



August 25, 2026

Proposition 218 Notice Proposed Water Rate Adjustments and Changes to the District's Water Rate Calculation Methodology

NOTICE OF PUBLIC HEARING

A public hearing regarding Big Lagoon Community Services District's proposed water rate increases and changes in the rate calculation methodology will be held on:

DATE: Saturday, October 17, 2026

TIME: 11:00 a.m.

WHERE: Big Lagoon School, Room 2, 269 Big Lagoon Park Road

Written protests to the proposed rate increases will be accepted if received at BLCSD by the end of the public hearing on October 17, 2026, as long as the protests conform to the Proposition 218 procedures provided in this notice.

INTRODUCTION

The last rate study conducted by the Big Lagoon Community Services District (BLCSD or District) occurred in 2023. Since that time, regulations, personnel costs and quantity of water consumed by BLCSD customers have changed considerably. BLCSD, as required by Article XIID of the California Constitution (Proposition 218), has conducted a new Water Rate Study to review the existing rates, and to determine the estimated future costs of treating and distributing water, meeting State regulations, and completing system-wide maintenance projects to cover the next five years (Nov. 1, 2026 through Dec. 31, 2030).

The new Water Rate Study and proposed changes are described in this notice. Although the proposed rate plan is for five years, it is important to know that the BLCSD Board reviews the need to implement any rate changes on an annual basis through its budget process. If all or part of the adopted rate increase is not necessary to meet the expenditures and capital investments, the Board can choose to not implement the full increase. This ensures that actual BLCSD costs align with increases suggested in the Water Rate Study. More detail can be found in the Water System Rate Study for Big Lagoon Community Services District by GHD dated May 13, 2026 published on BLCSD's website at:

<https://www.biglagooncsd.org/files/f05466299/FINAL-May2026-Big+Lagoon+Community+Service+District+Water+Rate+Study.pdf>

This 45-day notice is hereby given in accordance with Section 6(a) of Article XIID of the California Constitution. The purpose of this notice is to provide you with information about the proposed rate increase and changes in methodology, and to inform you about your opportunity to protest the rate increase by submitting written protests prior to or during the public hearing. On August 15, 2026, the District Board of Directors considered the Water Rate Study, adopted Resolution 2026-05, and directed BLCSD staff to send out this notice.

REASONS FOR THE CHANGES

As a public agency, the revenues collected from rates must adequately fund BLCSD operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; mitigate droughts; and meet environmental standards. **In addition, the transition from fully volunteer based staffing to a hybrid volunteer/paid staffing model has significantly increased the annual costs for provision of water service. BLCSD's existing rates will not meet the projected operational expenses under this new structure and basic asset replacement costs; therefore, a rate adjustment is being proposed.**

As a public agency, all rates, fees and charges are calculated to cover only the actual cost of providing safe and reliable water service to meet State and Federal requirements. BLCSD does not make a profit. **Attachment 1** to this notice is a 5-year profit and loss projection with the proposed rates implemented. Note that the new Net Profit or (loss) is barely positive through 2028, but improves the last two years as the rates increase. The immediate needs over the next five years include:

Ensure Safe Drinking Water Facilities

BLCSD must meet new State regulations, recognize the rapid changes in State and local water supply availability, and yet ensure that a reliable and safe supply of water is always accessible to BLCSD homes and institutions. The costs of water, energy, labor, safety, liability insurance and other aspects of providing a reliable water supply have all increased since the last rate study. BLCSD needs to continue investing in water treatment and testing techniques to ensure drinking water remains safe and available for current and future customers. BLCSD needs to invest in water storage infrastructure to make sure that all State and Federal regulations continue to be met.

Rebuild an Aging Water System

The District's water system includes two 5,000-gallon poly water storage tanks that were installed when the 20,000-gallon tank was demolished. There are dilapidated fire hydrants and waterlines that have outlived their useful life by decades. The services periodically have no water when the waterline to the school breaks. The operations staff skillfully find and repair the broken pipes, but there isn't enough capacity to keep the customers water service active. There is a severe shortage of water storage capacity for both operations and fire suppression. There is critical construction work needed to bring the system up to the standards.

