

# CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## Public Benefit Analysis Exempt Facility Project Pool 2007 Summary

Each year, the California Debt Limit Allocation Committee (Committee) reserves a portion of its tax-exempt private activity bond authority for the Exempt Facility Project Pool. These tax-exempt bonds are used to finance primarily solid waste disposal and waste recycling facilities. 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, 4) All other Applications for Exempt Facilities. The tax-exempt bonds provide low cost financing, in the form of below market interest rates, to project owners. The interest rate savings enable project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities served by the projects meet their mandated requirements to protect and enhance the environment. These projects also benefit the communities by creating new jobs.

In 2007, the Committee awarded \$577,140,000 in allocation, representing 18.6% of the total \$3.098 billion state ceiling and \$120,000 in 2006 carryforward allocation. The allocation was awarded in five allocation rounds to the California Pollution Control Financing Authority (CPCFA), for a total of twelve exempt facility projects, the California Statewide Communities Development Authority (CSCDA), for two exempt facility projects, the California Municipal Finance Authority (CMFA), for three exempt facility projects and the California Enterprise Development Authority (CEDA), for one exempt facility project with sites located throughout California. The allocation was distributed between three categories: 1) 35.2%, or \$203,360,000, of the allocation was allocated to First Tier Projects Under Regulatory Mandate, 2) 37.2%, or \$215,000,000, of the allocation was allocated to First Tier Projects Not Under Regulatory Mandate, 3) 20%, or \$115,180,000, of the allocation was allocated to Non-First Tier Projects Under Regulatory Mandate, and 4) 7.2% or \$41,660,000, of the allocation was allocated to Non-First Tier Projects Not Under Regulatory Mandate. The 2007 allocations financed 9 First Tier Projects under Regulatory Mandate, 3 First Tier Project not under Regulatory Mandate, 4 Non-First Tier Project under Regulatory Mandate, and 2 Non-First Tier Project not under Regulatory Mandate. All of the projects are solid waste disposal and/or recycling facilities, which include the construction of new facilities or the expansion of existing facilities, process grown rice straw into a highly competitive formaldehyde free medium density fiberboard, convert “stillage” into commercially saleable animal feed (“wet distillers’ grain”), process municipal sewage sludge (“biosolids”) into renewable fuel and the purchase of more efficient and cleaner fuel burning equipment. In addition, over 290 full time jobs are expected to be created as a result of these allocations.

### 2007 Total Benefit of Exempt Facility Project Pool

2007 Allocation Amount	First Tier Projects Under Regulatory Mandate	First Tier Projects Not Under Regulatory Mandate	Non-First Tier Projects Under Regulatory Mandate	Non-First Tier Project Not Under Regulatory Mandate	Total Exempt Facility Projects
\$577,140,000	35.2% or \$203,360,000 (9 Projects)	37.2% or \$215,000,000 (3 Projects)	20% or \$115,180,000 (4 Projects)	7.2% or \$41,660,000 (2 Projects)	18

<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.

