

**SANTA YNEZ COMMUNITY SERVICES DISTRICT
BOARD MEMORANDUM**

DATE: June 17, 2026
TO: Board of Directors
FROM: Loch A. Dreizler, General Manager
SUBJECT: Adoption of Wastewater Service Charges – Final Action on Willdan Comprehensive Wastewater Rate Study (Action Required)

Recommendation

Adopt the attached Ordinance No. O-26-02, approving the new wastewater service charges as recommended in the Willdan Financial Services Comprehensive Wastewater Rate Study (April 2026). The ordinance amends the existing rate structure (last updated by Ordinance O-21-01 in 2021) and establishes rates effective July 1, 2026 (FY 26-2027), implementing the Board’s unanimous direction from March 2026 for a 2.5% annual revenue increase over the next five years.

Purpose: This memorandum provides a final summary of the rate study process and recommends Board adoption of the proposed rates following the required Proposition 218 public hearing. The District did not receive any protests for the Proposed Wastewater Rate Increase as of the writing of this memo on June 12, 2026, and does not expect to receive any before the meeting.

Background and Historical Process: Staff and the Finance Committee began working with Willdan Financial Services in July of 2025. In March 2026, Willdan Financial Services presented its final rate study to the Board, evaluating three options (2.5%, 3.5%, and 4.5% annual revenue increases). The Board unanimously directed staff to pursue the 2.5% path, which balances modest customer impacts with full funding of operations, capital needs (including the District’s share of the Solvang WWTP upgrade), debt service, and target reserves.

An informational update memorandum was provided on April 15, 2026, summarizing the study and confirming its alignment with Board direction. Proposition 218 notices were prepared and mailed in compliance with legal requirements, and a public hearing is being held on June 17, 2026, as part of the Board’s regular meeting.

This process mirrors the District's prior rate adjustment in 2021 (Ordinance O-21-01, based on the Tuckfield & Associates study), which implemented a 0% increase in FY 2021/22 followed by 4.25% annual increases, while preparing for Solvang WWTP upgrades.

Key Findings and Highlights from the Willdan Study

- The 2.5% revenue increase ensures financial sustainability, funds the Capital Improvement Plan (including the District's ~20% share of the Solvang WWTP upgrade), maintains the Operating Reserve at the target of 180 days of cash on hand, and provides strong debt-service coverage (projected 2.51× in FY 2027, remaining well above the 1.15× minimum).
- Rates are fixed monthly charges based on Equivalent Residential Units (ERUs) derived from a detailed cost-of-service analysis, ensuring fairness and Proposition 218 compliance.
- Single-family residential monthly fee increases from \$90.56 to \$92.42 in FY 2027 (~2.5%), with modest annual adjustments thereafter.
- District rates remain reasonable compared to neighboring utilities.
- Without the increase, reserves would be depleted and future capital needs would be unfunded.

Full details were in Willdan's Comprehensive Wastewater Rate Study from April 2026.

Residential Bill Impact (Single-Family Example) Current: ~\$90.56/month FY 2027: \$92.42/month (+\$1.86) Cumulative over 5 years: Modest and predictable (~13.1% total, or ~\$132 per customer).

Next Steps

- Upon adoption, staff will notify the County of Santa Barbara for inclusion on the property tax roll, and that Rates will be effective July 1, 2026.
- Ongoing monitoring and future studies (at least every five years) as required.
- Staff monitoring to see if rates increase aligns with expected expenses.

Attachment: Ordinance No. O-26-02 Approving Wastewater Service Charges (with updated rate schedule as Exhibit B).

