

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 Brady Hill.

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$175,000,000

Project Name: Allied Waste North America, Inc.

- Various locations as noted in the following table:

Facility Name	Facility Address	County
Keller Canyon Landfill	901 Bailey Road, Bay Point, 94565	Contra Costa
Contra Costa Transfer	951 Waterbird Way, Martinez, 94553	Contra Costa
Allied Waste Services of Contra Costa County	441 North Buchanan Circle, Pacheco, 94553	Contra Costa
Allied Waste Services of Fresno	5501 North Golden State Boulevard, 93722	Fresno
BFI Rice Road Transfer Station	10463 North Rice Road, Fresno, 93730	Fresno
Allied Waste Services of Imperial	3354 Dogwood Road, Imperial, 92251	Imperial
Allied Imperial Landfill	104 East Robinson Road, Imperial, 92251	Imperial
Allied Waste Services of Sacramento	3326 Fitzgerald Road, Rancho Cordova, 95742	Sacramento
Palomar Transfer Station	5960 Camino Real, Carlsbad, 92008	San Diego
Allied Waste Services of Chula Vista	881 Energy Way, Chula Vista, 91911	San Diego
Sycamore Landfill	8514 Mast Boulevard, Santee, 92071	San Diego
Allied Waste Services of San Diego	8364 Clairemont Mesa Boulevard, San Diego, 92111	San Diego
Viejas Bin Site	7850 Campbell Ranch Road, Alpine, 91901	San Diego
Borrego Landfill	2449 Palm Canyon Drive, Borrego Springs, 92004	San Diego
Boulevard Bin Site	41097 Old Highway 80, Boulevard, 91905	San Diego
Campo Bin Site	1515 Buckman Springs Road, Campo, 91906	San Diego
Otay Landfill	17001 Maxwell Road, Chula Vista, 91911	San Diego
Barrett Junction Bin Site	1090 Barrett Lake Road, Dulzura, 91917	San Diego
Julian Bin Site	500 Pleasant View Drive, Julian, 92036	San Diego
Palomar Mountain Bin Site	22090 East Grade Road SR-S7, Palomar Mountain, 92060	San Diego
Ramona Landfill	20630 Pamo Road, Ramona, 92065	San Diego
Ranchita Bin Site	37570 Montezuma Valley Road, Ranchita, 92066	San Diego
Independent Trucking	1145 West Charter Way, Stockton, 95206	San Joaquin
Allied Waste Sunrise Sanitation	1145 West Charter Way, Stockton, 95206	San Joaquin
Allied Waste Sunset Disposal	1145 West Charter Way, Stockton, 95206	San Joaquin
Allied Waste Lathrop Sanitation Services	1145 West Charter Way, Stockton, 95206	San Joaquin

Facility Name	Facility Address	County
Allied Waste Services of San Joaquin County	1145 West Charter Way, Stockton, 95206	San Joaquin
Allied Waste Services of Daly City	1680 Edgeworth Avenue, Daly City, 94015	San Mateo
BFI Mussel Rock Transfer Station	1680 Edgeworth Avenue, Daly City, 94015	San Mateo
Ox Mountain Landfill	12310 San Mateo Road, Half Moon Bay, 94019	San Mateo
Newby Island Landfill	1601 Dixon Landing Road, Building 1, Milpitas, 95035	Santa Clara

Project Sponsor Information:

Name: Allied Waste North America, Inc. and Affiliates
Address: 18500 North Allied Way
 Phoenix, AZ 85054
Principals: John J. Zillmer, Robert Agate, Charles H. Cotros, James W. Crownover, William J. Flynn, David I. Foley, Nolan Lehmann, Leon J. Level, James A. Quella, John M. Trani, Donald W. Slager, Timothy R. Donovan, Edward A. Evans, Peter S. Hathaway, Michael Sean Burnett, Denise R. Danner, John Sidney Quinn, Jo Lynn White, Peter S. Hathaway and James P. Zeumer
Contact: Monica Pantea, Financial Analyst
Phone: (480) 627-2236

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: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Banc of America Securities LLC
Credit Enhancement Provider: Bank of America (Letter of Credit)
Private Placement Purchaser: Not applicable
TEFRA Hearings: January 30, 2007; February 12, 2007; February 13, 2007; February 20, 2007; February 27, 2007

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

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): Yes

Sources of Funds:

Tax-Exempt Bond Proceeds	\$175,000,000
Other Sources	<u>\$ 67,999,447</u>
Total Sources	\$242,999,447

Uses of Funds:

Equipment (Containers)	\$ 28,683,735
Equipment (Trucks)	\$ 57,714,100
Equipment (Primary)	\$ 13,059,124
Landfill Expenditures	\$140,379,275
Buildings & Facility Improvements	\$ 1,300,000
Cost of Issuance	<u>\$ 1,863,213</u>
Total Uses	\$242,999,447

Description of Proposed Project: According to the application, the proposed project consists of improvements to (a) existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) facility improvements, (vi) acquisition of land, and (vii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing hauling and transfer station facilities, including (i) acquisition of new solid waste collection vehicles, containers, and related equipment, (ii) solid waste disposal sorting and processing equipment, (iii) facility improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service.

Environmental impact:

- 1) Air Quality: According to the application, the improved capacity and efficiency of the Transfer Stations 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. In addition, the Project Sponsor will continue to proactively monitor and improve its leachate collection and treatment systems and make additions and improvements to its methane gas systems at landfills located within the State of California.
- 2) Water Quality: According to the application, the construction of new landfill cells at the landfill facilities included in the 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 construction and/or expansion of transfer stations will improve energy efficiency by reducing the length of the truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas. In addition, the purchase of new replacement trucks and equipment will improve fuel economy.
- 4) Recycling of Commodities: According to the application, the purchase of new recycling collection vehicles will allow the Project Sponsor to help reduce the levels of municipal solids that otherwise would be deposited into the landfills.
- 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: None indicated.

Other public benefit provided by the project: According to the application, lower interest rates through the issuance of tax-exempt bonds will make the Project Sponsor more competitive and will enable them to continue operating and employing nearly 2,400 people in California.

Local government support: The Project Sponsor indicates that it has support from each of the California political jurisdictions in which the Company operates and provides solid waste collection and disposal services; and seeks to be an active member of the community and a strong corporate participant in the State through employment opportunities, recycling programs, community education and other neighborhood oriented programming.

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 \$33,900,000 in tax-exempt bond allocation on a carryforward basis.