



ecomaine

Budget Presentation
FY 27

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Owner Communities

March 19, 2026

Bridgton
Buxton
Cape Elizabeth
Casco
Cumberland
Dayton
Falmouth
Freeport
Gorham
Gray
Harrison
Hollis
Kennebunk
Limington
Lyman
North Berwick
North Yarmouth
Portland
Pownal
Sanford
Scarborough
Shapleigh
South Berwick
South Portland
Waterboro
Windham
Yarmouth

Contract Community Members

Andover
Appleton
Augusta
Baldwin
Brownfield
Brunswick
Chebeague Island
Cornish
Denmark
Eliot
Fayette
Frye Island
Fryeburg
Greenland, NH
Hiram
Kennebunkport
Lamoine
Liberty
Limerick
Livermore Falls
Monmouth
Mt. Vernon
Newington, NH
Naples
Old Orchard Beach
Otisfield
Owl's Head
Parsonsfield
Porter
Readfield
Rockland
Saco
Somerville
South Thomaston
Standish
Swanville
Thomaston
Topsham
Vinalhaven
Washington
Wayne
Westbrook
Woolwich

Dear Board of Directors:

I'm submitting to you the proposed FY27 Budget for your review and consideration. This review includes a financial forecast for FY26 which is looking to be favorable to budget by \$931,000.

Notable to next year's budget proposal (FY27) is the bond issuance from last fall which included the borrowing of \$41.9 million for the improvements to the new recycling facility, the landfill and the waste-to-energy facility. Also included in the proposed budget for next year is \$8.5 million in capital improvements for the upcoming year, of which we are proposing to lease \$1.7 million and utilize \$4.9 million of our reserves. The remainder will come from retained earnings.

Current Projections for FY26

We anticipate that revenues for FY26 will come in at \$32.6 million which is \$1.8 million unfavorable to budget. The notable revenue variances include:

- Commercial tipping fees are projected to be \$707,000 or 7% unfavorable to budget due to fewer tons received than budgeted.
- Revenues from the sale of recycled materials are projected to be \$659,000 unfavorable to budget due to lower recycling market conditions.
- While owner tipping fees were favorable to budget, contract member tipping fees were unfavorable. This was mainly due to a shift in contract members becoming owner members after the budget was approved last year. In addition, we lost some tonnage from member communities that did not renew their contracts with us. The net result of these variables is projected to be \$586,000 unfavorable to budget.

On the operating expense side, we're forecasting \$26.7 million which is \$1.2 million (4.2%) favorable to the FY26 budget. Most of this favorable variance can be attributed to lower than anticipated bypassing needs which amounted to \$975,000.

Net Operating Income (EBITDA) is forecasted to be a positive \$5.9 million or \$636,000 unfavorable to budget. Total Net Income on a GAAP basis is forecasted to be \$931,000 which is favorable to budget by the same amount.

Proposed FY27 Budget vs the FY26 Budget

Comparing the FY27 budget with the FY26 budget, revenue remains essentially flat (decreasing by \$65,000). Expenses are actually decreasing by \$507,000 (1.8%). The Net Operating Income (EBITDA) is \$7 million or favorable compared to last year by \$443,000. Total Net Income on a full GAAP basis is budgeted at a loss of \$1.5 million which includes depreciation of \$7.1 million.

On a budget-to-budget comparison, the reasons why revenues are essentially flat is due to lower electrical revenue (by \$344,000) and lower than normal recycling markets (\$402,000). Lower electrical revenue is anticipated due to a drop in pricing, less generation from the minor overhaul of the turbine and increased electrical usage for the new recycling plant.

On the expense side, the \$507,000 favorable variance can be attributed to increases in parts usage, chemicals, 2 new positions, health insurance increases and PFAS testing which all amounted to \$1.3 million of increases. However these increases were somewhat balanced out by a decrease in bypass expense of \$1.8 million. This savings is being proposed by diverting less tons to third party landfills, storing some MSW for winter haul-back and landfilling the remaining tons for final disposal at our own landfill.

On the Non-Operating income and expense side, we've analyzed investment income over the past several years and it recognizes annual earnings of approximately 7.2%. For FY27, we are budgeting \$1.2 million, which is an increase from last year's budget of \$88,000. Offsetting this revenue is interest expense which is increasing as a result of the bond financing.

Proposed Capital spending in FY27 is \$8.5 million. These investments will be funded by leasing equipment (\$1.7 million), reserve usage of \$2 million and the remaining funding would come from retained earnings. It's important to keep in mind that several capital projects (economizer, transformer and ash handling) have been postponed in order to cover the cost increases (\$6 million) associated with the new recycling facility.

In summary, we are budgeting a loss of \$1.5 million in the FY 27 budget. This is mainly due to an increase in depreciation of \$1.8 million that recognizes the usage of significant capital investments over the next 20 years. In addition, an increase in interest expense due to the new bond issuance will also have significant impact on our finances. That said, these investments are necessary in order to provide continuous solid waste and recycling services to our member communities.

As we move forward, we will continue to focus on our mission in providing comprehensive, long term solid waste solutions in a safe, environmentally responsible, economically sound manner and continue our leadership in raising public awareness of sustainable waste management strategies.

If you have any questions or comments, please know that our team here at ecomaine is happy to respond.

Sincerely,

A handwritten signature in black ink that reads "Kevin Roche".