ORDINANCE NO. O-26-02

**AN ORDINANCE OF THE SANTA YNEZ COMMUNITY SERVICES DISTRICT
APPROVING AN INCREASE IN SEWER SERVICE CHARGES**

WHEREAS, on June 17, 2026, the Board of Directors of the Santa Ynez Community Services District (the “District”) held a duly noticed public hearing to hear protests and consider new wastewater service charges based on the Willdan Financial Services Comprehensive Wastewater Rate Study (April 2026) (the “Rate Adjustment”);

WHEREAS, at the hearing, written protests against the proposed Rate Adjustment were not presented by a majority of the owners of the parcels subject thereto; and

WHEREAS, commencing with the 2026/2027 fiscal year it is necessary that the monthly sewer service charges be adjusted in order to ensure that (i) the capital projects outlined in the District’s Capital Improvement Plan are fully funded (including the District’s share of the Solvang Wastewater Treatment Plant upgrade), (ii) all operation and maintenance costs are recovered, (iii) debt service obligations are met, and (iv) reserve accounts are maintained at appropriate levels consistent with District policy;

NOW, THEREFORE, the Board of Directors of the Santa Ynez Community Services District ordains as follows:

Section 1. Effective as of July 1, 2026, the District’s existing ordinance governing sewer service charges (including Ordinance No. O-21-01 and prior amendments) is hereby further amended by replacing the prior rate schedule with the revised rate schedule attached hereto as **Exhibit B**, derived from the Willdan Financial Services April 2026 final rate study.

Section 2. The rates shall be fixed monthly charges based on Equivalent Residential Units (ERUs) and collected on the County property tax roll.

Section 3. This ordinance shall take effect immediately upon adoption.

PASSED AND ADOPTED this 17th day of June, 2026, by the following vote of the Board of Directors of the Santa Ynez Community Services District:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Frank Redfern, Board President

Alicia Marin, Board Secretary

Exhibit B: This is the updated Rate Schedule to be attached with the new Ordinance No. O-26-02.

Proposed Monthly Wastewater Service Charges Effective July 1, 2026, through June 30, 2031, Santa Ynez Community Services District Willdan Financial Services Comprehensive Wastewater Rate Study (April 2026)

Rates are fixed monthly charges based on Equivalent Residential Units (ERUs) and will be collected annually on the Santa Barbara County Secured Property Tax Roll. All rates listed below should align with the public notice – if there are any differences, default to the public notice amounts or board-approved recalculation.

Notes:

- All rates become effective **July 1, 2026**.
- YMCA charges are governed by a separate annual flow-based payment agreement.
- Full cost-of-service details and assumptions are contained in the Willdan Rate Study (April 2026).

