

Big Lagoon Community Services District Municipal Services Review and Sphere of Influence Update



Adopted

March 17, 2021

(Modified November 2022)



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HUMBOLDT LOCAL AGENCY FORMATION COMMISSION

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Acknowledgements:

LAFCo would like to thank the Board Members at Big Lagoon CSD and volunteer operator Valen Castellano for their assistance during the preparation of this MSR and SOI update.

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1.0 MSR/SOI BACKGROUND

1.1 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCOs) are independent regulatory commissions that were established by the State legislature in 1963 to encourage the orderly growth and development of local governmental agencies including cities and special districts. Today, there is a LAFCo in each of California's 58 counties. Humboldt LAFCo is a seven-member commission comprised of two members of the Humboldt County Board of Supervisors, two City Council members, two Special District representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") (California Government Code Section 56000 et seq.) for purposes of facilitating changes in local governmental structure and boundaries that fosters orderly growth and development, promotes the efficient delivery of services, and encourages the preservation of open space and agricultural lands. Some of LAFCo's duties include regulating jurisdictional boundary changes and the extension of municipal services. This includes city and special district annexations, incorporations/formations, consolidations, and other changes of organization. LAFCo seeks to be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs, and actions.

The CKH Act outlines requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances" (§56301). CKH Act Section 56301 further establishes that "one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." SOIs therefore guide both the near-term and long-term physical and economic growth and development of local agencies, and MSRs provide the relevant data to inform LAFCo's SOI determinations.

1.2 Purpose of Municipal Service Reviews

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a MSR in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR

evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. While LAFCos have no direct regulatory authority over cities and special districts, MSR's provide information concerning the governance structures and efficiencies of service providers – and may also serve as the basis for subsequent LAFCo decisions. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study's determinations must be made in the following areas:

- (1) Growth and population projections for the affected area
- (2) Location and characteristics of any disadvantaged unincorporated communities within or continuous to the sphere of influence
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies
- (4) Financial ability of the agency to provide services
- (5) Status of and opportunities for shared facilities
- (6) Accountability for community service needs, including governmental structure and operational efficiencies
- (7) Any other matter related to effective or efficient service delivery, as required by Commission policy

This MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

1.3 Purpose of Spheres of Influence

In 1972, LAFCos were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, "‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076). All boundary changes, such as annexations, must be consistent with an agency's sphere of influence with limited exceptions.

Pursuant to Humboldt LAFCo policy, a MSR is conducted prior to or in conjunction with its mandate to review and update each local agency's sphere of influence every five years or as necessary. The municipal service review process is intended to inform the Commission as to the availability, capacity, and efficiency of local governmental services prior to making sphere of influence determinations.

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

- (1) The present and planned land uses in the area, including agricultural and open space lands.
- (2) The present and probable need for public facilities and services in the area.

- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (5) For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Service reviews may also contain recommendations for sphere of influence or government structure changes needed to implement positive service changes. Where more detailed analysis of service options is necessary, service reviews may contain recommendations for special studies where there is the potential to reduce service gaps and improve service levels.

1.4 Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination number five listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

Humboldt LAFCo has adopted DUC policy, which identifies 31 inhabited unincorporated “legacy” communities for purposes of implementing SB 244. These legacy communities were defined as part of the Humboldt County 2014 Housing Element for areas not located within the sphere of influence of a city. Therefore, additional review is needed to determine “disadvantaged unincorporated communities” within and adjacent to city spheres of influence.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

2.0 BIG LAGOON COMMUNITY SERVICES DISTRICT

2.1 Agency Overview

The Big Lagoon Community Services District (BLCSD) provides water service to the small community of Big Lagoon located on a bluff overlooking Big Lagoon Beach just west of Highway 101 and approximately 8 miles north of Trinidad. The community consists of single-family homes, Big Lagoon School, Big Lagoon Park Company, and Big Lagoon County Park. The area receives many visitors seeking out lagoon and beach access and overnight camping.

