

LAFCO MEMORANDUM

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION

105 East Anapamu Street • Santa Barbara CA 93101 • (805) 568-3391 + Fax (805) 568-2249

April 2, 2026 (Agenda)

TO: Each Member of the Commission

FROM: Mike Prater
Executive Officer

SUBJECT: Report on Los Olivos Community Services District

This is an Informational Report. No Action is Necessary

DISCUSSION

At the April 3, 2025 meeting, the Commission granted a request from the Los Olivos Community Services District for a Two-Year Extension from the Effective Date of Formation, which will run through April 5, 2027 to complete the Proposition 218 assessment district process.

The condition of formation is set forth in Paragraph B(vii) is as follows: "**The District shall implement a Proposition 218 assessment within one year of the effective date as necessary to fund the wastewater treatment facilities for the area, including CEQA and other planning analysis, assessment study and necessary election. Santa Barbara LAFCO may otherwise extend such deadline, or other LAFCO approved arrangements are made for funding such construction.**"

The District's 1st Quarter Update explains the Board of Directors current status including information on:

- Funds needed to continue operations
- Our Project – Collect and Convey to the City of Solvang for Treatment and Disposal
- Parcel Assessment Approach

The LOCSD continues to make slow but steady progress on a community wastewater solution. The District anticipates by the end of this quarter, it will effectively be out of funding and be unable to move forward.

If funding is found by July 1, 2026, they anticipate a Proposition 218 vote could be completed in early 2027. If funding is not obtained, the LOCSB Board of Directors may begin district dissolution. The District will give a status update presentation.

As a condition of the time extension, the Commission requested periodic updates from the District on the update process. The District's General Manager has submitted the most recent update provided to the residents that summarizes the accomplishments.

Attachments

Attachment A – Los Olivos CSD 1st Quarter Update 2026

Please contact the LAFCO office if you have any questions.

Julie Kennedy, President
Tom Nelson, Vice President
Thomas Fayram, Director
Greg Parks, Director
Lisa Palmer, Director



PO Box 345, Los Olivos Ca 93441
Telephone (805) 500-4098
losolivoscsd@gmail.com
www.losolivoscsd.com

Guy Savage, General Manager

March 18, 2026

Local Agency Formation Commission
Attention: Mike Prater, Executive Officer
105 East Anapamu Street, Room 407
Santa Barbara, CA 93101
(via email)

SUBJECT: Quarterly Update - Los Olivos Community Services District

Dear Executive Officer Prater and Commissioners,

Attached is the required quarterly update from the Los Olivos Community Services District (LOCS D). The quarterly update includes information on:

- Funds needed to continue operations
- Our Project – Collect and Convey to the City of Solvang for Treatment and Disposal
- Parcel Assessment Approach

As we have noted at each of our recent presentations to the Santa Barbara Local Agency Formation Commission, the LOCS D continues to use scarce funding to move our project forward. By the end of this quarter, the LOCS D will effectively be out of funding and unable to move forward in a discernable fashion. We continue to work very hard to identify Federal, State, and local grants, as well as other funding sources to complete additional engineering, environmental review, outreach, and research studies required to achieve a successful property owner (Proposition 218) assessment vote. If funding is found by July 1, 2026, we anticipate a Proposition 218 vote could be completed in early 2027, prior to your discussion about continuing to allow operations of the LOCS D in April 2027. Failing our efforts to obtain funding, the LOCS D Board of Directors may begin district dissolution through the appropriate legal mechanisms.

If you have any questions, please do not hesitate to reach out to me directly.

Sincerely,

Guy Savage
General Manager
Los Olivos Community Services District

cc: Los Olivos Community Services District Board of Directors
Joan Hartmann, 3rd District Supervisor, County of Santa Barbara
Ryan Lodge, Executive Officer, Central Coast Regional Water Quality Control Board
Lars Siefert, County of Santa Barbara
Jason Johnston, County of Santa Barbara

ATTACHMENT A

Julie Kennedy, President
Thomas Nelson, Vice President
Thomas Fayram, Director
Lisa Palmer, Director
Greg Parks, Director



PO Box 345, Los Olivos Ca 93441
Telephone (805) 500-4098
losolivoscsd@gmail.com
www.losolivoscsd.com

DISTRICT UPDATE – 1st QUARTER 2026

The Los Olivos Community Services District (LOCSO) focused this quarter on securing grant funding and advancing preliminary engineering for wastewater collection and conveyance to the City of Solvang.

