



# NEWSLETTER

Municipal Review Committee | 395 State Street | Ellsworth, ME 04605 | [www.MRCMaine.org](http://www.MRCMaine.org)

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## Update from Board Chair Chip Reeves

The rural landscape of our State compels us to partner together to tackle problems. The Municipal Review Committee is no different. We are an organization governed by municipalities and guided by our mission of the long-term and environmentally sustainable management of MSW.

When it became clear that PERC would no longer be a viable option in 2018, and recognizing that municipalities are in a better position when we work together, our solution is:

- To keep the oversight of MSW collection and recycling programs in the control of local municipalities;
- An integrated waste processing facility that diverts up to 80% of MSW from a landfill;
- and a back-up of using the Crossroads Landfill in Norridgewock in case of opening delays of the processing facility.

This is a turning point in the waste processing landscape in Maine. Yes, there is risk associated with undertaking a new process but I am proud of the thorough and extensive work that the MRC undertook to put forward the best solution to our members. If we stick together and make a commitment to send 150,000 tons of MSW to Fiberright, we can be part of a solid waste solution that maximizes diversion and minimizes landfill disposal.

Over the next six months, we are asking that at your Town Meeting, Town Council, City Council or regional associations formed by municipalities, you choose to continue to partner with your fellow communities by signing the Joinder Agreement. By doing so, you are recognizing the opportunities of working collaboratively rather than competing separately for the limited options for MSW disposal.

As we move forward during this critical time, thank you for your consideration and support of the MRC Plan. If you would like the MRC to present to your local officials, please contact Greg Lounder at 664-1700 or [glounder@mrcmaine.org](mailto:glounder@mrcmaine.org).

Sincerely,

**Chip Reeves**  
MRC Board Chair

### UPCOMING MEETINGS

#### December 14: 6 PM–7 PM

Informational Meeting  
Lincoln Town Office  
63 Main Street, Lincoln

#### December 15: 6 PM

Informational Meeting  
Thomastown Town Office  
158 Main Street, Thomaston

#### December 16: 3 PM–5 PM

MRC Annual Meeting  
Cross Insurance Center  
515 Main Street, Bangor

### FIBERRIGHT PROJECT AGREEMENTS/ ANNUAL MEETING UPDATE

*On December 16, 2015 the MRC's Annual Meeting will take place at the Cross Insurance Center from 3 PM - 5 PM. At this meeting, the Board will consider any additional revisions to the three primary agreements that will set terms for the management of MSW Post-2018. The three primary agreements are the Joinder Agreement, the Master Waste Supply Agreement, and the Site Lease Agreement. In addition, an overview of proposed changes to the MRC Bylaws and Articles of Incorporation will be provided.*

*For the past two months since sending the first draft of the primary agreements to the MRC membership, the MRC has had numerous public meetings to present the post-2018 MSW management plan and to receive feedback and comments on the draft agreements. Based on comments we received through various means, including those offered during these public meetings, revisions have been made to the agreements. In addition, the MRC is working with some MRC member towns to facilitate an independent legal review of MRC's work to ensure the agreements best serve municipal interests. After taking into account this independent legal review, we will be providing the final revised agreements to the MRC membership for consideration by local legislative bodies between January and June of 2016.*

