



Memorandum

DATE: March 21, 2011
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: **Agenda for the Budget Workshop/Finance Committee Meeting**

There is a **Budget Workshop/Finance Committee Meeting** scheduled for **Thursday, March 24, 2011 @ 4:00PM** at ecomaine's Waste-to-Energy facility. The agenda for this meeting is as follows:

1. Approval of the January 18, 2011 Finance Committee Meeting Minutes (*Attachment A*)
2. Budget Workshop – Review of the FY 2012 Budget
3. Review of Financial Statements
 - Statement of Revenues and Expenses (*Attachment B*)
 - Balance Sheet (*Attachment C*)
 - Cash Flows (*Attachment D*)
 - CIP (*Attachment E*)
 - Status of Accounts Receivable (*Attachment F*)
4. Other Items
5. Future Meetings:
 - Full Board Meeting (Budget Approval): April 21st (*Thursday*) @ 4:00PM.
 - Recycling Committee: April 27th (*Wednesday*) @ 4:00PM.
 - Executive Committee: May 19th (*Thursday*) @ 4:00PM.
 - Recycling Committee: May 25th (*Wednesday*) @ 4:00PM.
 - Annual Meeting: June 16th (*Thursday*) @ 11:30AM.

The Finance 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>).

Owner Communities

Bridgton
Cape Elizabeth
Casco
Cumberland
Falmouth
Freeport
Gorham
Gray
Harrison
Hollis
Limington
Lyman
North Yarmouth
Ogunquit
Portland
Pownal
Scarborough
South Portland
Waterboro
Windham
Yarmouth

Associate Members

Baldwin
Hiram
Naples
Parsonsfield
Porter
Saco
Standish

Recycling Members

Andover
Cornish
Monmouth
Poland
Sanford

DATE: January 27, 2011
TO: Chair and Members of the Finance Committee
FROM: Kevin H. Roche, General Manager
SUBJECT: Minutes of January 18, 2011 **ecomaine** Finance Committee Meeting

There was an **ecomaine** Finance Committee Meeting on Thursday, January 18, 2011, at the Waste-to-Energy facility. The meeting was called to order at 3:08PM. (with a quorum at 3:13PM).

There were six (6) items on the Agenda:

1. Approval of the December 2, 2010 Finance Committee Meeting Minutes
2. Review of Financial Statements
3. Consideration of paying off the Single Sort Equipment Lease
4. FY 2012 Budget Process
5. Other Items
6. Future Meetings

While awaiting a quorum, the Committee began the meeting with Item #2.

Item #2 – Review of Financial Statements

Art Birt of **ecomaine** reviewed Attachment B (*ecomaine Statement of Revenues and Expenses – December, 2010*) and noted that Net Operating Income is up \$324,000 against budget for the month.

Attachment C (*December Balance Sheet*) notes, at six months into the fiscal year, our ‘Long-term Debt, bonds’ are down from \$22,390,000 on June 30, 2010 to \$11,190,000 at December 31, 2010.

Attachment D (*December Statement of Cash Balances*) shows that **ecomaine** is at \$19.3 million in cash.

Attachment E (Status of Accounts Receivable) is in good shape as some sizeable monies came in after January 1, 2011.

With a quorum, the Committee requested a vote on Item #1.

Item #1 – Approval of the December 2, 2010 Finance Committee Meeting Minutes

*Ms. McGinty moved that **the Finance Committee hereby approve the minutes of the December 2, 2010 Finance Committee meeting as presented. The motion was seconded by Mr. Van Gaasbeek and passed with a unanimous vote of the Committee.***

Item #3 – Consideration of paying off the Single Sort Equipment Lease

The Finance Committee discussed the option of paying off the single sort equipment lease, Attachment F (*Consideration of paying off the Single Sort Equipment Lease*). A vote to pay it off would rid **ecomaine** of the 6.5% interest rate **ecomaine** now pays. Such a decision would save **ecomaine** approximately \$402,000 over the next eight years, while giving up only \$25,000 in lost investment income over the same period.

After a brief discussion, Mr. Bobinsky made a motion that the Finance Committee recommend to the Board to pay off the Single Sort Equipment Lease. The motion was seconded by Ms. Boudreau and all were in favor.