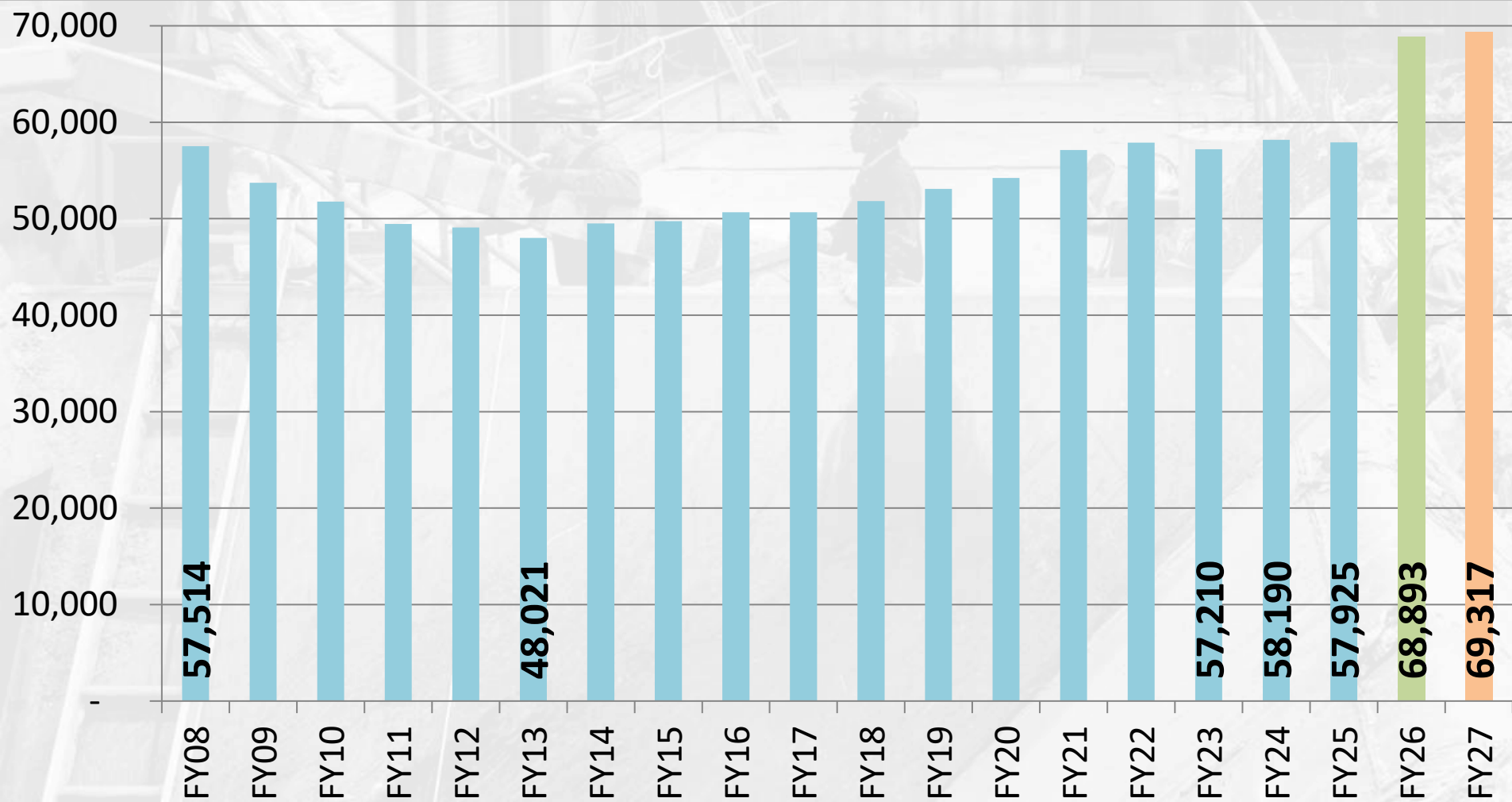
Kevin Roche
CEO / General Manager

FY 2027 Budget

Trends and Projections

Owner Communities MSW Tons

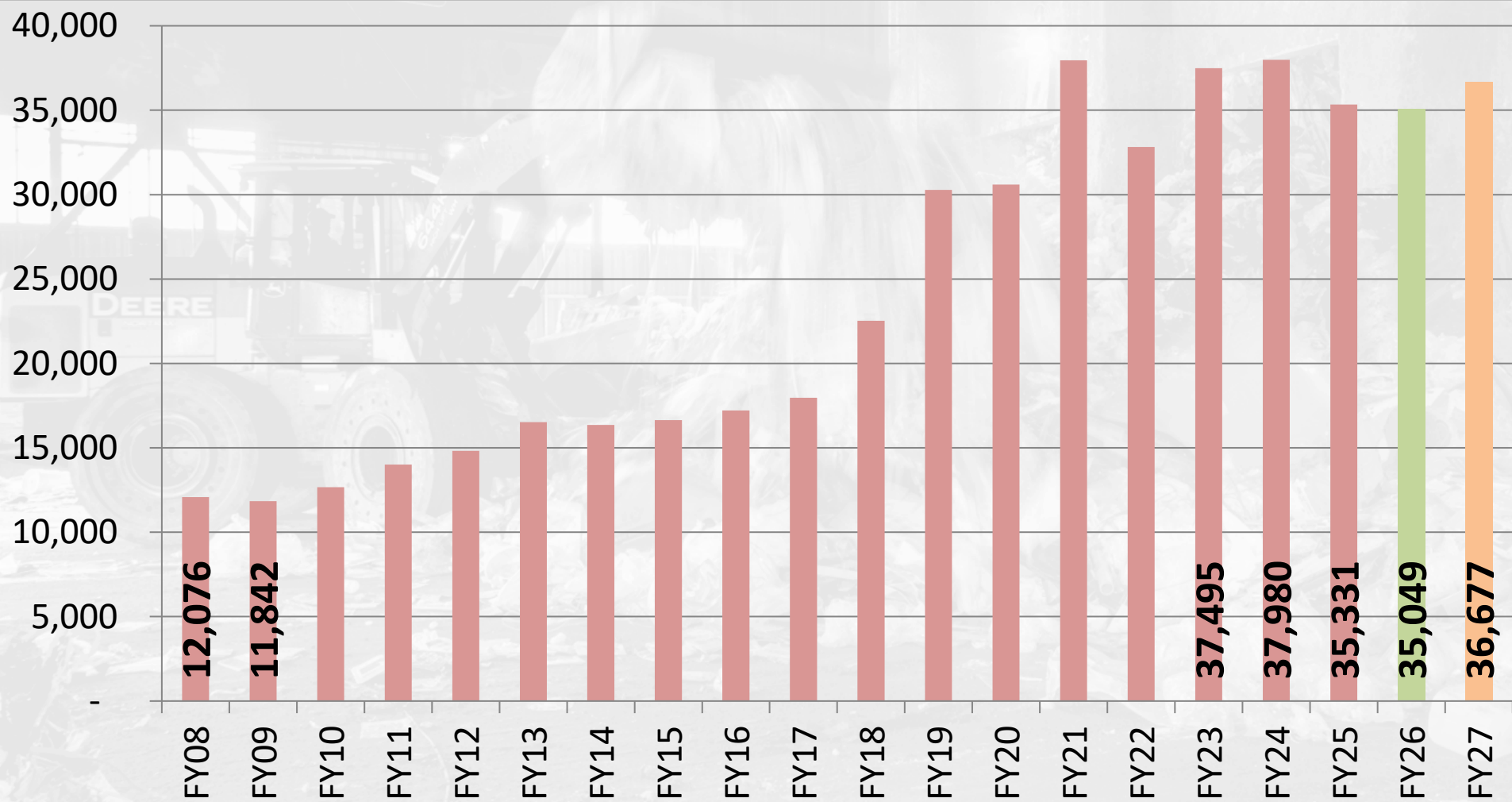
Due to new owner members,
forecast tonnages increased by 18% (compared to FY2025)



