

# FY 2018 Budget Presentation



March 16, 2017

# FY 2018 Budget Presentation

## Comparing the FY 17 Projections to the FY 17 Budget

- ↑ Revenues up \$1.3 MM or 7% (Favorable Recycling Markets)
- ↓ Cash Expenses down \$.7 MM or 4% (Natural Gas Usage, Payroll, & Contingency)
- ↑ Non Operating Income is up \$.4 MM (Favorable Investment Returns)
- ↑ Revenue Less Expense is projected to be -\$950,000 which is favorable to the budget by \$2.4 MM or 72%

# FY 2018 Budget Presentation

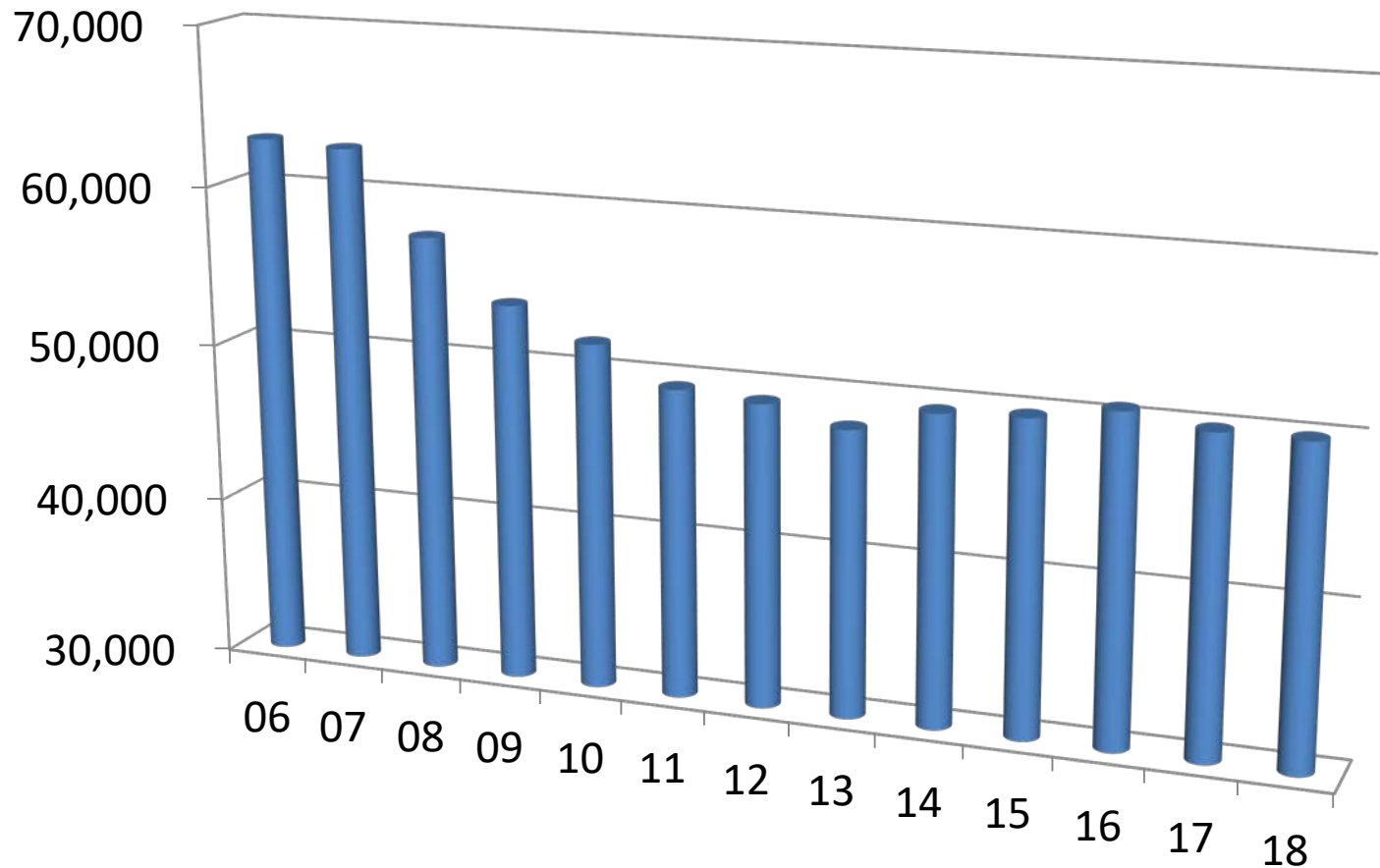
## Comparing the FY 18 Budget to the FY 17 Budget

- ↑ Revenues are up \$.2 MM or 1% (Recycling Markets)
- ↑ Cash Expenses are up \$.4 MM or 2.7% (Payroll, general increases)
- ↑ Non Cash Expenses are up \$.1 MM or 2% (Depreciation)
- ↑ Revenue Less Expense (loss of \$3.7 MM) is \$.3 MM greater

