

# CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## Public Benefit Analysis Exempt Facility Project Pool September 21, 2005 Allocation

Exempt Facility Bonds are tax-exempt private activity bonds that are issued by state and local governmental agencies to finance primarily solid waste disposal and waste recycling facilities. The tax-exempt bonds provide facility owners with low cost financing in the form of a lower interest rate than a conventional loan. The interest rate savings enable the project owners to maintain lower customer rates, minimize customer rate increases, or increase environmental benefits, while at the same time assisting the communities they serve to meet their mandated requirements to protect and enhance the environment. Exempt facility projects also benefit their communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has prioritized the award of allocation to smaller companies in order to assist their communities to meet their environmental mandates.

The California Debt Limit Allocation Committee (“Committee”) is responsible for administering California’s annual tax-exempt private activity bond program, known as “the annual State ceiling”. For calendar year 2005, California’s State ceiling is \$2.871 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as “Program Pools”, including the Exempt Facility Project Pool. For calendar year 2005, the Committee reserved \$250,000,000, or 8.7%, of the State ceiling for the Exempt Facility Project Pool. The \$250,000,000 of bond authority will be allocated throughout the 2005 calendar year. There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business<sup>1</sup> under Regulatory Mandate<sup>2</sup>, 2) Non-first Tier Business under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, 4) All other Applications for Exempt Facilities.

On September 21, 2005, the Committee authorized the California Pollution Control Financing Authority to utilize its 2004 Carryforward Bond Authority for two exempt facility projects totaling \$35,340,000, of these two projects; the Committee awarded to one project an additional \$41,565,000 in 2005 State ceiling. One is a First Tier Business under Regulatory Mandate and one is a Non-First Tier Project under Regulatory Mandate with sites located throughout California. Both projects are solid waste disposal and/or recycling facilities, which include the improvement of existing facilities, and the purchase of more efficient and cleaner fuel burning equipment. In addition, the projects will create 10 full time jobs, as well as 50 temporary jobs during construction as a result of these allocations.

### **September 21, 2005 Allocation - Benefit of Exempt Facility Program**

<b>Allocation Amount September 21</b>	<b>First Tier Businesses Under Regulatory Mandate</b>	<b>Non-First Tier Businesses Under Regulatory Mandate</b>	<b>Total Exempt Facility Projects</b>
\$76,905,000	1	1	2

<sup>1</sup> “First Tier Business” means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

<sup>2</sup> “Regulatory Mandate” means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. (“AB 939”), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

**September 21, 2005 Allocation  
Public Benefit Analysis**

<b>First Tier Businesses Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefits</b>
Sunset Waste Paper, Inc.	\$1,905,000	<p>Sunset Waste Paper, Inc. provides solid waste collection, disposal, and recycling services to the central valley communities of the Cities of Fresno, Sanger, Delano, Parlier, Reedley, Biola, Merced, Woodlake, Visalia and the Counties of Fresno and Tulare. The proposed Project consists of improvements to an existing landfill and material recovery facility and purchase of related equipment as follows:</p> <ol style="list-style-type: none"> <li>1) Improvements to existing landfill facility includes: a) construction of an additional 60,000 square foot building to the existing MRF<sup>3</sup> facility, which will serve as a transfer station for municipal solid waste.</li> <li>2) Improvements to existing material recovery facility includes: a) construction of additional office space and replace aging equipment at the Visalia Material Recovery Center.</li> <li>3) Purchase of related equipment includes: c) loaders, electric carts, sweeper, pick-up truck and collection vehicles.</li> </ol> <p>According to the Project Sponsor, the proposed Project will recover 10,000 to 12, 000 tons of recyclables per year. In addition, the Project will create 10 new permanent, full time positions and approximately 50 jobs during construction. According to the Project Sponsor, the proposed Project will assist the communities listed above comply with AB 939 requirements.</p>
Waste Management, Inc.	\$75,000,000	<p>The Project consists of improvements to 1) existing landfill facilities and 2) hauling and transfer station facilities operated by Waste Management and its affiliates throughout California.</p> <p>Improvements to existing landfill facilities includes: a) construction of new disposal cells and liners within currently permitted acreage; b) additions and improvements to leachate collection and treatment systems; c) additions and improvements methane gas systems; d) installation of new liners for intermittent and final closure of completed sections of landfill facilities; e) purchase of land; f) facility improvements; g) construction of new buildings; h) acquisition of equipment for use at landfill facilities; I) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service.</p> <p>Improvements to existing hauling and transfer station facilities includes: a) solid waste disposal containers and related equipment; b) solid waste disposal sorting and processing equipment; c) facility improvements; and d) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service.</p> <p>According to the Project Sponsor, the Project will assist communities, with which Waste Management has contractual agreements, meet their regulatory waste stream diversion mandates.</p>

<sup>3</sup> "MRF" means Materials Recovery Facility. This is a facility that receives, sorts, and bales for resale recyclable waste material collected from residential and commercial establishments.