

AGENDA

REMOTE MEETING NOTICE

This meeting will be accessible by remote video conferencing. Please be advised that while the District will endeavor to ensure these remote participation methods are available, the District does not guarantee that they will be technically feasible or work all the time. Further, the District reserves the right to terminate these remote participation methods (Subject to Brown Act Restrictions) at any time and for whatever reason. The public may observe and participate in this meeting remotely via Zoom as set forth below.

INSTRUCTIONS FOR USING ZOOM

- Join the meeting using the link below.
- You must have audio and microphone capabilities on the device you are using to join the meeting.
- When you join the meeting make sure that you join the meeting with audio and follow the prompts to test your speaker & microphone prior to joining the meeting.

TO SPEAK DURING PUBLIC COMMENT USING ZOOM

- The Board President will announce when it is time for Public Comment.
- Click on the Raise Hand icon if you would like to speak during Public Comment.
- Your name will be called on when it's your turn to speak.
- When your name is called, you will be prompted to unmute yourself.
- You will have three (3) minutes to speak. When your time is up, you will be muted.

TO SPEAK ON AN ITEM USING ZOOM

- The Board President will call the item and staff will begin the staff report.
- Click on the Raise Hand icon if you would like to speak on the item.
- Your name will be called on when it's your turn to speak.
- When your name is called, you will be prompted to unmute yourself.
- You will have three (3) minutes to speak. When your time is up, you will be muted.
- You will repeat this process for each item you want to speak on.

FOR OPEN SESSION PARTICIPATION

Join Meeting Electronically at:

Join Zoom Meeting

<https://us02web.zoom.us/j/88364319168?pwd=e7sWKQF0lzDboRMSirRErH091vhd6E.1>

Meeting ID: 883 6431 9168

Passcode: 590795

Please attend in person or by submitting your comment via email to:
RMangus@GoletaSanitary.Org

A G E N D A
REGULAR MEETING OF THE GOVERNING BOARD
OF THE GOLETA SANITARY DISTRICT
A PUBLIC AGENCY

One William Moffett Place
Goleta, California 93117

July 6, 2026

CALL TO ORDER: 6:30 p.m.

ROLL CALL OF MEMBERS

BOARD MEMBERS: Steven T. Majoewsky
Dean Nevins
Jonathan Frye
Edward Fuller
Joseph Glancy

CONSIDERATION OF THE MINUTES OF THE BOARD MEETING

The Board will consider approval of the Minutes of the Regular Meeting of June 15, 2026.

PUBLIC COMMENTS - Members of the public may address the Board on items within the jurisdiction of the Board. Under provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. Please limit your remarks to three (3) minutes and if you wish, state your name and address for the record.

POSTING OF AGENDA – The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District and on the District’s web site 72 hours in advance of the meeting.

BUSINESS:

1. DISCUSSION AND ACTION ON ANNUAL AUDIT SERVICES CONTRACT
(Board may take action on this item)
2. UPDATE ON SEWER CONNECTION AND ANNEXATION FEE REPORT BY
RAFTELIS
(Board may take action on this item)
3. CONSIDERATION AND ADOPTION OF RESOLUTION NO. 26-736 APPROVING
REVISED EMPLOYEE PAY SCHEDULE TO INCORPORATE 2026 EMPLOYEE
SALARY AND BENEFITS SURVEY RECOMMENDATIONS
(Board may take action on this item)

4. DISCUSSION AND ACTION ON CORRECTING A SEWER SERVICE CHARGE ALLOCATION BETWEEN REPLACEMENT RESERVE FUND AND THE CAPITAL RESERVE FUND.
(Board may take action on this item)
5. ADOPTION OF RESOLUTION NO. 26-737 CONSOLIDATING GENERAL DISTRICT ELECTION WITH STATEWIDE GENERAL ELECTION
(Board may take action on this item)
6. CLOSED SESSION
 - (i) PUBLIC COMMENTS ON CLOSED SESSION ITEM
 - (ii) CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957 – PUBLIC PERFORMANCE EVALUATION: GENERAL MANAGER
(Board may take action on this item.)
 - (iii) PUBLIC REPORT ON CLOSED SESSION
7. GENERAL MANAGER'S REPORT
8. LEGAL COUNSEL'S REPORT
9. COMMITTEE/DIRECTOR'S REPORTS AND APPROVAL/RATIFICATION OF DIRECTOR'S ACTIVITIES
10. PRESIDENT'S REPORT
11. ITEMS FOR FUTURE MEETINGS
12. CORRESPONDENCE
(The Board will consider correspondence received by and sent by the District since the last Board Meeting.)
13. APPROVAL OF BOARD COMPENSATION AND EXPENSES AND RATIFICATION OF CLAIMS PAID BY THE DISTRICT
(The Board will be asked to ratify claims.)

ADJOURNMENT

Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the District's Finance Director at least 3 hours prior to the meeting by telephone at (805) 967-4519 or by email at info@goletasanitary.org.

Any public records which are distributed less than 72 hours prior to this meeting to all, or a majority of all, of the District's Board members in connection with any agenda item (other than closed sessions) will be available for public inspection at the time of such distribution at the District's office located at One William Moffett Place, Goleta, California 93117.

MINUTES

MINUTES
REGULAR MEETING OF THE GOVERNING BOARD
GOLETA SANITARY DISTRICT
A PUBLIC AGENCY
DISTRICT OFFICE CONFERENCE ROOM
ONE WILLIAM MOFFETT PLACE
GOLETA, CALIFORNIA 93117

June 15, 2026

- CALL TO ORDER:** President Majoewsky called the meeting to order at 6:30 p.m.
- BOARD MEMBERS PRESENT:** Steven T. Majoewsky, Dean Nevins, Jonathan Frye, Edward Fuller, Joseph Glancy
- BOARD MEMBERS ABSENT:** None
- STAFF MEMBERS PRESENT:** Steve Wagner, General Manager/District Engineer, Vyto Adomaitis, Assistant General Manager, Rob Mangus, Finance Director/Board Secretary, Guisel Razo, Interim Finance Manager (via Zoom), Reese Wilson, Engineering Manager, and Jeff Ferre, General Counsel (via Zoom)
- OTHERS PRESENT:** Craig Geyer, Director, Goleta West Sanitary District (via Zoom)
Bob Thomas, Director, Goleta West Sanitary District
- APPROVAL OF MINUTES:** Director Nevins made a motion, seconded by Director Frye, to approve the minutes of the Regular Board meeting of 06/01/2026. The motion carried by the following vote:

(26/06/2124)
- | | | |
|----------|---|-----------------------------------------|
| AYES: | 5 | Majoewsky, Nevins, Frye, Fuller, Glancy |
| NOES: | | None |
| ABSENT: | | None |
| ABSTAIN: | | None |
- POSTING OF AGENDA:** The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District and on the District's website 72 hours in advance of the meeting.
- PUBLIC COMMENTS:** None

BUSINESS:

1. PUBLIC HEARING AND APPROVAL OF RESOLUTION NO. 26-733 FOR SELECTION OF AN INSTALLER FOR THE ENERGY STORAGE PROJECT PURSUANT TO GOVERNMENT CODE 4217

Mr. Wagner began the staff report and Mr. Wilson gave a detailed report, Ali Chehrehsez, CEO, and Tony D. Pastore, Senior Advisor, TerraVerde Energy (both via Zoom) were available to answer questions.

Public Hearing was opened at 7:52 p.m.

No public comment was made.

Public Hearing was closed at 7:53 p.m.

Director Nevins made a motion, seconded by Director Fuller to approve and adopt Resolution No. 26-733 making requisite findings pursuant to Government Code Section 4217 and authorizing the General Manager to enter into an energy services agreement with an installer for the Energy Storage Project, and installer selected was Coldwell Energy.

(26/06/2125)

AYES:	5	Majoewsky, Nevins, Frye, Fuller, Glancy
NOES:		None
ABSENT:		None
ABSTAIN:		None

2. CONSIDERATION OF DISTRICT'S PROPOSED BUDGET FOR FISCAL YEAR 2026-27

Mr. Wagner gave the staff report.

Director Nevins made a motion, seconded by Director Frye to approve and adopt the Fiscal Year 2026-27 Budget, with minor edits, as presented.

(26/06/2126)

AYES:	5	Majoewsky, Nevins, Frye, Fuller, Glancy
NOES:		None
ABSENT:		None
ABSTAIN:		None

3. CONSIDERATION AND ADOPTION OF RESOLUTION NO. 26-734 APPROVING REVISED EMPLOYEE PAY SCHEDULE AND ORGANIZATIONAL CHART

Mr. Wagner gave the staff report.

Director Nevins made a motion, seconded by Director Fuller to approve and adopt Resolution No. 26-734 approving revised employee pay schedule, Exhibit A and revised organizational chart, Exhibit B.

(26/06/2127)

AYES: 5 Majoewsky, Nevins, Frye, Fuller, Glancy
NOES: None
ABSENT: None
ABSTAIN: None

4. CONSIDERATION AND APPROVAL OF RESOLUTION NO. 26-735 ELECTING TO HAVE SEWER SERVICE CHARGES COLLECTED ON THE TAX ROLL FOR FISCAL YEAR 2026-27, DIRECTING THE PREPARATION AND FILING OF REPORT, FIXING TIME AND PLACE FOR HEARING, AND PROVIDING FOR NOTICE THEREOF
Mr. Wagner gave the staff report.

Director Nevins made a motion, seconded by Director Frye to approve and adopt Resolution No. 26-735 electing to have sewer service charges collected on the Tax Roll for Fiscal Year 2026-27, and directing the preparation and filing of Report, Fixing Time and Place for Hearing, and providing notice thereof.

(26/06/2128)

AYES: 5 Majoewsky, Nevins, Frye, Fuller, Glancy
NOES: None
ABSENT: None
ABSTAIN: None

- Consensus of the Board was to move item 5 to the end of the meeting.
5. CLOSED SESSION

- (i) PUBLIC COMMENTS ON CLOSED SESSION ITEM
- (ii) DESIGNATION OF STEVE WAGNER, GENERAL MANAGER, AS DISTRICT REPRESENTATIVE FOR LABOR NEGOTIATIONS
- (iii) CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 - CONFERENCE WITH LABOR NEGOTIATOR REGARDING AGENCY DESIGNATED REPRESENTATIVE GENERAL MANAGER STEVE WAGNER UNREPRESENTED EMPLOYEES: ALL DISTRICT EMPLOYEES (Board may take action on this item.)
- (iv) PUBLIC REPORT ON CLOSED SESSION

Board entered closed session at 7:30 p.m.

Board returned to open session at 7:42
No reportable action in Closed Session

6. GENERAL MANAGER'S REPORT

Mr. Wagner gave the report.

7. LEGAL COUNSEL'S REPORT

Mr. Ferre reported on an extension to the deadline for Public Agencies website ADA compliance to next spring.

8. COMMITTEE/DIRECTORS' REPORTS AND APPROVAL/RATIFICATION OF DIRECTORS' ACTIVITIES

Director Nevins – Reported he submitted his Goleta West Sanitary District report.

Director Frye – No report.

Director Fuller – No report.

Director Glancy – No report.

9. PRESIDENT'S REPORT

President Majoewsky – Reported he submitted his Goleta Water District report.

10. ITEMS FOR FUTURE MEETINGS

No Board action was taken to return with an item.

11. CORRESPONDENCE

The Board reviewed and discussed the list of correspondence to and from the District in the agenda.

12. APPROVAL OF BOARD COMPENSATION AND EXPENSES AND RATIFICATION OF CLAIMS PAID BY THE DISTRICT

Director Nevins made a motion, seconded by Director Fuller, to ratify and approve the claims, for the period 06/02/2026 to 06/15/2026 as follows:

Running Expense Fund #4640	\$	556,952.83
Capital Reserve Fund #4650	\$	196,446.13
Retiree Health Insurance Sinking Fund #4660	\$	21,379.04

The motion carried by the following vote:

(26/06/2129)

AYES:	5	Majoewsky, Nevins, Frye, Fuller, Glancy
NOES:		None
ABSENT:		None
ABSTAIN:		None

The Board returned to item 5.

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:45 p.m.

ATTEST

Steven T. Majoewsky
Governing Board President

Robert O. Mangus, Jr.
Governing Board Secretary

AGENDA ITEM #1

AGENDA ITEM: 1

MEETING DATE: July 6, 2026

I. NATURE OF ITEM

Discussion and Action on Annual Audit Services Contract

II. BACKGROUND INFORMATION

Assembly Bill 1345 added section 12410.6.(b) to Government Code regarding auditor rotation requirements of public accounting firms providing audit services to local agencies. Government Code section 12410.6.(b) indicates that commencing in FY14, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. For purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to FY14. The Controller may waive this requirement if he or she finds that another eligible public accounting firm is not available to perform the audit.

Moss, Levy and Hartzheim (MLH) of Santa Maria has been hired to prepare the District's annual audit and review its financial statements beginning from FY13 through FY25 with FY18 being an exception. Last year a new partner and manager were assigned to the District to meet the requirements of Government Code section 12410.6.(b). MLH will assign, again, Travis Hole, as Partner in Charge and Christopher Padilla, as Manager in Charge for the FY26 audit, if engaged.

MLH has been serving many local agencies for over 40 years and has performed well for the District. The proposal and budget from MLH for FY26 audit services is attached for Board consideration and approval. The quoted, discounted fee, is less than what both Carpinteria and Goleta West Sanitary districts are paying, which is in excess of \$30,000.

III. COMMENTS AND RECOMMENDATIONS

The Finance Committee met May 28, 2026 and reviewed the proposal and recommended this item be brought to the Board, with a recommendation to engage MLH. As such, staff recommends the Board approve engaging MLH to conduct the District's annual audit for FY26 in an amount not to exceed \$24,660, as described in the attached MLH proposal and engagement budget.

IV. REFERENCE MATERIAL

Proposal and Budget from MLH

April 21, 2026

To the Board of Directors
Goleta Sanitary District
1 Moffett Place
Goleta, CA 93117

We are pleased to confirm our understanding of the services we are to provide Goleta Sanitary District for the fiscal year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities including the major fund and the disclosures, which collectively comprise the basic financial statements of Goleta Sanitary District as of and for the fiscal year ended June 30, 2026. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Proportionate Share of Net Pension Liability
- 3) Schedule of Pension Contributions
- 4) Schedule of Changes in the Net OPEB Liability and Related Ratios
- 5) Schedule of OPEB Contributions

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Goleta Sanitary District and other procedures we consider necessary to enable us to express such

opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Goleta Sanitary District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary

information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Moss, Levy & Hartzheim LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to [Name of Regulator] or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Moss, Levy & Hartzheim LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Travis Hole is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately July 31, 2026 and to issue our reports no later than November 30, 2026.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$24,660. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

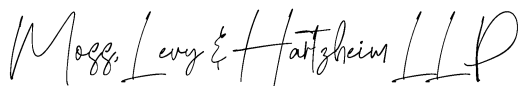
We will issue a written report upon completion of our audit of Goleta Sanitary District's financial statements. Our report will be addressed to management and the Board of Directors of Goleta Sanitary District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this

engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Goleta Sanitary District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Goleta Sanitary District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Moss, Levy & Hartzheim LLP

RESPONSE:

This letter correctly sets forth the understanding of Goleta Sanitary District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

MLH GSD FY26 Audit Budget	Hours							Final Budget
	Category	Prior Year Actual	Cumulative Status					
			Team Member					
			Concurring Partner	Engagement Partner	Manager	Staff	Clerical	
FINAL DELIVERABLES	-	6.50	6.50	11.50	-	4.00	28.50	
Financial Statements	-	5.00	5.00	10.00	-	4.00	24.00	
Communication with TCWG	-	0.50	0.50	0.50	-	-	1.50	
Opinion Letter	-	0.50	0.50	0.50	-	-	1.50	
IFCR Communication Letter	-	0.50	0.50	0.50	-	-	1.50	
PLANNING	-	0.50	3.00	6.00	6.50	-	16.00	
Brainstorming Meeting	-	0.50	0.50	0.50	0.50	-	2.00	
PBC Preparation	-	-	-	1.00	-	-	1.00	
Client Continuance Form	-	-	-	0.50	-	-	0.50	
Preliminary Analytics	-	-	0.50	-	1.00	-	1.50	
Trial Balance & LS	-	-	-	-	1.00	-	1.00	
Risk Assessment	-	-	0.50	1.00	-	-	1.50	
Basic Understanding of the Client	-	-	-	1.00	-	-	1.00	
Significant Estimates	-	-	0.50	1.00	-	-	1.50	
Board Minutes	-	-	1.00	-	3.00	-	4.00	
Fraud Interviews	-	-	-	1.00	-	-	1.00	
Confirmations (Cash, Investments, Legal)	-	-	-	-	1.00	-	1.00	
INTERNAL CONTROLS	-	-	2.00	8.00	-	-	10.00	
Understanding System of IC	-	-	0.50	2.00	-	-	2.50	
IT Environment and General Info Systems	-	-	0.50	2.00	-	-	2.50	
Entity Level Control Form	-	-	0.50	2.00	-	-	2.50	
Key Control D&I	-	-	0.50	2.00	-	-	2.50	
Control Deficiency Evaluation	-	-	-	-	-	-	-	
FINAL FIELDWORK	-	-	8.00	39.00	45.00	-	92.00	
Cash & Cash Equivalents	-	-	1.00	1.50	4.00	-	6.50	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Cash Confirms	-	-	-	0.50	1.00	-	1.50	
Bank Reconciliation	-	-	0.50	0.50	3.00	-	4.00	
Investments	-	-	0.50	4.00	1.00	-	5.50	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Investment Confirms	-	-	-	0.50	1.00	-	1.50	
Investment Rollforward	-	-	-	3.00	-	-	3.00	
Accounts Receivable	-	-	0.50	1.50	4.00	-	6.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
A/R Aging	-	-	-	0.50	1.00	-	1.50	
Subsequent Receipts Testing	-	-	-	0.50	3.00	-	3.50	
Capital Assets	-	-	0.50	3.50	10.00	-	14.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Capital Asset Rollforward	-	-	-	1.00	2.00	-	3.00	
CIP Additions Testing	-	-	-	1.00	4.00	-	5.00	
Capital Asset Additions Testing	-	-	-	1.00	4.00	-	5.00	
Accounts Payable	-	-	0.50	1.50	3.00	-	5.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
A/P Aging	-	-	-	0.50	1.00	-	1.50	
Search for Unrecorded Liabilities	-	-	-	0.50	2.00	-	2.50	
Accrued Liabilities	-	-	-	1.50	4.00	-	5.50	
Accrued Payroll	-	-	-	0.50	1.00	-	1.50	
Other Accrued Liabilities	-	-	-	0.50	1.00	-	1.50	
Compensated Absences	-	-	-	0.50	2.00	-	2.50	
Other Postretirement Benefits	-	-	1.50	5.50	-	-	7.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
GASB 75	-	-	1.00	5.00	-	-	6.00	
Net Pension Liability	-	-	1.50	5.50	-	-	7.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Pension Calculation Worksheet	-	-	1.00	4.00	-	-	5.00	
GASB 68	-	-	-	1.00	-	-	1.00	
Bond Payable	-	-	0.50	1.00	3.00	-	4.50	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Bond Amortization Schedule	-	-	-	0.50	3.00	-	3.50	
Net Position	-	-	0.50	2.50	-	-	3.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Net Position Rollforward	-	-	-	2.00	-	-	2.00	
Revenue	-	-	0.50	5.50	8.00	-	14.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Selection Process	-	-	-	1.00	-	-	1.00	
Revenue Substantive Testing	-	-	-	4.00	8.00	-	12.00	
Expenses	-	-	0.50	5.50	8.00	-	14.00	
Audit Program	-	-	0.50	0.50	-	-	1.00	
Selection Process	-	-	-	1.00	-	-	1.00	
Expense Substantive Testing	-	-	-	4.00	8.00	-	12.00	
Total Budgeted Hours	-	7.00	19.50	64.50	51.50	4.00	146.50	

Charge Rate (\$) \$ 300 \$ 300 \$ 210 \$ 110 \$ 60

Total Fees (\$) \$ 2,100 \$ 5,850 \$ 13,545 \$ 5,665 \$ 240

Total Budgeted Fees \$ 27,400

Client Retention Discount (10%) \$ 2,740

Audit Fee \$ 24,660

AGENDA ITEM #2

AGENDA ITEM: 2

MEETING DATE: July 6, 2026

I. NATURE OF ITEM

Update on Sewer Connection and Annexation Fee Report by Raftelis

II. BACKGROUND INFORMATION

On February 3, 2025, the Board authorized the General Manager to enter into a contract with Raftelis for the preparation of a Sewer Rate and Fee Study. The Sewer Rate and Fee Study Report and associated recommendations were presented to the Board on March 23, 2026. The remainder of Raftelis' scope of analysis, the Connection and Annexation Fee Study, is now complete.

