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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Economic Development Agency

SUBMITTAL DATE:
July 26, 2006

SUBJECT: Approval of Revolving Loan Application Request for Priority Pallet, Inc.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve United States Forest Service Grant (USFS) loan funding for Priority Pallet Inc. in an amount not to exceed \$1,300,000; and
2. Authorize the Assistant County Executive Officer/EDA or designee to negotiate the terms and execute contracts and loan documents in accordance with USFS grant documents and any modifications.

BACKGROUND: In June of 2004, the Economic Development Agency (EDA), as authorized by the Board of Supervisors in Resolution No. 2004-291, submitted a grant application to the USDA Forest Service requesting \$1,878,818 for a revolving loan incentive program and other activities to support private enterprises involved in processing the drought-caused Bark Beetle infested wood being removed from mountain communities. EDA determined the critical requirements for a project such as this included a Riverside County presence, existing facilities large enough to accommodate the logs being harvested from the forest, significant job creation and financial stability. In September of 2004, EDA issued a Request for Proposal (RFP) to solicit projects meeting these requirements for funding consideration.
(continued on page 2)

Robin Zimpfer

RZ:JC:RM:MC:MR
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Robin Zimpfer
Assistant County Executive Officer/EDA

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 1,300,000	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 00	Budget Adjustment:	No
Annual Net County Cost:	\$ 00	For Fiscal Year:	PY 2006/2007

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:

SOURCE OF FUNDS: USDA Forest Service for Southern California Drought Assistance Funds - Rural Development Program.

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

James A. [Signature]

- Consent
 - Policy
 - Consent
 - Policy
- Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: (6-15-04) 3.19

District: 3rd

Agenda Number:

3 8

FORM APPROVED
COUNTY COUNSEL
AUG 04 2006
Departmental Concurrence

BACKGROUND (continued):

A rigorous review process was conducted, and the responses were found to not meet all of these minimum requirements. A second RFP was released in August 2005. Because of the dynamic nature of the forest conditions and the size of the project, EDA requested an assessment from USFS to insure there would be adequate forest products in the San Jacinto Mountains to support the original project design. The results of the assessment and staff discussions with local forest service personnel indicate the project will be of economic and environmental benefit to Riverside County. After extensive review and consideration of each business' project implementation plan, job creation estimates, debt capacity and existing cash flow, staff determined that Priority Pallet, Inc. in Beaumont should be approved for loan funds. USFS is very supportive of the business.