



January 15, 2016

Dear MRC Member,

We are very pleased to present to you this comprehensive plan to ensure long term, affordable, and environmentally sound disposal of municipal solid waste post 2018.

The proposal before you represents close to 10 years of planning, research, and analysis dedicated to the future of reliable, cost-effective solid waste processing in our region. The result is a well thought out plan for 2018 that:

- ✓ ensures low, stable tip fees and includes profit sharing
- ✓ does not rely on out of state waste
- ✓ maximizes recovery of recyclables while maintaining local flexibility
- ✓ minimizes waste going to landfill

The MRC's Plan for 2018 promises to move Maine to the next level of waste recovery and energy generation. Its success depends on you and the collective strength of our unified membership.

To move forward, the MRC needs your commitment by May 1, 2016 (or by your Town Meeting date if it takes place after May 1). We must act now – together – to preserve the benefits we have realized from being united for 30 years. As a nonprofit organization representing your municipal interests, the MRC is your trusted advisor regarding the management of solid waste and we look forward to continuing this work for you in the future.

Thank you for your consideration and timely support of the MRC Plan for 2018. If you would like us to present this proposal to your community, please let us know.

Very Truly Yours,

Chip Reeves  
MRC Board President

**Executive Summary:**  
**The MRC Plan for 2018**

---

The MRC is pleased to present this book of materials that, taken together, define our plan for the next generation of advanced recycling and processing of municipal solid waste (MSW) starting in April 2018. The MRC is a non-profit organization that is governed by municipal officials, comprised solely of municipal members, and is dedicated to pursuing the best interests of municipalities for management of MSW. The MRC has a proven track record of achieving impressive benefits for our municipal membership since 1991. The MRC believes strongly that the proposed plan, which has been in development since 2013 as a culmination of efforts that began in 2007, provides the best way to achieve the MRC mission of securing a long-term, affordable, environmentally sound system of managing MSW in central and eastern Maine in 2018 and beyond.

The MRC seeks to have your municipality, association or other entity join the MRC Plan and become what we are calling a Joining Member. The MRC seeks to attract Joining Members from all municipalities that have sent or might reasonably send MSW to PERC, including all Charter Municipalities as well as other Maine municipalities that have not previously been MRC members. As an association that includes many small municipalities, the MRC understands that our membership can accrue the most benefits when we all work together to achieve economies of scale not available to individual communities. Every city, town, unincorporated area, solid waste district, group, regional association, township and plantation is important to us. We must all hang together if we are to succeed and to achieve the greatest benefits for all of us.

We understand that the MRC Plan, which has been under active development since 2007, may seem complicated – which is appropriate for any plan that would provide an essential service in an affordable and environmentally-sound manner for nearly 200 communities containing a total of over 200,000 people. This book of materials is being provided to help MRC members and other interested public entities understand the arrangements that are being proposed, as well as understand the actions that must be taken in order to participate.

In this context, the following sections provide a brief overview of the MRC Plan and its components, introduce the project agreements, and describe the contents of the enclosed materials. We believe that communities that understand the MRC Plan, and that understand how it compares with the alternatives, will accept the MRC recommendation and elect to become Joining Members. If you need more information, please go to our website at [www.mrcmaine.org](http://www.mrcmaine.org) or contact the MRC Executive Director, Greg Lounder, by telephone at (207) 664-1700 or by e-mail at [glounder@mrcmaine.org](mailto:glounder@mrcmaine.org).

## Overview of the MRC Plan

As presented publicly on numerous occasions over the past few years of its development, the MRC Plan consists of three components:

1. Local collection and diversion. Local municipalities, districts and other entities would continue to operate their waste reduction and recycling programs and to exercise their current responsibilities for oversight of the collection of MSW that requires disposal.
2. Centralized recycling and processing. The MRC would oversee the operation of a new facility to be constructed in Hampden, Maine, by a private company, Fiberight, LLC, with backing from Covanta Energy, LLC, which is one of the world's largest waste-to-energy companies. The facility would use Fiberight's next-generation technology to (a) recover recyclable materials from incoming MSW through a proprietary wet pulping process; and (b) convert organic materials into bio-methane gas, biomass fuel, and other products through a proprietary enzymatic hydrolysis and anaerobic digestion process. The bio-methane gas would either be injected into the local natural gas pipeline distribution system or converted to compressed natural gas (CNG) for use as vehicle fuel, with future plans for processing organic materials into higher-value industrial sugars and other hydrocarbon products. The biomass fuel would be used on-site to generate electricity, process steam and hot water to power the facility.
3. Back-up landfill disposal capacity. Residual materials from the facility would be directed for disposal to the Crossroads Landfill under a 10-year arrangement negotiated by the MRC. The Crossroads Landfill would also be available to accept MSW that the facility cannot process due to limits on available capacity or delays in achieving commercial operation.

The MRC Plan which has been in development since 2013 as the culmination of efforts that began in 2007, has involved

- Careful consideration of alternatives to extend disposal arrangements at the PERC facility, which, after an intensive five-year collaborative effort, ultimately proved infeasible.
- Surveys of municipal officials from MRC member communities regarding their MSW reduction, recycling and collection programs and preferences for the next generation of MSW management.
- Public solicitation of proposals from technology vendors and developers that was advertised nationally in the summer of 2013, and which led to the selection of Fiberight, LLC, as the vendor offering the most favorable proposal and technology.

