



Regular Meeting

**Wednesday
July 8, 2026**

Resolution 26-04 Project Description



Collection versus Conveyance

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

History

Previous decisions:

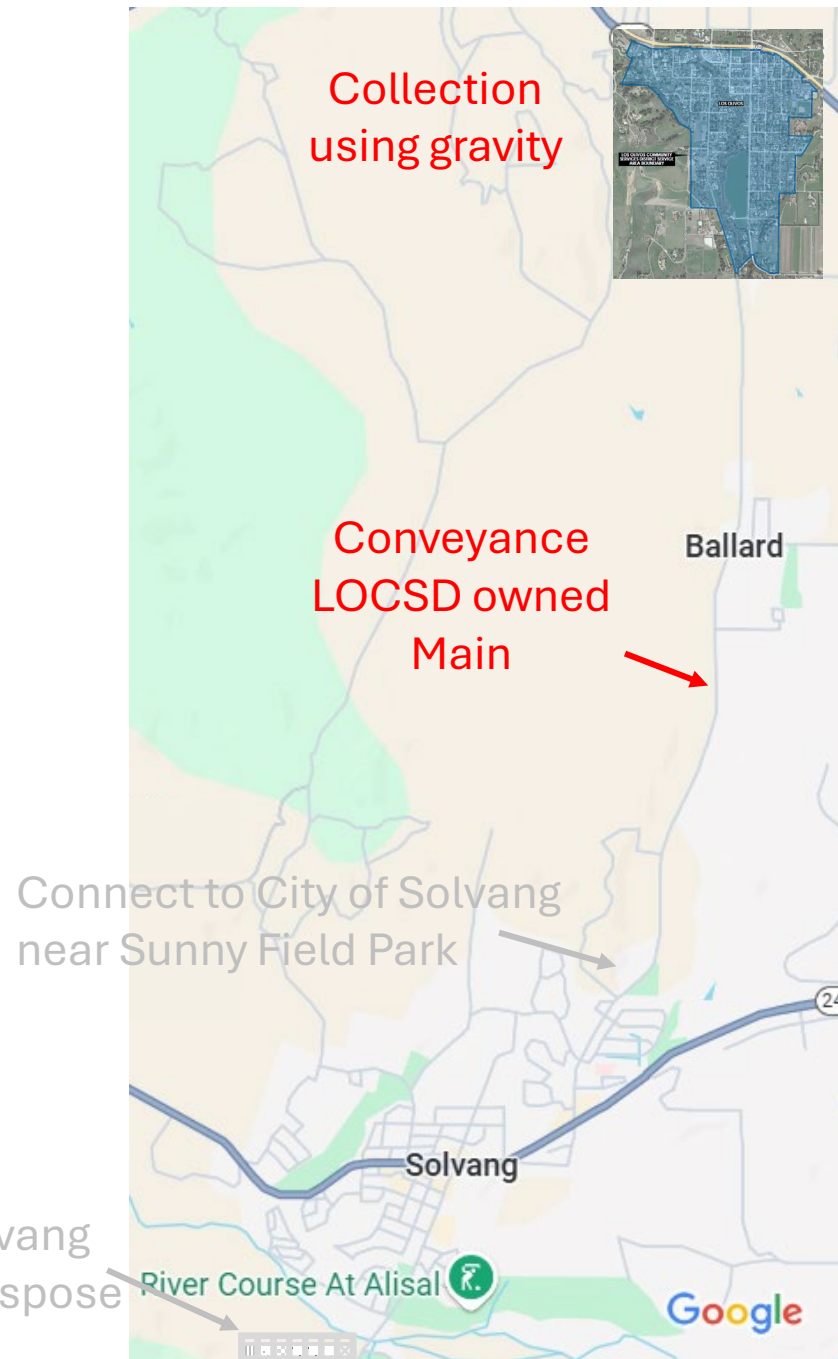
- Resolution 25-01, 6/2025
- City of Solvang - treat/dispose

Wallace Group Contract:

- Signed contract 10/2025
- +\$90k, STEP and Gravity
- 30% design, 30-year ownership
- One collection to 60% design

- June 3 Workshop
- June 10 Board direction

City of Solvang
Treat and Dispose



January 2023 Workshop - **RECAP**

What considerations are most important to you?

- Cost (capital)
- Cost (operations & maintenance)
- ~~Location~~
- Ownership / maintenance responsibility
- Potential for growth inducement
- ~~Treatment plant footprint / size~~
- ~~Potential for odor~~
- ~~Viewshed impacts~~

Project Description

- Focus on Gravity collection
- Leaves conveyance “open”
- Recent findings
 - Gravity conveyance to Solvang possible
 - No lift stations required
 - Equalization tank issue still unresolved
 - Need more bridge discussion with County

