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

LOS OLIVOS COMMUNITY SERVICES DISTRICT **Posted: 7-5-2026**
REGULAR MEETING
July 8, 2026, 6PM (Pacific)
Los Olivos Grange Hall
2374 Alamo Pintado Ave, Los Olivos CA 93441
Please observe decorum and instructions from the President

Note: The following Director will be participating remotely. The public may join them at the addresses indicated.
Director Palmer - The Inn on the Lake - Ullswater, Glenridding, CA11 0PE England

This meeting will be held both in-person and electronically via Zoom meetings. In-person the meeting will be held at the address above. The public will also be able to hear and participate electronically by using the following links:

On Zoom:
https://us06web.zoom.us/j/85195290804?pwd=rO5nrKISaewJAVMeY3MbZ7mtLlxudn.1
By Phone:
Meeting ID: 851 9529 0804 Passcode: 473619
One tap: +14086380968,,85195290804#,,,,*473619# US (San Jose)

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MEETING AGENDA

1. **CALL TO ORDER**
   President Kennedy called the meeting to order at: 6:04 PM

2. **ROLL CALL**
   Present: President Kennedy, Director Fayram, Director Parks, Vice President Nelson
   Present (via Zoom): Director Palmer
   Absent: None

   President Kennedy comments that at the request of staff, items 8 and 9 will be switched in order, with item 8 following item 9.

3. **PLEDGE OF ALLEGIANCE**

4. **PUBLIC COMMENT**
   Members of the public may address the Board of Directors on any items of interest within the subject matter and jurisdiction of the Board that is not on the agenda today (Gov. Code - 54954.3). The public may also suggest future agenda topics at this time. Speakers are limited to a maximum of 3 minutes. Due to the requirements of the Ralph M. Brown Act, the Board of Directors cannot take action today on any matter not on the agenda, but a matter raised during Public Comments can be referred to District staff for discussion and possible action at a future meeting.
   President Kennedy opens the floor to public comment.

Michelle deWerd, Kathryn Rohrer, Keith Saarloos, Anna Marie Gott, Mark Herthel, Dennis Beebe, Karen Steinwachs, Sam Marmostein, Lisa Ponragic (Beer), and Mike Brady speak

INFORMATIONAL ITEM:
Per public request, a brief report from the General Manager that conveys District status and updates is being added at the beginning of the agenda. This status report may touch on key items in the project plan or schedule. The General Manager will leave other detailed reporting, including budgetary reporting until the end of the meeting.
This item is informational only, no action will be taken, and no public comment will be received.

5. GENERAL MANAGER'S BRIEF DISTRICT STATUS REPORT

GM Savage comments that he has noting to report at this time.

ADMINISTRATIVE ACTION ITEMS:
All matters listed hereunder constitute an administrative / consent agenda and will be acted upon by a single vote of the Board. Matters listed on the Consent Agenda will be read only at the request of a member of the Board, in which event the matter may be removed from the Consent Agenda and considered as a separate item. The public may comment on any of the items prior to any action being taken by the Board.

6. CONSENT AGENDA

A. APPROVAL OF MEETING MINUTES

Regular Meeting minutes of June 10, 2026.

B. APPROVAL PAYMENT OF INVOICES RECEIVED ON OR BEFORE JULY 4, 2026.

No.	Invoice Date	Invoice #	Provider	Amount
1	2026-05-31	21402	RGS – Communications Services	3,449.50
2	2026-06-12	26060867	MNS / BKF – Engineering Services	92.50
3	2026-06-12	106645	Aleshire and Wynder – Legal Services	409.70
4	2026-06-16	68161	Wallace Group – Engineering Services	9,138.00
5	2026-06-29	00876.007 - 4	GSI – Groundwater monitoring sampling and testing	5,078.57
6	2026-06-30	202606	GWS – General Manager Services	9,049.06
7	2026-06-23	79824	SDRMA – Annual Insurance	3,831.29
8	2026-07-01	1106	Civic Sol Accounting – Accounts Payable Services	200.00

Project	Vendor	To Date (including current invoices)	Total Authorization
Phase 1 - 30% Design / 30-year cost of ownership	Wallace Group	$ 290,141.80	$ 403,000.00
Environmental Review	Padre	$ 15,440.00	$ 57,383.00
Proposition 218 Communications	RGS	$ 5,443.20	$ 28,300.00

President Kennedy opens the floor to public comment.
Karen Steinwachs and Kathryn Rohrer speak.

