



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/Lag San
Department No.: 054
For Agenda Of: 6/16/2020
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Scott D. McGolpin, P.E., Director, (805) 568-3010
Director(s) Harry E. Hagen, CPA, CPFO, CFIP, CGIP, ACPFIM, Treasurer-
Tax Collector, (805) 568-2490
Contact Info: Leslie Wells, Deputy Director, (805) 882-3605
Kimberly A. Tesoro, Assistant Treasurer-Tax Collector, (805) 568-
2925

SUBJECT: Amendment to Professional Services Agreement with KNN Public Finance, LLC
for Municipal Advisor Services for the Proposed Laguna County Sanitation
District Plant Upgrades - Third and Fourth Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee, Risk
Management

As to form: Yes

Recommended Actions:

That the Board of Directors:

- a) Approve and authorize the Chair to execute Amendment No. 1 to the Agreement for Services of Independent Contractor with KNN Public Finance, LLC to extend the contract period to June 30, 2021 for financial advisory services associated with financing for proposed Laguna County Sanitation District wastewater reclamation plant upgrades; and
- b) Find that the proposed actions do not constitute a "Project" within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378 (b)(5), in that they are government administrative activities that will not result in direct or indirect changes in the environment.

Summary Text:

This item is on the agenda in order to consider an amendment to the agreement with KNN Public Finance, LLC to extend the term to June 30, 2021 for Municipal Advisor services for financing the proposed Laguna County Sanitation District wastewater reclamation plant upgrades.

Background:

The Laguna County Sanitation District is planning a plant upgrade to replace aged, obsolete and structurally deficient treatment facilities as described in the *Wastewater Reclamation Plant Facilities and Financial Master Plan* presented to the Board in October of 2011. The Master Plan assessed the existing equipment useful lives, function, and improvements needed to address regulatory criteria, and capacity needs associated with customer growth, waste flow volumes and loading, and treatment and discharge alternatives. The Master Plan also recommended a fee and rate structure to accommodate debt service for these improvements as well as complying with the County Enterprise Fund Reserve Policy adopted by the Board in June of 2007.

The financing mechanism proposed to fund the facility upgrade is an installment payment financing payable from certain District revenue. KNN Public Finance, LLC (not a local vendor) was considered as qualified to perform finance related services based on their selection from a request for qualifications for advisory services solicited by the Treasurer-Tax Collector's office for a separate project. That selection was based on demonstrated competence and professional qualifications over two other firms. KNN Public Finance, LLC was retained by the District Board on November 13, 2018 to assist in acquiring financing for the project, whose scope includes debt service evaluation, bond capacity, development of bond offering, disclosure statements, and bond rating.

The project and the retention of KNN Public Finance, LLC to provide financial advisory services was recommended to the Debt Advisory Committee (DAC) on October 1, 2018. The recommendation was approved and therefore staff recommended executing the agreement negotiated in an amount not to exceed \$108,500. Due to delays associated with COVID-19 and bid processing, this action requests that the term be extended from June 30, 2020 to June 30, 2021.

Key Contract Risks:

Public Works views this Agreement as low risk because KNN Public Finance, LLC is highly experienced in financial matters and has worked with the County successfully for multiple years.

Performance Measure:

Implementation of the improvements is consistent with the District's Facilities Master Plan and the County Capital Improvement Program.

Fiscal and Facilities Impacts:

There is no change to the original budgeted amount of \$108,500 with this action. The pre-transaction costs are budgeted in the Laguna County Sanitation District Enterprise Fund. Fees will be paid from financing proceeds. In the event the District does not bring the financing to market, the pre-transaction costs will not exceed \$20,000 based on the hourly rate schedule of the proposal and contract. A fixed fee of \$85,000 is contingent on the successful sale and closing of the financing. The agreement also includes \$3,500 for expenses.

Fiscal Analysis:

<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			
LCSD Enterprise Fund			\$ 108,500
Total	\$ -	\$ -	\$ 108,500

The costs for services in the agreement will be paid from financing proceeds.

Special Instructions:

Direct the Clerk to retain one (1) original agreement amendment for Clerk of the Board records and return the other two (2) original agreements to the Laguna County Sanitation District office, attention Martin Wilder

Attachments:

Attachment A: Three (3) original agreement amendments

Authored by:

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Copy:

Julie Hagen, Deputy Public Works Director of Finance and Administration, (805) 568-3999