	Scenario 1 (Gravity Collection & Pumped Conveyance)	Scenario 2 (STEP Collection & Pumped Conveyance)
Strengths	<p>Proven, long-established technology Gravity sewers are widely used and well-understood by engineers, operators, and regulators.</p>	<p>Lower installation cost Uses shallower trenches and smaller diameter pipe.</p>
	<p>Low routine operational complexity Once installed, the system relies primarily on natural gravitational flow with minimal mechanical equipment.</p>	<p>Reduced infiltration and inflow (I&I) Sealed pressure pipes and buried tanks greatly limit unwanted water entering the system.</p>
	<p>Less dependence on power Except at lift stations, flow is not reliant on electrical service.</p>	<p>Flexible alignment Pipes can follow terrain with fewer constraints, reducing construction impacts.</p>
Weaknesses	<p>High capital cost Deep trenching, manholes, dewatering, shoring, and utility conflicts significantly drive-up installation cost.</p>	<p>Higher operational and maintenance requirements Each connected property has pumps, floats, and electrical components that must be maintained or replaced.</p>
	<p>Infiltration and inflow (I&I) risk Manholes, pipe joints, and cracks are common entry points for stormwater and groundwater, increasing flows.</p>	<p>Power-dependent Pump operation requires electricity; outages can affect reliability unless backup systems are installed. Septic tanks have limited capacity before overflows will occur.</p>
	<p>Larger construction footprint Deep excavations cause more disruption to roads, traffic, and adjacent utilities.</p>	<p>Decentralized responsibility 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>Shorter equipment life Pumps typically require replacement every 8–12 years, adding to lifecycle costs.</p>
		<p>Sewer odors/Higher H2S Tanks must be periodically pumped and can generate odors if not serviced properly. Higher H2S at connection point to Solvang.</p>
		<p>Sewer Main Break In a sewer main break, all upstream connections are impacted until system is repaired. Bypassing is more difficult.</p>
		<p>Private Property Owner Upfront Costs 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) ¹ (per EDU)	\$88,200	\$97,500
J	Estimated Total Commercial Cost (30 Years) ² (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)
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Private Residential \$16,400

\$39,200

Private Commercial \$16,400

\$85,600

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1. Calculation for the Residential 30 Year cost: F+G
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30-year property owner costs

Scenario 1
(Gravity
Collection &
Pumped
Conveyance)

Scenario 2
(STEP
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Total Residential Cost (30-Years)¹	\$88,200	\$97,500
Total Commercial Cost (30 Years)²	\$436,200	\$422,400

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

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California Construction Cost Index (CCCI) – “Cost of Delay”

	Since Formation	Since Pandemic
Average Annual Increase	5.4%	6.8%
\$60M project		
Annually	\$ 3,246,667	\$ 4,100,000
Per parcel (average)	\$ 8,455	\$ 10,667
Monthly	\$ 270,556	\$ 341,667
Per parcel (average)	\$ 705	\$ 890

CY 2025 = 3.9%

Actions / Recommendations

- *Consider decisions on collection and conveyance*
- *Approve Resolution 26-04*
- *Authorize the Wallace Group to begin 60% design*

Grants and Loan County of SB



Grants and Loan - Summary

- Multiple Grants – total up to \$250,000
- Separate “work packages”
- Reimbursed after work is completed

- Single Loan - \$750,000
- Zero interest (0%)
- Five year
- Payments beginning year two - \$150,000/year

Special Thanks

- Supervisor Joan Hartmann
- Asst. CEO Wade Horton
- PW – Chris Sneddon, Matt Young and Matt Griffin
- PH – Lars Seifert
- EHS – Jason Johnston

- And anyone else I forgot

Actions / Recommendations

- *Consider grants and loan*
- *Authorize the District General Manager to identify work packages and submit separate grant requests to Environmental Health Services in an amount totaling up to \$250,000*
- *Authorize the District President to sign a zero interest, five-year loan in the amount of \$750,000 with the County Water Agency*

Taxation Authority Through SBLAFCO



Transient Occupancy Tax (TOT)

- “Bed tax” or “Hotel tax”
- COLLECTED by hoteliers, VRBOers, AirBnBers
- Rates vary throughout State
- Recent increases many jurisdictions
- SB County currently 14%
- Highest found 15.5%

Process to obtain “Power” to tax

- Three to four months – SBLAFCO
- Once obtained ALLOWS you to rate increase on the ballot
- No requirement to do anything
- If you think you might want it, start now

Actions / Recommendations

- *Direction to staff regarding “tax powers”*

Resolution 26-05 Spending Limit (Gann Limit)



What is it?

- Article XIII B of the Constitution of the State of California
- Mandates the calculation and adoption of an annual appropriations limit
- Based on annual budgeting processes
- Annual item – nothing particularly new

Actions / Recommendations

- *Approve Resolution 26-05*

Resolution 26-06 Assessment on Property Tax Bill



What is it?

- Annual item – nothing particularly new
- Authorizes a tax levy with consumer price index (CPI) increase of 3.6%
- Provides for collection via secured tax bill of all parcels within the District
- Some exclusions – churches, etc.
- Most parcels - \$726.11

Timing is everything

- Timing between Assessor and Tax Collector tight
- Need authorization for the General Manager and/or President to make technical changes to the list
 - Adjustments to names such as when a property transfer occurred or when a property moves from an individual to a trust
 - Assessment amount adjustments for split or joined parcels
 - Included or excluded parcels
 - Other legally driven changes
- **IMPORTANT:** Any change to the CPI amount applied would be brought back for a new vote

Actions / Recommendations

- *Approve Resolution 26-06 and authorize the General Manager and/or President to make technical changes*

Audit Contract with NNCPPAS



Legally Required Annual Audit

- FY 2024-25 done
- Cannot recommend returning to existing contractor
- RFP in 2025
- Nigro and Nigro Professional Accountancy Corporation (NNCPAS) was ranked #2
- Cost for FY 2025-26 - \$9,500

Timing is everything

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 - Assessment amount adjustments for split or joined parcels
 - Included or excluded parcels
 - Other legally driven changes
- **IMPORTANT:** Any change to the CPI amount applied would be brought back for a new vote

Actions / Recommendations

- *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*