

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.

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$10,315,000

Project Name: Northern Recycling & Waste Services, LLC

Project Address, City, County, Zip Code:

Site A. – 920 American Way, Paradise, Butte, 95969

Site B. – 889 Devlin Road, American Canyon, Napa, 94589

Project Sponsor Information:

Name: Northern Recycling & Waste Services, LLC
Address: P.O. Box 239
Napa, CA 94559
Principals: Greg Kelley, Bill Bacigalupi, Mary Garaventa,
Robert L. Pestoni, Linda Sereni, Joseph J. Garbarin, Sr. and
Joseph J. Garbarin, Jr.
Contact: Michael Murray
Phone: (707) 256-3500 extension 1180

Project User Information:

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

Project Financing Information:

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

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.

First Tier Business (Yes/No): Yes

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

Sources of Funds:

Tax-Exempt Bond Proceeds	\$10,315,000
Other Sources	<u>\$ 250,000</u>
Total Sources	\$10,656,000

Uses of Funds:

Acquisition of Land	\$ 200,000
Acquisition of Existing Building	\$ 500,000
Rehabilitation of Existing Building	\$ 125,000
New Equipment Purchase & Installation	\$ 5,047,000
Rolling Stock	\$ 4,040,000
Cost of Issuance (including discount)	\$ 455,730
Letter of Credit or Bond Insurance Fee	\$ 193,183
Other	<u>\$ 4,087</u>
Total Uses	\$10,565,000

Description of Proposed Project:

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.

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.

Environmental impact:

- 1) Air Quality: According to the application, all of the waste collection vehicles will be California Air Resources Board compliant.
- 2) Recycling of Commodities and Energy Efficiency: According to the application, the transfer station operation contract requires the Project Sponsor to guarantee a 25% reduction in the volume of material transferred to the landfill during the first year. Also, the removal of additional recyclables from the waste stream is anticipated to reduce the number of round trips (approximate 90 miles) from the transfer station to the landfill by 2,500 annually, thereby saving fossil fuel consumption, reducing attendant air pollution and congestion on local roads. In Paradise, the residents will be able to drop off hazard household waste in town as a result of implementation of this contract rather than drive approximately 40 minutes each way to the Chico airport drop off point as they do now. Also, the Project Sponsor has agreed to assist both the City of Paradise and the County of Butte with their greenwaste recycling program by 1) permitting and operating a City owned vegetative drop off site which has been operating without a proper permit and 2) assisting the County design and implement a greenwaste processing facility at the County owned landfill which will, among other benefits, provide for the grinding of green waste which will be used as alternative daily cover on site. Finally, the Paradise contract involves the implementation of the first universally available recycling program in the City by making available to all residents a three art, single stream program which will better provide for collection recyclables and greenwaste.

Local government support: Letters of support have been received from Trent Cave, Authority Manager, Napa-Vallejo Waste Management Authority and Charles L. Rough, Town Manager, Town of Paradise.

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

Recommendation: Staff recommends that the Committee approve \$10,315,000 in tax-exempt bond allocation.