

# CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## Public Benefit Analysis Exempt Facility Project Pool January 18, 2006 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 lower interest rate than a conventional loan. The interest rate savings enable the project owners to maintain lower customer rates or minimize customer rate increases, 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 the communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has redirected 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 2006, California’s State ceiling is \$2.891 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 2006, the Committee reserved \$421 million, or 14.5%, of the State ceiling for the Exempt Facility Project Pool. The \$421 million of bond authority will be allocated in six allocation rounds during calendar year 2006. 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 Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, and 4) All other Applications for Exempt Facilities.

The Committee awarded a total of \$5,390,000 for exempt facilities in the First Allocation Round of 2006. This represents 1.3% of the \$421 million Exempt Facility Project Pool and .2% of the 2006 \$2.891 billion State ceiling. The entire first round allocation was awarded to a single issuer, the California Pollution Control Financing Authority, for one exempt facility project located in California. The first round project is a First Tier Project under Regulatory Mandate. The project is a solid waste disposal and/or recycling facilities, which includes the construction of new facility or the expansion of existing facility, and the purchase of more efficient and cleaner fuel burning equipment. In addition, the project is expected to create over 15 full time jobs as a result of these allocations.

### **January 18, 2006 Allocation Benefit of Exempt Facility Program**

<b>Allocation Amount Round 1</b>	<b>First Tier Projects Under Regulatory Mandate</b>	<b>Total Exempt Facility Projects</b>
\$5,390,000	1	1

<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.

**January 18, 2006 Allocation  
Public Benefit Analysis**

<b>First Tier Projects Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefits</b>
Peña's Disposal, Inc.	\$5,390,000	<p>According to the application, the Company provides solid waste collection, hauling and disposal, and recycling. The proposed Project involves the construction of a new 61,000 square foot solid waste Materials Recycling Facility on a 20 acre site of its existing corporate yard. The Project will increase space for green waste processing, create a transfer facility for municipal solid waste, increase the sorting area for recyclables, construct offices, pave much of the acreage, increase the vehicle maintenance capacity and construct a runoff waste water holding pond on adjacent acreage. A portion of the new building will be made available to local residents as a drop off point for recyclables. The annual tonnage to be transferred and recycled is expected to be approximately 92,928 and 88,572 tons respectively. In addition, equipment to be purchased will include loaders, forklifts, balers, carts and bins. According to the application, the Project will create approximately 15 full time jobs, as well as 25 temporary jobs during construction and assist the Project Sponsor's clients in the Central Valley comply with AB 939.</p>