPRINGS	-	-	-				-	-	-	8	-	(8)
SWANS ISLAND	-	-	-				-	-	-	45	52	6
TRI-COUNTY	245	1,006	761				-	-	-	-	-	-
VINALHAVEN - RECYCLE	-	-	-				-	-	-	-	84	84
WATERVILLE	-	-	-				-	-	-	502	384	(118)
WOOLWICH	875	924	49				-	-	-	229	210	(20)
<b>Contract Member Total</b>	<b>9,017</b>	<b>17,559</b>	<b>8,542</b>				<b>767</b>	<b>585</b>	<b>(183)</b>	<b>6,630</b>	<b>5,701</b>	<b>(929)</b>
<b>Commercial Total</b>	<b>65,200</b>	<b>72,146</b>	<b>6,946</b>	<b>4,755</b>	<b>4,405</b>	<b>(350)</b>	<b>11,573</b>	<b>9,998</b>	<b>(1,575)</b>	<b>8,846</b>	<b>7,202</b>	<b>(1,643)</b>
<b>Spot Market Total</b>	<b>20,609</b>	<b>4,165</b>	<b>(16,443)</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Totals</b>	<b>155,075</b>	<b>154,817</b>	<b>(258)</b>	<b>4,808</b>	<b>4,405</b>	<b>(403)</b>	<b>16,012</b>	<b>14,871</b>	<b>(1,140)</b>	<b>38,861</b>	<b>34,905</b>	<b>(3,956)</b>

## Electrical Generation Summary

Month / Year	Facility Availability	On Peak KWHs	Off Peak KWHs	Total KWHs	On Peak Rate	Off Peak Rate	Electricity Revenues	ISONE Market Revenues
Apr-17	83%	2,824,082	3,954,688	6,418,770	\$0.03558	\$0.02618	\$231,780	\$202,464
May-17	93%	3,598,629	3,852,465	7,451,094	\$0.03023	\$0.02120	\$229,274	\$224,200
Jun-17	96%	3,651,175	3,797,778	7,448,953	\$0.03207	\$0.02129	\$284,508	\$270,207
Jul-17	93%	3,188,959	4,288,568	7,477,527	\$0.04147	\$0.02431	\$323,111	\$288,452
Aug-17	100%	3,842,246	4,205,082	8,047,328	\$0.03860	\$0.02194	\$328,177	\$282,647
Sep-17	100%	3,273,470	4,296,437	7,569,907	\$0.03700	\$0.01969	\$274,814	\$248,563
Oct-17	81%	2,754,238	3,508,041	6,262,279	\$0.03920	\$0.02151	\$242,520	\$242,336
Nov-17	94%	3,302,535	3,777,658	7,080,193	\$0.03620	\$0.02706	\$305,108	\$326,146
Dec-17	84%	2,562,192	3,747,691	6,309,883	\$0.05211	\$0.04169	\$371,530	\$538,471
Jan-18	98%	3,547,121	3,934,352	7,481,473	\$0.07706	\$0.05839	\$590,632	\$857,337
Feb-18	99%	3,193,218	3,680,503	6,873,721	\$0.08393	\$0.06922	\$597,309	\$340,323
Mar-18	86%	2,497,017	3,203,098	5,700,115	\$0.05411	\$0.04482	\$357,387	\$281,187
Apr-18	77%	2,793,025	3,186,637	5,979,662	\$0.03281	\$0.02437	\$248,521	\$331,482
May-18	99%	3,989,257	4,303,506	8,292,763	\$0.02829	\$0.01983	\$280,656	\$270,662
Jun-18	93%	3,420,182	4,066,778	7,486,960	\$0.02928	\$0.01989	\$295,386	\$312,080
Jul-18	96%	3,403,155	4,226,642	7,629,797	\$0.03509	\$0.02258	\$329,409	\$360,694
Aug-18	98%	3,689,400	4,003,175	7,692,575	\$0.03523	\$0.02274	\$335,652	\$409,462
Sep-18	95%	2,919,959	4,408,745	7,328,704	\$0.02931	\$0.01950	\$285,688	\$356,465
Oct-18	83%	2,923,391	3,300,855	6,224,246	\$0.03025	\$0.02043	\$277,764	\$354,742
Nov-18	86%	2,862,852	3,334,312	6,197,164	\$0.03567	\$0.02688	\$298,322	\$474,364
Dec-18	97%	3,020,165	4,274,569	7,294,734	\$0.05324	\$0.04246	\$450,406	\$452,040
Jan-19	99%	3,180,011	3,758,285	6,938,296	\$0.07783	\$0.05982	\$583,406	\$496,681
Feb-19	99%	2,651,508	3,201,561	5,853,069	\$0.06164	\$0.05207	\$435,855	\$311,578
Mar-19	83%	2,352,101	3,338,400	5,690,501	\$0.05240	\$0.04332	\$372,885	\$323,855
Apr-19	96%	3,016,138	3,336,683	6,352,821	\$0.03816	\$0.02902	\$313,740	\$269,096
May-19	98%	3,349,328	3,970,309	7,319,637	\$0.02840	\$0.02066	\$284,189	\$280,308
Jun-19	100%	3,092,847	3,965,086	7,057,933	\$0.03107	\$0.02277	\$293,094	\$261,255
Jul-19					\$0.03947	\$0.02537		
Total for contract period							\$1,699,763	\$1,446,092

