

Lisa Palmer, President
Tom Fayram, Vice President
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September 22, 2021

Local Agency Formation Commission

Attention: Mike Prater, Executive Officer
County of Santa Barbara
105 East Anapamu Street, Rm 407
Santa Barbara, CA 93101

SUBJECT: Los Olivos Community Services District Quarterly Progress Report

Dear Commissioners:

The District continues to diligently pursue the design, construction and operation of a community wastewater collection and reclamation project to end reliance on individual septic systems. On June 3, 2021 this Commission granted a 2-year extension, until August 6, 2023, for the District to conduct its Proposition 218 benefit assessment election to fund the completion and operation of the wastewater collection and treatment system.

This quarterly update documents the District's progress on its efforts to complete the Prop 218 assessment election during the summer of 2022, well in advance of the August 6, 2023 extension deadline.

Project Goals:

1. Update Residential Onsite Wastewater Treatment System (OWTS) Requirements
2. Obtain Funding Resources for Program Development and Construction
3. Implement a Local Groundwater Monitoring Program; and
4. Complete and Operate a Collection, Treatment and Reclamation System for the entire Community

Goal 1: Update Residential Onsite Wastewater Treatment System (OWTS) Requirements

1. Completion and posting of Onsite Water Treatment System Fact Sheet. Provides guidance for the maintenance and repair of OWTS during the septic to sewer transition period. Prepared in conjunction with County EHS and the Water Board.
2. Working with County EHS to update the Los Olivos Local Area Management Plan, in accordance with State Guidelines, to provide clear guidance on continued residential OWTS use during the septic-to-sewer conversion. EHS representatives are scheduled to attend the October 13 LOCSO board meeting to discuss the draft requirements and implementation.

Goal 2: Obtain Funding Resources for Program Development and Construction

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1. Successfully obtained grant funds for “soft costs” (preliminary design, studies and environmental work, etc.).
 - a. Current Project Funding
 - i. State Water Board SRF Water Recycling Funding Program – 50% match on all studies, design and environmental tasks required to “determine feasibility” of the project. Maximum grant: \$150,000 match for \$300,000 in studies and design. This grant has been approved and The grant agreement is anticipated by September 30, 2021; work will begin as soon as the grant agreement is issued.
 - ii. District Funds - \$165,000 for specific project elements in support of Goals 1, 2 3 & 4.
 - iii. County Environmental Health Special Funds -\$180,000 funding for specific project elements supporting Goals 3 & 4.
2. Retain an Assessment Engineer by December 2021 to complete an accurate summation of project costs and cost distribution methodology for the project. This report is scheduled to be shared with the community in April 2022 as part of the Proposition 218 benefit assessment process.
3. Future Construction Funding
The district continues to aggressively seek funding that will be used to mitigate the cost impacts to the community with a goal of limiting assessments to property owners:
 - a. Future Grants considered with a good probability of success
 - i. SRF Low-Cost Loan Funding
 - ii. Bureau of Reclamation Funds
 - iii. Proposition 1; SB 155, SB 170
 - b. Future Low Interest Loans
 - i. Low interest loans are available through USDA, CSDA, SDRMA, and SWB resource entities.
4. O&M, Administrative and Debt Service Costs
 - a. A fair share assessment, as determined by the Assessment District Engineer will be complete by April 2022. This report will provide the assessment basis for the assessment vote process scheduled for summer 2022.

Goal 3: Implement a Local Groundwater Monitoring Program

5. Ground Water Monitoring
 - a. GSI hydrogeologists have completed a Ground Water Monitoring Plan that includes modeling and recommended implementation requirements. The plan calls for installing 12 monitoring wells in two phases (estimated \$600,000 to implement; funding source TBD). These wells will capture water quality data in the basin portion underlying and adjacent to Los Olivos, data that is important to both regional and District efforts to improve and enhance groundwater quality.

Goal 4: Design Collection, Treatment & Reclamation System

1. Potential Siting Progress
 - a. Agreement with the County of Santa Barbara for a potential treatment site easement within excess County Road right-of-way (finalized October 2020).
 - b. The District has completed an extensive process to identify additional potential package plant location sites, including a third party analysis by Urban Planning Concepts. Sites

are being reviewed and advanced for further study as part of the initial project design phase.

2. Injection Feasibility Study
 - a. Groundwater Injection and Feasibility Study is currently underway and on track to be complete by February 2022.
3. Project Design Engineer Selection
 - a. The District selected Stantec as project design engineer at its September 15, 2021 meeting. As soon as the State Water Recycling Fund Grant Agreement is received, preliminary design for a project to serve the entire community will get underway.

The District has set a goal to complete project design and the Proposition 218 Assessment Process by the summer of 2022. Once a successful benefit assessment election is held, project construction is expected to take an additional two years to complete and begin operation.

Thank you for your continued support of the District and our efforts to improve groundwater quality through implementing a community wastewater management and reclamation solution for Los Olivos. If you have any questions, please contact me at (805) 680-2336 (or lisa@lpalmerconsulting.com) or Bob Perrault, General Manager, at (805) 668-7131 (or robertjperrault51@gmail.com).

Sincerely,
Lisa Palmer
Los Olivos CSD



Lisa Palmer
Board of Directors, President

cc: Joan Hartmann, 3rd District Supervisor
James Bishop, Central Coast Regional Water Quality Control Board
Lars Siefert, Santa Barbara County EHS