

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 23, 2007  
Executive Summary  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN  
EXEMPT FACILITY PROJECT**

*Prepared by Walter Akiyama.*

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**Applicant:** California Pollution Control Financing Authority

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**Allocation Amount Requested:** \$5,310,000

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**Project Name:** Bay Counties SMaRT  
**Project Address:** 301 Carl Road  
**City, County, Zip Code:** Sunnyvale, Santa Clara, 94089

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**Project Sponsor Information:**

**Name:** Bay Counties Waste Services, Inc.  
**Address:** P.O. Box 1048  
Pleasanton, CA 94566  
**Principals:** Robert J. Molinaro, Douglas Button, William Dobert  
and Jerry Nabhan  
**Contact:** William Dobert  
**Phone:** (925) 846-2042

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**Project User Information:**

**Name:** Same as Project Sponsor  
**Address:** Same as Project Sponsor  
**Contact:** Same as Project Sponsor  
**Phone:** Same as Project Sponsor

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**Project Financing Information:**

**Bond Counsel:** Law Offices of Leslie M. Lava  
**Underwriter:** Westhoff, Cone & Holmstedt  
**Credit Enhancement Provider:** Comerica Bank  
**Private Placement Purchaser:** Not applicable  
**TEFRA Hearing:** April 11, 2007

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**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.

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**First Tier Business (Yes/No):** Yes

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

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**Sources of Funds:**

Tax-Exempt Bond Proceeds	\$5,310,000
Other Sources	<u>\$ 214,960</u>
Total Sources	\$5,524,960

**Uses of Funds:**

New Equipment Purchase & Installation	\$5,000,000
Cost of Issuance (including discount)	\$ 302,921
Letter of Credit or Bond Insurance Fee	\$ 113,160
Interest During Construction: 6 months	\$ 106,200
Contingency	<u>\$ 2,679</u>
Total Uses	\$5,524,960

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**Description of Proposed Project:** 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.

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**Environmental impact:**

- 1) Air Quality: According to the application, the use of new California Air Resources Board compliant support vehicles and loaders will minimize vehicle emissions.
- 2) Water Quality: According to the application, reduction of particulate matter will reduce "dirty" run-off. Operational practices at the SMaRT Station will also reduce surface contamination preventing any seepage of undesirable materials into the ground water.
- 3) Energy Efficiency: According to the application, recycling of various commodities may reduce the energy requirement required for raw material processing. New vehicles and rolling stock will be more fuel efficient.
- 4) Recycling of Commodities: According to the application, glass, aluminum and other marketable materials and greenwaste will be recycled.
- 5) Safety and Compliance: According to the application, the Project Sponsor is in compliance with all the state and federal environmental regulations regarding the operation of the proposed facility and its existing facilities that it currently operates.
- 6) Consumer Costs Savings and Efficiencies: According to the application, while the Project will not directly result in a reduction of consumer costs, the Project Sponsor was selected as the result of a competitive bidding process and tax-exempt financing was contemplated by the Project Sponsor in order to minimize its cost of capital.

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

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**Recommendation:** Staff recommends that the Committee approve \$5,310,000 in tax-exempt bond allocation.