Five Year Cash Flow Projections - September 19, 2019

	12 Month Actuals @ 6/30					FY 20 Bud	Projections					
	FY 14	FY 15	FY 16	FY 17	FY 18		FY 19	FY 20 Proj	FY 21 Proj	FY 22 Proj	FY 23 Proj	FY 24 Proj
		\$23,060,082	\$29,317,000	\$26,510,251	\$28,538,043		\$30,861,317	\$30,335,576	\$27,351,218	\$24,394,094	\$22,396,975	\$21,052,331
<b>Cash &amp; Reserves - beginning of period</b>												
<b>Cash flows from operating activities:</b>												
Net operating income	\$3,071,490	(\$1,238,109)	(\$1,232,895)	\$1,802,380	(\$2,558,470)	(\$1,732,156)	(\$2,940,380)	(\$2,822,396)	(\$2,251,253)	(\$1,929,641)	(\$2,092,017)	
Add back: depreciation	4,194,858	3,804,881	4,201,984	4,177,307	4,316,892	3,859,420	4,316,892	4,005,969	4,061,336	4,167,136	4,282,905	
Add back: landfill closure costs	239,704	259,936	295,483	(2,182,480)	254,884	263,379	275,000	275,000	275,000	275,000	275,000	
Add back: Post Retirement Benefit	95,461	49,730	70,458	60,244	55,575	84,996	85,000	85,000	85,000	85,000	85,000	
Other working capital changes	670,507	(41,673)	(859,134)	388,720	114,374	(18,358)	80,276	-	-	-	-	
Net cash provided by operating activities	\$8,272,020	\$2,834,765	\$2,475,896	\$4,246,171	\$2,183,255	\$2,457,281	\$1,816,788	\$1,543,573	\$2,170,083	\$2,597,495	\$2,550,888	
<b>Cash flows from capital and related financing activities:</b>												
Payment of interest	\$683	\$427	\$1,983	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Repayment of long-term debt	-	-	-	-	-	-	-	-	-	-	-	
Repayment of capital leases	-	-	-	-	-	-	-	-	-	-	-	
Net cash used in capital and related financing	\$683	\$427	\$1,983	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Cash flows from investing activities:</b>												
Receipts of interest	\$42,693	\$48,352	\$35,662	\$36,584	\$49,340	\$68,278	\$50,447	\$50,447	\$50,447	\$50,447	\$50,447	
Investment income	-	71,167	141,924	1,164,205	1,205,691	1,485,070	896,927	745,361	719,326	619,855	511,425	
Capital expenditures	(2,058,478)	(5,761,460)	(2,147,288)	(3,123,686)	(3,964,027)	(6,994,987)	(5,721,286)	(4,336,500)	(4,284,500)	(5,385,500)	(4,150,500)	
Sale of Gorham Property	-	-	1,519,615	-	-	-	-	-	-	-	-	
Net cash used in investing activities	(\$2,015,785)	(\$5,641,941)	(\$450,087)	(\$1,922,897)	(\$2,708,996)	(\$5,441,639)	(\$4,773,912)	(\$3,540,692)	(\$3,514,727)	(\$4,715,198)	(\$3,588,628)	
Net increase (decrease) in cash	\$6,256,918	(\$2,806,749)	\$2,027,792	\$2,323,274	(\$525,741)	(\$2,984,358)	(\$2,957,124)	(\$1,997,119)	(\$1,344,644)	(\$2,117,703)	(\$1,037,740)	
Cash & Reserves - end of period	\$29,317,000	\$26,510,251	\$28,538,043	\$30,861,317	\$30,335,576	\$27,351,218	\$24,394,094	\$22,396,975	\$21,052,331	\$18,934,628	\$17,896,887	

Cash Reserve Detail

	12 Month Actuals @ 6/30					FY 20 Bud	Projections				Target		
	FY 14	FY 15	FY 16	FY 17	FY 18		FY 19	FY 20 Proj	FY 21 Proj	FY 22 Proj		FY 23 Proj	FY 24 Proj
		\$8,160,000	\$8,174,000	\$8,249,690	\$8,290,518		\$8,301,636	\$4,368,193	2,701,209	756,090		(1,689,554)	(2,572,257)
Operating Cash Reserve	-	300,151	300,941	301,736	301,753	309,601	309,601	309,601	309,601	309,601	309,601	309,601	
Landfill Closure Reserve	3,255,000	3,922,780	6,214,445	7,712,419	9,789,027	10,546,784	10,546,784	10,546,784	10,546,784	10,546,784	10,546,784	22,400,000	
Discretionary Landfill Closure Reserve	4,006,000	4,049,713	4,057,653	4,520,183	4,984,354	5,356,350	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
Long Term Capital Reserve	-	500,294	502,516	502,847	-	-	-	-	-	-	-	-	
Recycling Revenue & Cost Sharing	3,052,000	3,265,183	3,298,492	3,310,239	3,316,864	2,597,777	4,336,500	4,284,500	5,385,500	4,150,500	7,105,000	2,500,000	
Short Term Capital Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Bond Payment Reserves	10,844,000	6,298,130	5,914,306	6,223,375	3,641,942	4,172,513	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	
Debt Service Reserves	\$29,317,000	\$26,510,251	\$28,538,043	\$30,861,317	\$30,335,576	\$27,351,218	\$24,394,094	\$22,396,975	\$21,052,331	\$18,934,628	\$17,896,887	\$35,709,601	
Operating Cash Account													
Total													

**DATE:** September 13, 2019  
**TO:** Members of the Finance Committee  
**FROM:** Kevin H. Roche, CEO  
**RE:** Rates for FY 21

Each September, we review our 5-year financial plan with the Board and recommend rates for the following year. After a careful review of the cash flow projections for the next 5 years, staff is making the following recommendations on tipping fees:

- Municipal Solid Waste (MSW): The 5-year financial projections are showing a decrease in our cash position that will not meet our goals in our Cash Reserve Policy. In our review with the board last year, we discussed the need to keep annual rate increases for MSW at a reasonable level. Consistent with this expectation, staff is recommending that we increase the MSW tipping fees 2.7% (from \$73 to \$75 per ton) beginning July 1<sup>st</sup>, 2020. We will review the 5-year plan at the Committee meeting next week.
- Over the last 12 months, the recycling markets have continued to deteriorate to unprecedented levels. Owner communities have been covering the increased recycling costs with our cash reserves. On July 1, 2019, owner communities started to contribute \$35 per ton to offset part of the drain on cash reserves. Based on current forecast, the five-year plan considers that this contribution will continue to take place until the demand for recyclables improve.



## Memorandum

Attachment E

**DATE:** September 19, 2019

**TO:** Chairman & Members of the Finance & Audit Committee

**FROM:** Kevin H. Roche, CEO/General Manager &  
Don Hebert, Director of Finance & Administration

**SUBJECT:** Recommendation for Continued Investment Services with HM Payson

We have completed a review of the history and services of HM Payson. Our records reflect that we obtained the services of HM Payson through an RFP process in 2014. The selection process consisted of a committee and after a thorough vetting process, the Full Board of Directors approved HM Payson as our Investment Advisors at the October 30, 2014 board meeting. We entered a five-year agreement with HM Payson for Investment Services and developed a Cash Reserve & Investment Policy as guidance in the management of our Reserves.

We have been extremely pleased with the level of support and communication from HM Payson. HM Payson provides us with quarterly reviews to include (upon request) presentations to our Finance Committee and Full Board of Directors. The dissemination of information on our investments is always timely and accurate. Management has worked closely with HM Payson to ensure funding allocations meet our objectives and are consistent with our policies.