## Key Points About Fund Management

- MRC has spent considerable time to identify potential applications of the Funds that is fair and equitable for the Equity Charter Municipalities and consistent with the MRC’s mission to ensure affordable, long-term, environmentally-sound disposal of MSW.
- MRC carefully considered returning these funds to the memberships, however, although this approach might initially provide a one-time cash windfall, it does not provide a sustainable, long-term response for management of MSW after the PERC facility closes.
- A decision was reached to use these funds to achieve two goals: secure a level of public control in the facility that would process the MSW, and continue to stabilize tip fees for the long-term to keep solid waste management affordable.
- By purchasing the site, the MRC will continue to exercise oversight over the Fiberight facility as it has over the PERC facility, but as a landlord rather than a limited partner.
- If the Fiberight facility fails, the MRC can make the site available for redevelopment.
- The remaining funds would be used for tip fee stabilization, either by supplementing rebates from Fiberight or by establishing a new generation of reserve funds that insulate the municipalities from liabilities and contingencies.
- The Debt Service Reserve Fund is scheduled to be released to the MRC for distribution to the Equity Charter Municipalities after PERC has made its last debt service payment scheduled for the end of 2017.
- Residual value of the Limited Partnership Shares in the PERC Partnership (of which the Equity Charter Municipalities own 25.5214 percent), will be available after the PERC Partnership is terminated at the end of 2018.
- Municipalities whether Equity Charter or Charter members that do not sign up between January - June 2016 will forfeit a favored position (\$2.21 per ton) and will not be eligible for rebates during the first term (15 years). The Board will consider waiving this if a municipality can demonstrate good faith for the delay.

## Management of Charter Municipality Assets

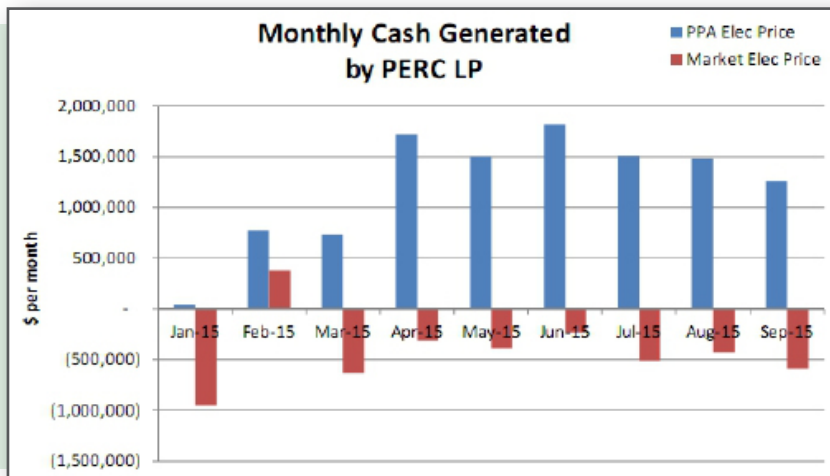
### Custody Account and Tip Fee Stabilization Fund (Anticipated balance around \$25.0 M)

Joining Members Share (must sign up by June 2016)	⇒	Bridge Waste Transportation Fund (<\$1.0 M)	⇒	If needed, offset transportation costs for Joining Members farthest from Crossroads Landfill prior to the Commercial Operations Date.
	⇒	Site Capital Costs (\$5.0 M)	⇒	Pay at start of construction period. Residual value goes to Equity Charter Municipalities.
	⇒	Building Reserve (\$7.0 M at start of term)	⇒	Reserve against termination and force majeure events. Release over 40-year term to Equity Charter Municipalities.
	⇒	Delivery Sufficiency Reserve (\$3.0 M)	⇒	Keep in reserve; use/replenish as needed. Residual value goes to Equity Charter Municipalities.
	⇒	Target Reserve Fund (balance after funding other uses)	⇒	Use to supplement rebates for Charter Municipalities. Residual value goes to Equity Charter Municipalities.
	⇒	Closure Fund (\$1.116 M)	⇒	Use for PERC closure costs as needed. Residual value to Equity Charter Municipalities.

Departing Municipality share (amount will be known in 2016)

## PERC's reliance on subsidies

This graphic shows that, without subsidies, PERC's cash flow in 2015 would be negative rather than positive. When the Power Purchase Agreement ends in 2018, PERC would need to raise tip fees by \$60 per ton to recover the value of the lost subsidies.



MRC Executive Director Greg Louder presents at a MRC Informational Meeting in Orono. The MRC has hosted eight Informational Meetings across the region to update members about its Post-2018 plans.