Description	Existing Rates	Projected for Fiscal Year Ending June 30				
		2027	2028	2029	2030	2031
Monthly Fixed Charge:						
Residential Fixed Charges:						
Single Family	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Multi-family	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Second Unit/Studios	\$ 67.41	\$ 68.78	\$ 70.52	\$ 72.28	\$ 74.09	\$ 75.94
Mobile Home/Trailers						
Manager Residence	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Trailer Space	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Mobile Home Park Laundry	\$ 58.96	\$ 60.18	\$ 61.69	\$ 63.23	\$ 64.81	\$ 66.43
Retirement Facility						
Manager Residence	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Rooms w/o Kitchens	\$ 42.14	\$ 42.99	\$ 44.06	\$ 45.16	\$ 46.29	\$ 47.45
Rooms w/ Kitchens	\$ 63.18	\$ 64.48	\$ 66.09	\$ 67.75	\$ 69.44	\$ 71.18
Non-Residential Fixed Charges:						
Motel/Hotel						
Manager Residence	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Rooms w/o Kitchens	\$ 42.14	\$ 42.99	\$ 44.06	\$ 45.16	\$ 46.29	\$ 47.45
Rooms w/ Kitchens	\$ 63.18	\$ 64.48	\$ 66.09	\$ 67.74	\$ 69.44	\$ 71.17
Launderettes, per machine	\$ 67.41	\$ 68.78	\$ 70.50	\$ 72.26	\$ 74.07	\$ 75.92
Beauty & Barber Shops	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Each Sink Over 2	\$ 42.14	\$ 42.99	\$ 44.06	\$ 45.16	\$ 46.29	\$ 47.45
Gas Station w/Restroom	\$ 136.91	\$ 139.71	\$ 143.20	\$ 146.78	\$ 150.45	\$ 154.21
Cocktail Lounge	\$ 181.12	\$ 184.84	\$ 189.46	\$ 194.20	\$ 199.05	\$ 204.03
Additional Seating	\$ 3.37	\$ 3.44	\$ 3.52	\$ 3.61	\$ 3.70	\$ 3.80
Market, Major	\$ 556.02	\$ 567.42	\$ 581.61	\$ 596.15	\$ 611.05	\$ 626.33
Convenience Market	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Convenience Market w/Deli	\$ 200.17	\$ 204.27	\$ 209.38	\$ 214.61	\$ 219.98	\$ 225.48
Deli	\$ 109.51	\$ 111.76	\$ 114.56	\$ 117.42	\$ 120.36	\$ 123.37
Office & Retail	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Units w/o Toilets	\$ 42.14	\$ 42.99	\$ 44.06	\$ 45.16	\$ 46.29	\$ 47.45
Restaurant Full Service	\$ 444.81	\$ 453.94	\$ 465.29	\$ 476.92	\$ 488.84	\$ 501.06
Additional Seating - Food	\$ 8.90	\$ 9.08	\$ 9.31	\$ 9.54	\$ 9.78	\$ 10.02
Additional Seating - Bar/Banquet	\$ 3.37	\$ 3.44	\$ 3.52	\$ 3.61	\$ 3.70	\$ 3.80
Coffee Specialty Retail	\$ 113.74	\$ 116.06	\$ 118.97	\$ 121.94	\$ 124.99	\$ 128.11
Restaurant - Fast Food	\$ 177.92	\$ 181.58	\$ 186.11	\$ 190.77	\$ 195.54	\$ 200.42
YMCA ^[1]	--	--	--	--	--	--
Institutional Fixed Charges:						
Church	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Pre/Elementary School, Per Student	\$ 2.72	\$ 3.01	\$ 3.08	\$ 3.16	\$ 3.24	\$ 3.32
High School, per Student	\$ 3.79	\$ 3.87	\$ 3.97	\$ 4.06	\$ 4.17	\$ 4.27
Museum	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Post Office	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Public Park	\$ 210.62	\$ 214.93	\$ 220.31	\$ 225.81	\$ 231.46	\$ 237.25
Additional Wastewater Service Fixed Charges:						
Senior Living						
Manager Residence	\$ 90.56	\$ 92.42	\$ 94.73	\$ 97.10	\$ 99.53	\$ 102.02
Per Bed	\$ 52.65	\$ 53.97	\$ 55.32	\$ 56.70	\$ 58.12	\$ 59.57
Food Service	\$ 444.81	\$ 453.94	\$ 465.29	\$ 476.92	\$ 488.84	\$ 501.06
Additional Seating (per seat)	\$ 8.90	\$ 9.08	\$ 9.31	\$ 9.54	\$ 9.78	\$ 10.02
Medical, Dental, Veterinarian						
Clinic or Building (per 1,000 sf)	\$ 145.31	\$ 148.30	\$ 152.01	\$ 155.81	\$ 159.71	\$ 163.70
Billiard/Café (per 1,000 sf)	\$ 72.66	\$ 74.15	\$ 76.01	\$ 77.91	\$ 79.85	\$ 81.85
Food Service	\$ 444.81	\$ 453.94	\$ 465.29	\$ 476.92	\$ 488.84	\$ 501.06
Additional Seating (per seat)	\$ 8.90	\$ 9.08	\$ 9.31	\$ 9.54	\$ 9.78	\$ 10.02
Cocktail Lounge with Food	\$ 181.12	\$ 184.84	\$ 189.46	\$ 194.20	\$ 199.05	\$ 204.03
Additional Seating	\$ 3.37	\$ 3.44	\$ 3.52	\$ 3.61	\$ 3.70	\$ 3.80
Car Wash	\$ 653.92	\$ 670.27	\$ 687.03	\$ 704.20	\$ 721.81	\$ 739.85
Winery and Wine Tasting	\$ 113.74	\$ 116.06	\$ 118.97	\$ 121.94	\$ 124.99	\$ 128.11

Note:

[1] Annual sewer charges are calculated by payment agreement based on flow.