It is our recommendation that we continue our relationship with HM Payson as our Investment Advisor.

## **CASH RESERVE & INVESTMENT POLICY**

### **RESERVES**

As part of strengthening **ecomaine's** financial position, we will establish and fund the reserves outlined below with the knowledge that general economic conditions and other **ecomaine** needs may impact on the timing of the funding of these reserves. There may also be conditions that arise requiring the **ecomaine** board to authorize the use of a reserve in a manner not originally intended for unanticipated financial issues. Therefore, with Board approval, funds from a reserve (with the exception of the Required Landfill Closure / Post Closure Reserve) could be used to cover other areas.

#### **FAVORABLE CASH FLOW**

**Objective:** To provide financial relief to owner communities when the financial position of **ecomaine** permits it.

#### **OPERATING CASH RESERVE**

**Objective:** To provide routine operating cash and financial security for extraordinary events that could cause a significant decrease in operating revenues or increase in operating expenses. These would be used to fund operations until any necessary adjustments can be made to provide sufficient cash flow to maintain operations.

**Goal:** We will build and maintain a balance of six months of cash operating expenses.

#### **SHORT TERM CAPITAL RESERVE**

**Objective:** To reserve funds for routine capital projects in the event of unanticipated circumstances.

**Goal:** We will establish a reserve equal to approximately 12 months of short term capital spending.

#### **LONG TERM CAPITAL RESERVE**

**Objective:** To reserve funds for new capital projects which have not been provided for 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 our intent to fund these projects with internal cash flow to the extent possible but economic conditions and necessity may dictate that we issue some long term debt.

**Goal:** We will establish a reserve equal to the greater of \$3 million or the next year's long term capital spending.

## **DISCRETIONARY LANDFILL CLOSURE / POST CLOSURE RESERVE**

**Objective:** To fund from internal cash flow a discretionary amount periodically for the landfill closure and post closure care costs during the remaining useful life of the landfill. Regulation, technology and other factors will impact the cost and life but as of June 30, 2015, this liability is estimated to be \$22.4 million in today's dollars and it is expected that the landfill will need to be closed in steps with final closing in 2044 and continued maintenance for 30 years thereafter.

**Goal:** We will establish a reserve that will fully fund this liability by the time the landfill is closed.

## **REQUIRED LANDFILL CLOSURE / POST CLOSURE RESERVE**

**Objective:** To provide funding for a Landfill Closure / Post Closure Reserve account as required by section 8 of the Interlocal Solid Waste Agreement dated December 1, 2005.

**Goal:** We will immediately establish a reserve for \$300,000 to meet the terms of this agreement.

## **INCOME EARNED**

Income earned on reserve accounts shall accrue to the respective reserve account.

## **RECORD KEEPING**

These funded reserves may be maintained in separate accounts at financial institutions or may simply be reported separately in the **ecomaine** financial statements whatever is most efficient for **ecomaine**.

## **PERIODIC REVIEW**

Five year cash flow projections and reserve funding requirements will be reviewed annually with the **ecomaine** board.

## **INVESTMENTS**

### **SCOPE**

This policy shall apply to the investment management of all **ecomaine** cash accounts including demand deposits and any reserve funds that are established under this policy. At all times, investments will be managed in accordance with Title 30-A, Sections 5706 through 5719 of the Maine Revised Statutes (see attached) and any revisions to these Statutes will become part of this policy immediately upon being enacted. Board responsibilities as identified in this policy may be delegated to the appropriate committee or staff member.

### **OBJECTIVES**

The principal investment objectives for **ecomaine** are:

- **Safety** – to avoid unreasonable risk while preserving both the capital and the purchasing power of that capital. It is understood that no investment is totally free of risk, and occasional measured losses are inevitable in a diversified portfolio. Risk may include the quality of the investment, the qualifications of the institutions and advisors we deal with, the diversification of the portfolio, the movement of interest rates, inflation and the general state of the economy.
- **Liquidity** – to maintain sufficient liquidity to meet all operating requirements as may reasonably be anticipated by structuring the portfolio with investments that mature as the need for cash occurs.
- **Returns** – to generate a long-term rate of return in the portfolios that is commensurate with the appropriate blended benchmark returns that coincide with the asset allocation for each portfolio over an economic cycle, taking into account risk and liquidity needs.

Each of these factors will be weighted depending on the objective and goal for each reserve account.

### **PRUDENCE & RESPONSIBILITIES**

The standard of prudence to be used for managing our investments shall be Title 30-A, Section 5718 of the Maine Revised Statutes which, in general, states that investments shall be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering safety, income and maintenance of liquidity.

Authorized **ecomaine** employees acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion.

### **ETHICS AND CONFLICTS OF INTEREST**

**ecomaine** personnel involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair or create the appearance of an impairment of their ability to make impartial investment decisions. These individuals shall disclose to **ecomaine** any material financial interests they have in financial institutions that conduct business with **ecomaine** and they shall subordinate their personal investment transactions to those of **ecomaine**.

### **DELEGATION OF AUTHORITY & INTERNAL CONTROLS**

Under the Maine Revised Statutes and the **ecomaine** bylaws, responsibility for the investment of **ecomaine** funds covered by this Policy resides with **ecomaine**. Staff will assist the Board in developing policies and procedures and will implement these policies and procedures after approval by the **ecomaine** board. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

Staff will develop written procedures designed to prevent losses of **ecomaine** funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by **ecomaine** employees. Proper documentation for all investment transactions shall be prepared and maintained for an appropriate amount of time.



Staff may engage the support services of outside professionals in regard to its investment program, so long as it can be demonstrated that these services are advantageous or that they provide necessary financial protection of **ecomaine's** financial resources.

## SELECTION OF ADVISORS

~~At least every five years, the Board, or a designated committee Management will, at least every five years, will consider issue-issuing~~ an RFP seeking investment services for **ecomaine** pursuant to 30-A M.R.S.A. § 5706(4). Services are to consist of advice, the safekeeping of the funds, collection of interest and dividends, and any other fiscal service that is normally covered in an advisory agreement. Other than Demand Deposit amounts (see below) all **ecomaine** investment activities as addressed in this Policy are to be provided by the selected firm. The Board will approve this selected firm.

