



Legislation Text

File #: 2024-1147, Version: 1

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Economic Development Collaborative

Staff Name and Phone Number: Ethan Brown 565-7589; Katherine DiPasqua 565-4893

Vote Requirement: Majority

Supervisorial District(s): All

Title:

9:35 AM: Adoption of Resolution to Approve the Issuance of Tax-Exempt Bond Financing by the California Municipal Finance Authority in an Amount Not to Exceed \$61,000,000 for the Purpose of Improving Existing Solid Waste Disposal Facilities

Recommended Action:

Conduct a public hearing and adopt a resolution to approve tax-exempt bond financing for Recology, Inc. in an aggregate principal amount not to exceed \$61,000,000 for qualified solid waste disposal facility projects, including \$50,000,000 for Recology Sonoma Marin sites at 3400 and 3417 Standish Avenue in Santa Rosa.

Executive Summary:

This Tax Equity and Fiscal Responsibility Act (TEFRA) 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 \$61,000,000 to be issued for the benefit of Recology, Inc. A portion of the proceeds of the Bonds, in a principal amount not expected to exceed \$50,000,000, will be used to finance certain capital projects at 3400 and 3417 Standish Avenue in Santa Rosa.

In March 2024, the Board of Supervisors held a public hearing for the issuance of bonds to benefit Republic Services, Inc. for certain capital projects at Sonoma Landfill located at 500 Mecham Road in Petaluma. Today's public hearing is not related to that facility or to the County's central landfill operations. The Recology, Inc. facilities on Standish Avenue are used for diversion and processing of recyclables.

The remaining \$11,000,000 of bond financing will be applied as follows:

County	Amount	TEFRA Hearing Dates
San Mateo	\$6.6 million	10/8/2024
Solano	\$4.4 million	9/24/2024

This public hearing is held pursuant to the federal Tax Equity and Fiscal Responsibility Act (TEFRA). TEFRA requires that a public hearing be held in the jurisdiction in which a project to be financed with tax-exempt financing is located, and that the governing body approve the proposed financing. 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 local jurisdictions, 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.

Recology, Inc. (the "Borrower") has requested that the California Municipal Finance Authority issue exempt facility bonds for qualified solid waste disposal facility projects pursuant to section 142(a)(6) of the Internal Revenue Code of 1986 in one or more series from time to time in an aggregate principal amount not to exceed \$61,000,000, \$50,000,000 of which, will be used to finance certain capital projects located at 3400 and 3417 Standish Avenue, Santa Rosa, California, 95407.

Recology, Inc. will be using the proceeds of the Bonds to finance the acquisition, construction, rehabilitation, renovation, installation, improvement and/or equipping of land, buildings, facilities and/or equipment, including but not limited to the management of capacity for the transfer and processing of municipal solid waste and rolling stock, for the collection, transfer and processing of municipal solid waste, including associated equipment and appurtenances.

The Board has conducted similar hearings for entities in Sonoma County, with the most recent being for Republic Services, Inc. for projects at the County's Central Disposal Site in March 2024. The financing is a direct obligation of Recology, Inc. for the facilities located at 3400 and 3417 Standish Avenue in Santa Rosa. If there is a delinquency or default, the recourse is to Recology, 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.

Strategic Plan:

N/A

Racial Equity:

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

No

Prior Board Actions:

3/26/24 - [File 2024-0207 <https://sonoma-county.legistar.com/LegislationDetail.aspx?>](https://sonoma-county.legistar.com/LegislationDetail.aspx?)

[ID=6583893&GUID=63A36849-84F4-4DAC-8250-017C31DC4FE1&Options=Text|&Search=solid+waste](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6583893&GUID=63A36849-84F4-4DAC-8250-017C31DC4FE1&Options=Text|&Search=solid+waste):
Adoption of Resolution to Issue Tax-Exempt Bond Financing for Various Qualified Solid Waste Disposal Facility Projects at Sonoma Landfill (
[<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6583893&GUID=63A36849-84F4-4DAC-8250-017C31DC4FE1&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6583893&GUID=63A36849-84F4-4DAC-8250-017C31DC4FE1&Options=&Search=>))

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 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 California Municipal Finance Authority will distribute 25% of the fees recovered as part of this Bond issuance to the participating Counties on a pro-rata basis. It is estimated that Sonoma County will receive approximately \$14,800 for costs incurred in the processing of this item.

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