HOW THE RATES ARE CALCULATED

Water rates have two components – fixed and variable. The Fixed Charge pays for the District's fixed costs of operating and maintaining the water system. These costs do not change based on the amount of water produced. The variable Consumption Charge pays for the amount of water actually used by a customer. The Consumption Charge is calculated by the gallon. The price per gallon is split into two tiers and increases as customer water use exceeds the designated tier thresholds.

The Water Rate Study recommended the revenue increases necessary to ensure BLCSD meets its annual expenses as of 2026. Future increases will be necessary to upgrade its aging systems and equipment, extend the life of existing equipment, minimize water system leakage, and increase water-use efficiency.

The overall rate structure changes are as follows:

Single Family Residential, Multifamily & Commercial/Short-Term Rental Customers

For all rate structures, the proposed change is to create two tiers for the consumption charges. Tier 1 covers the first 8,000 gallons per two-month billing cycle and Tier 2 covers all gallons over 8,000 per two-month billing cycle. Customers will be required to attest annually of the usage on their property. Property owners are responsible for notifying the District of any changes to the uses on their property. Any dispute between the property owner and General Manager will be determined by the Board after an inspection by the GM of the configuration of the structures on the property.

Single Family Residential Water Rates

For residential accounts, in addition to the monthly base rate and the 2-tier consumption rates, we are proposing the creation of an **affordability discount of \$30 per month** for customers that meet the following eligibility criteria:

1. Water service for only one single family residence (no secondary units – neither long term nor short term ADU rentals)
2. Customer must provide annual written proof of eligibility approval under the CARE for FERA programs containing the account holder's name.
3. Customer may be the property owner or long-term renter.

Multifamily Residential Water Rates

For residential accounts for which the water service is connected to habitable structures beyond the main house, the monthly base rate will be slightly higher than the single-family residential rate. These accounts can contain an accessory dwelling unit that is utilized for short-term or long-term rental, or for extended family. The property must be occupied by the owner for all or part of the year. This category also contains properties that combine owner occupation and all permitted short-term rentals regardless of configuration. Any connection of an RV to the water service of the main residence for more than 30 days in a calendar year constitutes multifamily water use.

Commercial & Short-Term Rental Water Rates

For the commercial water rates, the only change to methodology is the **inclusion of short-term rental properties that are NOT owner occupied**.

PROPOSED WATER RATE CHANGES

Table 1. Proposed Residential Water Rates

	Existing	RATE PER MONTH STARTING			
Description	Nov 2023	Nov 2026	Nov 2027	Nov 2028	Nov 2029
Base Rate (\$/mo.)	\$54.61	\$95.00	\$105.00	\$115.00	\$125.00
Consumption Charges					
Tier 1 (0-8,000 gallons/2-month)	\$0.005519	\$0.025	\$0.025	\$0.030	\$0.035
Tier 2 (8,001+ gallons/2-month)		\$0.040	\$0.040	\$0.050	\$0.060

Table 2. Proposed Multifamily Water Rates

	Existing	RATE PER MONTH STARTING			
Description	Nov 2023	Nov 2026	Nov 2027	Nov 2028	Nov 2029
Base Rate (\$/mo.)	\$54.61	\$125.00	\$135.00	\$145.00	\$155.00
Consumption Charges					
Tier 1 (0-8,000 gallons/2-month)	\$0.005519	\$0.025	\$0.025	\$0.030	\$0.035
Tier 2 (8,001+ gallons/2-month)		\$0.040	\$0.040	\$0.050	\$0.060

Table 3. Proposed Commercial & STR Water Rates

	Existing	RATE PER MONTH STARTING			
Description	Nov 2023	Nov 2026	Nov 2027	Nov 2028	Nov 2029
Base Rate (\$/mo.)	\$147.19	\$260.00	\$280.00	\$300.00	\$320.00
Consumption Charges					
Tier 1 (0-8,000 gallons/2-month)	\$0.005519	\$0.025	\$0.025	\$0.030	\$0.035
Tier 2 (8,001+ gallons/2-month)		\$0.040	\$0.040	\$0.050	\$0.060

Details for the proposed water rates can be found in the WATER RATE STUDY. This document can be viewed at the Big Lagoon School office or found on the BLCSD website at: <https://www.biglagooncsd.org/files/f05466299/FINAL-May2026-Big+Lagoon+Community+Service+District+Water+Rate+Study.pdf>

The table on the following page includes some examples of existing versus proposed rates for residential and commercial customers.

