

TOWN OF LAMOINE
BOARD OF SELECTMEN MEETING - MARCH 24, 2016
POST 2018 SOLID WASTE DISPOSAL OPTIONS
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Three Options

- MRC-Fiberight
- PERC
- Direct Haul to Landfill

MRC-Fiberight

- **Initial Tipping Fee: \$70/T**
 - **Deduct potential rebates** for tipping fees and product revenues above their respective baselines – the MRC projects the rebates to total \$5.47/T in the first year at their *projected operations level of 180,000 TPY*.
 - **Add costs** of planned or potential Project expenditures taken from the Reserve Funds. Based on MSW receipts of 150,000 TPY for 15 years, the tipping fee, for comparison purposes, would be increased by approximately \$2.25 to \$7.00/T).
- **Initial Term: 15 years** (with 5 year renewals)
- **Minimum Acceptable Waste Requirement: 150,000 TPY** (from the MRC municipalities)
- **Implementation of European and “repurposed” American technology** is a laudable objective.
- **Application of such technologies is not without risks.**
 - **Typical Risks**
 - First time integration of multiple demonstrated technologies into one system.
 - Reliable production of pipeline quality bio-methane gas and marketable sugars.
 - The impact of frequent changes in waste characteristics on the newer technologies.
 - Scale up from 50 TPD to 650 TPD.
 - Staffing levels and O&M costs (often underestimated in first time projects).
 - **Additional Risks in Our Region**
 - Seasonal waste generation variations – must design for higher summer volumes, but then can face daily shortfalls October – May.
 - Seasonal homes and tourist attractions exacerbate seasonal waste generation.
 - Seasonal waste characteristics variations – highest organics composition in the summer enhance bio-methane gas generation, but gas demand and prices generally are lower in summer.
- **Who bears these risks?**
 - **Prior to the “Construction Date,”** Fiberight can terminate the Agreement if it “...*reasonably determines that...[several factors]...or any other factor makes construction or operation of the Facility uneconomic or practically infeasible.*” .
 - **Thereafter,** Fiberight can request a tipping fee increase and, per the Bylaws:
 - The Board of Directors must approve it first.
 - Then a majority of the Joining Members also must approve it.
 - However, the Joinder Agreement appears to require the individual Joining Members’ approval (open issue).

Lamoine Board of Selectmen meeting - March 24, 2016
Post 2018 Solid Waste Disposal Options

- **If the Facility fails to pass its performance test**, then the municipalities' expectation is that Fiberight will implement the necessary modifications to achieve the required performance rather than simply abandoning the project or demanding a tipping fee increase. Covanta is expected to be Fiberight's partner for this project. *However, to date, Covanta has not participated in the MRC-Fiberight presentations.*
- **Complex Agreements** - Agreement language changes have been suggested to eliminate inconsistencies, clarify the intent of the parties and to further reduce risks to the municipalities, *especially with respect to liabilities associated with the delivery of Unacceptable Waste.*
- **Project Failure:** Acceptable Waste will be hauled directly or transferred to the Crossroads Landfill in Norridgewock under the provisions of the Landfill Agreement for a period of up to 10 years (The Initial Term of the MRC-Fiberight Agreement is 15 years). The Landfill Agreement can be extended by mutual agreement for up to two additional 5 year terms.

PERC

- **Initial Tipping Fee: \$84.36/T**
- **Initial Term: 15 years** (with 15 year renewal)
- **Minimum Acceptable Waste Requirement: 180,000 TPY** from all sources (projected operations level 210,000 TPY)
- **Post 2018 Operating Strategy:** PERC plans to sell power during the twice daily peak demand periods and the high demand period in between (approximately 16 hours/day total). However, PERC will be able to generate sufficient power during the remaining 8 hours for Acceptable Waste processing. MSW will still be received 5.5 days per week and RDF will be produced during the off peak hours.
- **Risks**
 - The possibility that PERC has underestimated the adverse impact of daily boiler cycling on O&M costs and major repair and replacement costs.
 - PERC experiences problems in its new role of selling its power output.
 - The possibility that PERC's higher forward pricing projections for power sales and capacity sales do not materialize.
 - Possibility of changes in existing air emission standards that would require significant upgrades to the air pollution control equipment.
- **Agreement:** Simple document, but some minor changes are still being made.
- **Project Failure:** PERC and Casella presently are making arrangements for Acceptable Waste to be hauled directly or transferred to the Juniper Ridge Landfill in Old Town (if permit conditions can be modified) or to other Casella facilities.

Direct Haul to Landfill

- **Crossroads Landfill, Norridgewock** (Waste Management)
 - **Initial Tipping Fee: \$64.50/T**

Lamoine Board of Selectmen meeting - March 24, 2016
Post 2018 Solid Waste Disposal Options

- **Additional Hauling Cost: Approximately \$25/T**
- **Initial Term: 5 years** (with 5 year renewals)
- **Capacity: 2025** at current fill rates (planning a significant expansion)
- **Permit Restrictions** for Acceptable Waste: None
- **Juniper Ridge Landfill, Old Town** (Casella, but State-owned)
 - **Initial Tipping Fee: \$62/T** (with State-mandated cap of \$73.81/T)
 - **Additional Hauling Cost: Negligible**
 - **Initial Term: N.A.** (see below)
 - **Capacity: Approximately 4-5 years** (expansion permit expected in 2017 for 12 additional years capacity)
 - **Permit Restrictions:** Presently allowed to take only Front End Process Residue, Bypass Waste from “incinerators” and ash.