## Historical Trends and Projections

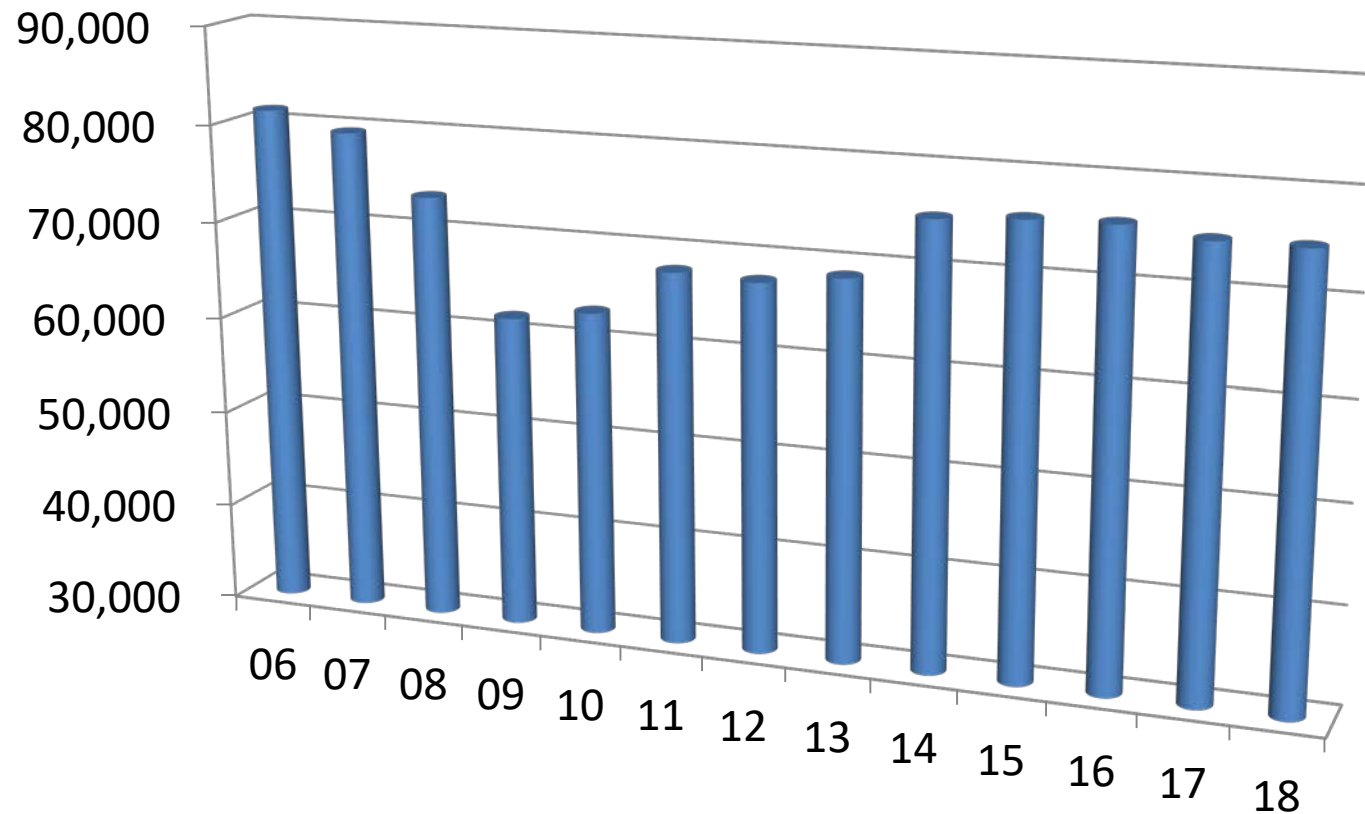
# MSW Volume from Owner Communities

Tons are down 21% over 12 years but flat over the last five years



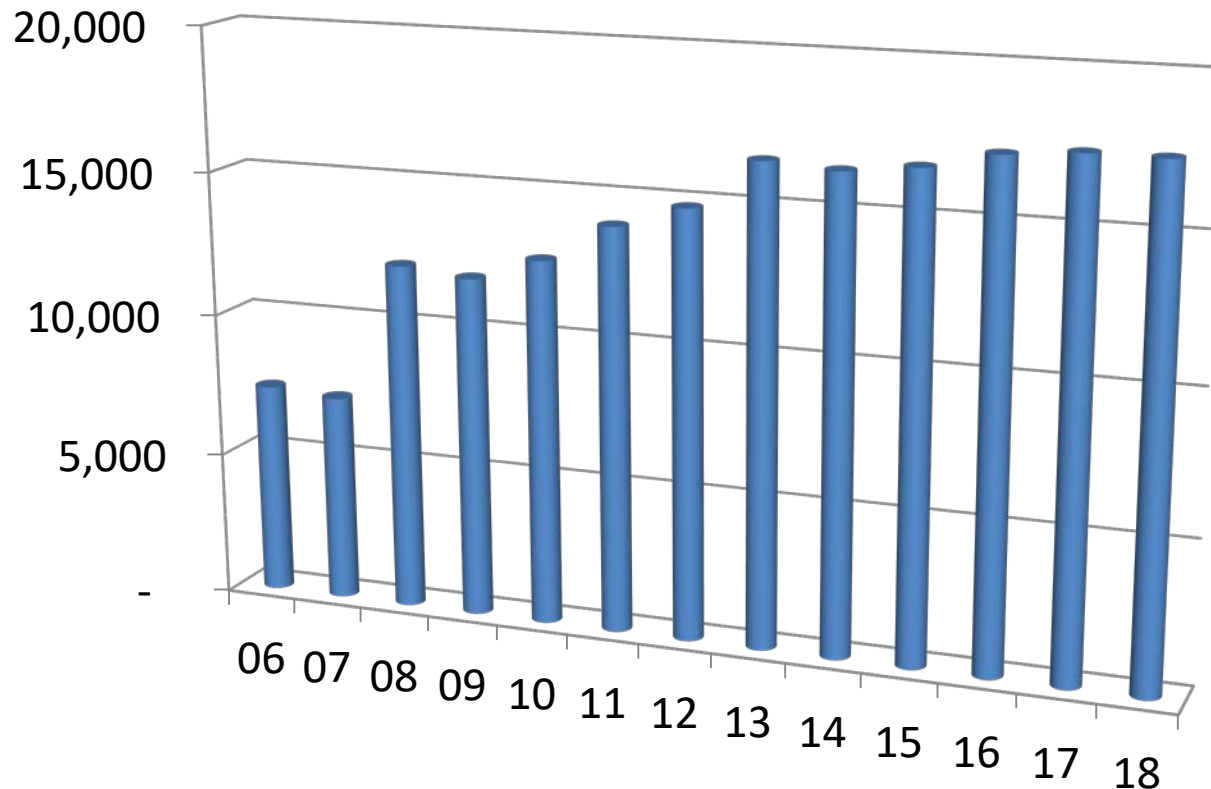
# Commercial MSW Tons

Down 8% from 2006, but up 21% from 2009



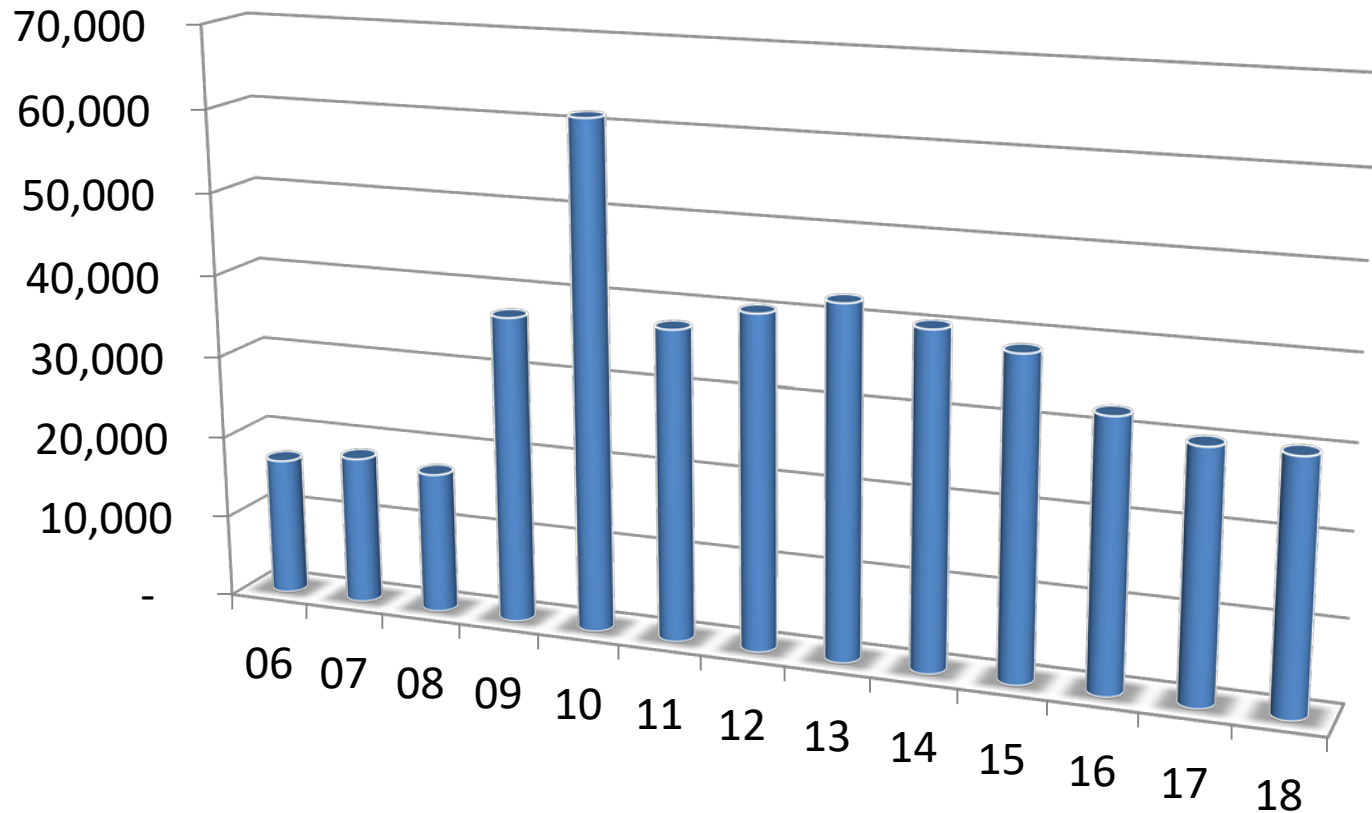
# Associate & Contract Member MSW Tons

Up 137% since 2006, up 18% since 2012