Table 4. Example Customers' 2-month billing Rates

	Current			Proposed		
	Rate	Units	Amount/ Billing Cycle	Rate	Units	Amount/ Billing Cycle
Example 1. SFR with 5,000 gallons per 2-month						
Residential Base Rate	\$ 54.61	per mo	\$ 109.22	\$ 95.00	per mo	\$ 190.00
Consumption Tier 1	0.005519	per gal	\$ 27.60	0.025	per gal	\$ 125.00
Consumption Tier 2	0.005519					
Total Due per 2-month billing cycle			\$ 136.82			\$ 315.00
				Difference/month:		\$ 89.09
				% increase / month:		130.24%
Example 2. SFR with 12,000 gallons per 2-month						
Residential Base Rate	\$ 54.61	per mo	\$ 109.22	\$ 95.00	per mo	\$ 190.00
Consumption Tier 1	0.005519	per gal	\$ 44.15	0.025	per gal	\$ 200.00
Consumption Tier 2	0.005519		\$ 22.08	0.04	per gal	\$ 160.00
Total Due per 2-month billing cycle			\$ 175.45			\$ 550.00
				Difference/month:		\$ 187.28
				% increase / month:		213.48%
Example 3. Multifamily with 9,000 gallons per 2-month						
Residential Base Rate	\$ 54.61	per mo	\$ 109.22	\$ 125.00	per mo	\$ 250.00
Consumption Tier 1	0.005519	per gal	\$ 49.67	0.025	per gal	\$ 200.00
Consumption Tier 2				0.04	per gal	\$ 40.00
Total Due per 2-month billing cycle			\$ 158.89			\$ 490.00
				Difference/month:		\$ 165.55
				% increase / month:		208.39%
Example 4. Commercial with 7,000 gallons per 2-month						
commercial Base Rate	\$ 147.19	per mo	\$ 294.38	\$ 260.00	per mo	\$ 520.00
Consumption Tier 1	0.005519	per gal	\$ 38.63	0.025	per gal	\$ 175.00
Consumption Tier 2	0.005519		\$ -	0.04	per gal	\$ -
Total Due per 2-month billing cycle			\$ 333.01			\$ 695.00
				Difference/month:		\$ 180.99
				% increase / month:		108.70%

Over the 5-year period (Nov. 1, 2026 – Dec. 31, 2030) the cash flow projected with the new rates implemented is \$6,612 which is the sum of (\$24,978) + \$401 + \$1,326 + \$8,090 + \$21,772. The rates result in a small positive cash flow over the first few years, but makes up for the 2026 deficit over the last 2 years, resulting in a total small net positive cash flow.

HOW TO PROTEST PROPOSED WATER RATE CHANGES AND INCREASES

This notice has been mailed to the customer listed on the service bill and the property owner of record from the Humboldt County Assessor. Persons responsible for the payment of the water charges (which includes owners of real property subject to the charges or renters of such property who actually pay the charges) who wish to protest the increases can send in a written protest to the address below or attend the public hearing on the increases to register their written protest at the hearing. Only one written protest per identified parcel (i.e. address or assessor parcel number or meter) relating to the rate increase will be counted. Written protests must be received prior to or during the public hearing on October 17, 2026.

Any written protests received following the close of the public hearing will not be counted. All written protests must (at a minimum) include the following information to be counted:

- (a) Address or assessor parcel numbers of property subject to the rate increase,
- (b) whether the protester is an owner or renter and
- (c) a clear statement protesting a particular rate or rates pursuant to this notice.

The District will not adopt the rate increase if written protests are presented by a majority (50% +1) of owners or tenants of the parcels upon which the increase will be imposed. Oral protests presented at the hearing will be heard but will not be counted. Only written protests will be counted.

