



COUNTY OF NEVADA
COUNTY EXECUTIVE OFFICE
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: December 6, 2022

TO: Board of Supervisors

FROM: Alison Lehman, CEO

SUBJECT: Resolution approving a contract between the County of Nevada and KNN Public Finance, LLC (“KNN”) authorizing KNN to serve as the County’s Municipal Advisor in connection with the issuance of debt obligations for the capital construction improvement project at the existing McCourtney Road Transfer Station (MRTS) in Nevada County, for a maximum amount of \$76,500.00, for the period of October 12, 2022 through February 28, 2023, and authorizing the Chair of the Board of Supervisors to execute the contract and directing the Auditor-Controller to amend the County Executive Office budget for Fiscal Year 2022/23 (4/5 Affirmative Vote Required)

RECOMMENDATION: Approve the Resolution establishing a contract with KNN Public Finance, LLC (“KNN”) to serve as the County’s Municipal Advisor in connection with the issuance of debt obligations for the capital construction improvement project at the existing McCourtney Road Transfer Station (MRTS) in the maximum amount of \$76,500.00.

FUNDING: These services will be paid for from the County Executive Office FY 22/23 Budget. If and when the proposed financing transaction closes, contract costs will be reimbursed by financing proceeds. A budget amendment is included. There is no net impact to the General Fund.

BACKGROUND: The McCourtney Road Transfer Station (“MRTS”) provides solid waste and recycling transfer services for the communities of Grass Valley, Nevada City, and the unincorporated areas of

western Nevada County, California. The facility was constructed in 1994 after the adjacent McCourtney Road landfill closed. As currently designed, the MRTS does not have sufficient capacity to accommodate the volume of vehicles regularly delivering waste to the site. This capacity constraint is due to the site's aging infrastructure, compact size, and limited vehicle capacity.

The Capital Construction Improvement Project is intended to address these issues. The Project includes several proposed changes at the MRTS facility including:

- Expansion of the site entrance road and installation of new scale facilities
- Construction of an approximately 48,000-square-foot material recovery facility
- Creation of an organics receiving and transfer building
- New or repaved asphalt surfaces, fencing, and other circulation improvements
- Construction of a permanent green waste and construction/demolition receiving area

On December 14, 2021, your Board accepted the project construction documents and authorized the County Purchasing Agent to solicit bids for the Project. The resulting bids were significantly higher than the preliminary design and engineering estimates and exceeded available funds in the Fund and as such, all bids were rejected with a second round of bids being solicited in November 2022. It is expected that the second round of bids will be received by 1/5/2023 and a contract awarded in February of 2023 (contract award will be brought to the Board of Supervisors for approval).

Project design specifications have been reviewed for any potential efficiency and savings. However, in anticipation of bids continuing to exceed available funds in the Fund, staff began researching financing options to help fill in the gap. On October 25, 2022, your Board approved Resolution 22-559, approving the pursuit of private financing through a bank or other commercial lender.

The proposed contract with KNN Public Finance, LLC would support County staff in this activity. The Consultant's scope of work would include working with County staff to summarize the key credit features of the parcel tax repayment source, running the process of soliciting bids from potential direct purchase lenders, and negotiating key business terms and conditions with the private financing lender on behalf of the County. The KNN contract will be based on a fixed transaction fee and actual expenses not to exceed the amount of \$76,500.

As a registered municipal advisor, KNN Public Finance, LLC maintains a fiduciary duty to represent the County's best interest in the bond financing transactions, including assisting with optimal financing terms and negotiating with lenders. The contractor will work closely with county staff, Bond Counsel, and others involved in the project. The contractor has experience with tax-exempt financing and bond transactions in general that will ensure that the appropriate due diligence and best practice financing methods will be brought to this project.

Item Initiated by: Barry Anderson, Management Analyst, County Executive Office

Approved by: Alison Lehman, County Executive Officer