



# Regular Meeting

**WEDNESDAY, June 10, 2026**



**FY 2026-27**

**PROPOSED**

**BUDGET**

**BOARD OF DIRECTORS**

**Julie Kennedy, President**

**Tom Nelson, Vice President**

**Tom Fayram, Director**

**Lisa Palmer, Director**

**Greg Parks, Director**

**General Manager**

**Guy Savage**

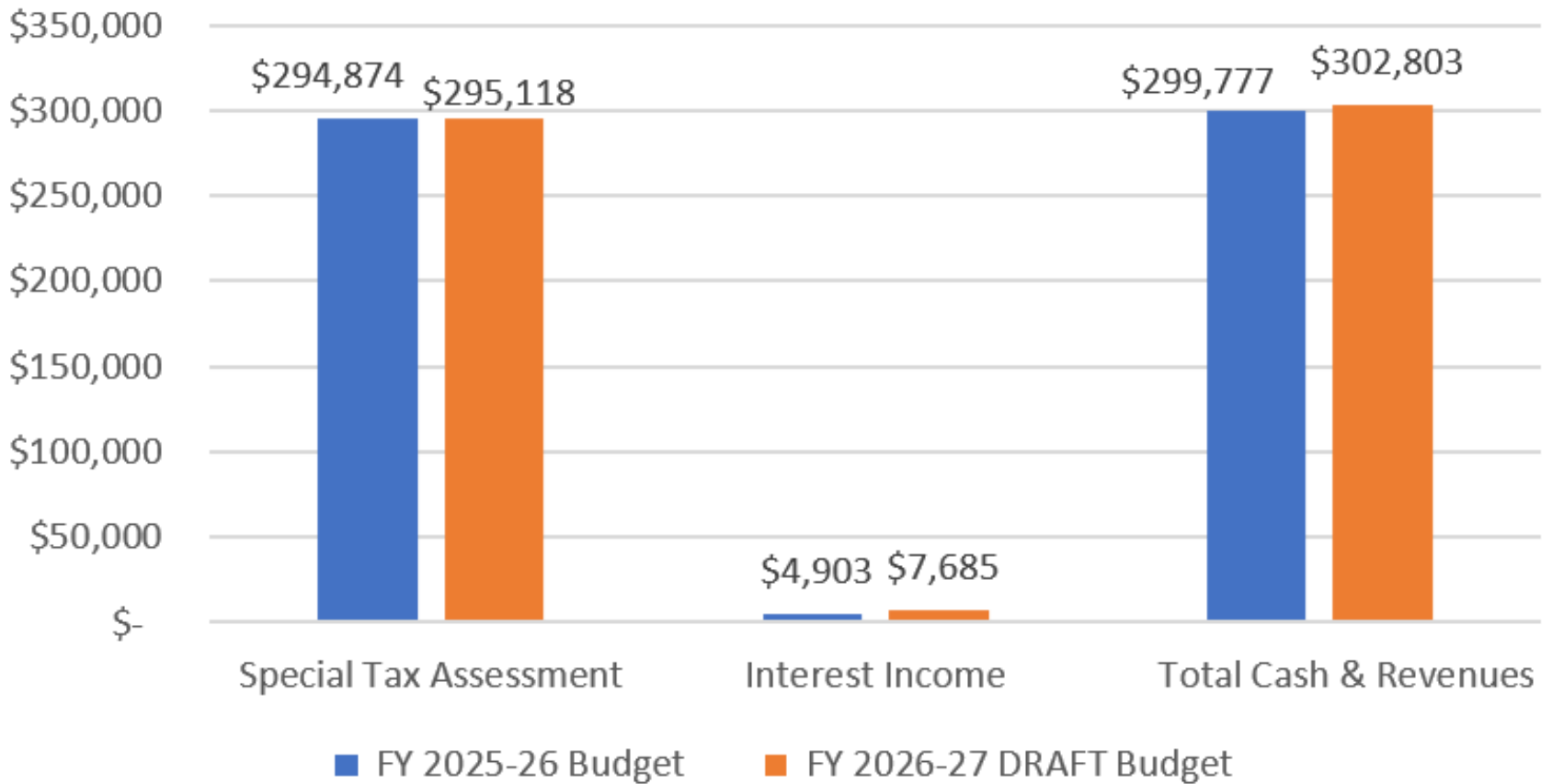
FY 2026-27 Budget Timeline

<b>PROPOSED STEPS</b>		<b>DATE</b>
✓	GM prepares proposed DRAFT Budget, posts on-line for public review	3/27/2026
✓	Finance Subcommittee reviews and comments prior to posting for Regular Board meeting	4/3/2026
✓	Board reviews PROPOSED budget at a Regular Meeting and determines a Budget Hearing Date	4/8/2026
✓	<p>The District will publish a notice stating that the GM has prepared a proposed final budget which is available for inspection on the website; and include the date, time, and place when the Board will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.