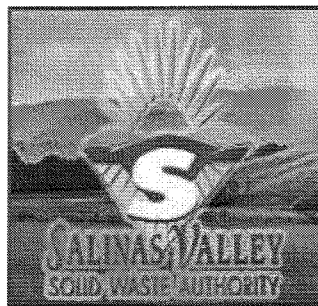


SALINAS VALLEY SOLID WASTE AUTHORITY
An Economic Impact Analysis of **CONSTRUCTING AND OPERATING**
THE PROPOSED PLASCO GASIFICATION PLANT



THIS PROJECT IS SUPPORTED IN PART BY
THE CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT



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A CALED Technology Partner
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General Project Description

The following economic impact analysis has been prepared on behalf of Salinas Valley Solid Waste Authority (SVSWA). This study seeks to understand the economic impacts for constructing the Plasco gasification plant; a proposed waste conversion facility. The SVSWA Board has been investigating alternatives to landfill disposal of solid waste. The goal, reaffirmed in August 2010, is to achieve 75% diversion from landfills. The Authority selected Plasco's waste conversion technology subject to an environmental review and compliance with the California Environmental Quality Act. The plan is to construct and operate a waste conversion facility that will annually convert approximately 100,000 tons of waste.

Definitions and Methods

The Economic Impact Analysis Report (attached below) is based on data sets that are specific to Monterey County market area. The typical analysis is either supported by data that is specific to the project or one that is based on historical datasets that are specific to the related market and industry sectors. This report uses historical datasets provided by IMPLAN¹. The report represents a broader view than simply the Project's direct expenditures or employment. For example the analysis measures the economic "footprint" as project dollars multiply inside and outside of the market area and it includes calculations for both direct and indirect impacts. It is the preparer's opinion that the report presents a conservative view of the impacts.

The results of this report are not scientific but are historically-representative of the economic impacts.

The Project's analysis includes six categories:

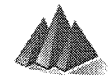
1. Gross Economic Output: The aggregated market value of goods and services produced by businesses and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County or impact area.
2. Gross County Product: The total of value added created by the production of goods and services in the economy. It represents the sum of labor compensation, capital type income and indirect business taxes. Gross County Product is best described as new money added to the community as a result of the project.

¹ The data sets used in this report are provided by Minnesota IMPLAN Group, Inc (MIG, Inc), the developers of the IMPLAN® economic impact modeling system. IMPLAN® is used to create complete, extremely detailed Social Accounting Matrices and multiplier models of local economies. Implan enables users to make in-depth examinations of state, multi-county, county or sub-county and metropolitan regional economies. Implan is used by more than 1,000 public and private institutions. MIG, Inc. has been developing complex localized databases and serving public and private organizations since 1993.



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3. Total Labor Income: The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.
4. Total Employment: The number of jobs generated within the impact area including full-time and part-time positions, salaried workers and sole proprietors.
5. Capital Income: The sum of income such as business profits, interest and rental income. Capital Income is best described as non-labor benefits.
6. Indirect Business Tax: Taxes and fees not based in the businesses' income. It may represent sales taxes (if any) levied by the state and county and also property taxes levied against businesses as well as federal, state and local fees.



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Executive Summary

Gross Economic Output: The economic impact report (attached below) summarizes the benefits of both the project’s direct investment and the resulting indirect impact. Initial estimates show the project’s direct investment will be approximately \$111.2 million. The direct impact number includes the costs associated with constructing the facility, conducting the EIR and one year of operating the gasification plant. The value of the direct investment has a multiplier effect as it changes hands. The analysis estimates a direct investment of \$111.2 million (expended within the associated industry sectors and located within the Monterey County market) will produce an additional \$49.1 million in indirect impacts. The value of the direct and indirect impacts total \$160.3 million.

Gross County Product: The gross county product seeks to measure the value-add to the local community. The project’s gross economic impact is estimated at 111.2 million, with an estimated \$90.0 million of this amount benefiting the local economy. The balance of the impact will typically be distributed in the surrounding counties, the state and nation.

Labor & Jobs: The analysis seeks to measure labor income and job impacts. The total labor income is estimated at \$66.0 million. The analysis estimates that 1,377 jobs (full and part-time) will be benefited. The jobs in this analysis represent both the direct jobs as well as jobs that are indirectly impacted as a result of the project.

Capital Income: Capital Income, including profits, interest and rental income generated from activities associated with this project is estimated to exceed \$18.8 million.

Indirect Business Taxes: This analysis estimates the project will produce \$5.2 million in indirect business taxes.



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Industry Sectors

This analysis is a study of the industry sectors and geographic area associated with this project. The result is a representative analysis with outputs that are based on historical datasets but not necessarily unique to this development. The following describes the industry categories that are associated with the Project. The categories are based upon the North American Industry Classification System (NAICS).