**2007 Summary Benefit By Project**

<b>First Tier Projects Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefit</b>
The Ratto Group of Companies	\$42,600,000	According to the application, the Project Sponsor intends to purchase land and an existing building at which it will house a portion of its collection fleet and will acquire waste collection vehicles and waste containers. The vehicles may be housed from time to time at any of the Project Sponsor's operating locations and the containers will be located at various customer locations throughout the Project Sponsor's service area. The Project Sponsor's service area consists of the Cities of Santa Rosa, Rohnert Park, Windsor, Ukiah, Clear Lake, Novato, and Mariposa and portions of the unincorporated Counties of Mariposa, Marin, Sonoma, Lake and Mendocino. According to the application, the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
Green Waste Recovery, Inc.	\$38,305,000	Site A.1. and A.2.- According to the application, the Project Sponsor intends to purchase collection vehicles and containers to fulfill its new residential greenwaste hauling contract with the City of San Jose. In addition, the Project Sponsor will reorganize and expand its existing MRF to more efficiently process both recyclables and municipal solid waste and create a new vehicle maintenance facility. The proposed Project also includes the purchase of an additional parcel of land and street sweeper equipment necessary to fulfill its contractual obligations. The Project Sponsor also intends to purchase additional collection vehicles and containers to be used in various unincorporated areas of Santa Clara County. Site B – According to the application, the proposed Project consists of the purchase of new bio-diesel powered collection vehicles for residential and commercial hauling within Santa Cruz County.  According to the application, the Project Sponsor's service area consists of franchised areas which include the Cities of San Jose, San Juan Batista, Woodside, Portola Valley and Petaluma, the Counties of Santa Clara and Santa Cruz and approximately 60 plus other political subdivisions in the greater Bay Area in which the Project Sponsor offers debris box service. Also, there will be approximately 25 employees hired to staff the operations in the new MRF.
CR & R, Inc.	\$34,615,000	According to the application, the proposed Project involves the upgrade and improvements to its materials recovery facility and various recycling operations located within Orange, Los Angeles, Riverside and San Bernardino Counties to accommodate the growth in their service areas. The Project Sponsor will purchase additional sorting lines, balers, loaders, crushers, a street sweeper and related waste processing equipment, making site improvements to allow for new efficiencies and the acquisition of additional new California Air Resources Board compliant low emission waste collection vehicles and containers system wide. The proposed Project will create approximately 20 full time jobs. The proposed Project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with State AB 939.
California Waste Solutions, Inc.	\$25,905,000	Site A. - According to the application, the City of San Jose has contracted with the Project Sponsor to collect, sort and process residential recyclables within a portion of the City of San Jose (Districts A & C). At present, the recyclables are collected by Norcal Waste Systems and delivered to the Project Sponsor for processing. Under the new contract, the Project Sponsor will be responsible for collection of the recyclables. The Project Sponsor anticipates expansion of its collection activities to include commercial recyclables within the San Jose metropolitan area. The proposed Project consists of the acquisition of new trucks, bins, containers and carts. New sort line equipment will be added to its Timothy Street, San Jose address and possibly its 10 <sup>th</sup> Street and Wood Street addresses in Oakland. Site B. - In addition, the Project Sponsor may need to acquire an additional site within the City of San Jose for truck storage and maintenance as well as additional material processing. The proposed Project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with State AB 939.

**2007 Summary Benefit By Project**

<b>First Tier Projects Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefit</b>
Northern Recycling & Waste Services, LLC	\$10,315,000	<p>Site A.- According to the application, the Project Sponsor was awarded a contract with the City of Paradise to collect and recycle waste beginning May 1, 2007. The proposed Project will consist of the purchase of waste collection vehicles and containers and acquisition of a 5 plus acre site which includes an existing 2,900 square feet building at which it will house its fleet. The recyclables collected will be consolidated into transfer trailers and transported to the Napa Recycling and Waste Services MRF in Napa for processing.</p> <p>Site B.- According to the application, the Project Sponsor was awarded a contract with the City of Napa to collect and recycle waste beginning on July 1, 2007, which obligates the Project Sponsor to manage an existing transfer station which is owned by the Napa-Vallejo Waste Management Authority. The Napa-Vallejo Waste Management Authority consists of the Cities of Vallejo, Napa and American Canyon and the County of Napa. The proposed Project will consist of the purchase of various rolling stock and construction and demolition debris processing equipment.</p> <p>The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.</p>
Bay Counties SMaRT	\$5,310,000	<p>According to the application, the Project Sponsor recently was awarded the contract to operate an existing 1500 tons per day materials recycling facility and transfer station owned by a municipal joint powers authority consisting of the Cities of Sunnyvale, Palo Alto and Mountain View. In order to meet the conditions of its contract, the Project Sponsor must acquire additional equipment to enhance the present operation. It is expected that the Project will increase the diversion effort presently experience at the facility in furtherance of the Cities' AB 939 requirements.</p>
Sunset Waste Paper, Inc.	\$11,650,000	<p>According to the application, the Project Sponsor has doubled the size of its existing material recycling facility (MRF) by adding a 60,000 square foot building which serves as a transfer station for municipal solid waste. The proposed Project included the construction of the building and the purchase of various equipment such as, but not necessarily limited to loaders, electric carts, a pickup truck and a sweeper. The new transfer station was recently completed and an open side to their existing MRF building was enclosed. The Project Sponsor also plans to repave its Visalia MRF site, add a scale and acquire replacement collection vehicles and carts for use throughout its collection area. The proposed Project will assist the Cities of Fresno, Sanger, Delano, Parlier, Reedley, Biola, Merced, Woodlake, and Fresno County in complying with AB939. According to the application, the Project will create approximately 10 full-time jobs as well as 50 jobs during construction.</p>
Raisch Company	\$2,700,000	<p>According to the application, the proposed Project will consist of the acquisition of a new mobile plant for recycling waste concrete and asphalt materials; and the purchase of related equipment: conveyors, hoppers, crushers, sorters, screens, trailers and a generator. The Project will replace an existing out-dated mobile recycling plant; thus allowing the Project Sponsor to increase the amount of waste material recycled. The Project Sponsor operates several locations where construction and demolition waste concrete and asphalt are delivered by contractors, governmental agencies, and local residents. The waste accumulates at each location. The mobile plant travels to each location and converts the accumulated waste into materials that are usable in road building and other construction uses. In addition, the mobile plant can be used at construction sites where large amounts of waste materials are generated. Communities in the Counties of Santa Clara and Southern Alameda will be served. The Project Sponsor currently recycles in excess of 400,000 tons of waste concrete and asphalt annually. The Project is in direct response to AB 939.</p>