Contract Member MSW Tons

Forecast is flat (compared to FY2025)

Budget is up by 5% (compared to FY2025)



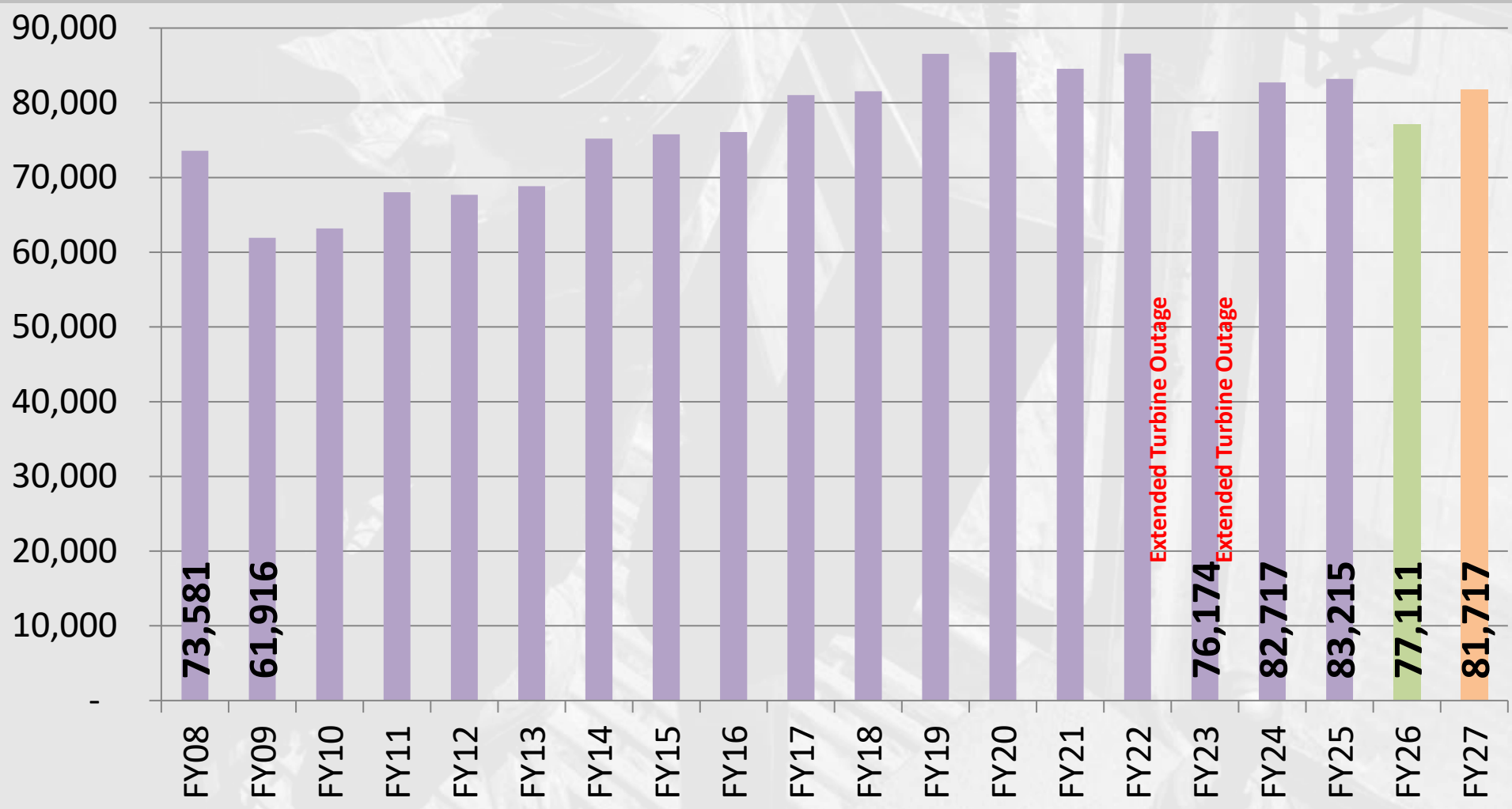
Including Associate members

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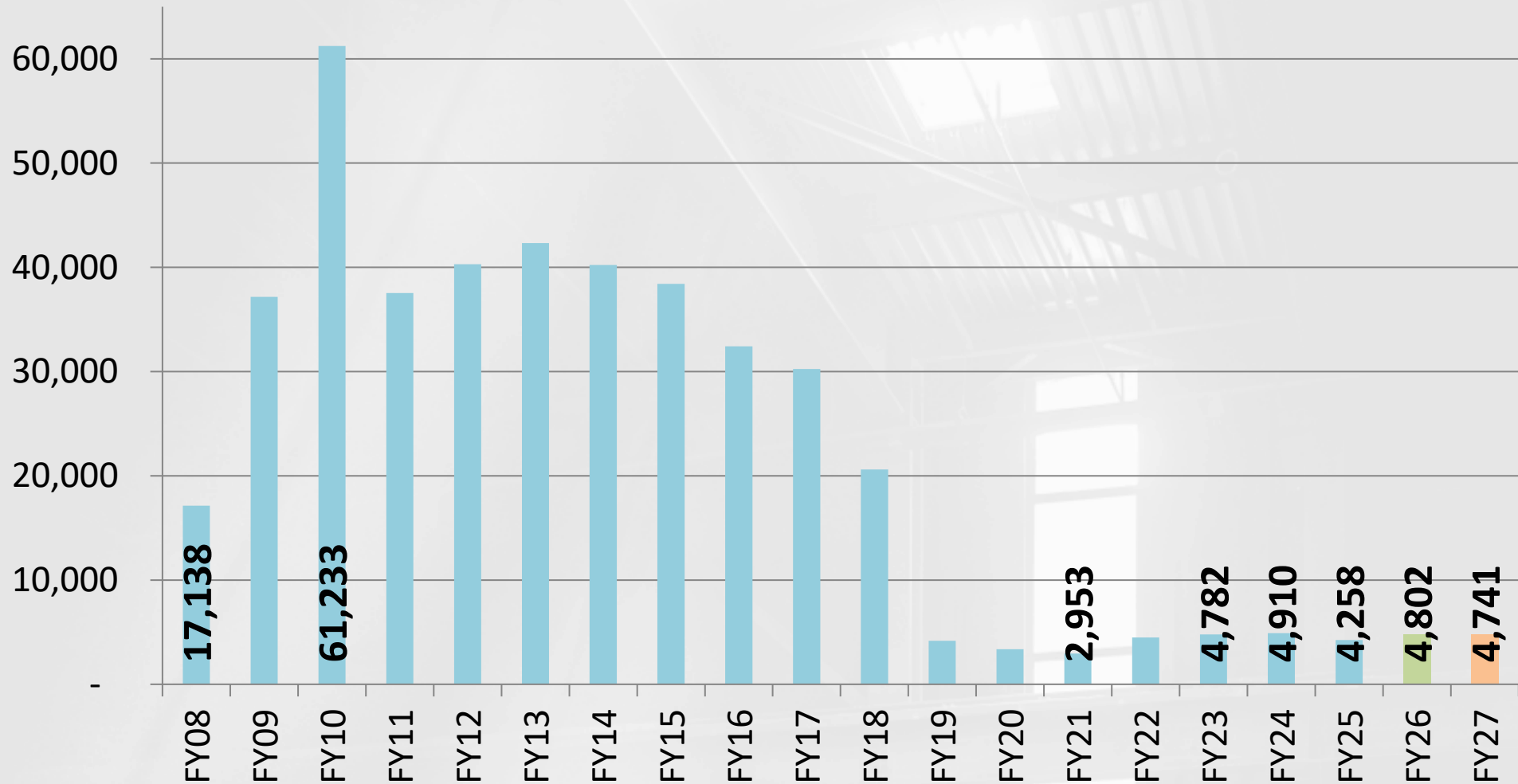
Commercial MSW Tons

