



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 12/9/2025

To: Boards of Directors, Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District
Department or Agency Name(s): Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District

Staff Name and Phone Number: Grant Davis 707-547-1911, Lynne Rosselli 707-524-3771

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Municipal Financial Advisory Services

Recommended Action:

Authorize Sonoma County Water Agency's General Manager acting on behalf of Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District to execute an agreement with KNN Public Finance, LLC, in substantially the form presented to this Board, for municipal financial advisory services through December 9, 2029, in the not-to-exceed amount of \$550,000.

Executive Summary:

Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District (collectively "Sonoma Water") requires financial advisory services, including analysis, consultation, and support for financial, investment, and other related matters affecting Sonoma Water's capital and operating finances.

Discussion:

Sonoma County Water Agency owns, operates, and manages Geyserville Sanitation Zone, Penngrove Sanitation Zone, and Sea Ranch Sanitation Zone ("Zones"). Sonoma County Water Agency owns Airport/Larkfield/Wikiup Sanitation Zone. Town of Windsor operates and manages Airport/Larkfield/Wikiup Sanitation Zone under contract with Sonoma County Water Agency. Airport/Larkfield/Wikiup Sanitation Zone is included in Zones as defined above.

Sonoma County Water Agency owns, operates, and maintains flood protection projects and provides flood protection services for the following watersheds: Laguna de Santa Rosa/Mark West Creek (Zone 1A), Petaluma River (Zone 2A), Valley of the Moon (Zone 3A), Lower Russian River (Zone 5A), North Coastal (Zones 7A), and South Coastal (Zone 8A) ("Flood Protection Zones").

Sonoma County Water Agency operates and manages Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District ("Districts") under contract with Districts.

Sonoma Water's sanitation and flood control operations are funded separately and independently from its water transmission and supply operations.

To finance water transmission projects, Sonoma County Water Agency issues bonds under a Master Ordinance, as amended and supplemented from time to time. Bonds are special obligations of Sonoma County Water Agency payable from and secured by a pledge of and lien upon the net revenues of Sonoma County Water Agency's water transmission system. Sonoma Water also issues bonds for sanitation district wastewater projects issued through the Sonoma County Water and Wastewater Authority.

Sonoma Water manages several credit ratings and bond programs. Recent challenges for the water transmission system have involved managing around reduced water deliveries resulting from drought, funding large scale maintenance projects (such as storage tank recoat and cathodic protection projects), and a significant landslide that caused the closure of the North Marin Water District pipeline. In order to prepare and plan for financial challenges, Sonoma Water requires continued assistance to manage its debt portfolio, maintain strong credit ratings, and successfully plan for the funding of capital needs.

SELECTION PROCESS

KNN Public Finance, LLC (Consultant) was selected from a competitive selection process. Attached is a memo that explains the competitive selection process.

SERVICES TO BE PERFORMED

Under the proposed agreement, Consultant will provide as-needed municipal financial advisory services including analysis, consultation, and support for Sonoma Water's debt and financing programs.

The cost of services will not exceed \$550,000; the term end date is December 9, 2029.

Through the proposed agreement, the General Manager will be delegated the authority to approve a written amendment to extend the term of the agreement for up to two additional years by providing written notice to the other party thirty days in advance of the term end date and by executing an agreement amendment.

County of Sonoma Strategic Plan Alignment:

N/A.

Sonoma Water Strategic Plan Alignment

Goal: Organizational Excellence.

Strategy: Ensure financial integrity and stability by implementing sound and equitable practices to meet infrastructure and service needs.

Action: Ensure adequate funding and increase grant revenues to support priorities.

Work performed under the proposed agreement ensures that Sonoma Water maintains strong credit ratings and that funding for Sonoma Water's water transmission and wastewater projects is successfully planned and managed.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

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No

Prior Board Actions:

None.

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses	\$225,000	\$175,000	\$100,000
Additional Appropriation Requested			
Total Expenditures	\$225,000	\$175,000	\$100,000
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$225,000	\$175,000	\$100,000
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$225,000	\$175,000	\$100,000

Narrative Explanation of Fiscal Impacts:

Budgeted amount of \$225,000 is available from FY 2025/2026 appropriations for the Water Transmission Fund; for the Occidental, Russian River, and Sonoma Valley County Sanitation Districts' Operations Funds; and for the Geyserville, Penngrove, and Sea Ranch Sanitation Zones' Operations Funds. The actual expenditure will vary per fund based on the need for financial advisory services. The revenue source for the Water Transmission Fund is water rates and for the Districts and Zones is rate-payer annual sewer service charges. Future fiscal year appropriations will be budgeted in those years. No additional appropriation is required.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1: Agreement with KNN Public Finance, LLC

Attachment 2: Competitive Selection Process Memo

Related Items "On File" with the Clerk of the Board:

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None.