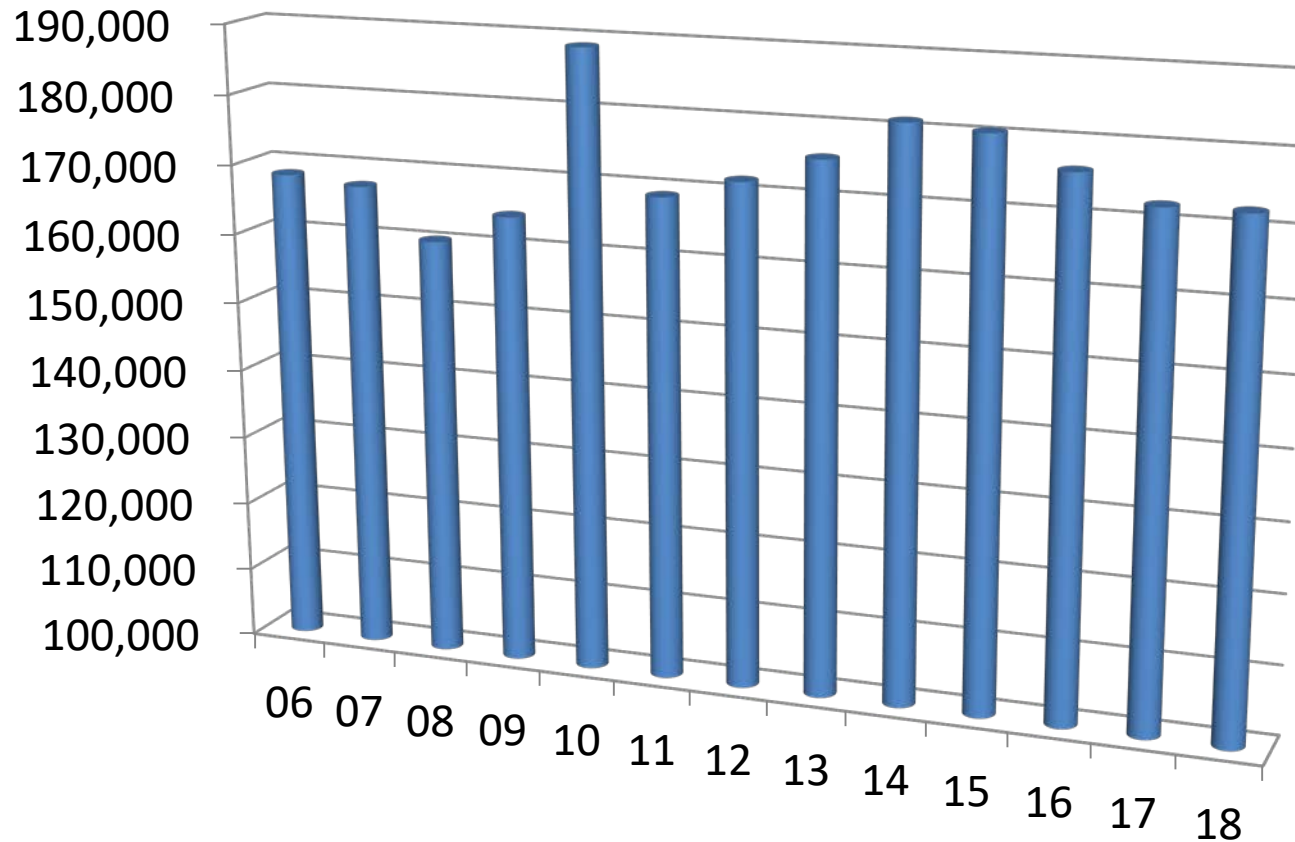
# Spot Market MSW Tons – Adjusting to Meet Capacity Requirements





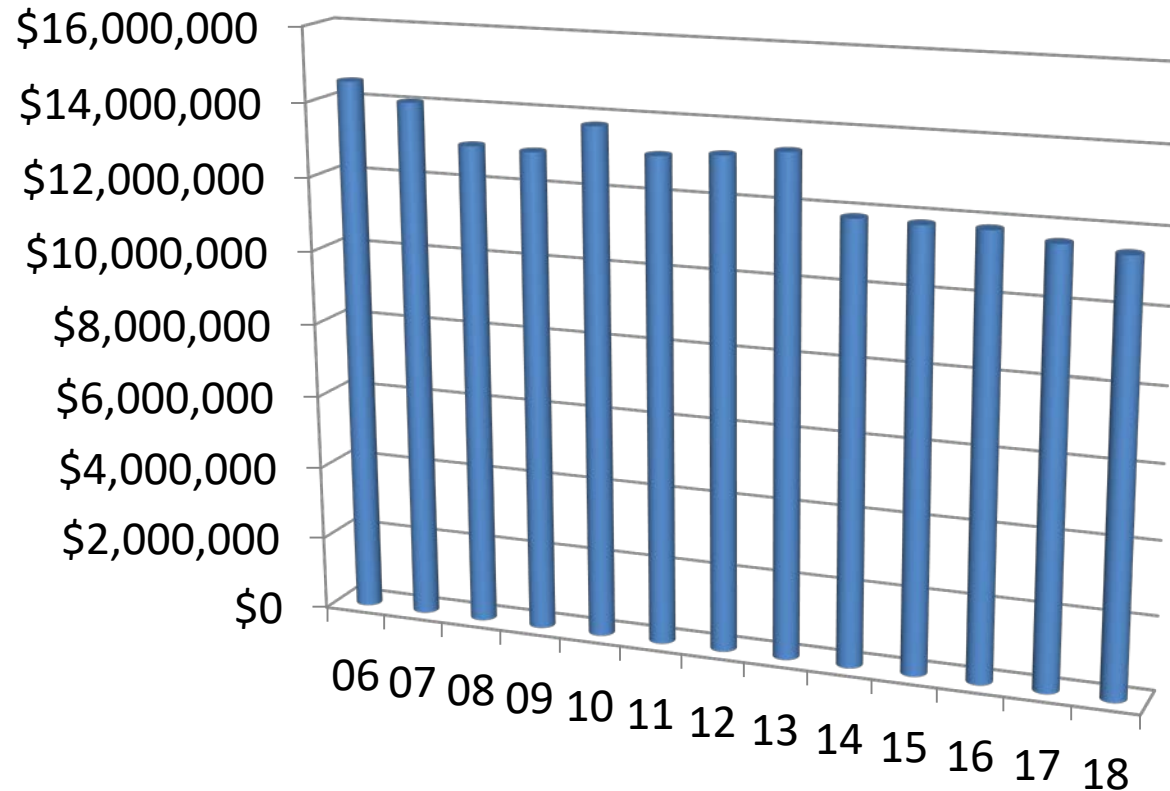
# Overall Solid Waste Tons

Tonnage up 2% Since 2006



# MSW Tipping Fees

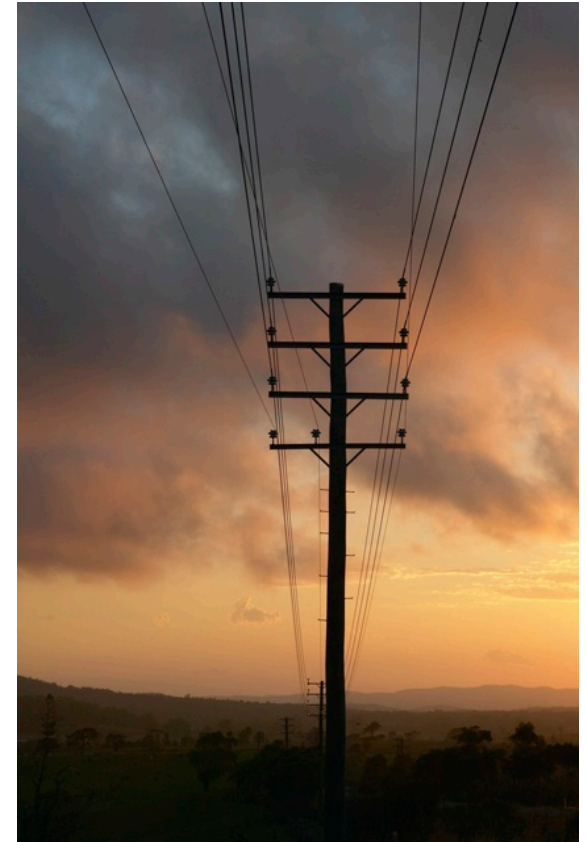
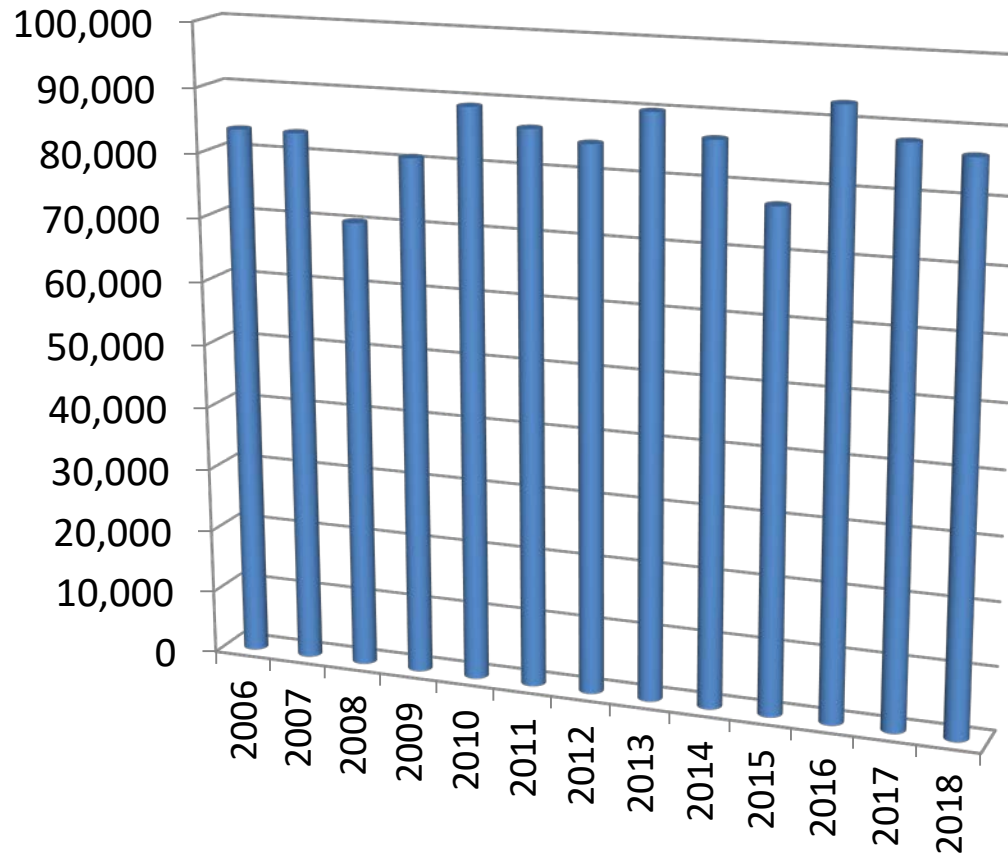
**Owner and Commercial Fees are down 20% since FY 06**