Tonnage is up 13% over the last 20 years
Forecast is down 7% (compared to FY2025)



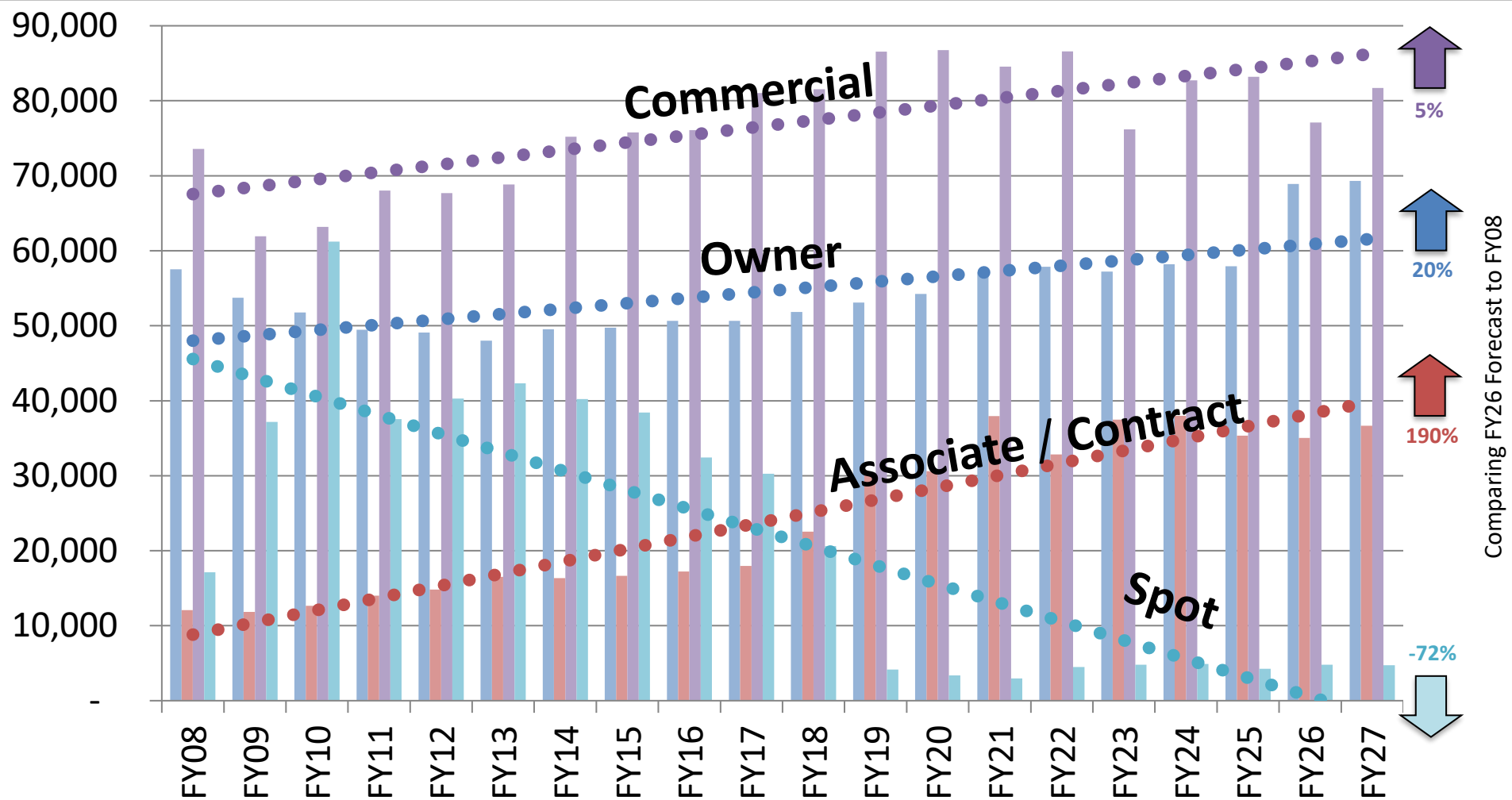
Spot Market MSW Tons

Long term shift to Contract & Owner tons
Actuals dropped 93% since FY2010



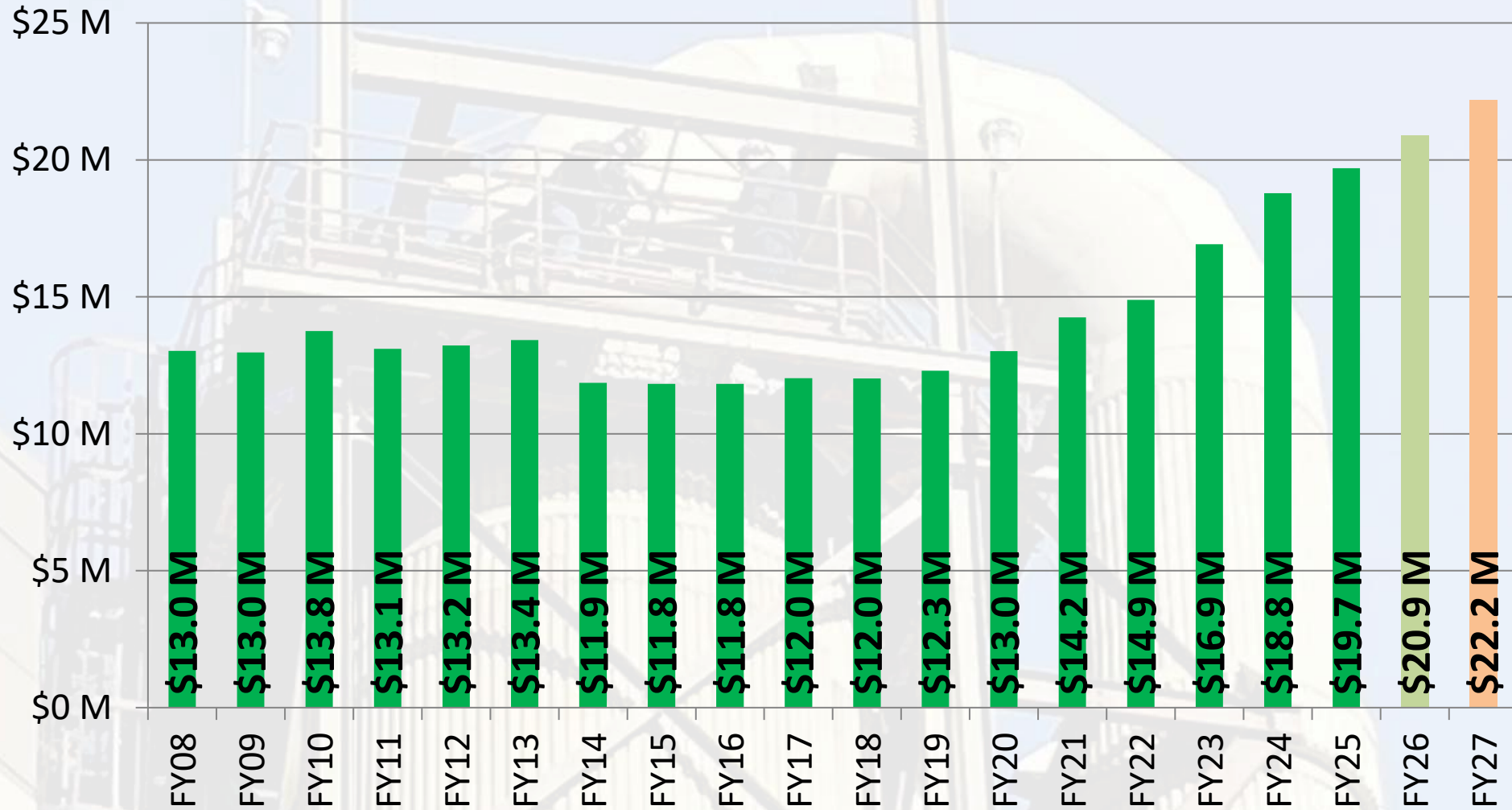
Overall Solid Waste Tons

By Category

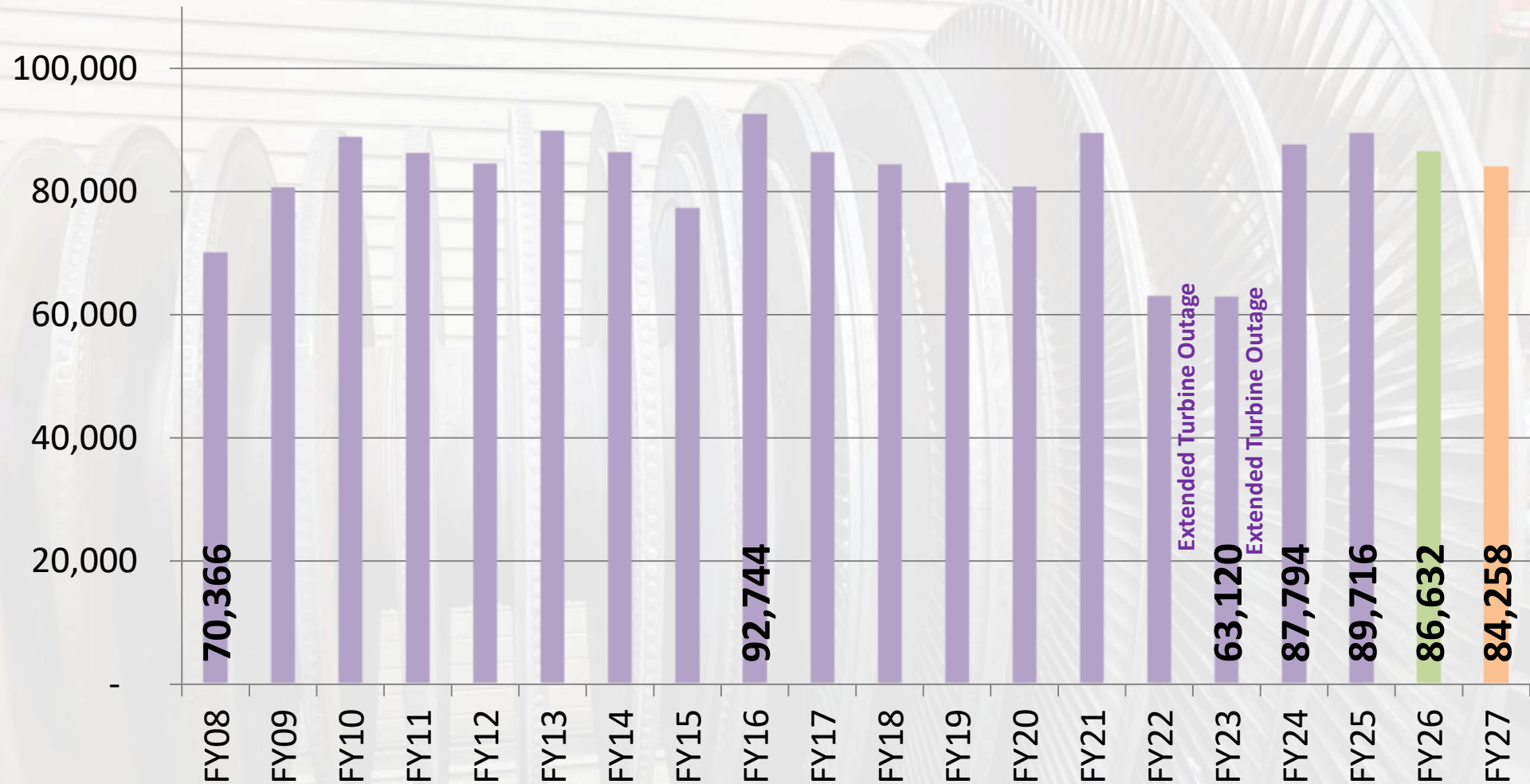


MSW Tipping Fee Revenue

Actuals up 51% from FY2008, 67% increase since FY2015

