

**Santa Ynez Community Services District  
Board Memorandum**

**Date:** June 17, 2026  
**To:** SYCSD Board of Directors  
**From:** Loch A. Dreizler, General Manager  
**Subject:** Update on City of Solvang Wastewater Treatment Plant (WWTP) Upgrade Financing Options

**Background** On May 26, 2026, the Solvang City Council received an informational presentation from staff and NHA Advisors regarding potential financing approaches for the planned \$18.5 million WWTP upgrade project. No formal action was taken by the Council; the meeting was for informational purposes only.

**Summary of Financing Options** The presentation analyzed three preliminary options to fund the project (with final decisions pending FY 2026 financial results and further analysis). SYCSD maintains a 20% interest in the facility.

Option	Type	Term (Years)	Est. Annual Payment	Key Advantages	Key Considerations
1. Bank Loan	Private Placement	20	\$1.775 million	Fastest, lowest issuance costs, flexible prepayment	Highest interest rate
2A. Public Revenue Bonds	Public Offering	30	\$1.328 million	Lowest borrowing cost	Longer process, credit rating required
2B. Public Revenue Bonds	Public Offering	35	\$1.254 million	Lowest borrowing cost, longer term	Longer process, credit rating required
3. USDA Rural Utilities Loan	Federal Loan	40	\$1.104 million	Lowest rate & annual payment, longest term	Longest approval timeline, more requirements

**Next Steps:** District Staff will continue to monitor progress and coordinate with Solvang on funding. A draft letter to Jose Acosta (Utilities Director) is attached for Board review and staff direction. The letter thanks Solvang staff, requests that all available funding sources be pursued (including the potential \$1M federal grant), and expresses interest in updating the 1998 Interagency Agreement after or concurrently with the project for mutual benefit.

**Attachment:** **Draft** letter to Jose Acosta, Solvang’s Public Utilities Director



Jose Acosta, Utilities Director  
City of Solvang  
411 Second Street  
Solvang, CA 93463

June 18, 2026

**DRAFT**

**Subject:** Continued Collaboration on Solvang Wastewater Treatment Plant Upgrade, Funding, and Future Partnership Opportunities

Dear Jose,

I hope this message finds you well. On behalf of the Santa Ynez Community Services District (SYCSD), I want to express our sincere appreciation for the strong partnership between our agencies and for the outstanding work your team continues to provide on the Wastewater Treatment Plant (WWTP) upgrade project. We are grateful for the detailed updates shared in your recent email, as well as the informative staff report and financing presentation delivered to the Solvang City Council on May 26, 2026. Your team's proactive efforts to explore a full range of funding options are truly commendable and greatly valued.

As you know, SYCSD holds a 20% interest in Solvang's WWTP and remains fully committed to supporting this critical regional infrastructure project. To ensure the project's long-term success and affordability for all parties, we respectfully request that the City pursue and secure every available loan, grant, and other revenue source to fund the upgrades. This includes maximizing participation in the USDA Rural Utilities loan program and pursuing other state, federal, or private financing opportunities. We are particularly encouraged by the potential \$1 million federal grant and appreciate the City's consideration of our letters of support for Representatives Carbajal, Padilla, and Schiff.

We also believe this major upgrade presents an excellent opportunity to revisit and modernize our Interagency Agreement (originally executed in 1998). Once the WWTP construction project officially begins, SYCSD would welcome discussions to revise the agreement to better reflect current realities and ensure mutual benefits for both agencies, including consideration of allocating additional capacity to Santa Ynez CSD.

We look forward to continuing our close collaboration and are happy to meet at your convenience to discuss funding coordination, our proportional share of benefits from all secured sources, and potential updates to the Interagency Agreement.

Thank you again for your leadership and dedication to this important initiative. Please do not hesitate to reach out if there is any additional information or assistance we can provide.

Warm regards,

Loch A. Dreizler, General Manager  
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