**2007 Summary Benefit By Project**

<b>First Tier Projects Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefit</b>
EDCO Disposal Corporation	\$31,960,000	According to the application, the primary purpose of the Project is for the Project Sponsor to acquire low emission collection trucks, loaders, transfer trucks and trailers and other support vehicles. New Rolling stock will replace those that are not in compliance with the new CARB standards. The vehicles and equipment will be housed at several of the project Sponsor's facilities located within its service areas throughout San Diego, Los Angeles, Orange, Riverside, Imperial and San Bernardino Counties. The Project Sponsor will also acquire additional bins, carts and other equipment to be used throughout its service area. In addition, the Project Sponsor will retrofit one or more of its existing sort lines and as part of this process, make additional improvements/renovations to certain of its existing MRFs or transfer facilities, including paving, utility upgrades and other onsite and offsite improvements. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.

<b>First Tier Project Not Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefits</b>
CalPlant I	\$100,000,000	According to the application, the proposed Project consists of the purchase of 276 acres of land and the construction of a 300,000 square feet facility that will recycle 265,000 tons of grown rice straw, an annually renewable agriwaste, which will be used to manufacture a highly competitive formaldehyde free medium density fiberboard (MDF) to substitute wood based products. The primary raw materials are grown rice straw and a polymeric Methylene Diphenyl Diisocyanate resin binder. The Project Sponsor has executed a 15 year material supply and service contracts. In addition, the Project Sponsor has executed a 15 year agreement with a forest products company to purchase and distribute 100% of the Project's 150 million square feet of MDF manufactured annually. The equipment will be purchased from Metso Panelboard, the world's leading technology and equipment supply-company within the forest products industry. Such equipment includes straw handling, defibrator system, wax system, drying, ducts/cyclones, storage, fiber cleaning, mat forming, forming conveying/prepressing, press infeed, saw and sanderdust transport, fuel handling/thermal fluid and steam, high voltage distribution, fire protection, press outfeed, sanding, sawing, packaging and rolling stock. Each production element associated with converting raw material into fiber, blending it with resin binder, forming it into mats, pressing it into boards, and sanding and sawing into finished panels will be done with established machine designs configured in a well-accepted process arrangement. Installation and construction contract has been executed with CH2M Hill Lockwood Green. The Project will serve the Counties of Butte, Colusa, Glenn, Sacramento, Sutter, Tehama, Yolo and Yuba. The Project will create approximately 115 full-time jobs as well as 450 temporary jobs. An additional 1200 ancillary jobs will be created by the proposed Project.

