



1042 Monte Cristo Lane
Santa Barbara, CA 93108

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INVESTING IN INFRASTRUCTURE

The District must maintain and rehabilitate its aging sewer system and plan for the future to ensure reliable wastewater services that meet the community's long-term needs. Over the next five years, planned capital improvement projects include

- Wastewater Treatment Plant Rehabilitation
- Rehabilitation and Lining of High Priority Sewer Mains
- Manhole Lining and Rehabilitation
- Channel Drive Lift Station Improvements
- Channel Drive Force Main Construction
- San Ysidro Area Sewer Line Upsizing
- Inflow and Infiltration Investigations
- Eucalyptus Lift Station Relocation
- Bonnymede Lift Station and Force Main Upgrades



MAIL PANEL



2026 SEWER RATE UPDATE

Ensuring Reliable Sewer Service for Montecito

PROPOSITION 218 NOTICE OF PUBLIC HEARING REGARDING PROPOSED SEWER RATE ADJUSTMENTS

Wednesday, June 10, 2026 at 2:00 p.m.

District Office Meeting Room | 1042 Monte Cristo Lane | Santa Barbara, CA 93108

The Montecito Sanitary District is responsible for collecting and treating wastewater from homes and businesses in the community, helping to protect public health and the environment. The District, as required by Article XIID of the California Constitution (Proposition 218), has conducted a sewer rate study to review the existing rates and to determine the estimated future costs of maintaining the District's high level of service and meeting state regulations.

This 45-day notice is hereby given in accordance with Section 6(a) and Section 4(c) of Article XIID of the California Constitution. The purpose of this notice is to provide you with information about the proposed rate increase and to inform you about your opportunity to protest the rate increase and/or submit a legal objection.



WHY ARE SEWER RATES CHANGING?

As a public agency, the revenues collected from rates must adequately fund District operations, maintenance, capital improvement projects, and compliance with regulations and environmental standards. The District takes a comprehensive approach to assess its wastewater system needs and develop a long-term financial plan. This involves updating its Sewer System Management Plan, creating a five-year Capital Improvement Plan, and completing a comprehensive sewer rate study.

To facilitate this process, the District hired an independent economic consulting firm, Robert D. Neihaus, Inc., to evaluate operating costs, capital requirements, reserve targets, and its rate structure. This analysis was designed to ensure all rates, fees, and sewer charges are calculated to cover the actual cost of providing service and support future system needs. The District can not and does not make a profit. Key factors driving the proposed rate changes include:

- **First Sewer Rate Study in 10 Years.** The last rate study was in 2016. There have been no rate changes since 2019, despite increasing regulatory requirements and rising system costs needed to maintain safe and reliable wastewater services.
- **Aging infrastructure requires major investment.** Much of the system was built in the 1960s and needs repair and replacement, including upgrades to the District's wastewater treatment plant.
- **\$60 million in planned rehabilitation.** The District is planning significant infrastructure projects over the next five years (2027-2031), including approximately \$10 million in near-term needs and more than \$35 million for its over 60 year old wastewater treatment plant.
- **Ensuring financial stability.** Current revenues are insufficient to support operations, capital needs, and appropriate reserve levels, including an emergency reserve for unexpected system failures. They also fall short of meeting required debt coverage for planned infrastructure investments. Maintaining strong reserves and financial stability allows the District to respond to emergencies and secure financing on favorable terms.

UNDERSTANDING SEWER RATES

Montecito Sanitary District sewer service charges are collected annually through your County of Santa Barbara property tax bill. The District bills customers based on customer class. These rates are determined by the cost of providing services for each class.


Residential customers pay a fixed annual sewer service charge based on the connection type: Single Family Dwelling or Condo/Second Dwelling Unit. Commercial customers are charged based on water use and sewage strength classification. The total annual commercial sewer service charge consists of two components: a Fixed Capacity Allocation Charge based on the customer's historic maximum water use, and a Variable Charge, based on actual annual water use from the prior calendar year. Both are calculated per hundred cubic feet (HCF) and vary by wastewater strength category (low, medium, or high). Wastewater strength refers to the concentration the organic and dissolved material in the wastewater. Higher-strength wastewater requires more intensive treatment, leading to increased costs.

PROPOSED SEWER RATE CHANGES

The District is proposing phased sewer rate adjustments over the next five years, beginning July 1, 2026 (FY 2027). These proposed rates would take effect each year on July 1. The proposed adjustments listed below are intended to cover operating costs and infrastructure improvements, and to ensure the system's long-term reliability. No changes are proposed to the District's existing rate structure. The tables below show the District's current and proposed rates.