</p> <p>Publication must be at least 2 weeks before Budget adoption meeting in at least one newspaper of general circulation in the district. NOTE: The notice must be PUBLISHED at least two weeks before the hearing, (Santa Maria Times). It only needs to be published one time. Post DRAFT Budget on Website.</p>	5/15/2026 - publication must be at least 2 weeks before 6/10/2026 meeting
5	FINAL Budget hearing, part of Regular Meeting	6/10/2026
6	Post FINAL Budget on website	6/30/2026

# Summary

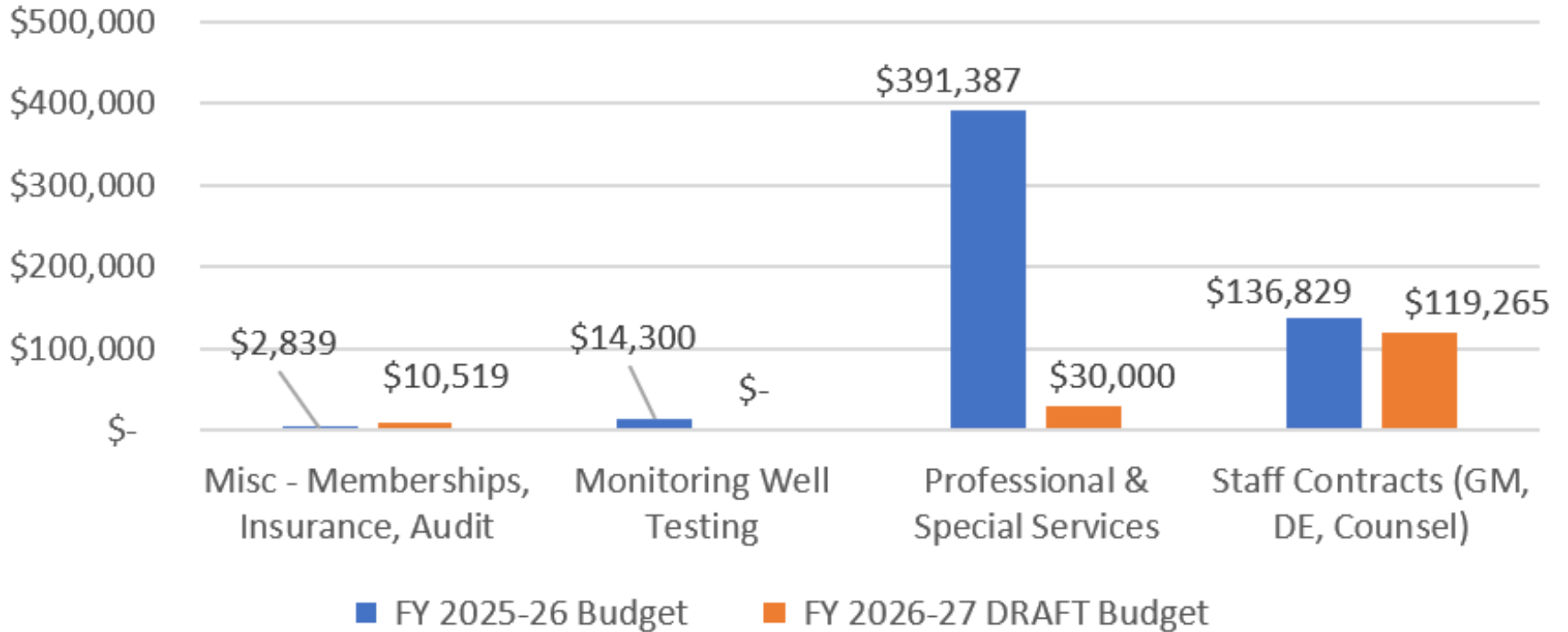
- Fiscal Year (FY) runs July 1, 2026 – June 30, 2027
- Carry-forward from FY 2025-26 expected
- Sufficient funds to perform some actions without injection of funds to complete 60/90% design
- Projecting \$44k reserve
  
