Hi all –

I have been advised to add the materials that I forwarded to the town (the press release and link to the CommonWealth technical report on the Pro Forma Economics of the Fiberight Facility dated June 2, 2016) this morning and EA news article into the official Planning Board record. Please consider this email MRC’s request to add the above-referenced materials into the record.

Thank you and I look forward to seeing Wednesday evening next week.

Greg
FOR IMMEDIATE RELEASE
June 3, 2016

Fiberight economics work, even at lower tonnage
Independent analysis confirms Fiberight’s feasibility

ELLSWORTH, ME – The Municipal Review Committee (MRC), a non-profit organization dedicated to ensuring the affordable and environmentally sound disposal of municipal solid waste in the long term, has released additional detailed analysis of Fiberight’s Hampden facility economics confirming the project’s viability and profitability, even at a smaller scale.

The review confirms that Fiberight’s Hampden facility will be able to generate positive cash flows and return on investment, plus provide rebates to Joining Members on both the base case with 150,000 tons from MRC communities and lower amounts of MSW deliveries totaling 110,000 tons, most or all of which would be delivered by the MRC communities.

MRC’s technical consultant, CommonWealth Resource Management Corporation (CRMC), reviewed Fiberight’s pro forma and provided MRC with a lengthy report detailing this review. This comprehensive analysis and supporting pro forma projections are available here.

The report centered around two options 1) a base case analysis with MSW deliveries of 180,000 tons per year and 2) a lower MSW deliveries case of 110,000 tons per year. CRMC demonstrated that the project will be financially feasible at both cases.

Highlights:
- In both cases, operating revenues are projected to exceed project operating expenses by a significant margin in every year of the initial 15 year term.
- In both cases, annual revenue from tip fees alone would exceed annual operating expenses in every year, even if revenues from products like biogas and recyclables are assumed to be zero.
- In both cases, the Fiberight Pro Forma indicates that the facility would generate positive cash flows and positive return on investment.
- The smaller scale facility, although it would not be capable of serving all current MRC members, appears to offer investors equal or higher overall returns due to its lower capital costs and other factors.
- Both scales of operation capture recyclables from MSW and divert incoming MSW from a landfill at the same rate.
- In both cases, there is reasoned expectation that Joining Members will receive rebates from Fiberight revenues.
“One aspect of the Fiberight technology platform that attracted MRC from the start is its ability to be adaptable to changing conditions,” said MRC Executive Director Greg Lounder. “The MRC is still working hard toward our goal of signing up 150,000 tons of municipal solid waste (MSW) from member communities, but in the event that the goal is not met, with this report, the 83 Joining Towns and those voting this month can be assured that they will have access to an economically viable and dependable processing facility.”

In light of approximately 20 percent of the current MRC membership electing to make new arrangements with disposal facilities in southern, northern and western Maine and, in a few cases, Canada, the MRC found it necessary to take a serious look at project economics on a smaller scale. In addition, a small number of MRC member communities have indicated their intention of staying with PERC.

The MRC believes that the size of the project should be consistent with the number of towns that commit to MRC/Fiberight by the end of June. To ensure access to the Fiberight facility, towns that have a town meeting later than June must inform the MRC in writing of their intention to vote for the MRC at their town meeting.

“We remain committed to helping as many charter municipalities as possible, but there is risk that the MRC/Fiberight facility will not have the physical capacity to serve the needs of departing municipalities that find their alternative arrangements didn’t work out as planned,” said Lounder.

**Background**

The MRC, a non-profit organization, was formed by municipalities in 1991 and has played a critical role in ensuring our long-term, affordable and environmentally sound waste disposal ever since. After reviewing many different disposal options for post 2018, including staying with PERC, MRC chose Fiberight, a state-of-the-art recycling and MSW processing facility to be constructed in Hampden. This combination of straight forward technologies will help move solid waste management and true resource recovery well into the 21st century. To date, 83 towns and cities have committed to sending 87,000 tons of MSW to Fiberight starting in 2018. Online at [www.mrcmaine.org](http://www.mrcmaine.org).

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ELLSWORTH — If this were baseball, it would be easy to tell who is on first in the competition for waste generated by most of Hancock County and many other communities.

But it’s not baseball. It’s all about garbage and where it will be hauled beginning in March 2018.

The two competing factions are the Municipal Review Committee, which represents 187 towns and cities, and the Penobscot Energy Recovery Co. (PERC) in Orrington.

The MRC is supporting construction of a new waste-to-biogas plant in Hampden, which would be built and operated by Maryland-based Fiberight.

The MRC has said it needs 150,000 tons to make the project viable, but is now looking at whether it would work at 110,000 tons.

“Our goal is to have that analysis completed by the end of this week,” said Greg Lounder, executive director of the MRC.

But Fiberight CEO Crag Stuart-Paul is confident the lower threshold will work and it has been met — 87,000 tons committed already as municipalities vote one-by-one, and at least another 24,000 tons expected as more communities vote in June.

Lounder said the outcome of June votes representing 9,000 tons is uncertain, but the group can count on another 20,000 tons delivered from commercial sources and 10,000 tons from new joining communities.

Stuart-Paul said it’s all more than enough.

“We have the minimum, and as of the end of June we will have more than that minimum,” he said. “We will finalize the design at that point. We are a go.”

PERC, which said it needs 120,000 tons from its current MRC customers, says those numbers are misleading.

“Forty to fifty percent of the municipal waste is often not always under the control of the municipality because it’s commercial waste,” said PERC consultant George Wood.

Wood said the courts have made it clear that a municipality cannot control where its commercial waste is hauled.

“That number, 87,000 tons, needs to be discounted,” he said.

According to MRC’s numbers, PERC has 17,000 tons committed from MRC’s members.
Wood said the number is closer to 20,000 tons and there is much more tonnage available.

“We have more than that in commercial contracts,” he said. “We feel very confident about the commercial side of this. We’re confident we’ll get up to our number.”

MRC member municipalities now haul their trash to PERC, which burns the waste to create electricity.

The rub is that in March 2018, federally mandated higher than market rates paid for the electricity will expire.

PERC said it can continue to operate and offer municipalities a reasonable “tipping” fee — the cost per ton for disposal.

But the MRC maintains the numbers don’t add up and are offering the Hampden plant as a new and sound alternative.

Lounder cautioned communities that are not signing onto the Hampden proposal that they may be left with nowhere to go.

“We need to make final choices on sizing a facility designed to serve those who sign up by the end of June,” he said. “My biggest fear is some MRC members that elect to ‘wait and see’ or that make a commitment elsewhere that does not work out will later find themselves stranded.”