# Power Sold Remains Strong

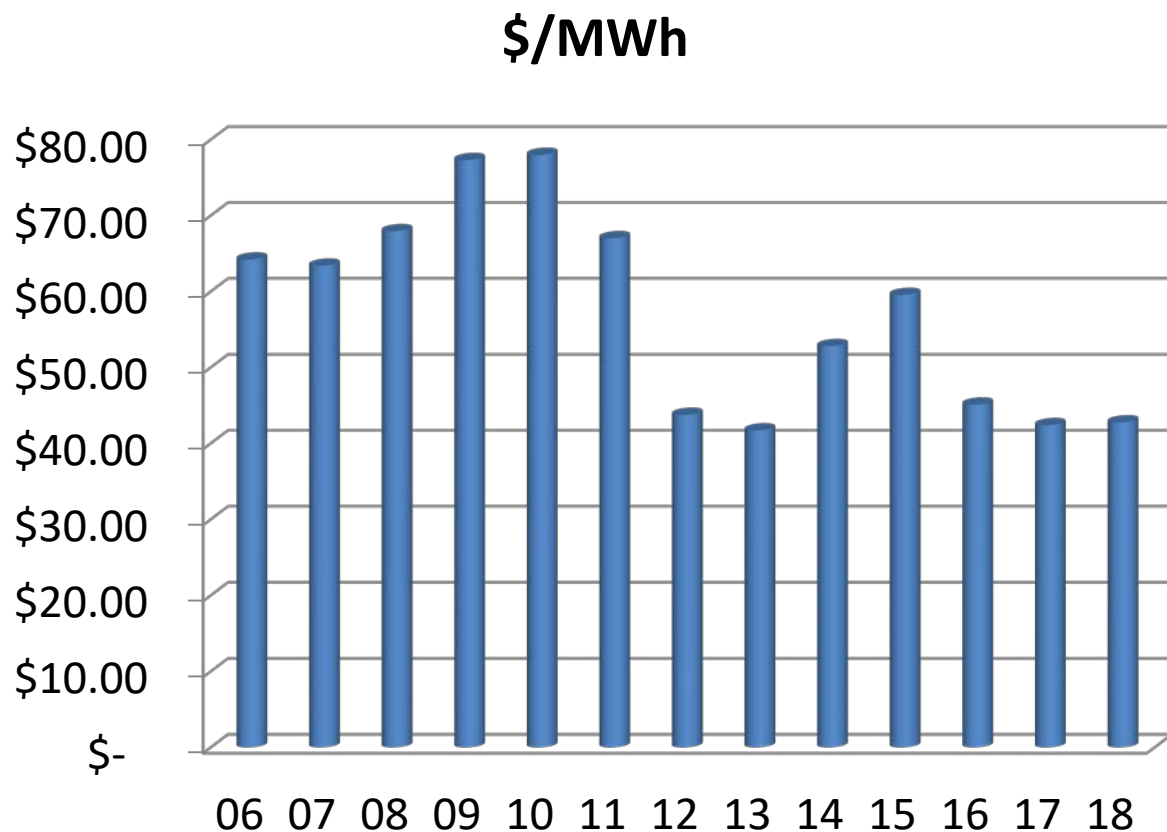
## Another Solid Year for Power Generation