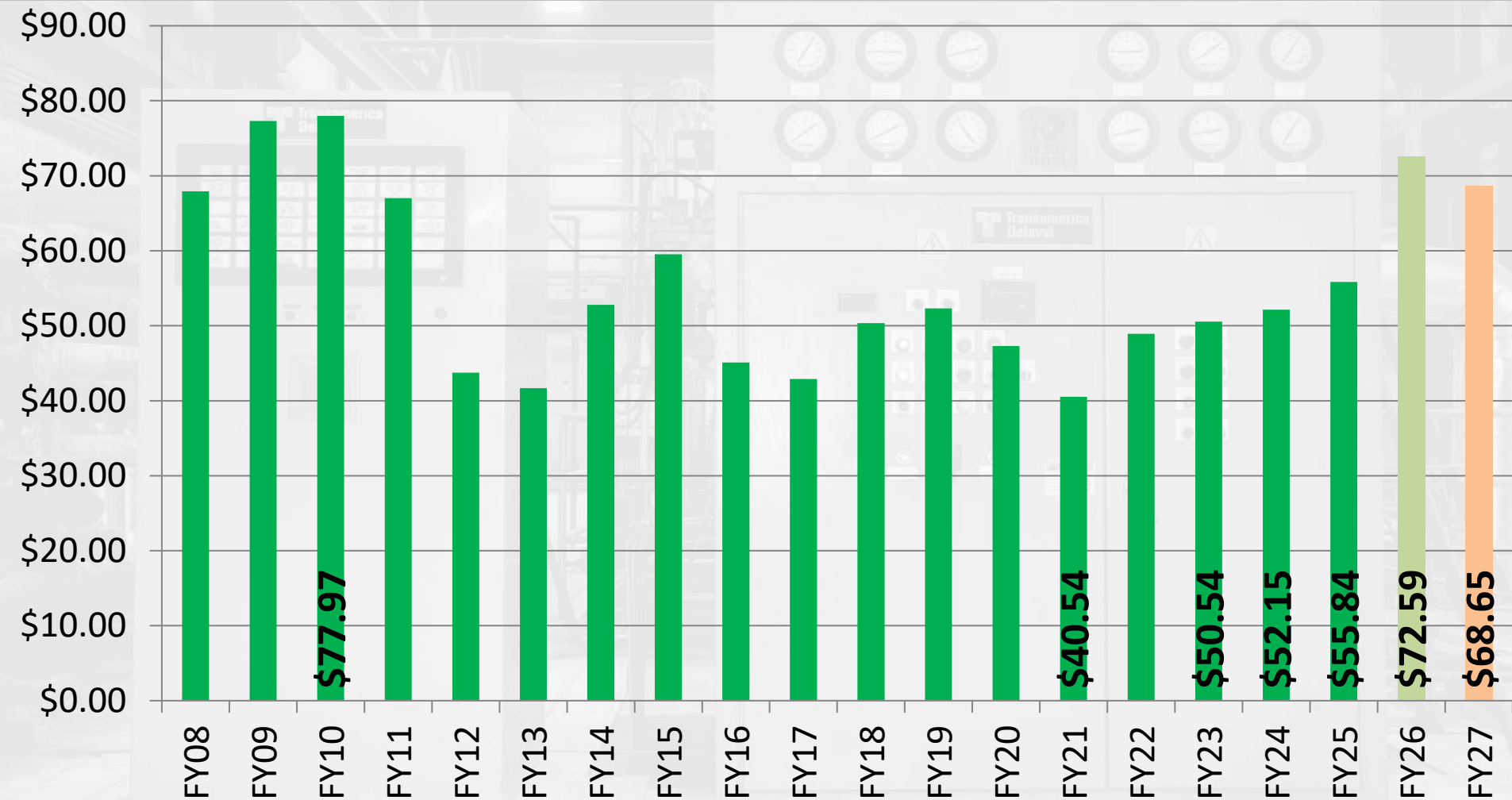


Electricity - Megawatt Hours Sold



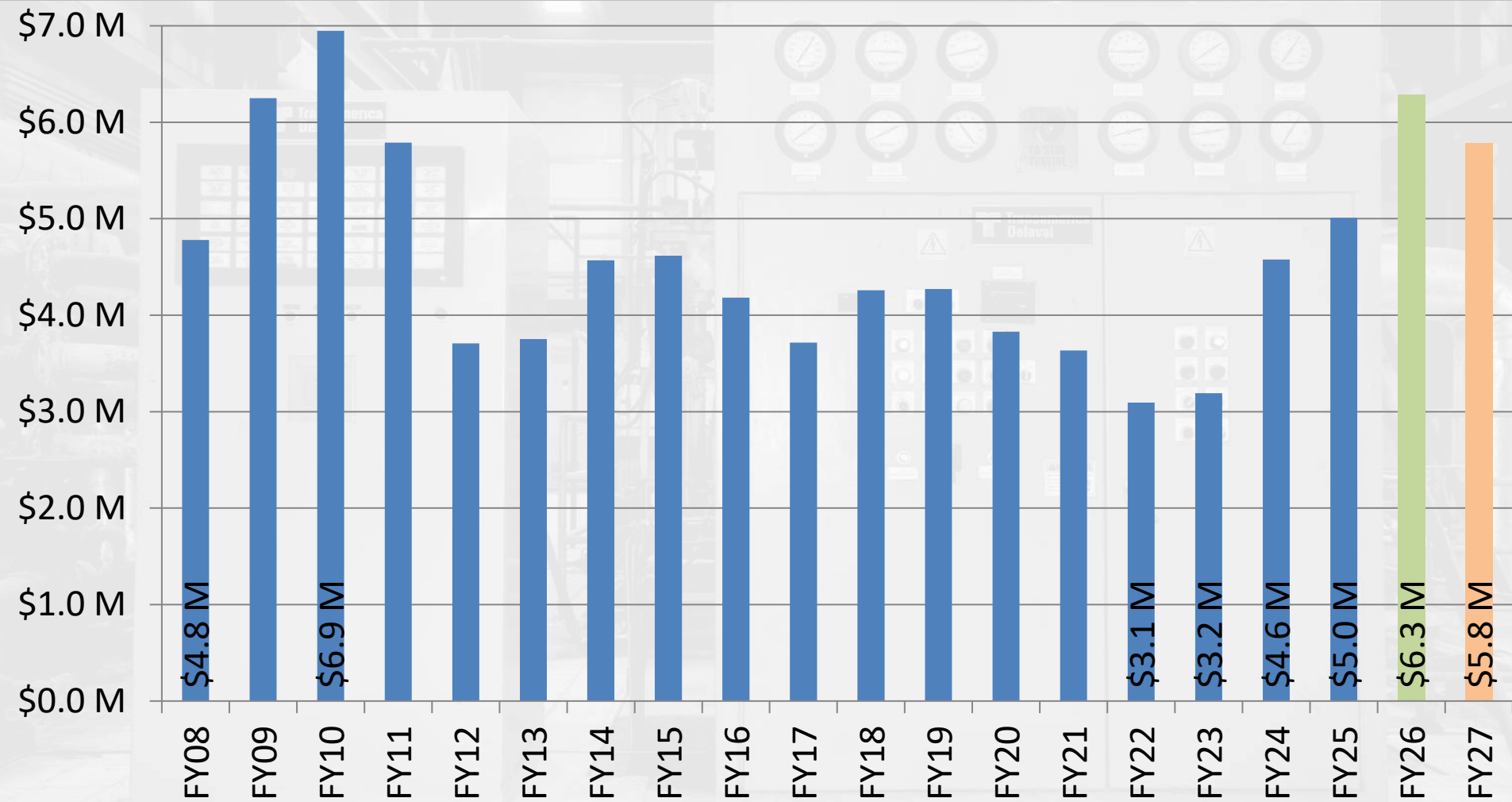
Electricity – Revenue per Megawatt Hour

Budgeted rates up 69% from FY21's low, based on new contract



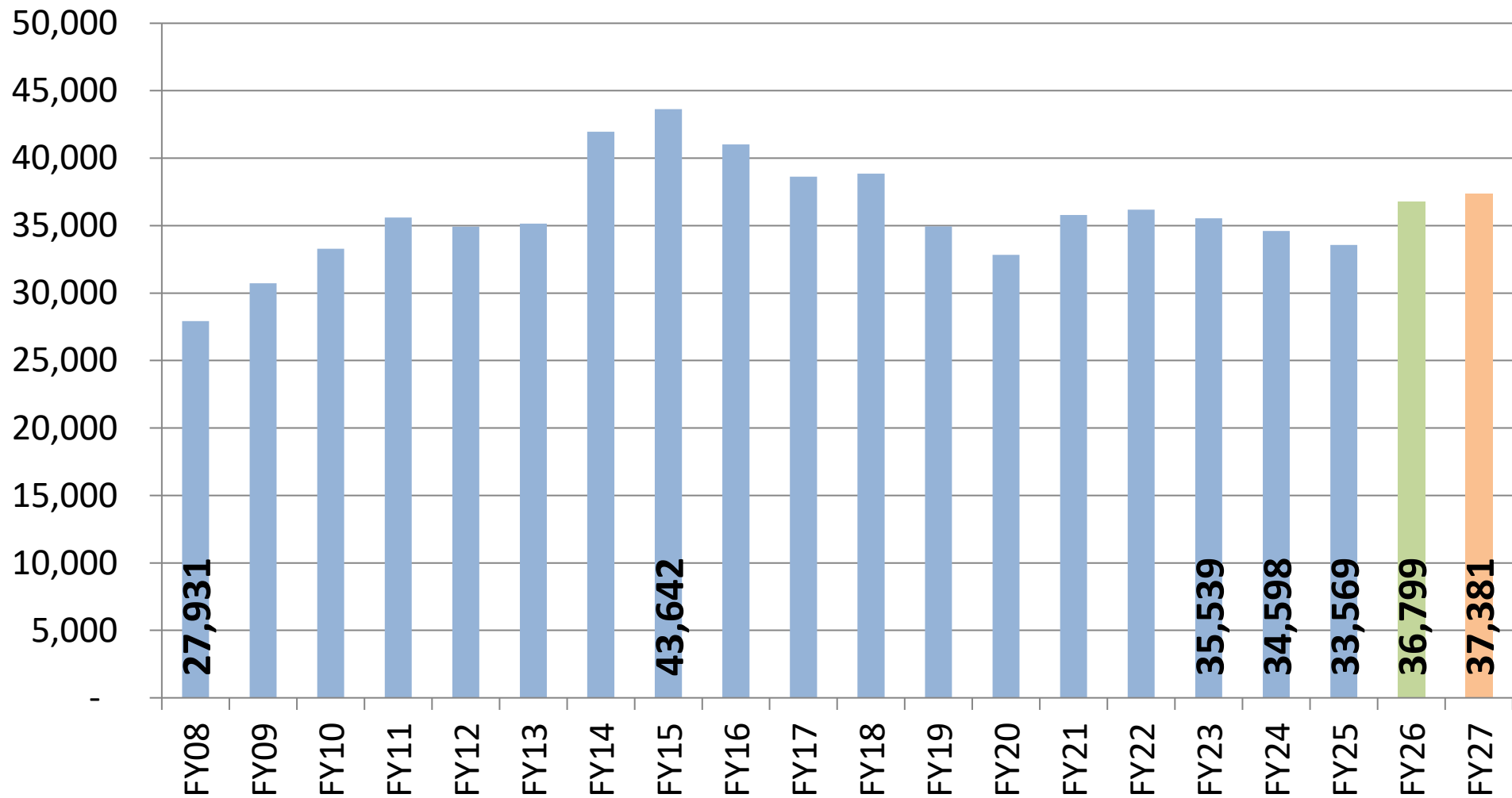
Electricity – Revenue

Forecast is up \$1.3M or 26% (compared to FY2025)



Recycling - Inbound Tons

Forecast up 3,230 tons, or 10% (compared to FY2025)

