

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
REVISED Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by Brady Hill.

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$4,195,000

Project Name: Solid Waste of Willits, Inc.

Project Address, City, County, Zip Code:

Site A. – 350-351 Franklin Avenue, Willits, Mendocino, 95490

Site B. – 40855 Fish Rock Road, Gualala, Mendocino, 95445

Project Sponsor Information:

Name: Solid Wastes of Willits, Inc.
Address: 350-351 Franklin Avenue
Willits, CA 95490
Principals: Gerald W. Ward, Sandra L. Ward and Julie P. Martin
Contact: Gerald W. Ward
Phone: (707) 459-4845 extension 11

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: December 19, 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	\$4,195,000
Other Sources	<u>\$ 197,120</u>
Total Sources	\$4,392,120

Uses of Funds:

Site Preparation and Improvements	\$1,525,000
New Equipment Purchase & Installation	\$2,380,605
Cost of Issuance (including discount)	\$ 261,181
Letter of Credit or Bond Insurance Fee	\$ 142,716
Interest During Construction	\$ 78,656
Other	<u>\$ 3,962</u>
Total Uses	\$4,392,120

Description of Proposed Project: According to the application, the Project Sponsor intends to construct and equip a material recovery facility, a diesel fueling station and pave and fence its property at Site A. Site B is a County of Mendocino owned and run transfer station which the Project Sponsor intends to manage and improve for the County of Mendocino. In addition, the Project Sponsor intends to purchase additional waste collection vehicles to augment its fleet. The proposed project is designed to further serve the Project Sponsor’s customers in various areas of unincorporated Mendocino County, the Brooktrails Township Community Services District and the City of Willits.

Environmental impact:

- 1) Air Quality: According to the application, the collection vehicles to be acquired will be CARB compliant and therefore meet the 2007 emission standards which will further reduce emission of air pollutants beyond that currently in use.
- 2) Water Quality: According to the application, the proposed project will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This will prevent any seepage of undesirable materials into the ground water. The Project Sponsor intends to comply with storm water management regulations.
- 3) Energy Efficiency: According to the application, the new vehicles are anticipated to be more fuel efficient than the ones it will replace and will, therefore, reduce the use of fossil fuels.
- 4) Recycling of Commodities: According to the application, the new materials recovery facility will allow for greater space within which to sort and recycle construction and demolition debris. In addition, according to the application, the materials recovery facility will allow for sorting and recycling of material from community cleanup projects which is not consistently materials recovery facility processed. Therefore, the Project Sponsor anticipates increasing the amount of material diverted and recycled from the waste stream in its service area when able to process the material in its new materials recovery facility.
- 5) Safety and Compliance: According to the application, the Project Sponsor is in compliance with all applicable state and federal environmental regulations regarding solid waste disposal.
- 6) Consumer Costs Savings and Efficiencies: None indicated.

Other public benefits provided by the project: According to the application, the Project will create approximately 6 full time jobs. The proposed Project will also generate the following tax revenue:

Property taxes (secured and unsecured)	\$20,000 (annually)
Sales taxes	\$240,000 (one time)
Vehicle Licensing Fees	\$5,000 (annually)
Payroll taxes	\$45,000 (annually)

Local government support: Letter of support has been received from Ross Walker, City Manager, of the City of Willits.

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 \$4,195,000 in tax-exempt bond allocation.