Director Parks comments that he has concerns about the prior meeting. He makes it clear that he did not comment on the issue during the prior month's meeting, but that he would like his comments commemorated in these minutes. Director Parks' concern had to do with item 8 of the June 10th meeting. The specific concern related to commentary from District Counsel regarding a potential path forward. As part of his commentary at the June meeting, Counsel Koczanowicz clarified that putting something on the agenda for a subsequent month is not a vote to approve what is put on a future agenda, just a specific action to agendize it. At the June 10th meeting, following further discussion by the Board, a motion was approved to bring back the project resolution with gravity as the selected option for collection, along with clarity regarding Solvang equalization approach to July meeting. Staff clarifies Director Parks' intent and confirms that it can and will bring back the June 10th meeting minutes, along with the July meeting minutes, for approval at the next Regular meeting.

Motion to approve item 6B and bring back 6A after noting Director Parks' comments.
Motion by: Director Parks, second: Director Fayram
Roll call vote: 5-0

BUSINESS ITEMS:

The public may comment on any business item prior to any action being taken by the Board.

7. **CONSIDERATION OF RESOLUTION 26-04 - A PROJECT DESCRIPTION FOR THE COLLECTION AND CONVEYANCE OF WASTEWATER TO THE CITY OF SOLVANG, WHERE WASTEWATER WOULD BE TREATED AND DISPOSED OF**

On June 3, 2026, the Board of Directors held a Community Workshop related to the Collection and Conveyance of wastewater. Prior workshops with the community and decisions by the Board of Directors determined that the City of Solvang would provide for treatment and disposal of treated wastewater. The June 3 workshop was designed to educate the public and obtain input related to the two community collection options under consideration: gravity fed and septic tank effluent pumping (STEP), and to discuss and describe conveyance options for a dedicated pipeline from the District to a connection point with the City of Solvang near Sunny Fields Park. Workshop materials, including presentation materials, handouts, and links to the Wallace Group reports can be found at: https://www.losolivoscsd.com/2026-06-03-special-community-workshop.

On June 10, 2026, at its Regular Meeting, the Board of Directors provided direction to staff to return at the next Regular Meeting (July 8, 2026) with a Project Description that would focus on gravity as the preferred collection approach.

At the June 10 Regular Meeting, additional direction to staff was provided regarding equalization tank(s) and conveyance lines being hung on bridges between the District and the meeting point with the City of Solvang. As part of staff's research, further effort by Wallace Group was directed regarding the ability to use gravity conveyance. It was determined that gravity conveyance is possible and that by using gravity conveyance, no lift stations would be required to be built by the District. Instead, wastewater could be collected and conveyed using gravity as its primary basis. Such a collection and conveyance system is estimated to result in construction savings in the hundreds of thousands of dollars ($x00,000) and annual ongoing operations and maintenance savings in the tens of thousands of dollars ($x0,000). Additional discussion regarding the need for an equalization tank and to confirm design approaches with the County of Santa Barbara is needed.

The Wallace Group's contract provides for 30, 60, and 90% design efforts. The 30% design is now effectively complete. The Wallace Group's 30% design and 30-year cost-of-ownership documents can be found at: https://www.losolivoscsd.com/technical-studies-and-reports.

General Manager's recommendation: Approve Resolution 26-04 and authorize the Wallace Group to begin 60% Design efforts.

President Kennedy opens the floor to public comment.
Mark Herthel speaks.

Staff reminds President Kennedy that it may be to hold public comment until after the staff presentation is conclude. President Kennedy agrees, offering Mr. Herthel an opportunity to speak again following GM Savage's presentation. Using a prepared set of slides, which are posted on the Districts website for this meeting, GM Savage summarizes terminology, history of the project, prior workshop information, cost of delaying decisions and the project, and timelines. Staff then notes that a revised version of Resolution 26-04 is available for the Board and public in hard copy.

President Kennedy opens the floor to public comment.
Mark Herthel (again), Kathryn Rohrer, Anna Marie Gott, and Vivi Zeigler speak.

Director Fayram comments about prior decisions that were made, including the selection of consolidation to Solvang. He comments on his discussions with various engineers and how none of them recommend running your own plant if a reasonable consolidation is an option. He adds that he is prepared to move forward with the Resolution and let people decide via vote early next year. Director Parks comments that he doesn't think he is ready. He notes concerns about potentially inflated costs and closes his comments with restating his concerns and not being ready. Director Fayram comments on his concerns about decentralized treatment. Director Nelson comments on his trip to see a STEP system in Oregon and the differences between Los Olivos and the Oregon community. He notes that he looks at the two options from a long-term perspective of what it takes to own and maintain any system. He comments about the financial impacts long-term of owning and running STEP systems. He comments that he is ready to support the Resolution. He then comments on costs and what happens over time. Director Nelson then shifts his comments to what it takes run a treatment plant. Director Palmer notes that she has spoken lots of her neighbors. She says she is hearing "gravity and get it to a vote" consistently. She notes that she is prepared to support the resolution. President Kennedy speaks to values stated by residents: long-term feasibility and durability of the system and preserving local control over the community's wastewater future. Her noted focus is on what best serves the District over time, costs, local control, can we get it permitted, and so on. She then emphasizes feedback she has had from the community and says she is ready to support the resolution.

