

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
July 25, 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:** \$11,650,000

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**Project Name:** Sunset Waste Paper, Inc.

**Project Address, City, County, Zip Code:**

Site A. – 2721 South Elm Ave., Fresno, Fresno, 93706

Site B. – 1707 E. Goshen Ave., Visalia, Tulare, 93292

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**Project Sponsor Information:**

**Name:** Sunset Waste Paper, Inc.  
**Address:** 2721 S. Elm Ave.  
Fresno, CA 93706  
**Principals:** John Mohoff, Anthony Lisenko and William Mohoff  
**Contact:** John Mohoff  
**Phone:** (559) 499-1595

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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:** Orrick, Herrington & Sutcliffe, LLP  
**Underwriter:** Westhoff, Cone & Holmstedt  
**Credit Enhancement Provider:** Comerica  
**Private Placement Purchaser:** Not applicable  
**TEFRA Hearing:** June 21, 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 | \$11,650,000      |
| Other Sources            | <u>\$ 250,000</u> |
| Total Sources            | \$11,900,000      |

**Uses of Funds:**

|  |                   |
|--|-------------------|
| Site Preparation and Improvements      | \$ 500,000        |
| Construction of New Building(s)        | \$ 1,000,000      |
| New Equipment Purchase & Installation  | \$ 9,465,000      |
| Cost of Issuance (including discount)  | \$ 471,977        |
| Letter of Credit or Bond Insurance Fee | \$ 300,461        |
| Contingency                            | <u>\$ 162,562</u> |
| Total Uses                             | \$11,900,000      |

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**Description of Proposed Project:** 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.

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**Environmental impact:**

- 1) Air Quality: According to the application, benefits to the public include lowered driving time for waste haulers resulting in lower air pollution and traffic congestion on routes in Fresno and Tulare Counties. The drive to the recycling center for co-mingled materials as well as the drive to the composting facility for green waste saves the waste haulers approximately 1 hour in one-way driving time as opposed to the drive to the landfill located in rural Fresno County. Additionally, the new trucks and trailers will hold approximately 3 times as much recyclables than currently in use trucks used to transport the material to the landfill. The increased load capacity of the new trucks and trailers will save approximately 4 hours per day in driving time.
- 2) Water Quality: According to the application, the proposed recycling facilities will be operating on concrete surfaces and will not operate on exposed ground areas. This will prevent any seepage of undesirable materials into the ground water. The facilities are removed from environmentally sensitive wetland and coastal areas that could be affected by pollution.
- 3) Energy Efficiency: According to the application, the purchase of new fuel efficient vehicles will reduce consumption of fossil fuels. Also, enhancements to the recycling facility will reduce energy use.
- 4) Recycling of Commodities: According to the application, the proposed Project will improve throughput capacity and operating efficiencies thereby increasing the volume of recycled material realized.
- 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, waste stream diversion in the Cities and County impacted has been on average in the 25-35% range. The proposed Project will assist the cities in getting to the mandated 50% diversion. The

additional tonnage to be processed as a result of the proposed Project would otherwise have been disposed in landfills. Without tax-exempt bond financing, expanded recycling programs proposed would not have been possible and the Cities would not have had a chance to meet AB939 mandated diversion goals.

**Other public benefits provided by the project:** According to the application, the Project will create approximately 10 full-time jobs as well as 50 jobs during construction. The proposed Project will also generate the following tax revenues:

|                                   |                      |
|-----------------------------------|----------------------|
| Property Taxes                    | \$35,000 (annually)  |
| Payroll Taxes (State and Federal) | \$260,000 (annually) |
| Sales Taxes                       | \$600,000 (one-time) |
| Vehicle Licensing Fees            | \$70,000 (annually)  |

**Local government support:** A letter of support has been received from Jim Drinkhouse, City Manager, of the City of Sanger.

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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 \$11,650,000 in tax-exempt bond allocation.