| | |
|------------------------|--|
| Primary Contact | William Wenger |
| E-mail | bill@biglagooncsd.com |
| Address | PO Box 847, Trinidad, CA 95570-0847 |
| Phone | (707) 677-2008 |
| Website | Under construction |

2.2 Formation and Development

BLCSD was formed on April 28, 1998 as an independent special district for the purposes of supplying water to homes in the Big Lagoon subdivision and Big Lagoon School (Resolution No. LAFCo 97-04)¹. Residents of the Big Lagoon Estates subdivision applied for formation of the District in order to purchase and operate an existing private water system which historically provided water to the Big Lagoon Estates subdivision. The proponents requested activation of water service powers and the application was supported by the Division of Drinking Water.

The District was conditionally formed upon a Local Coastal Plan amendment of the proposed boundaries to coincide with the Urban Limit Line (ULL) as identified in the Northcoast Area Plan². The ULL establishes the maximum extension of development for a five-year period, at which time the ULL shall be reexamined by the County and the California Coastal Commission and adjustments, if necessary or appropriate, made³.

The proposed District boundaries and ULL as identified in the Northcoast Area Plan were not in alignment. Therefore, staff recommended the project be conditioned upon making application to amend the ULL to be coincidental with the proposed District boundaries to be consistent with the Northcoast Area Plan⁴.

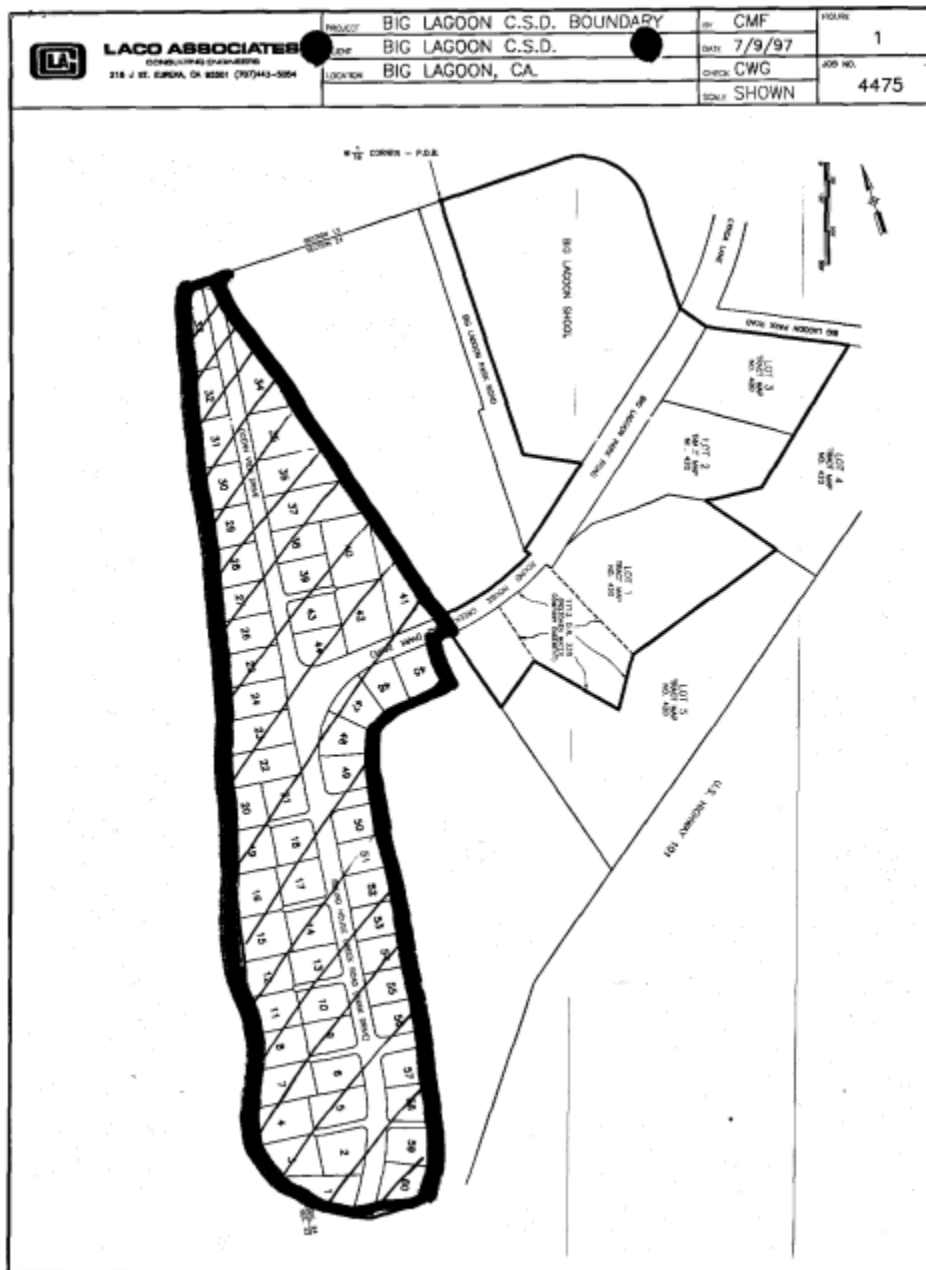
¹ Humboldt County Board of Supervisors Meeting, Agenda Item No. J-2, April 28, 1998 (Resolution No.98-49).

