

# CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## Public Benefit Analysis Exempt Facility Project Pool March 16, 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 below market interest rates. 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 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 Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, 4) All other Applications for Exempt Facilities.

On March 16, 2005, the Committee approved the California Pollution Control Financing Authority to utilize its 2004 Carryforward Bond Authority for two exempt facility projects totaling \$122,000,000. One of the projects is a First Tier Project under Regulatory Mandate and one is a Non-First Tier Project under Regulatory Mandate. Both are solid waste disposal and/or recycling facilities, which include the expansion of existing facilities, and the purchase of more efficient and cleaner fuel burning equipment.

### March 16, 2005 Allocation - Benefit of Exempt Facility Program

<b>Allocation Amount March 16</b>	<b>First Tier Projects Under Regulatory Mandate</b>	<b>Non-First Tier Projects Under Regulatory Mandate</b>	<b>Total Exempt Facility Projects</b>
\$122,000,000	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.

**March, 16 2005 Allocation  
Public Benefit Analysis**

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Napa Recycling & Waste Services, LLC	\$22,000,000	<p>The Project consists of the purchase of vehicles and the purchase and installation of equipment to support Napa Recycling &amp; Waste Services' ("Napa Recycling") contracts with 1) the City of Napa and 2) the County of Napa.</p> <ol style="list-style-type: none"> <li>1) Napa Recycling is under contract with the City of Napa to operate and manage the City's waste collection program and the existing materials recovery facility (MRF). The proposed Project includes the purchase of waste collection trucks, carts, bins, debris boxes, forklifts, tractors, loaders, and customary MRF waste processing equipment such as conveyors, balers, grinders and screens. The Project Sponsor indicates that the MRF, which currently recycles 84,000 tons of waste annually, will increase its recycling capability to 88,000 tons of waste annually.</li> <li>2) Napa Recycling is under contract with the County of Napa to collect and process southern Napa County's residential and commercial waste. The proposed Project includes the purchase of collection vehicles, bins and containers, and the development of a site (corporate yard) at which to house and maintain the requisite fleet.</li> </ol> <p>According to the Project Sponsor, the Project will increase efficiency in the recovery of recyclable materials and will assist the City of Napa and the County of Napa comply with their AB 939 mandate.</p>
Non-First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Waste Management, Inc.	\$100,000,000	<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> <ol style="list-style-type: none"> <li>1) Improvements to existing landfill facilities include: 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.</li> <li>2) Improvements to existing hauling and transfer station facilities include: 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.</li> </ol> <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>