- Foundation for a Calendar Year 2027 Vote

# Revenues



**Chart 1 – Comparison of FY 2025-26 to FY 2026-27 Revenue Sources**

## Key Expenses



**Chart 2 – Comparison of FY 2025-26 to FY 2026-27 Key Expenses**

**Los Olivos Community Services District**  
**FY 2025-26 Budget (DRAFT)**

Line Item Account	FY 2025-26 Budget	FY 2025-26 Budget (Projections 3/26/2026)	FY 2026-27 PROPOSED Budget	Notes
<b>Beginning Balance</b>	\$ 310,853	\$ 310,853	\$ 58,123	
<b>Revenues</b>				
<b>Taxes</b>				
3066 -- Special Tax Assessment	\$ 294,874	\$ 287,920	\$ 295,118	Amount rec'd by 3/26 x2 +2.5%
<b>Taxes</b>	<b>\$ 294,874</b>	<b>\$ 287,920</b>	<b>\$ 295,118</b>	
<b>Use of Money and Property</b>				
3380 -- Interest Income	\$ 4,903	\$ 7,685	\$ 7,685	YTD
3381 -- Unrealized Gain/Loss Invstmnts	\$ -	\$ -	\$ -	
<b>Use of Money and Property</b>	<b>\$ 4,903</b>	<b>\$ 7,685</b>	<b>\$ 7,685</b>	SALY, adjusted down, spending our funds
<b>Intergovernmental Revenue</b>				
4339 -- State - Other	\$ -	\$ -	\$ -	
4840 -- Other Governmental Agencies	\$ -	\$ -	\$ -	
<b>Intergovernmental Revenue-Other</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Miscellaneous Revenue</b>				
5895 and 5909 -- Donations	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Cash &amp; Revenues</b>	<b>\$ 610,630</b>	<b>\$ 606,458</b>	<b>\$ 360,926</b>	
<b>Expenditures</b>				
<b>Services and Supplies</b>				
7090 -- Insurance	\$ 2,839	\$ 3,319	\$ 3,319	YTD
7324 -- Audit and Accounting Fees	\$ 3,500	\$ 3,500	\$ 5,900	MLH
7325 -- Other Professional Services (Well Testing)	\$ 14,300	\$ 14,300	\$ -	Assume County pays or doesn't occur
7430 -- Memberships	\$ 1,300	\$ 1,300	\$ 1,300	SALY
7450 -- Office Expense	\$ -	\$ -	\$ -	Included in Prof & Special Services
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 391,387	\$ 465,000	\$ 30,000	WG hits 2025-26, remainder of Padre, cancel all other agreements
7508 -- Legal Fees	\$ 28,762	\$ 23,000	\$ 25,595	FY 2023-24+10% (dissolution?)
7510 -- Contractual Services (GM and DE Contracts)	\$ 108,067	\$ 94,000	\$ 93,669	FY 2024-25+10% (dissolution?)
7530 -- Publications & Legal Notices	\$ 1,500	\$ 1,500	\$ 850	Budget notices + 1 workshops mailers, etc. at \$600 per workshop
7671 -- Special Projects	\$ -	\$ -	\$ -	
7732 -- Training	\$ -	\$ -	\$ -	
<b>Services and Supplies</b>	<b>\$ 551,655</b>	<b>\$ 605,919</b>	<b>\$ 160,634</b>	
<b>Other Charges</b>				
7894 - Communication Services	\$ -	\$ -	\$ -	
<b>Other Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Operational Reserve</b>	\$ 58,975	\$ 57,584	\$ 44,268	15% of Special Tax Revenues, smaller than 20% for FY 2025-26
<b>Reserve</b>	<b>\$ 58,975</b>	<b>\$ 57,584</b>	<b>\$ 44,268</b>	
<b>Total Expenditures</b>	<b>\$ 610,630</b>	<b>\$ 663,503</b>	<b>\$ 204,901</b>	
<b>Ending Balance</b>	<b>\$ 0</b>	<b>\$ 58,123</b>	<b>\$ 156,025</b>	