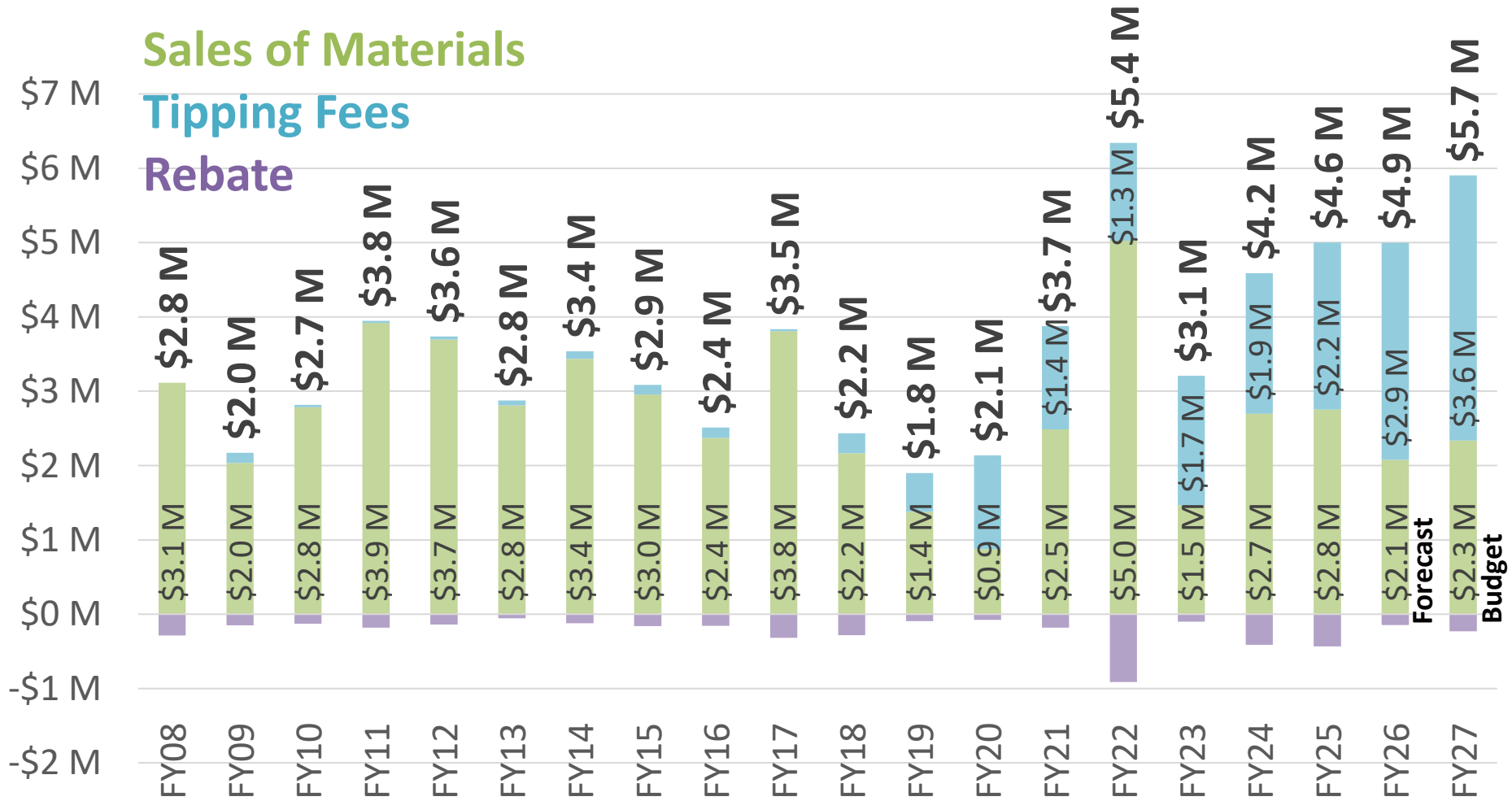


Recycling – Revenue

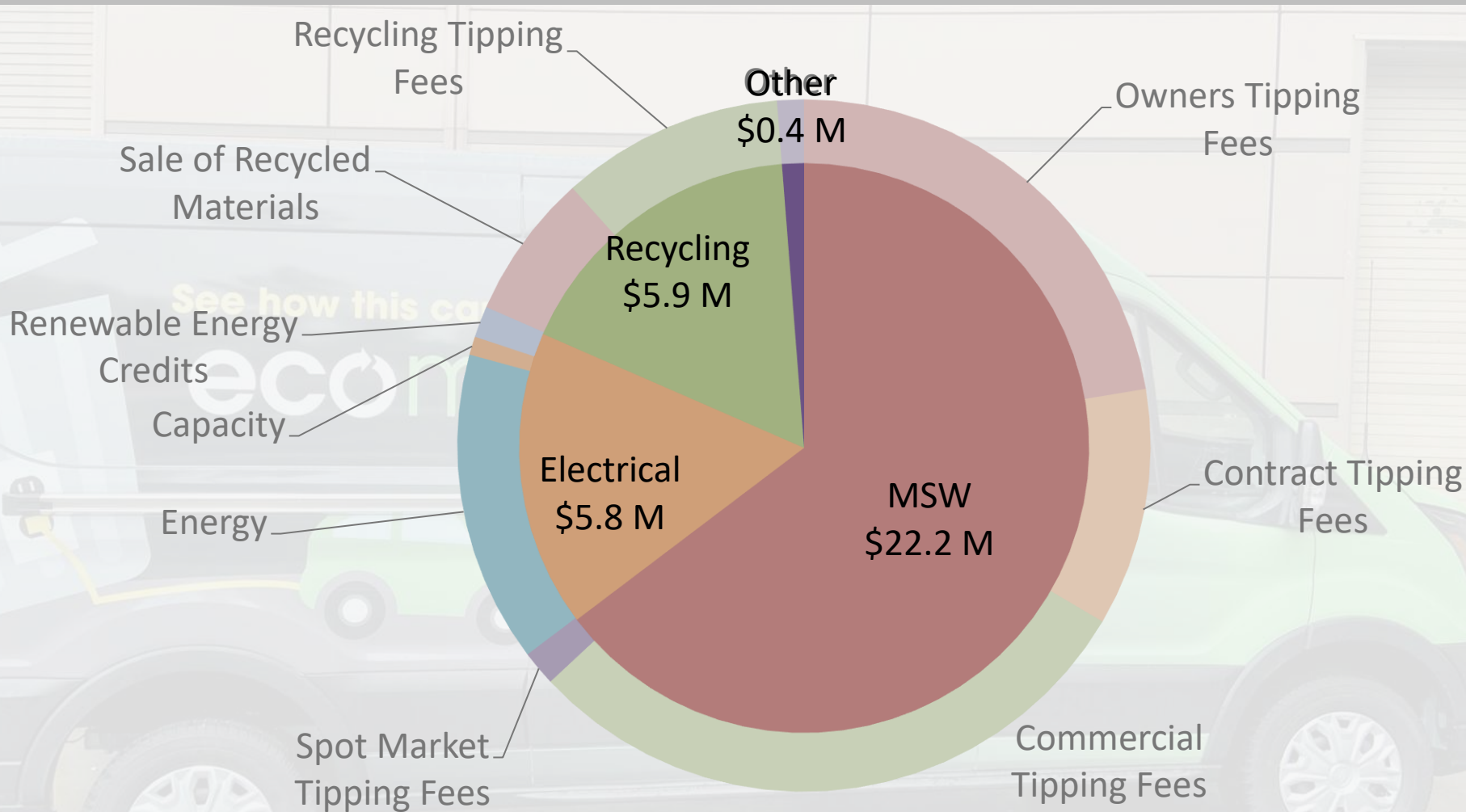
Sales of Materials

Tipping Fees

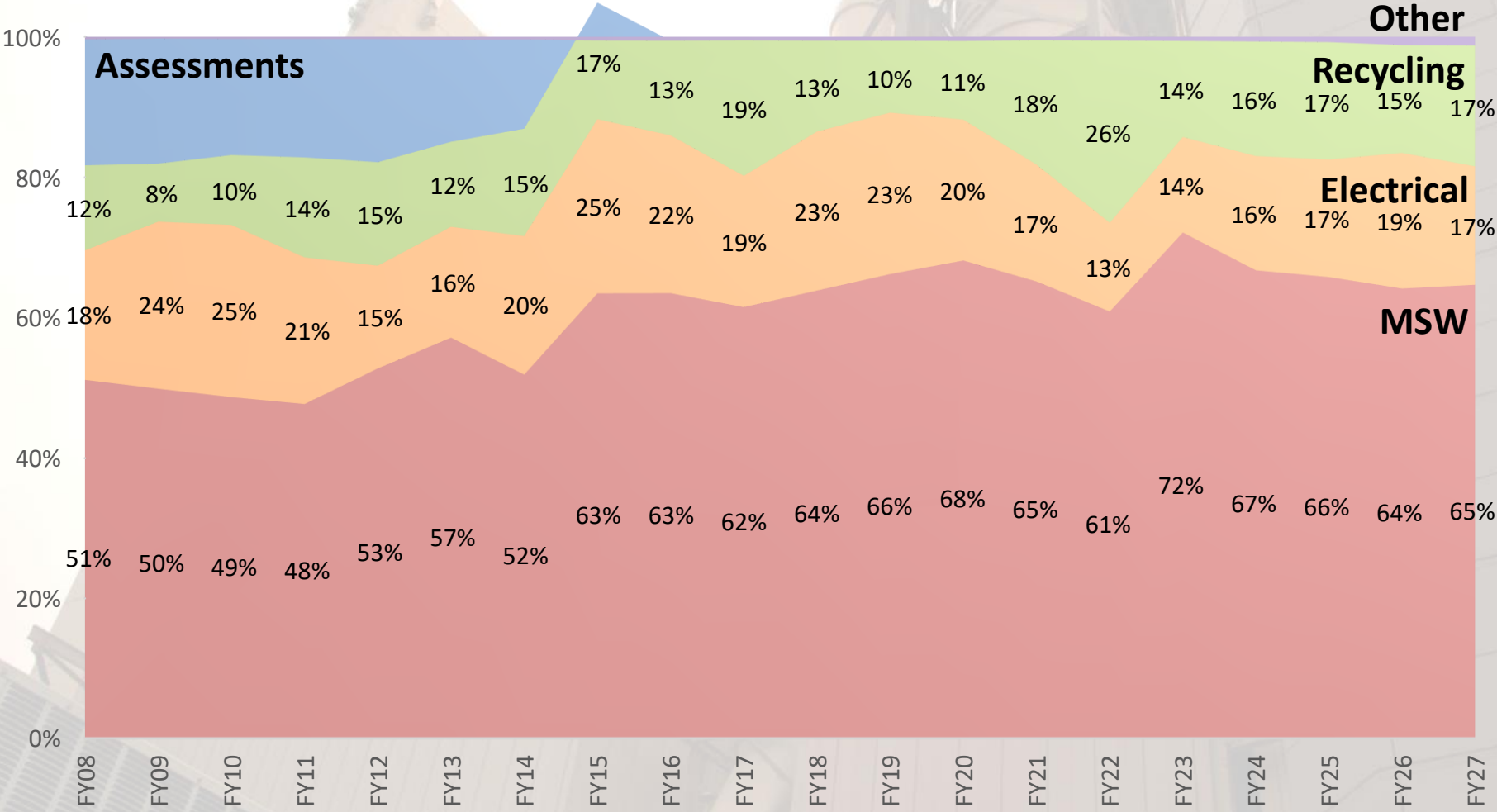
Rebate



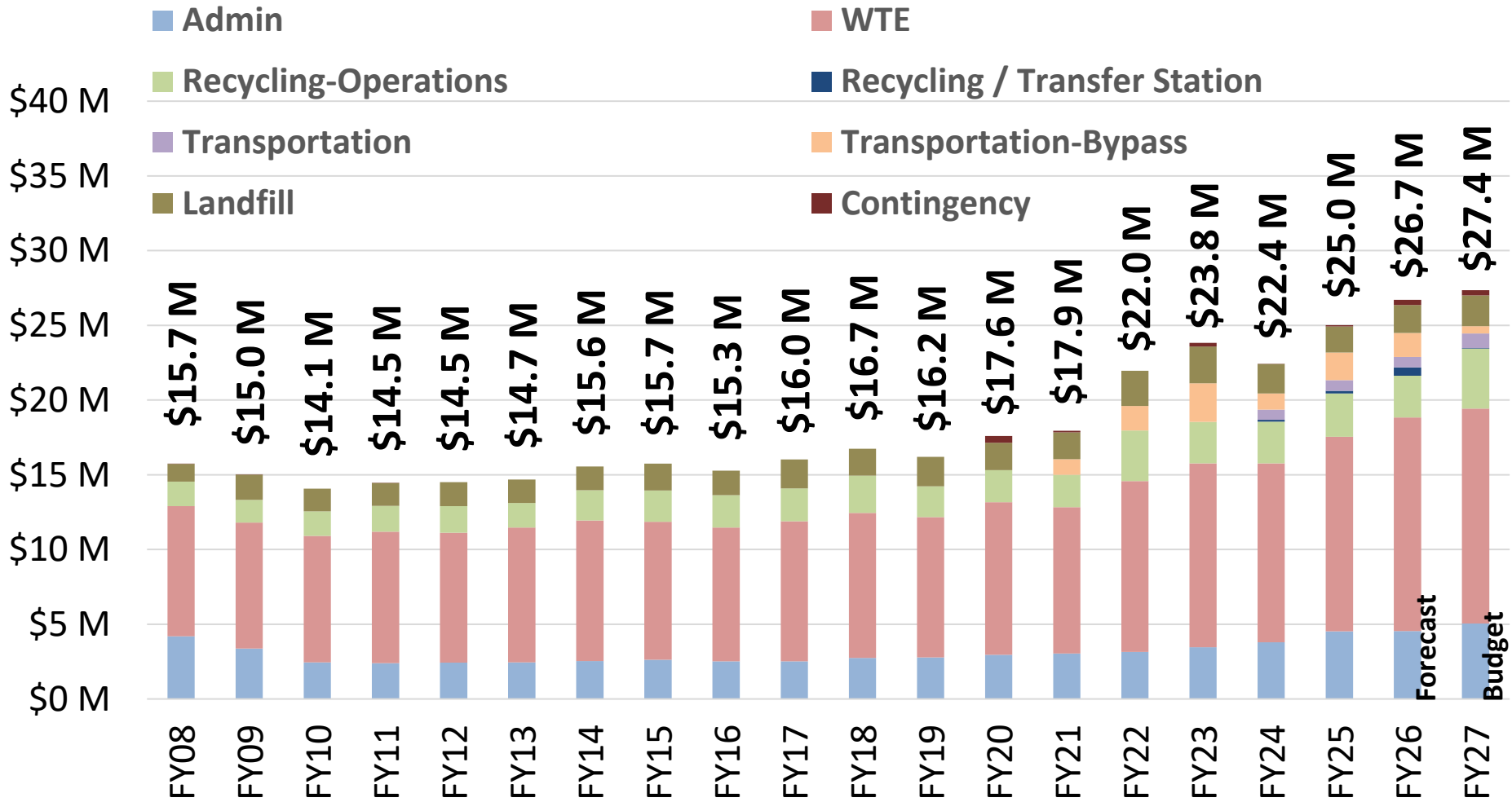
FY2027 Budget Revenue by Source



Revenue by Source (%)