Item #4 – FY 2012 Budget Process

The FY 2012 Budget will be presented to the Board at their meeting on March 17, 2011. A week later, on March 24th, there will be a Budget Workshop/Finance Committee Meeting and all Board Members are encouraged to attend. The plan is to have the budget approved at the April 21st Board Meeting.

Mr. Roche noted that if the budget were not complete by April 21st, a Board Meeting could be scheduled for May.

Ms. Boudreau made a motion to adjourn the meeting. The motion was seconded by Mr. Bobinsky and all were in favor. The meeting adjourned at 3:55PM.

PRESENT:

M. Bobinsky
L. Boudreau
J. Gailey
S. McGinty
R. Regier
L. Van Gaasbeek

ABSENT:

D. Cole
J. Miller
A. Plante
M. St. Clair
D. Woodsome

Staff: A. Birt, K. Roche, and L. Trufant.

Statement of Revenue and Expenses - February 2011

\$000's

	Month			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
Operating revenues						
Municipal assessments	390	\$ 390	\$ -	3,119	\$ 3,119	\$ -
Owners tipping fees	275	346	(71)	2,870	2,771	99
Associate tipping fees	52	82	(30)	575	657	(82)
Commercial tipping fees	381	391	(10)	3,744	3,125	619
Spot market tipping fees	147	175	(28)	1,468	1,400	68
Electrical generating revenues	326	485	(159)	4,528	4,420	108
Sales of recycled goods	276	188	88	2,309	1,500	809
Recycling tipping fees	-	2	(2)	13	17	(4)
Gorham property assessments	9	9	-	73	73	-
Other operating income	(22)	20	(42)	166	163	3
Total operating revenues	1,834	2,088	(254)	18,865	17,245	1,620

Operating expenses

Administrative expenses	203	207	4	1,610	1,654	44
Waste-to-energy operating expenses	626	688	62	4,907	5,290	383
Recycling operating expenses	110	131	21	1,036	1,052	16
Landfill/ashfill operating expenses	49	129	80	871	1,034	163
Contingency	-	21	21	1	167	166
Landfill closure and postclosure care costs	-	-	-	-	-	-
Post-retirement benefit	-	-	-	-	-	-
Depreciation & amortization	325	333	8	2,600	2,667	67
Total operating expenses	1,313	1,509	196	11,025	11,864	839
Net operating income	521	579	(58)	7,840	5,381	2,459

Non-operating income (expense)

Interest income	4	4	-	24	33	(9)
Interest expense	(28)	(63)	35	(297)	(501)	204
Net non-operating	(24)	(59)	35	(273)	(468)	195
Total revenue less expenses	\$ 497	\$ 520	\$ (23)	\$ 7,567	\$ 4,913	\$ 2,654

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January 2011 Balance Sheet

\$000's

	<u>2010</u> <u>June 30</u>	<u>2011</u> <u>February 28</u>
Assets		
Current Assets		
Cash, Operating	\$ 5,812	\$ 10,021
Cash, Capital Reserve Fund	2,548	2,554
Cash, Held By Trustee For Debt Payments	11,325	4,574
Accounts Receivable	2,260	1,826
Inventory	1,848	1,848
Prepaid Expenses	289	298
Total Current Assets	<u>24,082</u>	<u>21,121</u>
Property, Plant & Equipment	120,593	121,026
Less: Accumulated Depreciation	<u>86,323</u>	<u>88,923</u>
Net Property, Plant and Equipment	<u>34,270</u>	<u>32,103</u>
Debt Service Reserve	3,292	3,292
Gorham Materials Recovery Facility	2,230	2,230
Total Assets	<u>63,874</u>	<u>58,746</u>
Liabilities		
Current Liabilities		
Accounts Payable	287	362
Accrued Expenses	863	726
Accrued Compensated Absences	569	569
Current Portion of Long Term Debt	10,450	6,630
Current Portion of Capital Leases	181	63
TD Bank Term Loan	750	
Total Current Liabilities	<u>13,100</u>	<u>8,350</u>
Other Liabilities		
Bonds - Long-Term Portion	11,190	4,560
Capital Leases - Long Term Portion	1,400	85
Accrued Landfill Close & Post Close costs	15,139	15,139
Accrued Post Retirement Benefit	193	193
Total Liabilities	<u>41,022</u>	<u>28,327</u>
Net Assets (Equity)		
Invested in Capital Assets, Net of Related Debt	10,301	10,301
Restricted - Debt Service Reserve		
Total Restricted Reserves	3,291	3,291
Capital Reserve		
Total Designated Reserves	1,673	1,673
Fund Balance (Retained Earnings)	(5,173)	4,206
Due To / From Other Funds	3,381	3,381
Revenues Less Expenses (Current Year)	9,379	7,565
Total Unrestricted Reserves	<u>7,587</u>	<u>15,152</u>
Total Designated and Unrestricted	<u>9,260</u>	<u>16,825</u>
Total Net Assets (Equity)	<u>\$ 22,852</u>	<u>\$ 30,417</u>