**Table 1 – FY 2026-27 Proposed Budget**

# Actions

- Open Public Hearing to receive Public Comment
- Close the Public Hearing
- Deliberate on the General Manager's Budget Recommendation
- Make changes as appropriate
- Adopt a Budget for Fiscal Year 2026-27



1. June 3 Workshop
2. CCRWQCB “no project” memo
3. Collection and Conveyance
4. Funding

Recommended approach to item:

- GM Presentation
- Board initial questions/comments
- Public Comment
- Board decisions, direction to GM

Also available:

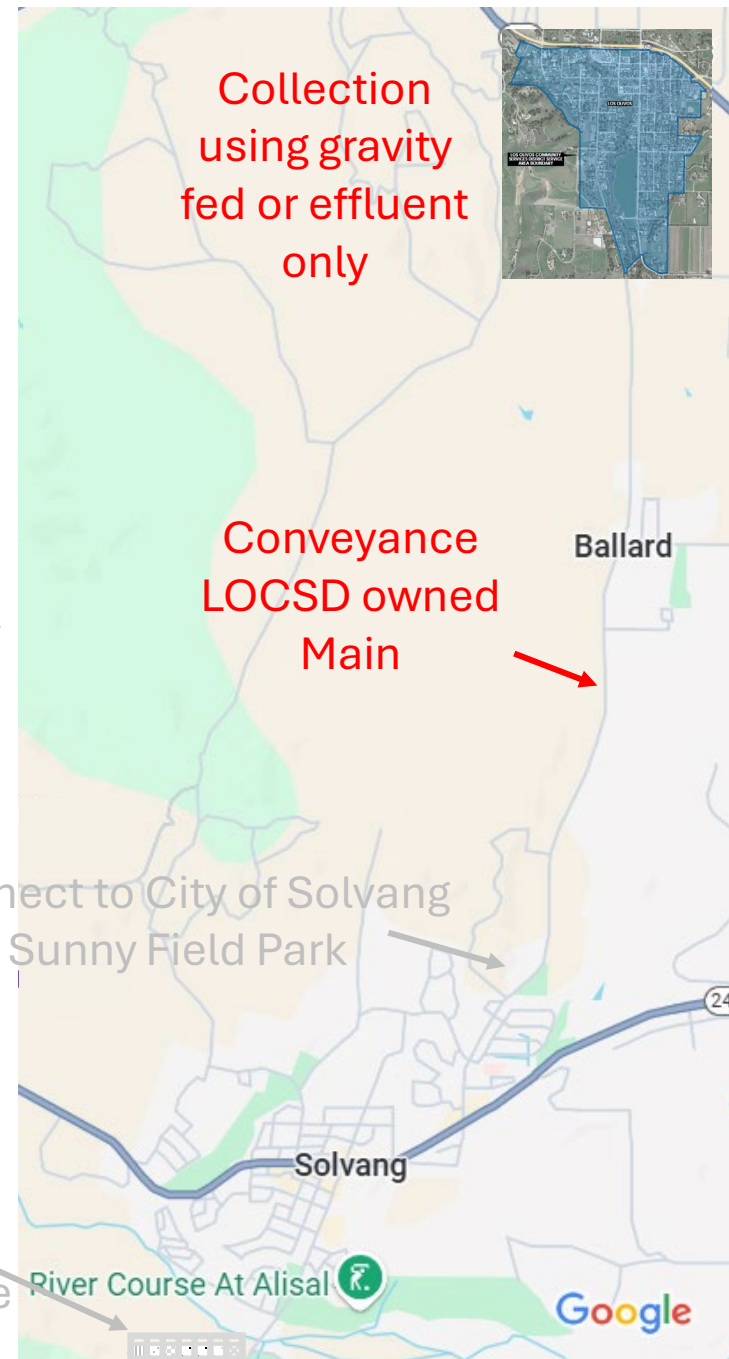
- Kari Wagner, Wallace Group
- Cecile Blancarte, CCRWQCB

