



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:** 02/14/17  
**Placement:** Administrative  
**Estimated Tme:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Scott D. McGolpin, P.E. 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:** Amend Contract with KNN Public Finance, LLC to provide financial advisory services for the Proposed Tajiguas Resource Recovery Project; First, Second, and Third Supervisorial Districts

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**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, ratify and authorize the Chair to execute Amendment No. 1 to the Agreement for Services of Independent Contractor with KNN Public Finance, LLC increasing the amount by \$40,000 to a not to exceed amount of \$125,000 to continue 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:**

KNN Public Finance, LLC has been providing the County with financial advisory services related to the financing of the Tajiguas Resource Recovery Project. This amendment increases the contract amount for additional unanticipated work on this financing.

**Background:**

On December 18, 2015, the Debt Advisory Committee (DAC) received a report on the proposed funding for the Tajiguas Resource Recovery project and approved publication of a Request for Qualifications for Financial Advisory Services. Subsequently, on March 18, 2016, the DAC recommended that the Board approve the engagement of KNN for financial advisory services.

On April 19, 2016, your Board approved the contract with KNN.

This amendment covers additional complex work by KNN on the financing, including assisting in developing the application for New Clean Renewable Energy Bonds (CREB) and determining qualifying bond amounts for these bonds; presenting various CREB method of sale alternatives to the County; assisting with changes to the terms and conditions of the Material Delivery Agreements needed to conform with covenants and requirements under the bond documents and participating in negotiations with participating cities related to those Agreements; and assisting the County in devising the jurisdictional rate stabilization fund and the bondholder’s rate stabilization fund.

KNN began work with the County on this financing in April 2016 with an anticipated financial close in the fall 2016. Due to the complexities of the project, the financing timeline has been extended into 2017 with a projected financial close in March 2017. Several key financing milestones are yet to occur between now and closing the transaction, including:

- Finalize official statement (for investors).
- Prepare investor presentation and coordinate investor conference calls.
- Pricing process for the 2017 Certificates.

Staff recommends approval of Amendment #1.

**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.

**Fiscal Analysis:**

This contract will be paid from bond proceeds.

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State			
Federal			
Fees			
Other: RRWMD Ent Fund	\$ -	\$ -	\$ 125,000.00
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 125,000.00</b>

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**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 amendment (Attachment A) to the Resource Recovery & Waste Management Division of the Public Works Department, Attn: Mark Paul.

**Attachments:**

Attachment A: Amendment No.1

Attachment B: Agreement for Services of Independent Contractor

Attachment C: Contract Summary Sheet

**Authored by:**

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