² LAFCo Resolution No. 97-04.

³ North Coast Area Plan, Chapter 3-page 2. Revised December 2014.

⁴ Formation of the BLCSD Case No. 97-04, LAFCo Meeting January 28, 1998.

Figure 1: Big Lagoon CSD 1997 Boundary



2.3 Boundary and Sphere of Influence

The district boundary consists of 61 parcels bounded on the west by the Pacific Ocean, on the east by Highway 101, and on the south by forested areas. The current SOI expands west, north, and east of the District as shown in Figure 2. The northern extent of the SOI includes single-family homes and the eastern extent includes Big Lagoon School. The District includes undeveloped parcels which may not be buildable due to topography and/or proximity to the edge of the bluff.

Local Agency Formation Commission
Formation of the Big Lagoon Community Services District
Case No. LAFCO 97-04; Big Lagoon Area

August 1997

The original district boundary consisted of 66 parcels and 55 acres⁵. As shown in Figures 1 and 2, conflicting boundaries were shown. In order to delineate the actual boundary of the District, tax rate area maps were used to determine which parcels have been recorded with the State Board of Equalization. Based on this analysis the District boundary is as shown in Figure 3.

Fifteen parcels along the western boundary of BLCSD are no longer served because they were condemned after the 1998 bluff erosion event and are now property of Humboldt County. There are four parcels located outside of the District's boundary and within the SOI that are out-of-district service customers. These include the District wells, three residences, and Big Lagoon Elementary School.

The proposed SOI changes, as shown on Figure 3, are intended to better align the SOI with parcels receiving water service and satisfy the requests of District. This includes removal of the condemned bluff parcels, Big Lagoon Park Company parcels (served by a separate water system), and adjacent undeveloped land. This SOI change will also help support detachment of the bluff parcels from the District should the District Board decide to move forward with a boundary change process.

⁵ BLCSD Formation, Attachment D. November 26, 1997 meeting.