## Update from DEP Meeting

The Maine Department of Environmental Protection (DEP) held a Public Meeting in Hampden on the proposed processing facility on Thursday, November 19. MRC Executive Director Greg Louder, Fiberight President Craig Stuart-Paul and CES, Inc. President Denis St. Peter, gave a presentation on the overview of the project and the applications. The MRC Board wishes to express their gratitude to the supporters who commented at the Meeting.

### Debt Service Reserve Fund (\$1.333 M)

Use for PERC dissolution costs as needed. Residual value to Equity Charter Municipalities. Allocate by tons delivered over term of PERC financing.

### Value of Limited Partnership Interests in PERC

Distribute to Equity Charter Municipalities as made available.

### Operating Fund

Operating Budget  
Stabilization Fund  
(<\$500k)



Roll forward



MRC administration funds and reserves

Operating Fund  
(nominal balance)

## TIMELINE

1988

- PERC enters operation, but performs below expectations

1989

- PERC owners declare need for higher tip fees to stay solvent. Negotiations begin.

1991

- PERC and Towns amend the waste disposal agreements with current tip fee structure and Performance Credits. MRC is formed to monitor PERC technical and economic performance.

1994

- Performance improves. MRC distributes first Performance Credits.

1996

- Bangor Hydro demands that Power Purchase Agreement (PPA) be amended. Negotiations begin again.

1998

- MRC leads effort to amend the PPA, refinance PERC and extend waste disposal agreements to 2018. Towns get warrants in Bangor Hydro stock and options to buy ownership shares in PERC.

1998-2004

- MRC uses Performance Credits, cash distributions and warrant sales to distribute cash to the Towns, have Towns buy into PERC and set up reserve funds. PERC's general partner changes several times.

2007-2010

- MRC and USA Energy (latest general partner) begin to discuss extending waste agreements beyond 2018. MRC begins review of emerging technology.

2011

- USA Energy floats proposal for 15-year commitment to tip fees starting over \$100 per ton in 2018. MRC requests alternatives.

2013

- MRC issues RFEI to solicit proposals from providers of alternative technologies for waste processing. USA Energy declines repeated invitations to participate, preferring to seek more subsidies.

2014

- MRC staff reviews 15 responses and visits 5 facilities. MRC seeks sites other than PERC for the facility and identifies Hampden site. MRC selects Fiberight as the developer.

2015

- MRC secures option on site and agreement with Crossroads Landfill for residuals, bridge and bypass waste. MRC and Fiberight sign Development Agreement, apply for permits and negotiate agreements. MRC presents agreements to Towns.

2016

- Town legislative bodies act on agreements. Upon approval of delivery commitments for 150,000 tons per year, MRC will purchase and develop the site, and Fiberight will close on financing and begin construction.

2018

- Waste disposal agreements scheduled to terminate. Fiberight scheduled to begin commercial operation.



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MRC regularly sends updates and announcements by email to those who have signed up

for our alerts. We also have active Facebook and Twitter accounts, and we've posted informative videos from recent meetings on our YouTube account. All of these are accessible from the homepage of our website, [mrcmaine.org](http://mrcmaine.org).

## ABOUT THE MRC

The Municipal Review Committee (MRC) is a non-profit association of Maine communities led by an elected, volunteer board of directors. For more than 25 years, the member communities of the Municipal Review Committee (MRC), now numbering more than 180 cities and towns, have used the PERC waste-to-energy incinerator in Orrington to process their municipal solid waste (MSW). After 2018, the contracts that made the PERC relationship work will expire and PERC will no longer be an economically viable option. Development of a new solution is underway.

Visit [www.mrcmaine.org](http://www.mrcmaine.org) or contact Greg Louder at 207-664-1700 or [glouder@mrcmaine.org](mailto:glouder@mrcmaine.org) to learn more about the Municipal Review Committee and to add your name to our e-mail contact list.