Connection fees typically cover one-time capital charges assessed against a new development to recover the proportional share of capital facility investment necessary to accommodate growth. In current District ordinances, connection fees are referred to as "Capacity Fees." Annexation fees allow new properties to achieve equity with properties already within the District by recognizing tax revenues to the District contributed by the property owners within the District.

Staff has worked closely with Raftelis to review existing fees and to calculate new, proposed fees. The District's connection fees were last updated in January 2018 in Ordinance No. 87, and annexation fees were updated in March 2018 in Ordinance No. 88. Ordinance 89, which amended the definition of "Capital Projects" in Ordinance 87, is also attached for reference. Currently, the District's connection fee is \$2,750 per single-family residence or Equivalent Residential Unit (ERU). The District's annexation fee is expressed as a fee per acre. The current fee is \$2,546 per acre being annexed, or \$2,546 for properties of one acre or less, plus a \$200 application charge for processing.

Since the District has sufficient remaining capacity to meet the projected demands of development, Raftelis recommended using a method for calculating connection fees known as Equity Buy-In. This method is based on the premise that new customers are entitled to service at the same cost as existing customers while allowing the District to recover the historical costs of plant investment.

The analysis conducted by Raftelis utilized the Equity Buy-In method and an updated flow per ERU of 150 gallons per day (GPD), consistent with the determination of sewer service charges within the Sewer Rate and Fee Study. The proposed sewer connection fee is \$6,070 per ERU or \$40.47 per GPD. For a new single family residential dwelling, the sewer connection fee will increase by \$3,320 per ERU.

The District receives approximately \$200,000 per year in property tax revenues from properties within the service area. While the value is a material amount of the District's finances on its own, on an equivalent parcel basis the value is de minimis.

A high-level estimate is an AV-based annexation fee of about \$50 per ERU, which would result in a very small amount of revenue the District would earn per annexation.

Based on the costs of staff time in calculating an annexation charge, in review with staff, Raftelis believes that the effort would cost more in staff labor than the total charge. For this reason, Raftelis recommended that the District revise its annexation fee to cover only the administrative costs that the District incurs to process the annexation. These costs, estimated at \$200 per ERU, will be passed on to customers based on the administrative time expended in processing annexations.

Single Family Residential	Current	Proposed
Connection Fee (1 ERU)	\$2,750	\$6,070
Annexation Fee	\$2,546	\$0
Annexation Processing	\$200	\$200
Combined Fee w/Out Annexation	\$2,750	\$6,070
Combined Fee w/Annexation	\$5,496	\$6,270

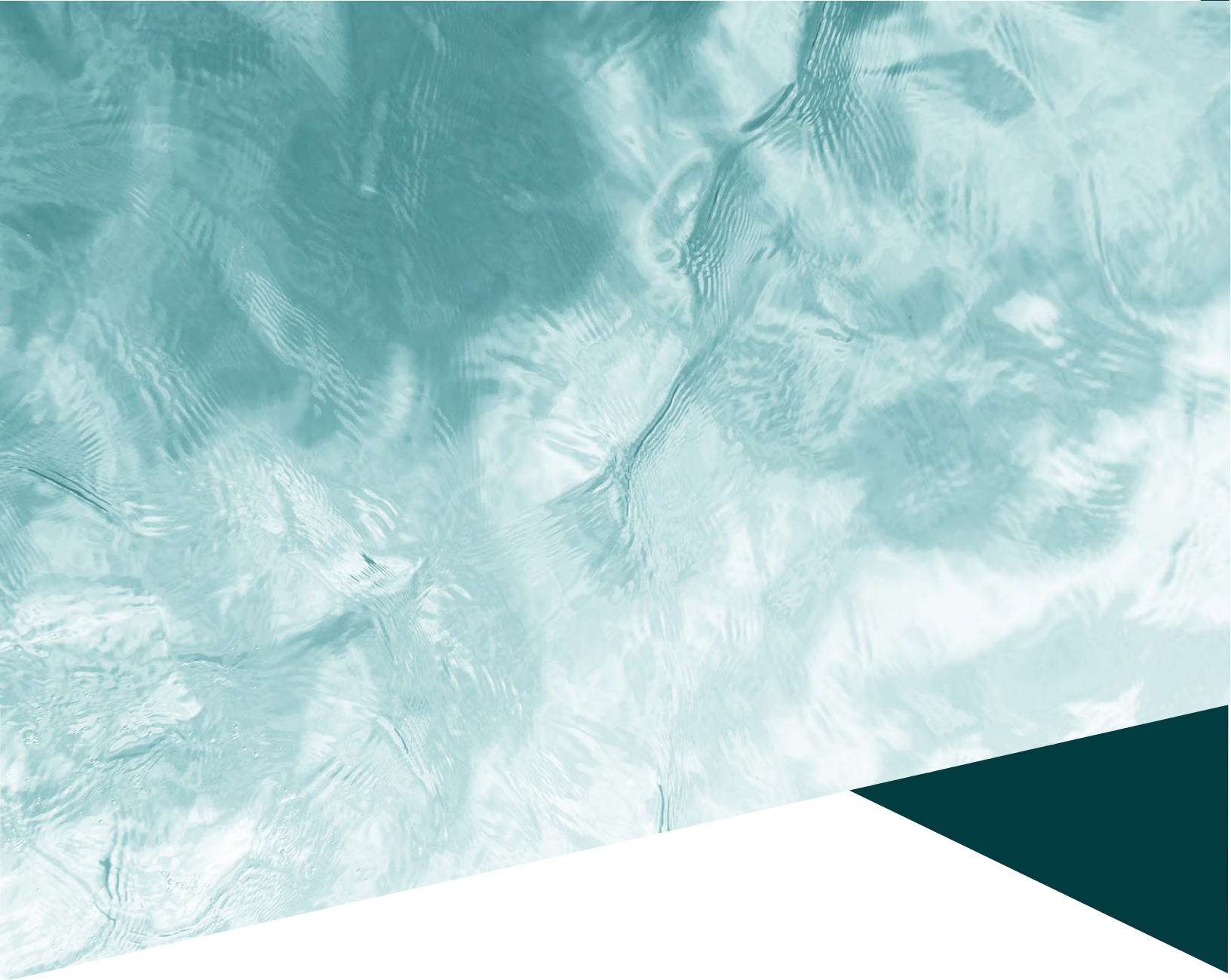
On May 18, 2026, the Board considered the Sewer Connection and Annexation Fee Report prepared by Raftelis. It was noted that additional capital expenditures during Fiscal Year 2024-2025 (FY25) were not included in the original report. As such, the Board made a motion directing staff to include the additional expenditures in the connection fee calculations, update the report as appropriate, and return with a corresponding Ordinance for adoption of the revised fees. The revised report and Ordinance are attached for Board consideration.

III. COMMENTS AND RECOMMENDATIONS

District Legal staff has prepared the attached Ordinance No.97 enacting the new connection and annexation fees as recommended by Raftelis. This Ordinance amends portions of the District’s Administrative Code along with portions of Ordinance Nos. 87,88,89 (attached), associated with the District’s Annexation and Connection Fees. Staff recommends that the Board adopt the proposed Ordinance.

IV. REFERENCE MATERIAL

- Raftelis Sewer Connection and Annexation Fee Report, Dated June 9, 2026
- Ordinance No. 87
- Ordinance No. 88
- Ordinance No. 89
- Proposed Ordinance No. 97



GOLETA SANITARY DISTRICT

Sewer Connection and Annexation Fee Report

REPORT / June 9, 2026



June 9, 2026

Mr. Steve Wagner
General Manager
Goleta Sanitary District
1 William Moffett Place
Goleta CA 93117

Subject: Sewer Connection and Annexation Fee Report

Dear Mr. Wagner:

Raftelis is pleased to provide this report for the Goleta Sanitary District (GSD or District). The study proposes updates to the District's fees for new development, including the annexation fees (the process of entering a land parcel into the service area of the District) and the connection fees (the cost of purchasing a unit of capacity in the District's facilities). This report details the methodology for the proposed fees and presents the recommended sewer connection fees and impacts.

It has been a pleasure working with you, and we thank you and other GSD staff for the support provided to Raftelis during this study.

Sincerely,



Sudhir Pardiwala, P.E.
Senior Principal



Kevin Kostiuk
Senior Manager



Journ Galvan
Consultant

Contents

- 1. Executive Summary 8**
 - 1.1. Background8
 - 1.2. Background of the Study.....8
 - 1.3. Connection Fees9
 - 1.4. Current Fees9
 - 1.5. Recommended Fees10
 - 1.5.1. Connection Fees 10
 - 1.5.2. Annexation Fees 10
 - 1.5.3. Total Combined Fees and Impacts..... 11
- 2. Background 13**
 - 2.1. Economic Framework.....13
 - 2.2. Legal Framework and California Requirements13
- 3. Methodology Overview..... 15**
 - 3.1. Connection Fee Methodologies15
 - 3.1.1. Buy-In Method..... 15
 - 3.1.2. Incremental Cost Method 16
 - 3.1.3. Hybrid Method..... 16
 - 3.1.4. Recommended Methodology..... 16
 - 3.2. Asset Cost Basis.....17
 - 3.2.1. Original Cost (OC)..... 17
 - 3.2.2. Replacement Cost (RC) 17
 - 3.2.3. Original Cost Less Depreciation (OCLD)..... 17
 - 3.2.4. Replacement Cost Less Depreciation (RCNLD) 18
 - 3.2.5. Recommended Asset Valuation Method..... 18
- 4. Connection Fee Development..... 19**
 - 4.1. Buy-In System Value.....19
 - 4.2. Capacity Utilization21
 - 4.3. Equivalent Residential Unit (ERU) Definition.....21
- 5. Proposed Connection Fees 23**
 - 5.1. Connection Fee Calculation23

5.2. Proposed Connection Fee.....23

6. Annexation Fees 25

7. Impacts..... 26

7.1. Combined Impacts: Proposed Connection and Annexation Fees26

7.2. Regional Connection Fee Comparison26

Tables

Table 1-1: Current and Proposed Connection Fees	10
Table 1-2: Current and Proposed Annexation Fees	11
Table 1-3: Single Family Residential Fee Impacts – Current and Proposed	11
Table 4-1: GSD System Value – Agency-wide	19
Table 4-2: Capital Allocations by System Function.....	20
Table 4-3: GSD System Value – GSD Retail Service Area	20
Table 4-4: System Value for Buy-In Connection Fee.....	21
Table 4-5: Three-Year Average Flows – GSD Retail Service Area.....	21
Table 4-6: ERU Flow Definitions, by Residential Classification	22
Table 5-1: Connection Fee Derivation.....	23
Table 5-2: Proposed Connection Fee.....	24
Table 6-1: Current and Proposed Annexation Fees	25
Table 7-1: Single Family Residential Fee Impacts – Current and Proposed	26

Figures

Figure 1-1: Single Family Residential Connection Fee Comparison (With GSD Annexation)	12
Figure 1-2: Single Family Residential Connection Fee Comparison (Without GSD Annexation)	12
Figure 3-1: Formula for Equity Buy-In Approach	16
Figure 3-2: Formula for Incremental Cost Method	16
Figure 7-1: Single Family Residential Connection Fee Comparison (With GSD Annexation)	26
Figure 7-2: Single Family Residential Connection Fee Comparison (Without GSD Annexation)	27

1. Executive Summary

1.1. Background

The Goleta Sanitary District (GSD) is a public utility agency established in 1942 to protect public health and the environment by providing essential wastewater collection, treatment, and resource recovery services. The District serves a population of approximately 80,000 residents within the Goleta Valley, which includes the City of Goleta, the University of California at Santa Barbara (UCSB), the Santa Barbara Airport, and unincorporated areas of Santa Barbara County. As a California Special District, GSD operates as an independent local government agency.

The mission of the Goleta Sanitary District is to provide safe, reliable, and cost-effective wastewater services while promoting environmental stewardship through innovative water reclamation and resource recovery. The District's core operations encompass the management of over 135 miles of sewer collection mains and the operation of a state-of-the-art Water Resource Recovery Facility (WRRF). The WRRF can treat up to 9 million gallons per day (MGD) of wastewater. Treated effluent not reused is discharged one mile offshore via the District's ocean outfall. The District provides a high level of secondary and tertiary treatment, ensuring that treated effluent meets or exceeds stringent California Title 22 standards for environmental discharge and reuse. Additionally, the District utilizes advanced anaerobic digestion to process biosolids, which can be repurposed for soil amendment, further reducing the agency's environmental footprint.

GSD is governed by a five-member elected Board of Directors who oversee the District's strategic direction and financial health. The agency's operations and capital costs are funded primarily through sewer service charges from retail customers and cost sharing of treatment facility costs with partner agencies including Goleta West Sanitary District (GWSD), UCSB, Santa Barbara County, and the Santa Barbara Airport. Rehabilitation of aging collection systems and the modernization of treatment technologies ensures compliance with evolving state and federal environmental regulations.

1.2. Background of the Study

The District engaged Raftelis in 2025 to conduct an updated sewer connection fee study in conjunction with the sewer rate and fee study. The objective was to review the existing fees, evaluate alternatives, and update as appropriate, the sewer connection and annexation fees. This report documents the resultant findings, analyses, and proposed changes to the District's sewer connection fees. The updated connection fees documented in this report are in alignment with the rules and regulations of California State Government Code Section 66013. This report is the formal technical documentation in support of modifications to the sewer connection and annexation fees within the District's service area.

The major objectives of the study include the following:

- Review of the existing connection and annexation fees including the basis for, structure of, and charge of each fee
- Updates the charges to reflect the current state of the District's collection and treatment facilities and corresponding user demands on the systems
- Establish charges that are fair to both future users and to existing users who have previously invested, and reinvested, in the sewer collection and treatment facilities

- Align the fee structure with the best available data and common estimates from the sewer rate and fee study

1.3. Connection Fees

Connection fees are also commonly known as developer fees, development impact fees, capacity fees, and system development charges, among others. This report uses the term connection fees reflecting the nomenclature used by GSD. Connection fees are one-time capital charges assessed against a new development to recover the proportional share of capital facility investment necessary to accommodate growth. Connection fees are codified in the California Government Code Sections 66000-66025 (also known as the Mitigation Fee Act). Connection fees must reflect the link between the fee imposed on, and the benefit received by, a new connection to the system. The fee charged may not exceed the reasonable share of costs associated with providing the service.

Broadly, utilities use one of three different methodologies to calculate connection fees: Buy-In, Incremental, or Hybrid; with variations of each dictated by local community and system characteristics, as well as policy objectives. Utilities have broad latitude in the method and approach used to calculate fees provided the fees reflect the benefit and do not exceed the reasonable costs for providing service to the connection. These fees are designed to be proportional to the burden placed on the system by new connections.

1.4. Current Fees

The District last revised its sewer connection fees in January 2018, implementing changes July 1, 2018¹. Since that time fees have been updated to account for construction cost inflation. The District escalates fees each July 1 based on the 12-month change (April to April) in the Bureau of Labor Statistics (BLS) Producer Price Index (PPI) – Construction for Government². The existing connection fee is expressed as an Equivalent Residential Unit (ERU) and the current fee is \$2,750 per ERU. One ERU is equivalent to a Single Family Residential (SFR) dwelling unit and currently represents 203 gallons per day (gpd) of flow.

In addition to the connection fee, the existing annexation fee is a function of GSD's existing facilities. The District last revised its annexation fee in March 2018³. These fees were developed based on the equity in the maintenance of the District's facilities and are separate and distinct from the connection fees. The existing annexation fee is expressed as a fee per acre and the current per-acre fee is \$2,546 multiplied by the total acreage of the property being annexed, or \$2,546 for properties of one acre or less, plus a \$200 application charge for processing.

While each property is unique, for a typical SFR home, the total fees are \$5,496.

¹ Goleta Sanitary District Ordinance No. 87 dated January 15, 2018.

² WPUFD432 is the Bureau of Labor Statistics (BLS) Series ID for the **Producer Price Index (PPI) by Commodity: Final Demand: Construction for Government**. The index measures the average change over time in the selling prices charged by contractors for new, repair, and maintenance construction work performed for government.

³ Goleta Sanitary District Ordinance No. 88 dated March 5, 2018.

1.5. Recommended Fees

1.5.1. Connection Fees

Since the District has existing capacity in its sewer system to meet the needs of new residential, commercial, and industrial customers, it is reasonable and appropriate to determine connection fees based on the Buy-In method. Raftelis worked closely with District staff to determine the value of the existing sewer system facilities, which is expressed in terms of replacement cost less depreciation (RCNLD). This approach estimates the system in today’s dollars while acknowledging that system’s facilities, in whole, are not new and subject to depreciation. The value of the system, including reserves, is spread over the existing system utilization to determine the “equity” of existing users and derive the proposed buy-in connection fees.

The analysis herein utilizes the Equity Buy-In method and an updated flow per ERU of 150 gpd, consistent with the analysis and determination of sewer service charges within the sewer rate and fee study. The calculated and proposed sewer connection fee is \$6,070 per equivalent residential unit (ERU) or \$38.89/gpd.

Table 1-1 shows the schedule of proposed sewer connection fees as well as the current schedule. For a new single family residential (SFR) dwelling, the sewer connection fee will increase by \$3,320 per dwelling unit. Values shown in report tables and figures are rounded to the digit shown. Therefore, any manual reproduction of the calculations shown may not match the precise results displayed in the report.

Table 1-1: Current and Proposed Connection Fees

Connection Fees	\$/ERU
Current	\$2,750
Proposed	\$6,070
<i>Difference</i>	<i>\$3,320</i>

1.5.2. Annexation Fees

Annexation fees allow the new properties to achieve equity with the properties in the District by recognizing tax revenues to the District contributed by the property owners within the District.

Property owners in the District have paid assessed valuation (AV) based property taxes since the formation of the District. Developed properties paid higher taxes than undeveloped properties by virtue of their higher assessed values. Annexation fees are determined by estimating the present value of the taxes that the annexing property would have paid.

GSD receives approximately \$200,000 per year in property tax revenues from properties within the service area. While the value is a material amount of the District’s finances on its own, on an equivalent parcel basis the value is de minimis. A high-level estimate is an AV-based annexation fee of about \$50 per ERU which would result in a very small amount of revenue earned by the District. Based on the costs of staff time in calculating an annexation charge, and in discussions with staff, it is our opinion that the effort would cost more in staff labor than the total charge. For this reason, Raftelis recommends that the annexation fee cover only the administrative costs that the District incurs to process the annexation. These costs should be passed on to customers based on the administrative time expended in processing annexations.

If historic data exists to identify the standard, or routine, cost of processing an annexation, the District could schedule a processing fee (i.e., \$250 per annexation). Typical single family residential annexation can be a fixed amount based on the cost incurred which should be generally consistent for residential connections. For non-residential connections, annexation processing costs may vary, therefore, the District could base each annexation on a time and materials basis.

Table 1-2: Current and Proposed Annexation Fees

Annexation Fees	
Current	\$2,546 / Acre ⁴
Proposed	Processing Time

1.5.3. Total Combined Fees and Impacts

Table 1-3 shows the estimated change in total fees for a new single family residential connection. Impacts to other user classes are highly dependent on the user classification, estimated wastewater flow generation, and location. Combined fees are shown both with and without annexation, as this fee only applies to parcels currently outside the District’s service area.

Table 1-3: Single Family Residential Fee Impacts – Current and Proposed

Single Family Residential	Current	Proposed
Connection Fee (1 ERU)	\$2,750	\$6,070
Annexation Fee	\$2,546	\$0
Annexation Processing ⁵ (if out of District)	\$200	\$200
Combined Fee w/Out Annexation	\$2,750	\$6,070
Combined Fee w/Annexation	\$5,496	\$6,270

Figure 1-1 and Figure 1-2 provides a comparison of connection/capacity fees charged by neighboring, regional, and peer agencies. The GSD current is first shown with the annexation fee (i.e. includes the existing connection fee and existing annexation fee) and then shown without the annexation fee (connection fee only). The GSD proposed represents the results of this study. The average connection fee for the agencies surveyed (excluding the District’s current and proposed charge) is approximately \$7,200 per equivalent residential unit. The proposed GSD connection fee would be in the middle of surveyed agencies.

