



April 28, 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, June 13, 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 June 13, 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 (July 1, 2026 through June 30, 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 BLCSD reviews the need to implement any rate changes on an annual basis through its budget process. 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 February 14, 2026 published on BLCSD's website at: <https://www.biglagooncsd.org/rate-study>

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 April 4, 2026, the District Board of Directors considered the Water Rate Study 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. **BLCSD's existing rates will not meet the projected operational expenses 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 Net Profit or (loss) is barely positive each year. 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 5,00-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.

Make up for previous decreases in consumption rates

In March 2023, after installation of the new meters that read in gallons, the per gallon rate was decreased from \$0.04799 per gallon to \$0.004799, which is 1/10th of the amount previously charged. Attachment 2 contains a graph showing the various rates over the past 15 years and the proposed rates. The lost revenue over the past three years due to this decrease in consumption rate is **\$164,255** based upon the 3.9 MG of water sold during the intervening period. Note that all the proposed Tier-1 rates are less than the previous rate of \$0.04799 per gallon.

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. 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 & Commercial & Short-Term Rental

For all rate structures, the proposed change is to create two tiers for the consumption charges. Tier 1 should be the first 10,000 gallons per two-month billing cycle and that Tier 2 would be all gallons over 10,000 per two-month billing cycle.

Single Family Residential Water Rates

For residential accounts, 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.

We are also proposing to make minor modifications on how base rates are calculated so that multipliers are used with equivalent dwelling units. Under this modified system, a residential base rate is to be charged for each "equivalent dwelling unit" (EDU). Each account will be assigned a base rate EDU multiplier based upon the uses of the water service at that parcel. A single-family residence is considered one EDU and therefore the base rate multiplier would be 1.0.

Properties that contain additional dwelling units beyond the main single-family residence will have a multiplier that is calculated based upon the uses on the property as detailed in the table below. Commercial, institutional, and short-term rental properties are all considered commercial accounts and will be charged the commercial base rate.

Table 1. EDU multipliers

Description of Use	EDU Multiplier
Single family residence occupied by only one family unit with any number of bedroom and bathrooms Owner Occupied	1.0
Single family residence occupied by only one family unit with any number of bedroom and bathrooms Long Term Renter Occupied	1.0
Additional Dwelling Unit with one or less bedrooms and one bathroom	0.6
Additional Dwelling Unit with two bedrooms and one bathroom	0.7
Additional Dwelling Unit with three or more bedrooms and two or more bathrooms	0.9
Short Term Rental of Single-Family Residence	Commercial
School	Commercial

Example: A property with a SFR + 2 bedrooms and 1-bathroom ADU with a long-term renter
EDU Multiplier would be $1.0 + 0.7 = 1.7$ and the initial base rate would be $\$120 \times 1.7 = \$204/\text{mo.}$

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 2. Proposed Residential Water Rates

Description	Existing	RATE PER MONTH STARTING			
	Nov 2023	July 2026	July 2027	July 2028	July 2029
Base Rate (\$/mo.)	\$54.61	\$120.00	\$125.00	\$125.00	\$130.00
Consumption Charges					
Tier 1 (0-10,000 gallons/2-month)	\$0.005519	\$0.025	\$0.025	\$0.030	\$0.030
Tier 2 (10,001+ gallons/2-month)		\$0.040	\$0.040	\$0.050	\$0.050

Table 3. Proposed Commercial & STR Water Rates

Description	Existing	RATE PER MONTH STARTING			
	Nov 2023	July 2026	July 2027	July 2028	July 2029
Base Rate (\$/mo.)	\$147.19	\$325.00	\$350.00	\$350.00	\$370.00
Consumption Charges					
Tier 1 (0-10,000 gallons/2-month)	\$0.005519	\$0.025	\$0.025	\$0.030	\$0.030
Tier 2 (10,001+ gallons/2-month)		\$0.040	\$0.040	\$0.050	\$0.050

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/rate-study>

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	\$ 120.00	per mo	\$ 240.00
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			\$ 365.00
				Difference:		\$ 228.19
Example 2. SFR with 12,000 gallons per 2-month						
Residential Base Rate	\$ 54.61	per mo	\$ 109.22	\$ 120.00	per mo	\$ 240.00
Consumption Tier 1	0.005519	per gal	\$ 55.19	0.025	per gal	\$ 125.00
Consumption Tier 2	0.005519		\$ 11.04	0.04	per gal	\$ 80.00
Total Due per 2-month billing cycle			\$ 175.45			\$ 445.00
				Difference:		\$ 269.55
Example 3. Commercial with 15,000 gallons per 2-month						
commercial Base Rate	\$ 147.19	per mo	\$ 294.38	\$ 325.00	per mo	\$ 650.00
Consumption Tier 1	0.005519	per gal	\$ 55.19	0.025	per gal	\$ 125.00
Consumption Tier 2	0.005519		\$ 27.60	0.04	per gal	\$ 200.00
Total Due per 2-month billing cycle			\$ 377.17			\$ 975.00
				Difference:		\$ 597.84

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 June 13, 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 June 13, 2026. Any protests received after the end of the public hearing shall 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 March – April consumption for your specific account will be included with the actual bill mailed to you on or about May 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	-	-	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	18,000	21,600	21,600	24,000
4 Accounting	2,700	2,000	2,700	2,700	3,300	3,300
4 Contract General Manager	41,600	20,800	41,600	41,600	41,600	41,600
1 Outside Services (web site)	1,300	1,300	1,352	1,406	1,462	1,521
4 Legal Fees	2,000	2,000	2,000	2,000	2,000	2,000
Total Expense	94,240	73,565	96,526	100,835	102,544	106,631
Income						
Operational Income						
Backflow	90	90	90	90	90	90
Non Compliance Fee	-	-	-	-	-	-
Existing Base Rate - Monthly	29,300	14,650				
Water Usage Income	7,800	3,900				
5 New Base Rate - Monthly		33,420	66,840	69,900	69,900	72,840
5 New Water Usage Income		18,875	37,750	37,750	45,750	45,750
Affordability Discount (est. 6)		(1,080)	(2,160)	(2,160)	(2,160)	(2,160)
Late Fee	120	120	120	120	120	120
Adjustment / Returned Check	-	-	-	-	-	-
Interest	600	600	600	600	600	600
Total Operational Income	37,910	70,575	103,240	106,300	114,300	117,240
Other Income/Expense						
6 Interest Income	800	800	600	600	600	600
Total Other Income/Expenses	800	800	600	600	600	600
Total Income	38,710	71,375	103,840	106,900	114,900	117,840
Net Profit or (loss)	(55,530)	(2,190)	7,314	6,065	12,356	11,209

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 Professional services are provided by contract and only increase as the Board approves contract amendments. Val retire 2028.

⁵ New rates are estimated to begin July 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.

Attachment 2

Graph of Historical & Proposed Rates per Gallon

{2008 – 2030}

Historical and Proposed Rates

