

# FY 2019 Budget Presentation



March 15, 2018

# FY 2019 Budget Presentation

## Comparing the FY 18 Budget to the FY 18 Forecast

- ↑ Revenues up \$.5 MM or 3% (favorable MSW tipping fees of \$.5MM including food waste, favorable power capacity rates of \$.4MM, unfavorable recycle markets of \$.5MM)
- Cash Expenses are essentially flat to the budget of \$17.1MM
- ↑ Non Operating Income is up \$.8 MM (favorable Investment returns)
- ↑ Revenue Less Expense is a projected loss of \$2.3MM which is favorable to the budgeted loss of \$3.7 MM by \$1.4MM (38%)

# FY 2019 Budget Presentation

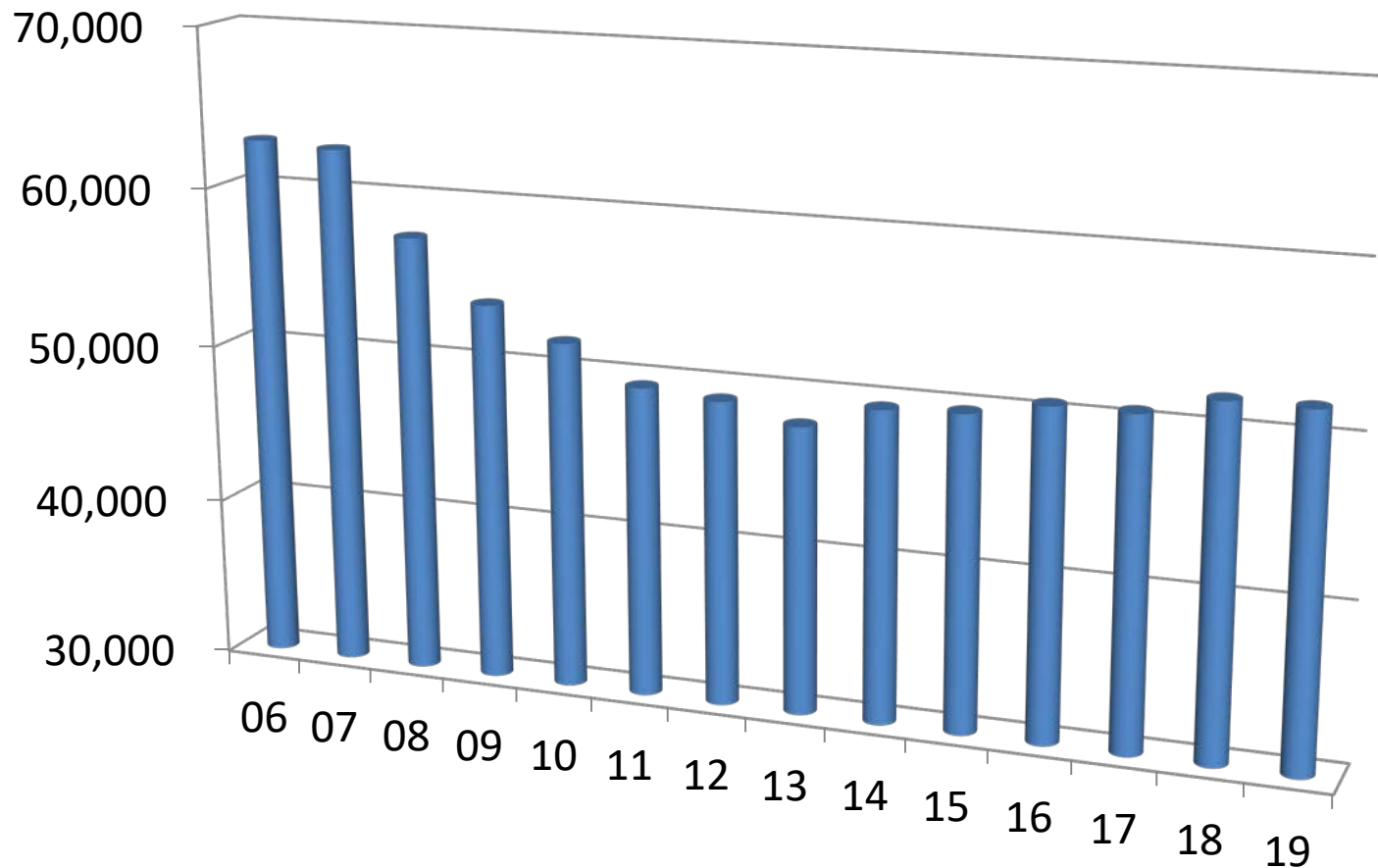
## Comparing the FY 18 Budget to the FY 19 Budget

- ↑ Revenues are up \$1.0 MM or 5% (favorable food waste, contract towns vs spot tons, power capacity rates, unfavorable recycling markets)
- ↑ Cash Expenses are up \$.3 MM or 2% reflecting increased payment for recyclables & Food Waste (both of which are offset by additional revenues), payroll, & general increases
- ↑ Revenue Less Expense - a loss of \$2.8 MM which is \$.9 MM less than the FY 18 Budgeted loss of \$3.7 MM