Facility construction – Gasification Plant
Related professional and technical services – EIR Study
Power generation and supply

Summary of Economic Impacts

The Economic Impact Report (shown below) details the Project's economic impacts. In summary, it is estimated that the project activities will produce the following benefits:

- *\$160.3 million in Gross Economic Output*
- *\$90.0 million in Gross County Product.*
- *\$66.0 million in Total Labor Income.*
- *1,377 total jobs (full and part-time).*
- *\$18.8 million in Capital Income.*
- *\$5.2 million in Indirect Business Taxes and Fees.*

Ongoing Economic Impacts – 5 Years

This project has the potential to provide both one-time and on-going economic impacts. The one-time impacts of \$148.4 million combined with the annually reoccurring impacts of \$11,892,093 total more than \$207.9 million over a five-year period.



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About Solution Mountain, Inc:

Since 2003, the principals of Solution Mountain, Inc. have prepared hundreds of economic impact reports for state agencies, cities, counties, economic development districts and private corporations. Each report is based on IMPLAN datasets specific to the project's location and unique industry sectors. Solution Mountain, Inc. is a technology partner for the California Association for Local Economic Development (CALED). Robert Gilmore, the CEO, is the recipient of the Ford Foundation's Award for Innovations in American Government and the Council of State Government's Award for Innovation.



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Economic Impact Report - THE PROPOSED PLASCO GASIFICATION PLANT

Salinas Valley Solid Waste Authority

Gross Economic Output			
Gross Economic Output: is the aggregated market value of goods and services produced by firms and government enterprises in the County's economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County.			
	Direct Impact	Indirect and Induced Impact	Total Impact
One-Time Benefit:			
Facility construction – Gasification Plant	\$100,000,000	\$48,078,732	\$148,078,732
Related professional and technical services – EIR Study	\$300,000	\$96,594	\$396,594
On Going Benefit:			
Power generation and supply	\$10,915,000	\$977,093	\$11,892,093
Total:	\$111,215,000	\$49,152,419	\$160,367,419

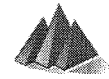
Gross County Product		
Gross County Product: Is the total value added created by the production of goods and services in the local economy. It is analogous to the concept of Gross Domestic Product at the national level. It represents the sum of labor compensation, capital type income (profits, interests and rents), and indirect business taxes (which are mainly sales taxes, but also include property taxes and government mandated fees).		
	Initial Purchase	Total Impact
One-Time Benefit:		
Facility construction – Gasification Plant	\$100,000,000	\$81,630,183
Related professional and technical services – EIR Study	\$300,000	\$206,354
On Going Benefit:		
Power generation and supply	\$10,915,000	\$8,245,241
Total:	\$111,215,000	\$90,081,777



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Total Labor Income		
Labor Income: Is the compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.		
	Initial Purchase	Total Impact
One-Time Benefit:		
Facility construction – Gasification Plant	\$100,000,000	\$63,143,531
Related professional and technical services – EIR Study	\$300,000	\$73,112
On Going Benefit:		
Power generation and supply	\$10,915,000	\$2,852,359
Total:	\$111,215,000	\$66,069,002

Total Employment		
Employment: Is the number of jobs generated within the County, and includes: * full-time and part-time positions * salary workers *sole proprietors.		
	Initial Purchase	Total Impact
One-Time Benefit:		
Facility construction – Gasification Plant	\$100,000,000	1,331
Related professional and technical services – EIR Study	\$300,000	2
On Going Benefit:		
Power generation and supply	\$10,915,000	44
Total:	\$111,215,000	1,377



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Capital Income		
Capital Income: is the sum of all property type income (such as business profits, interest income and rental income) generated within the County		
	Initial Purchase	Total Impact
One-Time Benefit:		
Facility construction – Gasification Plant	\$100,000,000	\$14,409,671
Related professional and technical services – EIR Study	\$300,000	\$124,458
On Going Benefit:		
Power generation and supply	\$10,915,000	\$4,269,353
Total:	\$111,215,000	\$18,803,482

Indirect Business Tax		
Indirect Business Taxes: Are taxes and fees that are not based in the businesses' income. For the most part they represent sales taxes levied by the State and the county, but also include property taxes levied against businesses as well as fees imposed by federal, state and local governments.		
	Initial Purchase	Total Impact
One-Time Benefit:		
Facility construction – Gasification Plant	\$100,000,000	\$4,076,102
Related professional and technical services – EIR Study	\$300,000	\$8,781
On Going Benefit:		
Power generation and supply	\$10,915,000	\$1,123,528
Total:	\$111,215,000	\$5,208,412

Gross Economic Output Summary			
	Jobs	Direct Impact	Total Impact
One-Time Benefit:	1,333	\$100,300,000	\$148,475,326
On Going 5 Years Benefit:	44	\$10,915,000	\$59,460,465
Total:	1,377	\$111,215,000	\$207,935,791