City of Solvang  
Treat and Dispose

Connect to City of Solvang  
near Sunny Field Park

Collection  
using gravity  
fed or effluent  
only

Conveyance  
LOCSD owned  
Main



# Terminology - Collection versus Conveyance

- Collection – what happens in the District from parcels
  - STEP (pressurized)
  - Gravity (not pressurized)
- Conveyance – how we move wastewater from the District to the City of Solvang
  - Pumped (pressurized)
  - Gravity (not pressurized)

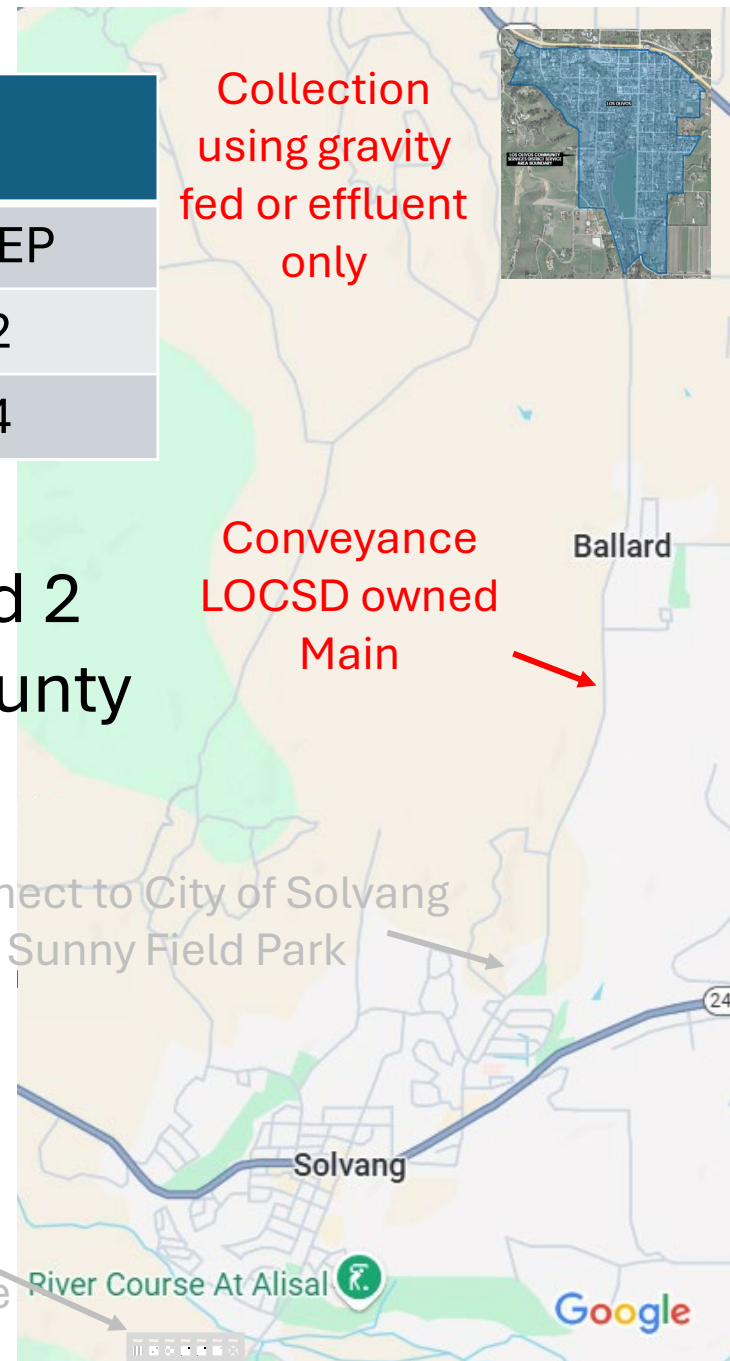
# Three important areas to consider

- Equalization tank
- Hanging conveyance pipes on bridges
- Dewatering

# Scenarios

		Collection	
		Gravity	STEP
Conveyance	Pumped	1	2
	Gravity	3	4

- Wallace Group focused on 1 and 2
- Recent discussions with the County make 3 and 4 possible



# Importance of Equalization Tank

## No Equalization Tank

- Gravity and Pumped (Scenario 1)
  - Uses lift station(s) to move wastewater across AP creek and provide pressure
- STEP and Pumped (Scenario 2)
  - Wastewater essentially stays under pressure