⁴ One acre minimum

⁵ Assumes current and proposed would be the same as both are for administrative processing

Figure 1-1: Single Family Residential Connection Fee Comparison (With GSD Annexation)

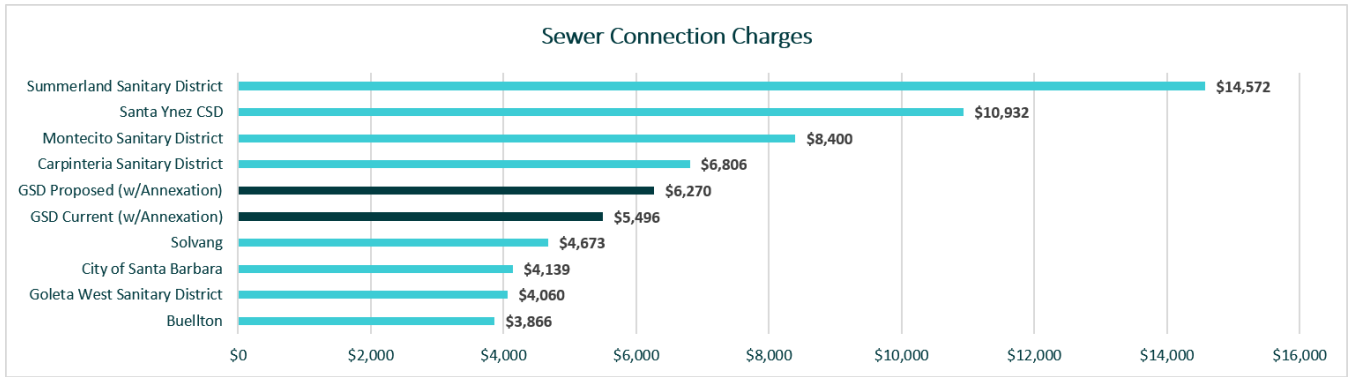
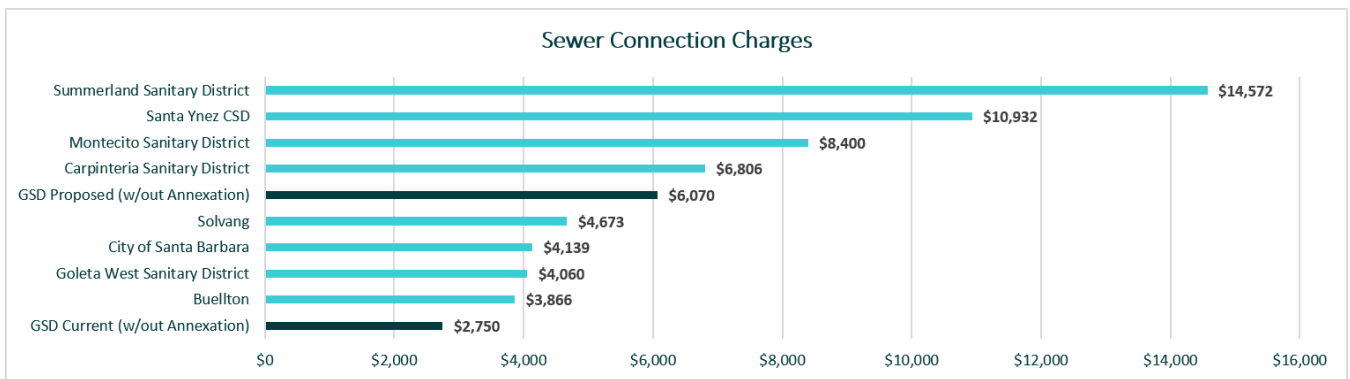


Figure 1-2: Single Family Residential Connection Fee Comparison (Without GSD Annexation)



2. Background

2.1. Economic Framework

For publicly owned systems, most of the assets are typically paid for by the contributions of existing customers through rates, charges, securing debt, and taxes. In service areas that incorporate new customers, the infrastructure developed by previous customers is generally extended towards the service of new customers. Existing customers' investment in the existing system capacity allows newly connecting customers to take advantage of unused surplus capacity. To further economic equality among new and existing customers, new connectors will typically "Buy-In" to the existing and pre-funded facilities based on the existing assets, effectively putting them on par with existing customers. In other words, the new users are buying into the existing system based on the replacement costs of existing assets to continue to provide the same level of service to new customers through repairs, expansions, and upgrades to the system.

The basic economic philosophy behind connection fees is that the costs of providing service should be paid for by those that receive utility from the product. To effect fair distribution of the value of the system, the charge should reflect a reasonable estimate of the cost of providing capacity to new users and not unduly burden existing users through a comparable rate increase. Accordingly, many utilities make this philosophy one of their primary guiding principles when developing their connection fee structure.

The philosophy that service should be paid for by those that receive utility from the product is often referred to as "growth-should-pay-for-growth." The principal is summarized in the American Water Works Association (AWWA) Manual M26: Water Rates and Related Charges:

"The purpose of designing customer-contributed-capital system charges is to prevent or reduce the inequity to existing customers that results when these customers must pay the increase in water rates that are needed to pay for added plant costs for new customers. Contributed capital reduces the need for new outside sources of capital, which ordinarily has been serviced from the revenue stream. Under a system of contributed capital, many water utilities are able to finance required facilities by use of a 'growth-pays-for-growth' policy."

This principle, in general, applies to water, wastewater, and storm drainage systems. In the excerpt above, customer-contributed-capital system charges are equivalent to connection fees.

2.2. Legal Framework and California Requirements

In establishing connection fees, it is important to understand and comply with local laws and regulations governing the establishment, calculation, and implementation of new or adjusted connection fees. The following sections summarize Raftelis' understanding⁶ of the regulations applicable to developing connection fees for the District.

⁶ Raftelis does not practice law, nor does it provide legal advice. Our discussion provides a general overview of Raftelis' understanding as utility rate and charges practitioners and is labeled "Legal Framework and California Requirements" for literary convenience only. The City should consult with its legal counsel for clarification and/or specific guidance.

Connection fees must be established based on a reasonable relationship to the costs and benefits of the development or expansion. Courts have long used a standard of reasonableness to evaluate the legality of development charges. The basic statutory standards governing connection fees are embodied by California Government Code Sections 66013, 66016, 66022, and 66023. Government Code Section 66013 contains requirements specific to determining utility development charges:

“Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount the fee or charge in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.”

Section 66013 also includes the following relevant general requirements:

- Local agencies must follow a process set forth in the law, making certain determinations regarding the purpose and use of the charge; they must establish a nexus, or relationship, between a development project and the improvement being financed with the charge.

3. Methodology Overview

A connection or capacity fee is a one-time charge paid by a new sewer system customer for the cost of backbone facilities and/or incremental expansion necessary to provide sewer system capacity to a new or expanded customer connection. Revenues generated by this charge are used to pay for sewer facilities. Backbone facilities refer to those components of the system that are necessary to provide service to all customers, inclusive of treatment and major wastewater collection lines.

A connection fee may be developed as a single charge for the entire system or as individual charges for each component (i.e., collection separate from treatment). The District has historically calculated the connection fee as a single charge, which is the most common approach across California.

The District's current sewer connection fee is calculated on an ERU basis for all customers. Each new connection is estimated based on the ERU definition of 203 gpd of wastewater flow. Multi-Family Residential (MFR) connections pay a fractional amount (i.e., less than 1 ERU) based on the estimated wastewater generated per MFR dwelling unit. Commercial connections may pay a multiple of the ERU dependent on the estimated wastewater generated.

3.1. Connection Fee Methodologies

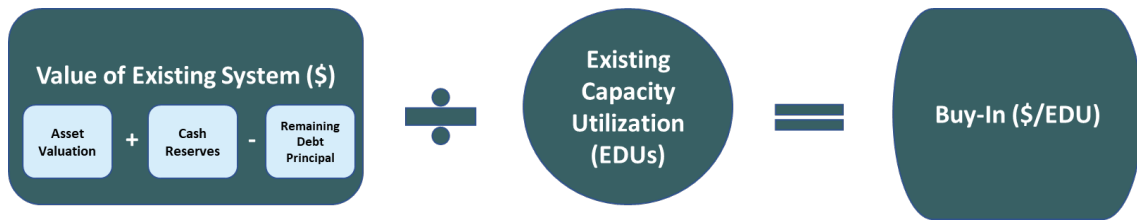
The method for calculating connection fees generally utilizes one of the following three approaches: Buy-In, Incremental, or Hybrid. The Buy-In approach is designed to recover the historical costs of plant investment in proportion to the amount of built capacity, some of which is available for new growth. The Incremental approach is designed to recover the costs of future growth-related projects and the additional capacity those projects will yield. The Hybrid approach is appropriate where some remaining capacity is available in the existing system and where new, future facilities are required for development.

3.1.1. Buy-In Method

The Buy-In Method is based on the premise that new customers are entitled to service at the same cost as existing customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost or replacement cost as the valuation basis and either netting the value of depreciation or not. This net investment, or value of the system, is then divided by the current capacity utilization on the system by existing users to determine the Buy-In cost per unit.

For example, if the existing system has 100 equivalent dwelling units and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this connection fee, the new connector has "bought in" to the existing system. The new user has effectively acquired a financial position on par with existing customers and will face future capital re-investment on equal financial footing with those customers. This approach is suitable when: (1) an agency has built most or all of their facilities and only a small, or no, portion of future facilities are required for build-out development, (2) an agency does not have a detailed adopted long-term capital improvement plan, or (3) an agency's "build-out" date is so far out in the future that it is difficult to accurately project growth and required facilities with precision. **Figure 3-1** shows the framework for calculating an Equity Buy-In connection fee.

Figure 3-1: Formula for Equity Buy-In Approach

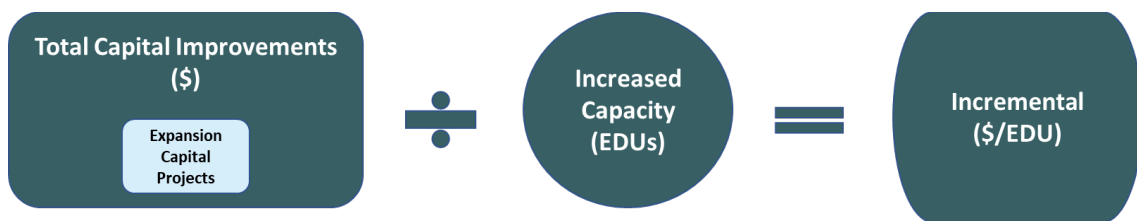


3.1.2. Incremental Cost Method

The Incremental-Cost Method states that new development (new users) should pay for the additional capacity and expansions necessary to accommodate them. This method is typically used when there are specific capital improvements required to furnish growth for new development. Under the Incremental-Cost Method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars (\$X) to provide sewer collection and treatment for 100 additional equivalent dwelling units and a new connector uses one of those equivalents, then the new user would pay \$X/100 to connect to the system. In other words, new customers pay the incremental cost of capacity based on the estimated cost of the new facility projects. This method is generally used when detailed facilities are identified for the capacity required to serve new customers and little to no existing system capacity is available for development. While California Code 66013 (b)(3) does not define a specific period over which to include future projects, these periods can be as long as a master planning period. Figure 3-2 shows the framework for calculating an incremental cost connection fee.

Figure 3-2: Formula for Incremental Cost Method



3.1.3. Hybrid Method

The Hybrid Method is typically used where some capacity is available to serve new growth, but additional expansion is still necessary to accommodate new development. Under the hybrid method, the connection fee is based on a weighted average of the existing capacity value and the costs of necessary expansions (i.e., the Buy-In component and the Incremental-cost component).

Capital improvements that are required to serve existing users and expand system capacity to serve future customers may be included proportionally to the percentage of the cost specifically required for expansion of the system.

3.1.4. Recommended Methodology

Since the District has sufficient remaining capacity to meet the projected demands of development, Raftelis recommends using the Equity Buy-In Method.

3.2. Asset Cost Basis

Four principal methods can be used to estimate the value of existing facilities: original cost, replacement cost, original cost less depreciation (the same as “book value”), and replacement cost less depreciation.

3.2.1. Original Cost (OC)

The principal advantages of original cost valuation are relative simplicity and stability since the recorded costs of fixed assets are held constant. The major criticism levied against the original cost method is that it disregards changes in the time value of money, and future capital costs, which are attributable to inflation and other factors. As evidenced by history, prices tend to increase rather than to remain constant or decrease. This situation may be exacerbated since most water and sewer systems are developed over time on a piecemeal basis as demanded by the customer base and service area growth. Consequently, each asset addition is paid for with dollars of different purchasing power. When these outlays are added together to obtain a plant value, the result can be misleading. Additionally, original cost does not account for the depreciation of facilities and other assets as they age, which may not be representative of the state of the systems. We discuss depreciation in further detail below.

3.2.2. Replacement Cost (RC)

Changes in the value of the dollar over time, represented by cost inflation, is recognized by replacement cost. Replacement cost represents the cost of duplicating the existing facilities (or duplicating their functions) at current dollars. Unlike the original cost approach, the replacement cost approach recognizes price level changes that have occurred since plant construction and subsequent investments. The most accurate replacement cost valuation requires a physical inventory and appraisal of plant components in terms of their replacement costs at the time of valuation. However, with original cost records available, a reasonable approximation of replacement cost plant value can be easily derived by trending historical original costs. This approach employs the use of cost indices to express actual capital investment by the utility in current dollars. An obvious advantage of the replacement cost approach is that it accounts for changes in the value of money over time. However, just like original cost it does not account for the depreciation of facilities and other system assets.

3.2.3. Original Cost Less Depreciation (OCLD)

The current value of sewer facilities is materially affected by the effects of age. All assets have estimated useful lives, which vary by type. For example, pumps may have a 20-year life, buildings 50 years, and pipelines 40-80 years depending on the material of construction. Each year an asset is revalued by the fraction of its useful life relative to its original cost. This is referred to as straight line or linear depreciation. At the end of an asset's useful life, it is worth zero dollars on paper, though it may still be in service. Depreciation accounts for estimated devaluation in system assets caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing systems, the original cost valuation can be expressed as net of depreciation to yield the original cost less depreciation. Accumulated depreciation is computed for each asset and reduces the valuation based on age or condition, from the respective total original cost.

3.2.4. Replacement Cost Less Depreciation (RCNLD)

The RCNLD method is identical to the original cost less depreciation valuation method, with the exception that asset cost and asset depreciation is expressed in today's dollars rather than the value of the dollar when the asset was placed in service. Original cost and depreciation are escalated using historical indices to reflect today's dollars. Depreciation in replacement cost dollars is then subtracted from the full replacement cost of the asset to yield replacement cost less depreciation, or RCNLD. RCNLD allows for an accounting of system assets in present value while also accounting for proportional devaluation via depreciation. To reiterate from Section 3.2.2, replacement cost is the common nomenclature; however, in the context of this study it is not a process to appraise or receive bids on replacing each existing asset or facility; it is instead a method of approximating the replacement cost of existing facilities based on historical construction cost increases.

3.2.5. Recommended Asset Valuation Method

Raftelis recommends using the RCNLD method to account for today's replacement cost for system improvements while acknowledging the remaining useful life of the system facilities. This valuation approach ensures that future users' investment represents a fair share of the system in both the accounting sense and the level of service these future users are purchasing.

4. Connection Fee Development

4.1. Buy-In System Value

The cost basis for determining the Buy-In connection fee is RCNLD. System assets data is current as of June 30, 2024, the last day of fiscal year (FY) 2024⁷. GSD staff provided a detailed capitalized asset database which included asset descriptions, in service date, original cost, accumulated depreciation, and a functional categorization, among other data.

OC is a summation of original cost by functional category. OCLD, also known as book value is the summation of original cost, net of depreciation, by functional category. RC is an estimate of original cost for each individual asset in today’s dollars based on construction cost escalation. Finally, RCNLD represents book value in today’s dollars. **Table 4-1** shows the GSD facilities cost information by asset function. The total represents all facilities (i.e., agency-wide). The total value of facilities in RCNLD is approximately \$91.1 million at June 30, 2025.

Table 4-1: GSD System Value – Agency-wide

Asset Summary by Function - Total	OC	OCLD	RC	RCNLD
COLLECTION SYSTEM	\$27,588,896	\$15,855,921	\$73,441,558	\$24,116,015
TREATMENT FACILITIES	\$64,404,679	\$29,859,476	\$119,390,039	\$43,429,510
PUMP STATION	\$7,132,929	\$4,637,367	\$10,608,686	\$5,168,537
OUTFALL	\$3,743,731	\$220,385	\$19,898,571	\$2,794,372
ADMINISTRATION	\$2,137,324	\$198,368	\$5,757,854	\$434,892
LABORATORY	\$0	\$0	\$0	\$0
RECLAMATION	\$15,683,312	\$3,965,157	\$37,869,934	\$9,100,589
IWC	\$58,992	\$27,177	\$90,572	\$28,264
FIRESTONE LIFT STATION	\$3,009,144	\$1,846,508	\$4,502,869	\$2,764,942
RECYCLED WATER ONLY	\$0	\$0	\$0	\$0
MISC	\$4,541,623	\$2,330,311	\$6,689,385	\$3,302,464
Total	\$128,300,629	\$58,940,670	\$278,249,468	\$91,139,584

Since the connection fees calculated in this study are for GSD’s retail service area, the total system value must be adjusted to account for the specific capital allocations between GSD and partner agencies. Capital cost allocations are shown in **Table 4-2**. GWSD is Goleta West Sanitation District, Airport is the Santa Barbara Municipal Airport, County is the County of Santa Barbara, UCSB is the University of California at Santa Barbara, and GWD is Goleta Water District. For purposes of this study, the allocations to GSD are the relevant cost allocation factors which are then applied against the total system value to derive the GSD share of system value.

⁷ The fiscal year begins on July 1 of each calendar year and runs through June 30 of the following year. For example, FY 2024 is July 1, 2023 through June 30, 2024.

Table 4-2: Capital Allocations by System Function

Agency	Plant Capacity (%)	Outfall Capacity (%)	Reclamation Capacity (%)	Collection System (%)
GSD	47.9%	55.8%	0%	100%
GWSD	40.8%	35.0%	0%	0%
Airport	2.8%	2.6%	0%	0%
County	1.4%	1.9%	0%	0%
UCSB	7.1%	4.7%	0%	0%
GWD	0%	0%	100%	0%

Table 4-3 shows the GSD retail service facilities cost information by asset function. The total represents the ownership of facilities utilized for GSD service and is net of ownership from other agencies. The GSD service system is estimated at approximately \$58.2 million in RCNLD as of June 30, 2024.

Table 4-3: GSD System Value – GSD Retail Service Area

Capital Allocation %	Asset Summary by Function GSD Local	OC	OCLD	RC	RCNLD
100%	COLLECTION SYSTEM	\$27,588,896	\$15,855,921	\$73,441,558	\$24,116,015
47.9%	TREATMENT FACILITIES	\$30,830,520	\$14,293,731	\$57,152,012	\$20,789,707
100%	PUMP STATION	\$7,132,929	\$4,637,367	\$10,608,686	\$5,168,537
55.8%	OUTFALL	\$2,089,376	\$122,997	\$11,105,393	\$1,559,539
100%	ADMINISTRATION	\$2,137,324	\$198,368	\$5,757,854	\$434,892
0%	RECLAMATION	\$0	\$0	\$0	\$0
100%	IWC	\$58,992	\$27,177	\$90,572	\$28,264
100%	FIRESTONE LIFT STATION	\$3,009,144	\$1,846,508	\$4,502,869	\$2,764,942
0%	RECYCLED WATER ONLY	\$0	\$0	\$0	\$0
100%	MISC	\$4,541,623	\$2,330,311	\$6,689,385	\$3,302,464
	Total	\$77,388,803	\$39,312,380	\$169,348,328	\$58,164,359

Table 4-4 shows the calculation of the adjusted value for the connection fee calculation. The RCNLD system value of \$58.2 million is adjusted to reflect the equity, or debt-free investment position, of the current customers. Because asset values are as of June 30, 2024, while cash reserves are as of June 30, 2025, capital projects completed and capitalized in FY 2025 are added to the system assets. The total capital completed in FY 2025 was \$8,131,348.

Next, contributions to cash reserves for future capital reinvestment are added to the asset valuation. Total cash reserves at July 1, 2025 (\$45,204,961) is adjusted by the portion of cash required for ongoing operating cash flow (\$7,161,116). This yields cash on hand, available and planned for future CIP expenditures. Second, outstanding debt principal is subtracted, since new customers, through future sewer service charges, will contribute to annual debt service payments. The outstanding principal balance at July 1, 2025 was \$12.4 million. The net of the system assets, FY 2025 capitalized assets, capital-related cash reserves, and debt principal adjustment yields an adjusted value of approximately \$91.9 million for the connection fee calculation. This total represents the numerator in the equity buy-in connection fee calculation.

