

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
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: \$17,150,000

Project Name: Garaventa Enterprises, Inc.

Project Address, City, County, Zip Code:

Site A. – 1151 & 1300 Loveridge Road, Pittsburg, Contra Costa, 94565
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Site B. – 4050 Mallard Drive, Concord, Contra Costa, 94520
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Project Sponsor Information:

Name: Garaventa Enterprises, Inc.
Address: 4080 Mallard Drive
Concord, CA 94520
Principals: Mary Garaventa, Silvio Garaventa, Jr., Joseph Garaventa and
W. Clark Colvis
Contact: W. Clark Colvis
Phone: (925) 682-1148

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: Bank of America, N.A.
Private Placement Purchaser: Not applicable
TEFRA Hearing: February 21, 2008

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	\$17,150,000
Other Sources	<u>\$ 250,000</u>
Total Sources	\$17,400,000

Uses of Funds:

Site Preparation	\$ 250,000
Construction of New Building	\$ 3,700,000
New Equipment Purchase & Installation	\$ 7,400,000
Rolling Stock	\$ 5,000,000
Engineering/Architecture/Permits	\$ 200,000
Cost of Issuance (including discount)	\$ 577,828
Letter of Credit or Bond Insurance Fee	\$ 264,391
Other	\$ 7,781
Total Uses	\$17,400,000

Description of Proposed Project: According to the application, the Project Sponsor intends to add to its existing material recovery facility (MRF) so as to accommodate future single stream recyclables processing. This project will require the construction of an 88,000 square foot building in which will be housed a sort line and the customary attendant equipment. The Project Sponsor also intends to replace older collection vehicles and provide for ever expanding service areas by purchasing automated collection vehicles and carts. These purchases are part of a continued effort by the Project Sponsor to automate its service area, which along with other programs modifications, should increase recycling and create route efficiencies. The vehicles will be housed at either the Project Sponsor's Concord corporate yard, its Pittsburg MRF or its Pittsburg corporate yard in the future: 4050 Mallard Avenue, Concord, 94520 and 1300 Loveridge Road & 1151 Loveridge Road, Pittsburg 94565, respectively. The collection vehicles and carts may be used throughout the Project Sponsor's service area.

Environmental impact:

- 1) Air Quality: According to the application, as the Company replaces older collection vehicles with newer ones, the emissions from the new vehicles will be lower. Also, the Company's new collection vehicles are anticipated to be CARB compliant.
- 2) Water Quality: According to the application, the proposed facility 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 facility is removed from environmentally sensitive wetland and coastal areas that could be affected by pollution. The facility will construct storm water retention basins and comply with storm water management regulations.
- 3) Energy Efficiency: According to the application, as the Company replaces older collection vehicles with newer ones, the Project Sponsor expects that its use of fossil fuel will be reduced and fewer vehicles will be required.
- 4) Recycling of Commodities: According to the application, the Project Sponsor intends to replace older collection vehicles and to provide for expanded recycling services for residential areas by purchasing automated collection vehicles and carts. These purchases are part of a continued effort by the Project Sponsor to automate its service area which along with other program modifications should increase recycling and create route efficiencies. The Project Sponsor also intends to increase the volume of diversion of recyclables from the waste stream of its customers by implementing a single stream collection system.
- 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: According to the application, the implementation of a single stream recyclables program will simplify the waste disposal process for consumers. They would then be able to discard all potential recyclables in a single container, rather than having to separate it themselves at their homes. Implementation of this system usually results in an increase in recyclables recovered and diverted as consumers find the new system easier to use and, as a result, increase compliance.

Other public benefits provided by the project: According to the application, by initiating route efficiencies, the Project Sponsor anticipates reducing its collection fleet by approximately 15%. Consequently, according to the application, the Project Sponsor will reduce traffic congestion, noise and fossil fuel use in its service areas. The proposed Project will also generate the following tax revenue:

Property taxes	\$100,000 (annually)
Sales taxes	\$1,300,000 (one time)
Vehicle Licensing Fees	\$70,000 (annually)

Local government support: Letters of support have been received from Peter Dragovich, Director of City Management / Franchise Manager, of the City of Concord and from Marc S. Grisham, City Manager, of the City of Pittsburg.

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 \$17,150,000 in tax-exempt bond allocation.