Motion to approval of Resolution 26-04, as amended.
Motion by Director Fayram, second: Vice President Nelson
Roll call vote:
Ayes: Director Fayram, VP Nelson, Director Palmer, President Kennedy
Nays: Director Parks

Note: Item 8 was heard after item 9, per staff request.

8. **CONSIDERATION OF GRANTS AND LOANS FROM THE COUNTY OF SANTA BARBARA. GRANTS, TOTALING AN AMOUNT UP TO TWO HUNDRED FIFTY THOUSAND ($250,000) WOULD BE PROVIDED THROUGH ENVIRONMENTAL HEALTH SERVICES. A LOAN, IN THE AMOUNT OF SEVEN HUNDRED FIFTY THOUSAND ($750,000) WOULD BE PROVIDED BY THE SANTA BARBARA COUNTY WATER AGENCY.**

The District has been attempting to secure funding necessary to complete the 90% design effort, environmental review, and Proposition 218 processes. If completed, the combined efforts would allow the District to hold a property owner (Proposition 218) vote. The County of Santa Barbara has offered a combination of grants and loans that provide a total of one million dollars ($1,000,000).

The grant approach is similar to prior grants provided by the County. The District, through its General Manager, will identify specific work packages (see attached), execute the work packages, and then request reimbursement for the completed work. It is probable that five or more separate work packages will be identified and executed, resulting in reimbursed expenses to the District in the amount of $250,000. It is anticipated that the General Manager will report on any grants at the District's Regular Meetings and/or at District Grant Subcommittee meetings.

The proposed loan approach from the County Water Agency includes a five-year, zero interest (0%) loan in the amount of seven hundred fifty thousand dollars ($750,000). Annual payments would be due from the District beginning in year two of the loan in the amount of one-hundred fifty thousand dollars ($150,000). The final payment, at the end of the loan, would be for a total of three hundred thousand dollars ($300,000). It is worth noting that the payment due in year two is approximately one-half of the District's total revenues through its special tax.

General Manager's recommendation: Authorize the District President to sign a zero interest, five-year loan in the amount of seven hundred fifty thousand dollars ($750,000) with the County Water Agency and authorize the District General Manager to identify work packages and submit separate grant requests to the County of Santa Barbara in an amount totaling up to two hundred fifty thousand dollars ($250,000) for design and engineering activities.

GM Savage provides an overview of the grants and loan being offered by the County of Santa Barbara. As part of his commentary, he thanks several people at the County for their efforts in making the grants and loan a possibility. Director Fayram reemphasizes that Supv. Hartmann really helped make this happen. Director Palmer again thanks the Supervisors and departmental staff. President Kennedy echoes the thanks.

President Kennedy opens the floor to public comment.
No requests speak.

Motion to Authorize the District President to sign a zero interest, five-year loan in the amount of seven hundred fifty thousand dollars with the County Water Agency and authorize the District General Manager to identify work packages and submit separate grant requests to the County of Santa Barbara in an amount totaling up to two hundred fifty thousand dollars for design and engineering activities.
Motion by Director Fayram, second: Vice President Nelson
Roll call vote: 5-0

9. **CONSIDERATION OF PURSUIT OF TAXATION AUTHORITY THROUGH SANTA BARBARA LOCAL AREA FORMATION COMMISSION (SBLAFCO).**

As the District looks towards a property owner vote (Proposition 218) in early 2027, funding of construction has been a key factor. One proposed approach has been to pursue an increase of Transient Occupancy Tax (TOT) for properties within the District's boundaries. TOT, often referred to as a bed tax or hotel tax, is collected by operators of hotels or hotel like establishments. Every hotel, motel, and individual vacation rental or homestay operator in the unincorporated areas of Santa Barbara County is required to collect TOT from transient guests who stay for a period of 30 consecutive days or less. Vacation rental sites such as Airbnb and VRBO do not remit TOT to the Tax Collector-- it is the responsibility of the operator to remit the TOT collected to the Tax Collector monthly.