Table 4-4: System Value for Buy-In Connection Fee

System Assets	Value RCNLD
Collection System	\$24,116,015
Lift Stations	\$7,933,479
Treatment Plant	\$20,789,707
Outfall	\$1,559,539
Other	\$3,765,620
FY 2025 Capitalized Assets	\$8,131,348
Total GSD Retail Service Area Assets	\$66,295,707
+ Capital Reserves	\$38,043,845
-Debt Principal	\$12,412,580
Adjusted Value for Connection Fee Calculation	\$91,926,972

4.2. Capacity Utilization

The District’s WRRF can treat up to 9 million gallons per day (MGD) of wastewater. Based on the capital allocation, the District’s share of capacity is approximately 4.3 MGD. As part of the sewer rate and fee study, Raftelis analyzed multi-year plant influent data to estimate flows to the WRRF from both GSD customers and other agencies. **Table 4-5** provides the three-year average for FY 2023 through FY 2025. Based on this multi-year analysis, the average daily flows from GSD retail service customers is 2.36 MGD. This value becomes the denominator in the equity buy-in connection fee calculation in the following section.

Table 4-5: Three-Year Average Flows – GSD Retail Service Area

	GWSD	Airport Total	UCSB	GSD
FY 2023	2.16	0.06	0.15	2.33
FY 2024	2.15	0.08	0.15	2.27
FY 2025	2.07	0.05	0.15	2.50
Three-Year Average (MGD)	2.12	0.06	0.15	2.36

4.3. Equivalent Residential Unit (ERU) Definition

To relate between types of users and uses across a system an equivalency basis must be determined. An equivalent unit basis is developed for the common customer type, a SFR connection. The current connection fees define an ERU as a SFR unit with flows of 203 gpd.

As part of the sewer rate and fee study, the ERU definition was updated to reflect the most up to date user estimates on wastewater generation. Based on multiple data points the proposed ERU definition is 150 gpd. This data include: US Census Bureau information on household size for Goleta, California and state indoor efficiency standards of approximately 50 gallons per person per day (gpcd); known average winter water use (a proxy for year-round wastewater generation) of a typical SFR served by Goleta Water District⁸; and largely aligned with

⁸ Based on Goleta Water District’s 2025 Rate Study, typical winter water use is approximately six (6) hundred cubic feet (HCF) per month, which is in line with a 3-person household at 50 gpcd (rounded to the nearest whole HCF).

the California Association of Sanitation Agencies (CASA) Flow and Loadings Study results. To determine a best estimate of winter water use for MFR, Raftelis utilizes the ratio of Apartment and Mobile Home use to SFR use relying on the CASA Study results (i.e., 135/161). This ratio is applied to the proposed SFR definition of 150 gpd yielding an estimated winter water use/wastewater flow per MFR of 125 (rounded down to the nearest whole gallon). **Table 4-6** shows the current and proposed flow definitions in gpd for different residential classes.

Table 4-6: ERU Flow Definitions, by Residential Classification

Customer Class	Current gpd	Proposed gpd	Ratio
SFR	203	150	1.00
MFR	164	125	0.83
Mobile	164	125	0.83

5. Proposed Connection Fees

5.1. Connection Fee Calculation

Table 5-1 shows the derivation of the connection fee. The adjusted value for connection fee calculation (from Table 4-4) is divided by the capacity utilization of existing customers (from Table 4-5). This yields a value per MGD). Dividing by 1,000,000 results in a value per gallon per day (gpd). This unit rate of \$38.89 is multiplied by the ERU definition of 150 gpd to yield the connection fee in \$/ERU. This calculated fee represents the connection fee estimate as of the end of FY 2025.

Table 5-1: Connection Fee Derivation

System Valuation	
	RCNLD
System Assets	Value (\$)
Collection System	\$24,116,015
Lift Stations	\$7,933,479
Treatment Plant	\$20,789,707
Outfall	\$1,559,539
Other	\$3,765,620
FY 2025 Capitalized Assets	\$8,131,348
Total System Assets	\$66,295,707
+ Capital Reserves	\$38,043,845
-Debt Principal	\$12,412,580
Adjusted Value for Connection Fee Calculation	\$91,926,972
Utilized Capacity (MGD)	2.36
Value (\$/MGD)	\$38,893,508
Value (\$/gpd)	\$38.89
gpd / ERU	150
Connection Fee (\$/ERU)	\$5,818

5.2. Proposed Connection Fee

Because asset costs are as of June 30, 2024, the connection fee calculation is adjusted by construction cost inflation to align the proposed fees with current day dollars. The District adjusts fees based on the 12-month change (April to April) in the Bureau of Labor Statistics (BLS) Producer Price Index (PPI) – Construction for Government. March 2026 is the most recent data available. Raffelis accounted for the change over the period of mid-2024 to present day to align the date of asset date as closely as possible to today. The percent difference over that period (July 2024 through March of 2026 was 4.32%. Table 5-2 shows the calculation of the connection fee, adjusted for PPI, and proposed for implementation July 1, 2026.

Table 5-2: Proposed Connection Fee

Adjusted Connection Fee	
Test Year Connection Fee	\$5,818
BLS PPI Adjustment (July 2024 to March 2026)	4.32%
Proposed Connection Fee	\$6,070

Future connection fees would be subject to annual adjustments based on the change of the respective PPI selected by the District. Historically, and in effect in the District’s Ordinance No. 87, the District adjusts fees on July 1 each year based on the 12-month April to April change in the BLS PPI – Construction for Government.

6. Annexation Fees

Annexation fees are collected when properties outside the District’s current boundaries wish to annex into the District to receive service. Annexation fees allow the new properties to achieve equity with the properties in the District by recognizing tax revenues to the District contributed by the property owners within the District.

Property owners in the District have paid assessed valuation (AV) based property taxes since the formation of the District. Developed properties paid higher taxes than undeveloped properties by virtue of their higher assessed values. Annexation fees are determined by estimating the present value of the taxes that the annexing property would have paid.

GSD receives approximately \$200,000 per year in property tax revenues from properties within the service area. While the value is a material amount of the District’s finances on its own, on an equivalent parcel basis the value is de minimis. A high-level estimate is an AV-based annexation fee of about \$50 per ERU which would result in a very small amount of revenue the District would earn. Based on the costs of staff time in calculating an annexation charge, and in discussions with staff, it is our opinion that the effort would cost more in staff labor than the total charge. For this reason, Raftelis recommends that the annexation fee cover only the administrative costs that the District incurs to process the annexation. These costs should be passed on to customers based on the administrative time expended in processing annexations.

If historic data exists to identify the standard, or routine, cost of processing an annexation, the District could schedule a processing fee (i.e., \$250 per annexation). Typical single family annexation can be a fixed amount based on the cost incurred which should be generally consistent for residential connections. For non-residential connections, annexation processing costs may vary, therefore, the District could base each annexation on a time and materials basis.

Table 6-1: Current and Proposed Annexation Fees

Annexation Fees	
Current	\$2,546 / Acre
Proposed	Processing Time

7. Impacts

7.1. Combined Impacts: Proposed Connection and Annexation Fees

Table 7-1 shows the estimated change in total fees for a new single family residential connection. The proposed connection fee is based on the results in Section 5. The proposed annexation fee is based on the discussion in Section 6. Combined fees are shown both with and without annexation, as this fee only applies to parcels currently outside the District’s service area.

Table 7-1: Single Family Residential Fee Impacts – Current and Proposed

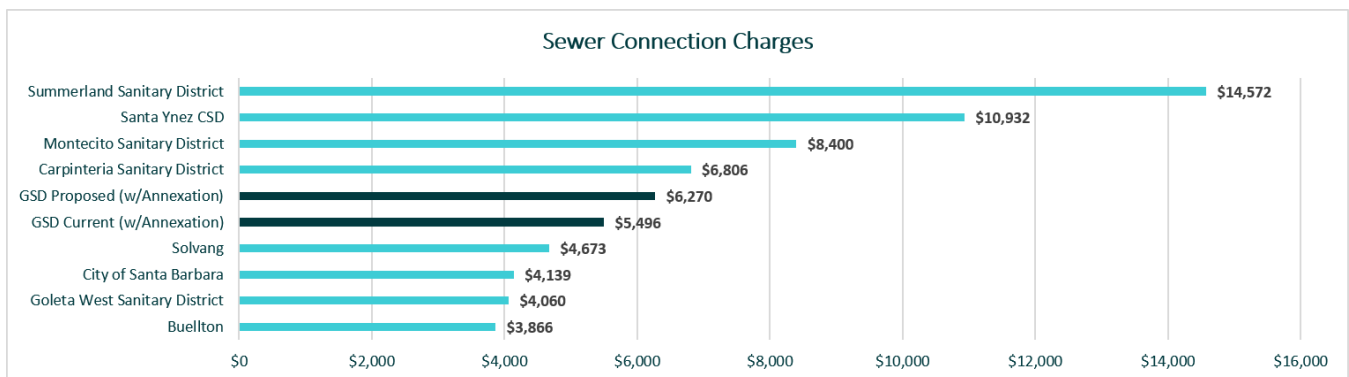
Single Family Residential	Current	Proposed
Connection Fee (1 ERU)	\$2,750	\$6,070
Annexation Fee	\$2,546	\$0
Annexation Processing ⁹	\$200	\$200
Combined Fee w/Out Annexation	\$2,750	\$6,070
Combined Fee w/Annexation	\$5,496	\$6,270

Impacts to other user classes are highly dependent on the user classification, estimated wastewater flow generation, and location.

7.2. Regional Connection Fee Comparison

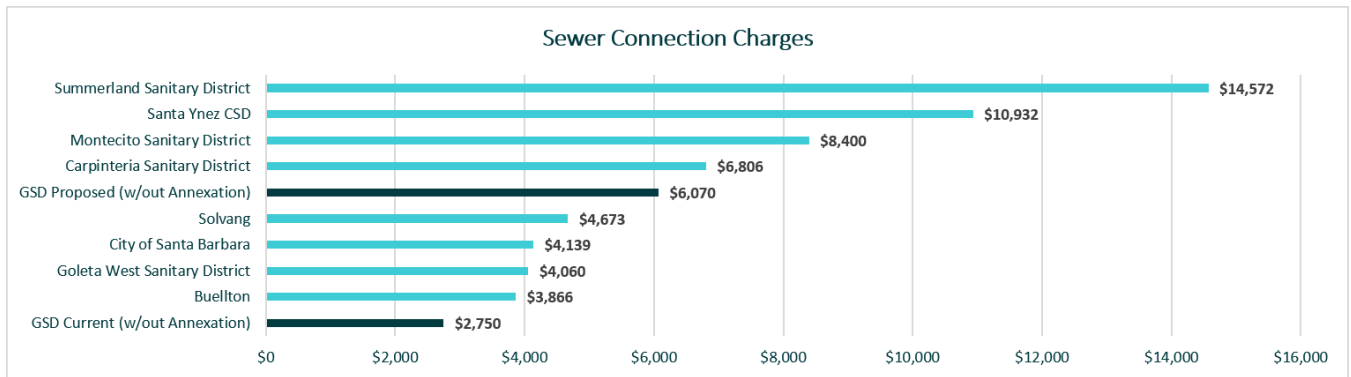
Figure 7-1 and Figure 7-2 compare connection/capacity fees charged by neighboring, regional, and peer agencies. The GSD current is first shown with the annexation fee (i.e. includes the existing connection fee and existing annexation fee) and then shown without the annexation fee (connection fee only). The GSD proposed represents the results of this study. The average connection fee for the agencies surveyed (excluding the District’s current and proposed charge) is approximately \$7,200 per equivalent residential unit. The proposed GSD connection fee would be in the middle of surveyed agencies.

Figure 7-1: Single Family Residential Connection Fee Comparison (With GSD Annexation)



⁹ Assumes current and proposed would be the same as both are for administrative processing

Figure 7-2: Single Family Residential Connection Fee Comparison (Without GSD Annexation)



ORDINANCE NO. 87

**ORDER OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT
ADOPTING AN ORDINANCE AND GENERAL REGULATION REPEALING
ORDINANCE NO. 58 AND APPROVING REVISED CAPACITY FEE PROVISIONS**

WHEREAS, on September 23, 2002, the Governing Board (the “Board”) of the Goleta Sanitary District (the “District”) adopted Ordinance No. 58 setting forth fees for the privilege of connecting to the District’s sewer facilities, which fees are referred to in Ordinance No. 58 as “Connection Fees”.

WHEREAS, Section 4 of Ordinance No. 58 provides that revenues derived from the collection of Connection Fees shall be for the purpose of financing the expansion of the sanitation and sewerage facilities of the District to accommodate the demand for additional capacity.

WHEREAS, under Government Code Section 65852.2, as amended by Senate Bill 229, effective as of January 1, 2018 capacity fees for certain auxiliary dwelling units (“ADUs”) must be calculated based on either the size of the ADU or the number of plumbing fixtures.

WHEREAS, under Section 3 of Ordinance No. 58 and Table 1 attached thereto, the Connection Fee for ADUs is calculated by multiplying the Connection Fee applicable to single-family residences by 0.70. Said method of calculation is not based on the size of the ADU or the number of plumbing fixtures and therefore does not comply with Government Code Section 65852.2, as amended by Senate Bill 229.

WHEREAS, the Connection Fees provided for under Ordinance No. 58 have not been adjusted since they were adopted in 2002 and have therefore not kept pace with inflation or other cost increases incurred by the District.

WHEREAS, the Board desires to repeal Ordinance No. 58 and replace it with this Ordinance in order to (i) substitute the term “Capacity Fee” for the term “Connection Fee”, (ii) include additional definitions, (iii) address the purposes and permitted uses of Connection Fees and Capacity Fees, (iv) approve a new Capacity Fee for ADUs which is calculated based on the number of plumbing fixtures, (v) provide for the annual adjustment to the Capacity Fees based on the Engineering News Record Construction Cost Index Los Angeles Average, and (vi) make other revisions to the provisions applicable to Connection Fees and Capacity Fees, as more particularly set forth herein.

NOW, THEREFORE, the Governing Board of the Goleta Sanitary District ordains as follows:

- 1. Repeal of Ordinance No. 58.** Ordinance No. 58 is hereby repealed in its entirety and is replaced and superseded by this Ordinance.

2. **Definitions.** Unless the context herein specifically indicates otherwise, the meaning of terms used in this Ordinance shall be as follows:

(a) **“ADU”** shall mean an auxiliary dwelling unit that is (i) added onto an existing single-family residence or onto an existing accessory structure located on the same lot as a single-family residence, or (ii) constructed as a detached structure on the same lot as a single-family residence, as described in Government Code Sections 65852.2(f)(2)(B) and 65852.2(i)(4), as said sections may be amended, replaced, or superseded in the future.

(b) **“Base Charge”** shall mean the Capacity Fee payable by a single-family residence, as said Base Charge may be adjusted annually as provided herein. As of the Effective Date of this Ordinance, the Base Charge is Two Thousand Fifty-eight Dollars (\$2,058.00).

(c) **“Capacity Fee”** shall mean a fee for District Facilities (as defined below) that are in existence at the time the fee is imposed or fees for new District Facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the District involving capital expenses relating to the use of existing or new District Facilities.

(d) **“Capacity Project”** shall mean a Capital Project (as defined below) that will accommodate the demand for additional capacity by increasing the capacity of District Facilities to collect, convey, treat, and/or dispose of wastewater, including Capital Projects that address hydraulic flow (i.e., volume), strength, loadings, operational requirements, and applicable legal and regulatory requirements. A Capacity Project may relate to any component, facility, equipment, process, or constituent associated with the collection, conveyance, treatment, or disposal of wastewater.

(e) **“Capital Project”** shall mean a construction project or a purchase associated with new or existing District Facilities, but excluding construction projects and purchases that relate solely to the operation, maintenance, repair, and/or replacement of existing District Facilities. Capital Projects include, but are not limited to, Capacity Projects.

(f) **“District Facilities”** shall mean (i) wastewater collection, conveyance, treatment, and disposal facilities, (ii) facilities that improve efficiency, employ new technologies, facilitate conservation, resource recovery, reuse, recycling, and sustainability, and/or are required to comply with applicable legal and regulatory requirements, and (iii) administrative and other facilities used in connection with the provision by the District of services to its customers. District Facilities include buildings, structures, and other improvements, as well as capital equipment and assets that are incorporated into and/or used in conjunction with District Facilities.

(g) **“DFU”** shall mean the number of drainage fixture units for each type of appliance, appurtenance or fixture, as set forth in the then current California Plumbing Code.

(h) **“Dwelling Unit”** shall mean a building or portion thereof which provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation.

(i) **“ERU”** shall mean the equivalent of a single-family residential dwelling unit, assuming (i) a hydraulic flow rate of 203 gallons per day, and (ii) loadings and strength factors that are typical for a single-family residence within the District.

(j) **“Person”** shall mean (i) an individual or trust, (ii) a legal entity such as a corporation, partnership, or Limited Liability Company, (iii) an association, organization, group, or society, or (iv) the United States of America, the State of California, or a political subdivision, governmental agency or other public or municipal corporation.

3. Capacity Fees.

(a) Except as otherwise specifically provided herein, a Person desiring to connect to the District’s sewer system shall pay to the District a Capacity Fee for such connection determined by multiplying the applicable Capacity Unit of Benefit Factor, as set forth in Table 1 attached hereto and incorporated herein by this reference, by the then current Base Charge.

(b) Notwithstanding Section 3(a) above, the Capacity Fee for ADUs shall be calculated as set forth in Table 2 attached hereto and incorporated herein by this reference.

(c) Notwithstanding Section 3(a) above, in cases where a property is connected to the District’s sewer system pursuant to a written contract with the District, the Capacity Fee shall be calculated in accordance with the terms of such contract.

(d) Capacity Fees shall be in addition to (i) permit, inspection, and annexation fees, and (ii) any amount paid or to be paid for the costs of a specific sewer line or lines previously constructed or to be constructed for the purpose of connecting the property in question to the District’s sewer system. The applicable Capacity Fee shall be paid prior to the issuance by the District of a connection permit.

4. Base Charge Adjustments. The Base Charge shall be adjusted effective as of the first day of July of each year, commencing July 1, 2018, by the percentage change in the Engineering News Record Construction Cost Index for Los Angeles Average published for the immediately preceding April as compared to such index for April of the previous year.

5. Use of Existing Connection Fee Revenues. Revenues that were derived from the collection of Connection Fees pursuant to Ordinance No. 58 or other District ordinances that were in effect prior to the Effective Date (as defined below) and were placed in the District’s Capital Reserve Fund shall be only for the purpose of financing Capacity Projects.

6. Use of Future Capacity Fee Revenues. Revenues that are derived from the collection of Capacity Fees pursuant to this Ordinance on or after the Effective Date shall be

placed in the District’s Capital Reserve Fund. Said Capacity Fee revenues shall be for the purpose of financing Capital Projects, including but not limited to Capacity Projects.

7. **Readily Convertible Units.** For the purpose of Table 1 attached hereto, the number of Dwelling Units shall be determined by the District and the District’s decision in this regard shall be final and conclusive on all parties. If the District determines that expanded, remodeled or newly constructed premises or auxiliary structures are readily convertible into one or more separate Dwelling Units (“Readily Convertible Units”), the owner of the property shall pay to the District a Capacity Fee as calculated hereunder for each such Readily Convertible Unit. In lieu of paying said Capacity Fee, the Owner may execute a document setting forth the owner’s acknowledgment that the Readily Convertible Unit may not be converted into or used as a separate Dwelling Unit without the prior approval of the District and the payment to the District of the then applicable Capacity Fees, permit fees and inspection fees. Said acknowledgement shall be in a form approved by the District, shall be binding on the owner’s successors in interest and shall be recorded with the Santa Barbara County Recorder’s Office. The acknowledgment shall be signed by all owners of record. The District’s decision with regard to the number of Readily Convertible Units on the property shall be final and conclusive on all parties.

8. **General Findings.** The Board hereby finds that (i) in compliance with Article XIII A, Section 4 of the California Constitution and Section 50076 of the Government Code, the fees set forth in this Ordinance do not constitute a special tax requiring voter approval, (ii) based on the studies commissioned by the District, the approved budget, and revenue and cost projections of the District, the revenues forecast to be generated by the fees set forth in this Ordinance do not exceed the estimated reasonable cost of providing sewer service to the customers of the District and to the users within each of the categories established in Table 1, (iii) the revenues derived from the fees will not be used for any purpose other than that for which the fees are imposed, (iv) the amount of the fees will not exceed the proportional cost of the service provided to any parcel, and (v) the fees will be imposed only where service is actually used by, or immediately available to, the owner of the property in question.

9. **Partial Invalidity.** If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective, or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

10. **Publication.** The District’s Secretary is hereby directed to cause this Ordinance to be published once in a newspaper published in the District.

11. **Effective Date.** This Ordinance shall be effective upon the expiration of one (1) week following the date of publication (the “Effective Date”).


