

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 5, 2007
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by Richard Fischer.

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$32,000,000

Project Name: Republic Services, Inc.
Project Address, City, County, Zip Code:

	Facility Name	Facility Address	County
1.)	Vasco Road Landfill	4001 N. Vasco Road, Livermore 94551	Alameda
2.)	West Contra Costa Sanitary Landfill Bay Soil Remediation	One of Parr Boulevard, Richmond 94801	Contra Costa
3.)	West County Resource Recovery	101 Pittsburg Avenue, Richmond 94801	Contra Costa
4.)	Richmond Sanitary Services	3260 Blume Drive, Richmond 94806-5203	Contra Costa
5.)	Taormina Industries, Inc.	1231 N. Blue Gum St., Anaheim 92806	Orange
6.)	Solano Garbage Company	2901 Industrial Court, Fairfield 94533-6500	Solano
7.)	Portrero Hills Landfill	3675 Potrero Hills Lane, Suisun City 94585	Solano

Project Sponsor Information:

Name: Republic Services, Inc.
Address: 110 SE 6th Street
Fort Lauderdale, FL 33301

Principals: John W. Croghan, W. Lee Nutter, Ramon A. Rodriguez, Allan C. Sorensen, Michael W. Wickham, James E. O'Connor, Harris W. Hudson, Michael J. Cordesman, Tod C. Holmes and Jerry S. Clark

Contact: Edward A. Lang, III
Phone: (954) 769-3591

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: Squire, Sanders & Dempsey, L.L.P.
Underwriter: Banc of America Securities LLC
Credit Enhancement Provider: Bank of America (LOC)
TEFRA Hearing: October 9, 2007 and October 23, 2007

Project Sponsor's principal activity: According to the application, the Project Sponsor's principal activity is the collection, recycling and disposal of solid waste.

First Tier Business (Yes/No): No

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

Sources of Funds:

Tax-Exempt Bond Proceeds	\$32,000,000
Other Sources	<u>\$60,000,000</u>
Total Sources	\$92,000,000

Uses of Funds:

Site Preparation and Improvements	\$ 0
New Equipment Purchase & Installation	\$38,000,000
Landfill Expenditures	\$40,000,000
Facility Improvements	\$10,500,000
Legal Permits	\$ 3,000,000
Cost of Issuance (including discount)	<u>\$ 500,000</u>
Total Uses	\$92,000,000

Description of Proposed Project: 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.

Environmental impact:

- 1) Air Quality: According to the application, all of the Project's components will directly or indirectly improve air quality in the Project Sponsor's wide-ranging service areas. Specific benefits to air quality include:
 - a. Statewide vehicle conversion - Conversion to the use of LNG as fuel will eliminate 90% of conventional pollution compared to diesel-fueled vehicles.
 - b. Avalon MRF – The City of Avalon previously incinerated their waste stream before land filling. The new MRF will divert waste previously incinerated.
 - c. Automated Recycling Program – The purchase of new, automated trucks for use in the automated recycling program will reduce harmful engine emissions from the existing, older fleet of trucks.
 - d. The maintenance and improvement of MRF's and/or transfer stations in Gardena, Long Beach, Anaheim, Richmond and Colton will reduce air pollution by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas.
 - e. All landfills have methane gas systems to manage greenhouse gas emissions.
 - f. The Project Sponsor has installed a LNG fuelling station in Solano County, which will significantly improve air quality by using cleaner burning fuel. The Project Sponsor already operates one of the largest privately owned fleets of LNG vehicles in Orange County and will be increasing its use of low emission vehicles throughout its operations.
- 2) Water Quality: According to the application, the proposed Project will ensure protection of groundwater due to state-of-the-art liners and systems for mitigating infiltration and runoff of water seeping through the refuse.
- 3) Energy Efficiency: According to the application; the purchase and use of alternative fuel vehicles will save gas consumption when contrasted to the current use of diesel powered vehicles. The maintenance and improvement of new MRFs and/or transfer stations in Alameda, Los Angeles and Orange Counties will improve energy efficiency by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas.

- 4) **Recycling of Commodities:** According to the application, the proposed Project will divert over 40,000 tons per year from landfills in the targeted regions and generate over 6,000 tons of salable recyclable materials. The Project Sponsor's waste disposal and recycling operations assist the cities and counties in meeting the AB939 mandate.
- 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, conversion of its current fleet of vehicles to LNG fuel will require less maintenance; thus, produce savings in collection costs that will benefit ratepayers over the long term.

Other public benefits provided by the project: 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. The proposed Project will also generate the following tax revenue:

Property taxes	\$1.6 million (annually)
Payroll taxes	\$7.1 million (annually)

Local government support: No letters of Local Government support have been submitted.

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 \$32,000,000 in tax-exempt bond allocation on a carryforward basis.