## Historical Trends and Projections

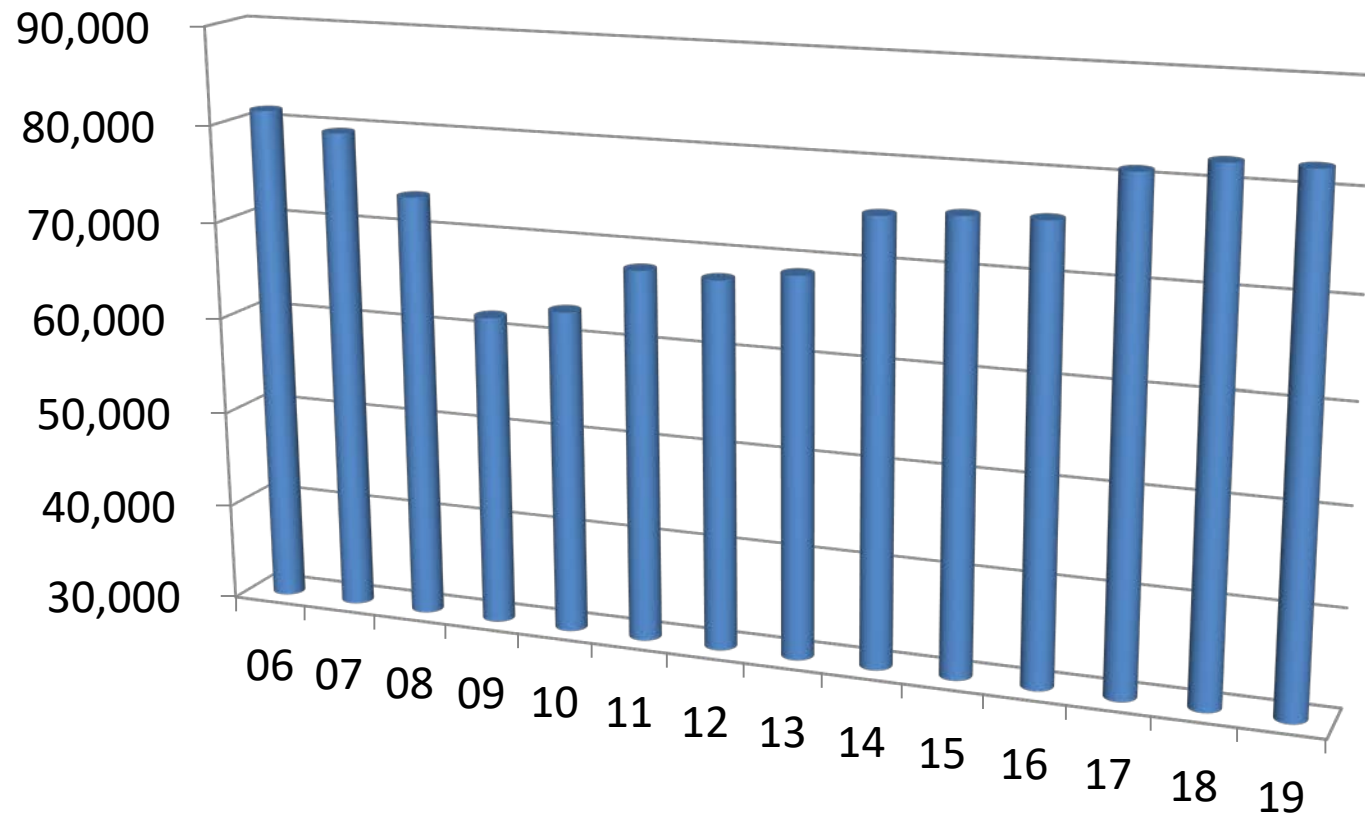
# MSW Volume from Owner Communities

Tons are down 18% over last 13 years but flat over the last five years



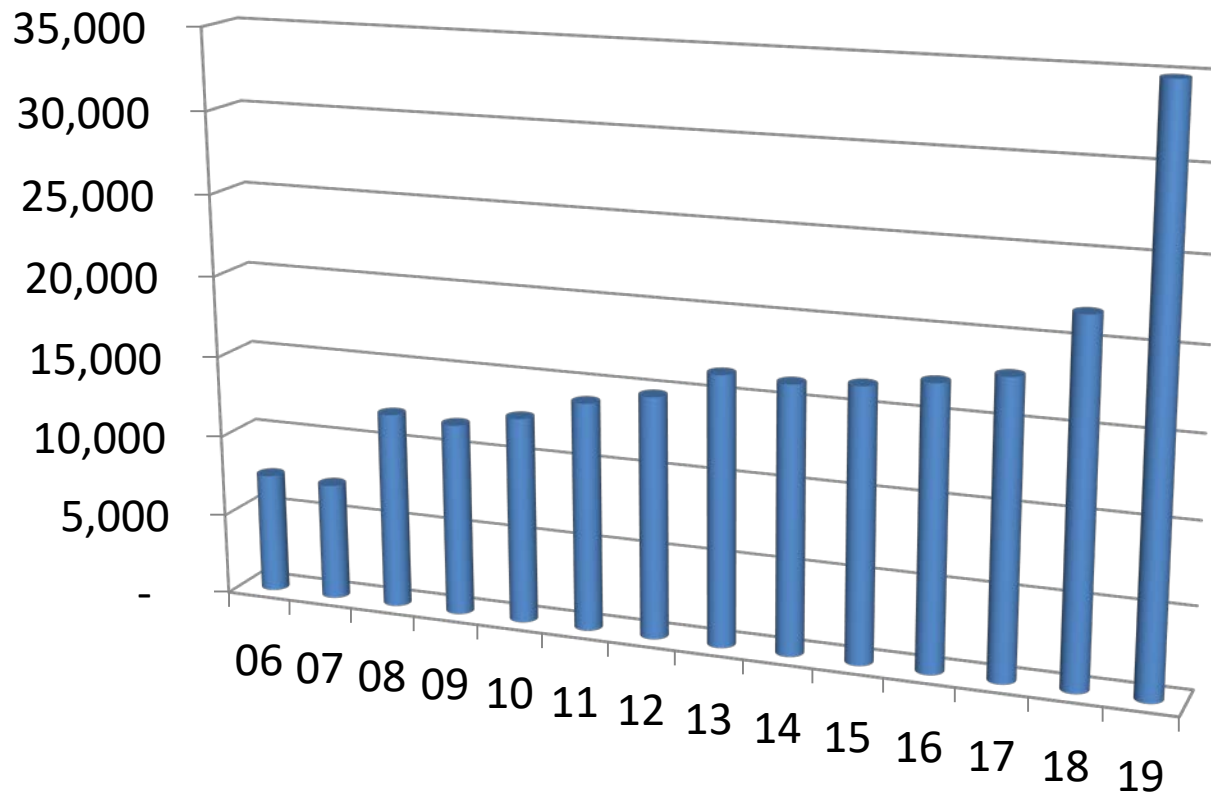
# Commercial MSW Tons

Up 1% from 2006 and 33% from the 2009 low



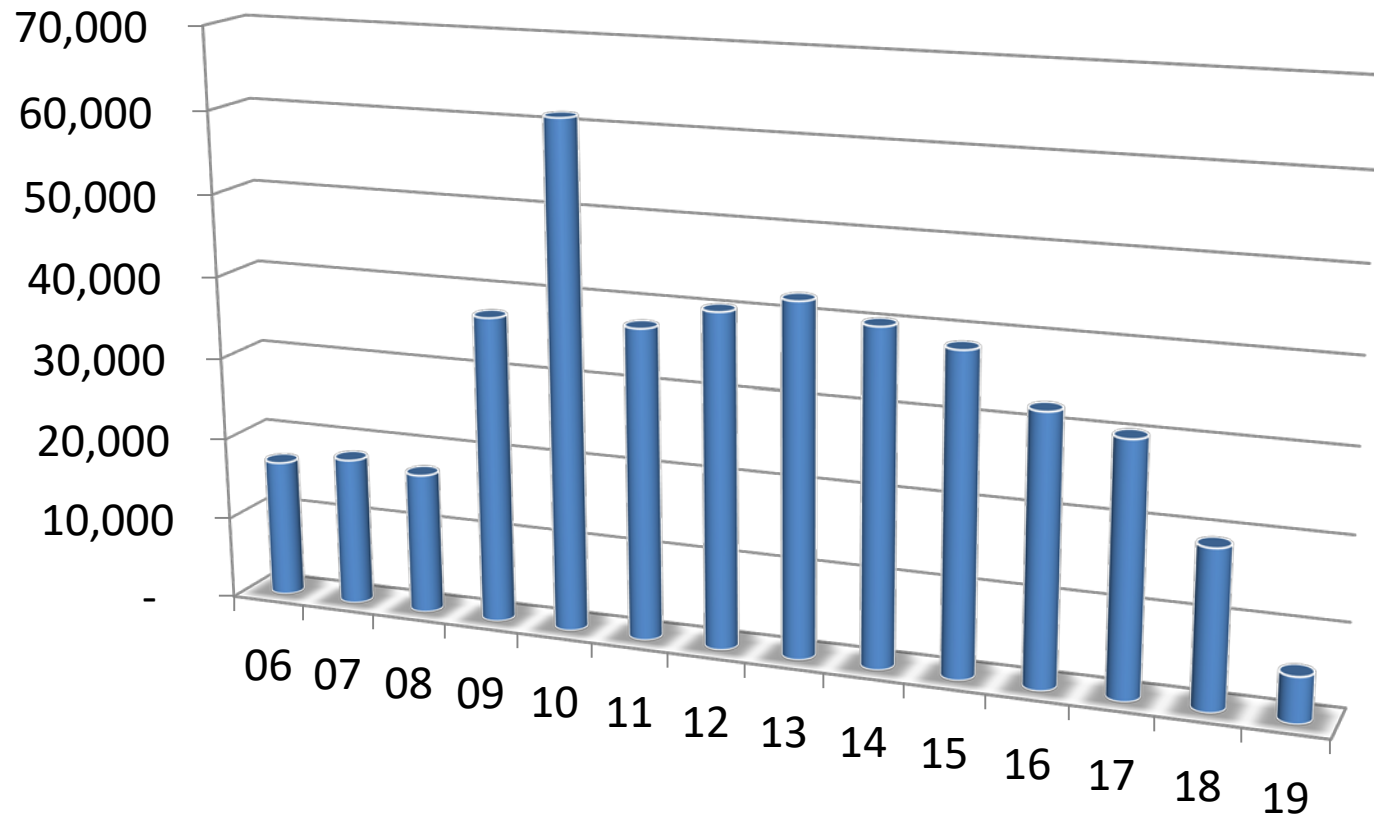
# Associate & Contract Member MSW Tons

Up 373% since 2006, up 94% from FY 17