PASSED AND ADOPTED this 15th day of January, 2018, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES: Majoewsky, Emerson, Rose, Wageneck, Smith

NOES: None

ABSENT: None

ABSTAIN: None

By: 
Steven T. Majoewsky,
President of the Governing Board


COUNTERSIGNED:
By: 
Robert O. Mangus, Jr.,
Secretary of the Governing Board

TABLE 1 Calculation of Capacity Fee Under Section 3(a)	
<u>TYPE OF CONNECTION BEING MADE</u>	<u>CAPACITY UNIT OF BENEFIT FACTOR</u>
Single-family residence	1.00
Multiple-family residence, condominium or apartment (excluding ADUs), per Dwelling Unit	0.70
Mobile home park, per unit	0.70
<p>Commercial, industrial and institutional uses, per ERU, with a minimum of 1.00 per connection</p> <p>Commercial and industrial facilities shall pay not less than their proportionate share of the cost of capacity in the District's trunk, interceptor and outfall sewers and treatment facilities, considering the amount of flow generated by the facility and the strength, composition and cost to treat the sewage generated by the facility based on available information. The District's decision in this regard shall be final and conclusive on all Persons.</p>	1.00

TABLE 2 Calculation of Capacity Fee for ADUs Under Section 3(b)	
<u>NUMBER OF DFUs</u>	<u>CAPACITY FEE CALCULATION</u>
ADUs with 15 or fewer DFUs	Base Charge x 0.70
ADUs with more than 15 DFUs	Base Charge x 0.70 PLUS Additional fixture charge calculated as follows: (DFUs in excess of 15 divided by 20) x Base Charge

ORDINANCE NO. 88

**ORDER OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT
ADOPTING AN ORDINANCE AND GENERAL REGULATION REPEALING
ORDINANCE NO. 59 AND APPROVING REVISED ANNEXATION FEE PROVISIONS**

WHEREAS, in September of 2002, Reiter Lowry Consultants completed an Annexation Fee Analysis (the “Study”) for the purpose of evaluating the need for a change to the annexation fees charged by the Goleta Sanitary District (the “District”).

WHEREAS, following guidelines provided by California law, the Study recommended an annexation fee of One Thousand Nine Hundred Five Dollars (\$1,905.00) per acre.

WHEREAS, the Governing Board (the “Board”) of the District determined that the annexation fee recommended by the Study was appropriate to establish equity between properties presently within the boundaries of the District, which have already financed the cost of sewer facilities, and properties within areas which may be annexed to the District in the future.

WHEREAS, on September 23, 2002, the Board adopted Ordinance No. 59 approving the annexation fee recommended by the Study.

WHEREAS, Section 5 of Ordinance No. 59 provides that revenues derived from the collection of annexation fees shall be for the purpose of financing the expansion of the sanitation and sewerage facilities of the District to accommodate the demand for additional capacity.

WHEREAS, the annexation fee provided for under Ordinance No. 59 has not been adjusted since it was adopted in 2002 and has therefore not kept pace with inflation or other cost increases incurred by the District.

WHEREAS, the Board desires to repeal Ordinance No. 59 and replace it with this Ordinance in order to (i) include additional definitions, (ii) address the purposes and permitted uses of the revenues derived from the collection of annexation fees, (iii) provide for the annual adjustment to the annexation fee based on the Engineering News Record Construction Cost Index Los Angeles Average, and (iv) make other revisions to the provisions applicable to the annexation fee, as more particularly set forth herein.

NOW, THEREFORE, the Governing Board of the Goleta Sanitary District ordains as follows:

1. **Repeal of Ordinance No. 59.** Ordinance No. 59 is hereby repealed in its entirety and is replaced and superseded by this Ordinance.

2. **Definitions.** Unless the context herein specifically indicates otherwise, the meaning of terms used in this Ordinance shall be as follows:

(a) **“Capacity Project”** shall mean a Capital Project (as defined below) that will accommodate the demand for additional capacity by increasing the capacity of District Facilities (as defined below) to collect, convey, treat, and/or dispose of wastewater, including Capital Projects that address hydraulic flow (i.e., volume), strength, loadings, operational requirements, and applicable legal and regulatory requirements. A Capacity Project may relate to any component, facility, equipment, process, or constituent associated with the collection, conveyance, treatment, or disposal of wastewater.

(b) **“Capital Project”** shall mean a construction project or a purchase associated with (i) new District Facilities, or (ii) modifications to existing District Facilities, but excluding construction projects and purchases that relate solely to the operation, maintenance, repair, and/or replacement of existing District Facilities. Capital Projects include, but are not limited to, Capacity Projects.

(c) **“District Facilities”** shall mean (i) wastewater collection, conveyance, treatment, and disposal facilities, (ii) facilities that improve efficiency, employ new technologies, facilitate conservation, resource recovery, reuse, recycling, and sustainability, and/or are required to comply with applicable legal and regulatory requirements, and (iii) administrative and other facilities used in connection with the provision by the District of services to its customers. District Facilities include buildings, structures, and other improvements, as well as capital equipment and assets that are incorporated into and/or used in conjunction with District Facilities.

3. **Processing Fee.** A fee of \$200.00 (the “Processing Fee”) shall be paid to the District at the time of filing an application for annexation to cover the District’s costs in processing the application.

4. **Annexation Fee.** In addition to the Processing Fee payable pursuant to Section 3, above, upon approval of the annexation by the Local Agency Formation Commission, an annexation fee (the “Annexation Fee”) shall be paid to the District as follows:

(a) For properties of one acre or less: One Thousand Nine Hundred Five Dollars (\$1,905.00).

(b) For properties over one acre: One Thousand Nine Hundred Five Dollars (\$1,905.00) multiplied by the total acreage of the property being annexed.

5. **Other Charges.** The Processing Fee and the Annexation Fee payable pursuant to Sections 3 and 4, above, shall be in addition to all other fees and charges of the District, including but not limited to sewer capacity fees, sewer service charges, inspection fees, permit fees and costs associated with any extension of main sewer lines which may be required to serve the annexed property.

6. **Annexation Fee Adjustments.** The Annexation Fee shall be adjusted effective as of the first day of July of each year, commencing July 1, 2018, by the percentage change in the Engineering News Record Construction Cost Index Los Angeles Average published for the immediately preceding April as compared to such index for April of the previous year.

7. **Use of Existing Annexation Fee Revenues.** Revenues that were derived from the collection of annexation fees pursuant to Ordinance No. 59 or other District ordinances that were in effect prior to the Effective Date (as defined below) and were placed in the District's Capital Reserve Fund shall be only for the purpose of financing Capacity Projects.

8. **Use of Future Annexation Fee Revenues.** Revenues that are derived from the collection of annexation fees pursuant to this Ordinance on or after the Effective Date shall be placed in the District's Capital Reserve Fund and shall be for the purpose of financing Capital Projects, including but not limited to Capacity Projects.

9. **General Findings.** The Board hereby finds that (i) in compliance with Article XIII A, Section 4 of the California Constitution and Section 50076 of the Government Code, the fees set forth in this Ordinance do not constitute a special tax requiring voter approval, (ii) based on the studies commissioned by the District, the approved budget, and revenue and cost projections of the District, the revenues forecast to be generated by the fees set forth in this Ordinance do not exceed the estimated reasonable cost of providing sewer service to the customers of the District, (iii) the revenues derived from the fees will not be used for any purpose other than that for which the fees are imposed, (iv) the amount of the fees will not exceed the proportional cost of the service provided to any parcel, and (v) the fees will be imposed only where service is actually used by, or immediately available to, the owner of the property in question.

10. **Partial Invalidity.** If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective, or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board hereby declares that it would

have passed this Ordinance and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

11. Publication. The District’s Secretary is hereby directed to cause this Ordinance to be published once in a newspaper published in the District.

12. Effective Date. This Ordinance shall be effective upon the expiration of one (1) week following the date of publication (the “Effective Date”).


PASSED AND ADOPTED this 5th day of March, 2018, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES: Majoewsky, Emerson, Rose, Wageneck, Smith


NOES: None

ABSENT: None

ABSTAIN: None

By: 
Steven T. Majoewsky
President of the Governing Board

COUNTERSIGNED:

By: 
Robert O. Mangus, Jr.,
Secretary of the Governing Board

PRELIMINARY ENVIRONMENTAL REVIEW
GOLETA SANITARY DISTRICT

One William Moffett Place
Goleta, CA 93117
(805) 967-4519

Name of Project: Adoption of Ordinance No. 88 repealing Ordinance No. 59 and approving revised annexation fee provisions

Location: Within Goleta Sanitary District jurisdictional boundaries

Entity or Person Undertaking Project: (Check appropriate box)

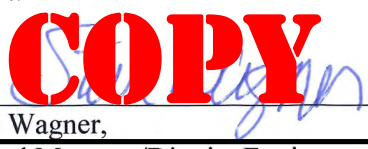
- Goleta Sanitary District
- Other: Name: _____
Address: _____

Environmental Committee Determination:

The District's Environmental Committee, having undertaken and completed a preliminary review of this proposed activity in accordance with the California Quality Act Guidelines ("CEQA Guidelines") has concluded that:

- A. The activity does not require further environmental assessment because:
- 1. The proposed action does not constitute a project under CEQA Guidelines Section 15378 or is statutorily exempt. [The exemptions under Section 21080(b)(8) of the Public Resources Code and Section 15273 of the CEQA Guidelines apply.]
 - 2. The project constitutes a feasibility or planning study under CEQA Guidelines Section 15262.
 - 3. The project is an Emergency Project under CEQA Guidelines Section 15269.
 - 4. The project is a Ministerial Project under CEQA Guidelines Section 15268.
 - 5. The project is Categorical Exempt under CEQA Guidelines Section _____.
 - 6. The project involves another public agency which constitutes the lead agency.
Name of Lead Agency _____
- B. The District is the lead agency and the activity is a project which requires further evaluation of the possible significant effects on the environment.

Date: March 5, 2018

COPY

Steve Wagner,
General Manager/District Engineer

Notice of Exemption

TO: Office of Planning and Research
P.O. Box 3044
1400 Tenth Street, Room 222
Sacramento, CA 95812-3044

FROM: Goleta Sanitary District
One William Moffett Place
Goleta, CA 93117

or

County Clerk
County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA, 93101

Project Title: Adoption of Ordinance No. 88 repealing Ordinance No. 59 and approving revised annexation fee provisions

Project Location – Specific: Within Goleta Sanitary District jurisdictional boundaries

Project Location – City: City of Goleta and unincorporated areas

Project Location – County: Santa Barbara

Description of Project: Repeal of Ordinance No. 59 and adoption of revised annexation fee provisions

Name of Public Agency approving project: Goleta Sanitary District

Name of Person or Agency carrying out project: Goleta Sanitary District

Exempt status: (check one)

- Ministerial project.
- Not a project.
- Emergency Project.
- Categorical Exemption.
State type and class number:
- Declared Emergency.
- Statutory Exemption.
State Code section number: Section 21080(b)(8) of Public Resources Code
- Other. Explanation:

Reason why project is exempt:

The exemptions contained in Section 21080(b)(8) of the Public Resources Code and Section 15273 of Title 14 of the California Code of Regulations apply and the required findings have been made. There is no substantial evidence that the ordinance or the new annexation fee provisions will have a significant effect on the environment.

Lead Agency Contact Person: Steve Wagner

Telephone: (805) 967-4519

Signature of Lead Agency Representative:


Steve Wagner, General Manager/District Engineer

Date Received for Filing: _____

Dated: March 5, 2018

ORDINANCE NO. 89

**ORDER OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT
ADOPTING AN ORDINANCE AND GENERAL REGULATION AMENDING
ORDINANCE NO. 87 AND APPROVING REVISED CAPACITY FEE PROVISIONS**

WHEREAS, on January 15, 2018, the Governing Board (the “Board”) of the Goleta Sanitary District (the “District”) adopted Ordinance No. 87 repealing Ordinance No. 58 and approving revised provisions relating to the capacity fees that the District charges for the privilege of connecting to the District’s sewer facilities.

WHEREAS, the Board desires to clarify the definition of the term “Capital Project”, as set forth in Section 2(e) of Ordinance No. 87.

NOW, THEREFORE, the Governing Board of the Goleta Sanitary District ordains as follows:

1. Revised Definition of “Capital Project”.

Section 2(e) of Ordinance No. 87 is hereby deleted in its entirety and is replaced with the following:

(e) “Capital Project” shall mean a construction project or a purchase associated with (i) new District Facilities, or (ii) modifications to existing District Facilities, but excluding construction projects and purchases that relate solely to the operation, maintenance, repair, and/or replacement of existing District Facilities. Capital Projects include, but are not limited to, Capacity Projects.

2. Continued Effect. Except as specifically amended herein, all of the terms and provisions of Ordinance No. 87 shall continue in full force and effect.

3. Publication. The District’s Secretary is hereby directed to cause this Ordinance to be published once in a newspaper published in the District.

4. Effective Date. This Ordinance shall be effective upon the expiration of one (1) week following the date of publication.


PASSED AND ADOPTED this 19th day of March, 2018, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES: Majoewsky, Emerson, Rose, Wageneck, Smith


NOES: None

ABSENT: None

ABSTAIN: None

By: 
Steven T. Majoewsky,
President of the Governing Board

COUNTERSIGNED:

By: 
Robert O. Mangus, Jr.,
Secretary of the Governing Board

ORDINANCE NO. 97

**ORDINANCE AND GENERAL REGULATION OF THE
GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT
ESTABLISHING REVISED CAPACITY FEES AND ANNEXATION FEES AND
FINDING THE FEES EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT**

WHEREAS, the Goleta Sanitary District (“District”) is a Sanitary District formed and operating under the Sanitary District Act set forth in Health and Safety Code Section 6400 et seq. Pursuant to Section 6520.2 of the Act, the District has the authority to require any resident or property owner who desires to connect any property or structure to District facilities to pay a proportionate share of the cost of said facilities, either by an increased installation charge or by other arrangement.

WHEREAS, the District adopted Ordinance No. 87, dated January 15, 2018, which approved revised provisions relating to the Capacity Fees the District charges for connecting to the District’s sewer facilities. The District adopted Ordinance No. 89, dated March 19, 2018, which clarified the definition of “Capital Project” as set forth in Ordinance No. 87.

WHEREAS, the District adopted Ordinance No. 88, dated March 5, 2018, which approved revised provisions relating to the Annexation Fees the District charges to establish equity between properties presently within the boundaries of the District, which have already financed the cost of sewer facilities, and properties within areas which may be annexed to the District in the future.

WHEREAS, Government Code Section 66013 provides that when a local agency imposes facility Capacity and Annexation Fees, those fees shall not exceed the estimated reasonable cost of providing the service for which the charge is imposed.

WHEREAS, the District engaged Raftelis to prepare a Sewer Connection and Annexation Fee Report, dated June 9, 2026, to determine appropriate and legally permissible Capacity and Annexation Fee amounts. Said Fee Report refers to “connection fees” which can also be referred to as Capacity Fees. Capacity Fees is the nomenclature used in the District’s Administrative Code and will also be the term used in this Ordinance.

WHEREAS, the Governing Board (“Board”) has evaluated the amount of the Capacity Fees proposed in the Fee Report and supporting evidence in accordance with Government Code Section 66016.6 and finds that the Capacity Fees do not exceed the estimated reasonable cost of providing service, in accordance with Government Code Section 66013.

WHEREAS, the Board has also evaluated the amount of the Annexation Fees proposed in the Fee Report and supporting evidence in accordance with Government Code Section 66016.6 and finds that the Annexation Fees do not exceed the estimated amount required to provide access to the sewer service for which the fee is levied, as provided in California Government Code Section 66013.

WHEREAS, the Capacity and Annexation Fees are not an incident of property ownership, nor are they a property-related service having a direct relationship to property ownership. Accordingly, the provisions of California Constitution Article XIID are not applicable.

WHEREAS, The Capacity Fees and Annexation Fees are exempt from review under the California Environmental Quality Act ("CEQA"). First, Capacity Fees and Annexation Fees, in and of themselves, do not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and therefore are not considered a "project" under CEQA. (Pub. Resources Code, § 21065, 14 Cal. Code Regs., § 15378, subd. (a).) Second, Capacity Fees and Annexation Fees are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment; here, there is no possibility that the Capacity Fees and Annexation Fees, in and of themselves, may have a significant effect on the environment. (14 Cal. Code Regs., § 15061, subd. (b)(3).) And third, even if the Capacity Fees and Annexation Fees are considered a project for purposes of CEQA, the Capacity Fees and Annexation Fees are still exempt because CEQA does not apply to the modification and approval of rates for the purpose of meeting operating expenses, purchasing supplies, equipment or materials, and obtaining funds for capital projects, necessary to maintain service within existing service areas. (Pub. Resources Code, § 21080, subd. (b)(8); 14 Cal. Code Regs., § 15273, subd. (a)(4).)

WHEREAS, the fees established herein have been approved by the Board at a noticed public meeting, all in accordance with applicable provisions of law.

WHEREAS, GOLETA SANITARY DISTRICT ADMINISTRATIVE CODE, Title 6 – RATES, FEES AND CHARGES, Chapter 1. District Charges, Article 3. Capacity Fees, sets forth the Capacity Fees imposed by the District. Article 6. Annexation Fees, set forth the Annexation Fees imposed by the District. The Board desires adopt this Ordinance in order to delete and replace certain provisions of Article 3 in regard to Capacity Fees and Article 6 in regard to Annexation Fees. However, the remaining provisions of Article 3 and 6 shall remain in full force and effect.

NOW, THEREFORE, BE IT ORDAINED by the Governing Board of the Goleta Sanitary District as follows:

1. **Incorporation Of Recitals** The Recitals set forth above are hereby incorporated herein and made an operative part of this Ordinance.
2. **Revised Provisions Relating To Capacity Fees**

GOLETA SANITARY DISTRICT ADMINISTRATIVE CODE, Title 6 – RATES, FEES AND CHARGES, Chapter 1. District Charges, Article 3. Capacity Fees, SECTION 6-1.3.1 DEFINITIONS, subsections (b) and (i) are hereby deleted and replaced, in their entirety, with the following:

(b) "Base Charge" shall mean the Capacity Fee of Six Thousand And Seventy Dollars (\$6,070.00) payable by a single-family residence, as said Base Charge may be adjusted annually as provided herein.

(i) "ERU" shall mean the equivalent of a single-family residential dwelling unit, assuming (i) a hydraulic flow rate of 150 gallons per day, and (ii) loadings and strength factors that are typical for a single-family residence within the District.

GOLETA SANITARY DISTRICT ADMINISTRATIVE CODE, Title 6 – RATES, FEES AND CHARGES, Chapter 1. District Charges, Article 3. Capacity Fees, SECTION 6-1.3.7 CAPACITY FEE TABLES is hereby deleted and replaced, in its entirety, with the following:

TABLE 1	
Calculation of Capacity Fee Under Section 3(a)	
TYPE OF CONNECTION BEING MADE	CAPACITY UNIT OF BENEFIT FACTOR
Single-family residence	1.00
Multiple-family residence, condominium or apartment (excluding ADUs), per Dwelling Unit	0.83
Mobile home park, per unit	0.83
Commercial, industrial and institutional uses, per ERU, with a minimum of 1.00 per connection Commercial and industrial facilities shall pay not less than their proportionate share of the cost of capacity in the District's trunk, interceptor and outfall sewers and treatment facilities, considering the amount of flow generated by the facility and the strength, composition and cost to treat the sewage generated by the facility based on available information. The District's decision in this regard shall be final and conclusive on all Persons.	1.00

TABLE 2	
Calculation of Capacity Fee for ADUs Under Section 3(b)	
NUMBER OF DFUs	CAPACITY FEE CALCULATION
ADUs with 15 or fewer DFUs	Base Charge x 0.83
ADUs with more than 15 DFUs	Base Charge x 0.83 PLUS Additional fixture charge calculated as follows: (DFUs in excess of 15 divided by 20) x Base Charge

3. Revised Provisions Relating To Annexation Fees

GOLETA SANITARY DISTRICT ADMINISTRATIVE CODE, Title 6 – RATES, FEES AND CHARGES, Chapter 1. District Charges, Article 6. Annexation Fees, SECTION 6-1.6.1 PROCESSING FEE is hereby deleted and replaced, in its entirety, with the following:

SECTION 6-1.6.1 ANNEXATION PROCESSING FEE

A fee of \$200.00 (the “Annexation Processing Fee”) shall be paid to the District at the time of filing the application to cover the District’s costs in processing the application.

GOLETA SANITARY DISTRICT ADMINISTRATIVE CODE, Title 6 – RATES, FEES AND CHARGES, Chapter 1. District Charges, Article 6. Annexation Fees, SECTION 6-1.6.2 ANNEXATION FEE is hereby deleted in its entirety.

4. Miscellaneous

(a) Partial Invalidity If any term or provision of this Ordinance or the application thereof to any person or circumstance is, to any extent, determined to be invalid or unenforceable, the remainder of this Ordinance, or the application of such term or provision to persons or circumstances other than those as to which it is determined to be invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Ordinance shall be valid and enforceable to the fullest extent permitted by law.

The Board hereby declares that it would have passed this Ordinance and each term and provision hereof, irrespective of the fact that any one or more term or provision be determined to be invalid or unenforceable.

