

Municipal Review Committee

Talking Points re: Financing the Hampden Waste Processing Facility

Who is the Municipal Review Committee (MRC)?

- The MRC is a nonprofit corporation of municipalities that manages municipal solid waste (MSW) disposal for 115 towns and cities stretching from Lincoln County to Aroostook and Washington Counties. Since its inception 32 years ago, MRC's mission has been to provide long term, affordable, environmentally sound disposal of our members' waste.

What is the MSW challenge?

- For many years, MRC members sent MSW to PERC waste to energy plant under contracts that expired in 2018, and MRC set out to find a management system that could maximize the diversion and recycling of this waste.
- Maine DEP records show that in 2022, MRC member communities sent about 113,000 tons of MSW to be processed by PERC (65,000 tons) or bypassed to the Juniper Ridge landfill (48,000 tons).
- This disposal of MSW is filling the landfill that was not intended for this type of waste.

What is the Hampden waste processing plant?

- The MRC's \$80 million plant in Hampden is designed to divert 70-80% of incoming waste from landfill by removing recyclables from MSW at the front end, creating pulp and other commodities out of fiber waste and other residuals, and converting organics into biogas.
- The facility began accepting waste from MRC members in 2019 and operated at a commercial level for seven months before suspending operations in May 2020. During that time, the plant demonstrated that it diverted over 50% of MSW (the State average is in the 30% range), and demonstrated it was capable of much higher rates.

Why did the Plant stop operating?

- The plant was on the cusp of moving to higher diversion levels when the owners ran out of money. There were four primary factors that led them there: 1. Construction of the facility took longer and cost more than anticipated; 2. The drastic drop in recycling markets brought on by China's National Sword program; 3. Lack of a MDEP permit to sell the pulp the facility produced, which meant the pulp was a cost rather than an income source—and pulp makes up about a third of what the plant produces; and 4. Poor management oversight and decisions.

- The owners were unable to secure working capital to overcome the challenges, and the bond holders decided to exercise their right to sell the facility.

How will MRC solve the problems and restart the plant?

- MRC secured the facility during the period between operators. When the bond holders put the plant up for sale, the MRC submitted a default bid and gained ownership of the plant last August.
- The problems that led to the closure have been addressed:
 - First, The facility is no longer saddled with \$80 million in debt
 - Second, the recycling markets have rebounded.
 - Third, the facility now has the DEP permit to sell the pulp, so 30% of the plant's product will be a revenue item rather than an expense.
 - Fourth, MRC has identified well qualified operators to restart and run the facility.
- MRC members have invested over \$13 million in the Hampden facility. This includes purchase of the land, development of the road and utilities, and securing the plant these last three years so it could be reopened.
- Multiple independent engineering reviews have confirmed the Hampden facility will work, and it will make money once it is up and running.

What is needed to restart the Plant?

- Restart needs \$20 million in working capital to get through the 18-24 months it will take the facility to achieve profitability, and to create a reserve.
- MRC is not looking for a handout. MRC needs the credit of the State as guarantor of a loan. Pro forma projections show the facility will be able to repay principal and interest on a loan, so the State should not have to pay anything to a lender.