PROPOSED RESIDENTIAL SEWER RATES (FIXED ANNUAL SEWER CHARGE)

Account Type	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Single Family Dwelling	\$1,480.00	\$1,650.93	\$1,882.06	\$2,145.55	\$2,445.93	\$2,788.36
Condo/Second Dwelling	\$696.00	\$766.20	\$873.47	\$995.76	\$1,135.17	\$1,294.09

 For the typical single-family residence, sewer rates would increase by approximately **\$14.25 per month in the first year, which is approximately \$0.47 per day**. Condo or second-unit rates would increase by about **\$5.85 per month, or \$0.20 per day**.

PROPOSED COMMERCIAL SEWER RATES

	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FIXED CAPACITY CHARGE (\$/HCF)						
Low Strength	\$4.33	\$4.90	\$5.59	\$6.37	\$7.26	\$8.28
Medium Strength	\$10.32	\$12.86	\$14.66	\$16.71	\$19.05	\$21.72
High Strength	\$12.59	\$15.15	\$17.27	\$19.69	\$22.45	\$25.59
VARIABLE CHARGE (\$/HCF)						
Low Strength	\$2.88	\$3.47	\$3.96	\$4.51	\$5.14	\$5.86
Medium Strength	\$3.96	\$4.46	\$5.08	\$5.79	\$6.60	\$7.52
High Strength	\$5.57	\$6.70	\$7.64	\$8.71	\$9.93	\$11.32

HOW TO PARTICIPATE

VIEW THE SEWER RATE STUDY

The 2026 Sewer Rate Study is available at the District office or online at www.montsan.org/rates.

SUBMIT A WRITTEN PROTEST AND/OR LEGAL OBJECTION

Submit a written protest and/or file a legal written objection against the proposed adjustments.

ATTEND THE PUBLIC HEARING

The Board will receive and consider public input and written protests. The hearing is on **June 10 at 2:00 p.m.**

HOW TO SUBMIT A PROTEST

Property (parcel) owners or customers of record may comment and file a written protest (one protest per parcel) on the proposed increases. California law prohibits the District from increasing charges if protests are filed from a majority of affected parcels before the end of the public hearing. Written protests must be mailed or personally delivered to the District at **1042 Monte Cristo Lane, Montecito, CA 93108** at or before the end of the public hearing on **June 10, 2026 at 2:00 p.m.**

A valid protest must: a) include the name and signature of the person submitting the written protest, b) identify the address or assessors' parcel number of the affected property, and c) state whether the protest is submitted in opposition to the sewer rate increases. Any protest provided by telephone, e-mail, social media, or other electronic means will not be accepted as a valid written protest. Oral protests at the public hearing will not qualify as a protest unless accompanied by a written protest. The rate study and a written protest form are available online at montsan.org/rates.

HOW TO SUBMIT A LEGAL OBJECTION

Under Assembly Bill 2257, record owners and customers of record may also submit a written legal objection. A written legal objection must specify the grounds for alleging non-compliance with the California Constitution or other applicable law for any new, increased, or extended fee, charge, or assessment levied by the District. All written objections seeking a written response before the public hearing must be submitted to the Secretary of the Board by June 4, 2026. Pursuant to Government Code Section 53759.1, failure to submit a legal objection in writing bars any right to challenge that fee, charge, or assessment in court or through any legal action or proceeding.

The issues raised in any such action or proceeding shall be limited to those raised in such a legal objection unless a court finds the issue could not have been raised in such a legal objection by those exercising reasonable diligence. Legal objections must be mailed or personally delivered to the Montecito Sanitary District at 1042 Monte Cristo Lane, Montecito, CA 93108, at or before the end of the public hearing. Any legal objection provided by telephone, e-mail, social media, or other electronic means will not be accepted as a valid written objection. Oral legal objections at the public hearing will not qualify as a legal objection unless accompanied by a written legal objection. To be considered sufficient, a written legal objection must:

- Include the property owner/customer name and signature, and the parcel number and/or service address.
- State that the communication is a legal objection.
- Specify the grounds for alleging Montecito Sanitary District's noncompliance with Proposition 218 in sufficient detail to allow the District to determine whether any adjustments to the proposed rates are necessary. Stating that the rates are too high, or illegal without explaining why, is insufficient to constitute a valid written legal objection.