All Advisors who desire to become qualified for **ecomaine** investment management must meet all requirements set forth in Section 5706(4) and supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of FINRA (Financial Industry Regulatory Authority) certification (not applicable to certificate of deposit counterparties)
- Proof of registration to buy and sell securities in the State of Maine
- Certification of having read understood and agreed to comply with **ecomaine's** Cash Reserve and Investment Policy.
- Evidence of adequate insurance coverage (FDIC, SIPC, or other appropriate collateral)

When selecting Advisors, consideration will be given to local or regional firms as long as they meet the standards set forth in this policy. The selection of Advisors will be on the basis of their expertise in institutional cash management and their ability to provide services for **ecomaine** along with their fee structure.

Once selected the firm shall be required to resubmit the above on an annual basis and **ecomaine** may review the financial condition and registration annually for the selected firm.

## AUTHORIZED SECURITIES AND TRANSACTIONS FOR ALL INVESTMENTS FAVORING LOWER RISK AND HIGHER LIQUIDITY

Monies to be invested under this investment philosophy (of lower risk and higher liquidity) include any cash in excess of the reserves as defined above, 100% of the Operating Reserve, 100% of the Short Term Capital Reserve, 100% of the Required Landfill Closure / Post Closure Reserve, and any Fixed Income Investments associated with the remaining reserves (see below).

As noted above the investment philosophy for these funds favors lower risk and higher liquidity. The need for the funds will be "near term" and the asset allocation in the portfolio should be flexible depending upon the outlook for the economy, the securities markets, and the anticipated cash flow needs. Income received from these funds is to be re-invested in these reserves. The investment of these funds will be in the types of securities and transactions listed below and all are to be guaranteed by the Federal Government or one of its agencies backed by

the Federal Government.

1. Demand Accounts & Time Certificates of Deposit: To be provided by institutions insured by the Federal Deposit Insurance Corporation (FDIC), The National Credit Union Share Insurance Fund (NCUSIF), or the successors to these federal agencies. If the amount deposited exceeds the insurable levels the excess must be collateralized by securities authorized by the Federal Home Loan Bank (FHLB). Time Certificates of Deposit will have maturities not exceeding three years.
2. U.S. Treasury Obligations: Treasury Bills, Treasury Notes and Treasury Bonds with maturities not exceeding three years from the date of trade settlement.
3. Federal Instrumentality Securities: Debentures, discount notes and callable securities, with maturities not exceeding three years from the date of trade settlement, issued by the following only: Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Mortgage Corporation (FHLMC) and Student Loan Marketing Association (SLMA).
4. Money Market Mutual Funds: registered under the Investment Company Act of 1940 which (1) are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant daily net asset value per share of \$1.00; (3) limit assets of the fund to U.S. Treasury Obligations, Federal Instrumentality or Agency Securities or repurchase agreements collateralized by such securities; and (4) have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7.

It is the intent of the **ecomaine** board that the foregoing list of authorized securities be strictly interpreted. Any deviation from this list must be preapproved by the Board.

**ecomaine** investment performance will be reviewed periodically by management with the Board. Fixed income investments will be compared to the appropriate bond index (e.g. Barclays Aggregate, Barclays U.S. Treasury, etc.) based upon bond maturity length. The goal of the fund will be to maintain over a normal market cycle (5 years) an annual rate of return on a comparable aforementioned index portfolio.

#### **AUTHORIZED SECURITIES AND TRANSACTIONS FOR INVESTMENTS FAVORING REDUCED LIQUIDITY, AND GREATER RETURNS.**

As detailed in this policy, **ecomaine** maintains reserves for Long Term Capital needs and for the funding of the Discretionary Landfill Closure / Post Closure Reserve. A portion of these “longer term funds”, due to their nature, are invested under a longer-term investment perspective to include a conservative and balanced portfolio of equity and fixed income investments. There is less interest in liquidity and more interest in returns with safety as the primary focus. Income received from these funds is to be re-invested in these reserves.

The Long Term Capital Reserve and the Discretionary Landfill Closure / Post Closure Reserves are to hold no less than 50% nor more than 80% of each accounts value in equities without consent of the **ecomaine** board. Such consent shall not be given until it has been read on two separate days by the **ecomaine** Board prior to voting. To the extent the Reserve Funds listed in this paragraph are managed by a financial institution or investment advisor pursuant to Section 5706(4), “Equities” shall include, but not be limited to, individual equities, equity mutual funds, bond mutual funds, or other investments that 1) may risk loss of principal, and 2) are subject to

Maine law and the Prudent Investor Rule. No single fixed income security will comprise more than 10% of the total value of each of the reserves, unless fully backed by the federal government or its agencies and instrumentalities.

The balance of each of these reserves (non equity portion) will be in investments as described under **AUTHORIZED SECURITIES AND TRANSACTIONS FOR ALL INVESTMENTS FAVORING LOWER RISK AND HIGHER LIQUIDITY.**

All reserve funds must be invested in accordance with 30-A M.R.S.A. §§ 5706-5719 or managed by a qualified financial institution or investment advisor pursuant to Section 5706(4).

**ecomaine** investment performance will be reviewed periodically by management with the Board. Equity investments are to be measured against the asset class bench mark (e.g. S&P 500 Index, Russell Midcap Index, MSCI Emerging Markets Index, etc.). The goal of the fund will be to maintain over a normal market cycle (5 years) an annual rate of return on a comparable aforementioned index portfolio.

#### **POLICY REVISIONS**

This policy shall be reviewed periodically by the Board and may be amended as conditions warrant.



## Memorandum

**DATE:** September 19, 2019

**TO:** Chairman & Members of the Executive Committee

**FROM:** Kevin H. Roche, CEO

**SUBJECT:** **CEO Authorization – Power Purchase Sales Agreement  
& Execution**

At our December 20, 2018 Executive Committee Meeting, the committee recommended that staff add the Power Purchase Agreement to the agenda during our September/October meetings, allowing staff to proceed with solicitations and negotiations.

Constellations/Exelon Generation LLC, was the selected vendor for this year's sale of electricity. Our agreement will expire on January 31, 2020. Staff is requesting approval from the Executive Committee for the CEO to proceed with discussions, selection and execution of a Power Purchase Agreement with a qualified vendor providing the most favorable market rate on energy.

Please let me know if you have any questions.