(b) Balance of Administrative Code To Remain In Effect Except as otherwise specifically set forth herein, the balance of the Administrative Code shall remain in full force and effect. For example, and not by way of limitation, the balance of the Administrative Code, which remains in full force and effect, includes provisions enacted by way of Ordinance Nos. 87, 88 and 89 that have not otherwise been specifically changed by this Ordinance.

(c) Effective Date. This Ordinance shall be effective as of July 6, 2026.

PASSED AND ADOPTED this 6th day of July, 2026, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.
Secretary of the Governing Board

CERTIFICATION

I, Robert O. Mangus, Jr., Secretary of the Goleta Sanitary District, hereby certify that the forgoing is a true and correct copy of Ordinance No. __ which was duly adopted by the Governing Board of the Goleta Sanitary District at a meeting of said Governing Board duly held on July 6, 2026.

Date: July 6, 2026

Robert O. Mangus, Jr.
Secretary of the Governing Board

AGENDA ITEM #3

AGENDA ITEM: 3

MEETING DATE: July 6, 2026

I. NATURE OF ITEM

Consideration and Adoption of Resolution No. 26-736 Approving Revised Employee Pay Schedule to Incorporate 2026 Employee Salary and Benefits Survey Recommendations

II. BACKGROUND INFORMATION

December 15, 2025, the Governing Board approved a contract with CPS HR Consulting for the preparation of a 2026 Employee Salary and Benefits Survey. The survey was intended to help the District enhance its recruitment and retention efforts by ensuring compensation levels were being kept current and competitive with other public agencies. That survey has now been completed and includes a recommendation to set a 60% Market Percentile Compensation Level for District staff with corresponding changes to existing pay schedules.

On April 20, 2026, the Governing Board approved a cost-of-living adjustment (COLA) of 3.19% for Fiscal Year 2026-27 (FY27) for eligible employees. The current employee pay schedule and Organizational Chart for the District was adopted by Resolution No. 26-734 on June 15, 2026.

The survey recommendation adjustments have now been incorporated and are included in the proposed FY27 Pay Schedule update, attached as Exhibit A to Resolution No. 26-736.

The adoption of a formal resolution relating to changes to employee compensation is necessary to comply with existing regulations (Title 2, California Code of Regulations Section 570.5), which set forth specific requirements pertaining to publicly available pay schedules.

III. COMMENTS AND RECOMMENDATIONS

In order to meet the above-referenced requirements associated with the approval of public employee pay schedules, it is recommended that the Board adopt Resolution No. 26-736 approving and adopting the revised employee pay schedule.

IV. REFERENCE MATERIAL

Resolution No. 26-736 with Exhibit A

RESOLUTION NO. 26-736

**RESOLUTION OF THE GOVERNING BOARD OF THE GOLETA
SANITARY DISTRICT APPROVING AND ADOPTING A REVISED
EMPLOYEE PAY SCHEDULE**

WHEREAS, on June 15, 2026, the Board adopted the Fiscal Year 2026-27 (FY27) budget that included an approved COLA; and

WHEREAS, on June 15, 2026, the Governing Board (the “Board”) of the Goleta Sanitary District (the “District”) adopted Resolution No. 26-734 approving and adopting a revised pay schedule (the “Current Pay Schedule”) and adopting a revised organization chart (the “Current Organization Chart”) relating to the District’s employees; and

WHEREAS, the Board desires to revise the Current Pay Schedule to reflect the recently completed compensation survey by CPS HR Consulting.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Goleta Sanitary District as follows:

- 1. Adoption of Revised Pay Schedule.** The Board hereby approves and adopts the revised pay schedule attached hereto as Exhibit “A” and incorporated herein effective as of July 1, 2026.
- 2. Requirements Applicable to Revised Pay Schedule.** The 2026-27 Pay Schedule shall be immediately accessible and available for public review from the District during normal business hours and shall be retained by the District and available for public inspection for not less than five years.
- 3. Future Revisions.** Any revisions that are made to the 2026-27 Pay Schedule in the future shall be approved by the Board in accordance with the requirements of applicable public meetings laws, and shall comply in all other respects with Title 2, California Code of Regulations Section 570.5. Further, pursuant to Resolution No. 14-579, (i) any future increases in Board member compensation shall be approved in accordance with Health & Safety Code Section 6489, Chapter 2 of Division 10 of the Water Code, and other applicable provisions of law, and (ii) Board member compensation shall not be subject to Resolution No. 11-522, which sets forth the procedure for calculating cost of living adjustments to the salary scale for employees of the District.

PASSED AND ADOPTED this 6th day of July, 2026, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.,
Secretary of the Governing Board

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Goleta Sanitary District Governing Board held on July 6, 2026.

ATTEST:

Robert O. Mangus, Jr.,
Secretary of the Governing Board
of the Goleta Sanitary District

GOLETA SANITARY DISTRICT
Hourly Salary Schedule, Exhibit A Resoluton No. 26-736
FY 26-2027

Classification FY26-2027

Pay
Range Step AA Step A Step B Step C Step D Step E

Collection System								
1	Collection System Maintenance Tech I	110	\$33.11	\$34.77	\$36.51	\$38.34	\$40.26	\$42.27
2	Collection System Maintenance Tech II	120	\$39.58	\$41.56	\$43.64	\$45.82	\$48.11	\$50.52
3	Collection System Maintenance Tech III	130	\$45.88	\$48.17	\$50.58	\$53.11	\$55.77	\$58.56
4	Collection System Supervisor	140	\$54.92	\$57.67	\$60.55	\$63.58	\$66.76	\$70.10
5	Collection System Manager	150	\$72.30	\$75.91	\$79.71	\$83.70	\$87.89	\$92.28
Treatment Plant Operations								
6	Operator In Training III	210	\$36.06	\$37.86	\$39.75	\$41.74	\$43.83	\$46.02
7	Treatment Plant Operator I	220	\$36.12	\$37.93	\$39.83	\$41.82	\$43.91	\$46.11
8	Treatment Plant Operator II	230	\$41.05	\$43.10	\$45.26	\$47.52	\$49.90	\$52.39
9	Treatment Plant Operator III	240	\$46.64	\$48.97	\$51.42	\$53.99	\$56.69	\$59.52
10	Senior Plant Operator	250	\$52.98	\$55.63	\$58.41	\$61.33	\$64.40	\$67.62
11	Plant Operations Supervisor	260	\$60.19	\$63.20	\$66.36	\$69.68	\$73.16	\$76.82
12	Plant Operations Manager	270	\$76.69	\$80.52	\$84.55	\$88.78	\$93.22	\$97.88
Plant Maintenance — L1								
13	Maintenance Worker	310	\$29.53	\$31.01	\$32.56	\$34.19	\$35.90	\$37.70
14	Plant Maintenance Tech I	320	\$35.07	\$36.82	\$38.66	\$40.59	\$42.62	\$44.75
15	Plant Maintenance Tech II	330	\$40.57	\$42.60	\$44.73	\$46.97	\$49.32	\$51.79
16	Plant Maintenance Tech III	340	\$46.43	\$48.75	\$51.19	\$53.75	\$56.44	\$59.26
17	Facilities Maintenance Supervisor	350	\$57.43	\$60.30	\$63.32	\$66.49	\$69.81	\$73.30
18	Facilities Maintenance Manager	360	\$73.24	\$76.90	\$80.74	\$84.78	\$89.02	\$93.47
Plant Maintenance — L2								
19	Electrician	410	\$44.15	\$46.36	\$48.68	\$51.11	\$53.67	\$56.35
20	Instrumentation Technician	420	\$51.34	\$53.91	\$56.61	\$59.44	\$62.41	\$65.53
Lab & Environmental Services — L1								
21	Laboratory Analyst I	510	\$37.42	\$39.29	\$41.25	\$43.31	\$45.48	\$47.75
22	Laboratory Analyst II	520	\$45.70	\$47.98	\$50.38	\$52.90	\$55.55	\$58.33
23	Laboratory Supervisor	530	\$55.45	\$58.22	\$61.13	\$64.19	\$67.40	\$70.77
24	Environmental Services Manager	540	\$77.14	\$81.00	\$85.05	\$89.30	\$93.76	\$98.45
Lab & Environmental Services — L2								
25	Environmental Services Assistant	610	\$38.38	\$40.30	\$42.32	\$44.44	\$46.66	\$48.99
26	Safety and Regulatory Compliance Coordinator	615	\$42.23	\$44.34	\$46.56	\$48.89	\$51.33	\$53.90
27	Industrial Waste Control Officer	620	\$45.67	\$47.95	\$50.35	\$52.87	\$55.51	\$58.29
28	Safety & Environmental Compliance Officer	630	\$53.12	\$55.78	\$58.57	\$61.50	\$64.57	\$67.80
Administration & Finance								
29	Part-time, Hourly Maintenance/Intern	700	\$18.59	\$19.52	\$20.50	\$21.53	\$22.61	\$23.74
30	Administrative Assistant	710	\$27.94	\$29.34	\$30.81	\$32.35	\$33.97	\$35.67
31	Accounting Technician	720	\$33.73	\$35.42	\$37.19	\$39.05	\$41.00	\$43.05
32	Accounting/Admin Specialist	730	\$40.70	\$42.73	\$44.87	\$47.11	\$49.47	\$51.94
33	Administrative Supervisor	740	\$49.12	\$51.58	\$54.16	\$56.87	\$59.71	\$62.70
34	Finance Manager	745	\$73.54	\$77.22	\$81.08	\$85.13	\$89.39	\$93.86
35	Finance Director	750	\$87.68	\$92.06	\$96.66	\$101.49	\$106.56	\$111.89

Human Resources & Communications								
36	Management Assistant	760	\$38.38	\$40.30	\$42.32	\$44.44	\$46.66	\$48.99
37	Management Analyst	770	\$46.06	\$48.36	\$50.78	\$53.32	\$55.99	\$58.79
38	Senior Management Analyst	780	\$55.28	\$58.04	\$60.94	\$63.99	\$67.19	\$70.55
39	Communications & Human Resources Manager	790	\$71.84	\$75.43	\$79.20	\$83.16	\$87.32	\$91.69
Engineering								
40	Engineering Assistant	810	\$46.64	\$48.97	\$51.42	\$53.99	\$56.69	\$59.52
41	Project Manager/Engineer	820	\$55.22	\$57.98	\$60.88	\$63.92	\$67.12	\$70.48
42	Senior Project Manager/Engineer	830	\$65.40	\$68.67	\$72.10	\$75.70	\$79.48	\$83.45
43	Engineering Manager / District Engineer	840	\$88.20	\$92.61	\$97.24	\$102.10	\$107.21	\$112.57
Executive								
44	Assistant General Manager	910	\$99.00	\$103.95	\$109.15	\$114.61	\$120.34	\$126.36
45	General Manager	GM						\$143.39

AGENDA ITEM #4

AGENDA ITEM: 4

MEETING DATE: July 6, 2026

I. NATURE OF ITEM

Discussion and Action on correcting a Sewer Service Charge allocation between Replacement Reserve Fund and the Capital Reserve Fund.

II. BACKGROUND INFORMATION

Prior to 2018, the Capital Reserve Fund was funded by Connection Fees and Annexation Fees only, and the Budget preparation revenue worksheet reflected this policy. The Capital Reserve fund at this time was narrowly defined to be used for projects that increased the capacity of the District's operations. This policy was changed with the adoption of Resolution No 18-626 which expanded the use of the fund to include all types of capital projects. This was done purposely to fund beneficial capital projects like those included in the Biosolids & Energy Strategic Plan that didn't increase plant capacity.

The FY19 Budget Revenue allocation proposed \$2.06 of the monthly sewer service fund the Capital Improvement component, \$8.17 a Depreciation component and \$32.33 the Operations & Maintenance component of the \$42.56 monthly rate. The Capital Improvement component was misinterpreted by staff as being additional funding for the Replacement Reserve fund and revenues throughout FY19 were deposited to that fund instead of the Capital Reserve fund. This misinterpretation perpetuated through FY20 through FY25. The mis-allocation was discovered and sewer service charges for FY26 were allocated correctly. The table below shows the amount in each fiscal year that should have been deposited into the Capital Reserve fund and not the Replacement Reserve.

Fiscal Year	Amount Due to Capital Reserve Fund
FY 18-19	\$ 291,577
FY 19-20	\$ 457,618
FY 20-21	\$ 866,090
FY 21-22	\$ 916,613
FY 22-23	\$ 890,796
FY 23-24	\$ 891,942
FY 24-25	\$ 856,734
TOTAL	\$ 4,879,793

III. COMMENTS AND RECOMMENDATIONS

The above referenced annual sewer service allocation amounts should have been placed in the Capital Reserve fund. As such, staff recommends the Board authorize staff to transfer \$4,879,793 from the Replacement Reserve Fund to the Capital Reserve Fund as originally intended.

IV. REFERENCE MATERIAL

None

AGENDA ITEM #5

AGENDA ITEM: 5

MEETING DATE: July 7, 2026

I. NATURE OF ITEM

Adoption of Resolution No. 26-737 Consolidating General District Election with Statewide General Election

II. BACKGROUND INFORMATION

The District moved from Governing Board elections in odd numbered years to even numbered years, with Resolution No. 09-481 dated 01/19/2009, beginning with the 2010 election cycle. For the past several election cycles Resolution No. 09-481 has been included in the submission to the County Elections office as part of the District Elections Services Packet. The County of Santa Barbara Elections Division has notified the District that according to the California Code ELEC 10403 districts are required to pass a resolution calling and consolidating the election and file copies with the Board of Supervisors and the Elections Division office at least 88 days before each election.

III. COMMENTS AND RECOMMENDATIONS

Legal Staff has prepared a proposed resolution calling and consolidating the election, staff is recommending that the Board adopt the proposed resolution, subject to any revisions which the Board wishes to make.

IV. REFERENCE MATERIAL

E-mail from County of Santa Barbara dated June 22, 2026
Resolution No. 09-481 Regarding the Consolidation of General District Election with Statewide General Election
Resolution No. 26-737

Rob Mangus | Goleta Sanitary District

From: Elections Candidate Filing <candidatefiling@countyofsb.org>
Sent: Monday, June 22, 2026 9:56 AM
To: Rob Mangus | Goleta Sanitary District
Subject: Election Resolution Question

Good morning Rob,

After reviewing the packet we received from the Goleta Sanitary District, our office has found that the election resolution included is not for the upcoming November General Election. According to [California Code, ELEC 10403.](#), districts are required to pass a resolution calling and consolidating the election and file copies with the Board of Supervisors and our office at least 88 days before the election. Does your district have a copy of this resolution for the election in November? If so, please send our office a copy via reply email. If not, please submit a copy to our office no later than August 7th.

Because our office already has your district's paperwork, your district's offices will be on the ballot in November even if we do not receive the election resolution by August 7th. We realize this is a reminder you may not have received from our office in past years, and we will be including this reminder in our initial election paperwork email moving forward. If you have any questions, please feel free to contact our office via reply email or by calling 805-568-2200 ext. 8.

Best regards,

Sydney Duncan

Candidate and Voter Services Lead



County of Santa Barbara
Elections Division

4440-A Calle Real
Santa Barbara, CA 93110

Ph. (805) 568-2200
Website: www.sbcvote.com

PO Box 61510
Santa Barbara, CA 93160-1510

RESOLUTION NO. 09-481

**RESOLUTION OF THE GOVERNING BOARD OF THE GOLETA
SANITARY DISTRICT REGARDING CONSOLIDATION OF GENERAL
DISTRICT ELECTION WITH STATEWIDE GENERAL ELECTION**

WHEREAS, the time of the general district election is currently the first Tuesday after the first Monday of November in each odd-numbered year;

WHEREAS, Election Code §10404 authorizes a special district, such as the Goleta Sanitary District, to consolidate its general district election with the statewide general election which is currently held on the first Tuesday after the first Monday of November in each even-numbered year; and

WHEREAS, the Governing Board of the Goleta Sanitary District desires to consolidate its general district election with the statewide general election pursuant to Elections Code §10404.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of the Goleta Sanitary District as follows:

1. The election of members of the Governing Board of the Goleta Sanitary District shall hereafter be held on the same day as the statewide general election, currently set as the first Tuesday after the first Monday of November in each even-numbered year.
2. In calculating dates with respect to nominations, notices, canvass of votes, certification of election, and all other procedural requirements of the Uniform District Election Law and other applicable provisions of the Elections Code, dates shall be calculated from the date of the statewide general election, currently set as the first Tuesday after the first Monday of November in each even-numbered year, rather than the date of the general district election.
3. Pursuant to Election Code §10404(1), if the Santa Barbara County Board of Supervisors approves this resolution, then those members of the Goleta Sanitary District Governing Board whose terms of office would have, prior to the adoption of this resolution, expired prior to the statewide general election shall, instead, continue in their offices until their successors are elected and qualified, but in no event shall the term be extended more than one year. Those directors whose terms are set to expire in November 2009, shall expire in November 2010. Those directors whose terms are set to expire in November 2011, shall expire in November 2012.
4. The Secretary of the Goleta Sanitary District Governing Board is hereby directed forthwith to submit this resolution to the Santa Barbara County Board of Supervisors.

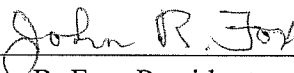
PASSED AND ADOPTED this 19th day of January, 2009, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES: Fox, Carter, Majoewsky, Emerson, Smith

NOES: None

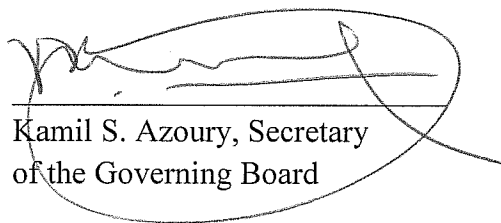
ABSTENTIONS: None

ABSENT: None



John R. Fox, President
of the Governing Board

COUNTERSIGNED



Kamil S. Azoury, Secretary
of the Governing Board

RESOLUTION NO. 26-737

A RESOLUTION OF THE GOLETA SANITARY DISTRICT ORDERING AN ELECTION FOR DIRECTORS FOR VOTING DISTRICTS 2 AND 3, REQUESTING CONSOLIDATION WITH THE NOVEMBER 3, 2026 STATEWIDE GENERAL ELECTION, REQUESTING ELECTION SERVICES FROM THE COUNTY OF SANTA BARBARA, ADOPTING REGULATIONS PERTAINING TO CANDIDATE STATEMENTS, AND DIRECTING ELECTION MATERIALS TO BE FILED WITH THE SANTA BARBARA COUNTY ELECTIONS OFFICIAL

WHEREAS, the Goleta Sanitary District is a public agency located in the County of Santa Barbara, State of California; and

WHEREAS, the Goleta Sanitary District is governed by a five-member Governing Board, with Directors elected by voting district to staggered four-year terms at elections held in November of even-numbered years; and

WHEREAS, the Governing Board approved a final voting district map and election sequence for the transition to by-district elections; and

WHEREAS, under the District's approved election sequence, the offices of Director for Voting District 2 and Voting District 3 are scheduled to be filled at the statewide general election to be held on November 3, 2026; and

WHEREAS, the Governing Board desires to order the election for those offices and to request that the election be consolidated with the November 3, 2026 statewide general election; and

WHEREAS, the Governing Board desires to request that the County of Santa Barbara Elections Official conduct the election and provide all election services necessary or appropriate for the conduct of the election; and

WHEREAS, Elections Code section 10418 authorizes the consolidation of certain elections with a statewide election, and the District desires that the election be consolidated with the statewide general election to be held on November 3, 2026; and

WHEREAS, Elections Code section 12112 requires publication of a notice of election for general district elections; and

WHEREAS, the Governing Board desires to authorize and ratify the submission of all necessary election materials to the Santa Barbara County Elections Official.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Goleta Sanitary District as follows:

Section 1. Election Ordered. The Governing Board hereby orders that an election be held on Tuesday, November 3, 2026, within the Goleta Sanitary District and within the applicable voting districts, for the purpose of electing Directors to the following offices:

Office	Term
Director, Voting District 2	Full four-year term
Director, Voting District 3	Full four-year term

Only eligible voters residing in the applicable voting district shall vote for the Director representing that voting district, and candidates for each office shall meet all qualifications required by law.

Section 2. Request for Consolidation. The Governing Board hereby requests that the Santa Barbara County Board of Supervisors consolidate the District’s election with the statewide general election to be held on November 3, 2026, and that the consolidated election be conducted in the manner provided by law.

Section 3. Request for County Election Services. The Governing Board hereby requests that the Santa Barbara County Elections Official conduct the election and provide all services necessary or appropriate for the conduct of the election, including, without limitation, issuing and receiving nomination documents, preparing and distributing ballots and voter information materials, providing voting and ballot-counting services, canvassing the results, and performing all other duties required by law for the election.

