



# The Plan For 2018

Managing Our Future Together

# Who Is MRC?

Municipal review committee with a goal of ensuring affordable, long-term environmentally sound disposal of municipal solid waste (MSW)

- Representing 187 Communities (*including yours*)
- Elected 9 Member Board
- 30 Year History

# Problem

Current 30 year msw contract ends in 2018.

- PERC model is not sustainable or viable
- Electricity contract (4x market rate) expires 2018
- Existing processes not efficient at lower tonnage
- Current emissions permits unlikely to be met with lower volume

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MEMORANDUM

Greg Louder, George Aronson, Sophia Wilson, and Greg Brown  
Stephen Kaminski

October 14, 2011

Response to MRC Proposal

CT: I met with John Noer, Kevin Tritz and Kevin Nordby on October 11, 2011. During this meeting, we discussed, at length, the results of our meeting on October 4, 2011. We came to an agreement as to our recommendation on what should be done with respect to the Bangor Energy Recovery Company, Limited Partnership ("PERC") after 2017.

As you know, we are all in agreement that our goal is to find a way to continue PERC's mission which we have succinctly described as follows:  
PERC helps manage the municipal solid waste needs of Maine municipalities through an environmentally friendly, jobs creating, taxpaying, and market stabilizing business that provides a public service by generating reliable and cost effective energy that helps reduce our dependence on foreign sources of energy.

Fundamentally, we are in agreement that, if possible, all those involved with PERC need to find a way to continue this legacy well beyond 2017.

Unfortunately, given the current project operating assumptions as they were detailed at the last meeting on October 4, 2011, we have concluded that it will not be economically feasible to continue operating PERC beyond the expiration of the Bangor Hydro Power Purchase Agreement on February 14, 2018. Consequently, based on these operating assumptions, we have recommended to John, Kevin and Kevin that the partners begin the process of planning for the orderly closure and decommissioning of the PERC facility. This conclusion, while difficult, is based upon the following operating assumptions discussed at the meeting on October 4, 2011. They are summarized as follows:  
dated September 28, 2011:

1. the municipalities will not commit (GAT) of more than 125,000 tons and

# PERC Closure Memo

Submitted to MRC October 14, 2011

- Future not economically feasible
- Begin process of planning for closure
- Recommends MRC to seek alternative options

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# Options

Planning ahead to take control of our future

- Do nothing = lose local control of cost, impacts & consequences
- Take action = control cost, destination and environmental impacts

# Finding The Solution

We've engaged in a multi-year effort to find the best answer to our needs

- **2007:** Planning for 2018 starts
- **2011:** PERC informs MRC it will be unsustainable past 2018
- **2013:** MRC issues RFP to find options; 15 responses
- **2013 – 2015:** MRC conducts research and site visits
- **2015:** MRC selects solution aligned with members' collective needs

# The Chosen Path

Once in a generation opportunity to control our future

- **Innovative Technology Partner:** Fiberight
- **Strong Financial & Technical Backing:** Covanta
- **Centralized Accessible Location:** Hampden