### Megawatt Hours Sold



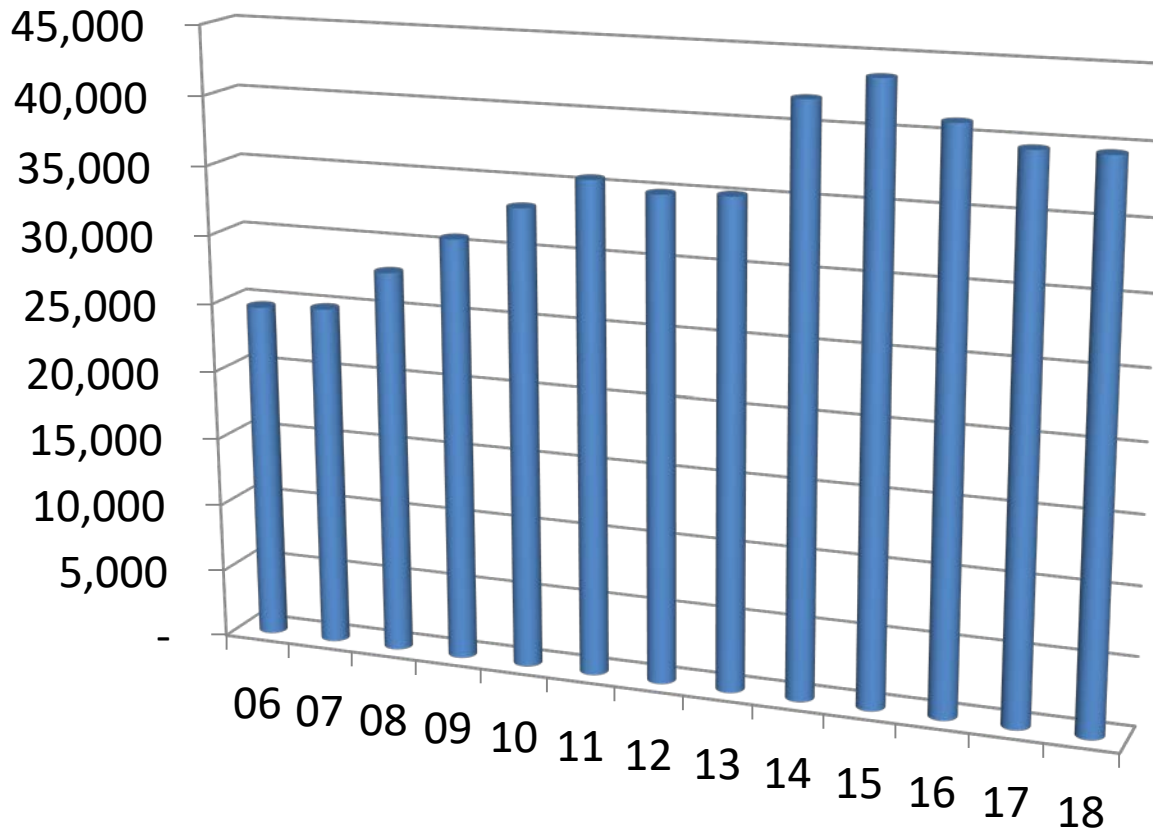
# Power Rates - Volatility

Up 1% from 2017, down 45% from FY 10 peak



# Recycling Tons

## Down 6% from record year in FY 15

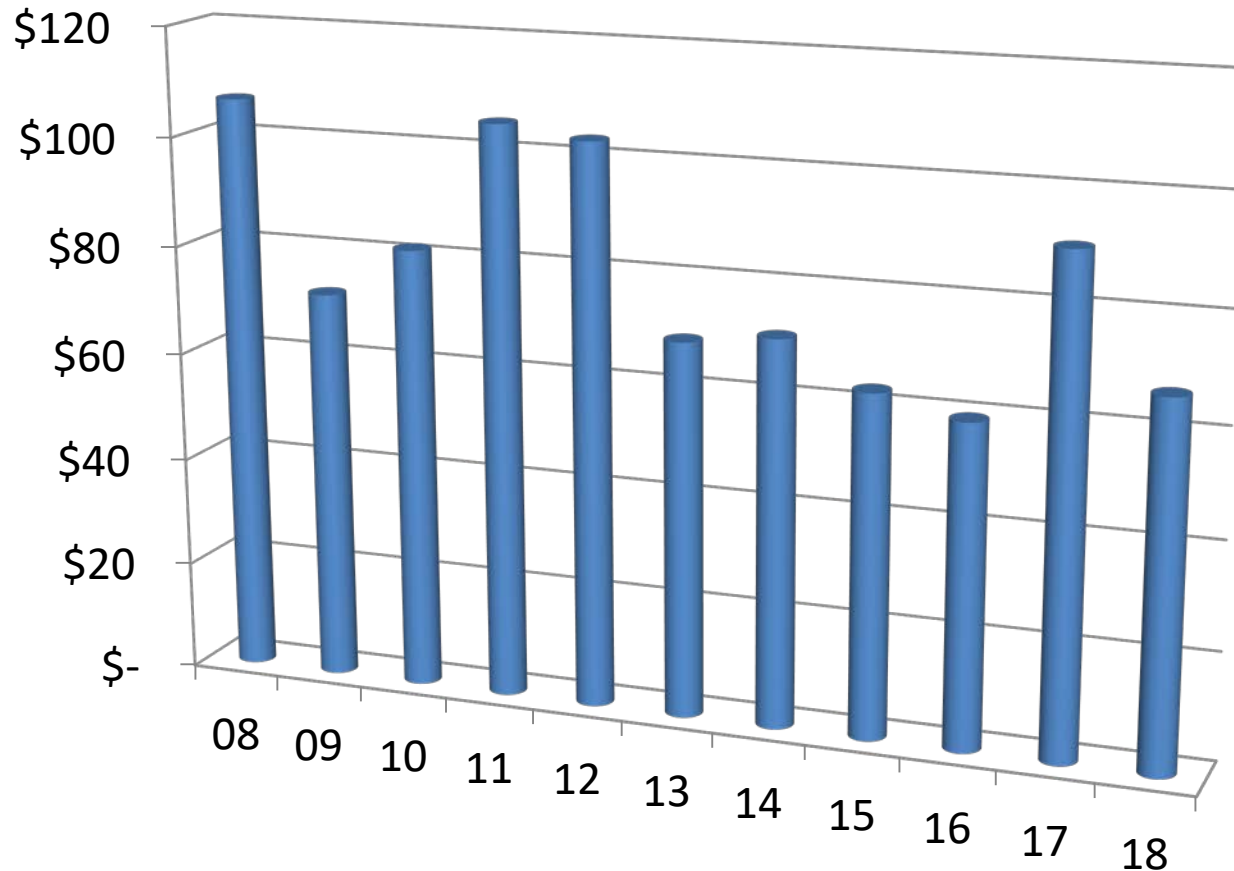




# The Recycle Market - \$/Ton

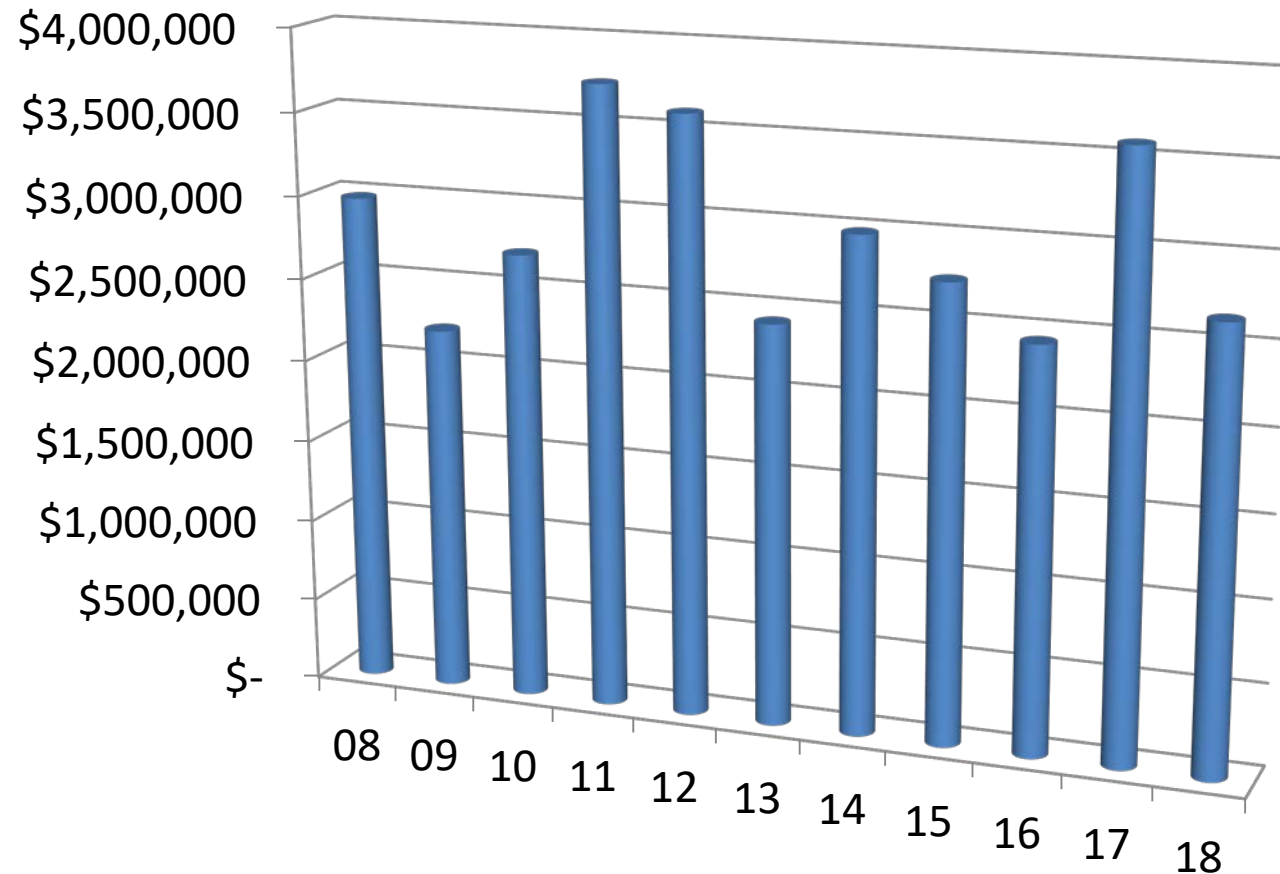
FY 17 Projections are up 52% from FY 16

However we have only budgeted \$67/Ton for FY 18



# The Recycle Market – Total Revenue

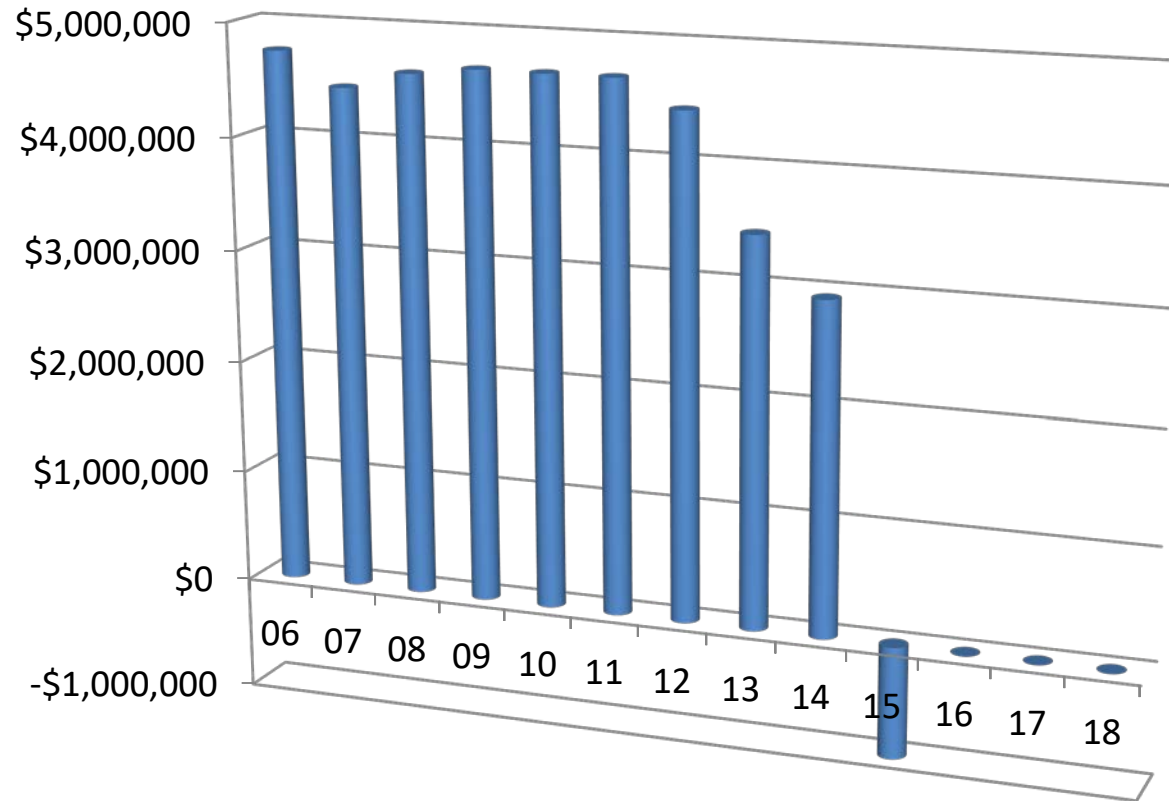
FY 17 Revenue will be up 47% from FY 16



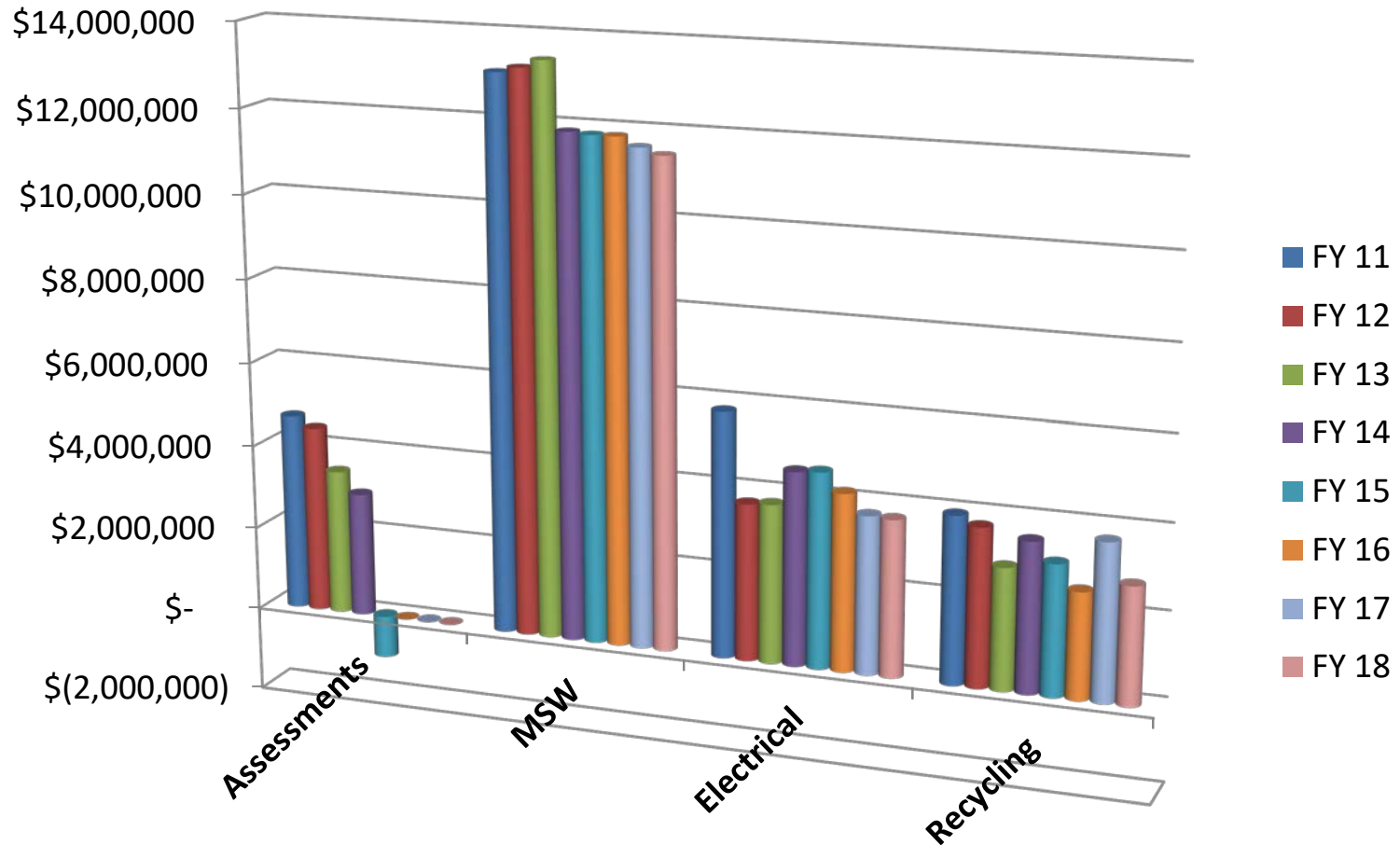


# Assessments & Rebates

Saving owner communities \$4.7 million annually since FY 06

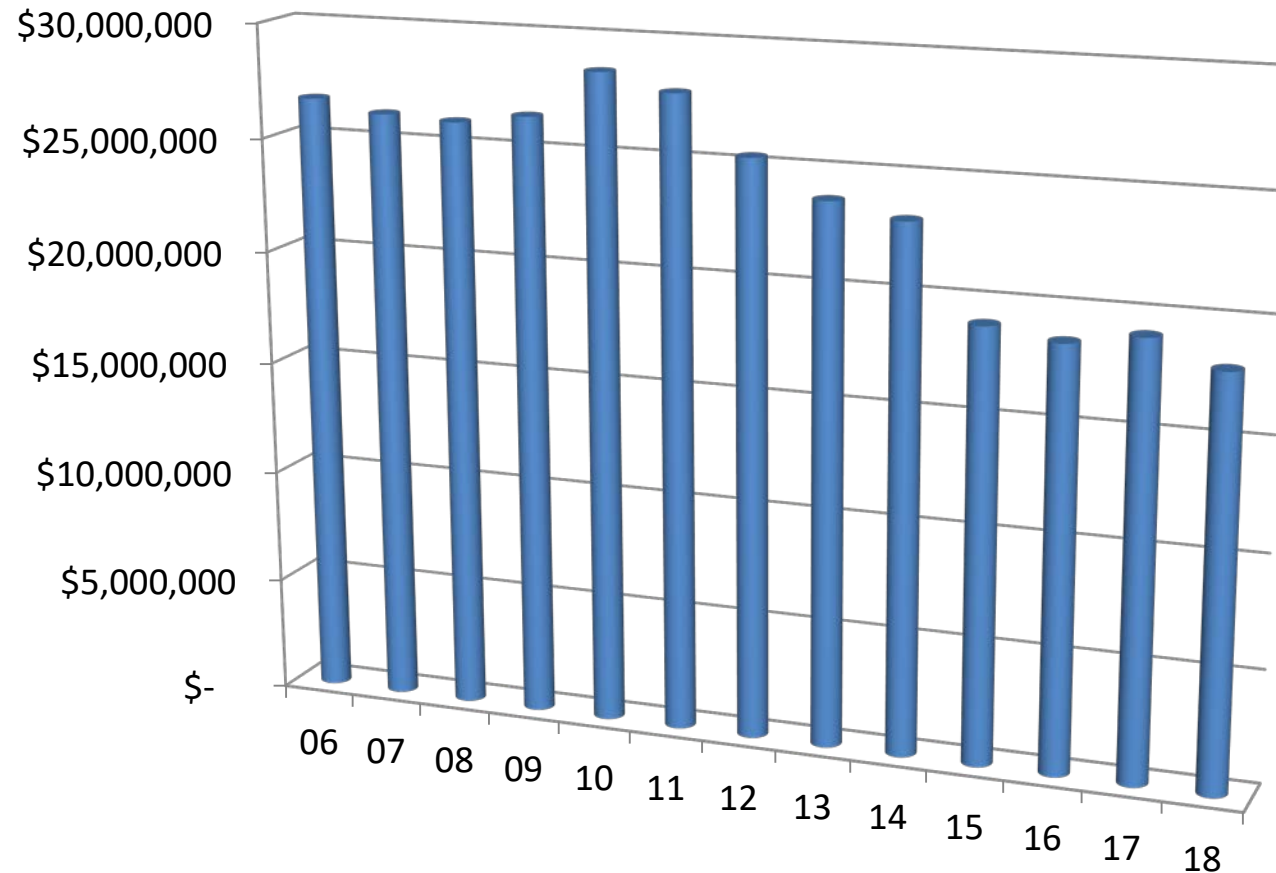


# Sources of Revenue



# Total Revenue Decline Slows

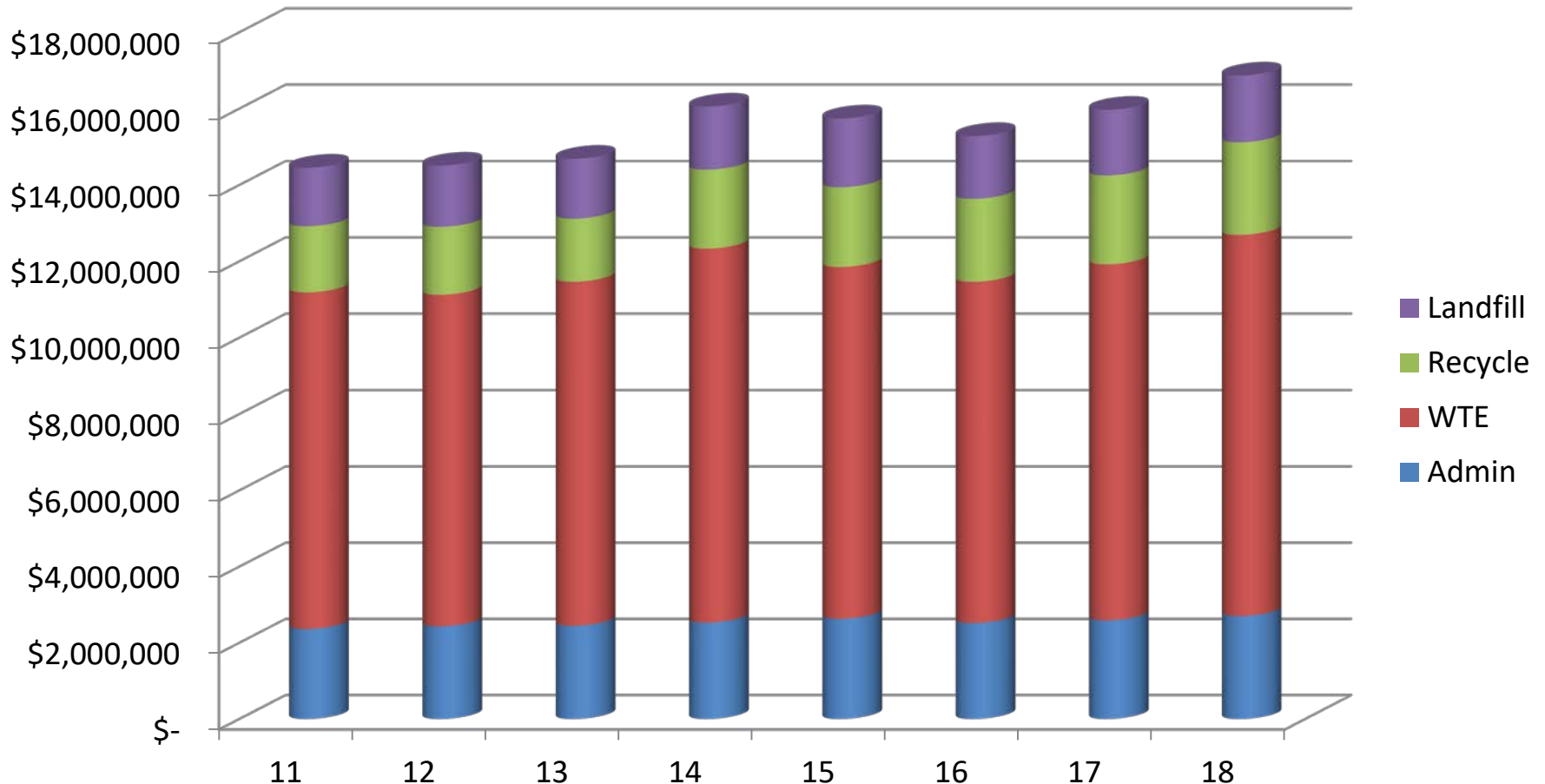
Attributed to assessments, MSW tipping fees, recycling & power markets



## Historical Trends and Projections

# Operating Costs (FY)

Up an average of 1.8% annually since 2011



(Data excludes Contingency & Major Repairs)

# Major Repairs – FY 18

Total \$420,000

Turbine Minor Inspection	\$100,000
Tipping hall repairs	80,000
Cooling tower inspection and repair	50,000
Biannual relay calibration	40,000
Paving repairs – WTE	25,000