A public workshop is planned for June 3, 2026 to explain the solution options and discuss the remaining decision regarding wastewater collection. Following the workshop, the Board of Directors will determine the preferred collection approach and authorize advancement to 60% design.

As noted in prior updates, any final wastewater collection, treatment, and disposal solution will be the result of significant community input and environmental review and then put to a vote by District property owners in accordance with Proposition 218. We are currently targeting early 2027 for the property owner vote.

Contract with the Wallace Group for Collection and Conveying Sewage to the City of Solvang

The LOCSO signed a contract with the Wallace Group to provide design and cost estimating services for our project. The Wallace Group contract includes several key elements, including:

- Reconciling gravity and effluent collection system designs previously prepared by Stantec and REGEN by advancing both to a consistent 30% design level and standardizing cost estimates
- Preparing 30-year lifecycle cost analyses for wastewater collection, conveyance, and treatment
- Completing design engineering to 60% in the third quarter of 2026 and to 90% in early 2027, contingent on funding availability

The 30% design and costs, plus the 30-year lifecycle costs can be found on our website, after March 27, 2026, at:

<https://www.losolivoscsd.com/technical-studies-and-reports>

Our Wastewater Solution Project – Collect and Convey to the City of Solvang

Some of those reading this quarterly update may not know what wastewater solution project we are pursuing, and why. All wastewater solutions involve three components: collection, treatment, and disposal. It doesn't matter if you are thinking about your septic tank or the largest systems in Los Angeles; all wastewater solutions collect, treat, and dispose of wastewater.

The District's proposed solution consists of gravity and/or effluent collection coupled with conveyance to the City of Solvang for treatment and disposal.

This approach was selected primarily due to lower construction and long-term operations and maintenance costs when compared with building and operating a treatment facility within or near the District. Community feedback also identified concerns related to siting a local facility, including potential odors and visual impacts. Conveyance and treatment at the City of Solvang effectively address these concerns in a cost-efficient manner.

Questions regarding potential growth have also been raised, particularly related to the conveyance pipeline along Alamo Pintado Road. Legal counsel for both LOCSD and the County of Santa Barbara has independently concluded that properties along this corridor do not have an inherent right to connect to a District-owned pipeline. As a result, the State, the County, nor regulatory agencies can compel the District to allow additional connections.

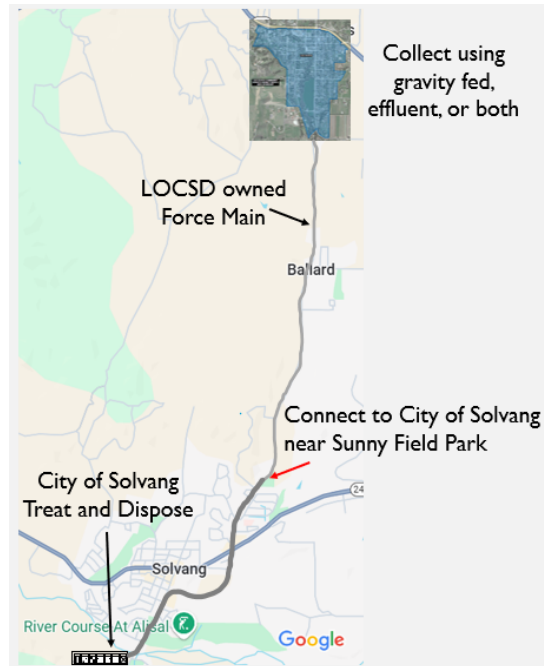


Figure 1: Our Project - Collect and Convey to the City of Solvang for Treatment and Disposal

Project Funding

As we have been saying for quite some time, the District cannot complete design or proceed to a property owner (Proposition 218) vote without additional funding. Approximately \$1.5 million is needed to complete design work and conduct the property owner vote. Without the needed funds, project progress will halt and the Board could be forced to consider disbanding the District. Such a decision would not be taken lightly as it would mean that we are giving up our local control and ceding future decisions and approaches back to the County of Santa Barbara.