**2007 Summary Benefit By Project**

<b>First Tier Projects Not Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefits</b>
<p>EnerTech Environmental California, LLC</p>	<p>\$80,000,000 (supplemental award 3/21/07) \$80,000,000 (original award on 12/13/06)</p>	<p>According to the application, the proposed Project involves the construction of a facility on approximately 6.2 acres adjacent to the City of Rialto’s Waste Water Treatment Plant that will process municipal sewage sludge (“biosolids”) generated by the City of Rialto Waste Water Treatment Plant and municipalities of the southern California region into a high-grade fuel known as renewable E-fuel. The Project will include three structures which would include the main process structure which would house most of the process equipment including pumps, heat exchangers, centrifuges, and process heater. The second structure would be the location of the administration building and laboratory. The third structure would be a maintenance building for the facility. This facility will provide a long-term solution to the problems of biosolids waste disposal encountered by municipalities in the southern California region while simultaneously creating a renewable energy source that serves as a replacement for fossil fuel.</p> <p>The proposed Project will have a design capacity to process approximately 675 wet tons per day of biosolids (on approximately 25% solids content) and will produce approximately 100 tons per day of renewable E-fuel pellets. This renewable E-fuel would be transported and utilized off-site to various cement kiln operators or other industrial users in the area. E-fuel is a renewable fuel and would partially replace fossil fuels currently being used at these plants. The process essentially takes sewage sludge and cleanly converts it to renewable fuel via heat and temperature. There are no waste byproducts from the process and the sludge is disposed of forever via the fuel product.</p> <p>The Project Sponsor is contracting with HDR Design Build, Inc. to design and construct the biosolids facility that will use the Project Sponsor’s patented SlurryCarb Process to convert waste to energy. Similarly, the Project Sponsor has entered into an operations and maintenance agreement with North American Energy Services (NAES) to assist the Project Sponsor regarding the operations of the regional facility pursuant to a long-term contract with the Project Sponsor. The Project Sponsor will oversee the daily operations of NAES, and the Project Sponsor will have ultimate responsibility and obligation to ensure that the proposed Project meets all operating requirements and complies in all material respects with the terms of the bond financing. All permits, contracts, leases, etc. will be in the name of the Project Sponsor and not in the name of the operator. According to the application, the Project will create approximately 15-20 full time jobs.</p>
<p>Pacific Ethanol Stockton, LLC</p>	<p>\$35,000,000</p>	<p>According to the application, the Project Sponsor owns and operates an ethanol plant in the states of Oregon, Idaho and California. The ethanol plants in California will produce “stillage” as a by-product of ethanol production, the majority of which is expected to have no commercial resale value and, thus, to constitute “solid waste.” The stillage will be converted to “wet distillers’ grains”, which will be sold to local animal feeding operations as an animal feed additive. The ultimate disposal is accomplished by removing some of the moisture from the stillage and transporting the wet distillers’ grains to the purchasers. The plants are strategically located to be near the animal operations that consume the by-product. Proceeds of the tax-exempt bonds will be used to finance solid waste disposal facilities that process the whole and thin stillage into commercially saleable animal feed product. The equipment to be purchased will include centrifuges, evaporators, related conveyors and related storage and water-treatment facilities. According to the application, the Project will create approximately 40 full time jobs (total payroll of \$3.2 million annually) as well as 30 jobs during construction.</p>

**2007 Summary Benefit By Project**

<b>Non-First Tier Projects Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefit</b>
Waste Connections, Inc.	\$15,500,000 (\$15,380,000 in 2007 allocation and \$120,000 in unused 2006 carryforward allocation)	According to the application, the proposed Project will consist of the purchase of cleaner-burning, more fuel efficient solid waste collection vehicles and containers to service the Project Sponsor's newly awarded multi-year contract with the West Valley Solid Waste Management Authority. The proposed Project will serve the Santa Clara County communities of Los Gatos, Saratoga, Monte Sereno and Campbell. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
Allied Waste North America, Inc.	\$33,900,000	According to the application, the proposed project consists of improvements to (a) existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) facility improvements, (vi) acquisition of land, and (vii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing hauling and transfer station facilities, including (i) acquisition of new solid waste collection vehicles, containers, and related equipment, (ii) solid waste disposal sorting and processing equipment, (iii) facility improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
Republic Services, Inc.	\$32,000,000	According to the application, the primary purpose of the Project is to finance improvements to a) existing Landfill Facilities, b) improvements at Transfer Stations, Collection Facilities, and MRFs , c) collection vehicles and containers, and d) to pay certain costs of issuance. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939. According to the application, the Project will create approximately 50-60 full time jobs over the next 3 years as well as 50- 100 temporary jobs during construction.
Waste Management, Inc.	\$33,900,000	According to the application, the proposed project consists of improvements to (a) existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) facility improvements, and (vi) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing hauling and transfer station facilities, including (i) acquisition of new solid waste collection vehicles, containers, and related equipment, (ii) solid waste disposal sorting and processing equipment, (iii) facility improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.