Figure 3: Big Lagoon CSD Boundary and SOI Changes

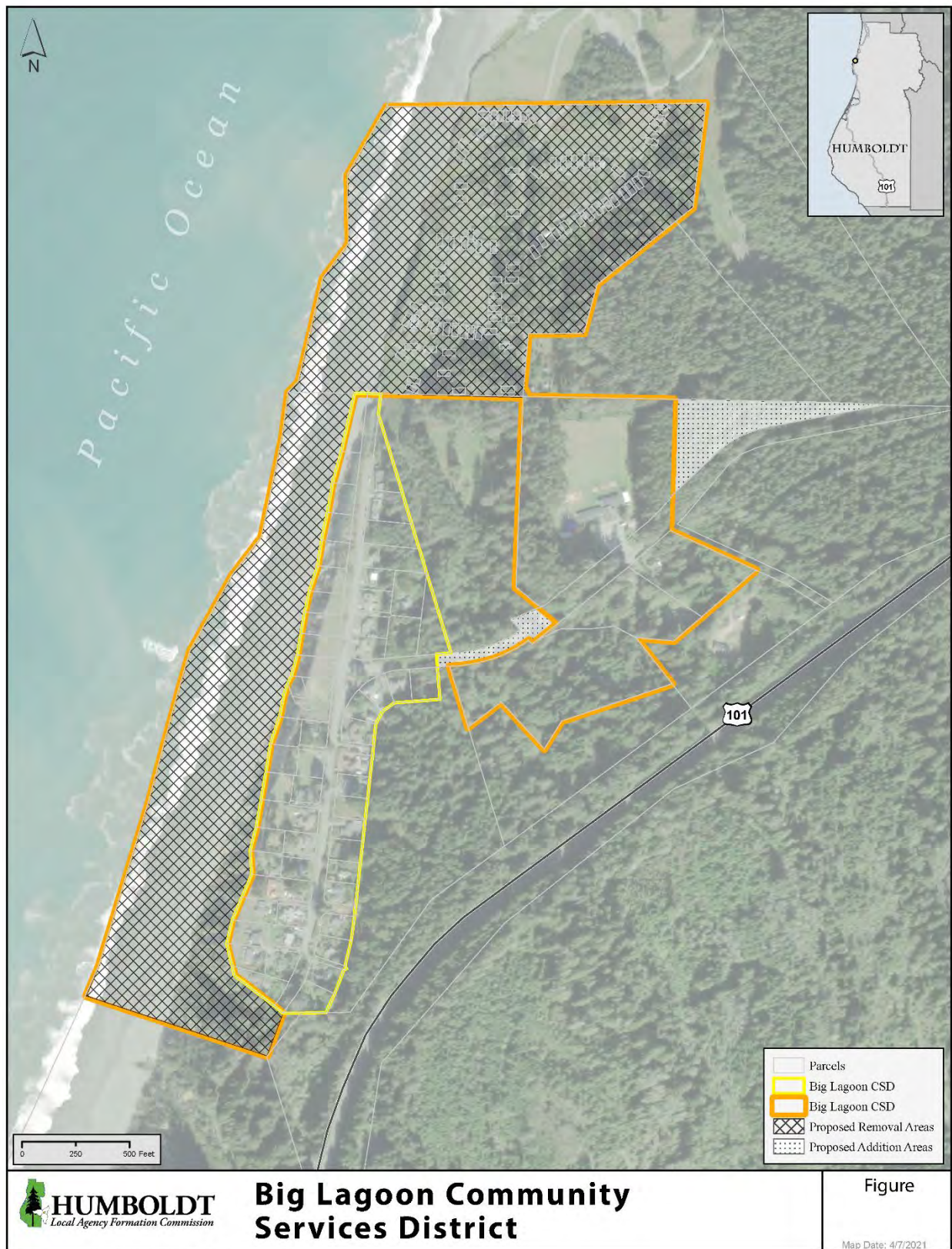
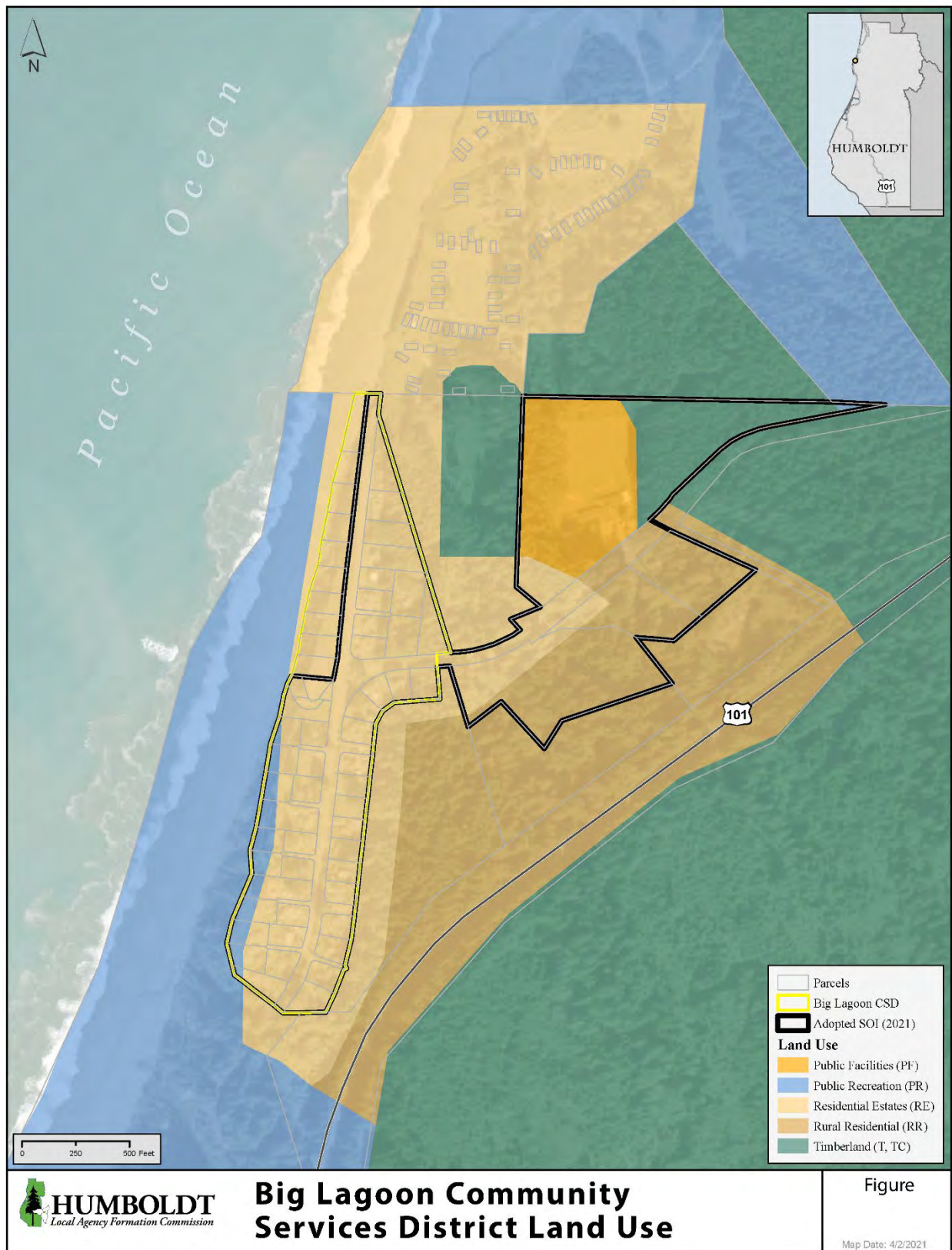