Loader Tires	25,000
Excavate detention pond	20,000
Misc. Cat Walks	20,000
Ammonia monitoring	15,000
Overhead Door Replacement	15,000
Paving – Recycle	15,000
Remove Obsolete Dust Collectors	15,000
Total	\$420,000



# Capital Projects – FY 18

Total \$4.5 million of investments

ESP Rebuild	\$1,400,000
ESP Casing Repairs	600,000
Refuse Crane Replacement	575,000
480 volt switchgear	475,000
Other equipment upgrades - Recycle	300,000
WTE Facility Process Improvements – Engineering	250,000
Boiler Inconel Work	250,000
Superheater Tube Replacements.	150,000
Design/permit Landfill East expan	150,000
Geomembrane cover	115,000





# Capital Projects – FY 18 *continued*

Total \$4.5 million of investments

Harris Baler Ejector Cylinder Replacement	\$60,000
Harris Baler Reline Plates & Hardware	60,000
Hardware/Software Upgrades	30,000
Office Improvements	25,000
GeoTech Monitoring Settlement Platforms	21,950
Install B-1 Drum Feeder Belt	20,000
Phase One Settlement Berm	16,000
Scale House Sign	15,000
Total	\$4,513,000



# Comparisons

- ❖ FY 17 Budget compared to the FY 17 Projections
- ❖ FY 17 Budget compared to the FY 18 Budget
- ❖ FY 17 Forecast compared to the FY 18 Budget