Protests may be mailed to: **Big Lagoon Community Services District, P.O. Box 847, Trinidad, CA 95570.**

Any protests must be received by BLCSD no later than the end of the public hearing on October 17, 2026. Any protests received after the end of the public hearing will not be counted. E-mail protests will not be counted.

QUESTIONS

If you have questions or need help in determining how these changes in water rates will affect you, please contact the BLCSD General Manager at generalmanager@biglagooncsd.org.

EXAMPLE CALCULATIONS

A Mock Bill based upon the July - August consumption for your specific account will be included with the actual bill mailed to you on or about September 1, 2026. This mock bill will provide specifics for how much your bill would have been this cycle, if the new rates had been in effect.

Attachment 1

5-Year Profit & Loss Projections

With the Proposed Rates

Big Lagoon Community Services District

5-year Profit & Loss Projections with Proposed Rates

Description	Adopted	Projected	Projected	Projected	Projected	Projected
	2026 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
Expense						
2 Election	500	500	-	200	-	200
1 Supplies (Chemicals)	1,440	1,440	1,498	1,558	1,620	1,685
3 Training & Certificates	-	-	750	-	750	125
1 Dues	1,400	1,400	1,456	1,514	1,575	1,638
1 Electric	5,500	5,500	5,720	5,949	6,187	6,434
1 Gas	2,000	2,000	2,080	2,163	2,250	2,340
1 Insurance	5,800	5,800	6,032	6,273	6,524	6,785
1 Maintenance & Repairs	6,000	6,000	6,240	6,490	6,749	7,019
1 Office Supplies	1,000	1,000	1,040	1,082	1,125	1,170
1 Parts	1,500	1,500	1,560	1,622	1,687	1,755
1 Postage	500	500	520	541	562	585
1 Regulatory Expenses	1,000	1,000	1,040	1,082	1,125	1,170
1 Water Testing	2,000	2,000	2,080	2,163	2,250	2,340
1 Water Meters (software updates)	-	825	858	892	928	965
4 Water Distribution Operator	18,000	18,000	22,800	25,200	27,600	27,600
4 Accounting	2,700	2,000	2,700	3,000	3,300	4,000
4 Contract General Manager	41,600	20,800	39,000	40,000	44,000	44,000
1 Outside Services (web site)	1,300	1,300	3,000	3,120	3,245	3,375
4 Legal Fees	2,000	2,000	2,000	2,000	2,000	2,000
Total Expense	94,240	73,565	100,374	104,849	113,476	115,185
Income						
Operational Income						
Backflow	90	90	90	90	90	90
Non Compliance Fee	-	-	-	-	-	-
Existing Base Rate - Monthly	29,300	24,417				
Water Usage Income	7,800	6,500				
5 New Base Rate - Monthly		9,070	54,420	59,820	65,220	70,620
5 New Water Usage Income		7,771	46,625	46,625	56,616	66,607
Affordability Discount (est. 3)		(180)	(1,080)	(1,080)	(1,080)	(1,080)
Late Fee	120	120	120	120	120	120
Total Operational Income	37,310	47,788	100,175	105,575	120,966	136,357
Other Income/Expense						
6 Interest Income	800	800	600	600	600	600
Total Other Income/Expenses	800	800	600	600	600	600
Total Income	38,110	48,588	100,775	106,175	121,566	136,957
Net Profit or (loss)	(56,130)	(24,978)	401	1,326	8,090	21,772

Sum = \$6,612

Footnotes:

- ¹ This expense is increased by 4% per year based upon the estimated inflation in the Rate Study.
- ² Elections are every other year to stagger the end dates of the various board members.
- ³ Water licenses for the operators require continuing education units to be renewed and licensure fees.
- ⁴ Prof. services by contract & only increase w/ Board approved contract amendments. Val retire 2028. Additional reporting absorbed.
- ⁵ New rates are estimated to begin Nov 1, 2026 - Dec 31, 2027 with additional increases implemented Jan 1, 2028, 2029, and 2030.
- ⁶ Interest income will decrease with the use of reserves to cover the shortage for the 2026 budget as adopted, but will stabilize with the new rates.