Section 4. Notice of Election. The Governing Board requests that the Santa Barbara County Elections Official publish the notice of election required by Elections Code section 12112 and any other notices required by law. The notice shall include the date of the election, the offices to be filled, candidate qualification information, and the deadline and location for filing declarations of candidacy and related nomination documents, as determined by the County Elections Official.

Section 5. Insufficient Nominees. If, after the close of the nomination period, the number of persons who have been nominated for an office does not exceed the number of offices to be filled, and if no petition requiring an election has been filed as provided by law, the Governing Board authorizes the election to proceed, or not proceed, in the manner authorized by Elections Code section 10515 and other applicable law, as determined by the Santa Barbara County Elections Official.

Section 9. Further Actions Authorized. The General Manager, Board Secretary, District Counsel, and other appropriate District officers and staff are authorized and directed to take all actions necessary or appropriate to carry out the intent of this Resolution, including making non-substantive or clerical corrections requested by the County Elections Official that do not alter the policy decisions made by the Governing Board in this Resolution.

Section 10. Delivery of Resolution. The Board Secretary is directed to file a certified copy of this Resolution with the Santa Barbara County Elections Official and the Santa Barbara

County Board of Supervisors, and to maintain a copy in the official records of the Goleta Sanitary District.

Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED by the Governing Board of the Goleta Sanitary District at a regular meeting held on **July 6, 2026**, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky
President, Governing Board
Goleta Sanitary District

ATTEST:

Board Secretary
Goleta Sanitary District

APPROVED AS TO FORM:

District Counsel

AGENDA ITEM #6
(Closed Session)

GENERAL MANAGER'S REPORT

GOLETA SANITARY DISTRICT GENERAL MANAGER'S REPORT

The following summary report describes the District's activities from June 16, 2026, through July 6, 2026. It provides updated information on significant activities under three major categories: Collection System, Treatment/Reclamation and Disposal Facilities, and General and Administration Items.

1. COLLECTION SYSTEM REPORT

LINES CLEANING

Staff has been conducting routine lines cleaning in the area of Foothill and North La Cumbre Roads. Staff has been conducting priority lines cleaning throughout the District.

CCTV INSPECTION

Staff has been conducting routine CCTV inspections in the area of Berkeley and Wakefield Roads. Staff has also been conducting priority CCTV inspections throughout the District.

MANHOLE COATING REMOVAL

Staff has been removing defective coating from manholes that had previously been identified during routine inspections.

ARTIFICIAL INTELLIGENCE (AI)-ASSISTED MANHOLE INSPECTION PROJECT

Ayala Engineering began the CCCTV inspections of District manholes as part of an AI-assisted manhole inspection project. The District has a Professional Services Agreement with Ayala Engineering to perform CCTV inspections of 150 manholes. The inspections will be coded by Sewer AI to the standards of the National Association of Sewer Service Companies (NASSCO) Manhole Assessment and Certification Program (MACP). Ayala Engineering completed the CCTV inspections of 72 manholes over the course of two days with staff assisting with locating and accessing the manholes. Ayala Engineering is awaiting the approval of the City of Goleta's encroachment permit to complete the remaining inspections.

2. TREATMENT, RECLAMATION AND DISPOSAL FACILITIES REPORT

The Plant flow for the month of June, 2026 averaged 4.75 MGD (million gallons per day). The Reclamation Plant is online, producing 1.39 MGD of reclaimed water. Step Screen #2 has been rebuilt and returned to service. Primary clarifiers #1, 2, and 3 have had their yearly cleaning completed.

Construction on the BESP Phase 1 project continues with civil and site work. Programming work is continuing on Digester #4. The landscape fabric and landscape rock installation work around Digester #4 continues.

The Reclamation Plant ran 27 days out of 30 for the month of June. The average daily flow was 1.39 MGD.

3. **GENERAL AND ADMINISTRATIVE ITEMS**

Financial Report

The District account balances as of July 6, 2026, shown below, are approximations to the nearest dollar and indicate the overall funds available to the District at this time.

Operating Checking Accounts:	\$ 527,679
Investment Accounts (including interest earned):	<u>\$ 46,629,813</u>
Total District Funds:	\$ 47,157,492

The following transactions are reported herein for the period 06/16/2026 – 07/06/2026

Regular, Overtime, Cash-outs, and Net Payroll:	\$ 366,466
Claims:	\$ 1,619,121
Total Expenditures:	\$ 1,985,587
Total Deposits:	\$ 950,910

Transfers of funds:

LAIF to Community West Bank Operational (CWB):	\$ - 0 -
CWB Operational to CWB Money Market:	\$ - 0 -
CWB Money Market to CWB Operational:	\$ 1,000,000
CWB Operational to CA-Class Investment Account	\$ - 0 -
CA-Class Investment Account to CWB Operational	\$ - 0 -

The District's investments comply with the District's Investment Policy adopted per Resolution No. 16-606. The District has adequate funds to meet the next six months of normal operating expenses.

Local Agency Investment Fund (LAIF)

LAIF Monthly Statement – June, 2026
LAIF Quarterly Report – Previously reported
PMIA/LAIF Performance – Previously reported
PMIA Effective Yield – Previously reported

Community West Bank (CWB)

CWB Money Market and ICS Accounts – June, 2026

CA-Class Investment Account

CA-Class Investment Account – June, 2026

Deferred Compensation Accounts

CalPERS 457 Deferred Compensation Plan – Previously reported
Lincoln 457 Deferred Compensation Plan – June, 2026

Personnel

A verbal personnel update will be provided at the meeting.

CSDA General Management Leadership Summit

A verbal personnel update will be provided at the meeting.

Future Agenda Items

- Public Hearing for Placing Sewer Service Charges on the FY27 Property Tax Roll
- CIP Quarterly Report
- Annual Action Plan Status Report
- Consideration of Effluent CCC Slide Gate Repair Project
- Review of updates to Lincoln 457 Deferred Compensation Program and Website
- Summary of recommended changes to the Admin Code and Human Resources Policy Manual
- Review of Audio/Visual upgrades to Boardroom

Upcoming Calendar of Events:

- CASA Annual Conference August 4-7, 2026 Napa
- CSDA Annual Conference August 24-27, 2026 Palm Desert
- Lemon Festival Outreach Event- September 26-27, 2026



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

July 01, 2026

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

GOLETA SANITARY DISTRICT

GENERAL MANAGER
ONE WILLIAM MOFFETT PLACE
GOLETA, CA 93117

[Tran Type Definitions](#)

June 2026 Statement

Account Summary

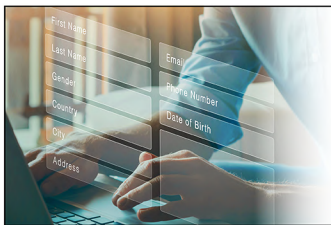
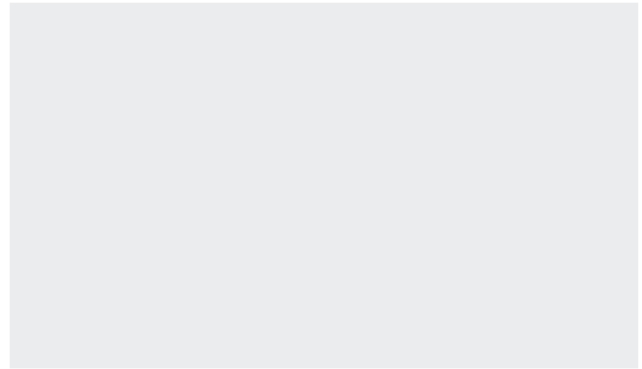
Total Deposit: -

Total Withdrawal:

0.00	Beginning Balance:	4,325.15
0.00	Ending Balance:	4,325.15

7100 N. Financial Dr. STE 101
Fresno, CA 93720

GOLETA SANITARY DISTRICT
1 WILLIAM MOFFETT PL
GOLETA CA 93117-3901



Do we have your current contact information?

Help us to protect you from fraud by making sure we have your **correct address, phone number and email**. Login to online banking, call (800) 298-1775 or stop by a banking center to verify.

Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC MONEY MARKET	XXXXXXXXXXXX554	\$250,000.00

PUBLIC MONEY MARKET - XXXXXXXXXXXXX554

Account Summary

Date	Description	Amount
05/30/2026	Beginning Balance	\$250,000.00
	3 Credit(s) This Period	\$1,750,789.04
	3 Debit(s) This Period	\$1,750,789.04
06/30/2026	Ending Balance	\$250,000.00

Interest Summary

Description	Amount
Interest Earned From 05/30/2026 Through 06/30/2026	
Annual Percentage Yield Earned	3.66%
Interest Days	32
Interest Earned	\$789.04
Interest Paid This Period	\$789.04
Interest Paid Year-to-Date	\$4,463.02
Minimum Balance	\$250,000.00
Average Ledger Balance	\$250,000.00

Other Credits

Date	Description	Amount
06/10/2026	ICS WITHDRAWAL	\$750,000.00
06/25/2026	ICS WITHDRAWAL	\$1,000,000.00
06/30/2026	INTEREST	\$789.04
		3 item(s) totaling \$1,750,789.04

Electronic Debits

Date	Description	Amount
06/10/2026	Internet Transfer to xxx5538	\$750,000.00
06/25/2026	Internet Transfer to xxx5538	\$1,000,000.00
		2 item(s) totaling \$1,750,000.00



PUBLIC MONEY MARKET - XXXXXXXXXXXXXXX554 (continued)

Other Debits

Date	Description	Amount
06/30/2026	TRANSFER TO ICS SHADOW DDA ACCOUNT XXXXXXXXXXXXXXX8650	\$789.04
		1 item(s) totaling \$789.04

Overdraft and Returned Item Fees

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

Community West Bank
7100 N Financial Dr Ste 101
Fresno, CA 93720



RETURN SERVICE REQUESTED



144825-01A
Goleta Sanitary District
One William Moffett Place
Goleta, CA 93117

Contact Us
559-298-1775
www.communitywestbank.com



Account
Goleta Sanitary District

Date
06/30/2026

Page
1 of 6

IntraFi Cash ServiceSM, or ICS[®], Monthly Statement

The following information is a summary of activity in your account(s) for the month of June 2026 and the list of FDIC-insured institution(s) that hold your deposits as of the date indicated. These deposits have been placed by us, as your agent and custodian, in deposit accounts through IntraFi Cash Service. Funds in your deposit accounts at the FDIC-insured institutions at which your funds have been placed will be "deposits," as defined by federal law. Certain conditions must be satisfied for "pass-through" FDIC deposit insurance coverage to apply. To meet the conditions for pass-through FDIC deposit insurance, deposit accounts at FDIC-insured banks in IntraFi's network that hold deposits placed using an IntraFi service are titled, and deposit account records are maintained, in accordance with FDIC regulations for pass-through coverage.

Summary of Accounts

Account ID	Deposit Option	Interest Rate	Opening Balance	Ending Balance
*****554	Demand	3.60%	\$42,023,720.52	\$40,396,984.75
TOTAL			\$42,023,720.52	\$40,396,984.75

IntraFi and ICS are registered service marks, and IntraFi Cash Service is a service mark, of IntraFi Network LLC.

DETAILED ACCOUNT OVERVIEW

Account ID: *****554
Account Title: Goleta Sanitary District

Account Summary - Demand			
Statement Period	6/1-6/30/2026	Average Daily Balance	\$41,361,956.34
Previous Period Ending Balance	\$42,023,720.52	Interest Rate at End of Statement Period	3.60%
Total Program Deposits	715.07	Annual Percentage Yield Earned	3.67%
Total Program Withdrawals	(1,750,000.00)	YTD Interest Paid	725,253.05
Interest Capitalized	122,549.16		
Current Period Ending Balance	\$40,396,984.75		

Account Transaction Detail

Date	Activity Type	Amount	Balance
06/01/2026	Deposit	\$715.07	\$42,024,435.59
06/11/2026	Withdrawal	(750,000.00)	41,274,435.59
06/24/2026	Interest Capitalization	512.20	41,274,947.79
06/26/2026	Withdrawal	(1,000,000.00)	40,274,947.79
06/30/2026	Interest Capitalization	122,036.96	40,396,984.75

Summary of Balances as of June 30, 2026

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
Alerus Financial, N.A.	Grand Forks, ND	3931	\$247,731.89
Amalgamated Bank	New York, NY	622	247,731.89
Amerant Bank, N.A.	Coral Gables, FL	22953	247,731.89
Ameris Bank	Atlanta, GA	20504	247,731.89
Apple Bank	New York, NY	16068	247,731.88
Associated Bank, N.A.	Green Bay, WI	5296	247,731.89
Atlantic Union Bank	Glen Allen, VA	34589	247,731.89
Avidbank	San Jose, CA	57510	247,731.89
Axos Bank	San Diego, CA	35546	244.20
BOKF, National Association	Tulsa, OK	4214	247,731.89
Banc of California	Los Angeles, CA	24045	247,731.89
Banesco USA	Miami, FL	57815	247,731.89
Bangor Savings Bank	Bangor, ME	18408	102.23
Bank 7	Oklahoma City, OK	4147	247,731.89
Bank OZK	Little Rock, AR	110	247,731.89
Bank of Baroda	New York, NY	33681	247,731.89
Bank of Central Florida	Lakeland, FL	58479	247,731.89
Bank of China	New York, NY	33653	247,731.89
Bank of New Hampshire	Laconia, NH	18012	247,731.89
BankUnited	Miami Lakes, FL	58979	610.06
Bankers Trust Company	Des Moines, IA	953	247,731.89
Banner Bank	Walla Walla, WA	28489	247,731.89

DETAILED ACCOUNT OVERVIEW

Account ID: *****554
Account Title: Goleta Sanitary District



Summary of Balances as of June 30, 2026

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
Banterra Bank	Marion, IL	17514	247,731.89
Bar Harbor Bank & Trust	Bar Harbor, ME	11971	247,731.89
Barclays Bank Delaware	Wilmington, DE	57203	247,731.89
Bell Bank	Fargo, ND	19581	247,731.89
Benchmark Community Bank	Kenbridge, VA	20484	247,731.89
Bridgewater Bank	Saint Louis Park, MN	58210	247,731.89
Busey Bank	Champaign, IL	16450	247,731.89
CIBC Bank USA	Chicago, IL	33306	247,731.89
California Bank of Commerce, N.A.	San Diego, CA	57044	247,731.89
Cape Cod 5	Hyannis, MA	23287	247,731.89
Cathay Bank	Los Angeles, CA	18503	247,731.88
Cedar Rapids Bank and Trust Company	Cedar Rapids, IA	57244	247,731.89
Centennial Bank	Conway, AR	11241	247,731.89
Choice Financial Group	Grafton, ND	9423	247,731.89
Citizens Bank, National Association	Providence, RI	57957	247,731.89
Citizens Business Bank, N.A.	Ontario, CA	21716	48.75
City National Bank	Beverly Hills, CA	17281	247,731.89
City National Bank of Florida	Miami, FL	20234	247,731.89
Coastal Community Bank	Everett, WA	34403	244.20
Columbia Bank	Roseburg, OR	17266	247,731.89
Commerce Bank	Kansas City, MO	24998	247,731.89
Commercial Bank of California	Irvine, CA	57417	247,731.89
ConnectOne Bank	Englewood Cliffs, NJ	57919	247,731.89
Cross River Bank	Teaneck, NJ	58410	14,590.80
Customers Bank	Malvern, PA	34444	247,731.89
Dacotah Bank	Aberdeen, SD	17437	247,731.89
Dime Commercial Bank	Hauppauge, NY	6976	247,731.89
EagleBank	Silver Spring, MD	34742	247,731.89
East West Bank	Pasadena, CA	31628	247,731.89
Eastern Bank	Boston, MA	32773	247,731.89
Encore Bank	Little Rock, AR	34562	247,731.89
Enterprise Bank & Trust	Clayton, MO	27237	247,731.89
Equity Bank	Andover, KS	25858	247,731.89
Farmers Bank & Trust Company	Magnolia, AR	1291	247,731.89
Farmers National Bank of Canfield	Canfield, OH	6540	247,731.89
Fifth Third Bank	Cincinnati, OH	6672	247,731.89
First Bank	Creve Coeur, MO	12229	247,731.89
First Bank Chicago	Highland Park, IL	17470	247,731.89
First Carolina Bank	Rocky Mount, NC	35530	247,731.89

DETAILED ACCOUNT OVERVIEW

Account ID: *****554
Account Title: Goleta Sanitary District

Summary of Balances as of June 30, 2026

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
First Commonwealth Bank	Indiana, PA	7468	247,731.89
First Financial Bank	Abilene, TX	3066	247,731.89
First Horizon Bank	MEMPHIS, TN	4977	247,731.89
First International Bank & Trust	Watford City, ND	10248	247,731.89
First Interstate Bank	Billings, MT	1105	247,731.89
First Merchants Bank	Muncie, IN	4365	247,731.89
First Mid Bank & Trust N.A.	Mattoon, IL	3705	247,731.89
First National Bank of Michigan	Kalamazoo, MI	58259	247,731.89
First National Bank of Omaha	Omaha, NE	5452	247,731.89
First National Bank of Pennsylvania	Greenville, PA	7888	247,731.89
First State Community Bank	Farmington, MO	17323	247,731.89
First United Bank and Trust Company	Durant, OK	4239	247,731.88
First-Citizens Bank & Trust Company	Raleigh, NC	11063	247,731.89
FirstBank	Nashville, TN	8663	247,731.89
Five Star Bank	Warsaw, NY	659	247,731.89
Flagstar Bank, N.A.	Hicksville, NY	32541	247,731.89
Fulton Bank, N.A.	Lancaster, PA	7551	247,731.89
Glacier Bank	Kalispell, MT	30788	247,731.89
Great Southern Bank	Reeds Spring, MO	29546	247,731.89
Guaranty Bank	Springfield, MO	58892	247,731.89
Gulf Coast Bank and Trust Company	New Orleans, LA	32974	247,731.89
Hanover Community Bank	Mineola, NY	58675	247,731.89
Heritage Bank	Olympia, WA	29012	247,731.89
Home Bank, N.A.	Lafayette, LA	28094	247,731.89
INB	Springfield, IL	3664	247,731.89
INTRUST Bank NA	Wichita, KS	4799	247,731.89
Independent Bank	Ionia, MI	27811	247,731.89
InterBank	Oklahoma City, OK	27210	247,731.89
Inwood National Bank	Dallas, TX	19080	247,731.89
Israel Discount Bank of New York	New York City, NY	19977	247,731.89
Kearny Bank	Fairfield, NJ	28765	247,731.89
KeyBank National Association	Cleveland, OH	17534	247,731.89
Liberty National Bank	Lawton, OK	11522	247,731.89
Live Oak Banking Company	Wilmington, NC	58665	247,731.87
MVB Bank, Inc	Fairmont, WV	34603	247,731.89
Machias Savings Bank	Machias, ME	19531	247,731.89
Mechanics Bank	Walnut Creek, CA	1768	247,731.89
Mercantile Bank	Grand Rapids, MI	34598	247,731.89
Merchants Bank of Indiana	Carmel, IN	8056	247,731.89

DETAILED ACCOUNT OVERVIEW

Account ID: *****554
Account Title: Goleta Sanitary District



Summary of Balances as of June 30, 2026

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
MidFirst Bank	Oklahoma City, OK	4063	247,731.89
Midland States Bank	Effingham, IL	1040	247,731.89
Midwest BankCentre	St. Louis, MO	1058	247,421.85
Morton Community Bank	Morton, IL	18429	247,731.89
NBH Bank	Greenwood Village, CO	59052	247,731.89
NBT Bank, National Association	Norwich, NY	7230	247,731.89
Northeast Bank	Lewiston, ME	19690	247,731.89
Northpointe Bank	Grand Rapids, MI	34953	247,731.89
Northwest Bank	Warren, PA	28178	247,731.89
OceanFirst Bank	Red Bank, NJ	28359	247,731.89
Old National Bank	Evansville, IN	3832	247,731.87
Origin Bank	Ruston, LA	12614	247,731.89
Outdoor Bank	Manhattan, KS	17685	247,731.89
Park National Bank	Newark, OH	6653	247,731.89
Peoples National Bank, N.A.	Mt. Vernon, IL	3809	247,731.89
Pinnacle Bank	Omaha, NE	10634	247,731.89
Pinnacle Bank	Nashville, TN	35583	247,731.89
Pinnacle Bank	Keene, TX	20231	247,731.89
PlainsCapital Bank	Lubbock, TX	17491	247,731.89
Planters Bank, Inc.	Hopkinsville, KY	34254	247,731.89
Popular Bank	New York, NY	34967	247,731.89
Preferred Bank	Los Angeles, CA	33539	247,731.89
Primis Bank	Mclean, VA	57968	247,731.89
Prosperity Bank	El Campo, TX	16835	247,731.89
Provident Bank	Jersey City, NJ	12010	247,731.89
Quad City Bank and Trust Company	Bettendorf, IA	33867	247,731.89
RCB Bank	Claremore, OK	15399	247,731.89
Raymond James Bank	St. Petersburg, FL	33893	247,731.89
Renasant Bank	Tupelo, MS	12437	247,731.05
River City Bank	Sacramento, CA	18983	247,731.89
Rockland Trust Company	Rockland, MA	9712	247,731.89
SMBC MANUBANK	Los Angeles, CA	18618	610.06
Seacoast National Bank	Stuart, FL	131	247,731.89
Security First Bank	Rapid City, SD	5415	247,731.89
Shore United Bank, N.A.	Easton, MD	4832	247,731.89
Simmons Bank	Pine Bluff, AR	3890	247,731.89
South State Bank, N.A.	Winter Haven, FL	33555	247,731.89
SouthEast Bank	Farragut, TN	57348	247,731.89
Southern Bank	Poplar Bluff, MO	28332	247,731.89