TOT applies to any structure or other living space occupied by an individual, firm, partnership, association, social club or any other group acting as a unit for lodging or sleeping purposes and pay a customary fee to the operator of such a structure. There are some limitations and exemptions that apply and are listed in the County of Santa Barbara's General Ordinance Codes, Chapter Section 32-11, through Section 32-21. A structure includes, but is not limited to, any hotel, inn, tourist home or house, motel, studio and bachelor hotels, lodging and rooming house, apartment house, public or private clubs, and mobile homes or house trailers at a fixed location not operated by a local government.

Effective January 1, 2025 an amount equal to 14% of the customary fees collected from any person(s) or organization(s) was implemented throughout unincorporated Santa Barbara County. This was an increase of 2% over the prior rate of 12%. As of the 2023 reporting period, the most recent data provided by the State Controller's office, Santa Barbara County TOT rates were similar to other jurisdictions. Many counties and cities have increased their TOT rates in the past two years, and Santa Barbara County remains similar to other jurisdictions. As of the 2023 reporting period, areas such as the communities around Disneyland collected TOT at upwards of 15%, as did Ojai, Santa Monica, and Malibu. Other jurisdictions such as Palo Alto had implemented TOT rates of 15.5%.

Based on information obtained from the County of Santa Barbara, TOT collections for Los Olivos (93441 zip code) are on track to exceed $2,500,000 for the fiscal year ended June 30, 2026. Thus, every 1% of TOT results in $25,000 in revenue. Prior to the COVID-19 pandemic, expansion of Mattei's Tavern and Inn, and the 2% increase of TOT rates, TOT collections in Los Olivos were below $1,000,000. Rate increases at establishments have resulted in roughly 10% increase in revenues per year. All TOT collected from within Los Olivos currently goes to the County's General Fund.

To implement a specific increase within the District boundaries, the District would have to seek "taxation" power from SBLAFCO. If SBLAFCO grants the power to tax, the District would need pass a taxation measure either as part of its Proposition 218 process or a separate measure to add a specific percentage of tax to occupants of transient facilities such as hotels and inns. The process for obtaining the power is straightforward and takes three to four months from start to finish. It is worth noting that having taxation power does not require that the District exercise it. Related, the District would likely perform outreach and polling, through its current consultants, to determine the feasibility of exercising the taxation power.
General Manager's recommendation: Consider pursuit of taxation power and provide direction to staff.
GM Savage makes a presentation on taxation powers and briefly describes how they are obtained.

President Kennedy opens the floor to public comment.
Mike Brady, Vivi Zeigler, and Sam Marmostein speak.

Director Fayram asks staff about how the vote is completed. Counsel confirms that the Proposition 218 vote is a weighted benefit vote, whereas registered votes would vote for a new tax. Director Fayram then asks, based on public comment, if a sales tax can be added to the District, with staff responding that it can. Director Parks asks about existing TOT going to County general fund and whether the District could obtain a portion of the TOT collected within the District, with staff responding that they have attempted that approach previously, without success. Director Nelson asks if other taxes can be made for other things such as wine tasting. Director Palmer then notes that the item is related to taxation power and notes her preference for something broader than TOT.

President Kennedy reopens the floor to public comment.
Karen Steinwachs speaks.

Direction to staff is given to pursue taxation as a potential revenue source, beyond just TOT, and identify costs related to various tax measures.

Motion to Authorize the District President to sign a zero interest, five-year loan in the amount of seven hundred fifty thousand dollars with the County Water Agency and authorize the District General Manager to identify work packages and submit separate grant requests to the County of Santa Barbara in an amount totaling up to two hundred fifty thousand dollars for design and engineering activities.
Motion by Director Fayram, second: Vice President Nelson
Roll call vote: 5-0

10. **CONSIDERATION OF RESOLUTION 26-05 – APPROPRIATIONS LIMIT FOR FY 2026-27 (GANN LIMIT)**
Consideration of a resolution that states the appropriations limit, also known as the Gann limit, for the fiscal year ending June 30, 2027. The Gann Initiative, also known as Article XIIIB of the Constitution of the State of California, mandates the calculation and adoption of an annual appropriations limit on various units of government, including the Los Olivos Community Services District, by adjusting the prior year's appropriation limit for changes in inflation and population. The current LOCSD fiscal year (FY 2026-27) runs from July 1, 2026 to June 30, 2027.
General Manager's recommendation: Approve Resolution 26-05.
GM Savage walks through a prepared presentation (see website). He notes this is an annual item and legally required.

President Kennedy reopens the floor to public comment.
No requests to speak.

Motion to approve Resolution 26-05.
Motion by Vice President Nelson, second: Director Parks
Roll call vote: 4-0, with GM Savage noting that Director Palmer has left the meeting.

