



SUMMARY REPORT

Agenda Date: 3/26/2024

To: Board of Supervisors

Department or Agency Name(s): Economic Development Board

Staff Name and Phone Number: Katherine DiPasqua 707-565-4893

Vote Requirement: Majority

Supervisorial District(s): All

Title:

9:35 AM: Adoption of Resolution to Issue Tax-Exempt Bond Financing for Various Qualified Solid Waste Disposal Facility Projects

Recommended Action:

Conduct a public hearing and adopt a resolution to approve tax-exempt bond financing for Republic Services, Inc in an aggregate principal amount not to exceed \$400,000,000 for qualified solid waste disposal facility projects in California, including \$45,000,000 for Sonoma Landfill in Petaluma.

Executive Summary:

This public hearing is being conducted to approve a resolution authorizing the California Municipal Finance Authority (a Joint Powers Authority) to approve tax-exempt bond financing in an amount not to exceed \$400,000,000 to be issued to the benefit of the Republic Services, Inc. A portion of the proceeds of the Bonds, in a principal amount not expected to exceed \$45,000,000, will be used to finance certain capital projects at Sonoma Landfill located at 500 Mecham Road in Petaluma, currently operated by Republic Services of Sonoma County, Inc., an affiliate of Republic Services, Inc. The remaining \$355,000,000 of bond financing will be applied as follows:

- Alameda County - \$20,000,000
- Contra Costa County - \$55,000,000
- Imperial County - \$5,000,000
- San Diego County - \$70,000,000
- San Joaquin County - \$20,000,000
- San Mateo County - \$75,000,000
- Santa Clara County - \$110,000,000

The purpose of the public hearing is to satisfy Federal Internal Revenue Service requirement of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), that as a condition to issuing bonds, the approval of the elected governmental offices of the jurisdiction where the facilities are located be obtained following a public hearing. The hearing provides the public an opportunity to comment on the use of tax-exempt bond proceeds by the specific borrowing institution to finance their capital needs.

Discussion:

The California Municipal Finance Authority (CMFA) is a Joint Powers Authority (JPA) formed to assist local governments, non-profit organizations and businesses by promoting economic, cultural and community development, with the financing of economic development and charitable activities throughout California. The CMFA offers a means to finance new or continuing construction of infrastructure and public facilities through bonds it issues as an alternative to issuance of bonds directly by a public entity.

To date, over 350 municipalities, including the County of Sonoma, have become members of CMFA. In order to initiate a financing, the member participant of the CMFA in which the proposed facilities will be located must (i) conduct a public hearing and (ii) approve the Authority's issuance of indebtedness. Therefore, although the CMFA will be the issuer of the obligation for the Borrower, the financing cannot proceed without the County of Sonoma's approval of the financings.

Republic Services, Inc. (the "Borrower") has requested that the California Municipal Finance Authority (the "CMFA") issue exempt facility bonds for qualified solid waste disposal facility projects pursuant to section 142 (a)(6) of the Internal Revenue Code of 1986 (the "Code") in one or more series from time to time in an aggregate principal amount not to exceed \$400,000,000 (the "Bonds"), \$45,000,000 of which, will be used to finance certain capital projects at the Sonoma Landfill facility in Petaluma.

Republic Services, Inc. projects to be financed facilities (collectively, the "Project") include: (a) improvements to existing landfill facilities, including construction of new disposal cells and liners within currently permitted acreage, (b) additions and improvements to the leachate collection and treatment system, including leachate trenching, (c) additions and improvements to the methane gas systems, (d) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (e) site improvements, (f) acquisition of equipment to be used at the landfill facilities, and (g) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service.

CMFA is looking to issue \$400 million in tax exempt bonds of which \$45 million will be applied to Sonoma Landfill facility on Mecham Road in Petaluma. The remaining \$355 million will be for public project in Alameda, Contra Costa, Imperial, San Diego, San Joaquin, San Mateo, and Santa Clara counties. Each of these jurisdictions' governing bodies have or will have completed public hearings and issued a resolution approving the tax-exempt bond issuance by the end of March 2024.

The Board has conducted similar hearings for entities in Sonoma County, with the most recent being for Sonoma Academy in August 2022. The financing is a direct obligation of Republic Services, Inc. for the Sonoma Landfill. If there is a delinquency or default the recourse is to Republic Services, Inc., not the County of Sonoma. The Board's approval of the financing does not in any way pledge the credit or revenues of the County to the financing.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

August 30, 2022 - Adoption of Resolution for Sonoma Academy Tax-Exempt Bond Financing

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

The County has not established a cost recovery methodology for future TEFRA items yet. Typically, this would include a fee study and development of a policy to be approved by the Board of Supervisors. Depending on the complexity of the item, it can take 15-30 hours of staff time and 2-3 of County Counsel time. EDB will coordinate with the County Administrator’s Office on how best to handle these items moving forward.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Resolution

Related Items “On File” with the Clerk of the Board:

None.