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February Statement of Cash Balances

\$000's

	Actual 12 Months Ending 6/30/10	Budget 12 Months Ending 6/30/11	FY 2011 February Actual YTD
Cash flows from operating activities:			
Net operating income	\$ 10,205	\$ 6,273	\$ 7,840
Add back: depreciation	3,887	4,000	2,600
Add back: landfill closure costs	304	-	-
Add back: Post Retirement Benefit	101	-	-
Other working capital changes	(150)	(1)	365
Net cash provided by operating activities	<u>14,348</u>	<u>10,273</u>	<u>10,805</u>
Cash flows from capital and related financing activities:			
Bank loan	750	-	(750)
Payment of interest	(892)	(751)	(297)
Repayment of long-term debt	(8,244)	(10,450)	(10,450)
Repayment of capital leases	(176)	(180)	(1,433)
Net cash used in capital and related financing	<u>(8,562)</u>	<u>(11,381)</u>	<u>(12,930)</u>
Cash flows from investing activities:			
Receipts of interest	66	50	24
Capital expenditures	(1,300)	(2,242)	(433)
Net cash used in investing activities	<u>(1,234)</u>	<u>(2,192)</u>	<u>(409)</u>
Net increase (decrease) in cash	4,551	(3,300)	(2,534)
Cash, beginning of period	18,424	19,524	22,975
Cash, end of period	<u>\$ 22,975</u>	<u>\$ 16,224</u>	<u>\$ 20,441</u>
Detail			
Operating Cash Reserve	\$ -	\$ -	\$ -
Long Term Capital Reserve	1,673	523	1,673
Landfill Closure reserve	-	-	-
Bond Payment Reserves	11,325	7,353	4,574
Debt Service Reserves	3,292	3,292	3,292
Other Cash	6,686	5,056	10,902
Total	<u>\$ 22,975</u>	<u>\$ 16,224</u>	<u>\$ 20,441</u>

FY' 2011 Capital projects statement

FY 2010 Capital Improvement Project Yr end Balance	\$1,672,592
FY 2011 Capital Improvement Project Funding	\$1,995,568
FY 2010 Surplus Funds Transferred In	\$0
FY 2011 Capital Improvement Project Balance 7/1/2010	<u>\$3,668,160</u>