## With Equalization Tank

- Gravity and Gravity (Scenario 3)
  - Uses lift station to move wastewater across AP creek
- STEP and Gravity (Scenario 4)
  - Waste stream goes into tank and then sent on

	Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
Strengths	<p><b>Proven, long-established technology</b> Gravity sewers are widely used and well-understood by engineers, operators, and regulators.</p>	<p><b>Lower installation cost</b> Uses shallower trenches and smaller diameter pipe.</p>
	<p><b>Low routine operational complexity</b> Once installed, the system relies primarily on natural gravitational flow with minimal mechanical equipment.</p>	<p><b>Reduced infiltration and inflow (I&amp;I)</b> Sealed pressure pipes and buried tanks greatly limit unwanted water entering the system.</p>
	<p><b>Less dependence on power</b> Except at lift stations, flow is not reliant on electrical service.</p>	<p><b>Flexible alignment</b> Pipes can follow terrain with fewer constraints, reducing construction impacts.</p>
Weaknesses	<p><b>High capital cost</b> Deep trenching, manholes, dewatering, shoring, and utility conflicts significantly drive-up installation cost.</p>	<p><b>Higher operational and maintenance requirements</b> Each connected property has pumps, floats, and electrical components that must be maintained or replaced.</p>
	<p><b>Infiltration and inflow (I&amp;I) risk</b> Manholes, pipe joints, and cracks are common entry points for stormwater and groundwater, increasing flows.</p>	<p><b>Power-dependent</b> Pump operation requires electricity; outages can affect reliability unless backup systems are installed. Septic tanks have limited capacity before overflows will occur.</p>
	<p><b>Larger construction footprint</b> Deep excavations cause more disruption to roads, traffic, and adjacent utilities.</p>	<p><b>Decentralized responsibility</b> Homeowners or utilities must maintain individual tanks and pumps—leading to more service calls and variability in upkeep. District will likely need to obtain an easement on all properties to access the septic tanks and pumps for maintenance</p>
		<p><b>Shorter equipment life</b> Pumps typically require replacement every 8–12 years, adding to lifecycle costs.</p>
		<p><b>Sewer odors/Higher H2S</b> Tanks must be periodically pumped and can generate odors if not serviced properly. Higher H2S at connection point to Solvang.</p>
		<p><b>Sewer Main Break</b> In a sewer main break, all upstream connections are impacted until system is repaired. Bypassing is more difficult.</p>
		<p><b>Private Property Owner Upfront Costs</b> Individual property owners will be required to front a higher upfront cost for the on-site improvements that cannot be financed through the District.</p>

		Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
A	Capital Costs (LOCSD)	\$51,180,900	\$38,643,900
B	Capital Costs per EDU (LOCSD, 761 EDUs)	\$67,300	\$50,800
C	Private Residential Capital Costs (per EDU)	\$16,400	\$39,200
D	Private Commercial Capital Costs (per EDU)	\$16,400	\$85,600
E	30-Year Life Cycle Cost (LOCSD) - NPV	\$52,893,600	\$39,605,700
F	30-Year Life Cycle Costs per EDU (LOCSD, 761 EDUs) - NPV	\$69,600	\$52,100
G	30-Year Private Residential Life Cycle Cost – NPV (per EDU)	\$18,600	\$45,400
H	30-Year Commercial Life Cycle Cost – NPV (per EDU)	\$18,600	\$109,800
I	Estimated Total Residential Cost (30-Years) <sup>1</sup> (per EDU)	\$88,200	\$97,500
J	Estimated Total Commercial Cost (30 Years) <sup>2</sup> (per 6 EDUs)	\$436,200	\$422,400

1. Calculation for the Residential 30 Year cost: F+G
2. Calculation for the Commercial 30 Year cost: (F\*6) + H

## Initial property owner costs - average “cost to connect”

Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
---	--

	Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
A Capital Costs (LOCSD)	\$51,180,900	\$38,643,900
B Capital Costs per EDU (LOCSD, 761 EDUs)	\$67,300	\$50,800
C Private Residential Capital Costs (per EDU)	\$16,400	\$39,200
D Private Commercial Capital Costs (per EDU)	\$16,400	\$85,600

Private Residential	\$16,400	\$39,200
---------------------	----------	----------