- Negotiation of a Development Agreement with Fiberight, LLC, in February 2015 to identify the roles and responsibilities of each party for the development of the facility in the context of the MRC Plan.
- Selection and securing by the MRC of a site in Hampden suitable for development of the processing facility.
- Negotiation of an agreement between the Crossroads Landfill and the MRC for disposal of residual materials and MSW that the facility cannot process.
- Submittal of applications to the Maine Department of Environmental Protection for the permits and approvals necessary to proceed with construction and operation of the facility.

### **Introduction to the project agreements**

To implement the MRC Plan, the MRC has drafted and negotiated three primary contractual agreements to govern the related business arrangements. These three agreements are:

- The **Joinder Agreement** between the MRC and each of the entities that would be Joining Members. The Joinder Agreements set forth the terms and conditions for MSW delivery and acceptance, payment of tip fees (starting at \$70 per ton in 2018), payment of rebates back to the Joining Members (starting at \$5 per ton for Equity Charter Municipalities and \$3 per ton for New Charter Municipalities), and delegation of authority to the MRC pursuant to the MRC By-laws. The Joinder Agreement is the agreement that the entity would vote on and sign if it seeks to become a Joining Member.
- The **Master Waste Supply Agreement** between the MRC and Fiberight, which will govern system-wide delivery issues and obligations, define the calculations of tip fees and rebates, discuss contingency events, and address MRC responsibilities in its oversight of Fiberight while protecting and insulating the towns from risks. The Master Waste Supply Agreement would be signed by the MRC, but would not be signed by the individual Joining Members; however, the terms and provisions of the Master Waste Supply Agreement are linked to and referenced by certain terms of the Joinder Agreement.
- The **Site Lease Agreement** between the MRC and Fiberight, which will govern permitted uses of the site and facility development responsibilities, facility impacts and responses during construction and operations, and contingency events. The Site Lease sets forth the rights and responsibilities of the MRC as the owner of the property and Fiberight as the tenant responsible for facility construction and operation, all while protecting and insulating the towns from risks. The Site Lease would also be signed by the MRC, but would not be signed by the individual Joining Members; however, the terms and provisions of the Site Lease Agreement are linked to and referenced by certain terms of the Joinder Agreement.

In October 2015, draft versions of all three agreements were released to the public for review and comment. The agreements were reviewed at multiple public sessions and public meetings of the MRC Board. In addition, the agreements were reviewed in detail by an independent third-party attorney, Jim Katziaficas, Esq., of Perkins Thompson of Portland, Maine, which review is available to all municipalities that might be Joining Members. As an entity governed by and comprised solely of municipal members, the MRC has made every effort to incorporate or address every comment that has been received into the final versions of these agreements.

At this point, the next step in the development of the MRC Plan is to secure commitments from municipalities to deliver MSW as of the target date of April 1, 2018. The MRC has set an objective to secure commitments for delivery of a total of 150,000 tons per year from municipalities by mid-2016, and before May 1, 2106, to the extent feasible. The commitments are needed to demonstrate the availability of sufficient MSW in the region of the facility for Fiberright and its backers and investors to close on construction financing for the facility.

**The next step is up to you.** The MRC asks you to read the enclosed materials and move forward to take the steps necessary to become a Joining Member. Every city, town, unincorporated area, solid waste district, group, regional association, township and plantation is important to the MRC. Every single one. We accrue the most benefits when we all work together to achieve economies of scale not available to individual communities.

### **Description of Contents**

The Joinder Agreement contains numerous references to two other contracts that are an integral part of the MRC Plan: the Master Waste Supply Agreement and the Site Lease. Both agreements would be between the MRC and Fiberright. The Joining Members will not sign these agreements, but must consider them in order to fully understand the arrangements and the implications of the obligations that they would assume. In addition, the Joinder Agreement contains references to two legal documents that govern the authority of the MRC: the MRC Bylaws, and the MRC's Re-stated Articles of Incorporation. These documents are important, because approval of the Joinder Agreement by the entity would constitute delegation of authority for the MRC to act on behalf of the entity as set forth in those documents.

The contents of the remaining sections of the enclosed materials can be described as follows:

- **How to Become A Joining Member.** To become a Joining Member, your entity must complete and sign the Joinder Agreement after a proper authorization vote by its legislative body, and return the completed signed Joinder Agreement to the MRC. This section provides detailed directions on how to complete the Joinder Agreement, the approval response form, and sample legal certifications. The form of the Joinder Agreement to be executed is

accompanied by a document that summarizes the key provisions of the agreement to facilitate its understanding. Also included are the MRC Guidelines for determining the Estimated Delivery Amounts; the MRC recommendations for the value of the Estimated Delivery Amounts; and historical data on past tons of MSW sent to the PERC facility as a point of reference in selecting the Estimated Delivery Amount.

- Other Contracts and Legal Documents. This section includes copies of the Master Waste Supply Agreement and the Site Lease, accompanied by documents that summarize the key provisions of each agreement. Note that these agreements would be signed by the MRC, but would not be signed by the individual Joining Members; however, the terms and provisions of each agreement are linked to and referenced by certain terms of the Joinder Agreement. This section also includes copies of the MRC Bylaws and the Restated Articles of Incorporation (and a summary of its key provisions), which are referenced in the Joinder Agreements regarding the scope of authority to be delegated by the Joining Member to the MRC.
- Materials for Legislative Body Approval. This section includes general instructions for entities, a detailed checklist and sample warrant article for use by towns that would vote on becoming a Joining Member at a town meeting; sample resolutions for use by cities, towns or districts that would vote on becoming a Joining Member through a municipal councilor, district board, or other representative entity that serves as the legislative body; and supporting information that includes a handout on frequently asked questions and a sample PowerPoint presentation.
- Other Resources. This section provides contact information for MRC Board Members and staff, and a list of documents available on MRC website.