

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by: Richard Fischer

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$32,000,000

Project is also refunding bonds in the amount of \$22,075,000 in this transaction. Total issuance is \$54,075,000.

Project Information:

Name: Alameda County Industries, Inc.
Project Address: 577, 601 and 610 Aladdin Avenue
Project City, County, Zip Code: San Leandro, Alameda, 94577

Project Sponsor Information:

Name: Alameda County Industries, Inc. (and/or its affiliates)
Address: 601 Aladdin Avenue
San Leandro, CA 94577
Principals: Louis A Pellegrini, Robert J. Molinaro, Anthony and Shirley
Macchiano and Kent and Cheryl Kenney
Contact: Kent Kenney
Phone: (925) 846-2042

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: N/A
Credit Enhancement Provider: MUFG Union Bank, N.A.
Private Placement Purchaser: N/A
TEFRA Adoption Date: April 11, 2019

Project Sponsor's Principal Activity:

According to the Applicant, they are engaged in the collection, recycling, transportation and disposal of solid waste.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): Yes

Details of Transaction:

Sources of Funds:		
Tax-Exempt Bond Proceeds	\$	32,000,000
Refunding 2016 & 2017 Bonds	\$	22,075,000
Total Sources	\$	54,075,000

Uses of Funds:		
Redeem Series 2016 Notes	\$	9,870,000
Redeem Series 2017 Notes	\$	12,205,000
Castro Valley Equipment	\$	9,049,493
San Ramon Equipment	\$	21,957,290
Cost of Issuance (incl. discount)	\$	640,000
Project Contingency	\$	353,217
Total Uses	\$	54,075,000

Description of Proposed Project:

According to the Applicant; they were awarded two new franchise agreements for the cities of Castro Valley and San Ramon. The project entails the acquisition of new rolling stock, containers and associated miscellaneous equipment to facilitate these new agreements.

Environmental Impact:

- 1) Air Quality:
The Project Sponsor is purchasing additional Compressed Natural Gas (CNG) fueled collection vehicles whereby avoiding additional particulate matter associated with alternative types of vehicles such as diesel fueled.
- 2) Water Quality:
The CNG fueled vehicles will create less particulate matter as compared to diesel fueled vehicles which will reduce the particulate pollution that may end up in the ocean and other area creek beds and streams.
- 3) Energy Efficiency:
CNG is primarily a domestically produced product that will reduce our reliance on foreign oil.
- 4) Recycling of Commodities:
N/A
- 5) Safety and Compliance:
The Project will be compliant with all State and local mandates.
- 6) Consumer Costs Savings and Efficiencies
The Project will enhance the company's operating efficiency's which will provide flexibility in future rate structures.

Local Government Support:

Letters of support have been received from the City of San Ramon and the Castro Valley Sanitary District.

Legal Questionnaire:

No information was disclosed that raised any questions regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends that the Committee approve \$32,000,000 in tax exempt bond allocation.