# Reconciliation FY17 Budget to FY17 Forecast

Reduced loss by \$2.4 million (72%)

		Revenue	Expense	Net
		\$17,856,000	\$21,246,000	\$ (3,390,000)
	FY 17 Budget	124,000		123,000
	Recycling Revenue – 54% favorable (markets)	1,165,000		1,289,000
	Cash Expenses – favorable 4%, payroll, natural gas, contingency		(655,000)	655,000
	Non Cash Expenses – depreciation		(98,000)	98,000
	Other Inc./Exp. – investments		(398,000)	398,000
FY 17 Forecast		\$19,145,000	\$20,095,000	\$(950,000)
See Page 35 for additional details				

# Reconciliation FY17 Budget to FY18 Budget

The FY 18 Loss of \$3.7 million is unfavorable to the FY17 Budget by \$.3 million

	Revenue	Expense	Net
FY 17 Budget	\$17,856,000	\$21,246,000	\$ (3,390,000)
MSW Revenue – flat	(23,000)		(23,000)
Electrical Revenue – unfavorable 1% (volume)	(34,000)		(34,000)
Recycling Revenue – favorable 9% (markets)	232,000		232,000
Cash Expenses – unfavorable 3% -		443,000	(443,000)
Non Cash Expenses – Depreciation		98,000	(98,000)
Other Inc./Exp. – interest		(19,000)	19,000
FY 18 Budget	\$18,034,000	\$21,769,000	(\$3,735,000)
See Page 36 for additional details			

# Reconciliation FY17 Forecast to FY18 Budget

The FY 18 Loss of \$3.7 million is unfavorable to the FY17 Forecast by \$2.8 million

