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DISTRICT UPDATE – 3rd QUARTER 2026

At a glance: The Board has selected gravity collection within the District and conveyance to the City of Solvang for treatment and disposal as its proposed project approach. Engineering is advancing toward 60% design, with the method of conveyance to the City of Solvang still under evaluation. The County has confirmed \$250,000 in grants and approved a \$750,000 no-interest loan. The House-passed Water Resources Development Act (WRDA) of 2026 includes an authorization of up to \$30 million for the LOCSD project; any federal construction funding would require final enactment and future appropriations. The District is also preparing for a Proposition 218 process in 2027.

During the third quarter, the Los Olivos Community Services District (LOCSD) continued its work to secure funding and advance the engineering design for a proposed wastewater system that would collect wastewater within the District and convey it to the City of Solvang for treatment and disposal.

A public workshop was held on June 3, 2026, to review the project options and discuss key remaining decisions regarding wastewater collection. In July, the Board of Directors selected gravity collection within the District and conveyance of collected wastewater to the City of Solvang for treatment and disposal as the proposed project approach.

Financing for the District's engineering work advanced on several fronts during the third quarter. The County of Santa Barbara confirmed \$250,000 in grants and approved a \$750,000 no-interest loan to help the District complete activities in preparation for an anticipated 2027 Proposition 218 process. The House-passed Water Resources Development Act (WRDA) of 2026 includes an authorization of up to \$30 million for the LOCSD project. The legislation still requires Senate action and final enactment, and any federal construction funding would require future appropriations.

On the engineering front, Wallace Group is continuing its design work and expects to present the 60% design to the Board in early 2027. The current focus includes determining, with partners including the County, whether gravity conveyance lines can be installed on existing bridges. If feasible, using the bridges could allow wastewater to continue flowing by gravity and could eliminate the need for lift stations along the approximately 3.5-mile pipeline between the District and the nearest connection to the City of Solvang's wastewater infrastructure.

In September 2026, the District also approved a contract with SCI Consulting Group to complete assessment engineering work needed to evaluate how construction costs could be allocated among parcels as part of the Proposition 218 process.

As noted in prior updates, any final wastewater collection, treatment, and disposal project will remain subject to community input, environmental review, required Board actions, and applicable Proposition 218 processes. The District currently anticipates conducting the Proposition 218 process in 2027.

To provide consistent answers to questions the District receives most often, the District is compiling a Frequently Asked Questions (FAQ) document. The FAQ is currently under review and is expected to be

available before the October 14, 2026 meeting of the Board of Directors. It will be emailed to the District's mailing lists and posted on the District's website.

Proposed Wastewater Project – Collect and Convey to the City of Solvang

Wastewater management generally involves three functions: collection, treatment, and disposal. The District's project planning addresses each of these components.

The District's current proposed project approach combines gravity collection within the District with conveyance to the City of Solvang for treatment and disposal. The specific conveyance method – gravity or pressurized – remains under evaluation as engineering designs advance. Based on engineering and cost analyses completed to date, conveyance to Solvang is estimated to have lower construction and long-term operations and maintenance costs than building and operating a treatment facility within or near the District. The District also evaluated a treatment plant at Dunn School and dispersed treatment using multiple smaller treatment facilities. Analyses completed to date indicated higher estimated costs for those alternatives and, in some cases, greater potential community risks and impacts. Community feedback also included concerns about locating treatment facilities in or near the District, including potential odors and visual impacts. Conveyance to the City of Solvang avoids siting a treatment facility within or near the District.

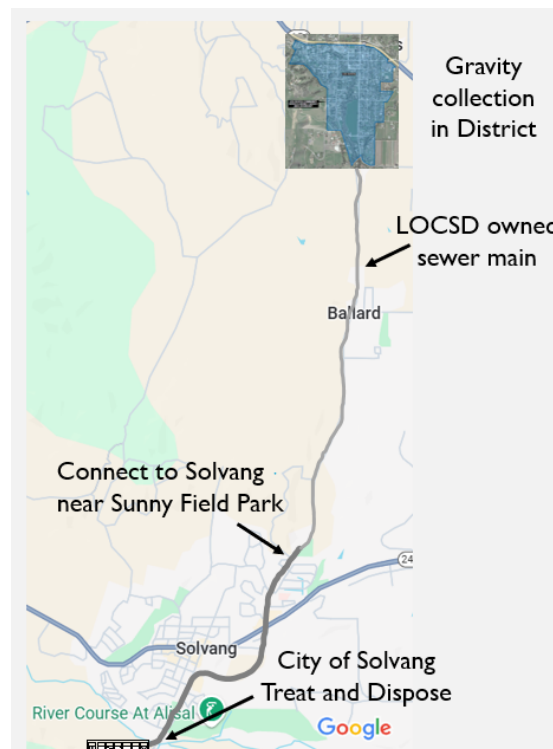


Figure 1: Proposed Project - Collect and Convey to the City of Solvang for Treatment and Disposal