## Financial Summary August, 2019 (FY2020)

Revenues Year-to-Date - Compared to Budget and Last Year						
	Compared to Budget			Compared to Prior Year		
	Revenue Year-to-Date	Units	Revenue \$/Units	Revenue Year-to-Date	Units	Revenue \$/Units
Owner	\$802	(0%)	1%	\$32,506	(0%)	5%
Associate	7,280	3%	0%	8,158	3%	1%
Contract	(19,954)	(1%)	(7%)	1,616	(1%)	2%
Commercial	93,406	3%	5%	107,717	3%	6%
Spot	(35,085)	(43%)	(1%)	(31,813)	(43%)	4%
Recycling	(116,288)	(6%)	(27%)	21,841	(7%)	48%
Electrical	(31,088)	(10%)	5%	(66,463)	(9%)	(1%)
Overall	(\$100,191)			\$74,559		

Cash Expenses Year-to-Date			
Expense	Status	% of Annual	Notable Items Affecting Expenses Year-to-Date
<b>Total Departmental Costs</b>	\$326,528	13%	<p><b>Favorable</b></p> <ul style="list-style-type: none"> <li>* Temporary Labor: \$59k - Favorable usage, recycling temporary labor was lower than budget</li> <li>* Environmental Air Monitoring: \$40k - WTE, budgeted early, will be used in the future</li> <li>* Obsolete Inventory: \$40k - Budgeted write-offs not incurred during August</li> <li>* Payroll: \$23k - Unfilled positions and pending pay rate increases</li> <li>* Building &amp; Maintenance: \$22k - WTE, favorable usage, timing, will be used in the future</li> <li>* Recycle Material: \$23k - Lower prices on recycled materials due to market</li> <li>* Bailing Wire: \$20k - Favorable usage; budgeted, but not used in August</li> </ul> <p><b>Unfavorable</b></p> <ul style="list-style-type: none"> <li>Public Relations: (\$10k) - Admin, recycling bins purchased earlier than expected</li> <li>Water &amp; Sewer: (\$21k) - Landfill, unfavorable due to higher than usual precipitation</li> </ul>

Revenue Less Expenses	Year-to-Date vs. Budget Year-to-Date		Year-to-Date vs. Prior Year-to-Date	
	Revenue less Expenses		Revenue less Expenses	
	\$238,558	288%	(\$610,234)	37%

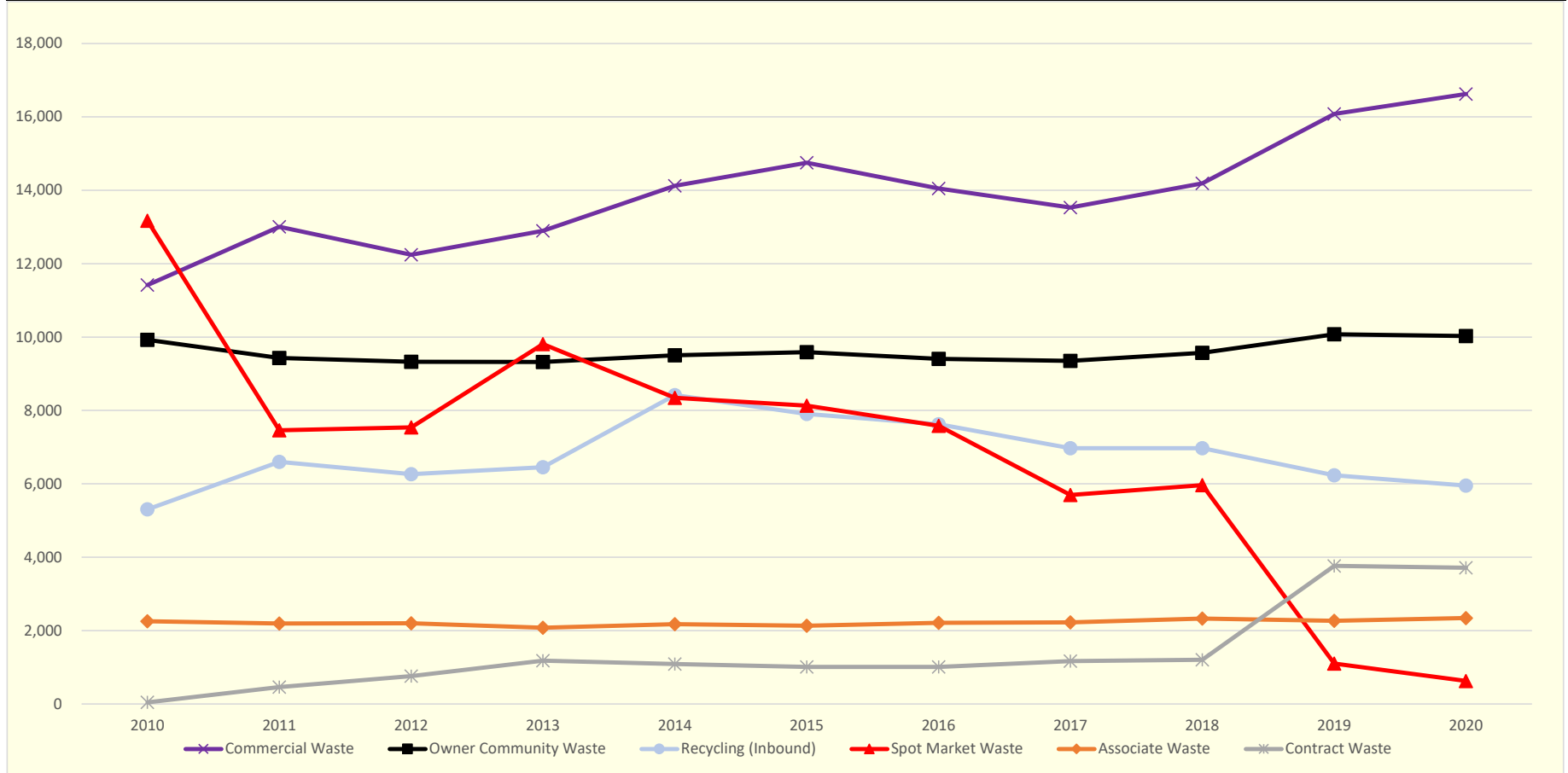
Cash Position			
	Balance		Notes
Cash on 7/1/2019	\$27,351,217		
Cash Generated	315,251		
Non-Operating Income	(100,358)		
Capital Expenditures	(733,729)		
<b>Current Cash Position</b>	<b>\$26,832,381</b>		