Figure 4: Big Lagoon CSD Land Use



2.4 Land Use and Zoning

Land use within the District is subject to the North Coast Area Plan of the Humboldt County Local Coastal Program, Humboldt County General Plan Volume II. The land use designation for the entirety of the District is Residential Estates (RE). Areas surrounding the District include Public Facility (PF), Public Recreation (PR), RE, Railroad (RR), and Coastal Commercial Timberland (TC)⁶.

Zoning within the District is Residential Single Family (RS) with combining zones X – No further subdivision allowed and D – Design Review. Zoning surrounding the District includes RS-X/D, PR, TC, and Rural Residential Agriculture minimum lot size 5 acres (RA-5)⁷. A small portion of parcels also have the Streams and Riparian Corridors Protection (R) combining zone which greatly restricts development. Given these zoning districts, limited growth is anticipated.

2.5 Growth and Population

The BLCSD boundary includes 46 parcels that are primarily developed with single family residential uses. The population of Big Lagoon Census Designated Place (CDP) is 118 people⁸. The CDP is larger than the District boundary and includes homes located north of the District. According to staff, BLCSD serves 41 households with a total population 75⁹. Additionally, many of the homes in the District are second homes or vacation rentals that are not regularly occupied. Due to restrictions on further subdivisions, limited potential for development in the area, and limited full time occupation of homes, the population is not expected to grow over the next five to ten years.

