



**Sonoma
Water**

MEMORANDUM

TW: 25/26-022

DATE: October 20, 2025

TO: Grant Davis, General Manager

FROM: Lynne Rosselli, Project Manager *LR*

SUBJECT: **SELECTION OF KNN PUBLIC FINANCE, LLC FOR AS-NEEDED MUNICIPAL FINANCIAL ADVISORY SERVICES**

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 for multiple credits under its control. Recent challenges on water transmission credit 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.

On September 4, 2025, Sonoma County Water Agency and its affiliated sanitation districts (collectively Sonoma Water) issued a Request for Proposals (RFP) to the following number of firms:

- Backstrom, McCarley, Berry & Co., LLC, San Francisco, CA
- Fieldman, Rolapp & Associates, Inc., Irvine, CA
- KNN Public Finance, LLC, Berkeley, CA
- Montague DeRose and Associates, LLC, Walnut Creek, CA
- NHA Advisors, LLC, San Francisco, CA
- PFM California Advisors, LLC, San Francisco, CA
- Pop-Lazic & Co, LLC, Pacifica, CA
- Ridgeline Municipal Strategies, LLC, Rocklin, CCA
- Wulff, Hansen & Company, San Rafael, CA

The RFP was also posted on Sonoma County Water Agency and County of Sonoma Purchasing Department websites.

The seven firms listed below submitted Proposals.

- Columbia Capital Management, LLC, Carlsbad, CA
- Fieldman Rolapp & Associates, Inc.
- KNN Public Finance, LLC

- Montague DeRose and Associates
- PFM Financial Advisors LLC
- Ridgeline Municipal Strategies, LLC
- Wulff, Hansen & Co

The following criteria were used to evaluate each firm:

- Professional qualifications and demonstrated ability to perform the work.
- Exceptions to standard terms in the sample agreement.
- Thoroughness of proposal.
- Local Service Provider Preference.

KNN Public Finance, LLC (Consultant) was selected to perform the work because of their substantial knowledge and understanding of Sonoma Water's unique water agreements (Restructured Water Supply Agreement and MMWD Water Supply Agreements) and the Master Ordinance under which water transmission bonds are issued and which form the core of the water transmission credit as well as the key covenants in Sonoma Water's bond documents and debt policy, many of which Consultant helped prepare. Consultant has significant experience with the rating agencies that review Sonoma Water's credit prior to issuing bonds and has documented Sonoma Water's unique credit story. Consultant has developed and maintained detailed cash flow models and debt maps for Sonoma Water's bond programs, which are informed by Sonoma Water's Long Range Financial Plan and 5-Year Capital Improvement Plans. Consultant has monitored Sonoma Water's refunding opportunities, ensured compliance with rate, liquidity and other bond covenants, evaluated debt capacity, developed financing plans for priority capital projects, and played an integral role in Sonoma Water maintaining strong ratings and debt management practices. Consultant regularly appears in front of the County's Board of Supervisors, Sonoma Water's Board of Directors, and the County's Debt Advisory Committee, and has close working relationships with the Sonoma County Counsel and Auditor-Controller-Treasurer-Tax Collector staffs, which provide legal, fiscal and financial services to Sonoma Water.

Proposals and evaluation forms have been sent to Records.

Internal bargaining unit staff is not being used for this work because specialized municipal advisory services are required throughout the complex bond issuance process. Municipal advisors provide expert guidance on structuring bonds, determining the method of sale, and achieving the lowest possible financing costs. Currently, Sonoma Water has no one on staff with the necessary expertise.

The hiring of Consultant for this agreement causes no conflict of interest and is not based on any financial incentive provided to Sonoma Water or its employees and representatives.

c: Julie Sykes
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