Average WTE Operations				
Month	Power Sold % Capacity	Average Boiler Availability %	Sales - MWHrs	Notes
July	78%	98%	6,995	
August	80%	100%	7,004	

Food Waste Year-to-Date Tonnage				
	Food Waste In		Food Waste Out	Food Waste Contaminates
<b>Food Waste Tonnes</b>	990		950	356

Recycling Markets					
Material	FY2019 YTD Average	FY2020 YTD Average	Variance		Next Month Projected Prices
Cardboard	\$86	\$43	(50%)		\$43
Paper	(32)	(24)	25%		(29)
Cans	186	112	(39%)		108
#2 Natural Plastic	880	432	(51%)		592
#2 Colored Plastic	320	249	(22%)		210
#1 PET Plastic	296	262	(12%)		108
Post Burn Metal	98	41	(58%)		43

ecomaine  
**Incoming Tonnage Chart**  
 Fiscal Year-to-Date Comparison as of August 31, 2019 of FY2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Owner Community Waste</b>	9,927	9,432	9,327	9,321	9,501	9,590	9,403	9,351	9,569	10,075	10,025
<b>Associate Waste</b>	2,256	2,196	2,199	2,078	2,177	2,133	2,213	2,222	2,326	2,267	2,343
<b>Contract Waste</b>	44	461	758	1,180	1,089	1,008	1,012	1,165	1,203	3,764	3,715
<b>Commercial Waste</b>	11,417	13,008	12,245	12,898	14,120	14,752	14,048	13,528	14,189	16,081	16,624
<b>Spot Market Waste</b>	13,170	7,459	7,539	9,806	8,344	8,128	7,582	5,694	5,966	1,101	628
<b>Total Waste</b>	<b>36,814</b>	<b>32,556</b>	<b>32,068</b>	<b>35,283</b>	<b>35,231</b>	<b>35,611</b>	<b>34,258</b>	<b>31,961</b>	<b>33,253</b>	<b>33,289</b>	<b>33,335</b>
<b>Recycling (Inbound)</b>	5,304	6,596	6,266	6,450	8,418	7,906	7,622	6,970	6,970	6,230	5,951

ecomaine							
Statement of Revenue & Expenses							
as of August 31, 2019 of FY2020							
Category	Year End Actuals on June 30			Current Year To Date			FY20 & FY19
	2017	2018	2019	Actual	Budget	Variance	Variance
Operating Revenues							
Owner Member Tipping Fees	\$653,991	\$666,126	\$703,698	\$736,204	\$735,402	\$802	\$32,506
Associate Member Tipping Fees	185,778	194,928	197,255	205,413	198,132	7,280	8,158
Contract Member Tipping Fees	67,409	70,521	227,418	229,034	248,989	(19,954)	1,616
Commercial Tipping Fees	942,192	973,629	1,110,716	1,218,432	1,125,027	93,406	107,717
Spot Market Tipping Fees	332,128	336,870	77,652	45,839	80,924	(35,085)	(31,813)
Electrical Power Revenues	671,959	686,378	665,061	598,598	629,686	(31,088)	(66,463)
Sales of Recycled Goods	607,773	799,264	266,045	161,409	283,907	(122,498)	(104,636)
Recycling Tipping Fees	8,778	1,471	67,055	193,531	187,322	6,210	126,476
Other Operating Income	16,824	17,158	17,529	18,527	17,792	736	999
Total Operating Revenues	\$3,486,833	\$3,746,345	\$3,332,429	\$3,406,989	\$3,507,180	(\$100,191)	\$74,559
Operating expenses							
Administrative expenses	422,471	386,838	410,777	472,172	489,939	17,767	(61,395)
Waste-to-energy operating expenses	1,248,813	3	1,243,768	1,273,584	0	118,411	(29,816)
Recycling operating expenses	327,811	363,652	402,987	323,534	450,102	126,567	79,452
Landfill/ashfill operating expenses	233,888	223,061	250,414	243,709	307,493	63,783	6,705
Contingency	0	0	0	0	41,666	41,666	0
Landfill closure & post-closure care costs	49,247	44,236	42,481	43,897	45,834	1,938	(1,416)
Post-retirement benefit - health Care	11,743	11,743	14,166	14,166	14,167	1	0
Depreciation & amortization	702,029	704,110	695,387	568,762	726,982	158,220	126,626
Total operating expenses	\$2,996,003	\$2,904,341	\$3,059,979	\$2,939,823	\$3,468,176	\$528,353	\$120,156
Net operating income	\$490,830	\$842,004	\$272,450	\$467,165	\$39,004	\$428,162	\$194,715
Non-operating income (expense)							
Non Investment Interest	6,656	5,677	8,186	14,328	8,408	5,920	6,141
Investment Income Net of Expenses	249,995	272,511	735,788	(114,686)	83,334	(198,020)	(850,474)
Misc. Income / (Expenses)	(1,269)	330	(41,053)	(1,669)	(4,166)	2,497	39,384
Net non-operating	\$255,382	\$278,518	\$702,922	(\$102,027)	\$87,576	(\$189,603)	(\$804,949)
Total Revenue Less Expenses	\$746,212	\$1,120,522	\$975,372	\$365,138	\$126,580	\$238,558	(\$610,234)



