

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by Brady Hill.

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$16,615,000

Project Name: South Tahoe Refuse Co.
Project Address: 2140 Ruth Avenue
City, County, Zip Code: South Lake Tahoe, El Dorado County, 96150

Project Sponsor Information:
Name: South Tahoe Refuse Co.
Address: 2140 Ruth Avenue
South Lake Tahoe, CA 96150
Principals: Jeffery Tillman, John Marchini, Gloria Lehman, John Tillman,
Carol Sesser, Bennie Ratto and Sandra Martin
Contact: Terry Trease
Phone: (530) 542-8345

Project User Information:
Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:
Bond Counsel: Law Offices of Leslie M. Lava
Underwriter: Westhoff, Cone & Holmstedt
Credit Enhancement Provider: Union Bank of California
Private Placement Purchaser: Not applicable
TEFRA Hearing: February 21, 2008

Project Sponsor's principal activity: According to the application, the Project Sponsor's principal activity is the collection, recycling, transportation and disposal of solid waste.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): Yes, California Integrated Waste Management Act (AB 939)

Sources of Funds:

Tax-Exempt Bond Proceeds	\$16,615,000
Other Sources	\$ 250,000
Total Sources	\$16,865,000

Uses of Funds:

Construction of New Building(s)	\$12,077,450
Utilities Connection	\$ 300,000
New Equipment Purchase & Installation	\$ 1,336,500
Engineering/Architecture	\$ 908,550
Land coverage rights/mitigation	\$ 200,000
Cost of Issuance (including discount)	\$ 566,645
Letter of Credit or Bond Insurance Fee	\$ 229,273
Interest during Construction	<u>\$ 1,246,582</u>
Total Uses	\$18,865,000

Description of Proposed Project: According to the application, the Project Sponsor's project consists of the renovation of new buildings containing approximately 32,000 square feet, staging areas and the purchase of equipment to be used therein. Primarily from its headquarters location in South Lake Tahoe, the Company and its affiliates collect and process solid waste for recycling and disposal in the South Lake Tahoe, Placerville and Douglas County, Nevada areas. It currently has offices, a corporate yard and a MRF at its headquarters. The goal of the project is to increase recycling to the level required by California AB 939 by removing organic materials from the current waste stream and targeting additional materials that are not being recycled. According to the application, this additional diversion will be achieved by adding the new Resource Recovery Facility dedicated to organic waste. This additional diversion will in turn increase the storage area in the Material Recovery Facility, allowing for additional separation and storage of other recyclable materials. According to the application, total storage area will almost double from 36,134 square feet to 68,692 square feet. Additionally, a residential green waste collection route will be added which will capture that waste stream as well as increasing sorting efficiency on the Materials Recovery Facility line. Recovered organic materials will be sent to a regional composting facility under an existing contract, and may also be utilized for local re-vegetation and energy generation projects, as these markets evolve. The Company currently collects solid waste from California residents and commercial customers alike in the City of South Lake Tahoe, unincorporated east slope areas of El Dorado County and in numerous rural communities in the unincorporated west slope area of El Dorado County, including Coloma, Cool, Georgetown and Lotus.

Environmental impact:

- 1) Air Quality: None indicated.
- 2) Water Quality: According to the application, the proposed facility will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This will prevent any seepage of undesirable materials into the ground water. The Project Sponsor will comply with storm water management regulations. Also, the landscape vegetation will be native to the Sierra Nevada with an automatic irrigation system utilizing drip and other low-flow techniques to minimize water usage.
- 3) Energy Efficiency: According to the application, although the Project Sponsor does not plan for LEED Certification, it intends to utilize current LEED inspired building practices which will result in a much more energy efficient building than otherwise. As an example, translucent panels will be installed along the peak of the roof to allow for natural light and heating and lighting to be implemented, which will together reduce the energy usage when contrasted with a conventional building approach.
- 4) Recycling of Commodities: According to the application, the new Resource Recovery Facility (RRF) will allow for greater space within the existing MRF to sort and recycle construction and demolition debris and material from community cleanup projects which are currently not fully MRF processed. Therefore, the Project Sponsor anticipates increasing the amount of material diverted and recycled from the waste stream in its service area, when it is able to process the organic material in its new RRF.

- 5) Safety and Compliance: According to the application, the Project Sponsor is in compliance with all applicable state and federal environmental regulations regarding solid waste disposal.
- 6) Consumer Costs Savings and Efficiencies: According to the application, with the opening of the RRF, residents will be provided with new yard waste services at no increased fee. Commercial, self-haul customers will save both time and money by utilizing the new RRF due to reduced tip fees for clean organic loads and an automated scale system.

Other public benefits provided by the project: According to the application, the Project Sponsor will create approximately 3 full time jobs at its new RRF. The proposed Project will also generate the following tax revenue:

Property taxes	\$140,000 (annually)
Payroll taxes	\$5,500 (annually)

Local government support: Letter of support has been received from Norma Santiago, Supervisor, of the El Dorado County Board of Supervisors.

Legal Questionnaire: No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Recommendation: Staff recommends that the Committee approve \$16,615,000 in tax-exempt bond allocation.