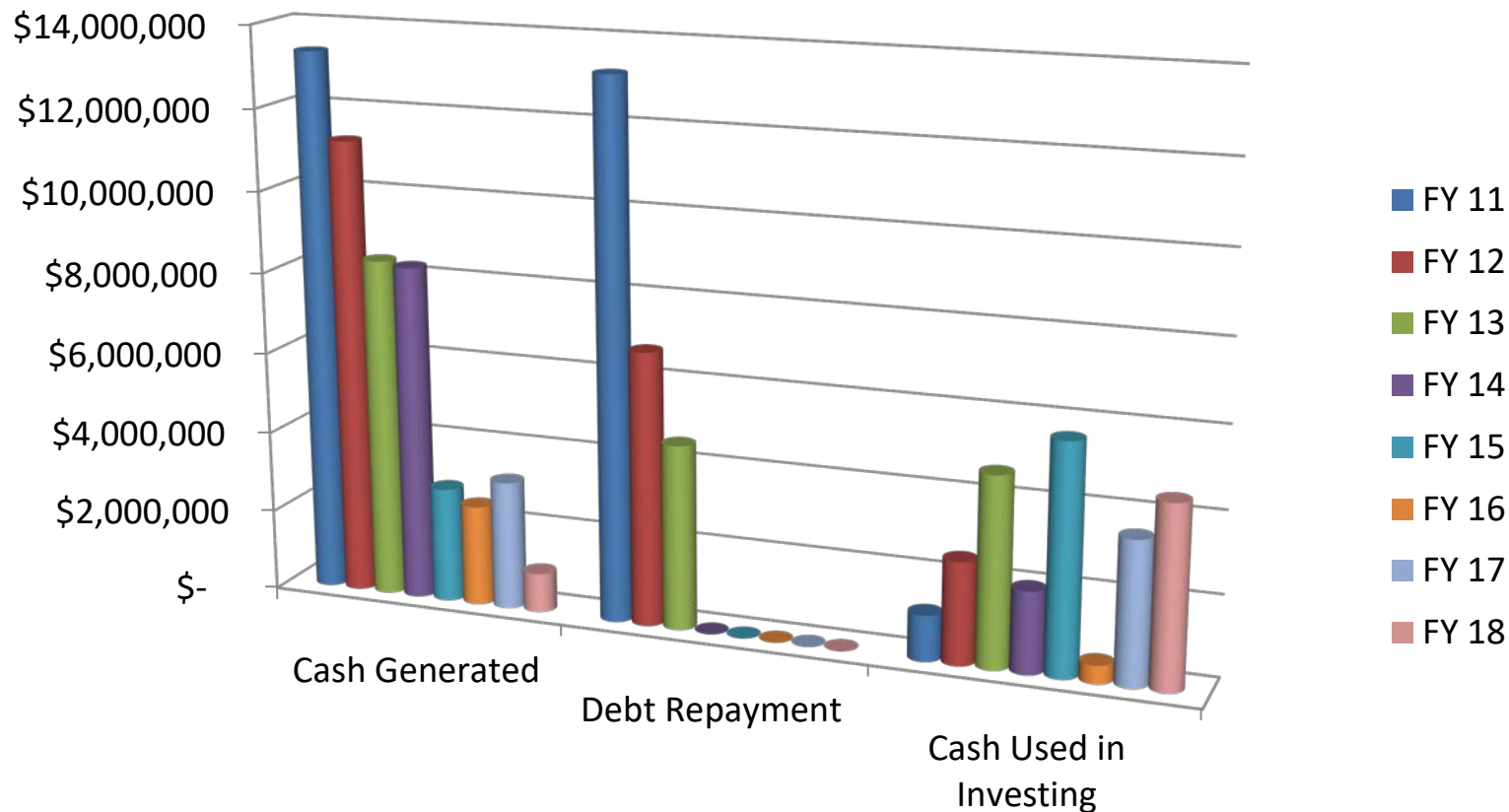
	Revenue	Expense	Net
FY 17 Forecast	\$19,145,000	\$20,095,000	\$ (950,000)
MSW Revenue – unfavorable 1% (Average Spot & Commercial Rates)	(147,000)		(156,000)
Recycle Revenue – unfavorable 25% (Markets)	(934,000)		(934,000)
Electrical Revenue – unfavorable 1% (volume sold down 2% - minor turbine outage )	(32,000)		(32,000)
Cash Expenses – unfavorable 7% - (Payroll filled positions, major repairs , food waste)		1,098,000	(1,098,000)
Non Cash Expenses – Depreciation		196,000	(196,000)
Other Income/Expense – Investments		(379,000)	379,000
FY 18 Budget	\$18,034,000	\$21,769,000	(\$3,735,000)
See Page 37 for additional details			

# Cash Position

- ❖ **Cash Generated** – Revenues less Expenses on a cash basis
- ❖ **Debt Repayment** – Payments made each year to reduce debt
- ❖ **Cash Used in Investing** – Capital Expenditures, Assets Sold & Investment Income
- ❖ **Cash Balances at Year end** – Check book and investments
- ❖ **Long Term Debt Balance** – Total owed as of year end

# Statement of Cash Balances – Key Items

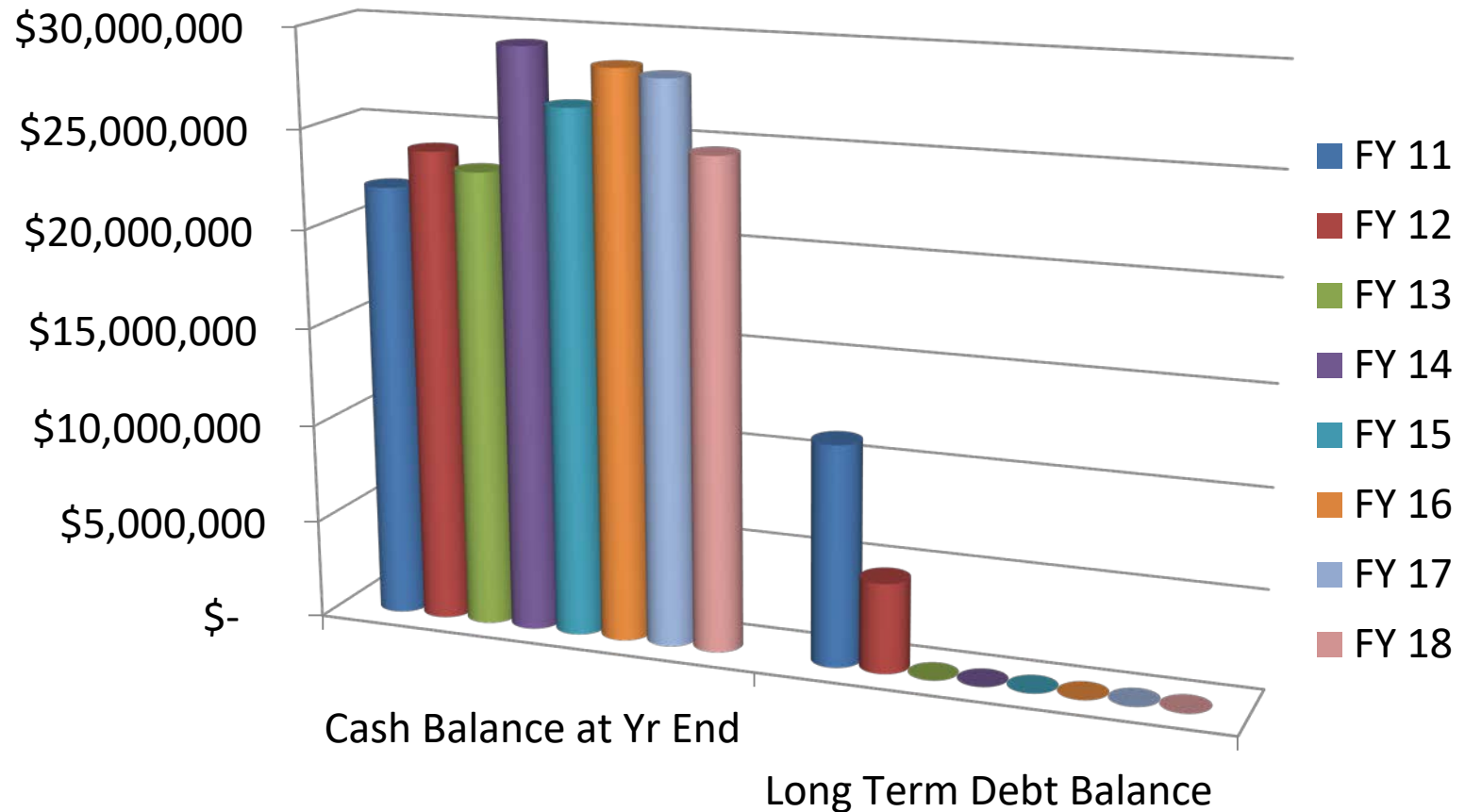
Cash generated from operations is down 92% from FY 11 and Long Term Debt Payments have been eliminated while capital spending remains volatile





# Statement of Cash Balances – Key Items

Cash balances are down 16% from FY 14



# Conclusions

- ❖ Our projections for 2017 are that Revenue Less Expenses will be a loss of \$950,000. This will be \$2.4 million (or 72%) favorable to budget. Why?
  - Recycle Revenues far exceeded our budget projections for FY 17 and improved our financial position by \$1.3 million. Operating costs were \$.7 million below budget and investment returns were \$.4 million favorable.
- ❖ When comparing the 2017 and the 2018 operating budgets our operating costs are up 2.7% and revenues are up 1%.
- ❖ While our cash position remains strong, like FY 17, our revenues are not expected to cover expenses in FY 18 when you include depreciation.
- ❖ Cash Balances will decrease by \$.4 million in 2017 to \$28.1 million and will decrease another \$3.5 million in FY 18 to \$24.6 million, down 16% from the peak in FY 14.
- ❖ We need to carefully monitor our cash position as markets for recyclables, electricity, and trash remain volatile as do our capital needs. During our 5 year financial review this fall, adjustments may need to be considered.

# 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.