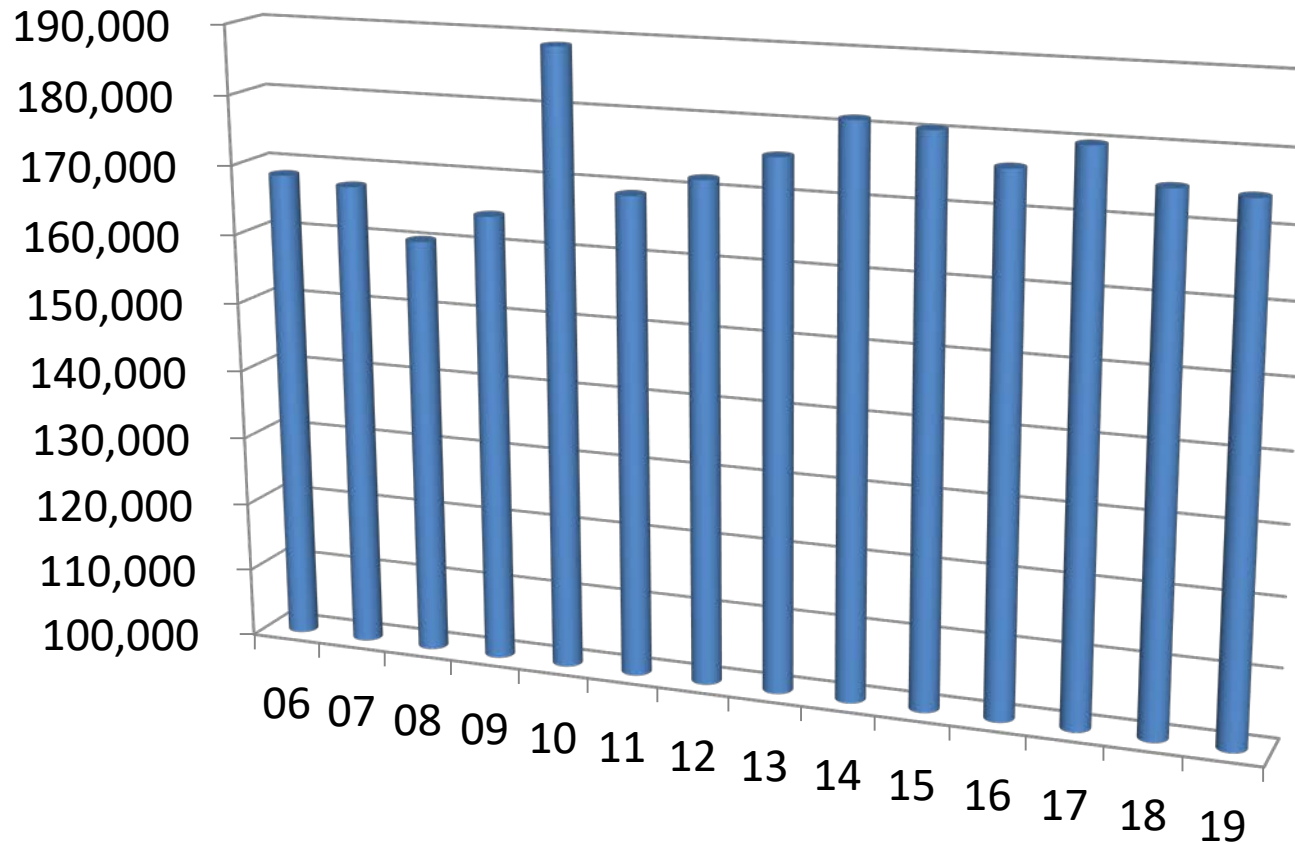
# Spot Market MSW Tons – Adjusting to Meet Capacity Requirements





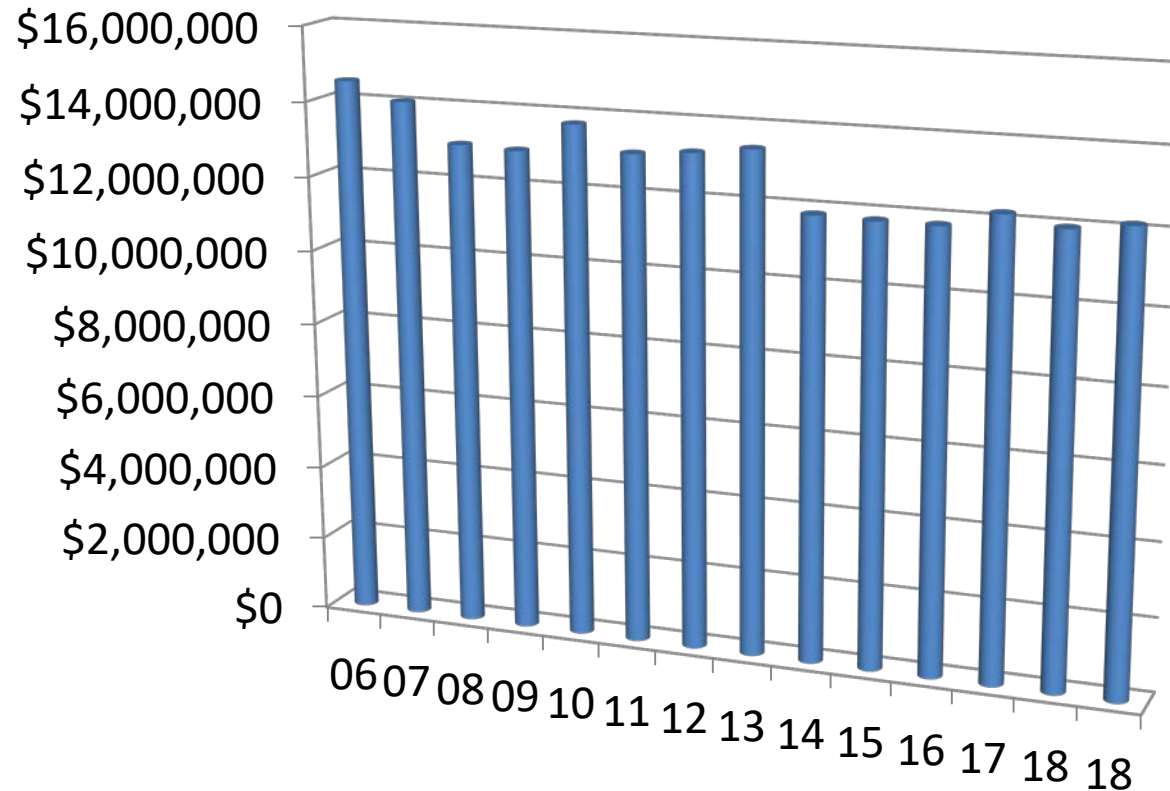
# Overall Solid Waste Tons

Tonnage up 4% Since 2006



# MSW Tipping Fees

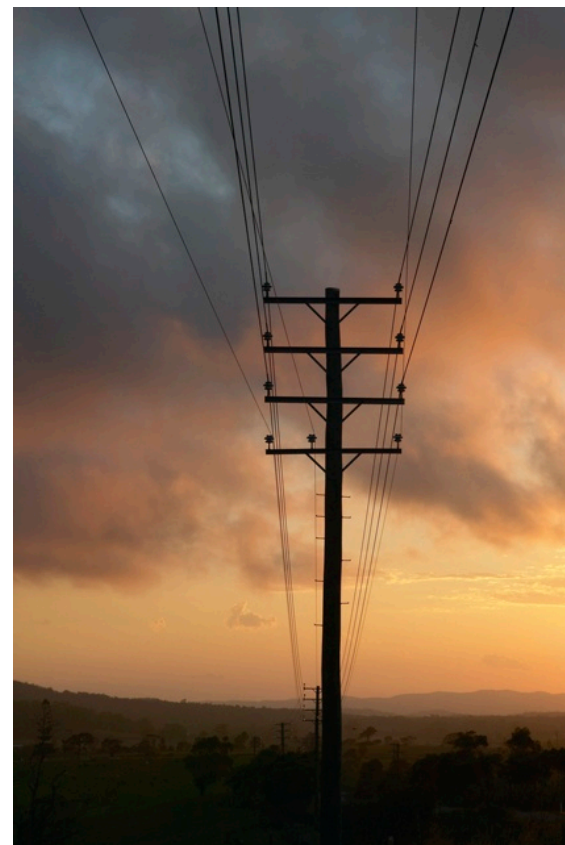
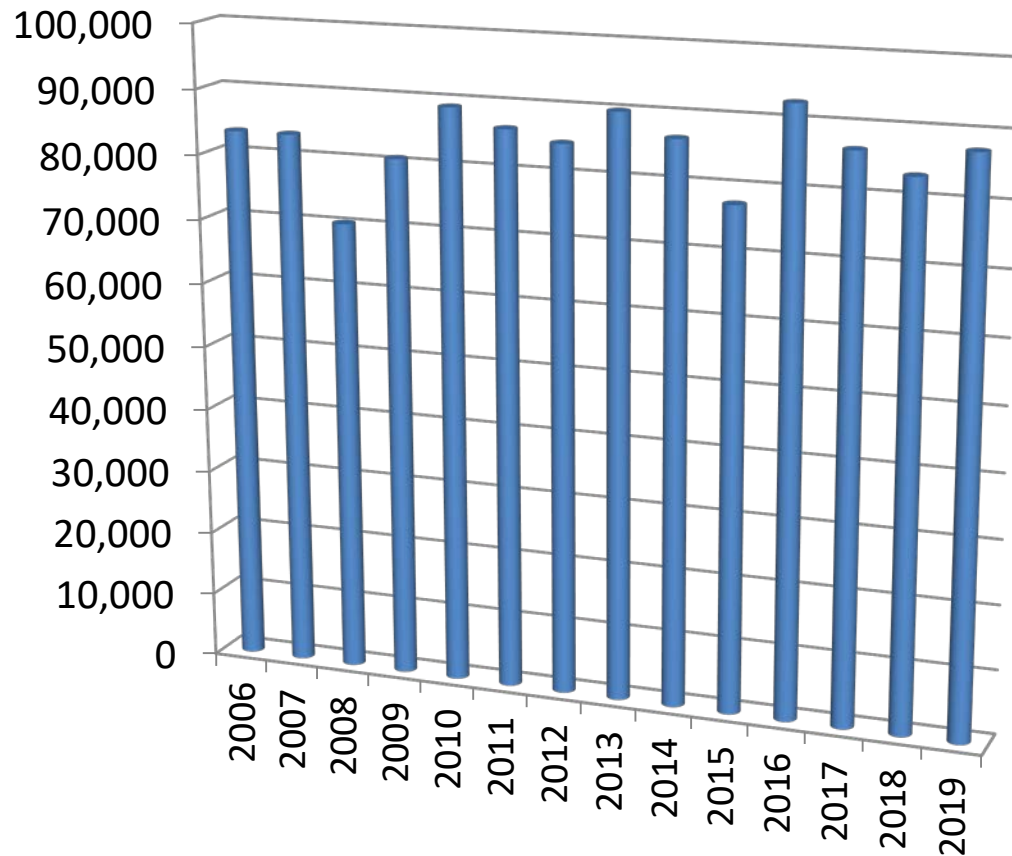
Overall down 16% since FY 06