What funding are we trying to obtain? For design, cost estimating, and property owner (Proposition 218) vote activities, we are taking a three-pronged approach.

1. The District applied for a Clean Water State Revolving Fund (CWSRF) grant late last year. Details of our application can be found in the January Board of Directors packet. Letters of support for our application have been obtained from Supervisor Hartmann, Senator Limon, Assemblyman Hart, and the City of Solvang. Decisions from the State of California on CWSRF funding allocations are expected in late May or June.
2. We are working with the County of Santa Barbara for a direction infusion of funds. The funds may come in the form of reinvestment of Transient Occupancy Tax (TOT) that is collected from those who rent hotel rooms, VRBOs, or AirBnBs. TOT within Los Olivos is on target to be nearly \$3M for the current year.
3. Discussions with Assemblyman Hart may yield a direct allocation of State of California funds as part of the fiscal year 2025-26 budget process.

For construction, the District already knows it can get loans for the full amount of construction. Regardless, we recently applied for \$22,650,000 (\$22.65M) in Federal Water Resources Development Act (WRDA) funds through Congressman Carbajal's office. The amount is approximately one-half of the previously projected construction costs. Decisions regarding WRDA allocations will be made later this year.

Construction Parcel Assessments and Proposition 218 Vote

The Board has established a general framework for parcel assessments based on a combination of parcel size and zoning. Under this approach, larger parcels and non-residential properties will pay a greater share of construction costs.

As required under Proposition 218, assessment amounts directly affect voting weight. Property owners contributing higher assessment amounts would have proportionally greater voting influence. Examples illustrating this methodology were presented at the January 2026 Board meeting and are available on the District's website, at: <https://www.losolivoscscsd.com/files/6711bc852/Jan+Presentation.pdf>. As shown in the examples on page 15 of the presentation, the commercial property owner of parcel 5 would pay \$2,000 for every \$230 paid by the parcel 1 residential property owner. Thus, the fictitious commercial property owner would pay nearly 10 times as much as the residential property owner and have a commensurately more heavily weighted vote.

Groundwater Monitoring

In December, the District completed another round of Groundwater Monitoring. The results, released in January, show that monitoring wells #1 and #3 continue to be at or above the maximum contaminate levels (MCL). Details can be found on our groundwater monitoring page, at: <https://www.losolivoscscsd.com/groundwater-information>

Have Questions? Coffee with a District Board Member – 1st & 3rd Fridays at Lefty's Coffee Co.

A Board Member is regularly available for an hour of "open table" discussion with community members the **1st and 3rd Friday of each month starting between 8:30 and 9:00am**. Lefty's Coffee Co. in Los Olivos continues to generously allow us to use a table for these informal conversations. No appointment necessary.

ABOUT THE DISTRICT: The [Los Olivos CSD](#) was formed by voters in 2018 to give Los Olivos residents and property owners within the district local control over a local wastewater management solution and to provide a funding mechanism for the construction and operation of the facilities needed to collect, treat, and dispose of wastewater in Los Olivos.

STAY INFORMED: [Attend our monthly meetings](#) in person or virtually to stay current with our efforts to determine the best wastewater solution for Los Olivos. This is the most effective way for you to stay informed, to ask questions and get answers, and to ensure your ideas and concerns are heard. We usually post video of meetings on YouTube within 48 hours. <https://www.youtube.com/@LosOlivosCSD>.

If you have any questions about our District's efforts, please contact Guy Savage, General Manager, at gm.locsd@gmail.com or call him at (805) 500-4098.

Find us on Social Media:

