



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: May 18, 2021

14

TO: Board of Supervisors

SUBJECT

NOTICED PUBLIC HEARING: ISSUANCE OF REVENUE OBLIGATIONS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF REPUBLIC SERVICES, INC., IN AN AGGREGATE AMOUNT NOT TO EXCEED \$703,700,000 (DISTRICTS: 1,4,5)

OVERVIEW

The County has received a request from the California Municipal Finance Authority (“CMFA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of one or more series of revenue obligations in an aggregate principal amount not to exceed \$703,700,000 (the “Obligations”), for the benefit of Republic Services, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and/or affiliates thereof (collectively, the “Borrower”). The Borrower has applied for the financial assistance of the Authority. The proceeds of the Obligations will be allocated to several projects located in various cities across California. The projects to be financed or refinanced in the County, to which a maximum principal amount of \$118,500,000 in Obligations will be allocated, include: (i) Otay Landfill, 1700 Maxwell Road, Chula Vista, CA, (ii) Allied Waste Services of San Diego, 8364 Clairemont Mesa Blvd, San Diego, CA, (iii) Sycamore Landfill, 8514 Mast Boulevard, Santee, CA (iv) Borrego Landfill, 2449 Palm Canyon Drive, Borrego Springs, CA, and (v) Ramona Landfill, 20630 Pamo Road, Ramona, CA. The proceeds of the Obligations for the facilities located in the County of San Diego will be used to finance and/or refinance certain capital projects to include site improvements, construction and acquisition of equipment. The other facilities located outside of the County of San Diego will be subject to a separate board hearing in the jurisdiction in which the respective facility resides.

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue revenue obligations, including the Borrower. In order to initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve the Authority’s issuance of the Obligations. Although the Authority will be the issuer of the Obligations for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

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Today's recommendations will provide the Authority with the required authorization to pursue its determination to issue the Obligations on behalf of the Borrower for the Project.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN
DIEGO APPROVING THE ISSUANCE OF SOLID WASTE DISPOSAL REVENUE
OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$703,700,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE
ACQUISITION, CONSTRUCTION, INSTALLATION, REHABILITATION,
IMPROVEMENT AND/OR EQUIPPING OF SOLID WASTE DISPOSAL FACILITIES
BY REPUBLIC SERVICES, INC. AND CERTAIN AFFILIATES THEREOF, AND
CERTAIN OTHER MATTERS RELATING THERETO

FISCAL IMPACT

If approved, the proposal will result in approximately \$1,030 of unanticipated revenue to be used to reimburse the County for costs associated with this non-County financing.

The Borrower will be responsible for the payment of all present and future costs in connection with issuance of the financing. The County will incur no obligation of indebtedness as a result of these actions.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Assistant Chief Administrative Officer, the Deputy Chief Administrative Officer/Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

BACKGROUND

California Municipal Finance Authority ("CMFA")

The California Municipal Finance Authority provides tax-exempt financing for qualified projects located throughout the State of California. The Authority's mission is to support economic development, job creation, and social programs throughout the State of California. By assisting nonprofit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and

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equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

Republic Services, Inc.

Republic Services, Inc. is the second largest provider of non-hazardous solid waste collection, transfer, disposal, recycling, and energy services in the United States, as measured by revenue. They operate facilities in 41 states and Puerto Rico through 349 collection operations, 207 transfer stations, 190 active landfills, 91 recycling processing centers, 7 treatment, recovery and disposal facilities, and 11 saltwater disposal wells. They are engaged in 75 landfill gas-to-energy and renewable energy projects and had post-closure responsibility for 129 closed landfills. They were incorporated in Delaware in 1996.

Project

The Borrower wishes to use the proceeds to finance and/or refinance certain capital projects located in the territorial limits of the County of San Diego at the following locations and currently owned and/or operated by the following affiliates of Republic Services, Inc.: (i) Otay Landfill, 1700 Maxwell Road, Chula Vista, CA, owned and/or operated by Otay Landfill, Inc. (up to \$32,400,000 of Obligations, including up to \$23,300,000 of new money Obligations at such location), (ii) Allied Waste Services of San Diego, 8364 Clairemont Mesa Blvd, San Diego, CA, owned and/or operated by Allied Waste Systems, Inc. (up to \$8,700,000 of Obligations, including up to \$5,000,000 of new money Obligations at such location), (iii) Sycamore Landfill, 8514 Mast Boulevard, Santee, CA, owned and/or operated by Sycamore Landfill, Inc. (up to \$72,200,000 of Obligations, including up to \$58,400,000 of new money Obligations at such location), (iv) Borrego Landfill, 2449 Palm Canyon Drive, Borrego Springs, CA, owned and/or operated by Borrego Landfill, Inc. (up to \$5,100,000 of Obligations, including up to \$5,000,000 of new money Obligations at such location), and (v) Ramona Landfill, 20630 Pamo Road, Ramona, CA, owned and/or operated by Ramona Landfill, Inc. (up to \$100,000 of Obligations). The other facilities located outside of the County of San Diego will be subject to a separate board hearing in the jurisdiction in which the respective facility resides.

The projects to be financed and/or refinanced at such locations 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.

Public Benefit

With this financing, the Borrower will be able to better serve the community and continue to provide high quality waste management for San Diego County.

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County Involvement

Section 147(f) of the Internal Revenue Code requires that an applicable elected body, with respect to the Project, hold a public hearing and approve the issuance and delivery of the Obligations. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) approve the issuance of the Obligations. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Operational Excellence Strategic Initiative in the County of San Diego's 2021-2026 Strategic Plan by supporting and allowing the issuance of revenue obligations by CMFA for the Republic Services, Inc. to finance and refinance various facilities located in San Diego.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

1. County Resolution
2. Notice of Public Hearing
3. CMFA Project Application for Bond

AGENDA ITEM INFORMATION SHEET

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REQUIRES FOUR VOTES: ☐ Yes ☒ No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

☐ Yes ☒ No

PREVIOUS RELEVANT BOARD ACTIONS:

N/A

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION
NUMBER(S):**

N/A

ORIGINATING DEPARTMENT: Finance and General Government Group

OTHER CONCURRENCE(S): Debt Advisory Committee

CONTACT PERSON(S):

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