# Power Sold Remains Strong

## Another Solid Year for Power Generation

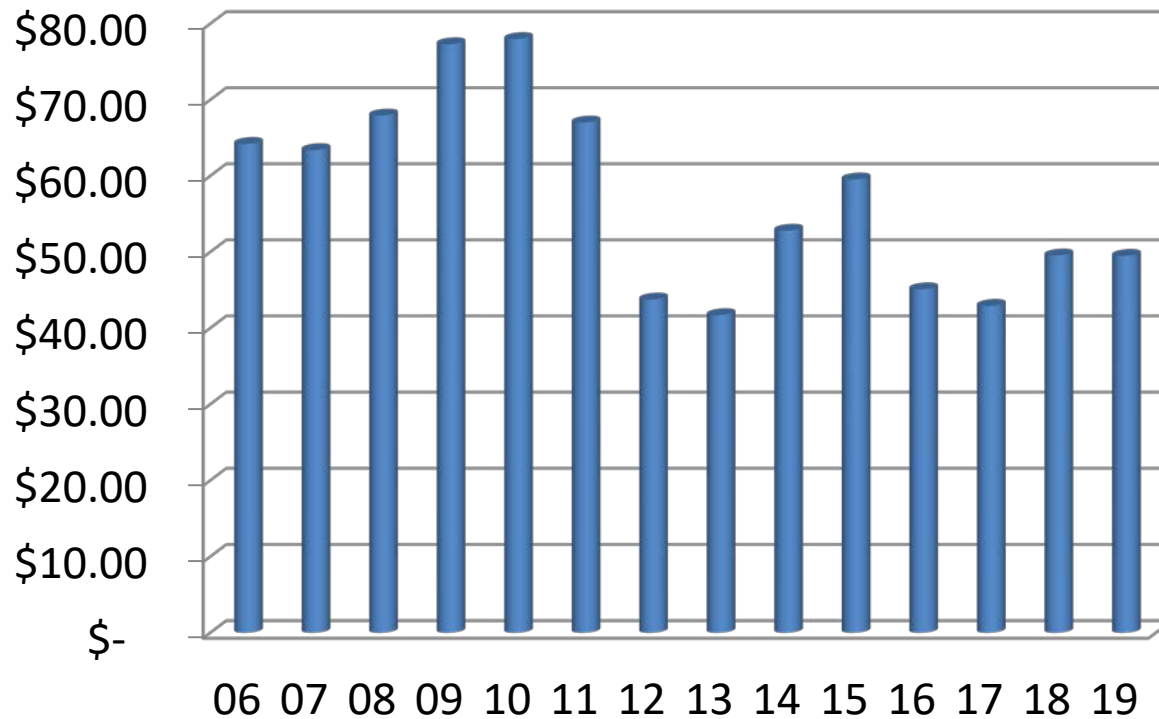
### Megawatt Hours Sold



# Power Rates - Volatility

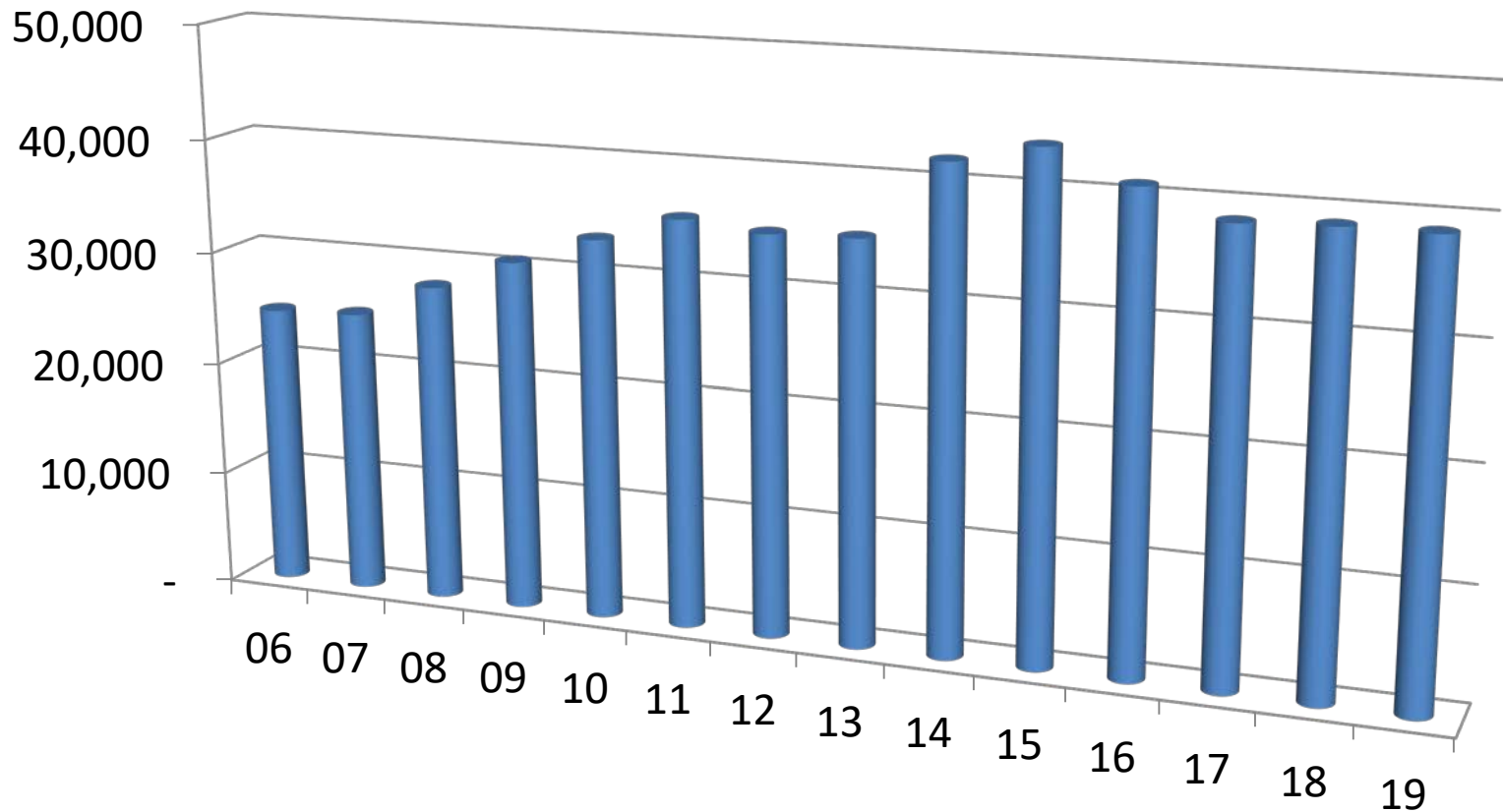
Up 19% from 2013 low, down 37% from FY 10 peak