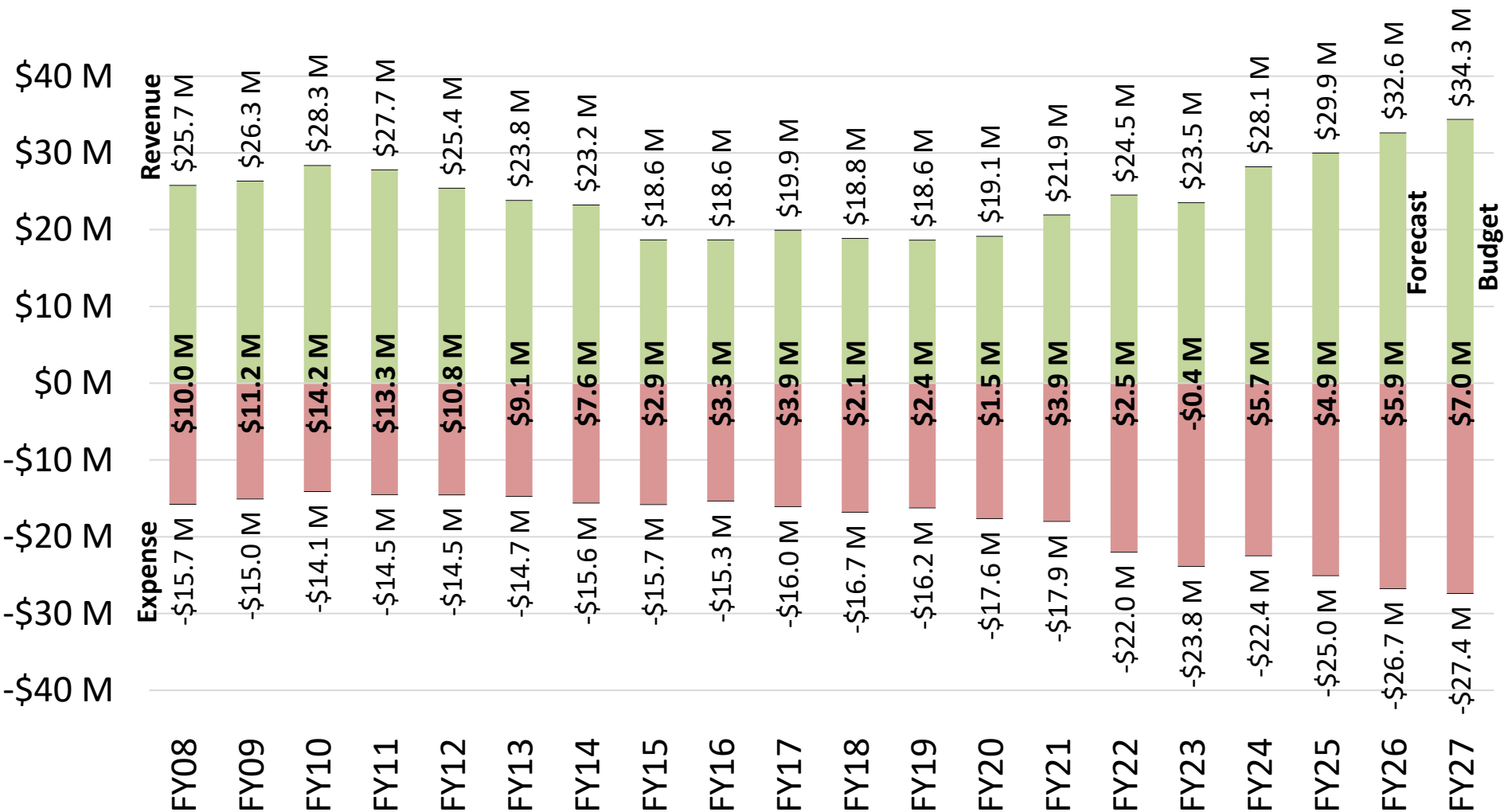


Operating Costs



FY22 & FY23 includes extraordinary bypass costs related to the turbine issue

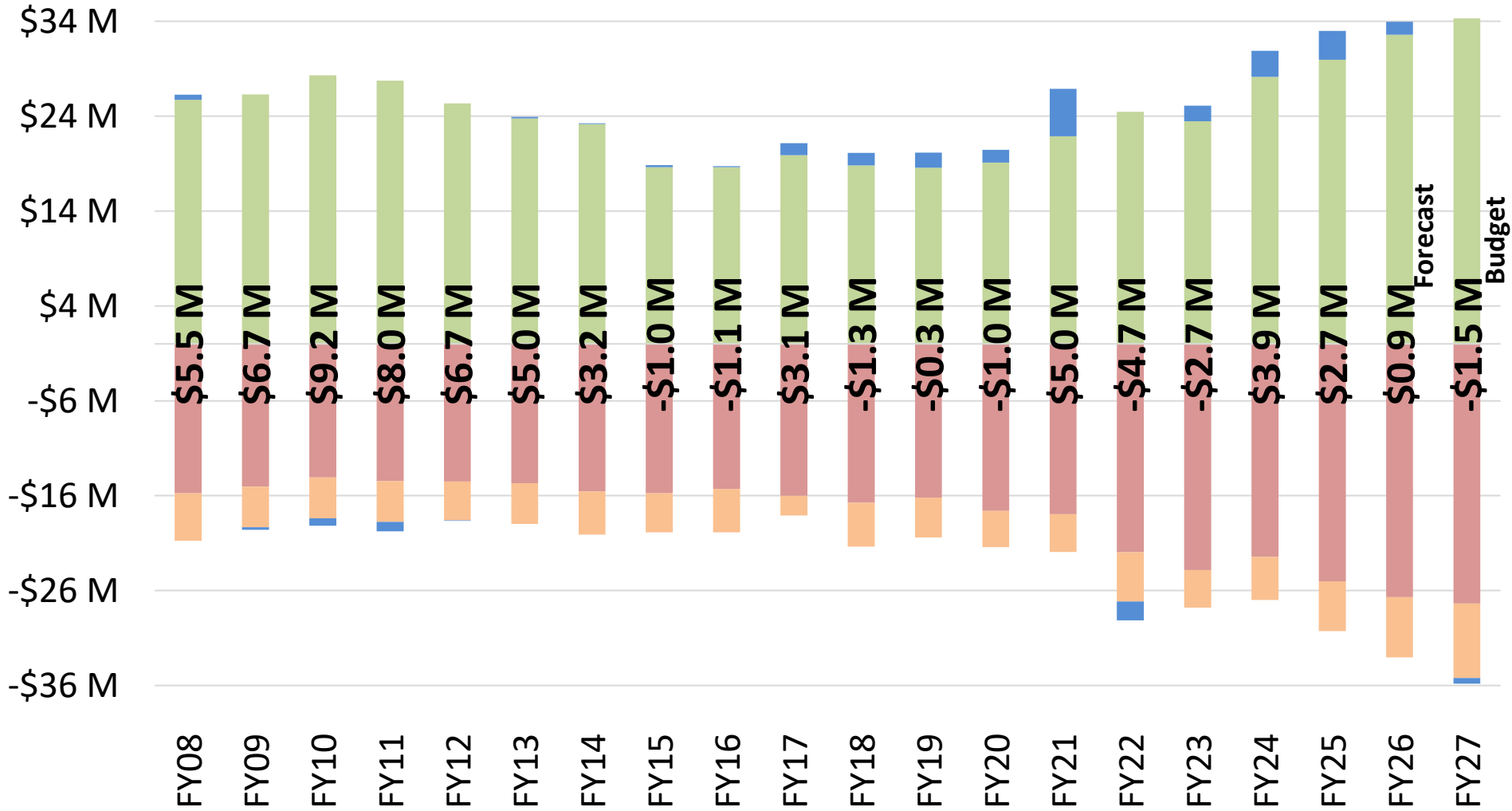
Net Operating Income



FY22 & FY23 includes extraordinary bypass costs related to the turbine issue
 Net Operating Income is before depreciation & non operating
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Net Income (GAAP)

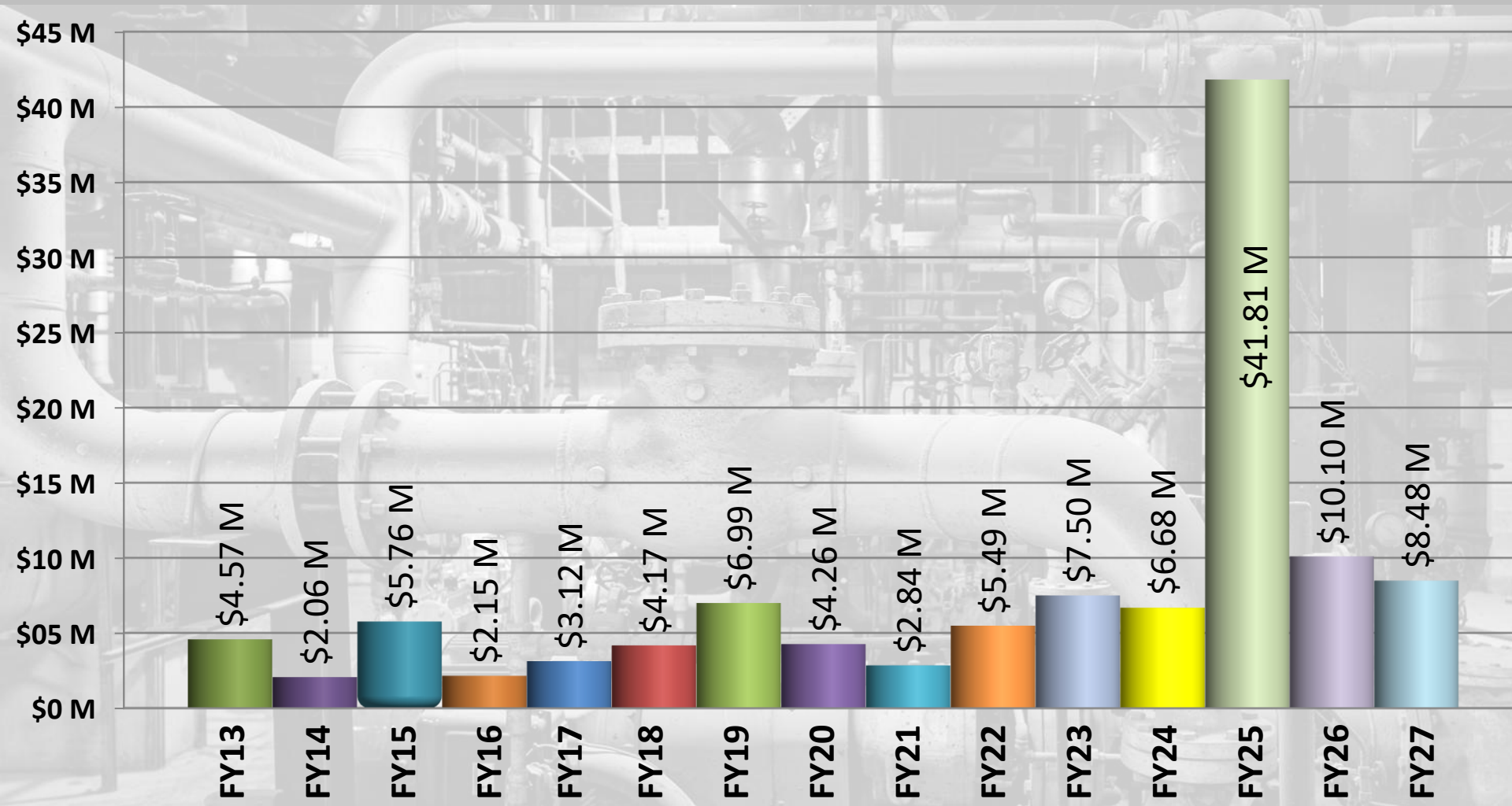
■ Non-Operating
 ■ Non-Cash Expense
 ■ Total Expense
 ■ Total Revenue