11. **CONSIDERATION OF RESOLUTION 26-06 – AUTHORIZING LEVY OF PROPERTY TAX ASSESSMENT AND CPI INCREASE**
Consideration a resolution that authorizes a tax levy with consumer price index (CPI) increase and provides for collection via direct charge by the Santa Barbara County Auditor-Controller via placement on the secured tax bill of all parcels within the District, excluding exempt or partially exempt parcels pursuant to past action by the Board of Directors. Resolution 26-06 is an update to prior resolutions and District formation documents and will increase tax levies by three percent (3.6%) over the prior amount. Most parcels will experience an annual amount of $726.11 on their property tax bill. Given issues with obtaining the final list from the County of Santa Barbara, and statute driven dates regarding turning in of the District's assessment lists, the General Manager is further requesting authorization for the General Manager and/or President to make technical changes to the list. Technical changes could include adjustments to names such as when a property transfer occurred or when a property moves from an individual to a trust, assessment amounts for split or joined parcels, changes in parcel counts, changes consistent with adopted District policies, and other legally driven changes. Any change to the CPI amount applied would be based on a new majority vote by the Board of Directors, in open session.
General Manager's recommendation: Approve Resolution 26-06 and authorize the General Manager and/or President to make technical changes as noted in the item description.
GM Savage walks through a prepared presentation (see website). He notes this is an annual item and reemphasizes that any technical changes would be reviewed by the President and any change in the CPI being applied would be returned to the Board for a new authorizing vote.

President Kennedy reopens the floor to public comment.
No requests to speak.

Motion to approve Resolution 26-05.
Motion by Director Fayram, second: Director Parks
Voice vote: 4-0

12. **CONSIDERATION OF FINANCIAL AUDIT CONTRACT (ENGAGEMENT) WITH NIGRO AND NIGRO PROFESSIONAL ACCOUNTING SERVICES (NNCPAS)**
As noted at the June 2026 Regular Meeting, the FY 2024-25 required financial audit was a difficult effort. The General Manager sought direction from the Board regarding reexamination of the recent Request for Proposal finalists for annual audit services at the June 2026 Regular Meeting. For FY 2024-25 the District hired the highest rated consultant.

Given the difficulties in completing that audit timely, the General Manager's recommendation was to reach out to the next highest rated proposer to confirm pricing and willingness. NNCPAS, the second highest rated consultant in the recent RFP confirmed they are still interested in completing the District's annual audit and that their pricing terms have not changed ($9,500). NNCPAS cost is higher than the prior audit firm's costs, but significantly less than other respondents to the RFP.
General Manager's recommendation: Approve the audit contract (engagement) with NNCPAS in the amount of $9,500 for fiscal year 2025-26 and direct the President and/or General Manager to sign as appropriate.
GM Savage walks through a prepared presentation (see website).

President Kennedy reopens the floor to public comment.
No requests to speak.

Motion to approve Resolution 26-05.
Motion by Vice President Nelson, second: Director Parks
Voice vote: 4-0

INFORMATIONAL ITEMS:
These items are informational only, no action will be taken, and no public comment will be received.

13. REPORTS

A. SUBCOMMITTEE REPORTS
Finance Subcommittee (President Kennedy Chair) – did not meet
Grants Subcommittee (Director Palmer Chair) – met to review $250,000 grant and $750,000 loan
Project Management Subcommittee (Director Palmer Chair) – did not meet, last met April 2025
Technical Subcommittee (Director Fayram Chair) – did not meet
Prop 218 Ad hoc – did not meet

B. GENERAL MANAGER AND DISTRICT ENGINEER COMMENTS
The GM and DE will give reports on any meetings that they attended on behalf of the District, report on various District-related activities and/or provide status on projects. The GM may also review the Budget Reports. See the packet for more details.
GM Savage walks through the attachments in the agenda. DE Pike comments on his work related to engineering with the GM and Wallace Group. He then speaks about his work with San Juan Bautista and the funding approach taken by that community. He agrees to share of details the information with GM Savage and the Grants subcommittee.

Notable upcoming meeting items:
TBD: If approved, Wallace Group 60% design

14. DIRECTORS COMMENTS
Directors will give reports on any meetings that they attended on behalf of the Board and/or choose to comment on various District-related activities. Directors may also request future agenda topics at this time.

15. ADJOURNMENT
Motion to adjourn at: 8:15 PM
Motion by: Director Nelson, second: Director Parks
Voice vote: 4-0

Respectfully submitted:

Guy W. Savage
General Manager – Los Olivos Community Services District

Approved:

President (Director) Julie Kennedy