\$/MWh



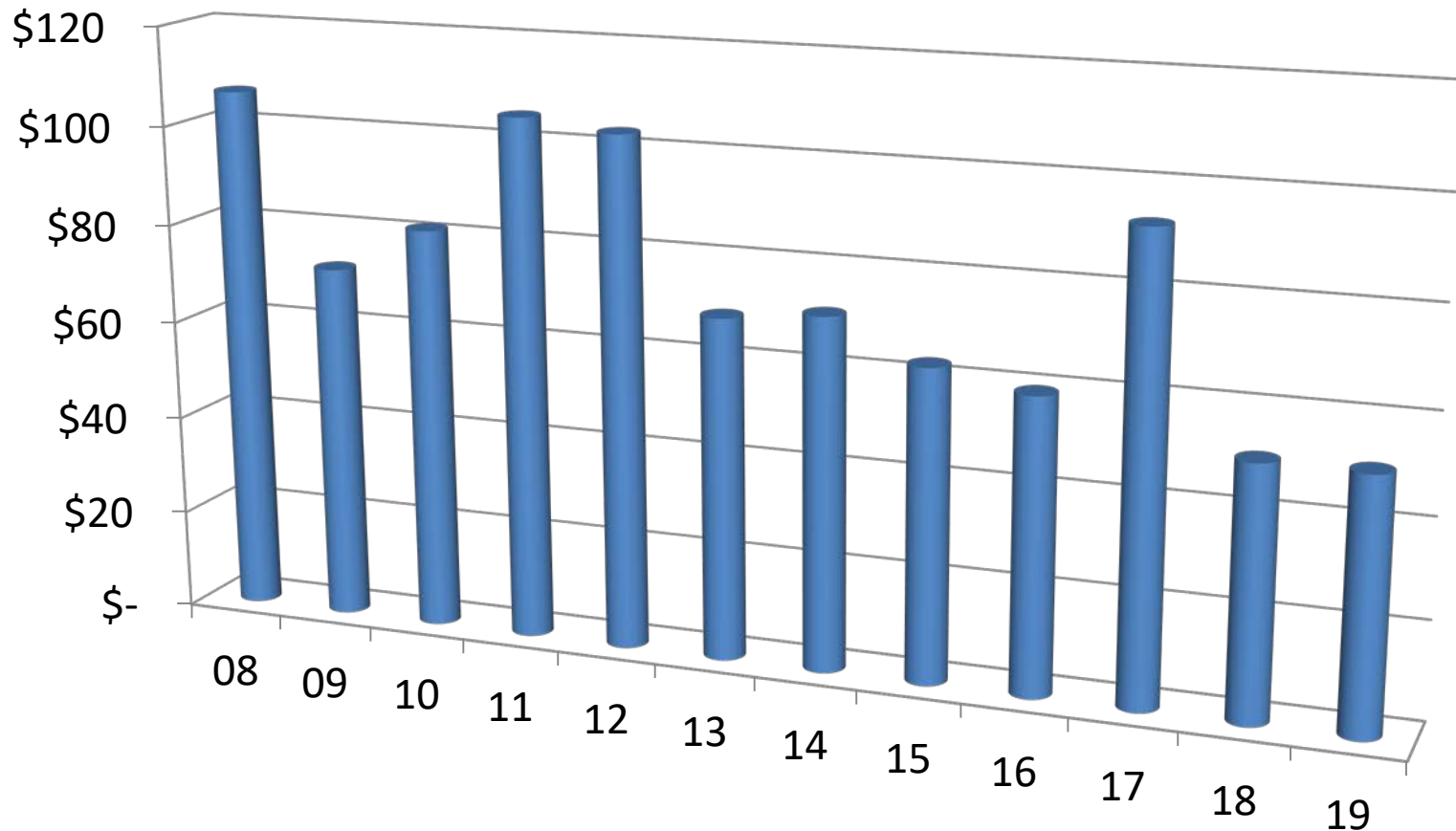
# Inbound Recycling Tons

## Down 11% from record year in FY 15



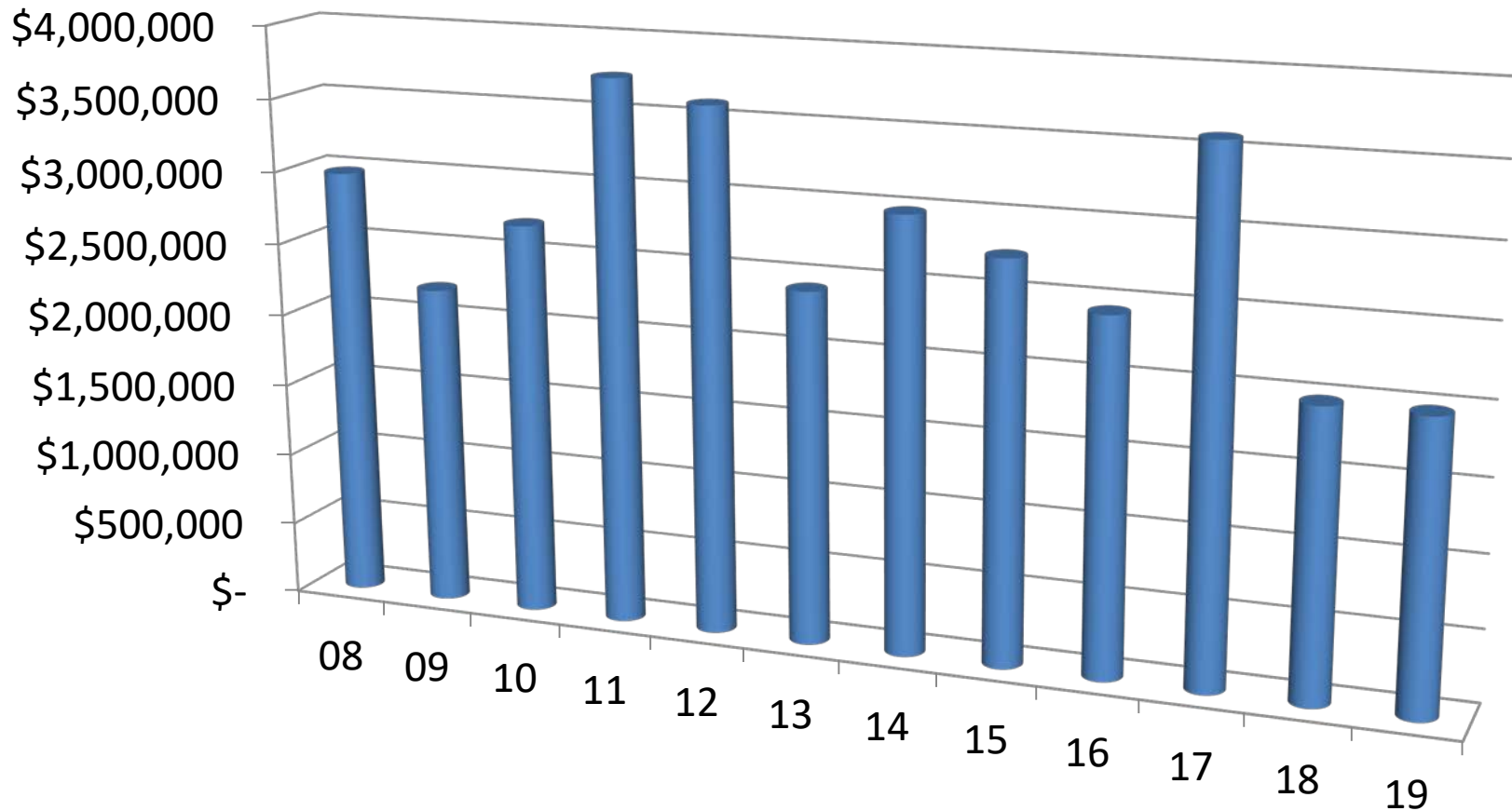
# The Recycling Market - \$/ Inbound Ton

FY 19 Projections are down 45% (\$51/ton) from FY 17 (\$93/Ton)



# The Recycle Market – Total Revenue

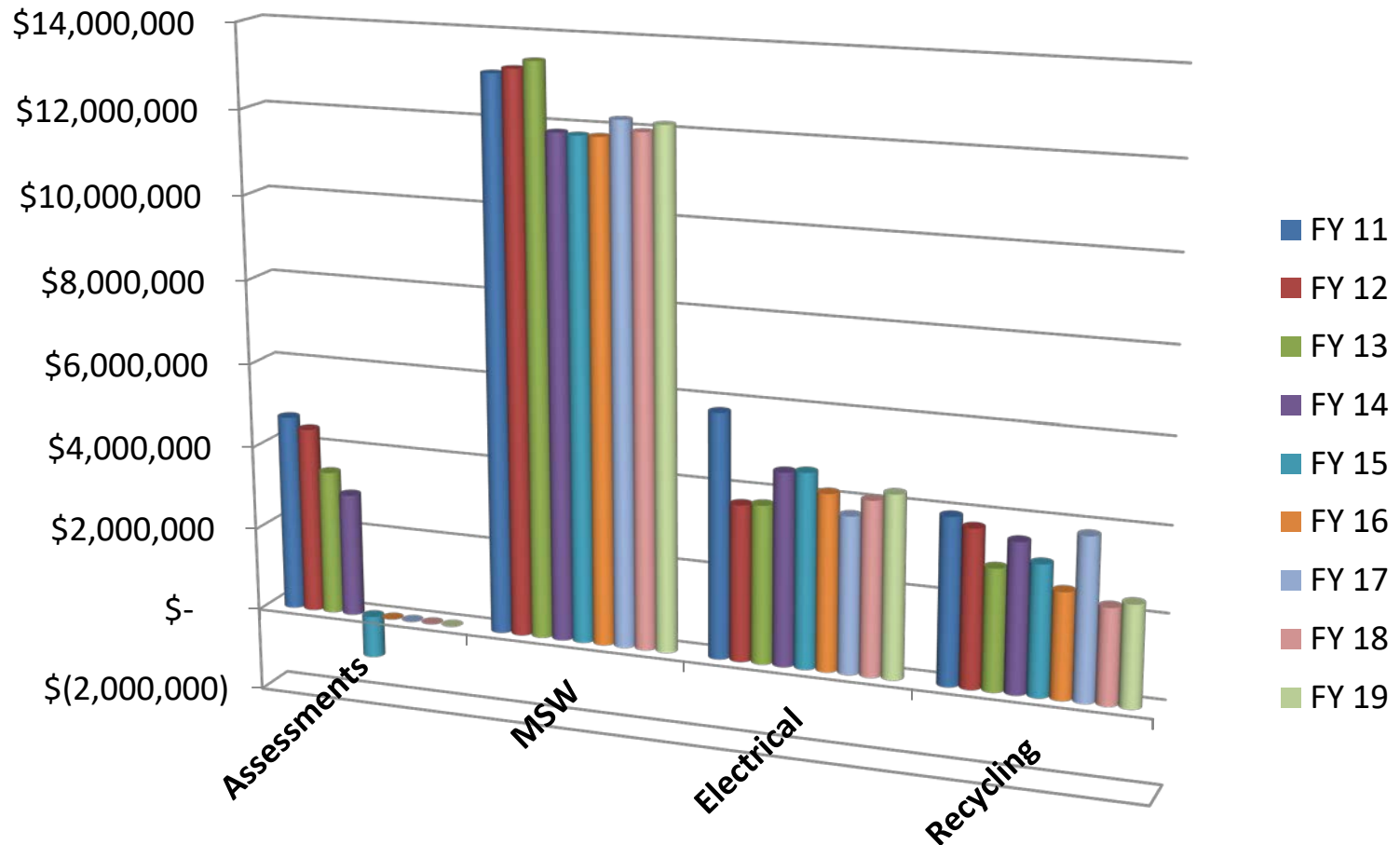
**FY 19 Revenue will be down 45% from FY 17**





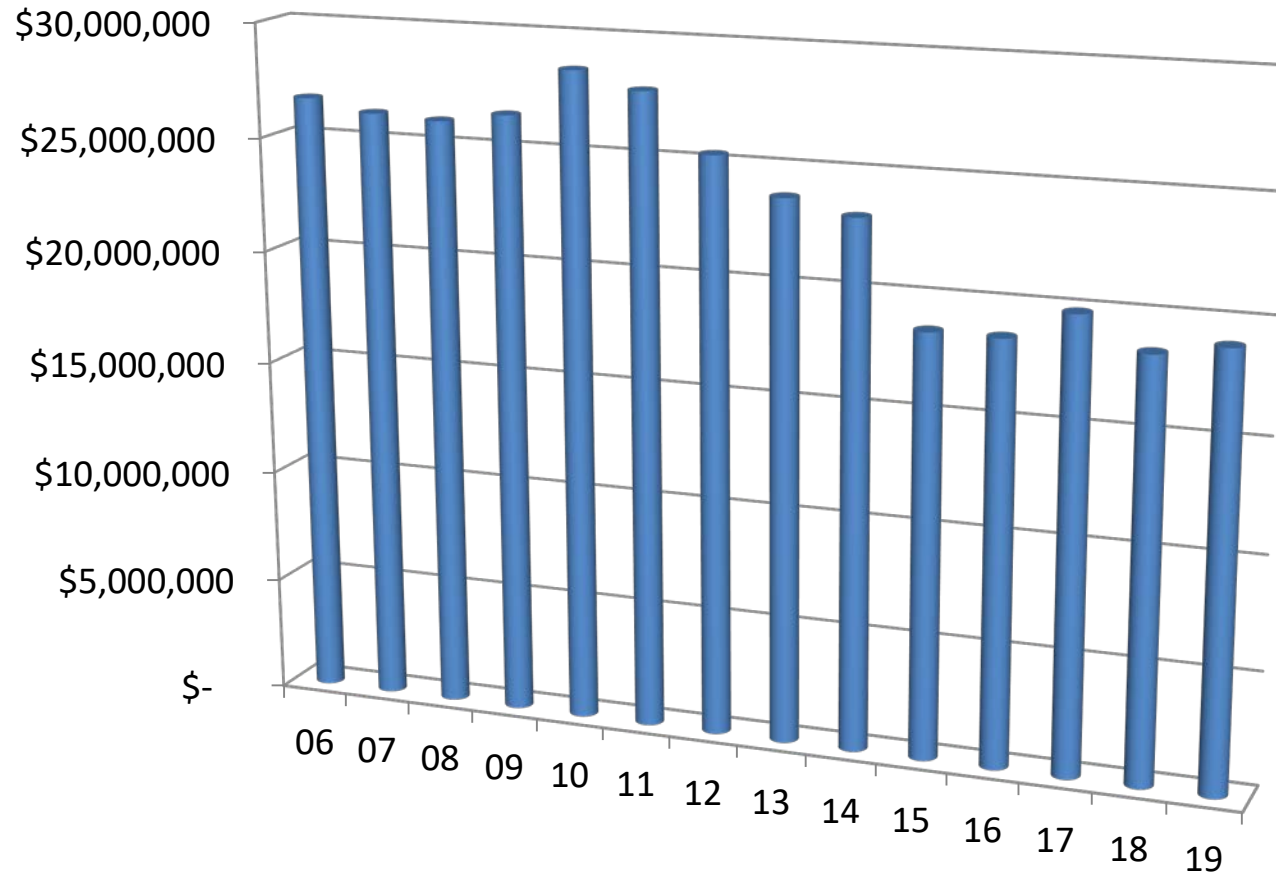
# Sources of Revenue

In 2019, 64% MSW, 23% Electrical, & 13% from Recyclables



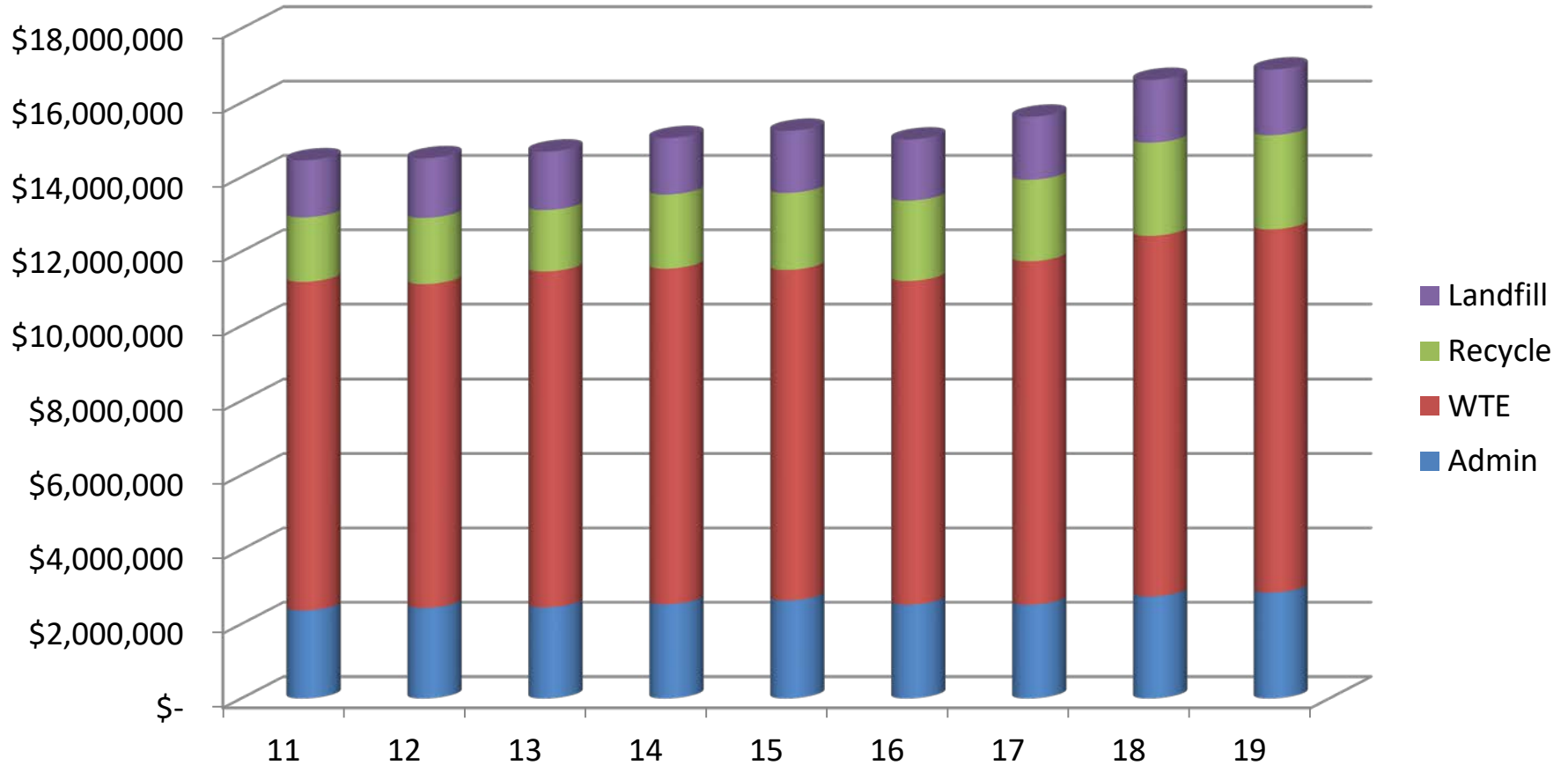
# Total Revenue Decline Slows

Down 29% since 2006 and up 2% since 2015



# Operating Costs (FY)

Up an average of 2.0% annually since 2011



(Data excludes Contingency & Major Repairs)

# Comparisons

- ❖ Comparing the FY 18 Budget to the FY 18 Forecast
- ❖ Comparing the FY 18 Budget to the FY 19 Budget
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# ❖ Comparing the FY 18 Budget to the FY 18 Forecast

Reduced loss by \$1.4 million (38%)

	Revenue	Expense	Net
FY 18 Budget	\$18,034,000	\$21,769,000	\$ (3,735,000)
Tipping Fee Revenue – volume up 2% & average rates up 3%	523,000		523,000
Electrical Revenue – market rates up 16%	434,000		434,000
Recycle Revenue – market rates down 24%	(502,000)		(502,000)
Cash Expense – purchased recycle material		181,000	(181,000)
Contingency – not required		(200,000)	200,000
Non Cash Expenses – Primarily Depreciation		(97,000)	97,000
Other Inc./Exp. – investments		(836,000)	836,000
FY 18 Forecast	\$18,489,000	\$20,817,000	\$(2,328,000)
See Page 31 for additional details			

# Comparing the FY18 Budget to FY19 Budget

**The FY 19 Loss of \$2.8 million is favorable to the FY18 Budget by \$.9 million**

	Revenue	Expense	Net
FY 18 Budget	\$18,034,000	\$21,769,000	\$ (3,735,000)
MSW Revenue – Average tip fee up 5%	715,000		715,000
Electrical Revenue – market rates up 16%	630,000		630,000
Recycling Revenue – market rates down 24%	(365,000)		(365,000)
Cash Expenses – up 2% - purchased recyclables, food waste, payroll & benefits		316,000	(316,000)
Non Cash Expenses – depreciation		(270,000)	270,000
Other Inc./Exp. – interest		(11,000)	11,000
FY 19 Budget	\$19,014,000	\$21,804,000	(\$2,790,000)
See Page 32 for additional details			

# Comparing the FY18 Forecast to the FY19 Budget

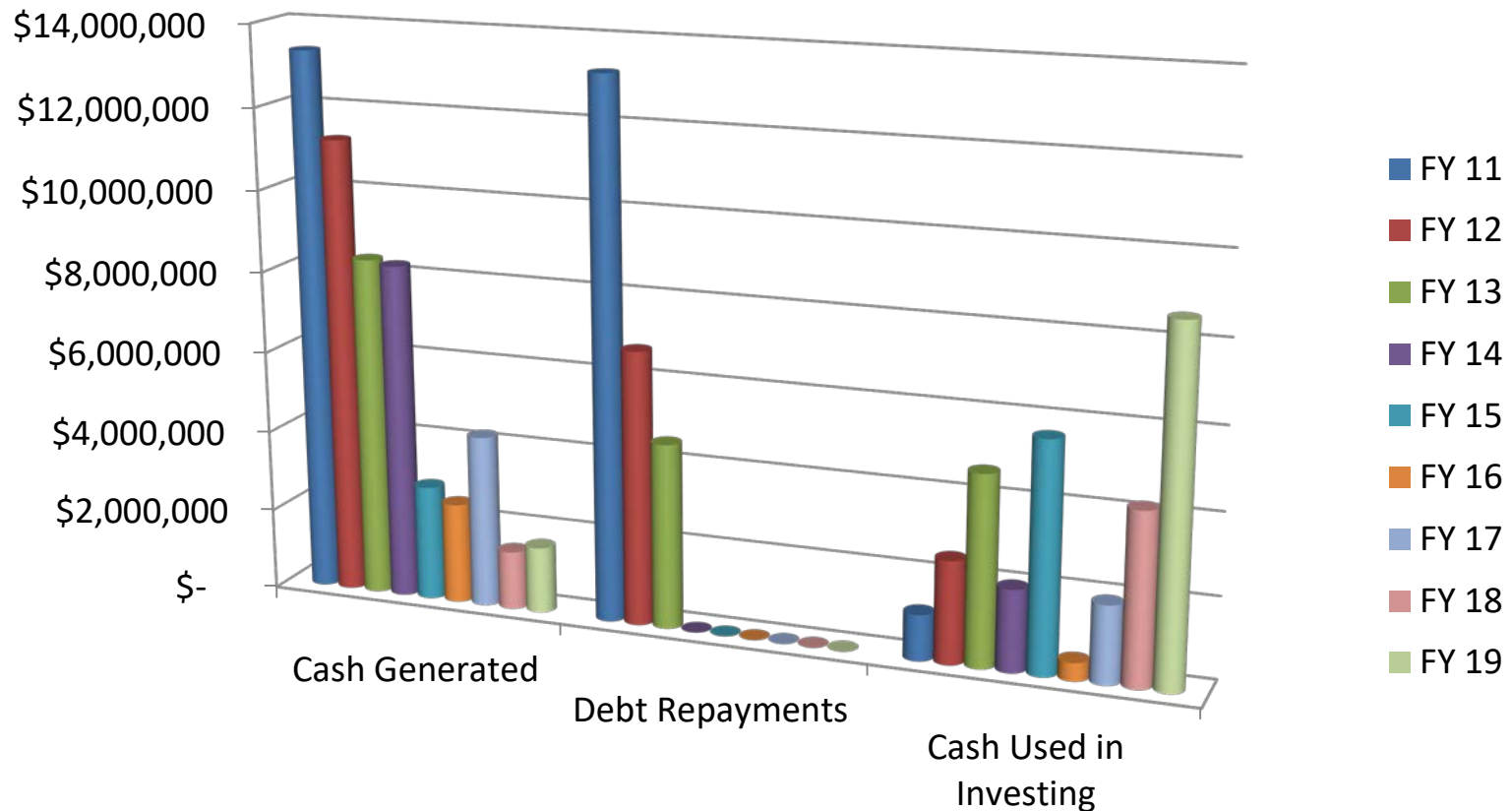
**The FY 19 Loss of \$2.8 million is \$.5 million greater than the FY18 Projected loss**

	Revenue	Expense	Net
FY 18 Forecast	\$18,489,000	\$20,817,000	\$ (2,328,000)
MSW Revenue	191,000		191,000
Electrical Revenue – MWh's sold up 5%	197,000		197,000
Recycle Revenue – metal mining begins	137,000		137,000
Cash Expenses – essentially flat - (Payroll, benefits, food waste, sewer & water fees)		85,000	(85,000)
Contingency – not required in FY 18		250,000	(250,000)
Non Cash Expenses – Depreciation		(173,000)	173,000
Other Income/Expense – Investments		825,000	(825,000)
FY 19 Budget	\$19,014,000	\$21,804,000	(\$2,790,000)
See Page 33 for additional details			

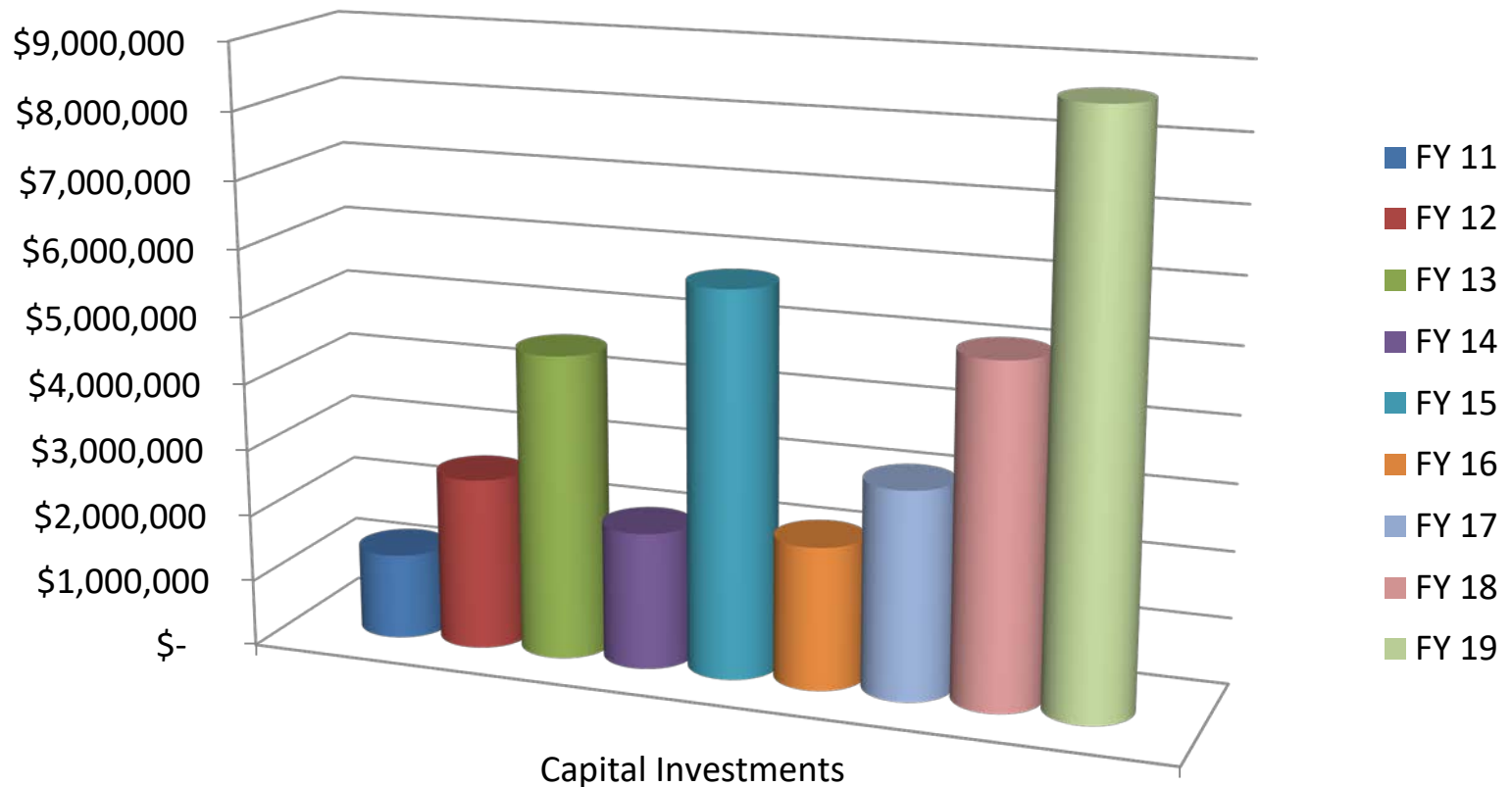


# Statement of Cash Balances – Key Items

Cash generated from operations is down 88% (\$11.7 million) from FY 11, Long Term Debt Payments have been eliminated while capital spending remains volatile



# Capital Investments – Excluding Investment Income & Sale of Assets



# Capital Projects – FY 19

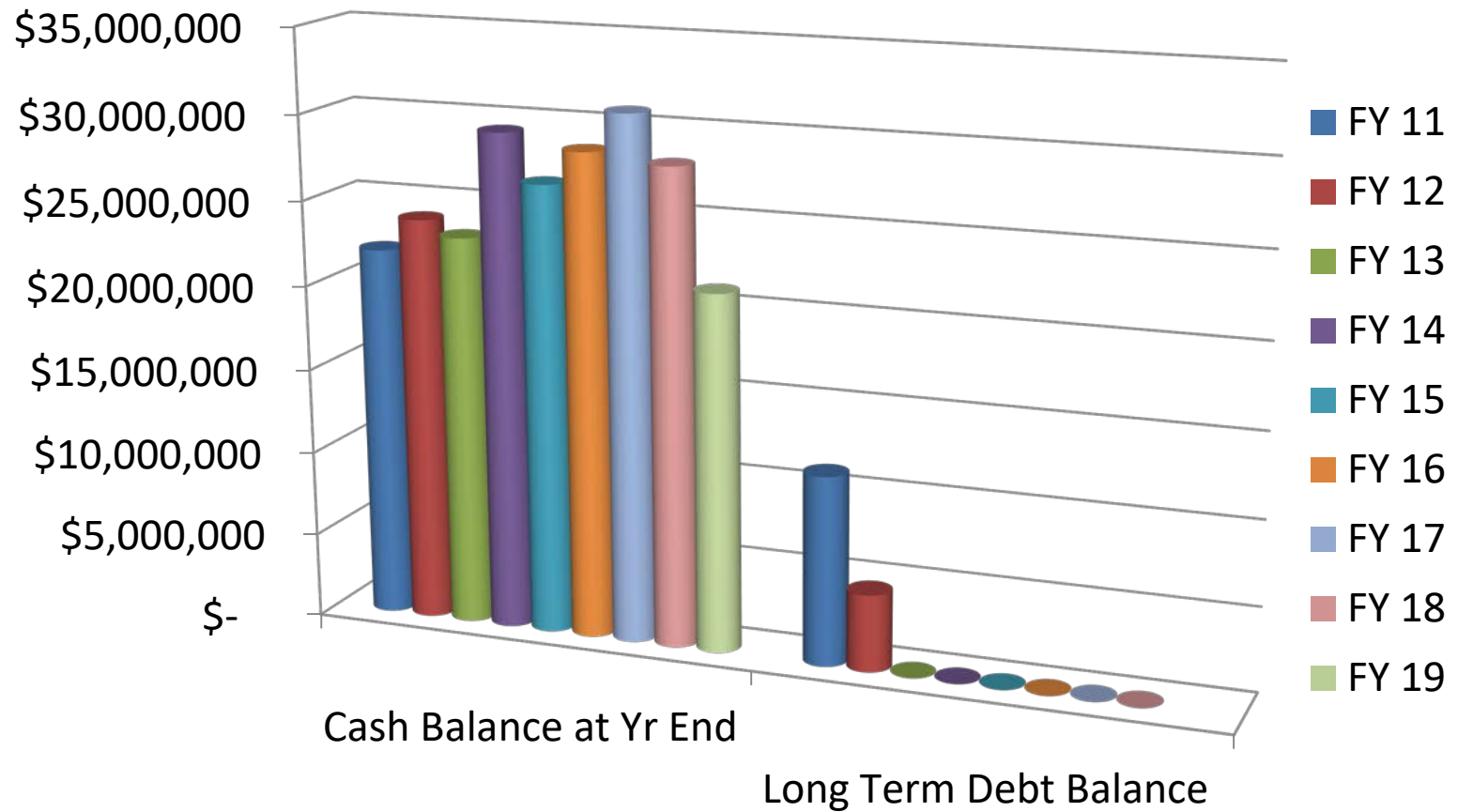
**Total \$8.7 million of investment**

Landfill East Expansion & Project Management	\$3,050,000
WTE Building - Leaks, Siding, Remodeling	2,500,000
ESP Rebuild plates and electrodes	700,000
Boiler Wall Inconel Work - FY 19	350,000
ESP Casing Repairs - FY 18/FY19	300,000
Recycle Other equipment upgrades - FY 19	300,000
Organics Processing - Engineering	250,000
Ash Truck	190,000
Rapper system replacement	150,000
Boiler suspension system inspection and adjustment	150,000
Tipping hall bay 7 modifications & structural repairs	150,000
Miscellaneous	570,950



# Statement of Cash Balances – Key Items

Cash balances are down 32% (\$9.8 million) from the peak year of FY 17



# Conclusions

- ❑ FY 18 Revenues Less Expenses are expected to be favorable to budget by \$1.4MM
  - Strong Tipping Fees
  - Strong Power Capacity
  - Strong Investment Income
  - Poor Recycling Markets
- ❑ Budgeted Revenues for FY 19 are favorable to the FY 18 budget by 5%
  - New Members
  - Power Capacity Rates
  - Poor Recycle Markets
- ❑ FY 19 Expenses are unfavorable to FY 18 by 2%
  - Payments for inbound recyclables – covered by revenues
  - Food waste processing fees – covered by revenues
  - General increases and new outreach position
- ❑ FY 19 Capital Expenditures will total \$8.7MM
- ❑ Total cash will decline from \$28MM down to \$21MM
- ❑ Need to closely monitor markets and react accordingly in September during our review of the 5 Year Plan

# 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.