FY22 & FY23 includes extraordinary bypass costs related to the turbine issue

Capital Improvement Projects

FY2027 Totals \$8.48M (including leasing of \$1.7 million)



Capital Improvement Projects - Budget (Detail)

Purple projects recommending for borrowing

Waste to Energy

Site Metering Protection	\$300,000
Blowdown Heat Recovery Tank	100,000
Transformer (Aux T1A)	50,000
Vibrating Conveyor Suspension Design	100,000
Fly Ash Mixer Conditioner	200,000
Install Fly Ash Mixer Conditioner	357,000
Tube Replacements / Economizer	500,000
Online Boiler Cleaning System (eng. only)	25,000
Roof Replacement	50,000
Corrosion Control Repairs Ash Building	153,000
Cooling Tower Structure	375,000
Controls (upgrade)	35,000
MCC's (Engineering only)	50,000
Cable Trays & Raceways	120,000
Turbine Minor	208,000
B Feed Chute	733,200
Electronic Logbook	25,000
Transformer (Main T1)	500,000
Subtotal WTE	\$3,881,200

Landfill

Balefill Gas & Flare Eval.	12,000
Design/Permit Landfill 2SVF	680,000
Phase 1 SCADA	70,000
Excavator (w. magnet)	480,000
Subtotal Landfill	\$1,242,000

Recycle

Repurposing Planning	60,000
Cameras & Intercom Upgrade	10,000
Fork Truck	55,000
Loader	325,000
End of Blueberry Rd - Rehab	70,000
New MRF - Inventory Spare Parts	275,000
Portable Concrete Retaining Walls	8,000
Loading Dock Barriers	10,000
MRF Building Improvements	2,000,000
Subtotal Recycle	\$2,813,000

Transportation & Disposal

Ash Hauling Truck	268,194
Subtotal Transportation - Ash	\$268,194

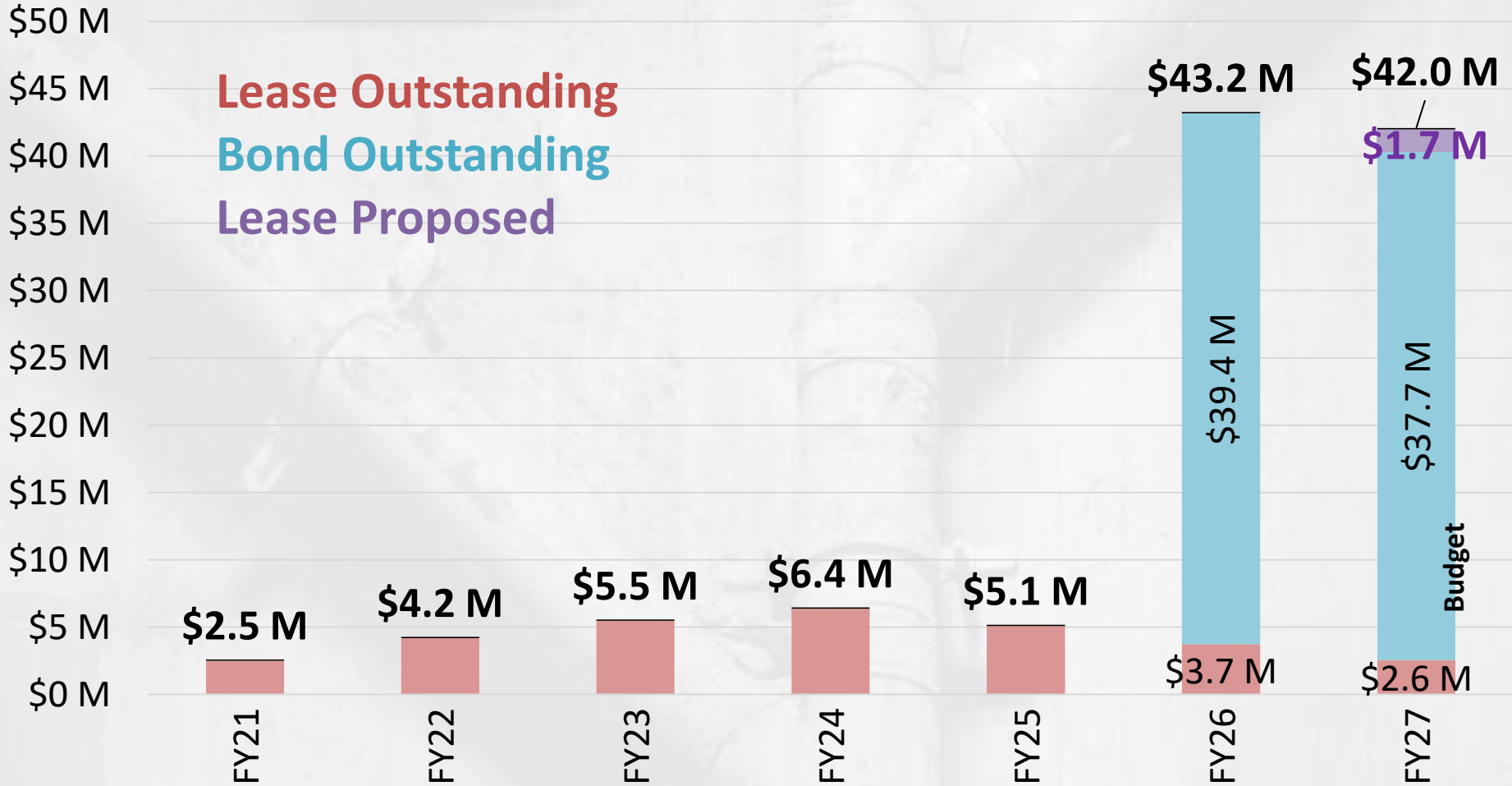
Administration

IT Networking (62BB to 90BB)	30,000
Accounting System (consulting)	70,000
Heavy Duty Warehouse Shelving	75,000
90BB Education Center	35,000
Networking Infra. & Server	40,200
VW ID.4 Buyout	30,000
Subtotal Administration	\$280,200

Total All Areas

\$8,484,594

Debt Outstanding & Proposed



Amounts shown above are (proposed) as of fiscal year end.

Payroll and Benefits Changes FY2025 Budget vs. FY2026 Budget

- Overall increase of \$779k in wages and \$315K in benefits
 - ❖ New Electrical Mechanic at Recycling
 - ❖ New Landfill Equipment Operator
 - ❖ Maine Paid Family & Medical Leave – **increase** of \$28K
 - ❖ Health Insurance – **increase** of \$131K, due to: premium increases
 - ❖ Retirement Plans – **increase** of \$70K, due to: new union contract

A Summary of The Current Year Forecast

Comparing the FY2026 Budget to the FY2026 Forecast

Revenues – **unfavorable** by \$2.0M or 6%

- Owner MSW Tipping Revenue – **favorable** by \$535k or 8%, due to:
 - New owner communities
- Contract MSW Tipping Revenue – **unfavorable** by \$1.1M or 35%, due to:
 - The movement of contract communities to owner communities
 - Loss of certain contract communities
- Commercial MSW Tipping Revenue – **unfavorable** by \$707K or 7%, due to:
 - Less commercial tonnages
- Recycling Material Sales Revenue – **unfavorable** by \$659k or 24%, due to:
 - Poor market conditions

Operating Expenses – **favorable** by \$1.2M or 4%

- Administration Wages and Benefits – **favorable** by \$188K or 12%, due to: unfilled vacant positions
- WTE Wages and Benefits – **unfavorable** \$233K or 5%, due to: coverage & succession
- WTE Temporary Labor – **unfavorable** \$155K or 282%, due to: vacancies
- WTE Spare Parts – **unfavorable** by \$130K or 16%, due to: increased usage
- Recycling Purchase of Material – **favorable** by \$302k or 67%, due to: poor material markets
- Transportation Bypass – **favorable** by \$910k or 36%, due to: less bypass needed

A Summary of The FY2027 Budget

Comparing FY2026 Budget to FY2027 Budget

Revenues – **essentially flat** (decrease by \$65K or 0.2%)

- Electrical revenue – **unfavorable** by \$344K or 6%, due to:
 - Contract pricing, turbine minor outage, and increased usage (at new recycling facility)
- Tonnage & market conditions – impact to revenue:
 - Owner MSW revenue – **favorable** by \$806K or 12%
 - Contract MSW revenue – **unfavorable** by \$801K or 27%
 - Recycling Sales of Materials – **unfavorable** by \$402K or 6%
 - Recycling tipping fees – **favorable** by \$601K or 20%

Operating Expenses **favorable** \$507K or 1.8%

- Administration Project – **unfavorable** by \$100k, due to: regional collection study
- WTE Spare Parts – **unfavorable** by \$130K or 16%, due to: increased usage
- WTE Chemicals – **unfavorable** by \$100K or 5%, due to: usage & price increases
- Recycling Payroll & Benefit – **unfavorable** by \$353K or 24%, due to:
 - increased benefit costs, increase overtime & new mechanic position
- Landfill Payroll & Benefit – **unfavorable** by \$221K or 33%, due to:
 - increased benefit costs, increase overtime & new equipment operator position
- Landfill Water Quality – **unfavorable** \$41K or 69%, due to: new MDEP PFAS testing
- Transportation / Waste Bypass – **favorable** by \$2.0M or 80.2%, due to: less reliance on 3rd party landfill

Conclusions

- **Forecasting current year (FY26) Net Income to be \$5.9 million (EBITDA) and \$931,000 (GAAP).**
- **Proposed Budget for FY27 has Net Income at a positive \$7 million (EBITDA) and a loss of \$1.5 million (GAAP) when you include Depreciation (\$7.1 million). We believe this proposal to be a reasonable approach to next year's budget.**
- **Comparing budget to budget, operating expenses have been reduced by \$507,000 or 1.8%, mainly due to internalizing some bypass tonnage.**
- **The FY27 Capital Budget is \$8.5 million. This will be funded by leases of \$1.7 million, reserve usage of \$2 million and the balance from retained earnings.**
- **This year's budget proposal focuses on utilizing several tools to balance revenues, expenses and funding sources in alignment with Board's previously approved rate structure from last fall. This approach minimizes financial impacts to our member communities and at the same time, continues to provide the services and programs ecomaine has become known for.**