



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 04/19/16
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, Public Works Director, 568-3010
Director(s) Harry Hagen, CPA CPFO ACPFIM CFIP, Treasurer-Tax Collector,
568-2490
Contact Info: Mark Paul, Deputy Director, 568- 3016

SUBJECT: Award Contract to KNN Public Financing to provide financial advisory services to the Proposed Tajiguas Resource Recovery Project; First, Second, and Third Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: Risk Management

Recommended Actions:

That the Board of Supervisors:

- a. Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor with KNN Public Finance, LLC in an amount not to exceed \$85,000 to provide financial advisory services associated with financing for the Tajiguas Resource Recovery Project (Attachment A); and
- b. Determine that the above action is not a project under the California Environmental Quality Act, pursuant to CEQA Guidelines Section 15378(b)(5), because it consists of organizational or administrative activities that will not result in a direct or indirect physical change in the environment.

Summary Text:

On April 5th your Board was provided an update to the Tajiguas Resource Recovery Project and directed staff to develop necessary agreements with the vendor and participating jurisdictions. Additionally staff working with Debt Advisory Committee (DAC) needs to evaluate and recommend the appropriate public debt financing model necessary to fund the project and eventually assist the County with placement of the debt service. This contract will provide staff with information for evaluating the financing structure for the project. On March 18,

Subject: Award Contract to KNN Public Financing to provide financial advisory services to the Proposed Tajiguas Resource Recovery Project

Agenda Date: April 19, 2016

Page 2 of 3

2016 the DAC recommended that the Board of Supervisors approve the engagement of KNN for financial advisory services for the Tajiguas Resource Recovery Project (TRRP).

Background:

On January 17, 2012, the Board of Supervisors endorsed a recommended project proposed by Mustang Renewable Power Ventures (Mustang) to construct a Material Recovery Facility (MRF) and dry fermentation Anaerobic Digester (AD) to further process material currently buried at the Tajiguas Landfill. Recovered materials would be sold as commodities where markets are available, organics would be further processed to recover biogas to be converted to energy, and digestate would be composted to prepare soil amendment to be beneficially reused. The purpose of the project is to extend the permitted life of the Tajiguas Landfill and provide the region with a 20-year solid waste management plan as well as allow participating public entities to meet a variety of state mandates including the significant reduction of greenhouse gasses.

On July 7, 2015, your Board directed staff to evaluate alternative means of project financing, and that evaluation is in progress. Financial and technical reviews have been a continual effort by staff and third party consultants. During the summer of 2015, Public Works staff hired independent experts to perform comprehensive performance and financial reviews of the proposed MRF and AD facility components of the TRRP. These reviews found that the TRRP, as proposed, achieved or exceeded the requirements and standards set out by the original RFP and subsequent addenda developed by the participating jurisdictions. Notably, it found the proposed project performance to be reasonable and achievable.

On December 18, 2015, the DAC received a report on the proposed funding for the TRRP and approved publication of a Request for Qualifications for Financial Advisory Services.

Four proposals were received from the following firms: (1) Caldwell Flores Winters, Inc., (2) Fieldman, Rolapp & Associates, (3) KNN Public Finance and (4) Montague DeRose and Associates, LLC. One firm was disqualified for late submission. The remaining three proposals were evaluated and qualified as potential financial advisors for Santa Barbara County. Based on the pricing, team, and experience of the firm, staff recommended an engagement with KNN to the DAC on March 18, 2016. The DAC recommended that the Board of Supervisors approve the engagement of KNN for financial advisory services for the TRRP.

Performance Measure:

None

Fiscal and Facilities Impacts:

This contract does not require additional budget as the pre-transaction costs are budgeted in Resource Recovery and Waste Management Enterprise Fund. Fees will be paid from bond proceeds. In the event the County does not bring financing bonds to market, the pre-transaction costs will not exceed \$10,000 based on the hourly rate schedule in the contract. The remaining \$75,000 transaction fee is contingent up on the successful sale and closing of the financing.

Subject: Award Contract to KNN Public Financing to provide financial advisory services to the Proposed Tajiguas Resource Recovery Project

Agenda Date: April 19, 2016

Page 3 of 3

Fiscal Analysis:

This contract will be paid from bond proceeds.

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other: RRWMD Ent Fund	\$ -	\$ -	\$ 85,000.00
Total	\$ -	\$ -	\$ 85,000.00

Staffing Impacts:

None, existing Public Works and Treasurer Staff will be able to absorb the responsibilities of overseeing this contract.

Special Instructions:

Please send a copy of the signed contract (Attachment A) to the Resource Recovery & Waste Management Division of the Public Works Department, Attn: Mark Paul.

Attachments:

Attachment A – Agreement for Services of Independent Contractor

Attachment B – Contract Summary Sheet

Authored by:

Mark Paul, Deputy Director, Public Works (ext. 3016)