WTE Operations	Remaining FY 2010 Projects	FY 2011 Projects Budget	FY 2011 Forecast	Project Expenditures	Project Status
Double dump valves replacement		\$30,000	\$30,000		April Overhaul
Reactor / scrubber conveyor replacement		\$60,000	\$0		Cancelled
1530 Superheater tubes replacement		\$250,000	\$100,000		April Overhaul
1532 Boiler inconel and water wall tubes		\$300,000	\$450,000		April Overhaul
Stack repairs / replacements		\$50,000	\$50,000		April Overhaul
1513 Construction of steel shell for scrubber "A"	\$400,000		\$400,000	\$1,386	April Overhaul
1513 Construction of steel shell for scrubber "B"		\$400,000	\$400,000		April Overhaul
1535 Boiler "A" refractory replacement	\$200,000		\$200,000		April Overhaul
1535 Boiler "B" refractory replacement		\$200,000	\$200,000		April Overhaul
1529 Boiler feed chute liner plate replacement	\$120,000		\$120,000		
1592 RO System (water treatment)		\$150,000	\$71,338	\$71,338	Complete
1512 Precipitator catwalks		\$50,000	\$73,264	\$73,264	Complete
1606 Control room and lab upgrades		\$20,000	\$20,000	\$14,170	In progress
1607 Ash system controls replacement		\$120,000	\$160,000	\$8,028	In progress
1542 Induced Draft Fan VFR replacement		\$40,000	\$40,000	\$33,458	In progress
Crane Controls Upgrade		\$120,000	\$120,000		
1564 WTE roof replacement		\$75,000	\$45,778	\$45,778	Complete
1577 Ferrous recovery upgrades		\$100,000	\$80,000	\$13,125	In progress
1593 HVAC controls upgrade		\$75,000	\$140,000	\$14,139	in progress
1720 Admin building upgrade		\$0	\$130,000	\$9,973	In progress
1520 Vibrating conveyor pan replacement	\$60,000		\$0		Cancelled
1547 Air compressor overhaul and rebuild	\$50,000		\$30,000	\$15,612	In progress
1567 Tipping floor concrete resurfacing	\$35,000		\$25,000		
1566 Miscellaneous building replacements	\$50,000		\$25,000	\$5,573	In progress
Recycling Operations	Remaining FY 2010 Projects	FY 2011 Projects Budget	FY 2011 Forecast	Project Expenditures	Project Status
Facility entrance paving		\$12,000	\$12,000		
Overhead door replacement		\$20,000	\$20,000		
Toter tipper mixed plastics bunker		\$8,500	\$8,500		
1723 Tipping hall sprinkler system		\$26,300	\$29,325	\$29,325	Complete
1605 American baler reline		\$33,000	\$11,666	\$34,943	Complete
1604 Harris baler reline		\$35,000	\$23,276		
Disc replacement on the star screen		\$35,000	\$35,000		In Progress
Platforms		\$0	\$20,360	\$20,360	Complete
Landfill Operations	Remaining FY 2010 Projects	FY 2011 Projects Budget	FY 2011 Forecast	Project Expenditures	Project Status
Phase II Expansion		\$0	\$40,000		
Pick up truck		\$7,000	\$12,134	\$12,134	Complete
Administration	Remaining FY 2010 Projects	FY 2011 Projects Budget	FY 2011 Forecast	Project Expenditures	Project Status
1502 Office equipment / IT upgrades		\$25,000	\$35,000	\$30,804	In Progress
Totals	\$915,000	\$2,241,800	\$3,157,641	\$432,023	
Fund Balance			\$510,519	\$3,236,137	

		ecomaine				
Date	Item	Current	Age of Receivables			Total
			31-60 Days	61-90 Days	91 & Over Days	
07/31/10	Balances	\$ 1,423,235	\$ 58,380	\$ 4,894	\$ 1,486	\$ 1,487,995
	%	95.6%	3.9%	0.3%	0.1%	100.0%
08/31/10	Balances	\$ 1,441,934	\$ 146,931	\$ 6,022	\$ 3,827	\$ 1,598,714
	%	90.2%	9.2%	0.4%	0.2%	100.0%
09/30/10	Balances	\$ 1,215,636	\$ 199,231	\$ 4,405	\$ 5,232	\$ 1,424,505
	%	85.3%	14.0%	0.3%	0.4%	100.0%
10/31/10	Balances	\$ 1,334,779	\$ 211,628	\$ 9,941	\$ 4,757	\$ 1,561,105
	%	85.5%	13.6%	0.6%	0.3%	100.0%
11/30/10	Balances	\$ 1,368,891	\$ 149,882	\$ 9,728	\$ 12,973	\$ 1,541,474
	%	88.8%	9.7%	0.6%	0.8%	100.0%
12/31/10	Balances	\$ 1,472,383	\$ 244,102	\$ 13,807	\$ 2,760	\$ 1,733,052
	%	85.0%	14.1%	0.8%	0.2%	100.0%
01/31/11	Balances	\$ 1,381,117	\$ 35,751	\$ 7,493	\$ 4,571	\$ 1,428,932
	%	96.7%	2.5%	0.5%	0.3%	100.0%

Note: above amounts include A/R - Customers and thus exclude electrical sales, Gorhan Assessments, Monthly Assessments, & Allowances for bad debt -- items that are not aged in system at this point.