ecomaine									
Statistical Data									
as of August 31, 2019 of FY2020									
Category	Actual Year-to-Date			Year-to-Date FY2020				YTD vs Last YTD	
	2017	2018	2019	Actual	Budget	Variance Fav/(Unfav)		Variance Fav/(Unfav)	
						Units	%	Units	%
<b>MSW - Tons</b>									
Owner	9,351	9,569	10,075	10,025	10,074	(49)	(0%)	(50)	(0%)
Associate	2,222	2,326	2,267	2,343	2,268	75	3%	75	3%
Contract	1,165	1,203	3,764	3,715	3,764	(49)	(1%)	(49)	(1%)
Commercial	13,528	14,189	16,081	16,624	16,081	543	3%	543	3%
Spot	5,694	5,966	1,101	628	1,101	(473)	(43%)	(474)	(43%)
<b>Total MSW</b>	<b>31,961</b>	<b>33,253</b>	<b>33,289</b>	<b>33,335</b>	<b>33,288</b>	<b>47</b>	<b>0%</b>	<b>46</b>	<b>0%</b>
<b>Recycle - Tons</b>									
Inbound - MRF only	6,970	6,970	6,230	5,951	6,230	(279)	(4%)	(279)	(4%)
Outbound- MRF only including glass	6,162	6,263	5,623	5,234	5,569	(335)	(6%)	(388)	(7%)
Outbound- Post Burn	780	736	842	736	841	(105)	(13%)	(106)	(13%)
Outbound- Landfill Metal Mining	0	0	0	0	0	0	0%	0	0%
<b>Outbound Total</b>	<b>6,942</b>	<b>6,999</b>	<b>6,464</b>	<b>5,970</b>	<b>6,410</b>	<b>(440)</b>	<b>(7%)</b>	<b>(494)</b>	<b>(8%)</b>
<b>MSW - Revenue \$/Ton</b>									
Owner	\$69.94	\$69.62	\$69.85	\$73.44	\$73.00	\$0.44	1%	\$3.59	5%
Associate	83.62	83.79	87.00	87.69	87.36	0.33	0%	0.69	1%
Contract	57.84	58.62	60.42	61.65	66.15	(4.50)	(7%)	1.23	2%
Commercial	69.65	68.62	69.07	73.29	69.96	3.33	5%	4.22	6%
Spot	58.33	56.46	70.50	73.00	73.50	(0.50)	(1%)	2.50	4%
<b>Total MSW</b>	<b>\$68.26</b>	<b>\$67.42</b>	<b>\$69.60</b>	<b>\$73.04</b>	<b>\$71.75</b>	<b>\$1.29</b>	<b>2%</b>	<b>\$3.45</b>	<b>5%</b>
<b>Recycle - Revenue \$/Ton</b>									
\$/Ton Outbound (Includes glass/metals)	\$88.82	\$114.40	\$51.53	\$59.45	\$73.51	(\$14.06)	(19%)	\$7.92	15%
\$/Ton Inbound Revenue	85.18	108.30	29.10	43.02	58.59	(15.57)	(27%)	13.92	48%
<b>Energy</b>									
MWH's Sold	16,297	15,525	15,322	13,999	15,524	(1,525)	(10%)	(1,323)	(9%)
\$/MWH	\$41.23	\$44.21	\$43.40	\$42.76	\$40.56	\$2.20	5%	(\$0.64)	(1%)
Steam Plant Capacity Factor %	97%	94%	99%	90%					
Average Boiler Availability %	100%	100%	98%	100%	97%				
Steam Plant Capacity Utilization %	100%	98%	104%	91%					
Power Capacity Factor %	92%	89%	85%	81%					
Power Sold - % of Capacity to Sell	93%	89%	85%	80%	85%				

**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

July 1, 2019 to August 31, 2019

Community	Waste			Food Waste			Bulky/Other			Recycle		
	FY19	FY20	over/(under)	FY19	FY20	over/(under)	FY19	FY20	over/(under)	FY19	FY20	over/(under)
BRIDGTON	570	582	11	-	-	-	40	47	7	128	119	(9)
CAPE ELIZABETH	379	412	33	-	-	-	83	120	37	163	145	(18)
CASCO	188	194	7	-	-	-	-	-	-	92	95	3
CUMBERLAND	259	262	3	-	-	-	-	-	-	138	134	(5)
FALMOUTH	397	380	(16)	-	-	-	25	27	2	226	223	(3)
FREEPOR	297	289	(8)	-	-	-	-	-	-	146	144	(3)
GORHAM	508	515	7	-	-	-	2	-	(2)	177	166	(11)
GRAY	500	519	19	-	-	-	-	-	-	-	-	-
HARRISON	218	224	6	-	-	-	-	-	-	40	42	1
HOLLIS	210	209	(1)	-	-	-	-	-	-	45	45	-
LIMINGTON	323	248	(75)	-	-	-	-	-	-	14	22	8
LYMAN	257	276	19	-	-	-	62	52	(10)	41	35	(6)
NORTH YARMOUTH	119	117	(2)	-	-	-	-	-	-	69	62	(7)
PORTLAND	1,676	1,683	7	-	-	-	-	-	-	975	878	(97)
POWNAL	45	44	(1)	-	-	-	-	-	-	22	19	(3)
SCARBOROUGH	1,091	1,055	(37)	-	-	-	-	-	-	420	383	(37)
SOUTH PORTLAND	1,050	1,029	(21)	-	-	-	278	240	(38)	403	379	(24)
WATERBORO	425	405	(20)	-	-	-	126	95	(31)	70	73	4
WINDHAM	461	470	9	-	-	-	-	-	-	247	223	(25)
YARMOUTH	348	396	48	-	-	-	135	121	(14)	160	126	(34)
<b>Owner Member Total</b>	<b>9,323</b>	<b>9,311</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>752</b>	<b>702</b>	<b>(50)</b>	<b>3,576</b>	<b>3,312</b>	<b>(264)</b>
NAPLES	223	241	17				-	-	-	-	-	-
PARSONFIELD	122	135	13				-	-	-	13	14	1
SACO	1,018	1,014	(4)				-	-	-	303	256	(47)
STANDISH	551	578	27				26	26	-	105	78	(27)
TRI-TOWN (BALDWIN, HIRAM & PORTER)	316	320	5				11	28	17	33	35	2
BALDWIN	105	107	2				4	9	6	11	12	1
HIRAM	105	107	2				4	9	6	11	12	1
PORTER	105	107	2				4	9	6	11	12	1
<b>Associate Member Total</b>	<b>2,230</b>	<b>2,288</b>	<b>58</b>				<b>37</b>	<b>54</b>	<b>17</b>	<b>453</b>	<b>382</b>	<b>(71)</b>
ANDOVER	-	-	-				-	-	-	13	11	(2)
AUGUSTA	-	-	-				-	-	-	63	61	(2)
BROWNFIELD	29	154	125				-	-	-	16	19	4
CARMEL	-	-	-				-	-	-	9	7	(2)
CHEBEAGUE ISLAND	75	69	(6)				-	-	-	13	12	(1)
CHELSEA	-	-	-				-	-	-	3	5	2
CORNISH	-	-	-				-	-	-	7	7	-
ELIOT	75	72	(3)				48	42	(7)	-	-	-
FRYE ISLAND RECYCLING	-	-	-				-	-	-	-	7	7
FRYE ISLAND WASTE	-	35	35				-	-	-	-	-	-
FRYEBURG	-	-	-				-	-	-	73	72	(2)
GLENBURN	-	-	-				-	-	-	15	13	(2)
GREENLAND, NH	-	-	-				-	-	-	67	60	(7)
JAY	-	-	-				-	-	-	37	-	(37)
KITTERY	330	328	(2)				-	-	-	-	-	-
LIMERICK	267	270	4				36	41	5	18	8	(11)
LIVERMORE FALLS	82	98	16				-	-	-	13	16	3
MANCHESTER	-	-	-				-	-	-	17	-	(17)
MIDCOAST	1,243	1,220	(22)				-	-	-	-	-	-
MONMOUTH	-	-	-				-	-	-	49	48	(1)
NEWBURGH	-	-	-				-	-	-	3	11	7
NEWINGTON	-	-	-				-	-	-	15	15	-
NORTH HAVEN	65	61	(4)				-	-	-	18	21	3
OHSTT	607	598	(9)				-	-	-	31	26	(5)
OLD ORCHARD	-	-	-				-	1	-	118	128	10
OTISFIELD	-	-	-				-	-	-	11	9	(1)
POLAND	-	-	-				-	-	-	62	-	(62)
READFIELD/WAYN	-	-	-				-	-	-	47	54	7
ROCKLAND	430	345	(84)				-	-	-	-	57	57
SANFORD	-	-	-				98	10	(88)	244	198	(46)
SHAPLEIGH	-	-	-				-	-	-	26	30	3
STETSON	-	-	-				-	-	-	5	5	-
SWANS ISLAND	-	-	-				-	-	-	-	-	-
TRI-COUNTY	213	195	(17)				-	-	-	-	-	-
VINALHAVEN - RECYCLE	-	-	-				-	-	-	-	39	39
WATERVILLE	-	-	-				-	-	-	76	93	17
WOOLWICH	167	175	9				-	-	-	44	39	(5)
<b>Contract Member Total</b>	<b>3,581</b>	<b>3,621</b>	<b>41</b>				<b>183</b>	<b>94</b>	<b>(90)</b>	<b>1,116</b>	<b>1,071</b>	<b>(44)</b>
<b>Commercial Total</b>	<b>12,647</b>	<b>14,116</b>	<b>1,469</b>	<b>1,045</b>	<b>1,005</b>	<b>(40)</b>	<b>2,389</b>	<b>1,515</b>	<b>(873)</b>	<b>1,086</b>	<b>1,187</b>	<b>101</b>
<b>Spot Market Total</b>	<b>1,101</b>	<b>628</b>	<b>(474)</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Totals</b>	<b>28,882</b>	<b>29,964</b>	<b>1,082</b>	<b>1,045</b>	<b>1,005</b>	<b>(40)</b>	<b>3,361</b>	<b>2,365</b>	<b>(996)</b>	<b>6,230</b>	<b>5,951</b>	<b>(279)</b>