Private Commercial	\$16,400	\$85,600
--------------------	----------	----------

I Estimated Total Residential Cost (30-Years) <sup>1</sup> (per EDU)	\$88,200	\$97,500
J Estimated Total Commercial Cost (30 Years) <sup>2</sup> (per 6 EDUs)	\$436,200	\$422,400

1. Calculation for the Residential 30 Year cost: F+G
2. Calculation for the Commercial 30 Year cost: (F\*6) + H

# 30-year property owner costs

Scenario 1  
(Gravity  
Collection &  
Pumped  
Conveyance)

Scenario 2  
(STEP  
Collection &  
Pumped  
Conveyance)

	Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
A Capital Costs (LOCSD)	\$51,180,900	\$38,643,900
B Capital Costs per EDU (LOCSD, 761 EDUs)	\$67,300	\$50,800
C Private Residential Capital Costs (per EDU)	\$16,400	\$39,200
D Private Commercial Capital Costs (per EDU)	\$16,400	\$85,600

<b>Total Residential Cost (30-Years)<sup>1</sup></b>	<b>\$88,200</b>	<b>\$97,500</b>
<b>Total Commercial Cost (30 Years)<sup>2</sup></b>	<b>\$436,200</b>	<b>\$422,400</b>

I <b>Estimated Total Residential Cost (30-Years)<sup>1</sup> (per EDU)</b>	<b>\$88,200</b>	<b>\$97,500</b>
J <b>Estimated Total Commercial Cost (30 Years)<sup>2</sup> (per 6 EDUs)</b>	<b>\$436,200</b>	<b>\$422,400</b>

1. Calculation for the Residential 30 Year cost: F+G
2. Calculation for the Commercial 30 Year cost: (F\*6) + H

		Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
A	Capital Costs (LOCSD)	\$51,180,900	\$38,643,900
B	Capital Costs per EDU (LOCSD, 761 EDUs)	\$67,300	\$50,800
C	Private Residential Capital Costs (per EDU)	\$16,400	\$39,200
D	Private Commercial Capital Costs (per EDU)	\$16,400	\$85,600

## Policy Question:

How much of the cost to shift to property owners?

Impacts how much property owners pay “today” versus over time

G	EDU)	\$18,600	\$45,400
H	30-Year Commercial Life Cycle Cost – NPV (per EDU)	\$18,600	\$109,800
I	Estimated Total Residential Cost (30-Years) <sup>1</sup> (per EDU)	\$88,200	\$97,500
J	Estimated Total Commercial Cost (30 Years) <sup>2</sup> (per 6 EDUs)	\$436,200	\$422,400

1. Calculation for the Residential 30 Year cost: F+G
2. Calculation for the Commercial 30 Year cost: (F\*6) + H

# Dewatering

- Approach 1: Baker tanks and spread
- Approach 2: Alamo Pintado creek, requires permits and treatment
- Which way to go influenced by the weather and volumes to be moved
- May consider a “both” approach
- Bigger issue for gravity (deeper construction), but applies to STEP



# Funding possibilities

- Did not qualify for CWSRF program funds
- County EHS grant (up to \$250,000)
  - Available “now”
- County loan (remaining \$750,000)
  - Available “soon”
  - No to low interest
  - Payment timing and terms to be negotiated

# Work Wallace Group can do regardless of collection and/or conveyance decision

- Existing septic system location
  - 2-3 months
  - \$30,000 - \$45,000 (depends on accessibility)
- Potholing
  - 3-4 months
  - \$2,000-\$2,500 per pothole, total number needed unknown at this time

# Actions

- *Consider decisions on collection and conveyance*
- *Provide direction to the General Manager about funding options*
  - *Would not be a final vote, would likely return in July with agreements*



# 2026 Elections



# November 3, 2026

- Resolutions
  - 26-02 – consolidated election
  - 26-03 – candidate qualifications
- Current Board
  - Julie Kennedy (2026)
  - Greg Parks (2026)
  - Lisa Palmer (2026)
  
  - Tom Nelson (2028)
  - Tom Fayram (2028)



# Actions

- *Adopt Resolutions 26-02 and 26-03*
- *Direct the General Manager, acting in his capacity as Board Secretary when necessary, to file 2026 elections related materials with the County of Santa Barbara as required*