Questions regarding potential growth have also been raised, particularly related to properties along the proposed conveyance corridor on Alamo Pintado Road. According to legal counsel for both LOCSD and the County of Santa Barbara, properties along this corridor do not have an inherent right to connect to a District-owned pipeline, and any connection would remain subject to applicable legal and District requirements. In addition, the County and District have agreed to a process requiring a District “can and will serve” letter for construction projects within District boundaries that would require additional District wastewater service. This “can and will serve” process is intended to preserve District review of future service commitments.

Project Funding

The District has relied on financial assistance from the County of Santa Barbara to continue the design,

engineering, and other work needed in advance of the anticipated Proposition 218 processes. On September 22, 2026, the County Board of Supervisors voted 5-0 to approve a \$750,000 no-interest loan. The County's Environmental Health division had previously confirmed \$250,000 in grants for related work. Together, this \$1 million in County assistance is expected to support the District's work leading to the anticipated 2027 Proposition 218. Resources remain limited, but the District currently expects the County assistance, combined with other available funds, to be sufficient to reach that stage.

On July 14, 2026, U.S. Representative Salud Carbajal (D-CA-24) announced that the House Transportation and Infrastructure Committee had advanced WRDA 2026 with an authorization of up to \$30 million for the LOCSD project. On September 16, 2026, the House of Representatives passed H.R. 9497, the Water Resources Development Act (WRDA) of 2026. The legislation still requires Senate action and final enactment. Authorization does not guarantee funding; any federal construction funding for the LOCSD project would depend on future appropriations.

Wallace Group Design and Cost Efforts

The LOCSD contract with the Wallace Group provides for 30%, 60%, and 90% design and cost-estimating services for the project. The Wallace Group completed the 30% design and associated cost estimates earlier this year. The 30% design and the 30-year lifecycle cost information can be found at: <https://www.losolivoscscd.com/technical-studies-and-reports>

The Wallace Group is now focused on the 60% design and cost-estimating work. The 60% design is anticipated to be presented to the Board of Directors in January or February 2027. Before the 60% design is completed, decisions still need to be made regarding gravity or pressurized conveyance to the City of Solvang. If feasible, gravity conveyance is currently anticipated to have lower construction and maintenance costs than pressurized conveyance. Gravity conveyance could also reduce or eliminate the need for lift stations. Lift stations are used when wastewater cannot flow by gravity, such as when it must be conveyed uphill.

SCI Consulting Group, Parcel Assessments, and Proposition 218 for Construction Funding

In September 2026, the District hired SCI Consulting Group to provide assessment engineering services for the proposed sewer project. SCI will evaluate how construction costs could be allocated among parcels and prepare the associated engineering reports. The Board has established a preliminary assessment framework for cost allocations based on a combination of parcel size and zoning or use. Any proposed assessment amounts will depend on SCI's assessment analysis and subsequent Board action and would remain subject to the applicable Proposition 218 process. The Board plans to hold an assessment workshop on the same evening as its November meeting to review the proposed methodology, answer questions, and receive public input.

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

A Board Member is available for an hour of informal, open-table discussion with community members on the first and third Friday of each month. The start time varies by date between 8:30 and 9:00 a.m., depending on Board Member availability. Lefty's Coffee Co. in Los Olivos generously provides a table for these conversations. No appointment is necessary.

What's Next?

Key milestones anticipated over the next several months include:

- Advancement of the proposed project toward 60% design, expected in the first quarter of 2027
- Continued groundwater monitoring and environmental review activities
- Preparation for the anticipated Proposition 218 process in 2027

ABOUT THE DISTRICT: The [Los Olivos CSD](#) was formed by voters in 2018 to provide local governance of wastewater management planning and a funding mechanism for the construction and operation of the facilities needed to collect, treat, and dispose of wastewater generated in Los Olivos.

STAY INFORMED: [Attend our monthly meetings](#) in person or virtually to stay current with the District's work on the proposed wastewater project. Meetings provide an opportunity to ask questions, receive information, and share ideas and concerns. We usually post video of meetings on YouTube within 48 hours. <https://www.youtube.com/@LosOlivosCSD>.

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

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