



California Pollution Control Financing Authority

# Capital Access for Sustainability

**June 18, 2019**

Reneé Webster-Hawkins, Executive Director  
Jason L. Bradley, Program Manager

# Today's Agenda

- ❖ Overview of the California Pollution Control Financing Authority (CPCFA)
  
- ❖ CPCFA's Capital Access Programs
  - California Recycle Underutilized Sites (CALReUSE) Program
  - California Capital Access Program (CalCAP)
  - Pollution Control Private Activity Bonds
  
- ❖ CPCFA Contact Information

# California Pollution Control Financing Authority (CPCFA)

- **California Pollution Control Financing Authority (CPCFA)** is a financing authority within the State Treasurer's Office with a core mission of stimulating environmental cleanup, economic development and job growth throughout the State via tax-exempt bonds, credit enhancements and grants
- CPCFA originated as a conduit issuer of tax-exempt pollution control bonds
- CPCFA has used fees assessed on bond issuances to large businesses to fund the Small Business Assistance Fund (SBAF) to:
  - Provide incentives to small businesses, frequently waste and recycling companies, to off-set the cost of issuance for pollution control projects
  - Create **California Capital Access Program (CalCAP)** created in 1994 to establish loan loss reserve accounts for participating lenders; and
  - Create **CALReUSE Program** providing grant and loan funding for assessment and remediation of brownfield and infill sites

## CALReUSE Assessment Forgivable Loan Program

- Established in **2001** using funds from the CPCFA's bond issuance fees
- Designed to mitigate the financial risks associated with the redevelopment of contaminated sites by financing the cost of contaminated site assessment, technical assistance and remedial action planning
- The cap on low-interest loans started at **\$125,000** and later increased to **\$500,000**

## CALReUSE Assessment Forgivable Loan Program (Cont.)

### □ Program Statistics:

- 44 loans totaling **\$3.5M**
- 43 of these projects were in **economically distressed communities**
- Loans repaid: **24 loans**
- Loans forgiven: **20 loans**
- Loans outstanding: None
- Funding remaining: None

## CALReUSE Assessment Forgivable Loan Program (Cont.)

### CALReUSE Assessment Program Projects in Economically Distressed Communities by County

Alameda	11	San Diego	5
Contra Costa	2	San Francisco	2
Humboldt	1	San Joaquin	1
Kern	1	San Mateo	1
Los Angeles	11	Santa Clara	2
Sacramento	1	Sonoma	4
San Bernardino	1	<b>TOTAL</b>	<b>43</b>

## CALReUSE Assessment Forgivable Loan Program (Cont.)

- Every \$1 in CPCFA funding has resulted in **\$126 of additional capital** invested in these projects
  
- Project outcomes:
  - To date, 19 have produced **1,017 new housing units** of which **794 are affordable**, as well as commercial and retail space
  - Anticipated housing production: **2,901 total housing units**, including **1,031 affordable units**
  
- A proven tool for **community decision makers** to learn about the conditions of contaminated properties
  
- Knowledge gained through environmental assessments has enabled private developers and local economic development entities to evaluate the **highest and best** use of each site.

## CALReUSE Remediation Grant and Loan Program

- CPCFA received **\$60 million** from Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to administer the Remediation Grant and Loan Program
- Designed as a grant and loan program to finance **clean up activities** on contaminated sites
- Grant-funded housing projects are required to be at least **15% affordable**



## CALReUSE Remediation Grant and Loan Program (Cont.)

### □ Summary of Projects:

- 30 projects were awarded **\$55 million** based on factors including: cost of contamination clean up, project readiness and public benefits
- **\$53.7M** has been disbursed
- **21 projects** have completed both site remediation and development
- Of the remaining 9 projects: 8 projects are in various stages of development and 1 project returned their award.

## CALReUSE Remediation Grant and Loan Program (Cont.)

- Every \$1 in CALReUSE funding has resulted in **\$31.58 of additional capital** invested in these projects
  
- Project outcomes:
  - To date, 19 projects have produced **2,219 housing units** of which **1,777 are affordable**
  - Anticipated housing production: **5,439 housing units** including **2,792 affordable units**
  
- A proven tool to reduce contamination in disadvantaged and low-income communities:
  - **51% in Disadvantaged Communities**
  - **75% in Low-Income Communities**

## CALReUSE Highlights: Richmond's Miraflores Project

### □ Mira Flores – Richmond, CA

- The 14-acre site was home to 3 flower nurseries which had been in operation from the early 1900's to 2006
- The site was contaminated by pesticides and lead; Motor oil found in the soil and groundwater
- The site also required the removal of two underground storage tanks
- The project received **\$2.6 million** in CALReUSE funding for the environmental cleanup of contaminated soils, removal of underground storage tanks, lead and asbestos abatement and historic greenhouses preservation
- The clean-up project created 120 permanent and 230 temporary jobs
- Completion of a senior rental housing project, provided 79 affordable apartments

# CALReUSE Highlights: Richmond's Miraflores Project



- Future development: Planning approval and infrastructure work has also been completed to support the 190 (30 affordable) units of the for-sale housing project. The development will include creek restoration and reuse of preserved historic structures, including greenhouses and homes dating back to the 1900's

# CALReUSE: Transforming California Communities

- Hunters Point Project-Naval Shipyard
  - \$5M Grant
  - Outcome: over 10,000 housing units, greenspace, waterfront access
- Carson Project-Cal Compact Landfill
  - \$5M Grant
  - Outcome: Artist Lofts and Veteran's housing, the Fashion Outlets of LA
- Sacramento Railyards-Railyard
  - \$7M Grant
  - Outcome: Mixed Use Residential, riverfront amenities, Central Shops



## CalCAP Program List

- ❖ **CalCAP for Small Business:** Perfect for working capital, start-up costs, and other typical credit needs including construction or renovation of buildings.
- ❖ **Collateral Support Program:** Provides a different kind of credit enhancement for borrowers with strong business plans who lack sufficient collateral.
- ❖ **CalCAP Air Resources Board (CARB) On-Road Heavy-Duty Vehicle Air Quality Loan Program:** For owners of small fleets to finance the purchase or retrofit of heavy-duty diesel trucks driven primarily in California to comply with the State's engine emission standards.
- ❖ **CalCAP Electric Vehicle Charging Station Financing Program:** For businesses wanting to install EV chargers for their employees or customers. Borrowers may be eligible for a rebate after 48 months.
- ❖ **CalCAP Americans with Disabilities Act Financing Program:** For mom-and-pop businesses to make accessibility retrofits.
- ❖ **CalCAP Seismic Safety Loan Program:** For small businesses and building owners to upgrade the seismic safety of their residential and commercial real estate.

***\*Fees & Contribution Rates Vary Across Programs***

# CalCAP by the Numbers

*As of December 31, 2018*

Total CalCAP enrollment since 1994:

**41,763** loans for **\$3.4 billion**

CalCAP Small Business Program enrollment since 1994:

**20,559** loans for **\$1.84 billion**

CalCAP Collateral Support Program Loan Enrollment since 2013:

**210** loans for **\$227.79 million**

CalCAP CARB On-Road Heavy Duty Vehicle Air Loan Program  
enrollment since 2009:

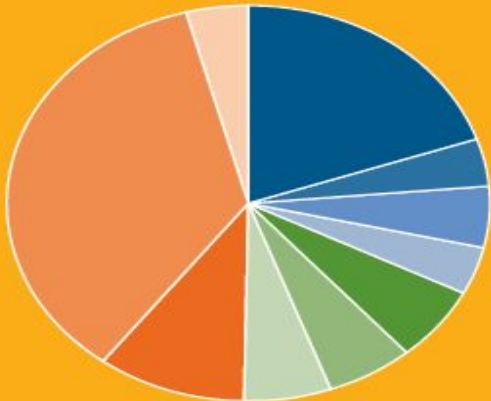
**20,992** loans for **\$1.4 billion**

CalCAP Electric Vehicle Charging Station Program enrollment since 2015:

2 loans for \$511,124

# Who Turns to CalCAP

## WHO TURNS TO CalCAP FOR SMALL BUSINESS?

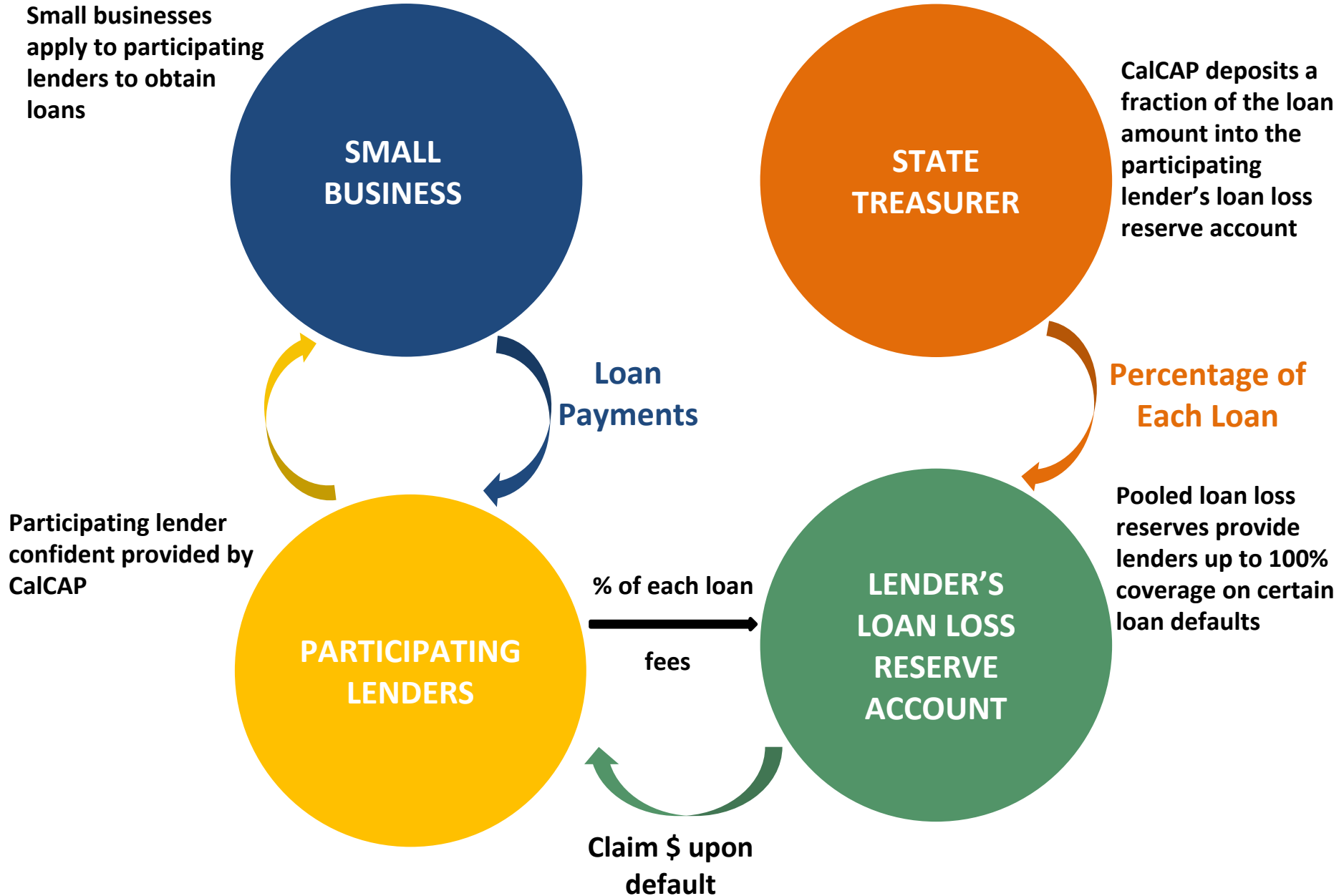


### TOP 10 INDUSTRIES

- Accomodation and Food Services
- Administrative and Support / Waste Management/Remediation Services
- Construction
- Health Care and Social Assistance
- Manufacturing
- Other Services (except Public Administration)
- Professional, Scientific, and Technical Services
- Retail Trade
- Transportation and Warehousing
- Wholesale Trade



# How CalCAP Works



# Private Activity Financing Program

- **CPCFA's Tax-Exempt Bond Financing Program** stimulates environmental cleanup, economic development, and job growth throughout the California
- Allows California businesses to meet their **growth and capital needs** by providing access to **low-cost financing** through private activity tax-exempt bonds
- Bonds pay for the acquisition, construction or installation of pollution control, water furnishing, waste disposal, and waste recovery facilities and equipment
- CPCFA has issued more than **\$15.7 Billion** for **738** projects since it starting issuing bonds in 1973

## Private Activity Bond Program

- CPCFA maintains a Small Business Assistance Fund (SBAF) to pay for qualified issuance costs that **reduce the net cost of financing tax-exempt bonds for small businesses**
- CPCFA is the first statewide financing authority in California to become a signatory to the **Green Bond Pledge**
- Types of projects which may qualify for tax-exempt bond financing include:
  - Curbside collection facilities
  - Recycling facilities
  - Composting facilities
  - Materials recovery facilities
  - Waste-to-energy facilities, including anaerobic dairy digesters
  - Water Furnishing Facilities
  - Clean-air vehicles for waste companies

## Private Activity Financing Highlights: CalPlant I

- When construction is completed in Fall 2019, CalPlant I will be the **world's first commercial-scale producer of rice straw-based medium density fiberboard (MDF)**, annually supplying approximately 140M sq ft of MDF to the building products industry
- Rice straw is an agricultural waste product of the annual harvest, and all furnish for the plant will be procured from Sacramento Valley rice growers within a 15- to 25-mile radius of the plant site in Willows, CA

## Private Activity Financing Highlights: CalPlant I

CalPlant I LLC

- Currently, the most common practice of straw disposal is to initiate a decomposition process by flooding the fields after harvest. This practice uses a large volume of incremental amounts of precious water.
- By processing rice straw into MDF, CalPlant I will significantly reduce the levels of water that would have been diverted from regional waterways to flood rice fields after harvest.



# Private Activity Financing Highlights: CalPlant I



## Private Activity Financing Highlights: Blue Line Transfer



In 2015 CPCFA issued tax-exempt private bonds worth **\$22.27** million for Blue Line Transfer, Inc. to finance construction of an anaerobic digester to process food scraps and a Compressed Natural Gas (CNG) fueling station to fuel their collection trucks.

Blue Line is a family-owned small business that has provided solid waste and recycling services since 1914 to residents and businesses in South San Francisco, Millbrae, Brisbane and the San Francisco International Airport.



## Private Activity Bond Financing Highlights: Rialto Bioenergy

In January 2019 CPCFA issued **\$117.2 million in Green Bonds** for Rialto Bioenergy Facility, LLC, small business, build a facility to accept up to 700 tons of food waste and convert it into renewable energy and fertilizer through anaerobic digestion.

The electricity will be sold to Southern California Edison and the renewable natural gas will be sold to Anaheim Public Utilities as well as Southwest Gas.



Anaergia Inc. has announced construction is now underway at the Rialto Bioenergy Facility in Rialto, California.  
PHOTO: Anaergia Inc.



## Additional Questions or Comments?

### ❖ **CALReUSE Contact:**

- Jason L. Bradley, CALReUSE Program Manager  
916.653.3376 [Jason.Bradley@treasurer.ca.gov](mailto:Jason.Bradley@treasurer.ca.gov)

### ❖ **CalCAP Contacts:**

- Bianca Smith, CalCAP Program Manager  
916.653.5408 [Bianca.Smith@treasurer.ca.gov](mailto:Bianca.Smith@treasurer.ca.gov)
- Doreen Smith, CalCAP Program Manager  
916.653.3993 [Doreen.Smith@treasurer.ca.gov](mailto:Doreen.Smith@treasurer.ca.gov)

### ❖ **Private Activity Bond Program Contact:**

- Deanna Hamlin, Bond Program Manager  
916.653.9717 [Deanna.Hamlin@treasurer.ca.gov](mailto:Deanna.Hamlin@treasurer.ca.gov)

Please follow us on Twitter at:  
[@CalCPCFA](https://twitter.com/CalCPCFA)