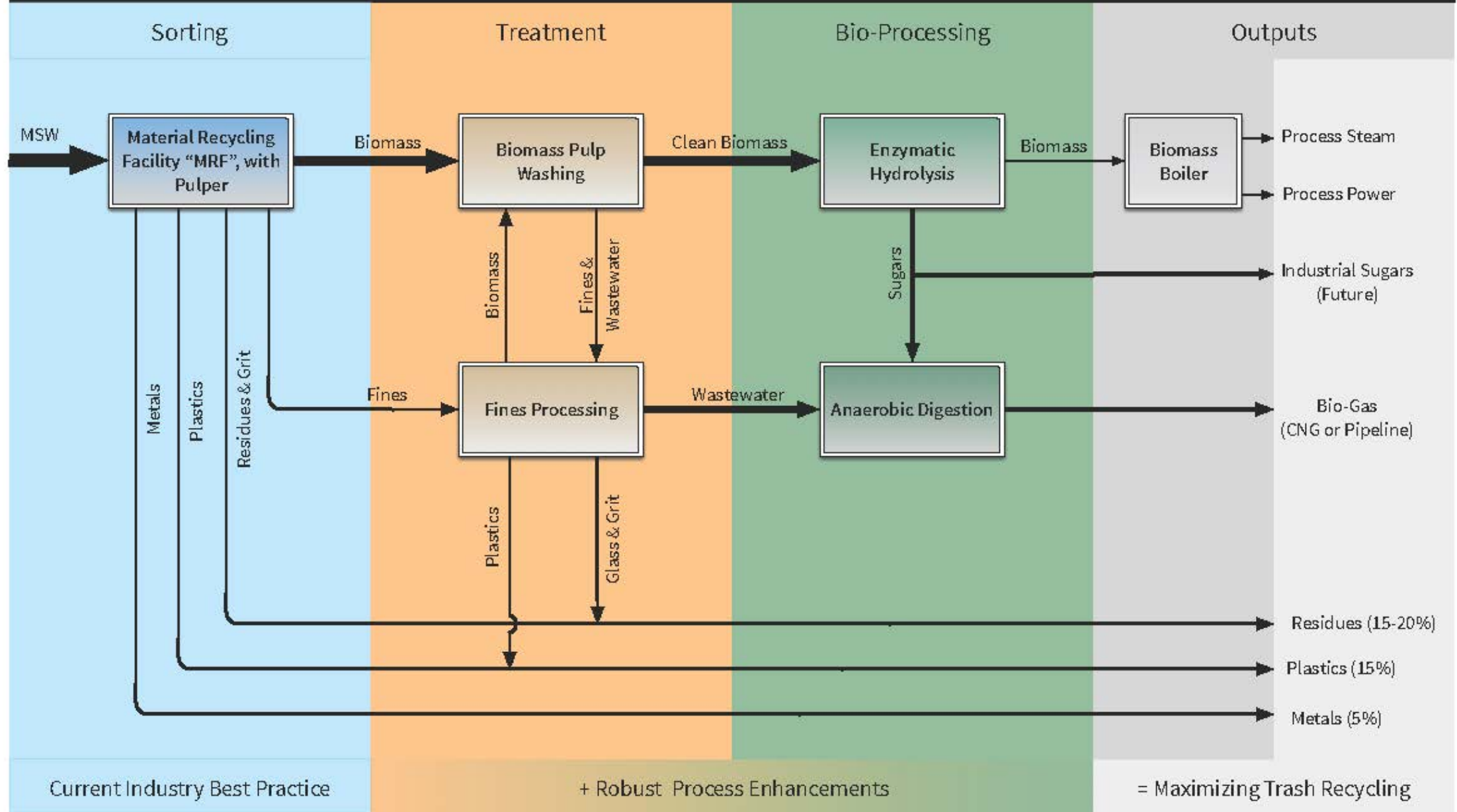
# The Chosen Path

Once in a generation opportunity to control our future





# Fiberight Process Pathway



# Fiberight's partner

Covanta Energy

- One of the largest owner/operators of infrastructure for the conversion of waste-to-energy
- \$1.8 billion company per year in annual revenues
- Waste Disposal:
  - Operates 45 Energy from Waste facilities
  - Processes 20 million tons of waste annually
- Metals Recycling
  - Recycles 500k tons of metal annually

# The Chosen Path

Covanta's role in the Hampden project

- Equity Investor
- Operates and Maintains the project with key technical support from Fiberight
- Responsible for marketing recovered metals through well-established contractual relationships
- Provides engineering and technical support throughout project construction and commissioning
- Subject to final Definitive Agreements between all Parties

# Plan Highlights

Building a next generation recycling facility

- Meets our member communities' current needs
- Flexible to meet the future increase or decrease without penalty
- System provides flexibility in products to be marketed

# Community Benefits

Local control. Local oversight. Local benefits.

- Reduces landfill needs by 60%
- One-stop location for MSW, organics & single stream recyclables
- Does not require out-of-state waste to remain viable
- No change to current trash and/or recycling programs
- Participating communities share in revenue agreements

# Equity Charter Reserves

Together our funds go further.

- Custody Account & Tip Fee Stabilization Fund (\$25 million)
  - Bridge Waste Transportation Fund (<\$1 million)
  - Site Capital Costs (\$5 million)
  - Building Reserve (\$7 million)
  - Delivery Sufficiency Reserve (\$3 million)
    - Charter Members can participate but not in shares that may be released
  - Closure Fund (\$1.16 million)
  - Target Reserve Fund (balance after funding other sources)

# Evaluating The Options

## MRC / Fiberight

## PERC Plan

**Tipping Fees:**

**\$70/ton**

**\$84.36/ton**

**Fee Adjustments:**

**Annually**

**4x Year**

**Rate Guarantee:**

**Yes** – in writing

**No**

**Rebates / Rev. Sharing:**

**Yes** – in writing

**No**

**Organics Program Cost:**

**Yes** – Included

**No** – billed extra

**Out Of State Waste:**

**Not Allowed**

**Allowed**

**MRC Oversight:**

**Yes**

**No**

**MRRA Endorsed:**

**Yes**

**No**

# Project Timeline

Building the path to the future

- **Spring 2016:** Communities sign joinder agreements before deadline
- **Summer 2016:** Land purchased, roads & utilities construction begins
- **Fall 2016:** Site work and facility construction begins
- **April 1, 2018:** Facility ready to receive MSW



# We Seek Your Commitment

Together we can better manage the future

Your timely support will help ensure the continuation of affordable, long-term and environmentally sound MSW management in our region.