## Electrical Generation Summary

Month / Year	Facility Availability	On Peak KWHs	Off Peak KWHs	Total KWHs	On Peak Rate	Off Peak Rate	Electricity Revenues	ISONE Market Revenues
Jul-17	93%	3,188,959	4,288,568	7,477,527	\$0.04147	\$0.02431	\$323,111	\$288,452
Aug-17	100%	3,842,246	4,205,082	8,047,328	\$0.03860	\$0.02194	\$328,177	\$282,647
Sep-17	100%	3,273,470	4,296,437	7,569,907	\$0.03700	\$0.01969	\$274,814	\$248,563
Oct-17	81%	2,754,238	3,508,041	6,262,279	\$0.03920	\$0.02151	\$242,520	\$242,336
Nov-17	94%	3,302,535	3,777,658	7,080,193	\$0.03620	\$0.02706	\$305,108	\$326,146
Dec-17	84%	2,562,192	3,747,691	6,309,883	\$0.05211	\$0.04169	\$371,530	\$538,471
Jan-18	98%	3,547,121	3,934,352	7,481,473	\$0.07706	\$0.05839	\$590,632	\$857,337
Feb-18	99%	3,193,218	3,680,503	6,873,721	\$0.08393	\$0.06922	\$597,309	\$340,323
Mar-18	86%	2,497,017	3,203,098	5,700,115	\$0.05411	\$0.04482	\$357,387	\$281,187
Apr-18	77%	2,793,025	3,186,637	5,979,662	\$0.03281	\$0.02437	\$248,521	\$331,482
May-18	99%	3,989,257	4,303,506	8,292,763	\$0.02829	\$0.01983	\$280,656	\$270,662
Jun-18	93%	3,420,182	4,066,778	7,486,960	\$0.02928	\$0.01989	\$295,386	\$312,080
Jul-18	96%	3,403,155	4,226,642	7,629,797	\$0.03509	\$0.02258	\$329,409	\$360,694
Aug-18	98%	3,689,400	4,003,175	7,692,575	\$0.03523	\$0.02274	\$335,652	\$409,462
Sep-18	95%	2,919,959	4,408,745	7,328,704	\$0.02931	\$0.01950	\$285,688	\$356,465
Oct-18	83%	2,923,391	3,300,855	6,224,246	\$0.03025	\$0.02043	\$277,764	\$354,742
Nov-18	86%	2,862,852	3,334,312	6,197,164	\$0.03567	\$0.02688	\$298,322	\$474,364
Dec-18	97%	3,020,165	4,274,569	7,294,734	\$0.05324	\$0.04246	\$450,406	\$452,040
Jan-19	99%	3,180,011	3,758,285	6,938,296	\$0.07783	\$0.05982	\$583,406	\$496,681
Feb-19	99%	2,651,508	3,201,561	5,853,069	\$0.06164	\$0.05207	\$435,855	\$311,578
Mar-19	83%	2,352,101	3,338,400	5,690,501	\$0.05240	\$0.04332	\$372,885	\$323,855
Apr-19	96%	3,016,138	3,336,683	6,352,821	\$0.03816	\$0.02902	\$313,740	\$269,096
May-19	98%	3,349,328	3,970,309	7,319,637	\$0.02840	\$0.02066	\$284,189	\$280,308
Jun-19	100%	3,092,847	3,965,086	7,057,933	\$0.03107	\$0.02277	\$293,094	\$261,255
Jul-19	98%	3,203,793	3,791,318	6,995,111	\$0.03947	\$0.02537	\$308,678	\$288,044
Aug-19	97%	3,291,162	3,712,705	7,003,867	\$0.03647	\$0.02256	\$289,837	\$266,347
					\$0.03183	\$0.02154		
Total for contract period							\$2,298,278	\$2,000,484