DETAILED ACCOUNT OVERVIEW

Account ID: *****554

Account Title: Goleta Sanitary District

Summary of Balances as of June 30, 2026

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
State Bank of India	New York City, NY	33682	247,731.88
Stifel Bank	St. Louis, MO	57358	247,731.89
Stock Yards Bank & Trust Company	Louisville, KY	258	247,731.89
Sunflower Bank NA	Salina, KS	4767	247,731.89
Texas Capital Bank	Dallas, TX	34383	247,731.89
The Camden National Bank	Camden, ME	4255	247,731.89
The Farmers & Merchants State Bank	Archbold, OH	5969	247,731.89
The Huntington National Bank	Columbus, OH	6560	247,731.89
Tompkins Community Bank	Ithaca, NY	609	247,668.82
TowneBank	Portsmouth, VA	35095	247,731.89
Tradition Capital Bank	Edina, MN	58057	247,731.89
Traditional Bank, Inc.	Mount Sterling, KY	2711	247,731.89
Tri Counties Bank	Chico, CA	21943	247,731.89
TriState Capital Bank	Pittsburgh, PA	58457	247,731.89
Truist Bank	Charlotte, NC	9846	247,731.89
Trustmark Bank	Jackson, MS	4988	247,731.89
UMB Bank, National Association	Kansas City, MO	8273	247,731.89
UniBank for Savings	Whitinsville, MA	90290	247,731.89
Union Bank & Trust	Lincoln, NE	13421	247,731.89
United Bank	Fairfax, VA	22858	247,731.89
United Community Bank	Greenville, SC	16889	247,731.89
Univest Bank and Trust Co.	Souderton, PA	7759	247,731.89
Valley National Bank	Morristown, NJ	9396	247,731.89
WaFd Bank	Seattle, WA	28088	247,731.89
Waterford Bank, N.A.	Toledo, OH	58433	247,731.89
Webster Bank, National Association	Waterbury, CT	18221	247,731.89
WesBanco Bank, Inc.	Wheeling, WV	803	247,731.89
West Bank	West Des Moines, IA	15614	610.41
Western Alliance Bank	Phoenix, AZ	57512	247,731.89
Wilmington Savings Fund Society, FSB	Wilmington, DE	17838	247,731.89
Woodforest Natl Bank	The Woodlands, TX	23220	247,731.89
Zions Bancorporation, N. A.	Salt Lake City, UT	2270	247,731.89

Quoted performance data represents past performance. Past performance does not guarantee nor predict future performance. Current performance may be lower or higher than the performance data quoted. Please keep in mind that double-digit returns are highly unusual and cannot be sustained.

Variable products are sold by prospectus. Consider the investment objectives, risks, charges, and expenses of the variable product and its underlying investment options carefully before investing. The prospectus contains this and other information about the variable product and its underlying investment options. Please review the prospectus available online for additional information. Read it carefully before investing.

Investment return and principal value of an investment will fluctuate so that an investor's unit values, when redeemed, may be worth more or less than their original cost.

Monthly hypothetical performance adjusted for contract fees *

Investment Options	Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	Average Annual Total Return (%) as of 6/30/2026					Since Incep.
							1 Yr	3 Yr	5 Yr	10 Yr		
Maximum Capital Appreciation												
DWS Alternative Asset Allocation VIP Portfolio - Class B ^{1, 2, 3, 4, 5}	MCA	02/02/2009	-0.29	7.95	7.95	-2.23	1.90	12.24	8.05	3.74	3.70	4.26
LVIP Baron Growth Opportunities Fund - Service Class ^{8, 9}	MCA	10/01/1998	-0.31	-11.41	-11.41	-0.27	1.61	-17.88	-5.28	-5.25	6.20	8.55
LVIP Franklin Templeton Multi-Factor Emerging Markets Equity Fund - Service Class ^{1, 7, 9}	MCA	06/18/2008	1.29	26.48	26.48	-0.39	22.24	44.89	23.37	10.29	8.50	4.80
LVIP Nomura SMID Cap Core Fund - Service Class ^{8, 9, 12}	MCA	07/12/1991	0.84	21.12	21.12	6.12	20.04	31.57	16.28	8.68	10.23	9.16
LVIP State Street Small-Cap Index Fund - Service Class ^{8, 9, 22}	MCA	04/18/1986	0.50	21.67	21.67	3.63	21.09	38.64	16.76	5.29	9.81	6.94

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	Average Annual Total Return (%) as of 6/30/2026				
								1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
LVIP T. Rowe Price Structured Mid-Cap Growth Fund - Service Class ^{8,9}	MCA	02/03/1994	1.40	8.08	8.08	3.65	15.04	7.74	14.86	5.94	12.25	7.21
Long Term Growth												
American Funds [®] IS Global Growth Fund - Class 2 ¹	LTG	04/30/1997	0.73	21.55	21.55	2.03	25.88	32.31	20.36	9.11	13.70	9.76
American Funds [®] IS Growth Fund - Class 2	LTG	02/08/1984	0.78	6.24	6.24	-1.31	16.64	15.42	22.06	11.00	17.45	12.39
American Funds [®] IS International Fund - Class 2 ¹	LTG	05/01/1990	0.65	14.33	14.33	-0.23	15.97	28.72	14.55	4.31	7.54	6.68
Fidelity [®] VIP Contrafund [®] Portfolio - Service Class 2	LTG	01/03/1995	1.15	10.14	10.14	1.05	16.71	20.23	24.15	13.32	15.43	11.22
Fidelity [®] VIP Growth Portfolio - Service Class 2	LTG	10/09/1986	1.87	12.67	12.67	-0.82	19.45	21.29	21.85	12.24	17.81	10.50
LVIP BlackRock Real Estate Fund - Service Class ^{1, 8, 9, 14, 15}	LTG	04/30/2007	-1.34	9.81	9.81	0.67	8.70	11.48	8.99	0.13	2.73	1.21
LVIP Dimensional U.S. Core Equity 1 Fund - Service Class ⁹	LTG	12/28/1981	0.63	11.74	11.74	0.38	14.02	22.68	17.86	10.73	13.09	9.86
LVIP Mondrian International Value Fund - Service Class ^{1, 9}	LTG	05/01/1991	-0.36	7.14	7.14	-0.78	5.19	18.19	16.46	9.01	7.23	5.76
LVIP Nomura Mid Cap Value Fund - Service Class ^{8, 9, 12}	LTG	12/28/1981	0.17	20.90	20.90	3.49	12.07	32.54	17.96	10.57	10.71	10.23
LVIP State Street International Index Fund - Service Class ^{1, 9, 22, 23}	LTG	04/30/2008	0.26	9.25	9.25	0.23	8.54	18.35	14.73	7.53	8.04	3.33
LVIP State Street S&P 500 Index Fund - Service Class ^{9, 22, 24}	LTG	05/01/2000	0.80	9.40	9.40	-1.07	14.78	20.53	18.84	11.73	13.80	6.82
LVIP Vanguard Domestic Equity ETF Fund - Service Class ^{3, 4}	LTG	04/29/2011	0.72	10.54	10.54	-0.29	15.20	21.33	18.12	10.60	13.12	11.45

Monthly hypothetical performance adjusted for contract fees *

		Average Annual Total Return (%) as of 6/30/2026										
Investment Options		Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
LVIP Vanguard International Equity ETF Fund - Service Class ^{1, 3, 4}	LTG	04/29/2011	0.62	13.49	13.49	-0.09	11.42	25.70	16.60	6.83	8.25	4.99
MFS [®] VIT Utilities Series - Service Class ¹⁴	LTG	01/03/1995	-1.33	8.29	8.29	2.21	-0.45	15.75	10.02	7.50	7.53	9.38
Nomura VIP Small Cap Value Series - Service Class ^{8, 12}	LTG	12/27/1993	0.07	20.80	20.80	5.78	14.72	30.05	14.80	7.39	9.03	9.09
Growth and Income												
American Funds [®] IS Growth-Income Fund - Class 2	GI	02/08/1984	0.53	10.23	10.23	0.09	15.34	19.90	20.14	12.10	13.59	10.54
Fidelity [®] VIP Freedom 2020 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/26/2005	0.23	6.29	6.29	0.77	6.98	10.93	9.58	3.61	6.55	5.50
Fidelity [®] VIP Freedom 2025 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/26/2005	0.28	7.31	7.31	0.90	8.12	12.50	10.71	4.31	7.32	6.11
Fidelity [®] VIP Freedom 2030 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/26/2005	0.38	8.14	8.14	1.03	9.08	13.83	11.71	4.97	8.33	6.49
Fidelity [®] VIP Freedom 2035 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/08/2009	0.52	9.19	9.19	1.19	10.21	15.45	13.21	6.02	9.61	10.41
Fidelity [®] VIP Freedom 2040 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/08/2009	0.72	11.12	11.12	1.43	12.36	18.38	15.43	7.53	10.68	11.11
Fidelity [®] VIP Freedom 2045 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/08/2009	0.88	12.35	12.35	1.54	13.77	20.20	16.51	8.19	11.02	11.37
Fidelity [®] VIP Freedom 2050 Portfolio SM - Service Class 2 ^{3, 6}	GI	04/08/2009	0.91	12.55	12.55	1.57	13.96	20.42	16.58	8.23	11.03	11.46
LVIP BlackRock Equity Dividend Fund - Service Class ^{9, 12}	GI	07/28/1988	-0.19	11.69	11.69	3.00	13.52	22.36	11.09	6.91	7.35	7.61
LVIP JPMorgan Retirement Income Fund - Service Class ^{2, 9, 12}	GI	04/27/1983	0.05	4.64	4.64	0.08	5.65	9.79	8.77	3.40	4.43	6.14

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	Average Annual Total Return (%) as of 6/30/2026				
								1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
LVIP Nomura U.S. REIT Fund - Service Class ^{8, 9, 12, 14, 15}	GI	05/04/1998	-1.68	16.72	16.72	3.27	12.57	18.28	9.65	3.57	3.33	6.77
Income												
LVIP BlackRock Inflation Protected Bond Fund - Service Class ^{1, 9, 13}	I	04/30/2010	-0.14	1.27	1.27	-0.48	0.58	2.27	3.09	1.36	1.61	1.43
LVIP Fidelity Institutional AM [®] Total Bond Fund - Service Class ^{9, 12, 13}	I	05/16/2003	-0.38	0.33	0.33	0.19	0.63	2.87	3.19	-1.23	0.83	2.95
LVIP Franklin Templeton Core Bond Fund - Service Class ^{9, 12, 13}	I	12/28/1981	-0.40	0.20	0.20	0.15	0.48	2.62	3.06	-1.32	0.48	5.50
LVIP Mondrian Global Income Fund - Service Class ^{1, 9, 10, 13}	I	05/04/2009	-0.29	-0.93	-0.93	-0.96	0.29	-2.11	0.37	-4.02	-1.22	0.36
LVIP Nomura Diversified Floating Rate Fund - Service Class ^{9, 12, 13, 18, 19}	I	04/30/2010	0.01	1.34	1.34	0.09	0.90	3.24	4.02	2.40	1.62	0.93
LVIP Nomura High Yield Fund - Service Class ^{9, 12, 13, 20}	I	07/28/1988	0.04	0.65	0.65	0.10	1.95	3.92	6.95	2.32	4.03	4.98
LVIP State Street Bond Index Fund - Service Class ^{9, 13, 22}	I	04/30/2008	-0.42	-0.06	-0.06	0.10	0.25	2.12	2.52	-1.51	-0.05	1.22
PIMCO VIT Total Return Portfolio - Administrative Class ^{7, 13}	I	12/31/1997	-0.42	0.46	0.46	0.27	0.96	4.14	4.35	-0.55	1.02	3.39
Preservation of Capital												
LVIP Government Money Market Fund - Service Class	PC	01/07/1982	0.01	1.03	1.03	0.17	0.51	2.34	3.08	2.07	0.84	2.49
7-Day Current (Net/Gross) Yield as of 5/29/2026: 3.04%/3.67% ^{9, 17}												
Risk Managed - Asset Allocation												

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	Average Annual Total Return (%) as of 6/30/2026				
								1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
LVIP Global Conservative Allocation Managed Risk Fund - Service Class ^{1, 2, 3, 9, 16}	RMAA	05/03/2005	0.00	4.05	4.05	0.25	5.54	9.03	7.48	2.00	3.79	4.13
LVIP Global Growth Allocation Managed Risk Fund - Service Class ^{1, 2, 3, 9, 16}	RMAA	05/03/2005	0.27	7.38	7.38	0.20	9.29	14.76	11.50	4.06	5.61	4.46
LVIP Global Moderate Allocation Managed Risk Fund - Service Class ^{1, 2, 3, 9, 16}	RMAA	05/03/2005	0.19	6.14	6.14	0.16	8.06	12.70	9.87	3.25	4.93	4.38
LVIP State Street Global Tactical Allocation Managed Volatility Fund - Service Class ^{1, 2, 3, 9, 11}	RMAA	05/03/2005	0.27	7.02	7.02	-0.12	8.22	15.05	11.18	4.90	5.88	4.07
Asset Allocation												
Fidelity® VIP Freedom 2055 Portfolio SM - Service Class 2 ^{3, 7}	AsA	04/11/2019	0.92	12.72	12.72	1.59	14.19	20.61	16.65	8.28	N/A	11.32
Fidelity® VIP Freedom 2060 Portfolio SM - Service Class 2 ^{3, 7}	AsA	04/11/2019	0.94	12.77	12.77	1.56	14.20	20.67	16.66	8.28	N/A	11.33
LVIP BlackRock Global Allocation Fund - Service Class ^{1, 2, 9}	AsA	04/26/2019	0.40	6.66	6.66	-0.11	9.98	13.80	12.34	4.94	N/A	7.69
LVIP T. Rowe Price 2020 Fund - Service Class ^{3, 6, 9}	AsA	05/01/2007	0.21	5.72	5.72	-0.12	6.50	11.86	9.88	4.01	6.02	4.12
LVIP T. Rowe Price 2030 Fund - Service Class ^{3, 6, 9}	AsA	05/01/2007	0.31	6.99	6.99	-0.13	8.06	14.41	11.71	5.15	7.20	4.63
LVIP T. Rowe Price 2040 Fund - Service Class ^{3, 6, 9}	AsA	05/01/2007	0.53	9.54	9.54	-0.12	10.91	19.06	14.76	7.22	8.84	5.14
LVIP T. Rowe Price 2050 Fund - Service Class ^{3, 6, 9}	AsA	04/29/2011	0.65	10.71	10.71	-0.16	12.27	21.26	16.15	8.14	9.81	6.73

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day 06/30/2026	YTD as of 06/30/2026	YTD as of 06/30/2026	1 Mo as of 06/30/2026	3 Mo as of 06/30/2026	Average Annual Total Return (%) as of 6/30/2026				
								1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
LVIP T. Rowe Price 2060 Fund - Service Class ^{3, 6, 9}	AsA	04/30/2020	0.67	10.86	10.86	-0.18	12.43	21.46	16.23	8.24	N/A	13.81
Risk Managed - US Large Cap												
LVIP BlackRock Dividend Value Managed Volatility Fund - Service Class ^{9, 10, 11}	RMUSL	02/03/1994	-0.28	13.08	13.08	1.80	11.10	22.43	13.06	8.27	8.59	6.89
LVIP Blended Large Cap Growth Managed Volatility Fund - Service Class ^{9, 10, 11}	RMUSL	02/03/1994	1.29	1.51	1.51	-3.23	13.26	9.60	13.95	7.92	11.49	7.24
Risk Managed - US Mid Cap												
LVIP Blended Mid Cap Managed Volatility Fund - Service Class ^{8, 9, 10, 11}	RMUSM	05/01/2001	1.21	8.07	8.07	3.75	15.02	5.55	10.45	3.67	9.58	4.63
LVIP JPMorgan Select Mid Cap Value Managed Volatility Fund - Service Class ^{8, 9, 10, 11}	RMUSM	05/01/2001	0.04	12.34	12.34	3.93	10.45	17.45	10.84	6.26	6.94	6.10
Risk Managed - Global/International												
LVIP Global Equity Managed Volatility Fund - Service Class ^{1, 9, 10, 11}	RMGI	08/01/1985	0.06	0.97	0.97	-3.70	5.16	9.62	9.53	5.64	7.51	6.73
LVIP State Street International Managed Volatility Fund - Service Class ^{1, 3, 9, 11}	RMGI	12/31/2013	0.28	9.33	9.33	0.27	8.83	18.44	12.71	5.74	5.72	3.07
ESG/Socially Conscious												
AB VPS Sustainable Global Thematic Portfolio - Class B ¹	ESC	01/11/1996	1.08	3.98	3.98	0.20	13.30	3.12	5.66	0.88	9.57	5.36
LVIP Nomura Social Awareness Fund - Service Class ^{9, 12, 21}	ESC	05/02/1988	0.66	5.77	5.77	-2.33	11.59	14.18	15.76	9.86	12.76	9.96

* These returns are measured from the inception date of the fund and predate its availability as an investment option in the variable annuity (separate account). This hypothetical representation depicts how the investment option would have performed had the fund been available in the variable annuity during the time period. It includes deductions for the M&E charge and the contract administrative fee. If selected above, the cost for the i4LIFE® Advantage feature or a death benefit will be reflected. The cost for other riders with quarterly charges is not reflected. No surrender charge and no annual contract charge is reflected.

Risk disclosure(s): The following summarizes some of the risks associated with the underlying funds available for investment. For risks specific to each investment option, please see each fund's prospectus.

1: International

Investing internationally involves risks not associated with investing solely in the United States, such as currency fluctuation, political or regulatory risk, currency exchange rate changes, differences in accounting and the limited availability of information.

2: Asset Allocation Portfolios

Asset allocation does not ensure a profit, nor protect against loss in a declining market.

3: Fund of funds

Each fund is operated as a fund of funds that invests primarily in one or more other funds, rather than in individual securities. A fund of this nature may be more expensive than other investment options because it has additional levels of expenses. From time to time, the Fund's advisor may modify the asset allocation to the underlying funds and may add new funds. A Fund's actual allocation may vary from the target strategic allocation at any point in time. Additionally, the Fund's advisor may directly manage assets of the underlying funds for a variety of purposes.

4: Exchange-traded funds

Exchange-traded funds (ETFs) in this lineup are available through collective trusts or mutual funds. Investors cannot invest directly in an ETF.

5: Alternative Funds

Certain funds (sometimes called "alternative funds") expect to invest in (or may invest in some) positions that emphasize alternative investment strategies and/or nontraditional asset classes and, as a result, are subject to the risk factors of those asset classes and/or investment strategies. Some of those risks may include general economic risk, geopolitical risk, commodity-price volatility, counterparty and settlement risk, currency risk, derivatives risk, emerging markets risk, foreign securities risk, high-yield bond exposure, index investing risk, exchange-traded notes risk, industry concentration risk, leveraging risk, real estate investment risk, master limited partnership risk, master limited partnership tax risk, energy infrastructure companies risk, sector risk, short sale risk, direct investment risk, hard assets sector risk, active trading and "overlay" risks, event-driven investing risk, global macro strategies risk, temporary defensive positions and large cash positions. If you are considering investing in alternative investment funds, you should ensure that you understand the complex investment strategies sometimes employed and be prepared to tolerate the risks of such asset classes. For a complete list of risks, as well as a discussion of risk and investment strategies, please refer to the fund's prospectus. The fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the fund's losses to be greater than if it invested only in conventional securities and can cause the fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The fund's use of derivatives may cause the fund's investment returns to be impacted by the performance of securities the fund does not own and may result in the fund's total investment exposure exceeding the value of its portfolio.

6: Target-date funds

The target date is the approximate date when investors plan to retire or start withdrawing their money. Some target-date funds make no changes in asset allocation after the target date is reached; other target-date funds continue to make asset allocation changes following the target date. (See the prospectus for the funds allocation strategy.) The principal value is not guaranteed at any time, including at the target

