

Town of Hampden  
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November 17, 2015

Municipal Review Committee, Inc.  
Attn: Chip Reeves, Board President  
395 State Street  
Ellsworth, ME 04605

Dear Mr. Reeves,

The Hampden Town Council has reviewed the draft agreements for MSW management starting in 2018, received from the MRC Board of Directors on October 14. On behalf of the Council, and on the basis of their review, I offer the following comments and questions:

#### MSW Costs

- The Council notes that the tipping fees charged by Fiberight in other locations are, to its knowledge, significantly below the \$70/ton proposed in the agreements. While the Council recognizes that the economics of facilities in different locations can vary significantly, the Council seeks to understand what accounts for the amount of the proposed fees.
- The Council has questions about the proposal to adjust tipping fees annually based on the CPI. The CPI reflects changes in consumer costs including energy. However, the Council notes that, because energy is an output of the Fiberight process, MSW would become more valuable as energy costs increase. Therefore the Council does not understand the rationale for use of CPI to determine increases in tipping fees.
- The stability and predictability of tipping fees is of primary importance. The Council is concerned that the proposed agreements do not include any cap on the rate of tipping fees, or the amount by which they may increase.
- The Council notes that the proposed agreements provide that the MRC, not the municipalities, would be responsible for any delivery sufficiency payments required. However, the Council notes that the MRC's financial resources derive from funds paid by municipalities including Hampden over many years. Therefore the Council seeks to better

understand the financial exposure created by delivery sufficiency payments under different contingencies.

#### MRC Equity

- The Council is aware that the proposed agreements contemplate distribution of rebates to municipalities in certain circumstances, and would like to better understand how any such rebates would be distributed.
- Because Hampden is an Equity Charter municipality, the Council would like to better understand the formula and timing for distribution of equity funds outlined in Exhibit B.

#### Norridgewock Contingency

- The Council notes that the proposed contingency arrangement with the Norridgewock landfill would result in increased MWS transportation costs. If the use of the Norridgewock facility resulted from the inability of the Fiberight facility to accept MSW, due to a failure of Fiberight, the Council does not feel that the Town should absorb additional transportation costs.
- The Council would like to better understand any limitations on the capacity of the Norridgewock facility to accept MSW over time.

#### MRC Role

- The Council notes that the MRC was first established in order to represent municipalities including Hampden in its negotiation and business arrangements with PERC and Bangor Hydro. MRC's existence as a regional, collaborative entity has yielded significant benefits to Hampden and other municipalities relative to what could have been achieved by each municipality acting alone. As the MRC/Fiberight project moves forward, it appears clear that MRC's role would change substantially. Towns like Hampden have come to rely upon the MRC to represent us in MSW management, and we have limited resources and personnel to do so alone. The Council is presently considering how this change would affect its interests, and we welcome the MRC's thoughts on this matter.

#### Costs for Review

- Prior to executing binding agreements such as those proposed, the Town of Hampden would seek independent legal review to ensure that any such agreements are in the best interests of Hampden's residents and businesses. Because the MRC was originally established in order to represent Hampden (and others), and because the need for review (of issues related to the proposed change to MRC's status and role) arises from MRC's proposal, the Council is concerned about expending funds for review. The Council suggests that the MRC conduct an internal legal review to assist member communities in understanding the implications of the proposed changes to MRC's role. Any such internal review could then be subject to independent legal review if and as needed.

We appreciate the MRC Board and staff's hard work on behalf of the Town of Hampden to ensure continued MSW management at reasonable, predictable costs in the years ahead. The

Council looks forward to working with the MRC to secure the information needed to arrive at a positive outcome for Hampden's residents and businesses.

Sincerely,

Angus Jennings  
Town Manager