**2007 Summary Benefit By Project**

<b>Non-First Tier Projects Not Under Regulatory Mandate</b>	<b>Allocation Amount</b>	<b>Description of Project and Benefit</b>
Anheuser-Busch Companies, Inc.	\$9,700,000	<p>According to the application, the proposed Projects will consist of a Bio-Energy Recovery System (BERS) - Converts soluble organics in the process wastewater and recover anaerobically produced methane gas (biogas) prior to discharge to the Fairfield-Suisun Sewer District (FSSD) treatment works. BERS utilizes naturally occurring micro-organisms (biomass) to reduce the organic content (Biochemical Oxygen Demand or BOD) in the brewery waste stream by 80-90%. The biogas produced will be used as a fuel in two boilers in the brewery's power plant which produces steam for production processes. In addition to BOD reduction and the production of a usable energy source, temperature and pH spikes are attenuated in the system, and since the BERS discharge pH is new neutral, pH compliance is assured.</p> <p>New equipment to be purchased and installed include large metal tanks with associated foundations, chemical tanks, chemical scrubbers, pumps, biogas equipment (compressors, flare and buffer tank), biogas trains for feeding biogas to the boilers, power supply/Motor Control Center, instrumentation, lab equipment, Programmable Logic Controllers. BERS is a renewable energy technology (waste to energy). The process is relatively new having its roots in Holland in the 1970s. The technology harnesses naturally occurring anaerobic micro-organisms (biomass) through a granularization process which enables retention of the biomass in special designed tanks. Wastewater, containing organic matter, is pumped to a reactor containing biomass. The biomass consumes the organic matter and produces methane as a principle byproduct.</p>
Air Products and Chemicals, Inc. (Wilmington) & Air Products Manufacturing Corp. (Martinez)	\$33,900,000	<p>According to the application, the bond issue for the Martinez hydrogen facility qualifies for tax-exempt financing as an asset related and subordinated to the clean fuels operations performed in the Royal Dutch Shell PLC (Shell) refinery in Martinez, California. The hydrogen produced by the facility is an essential ingredient in the recycling of solid wastes generated in the refining operations. In addition, the Wilmington hydrogen plant qualifies for tax-exempt financing as an asset related and subordinated to clean fuels operations performed in the Ultramar (now the Valero Energy Corporation's Wilmington Refinery) and Texaco (now the Shell Wilmington Refinery) refineries in Wilmington, California. The hydrogen produced at the Wilmington hydrogen plant is an essential part of the recycling of solid wastes generated at the Valero and Shell Wilmington Refineries. In both facilities, the hydrogenator reactor uses catalysts to treat olefins and organic sulfur in the feed gas stream. Two desulfurizer reactors remove hydrogen sulfide. The purified feed gas is mixed with superheated steam and sent to the reformer, which is basically a large furnace with catalyst beds. The reformer breaks the feed gas down into the mixture of hydrogen, carbon oxides, unreacted methane, steam and nitrogen.</p> <p>The reformed gas is cooled by generating steam in the process gas boiler. Purge gas from the steam is used to fuel the reformer and the hydrogen is sent to the PSA unit for final purification. The PSA unit removes nearly all constituents of the gas except hydrogen. The purified hydrogen is compressed for delivery to the refineries at pressure levels ranges from 450 psig to 2000 psig. In conclusion, the Martinez hydrogen plant produces 88 MMSCFD of high purity hydrogen and 300,000 lbs/hr of superheated steam for export to Royal Dutch Shell PLC using feed gas streams coming from the refinery. In addition, the Wilmington hydrogen plant produces 83 MMSCFD of high purity hydrogen and uses the steam produced in the manufacturing process to generate electricity for use both in the operation of the hydrogen plant and for export to Valero Energy Corporation's Wilmington refinery.</p>