2.6 Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income.

BLCSD is within Big Lagoon CDP which in 2018 had an estimated MHI of \$66,806. This is 94 percent of the estimated California MHI of \$71,228¹⁰. However, the census data is based on a small sample size and may not accurately depict the income levels of the District. The five-year average provided on the California Department of Water Resources Disadvantaged Community mapping tool is \$45,735 which may more accurately reflect the District’s economic status and does qualify it as a DUC¹¹. The District is encouraged to conduct an income survey to better evaluate the status of the community.

⁶ Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Current General Plan Land Use. Accessed November 2, 2020.

⁷ Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Zoning. Accessed November 2, 2020.

⁸ US Census, American Community Survey 2018 5-year Estimates, Big Lagoon CDP, Table B01003 Total Population. Accessed November 2, 2020.

⁹ BLCSD, Vice Chair, Personal Communication, August 24, 2020.

¹⁰ US Census, American Community Survey 2018 5-year Estimates, State of California and Big Lagoon CDP, Table S1903 and B19013. Accessed November 2, 2020.

¹¹ This section was updated after adoption of the MSR based on more accurate data provided by the DWR from <https://gis.water.ca.gov/app/dacs/>. (November 2022)

To the north of the District is the small community of Big Lagoon Rancheria. This community is within census block group 1, census tract 102 and can be considered a DUC¹². It is important to note that the block group covers a large area and might not accurately depict the MHI of the rancheria. The Rancheria is a federally recognized tribe and has independent service systems including a community water treatment facility and storage tank¹³. Wastewater is handled by onsite wastewater treatment systems and fire/ emergency response services are provided by CSA #4.

2.7 Municipal Services

BLCSD is authorized to provide water services to the community of Big Lagoon. All other services listed under CSD law are considered latent powers of the District.

Water Services

BLCSD has three wells, one of which is operational. The District relies primarily on groundwater from a single well located at 47 Roundhouse Creek Road and identified as Well 2010 (site 003)¹⁴. An 8" well (Well 2) is shut off with closed isolation valves and relegated to emergency standby. The original 12" well (Well 1) is used as a monitoring well¹⁵.

Groundwater is treated through a chlorination process and stored in two 5,000-gallon plastic tanks that provide water to the community. The District's treatment plant can process up to 24 gpm, or 33,900 gallons per day¹⁶ which equals approximately 12,373,500 million gallons per year. During 2019, the total amount of water pumped from the treatment plant to the storage tanks was 1,792,500 gallons. The District is currently and has previously experienced water loss issues in the system. According to the 2019 and 2018 Consumer Confidence Reports, the District did not receive any water quality violations¹⁷.

BLCSD serves 43 households and Big Lagoon School. Average water use in the District in 2019 was approximately 121 gallons per day per household which is 0.4 percent of the District's daily treatment capacity. The monthly average for water produced in 2019 was 149,375 gallons with a monthly high of 253,100 gallons in January and a low of 96,100 gallons in February. This indicates the District has ample capacity to serve additional demand should it arise.

¹² US Census, American Community Survey 2018 5-year Estimates, Block Group 1 Census Tract 102 Humboldt County, Table B19013 (\$35,600). Accessed November 2, 2020.

¹³ California Coastal Commission, Staff Recommendation on Consistency Determination No. CD-077-06. December 15, 2006.

¹⁴ BLCSD 2019 Consumer Confidence Report

¹⁵ Personal Communication with BLCSD staff, December 4, 2020.

¹⁶ Personal Communication with BLCSD staff, December 4, 2020.

¹⁷ BLCSD 2019, 2018 Consumer Confidence Report

Table 1: Water Demand Summary

| Month | Gallons per Month | |
|----------------------|-------------------|------------------|
| | 2018 | 2019 |
| January | 121,600 | 253,100 |
| February | 117,800 | 96,100 |
| March | 132,200 | 116,000 |
| April | 116,300 | 124,500 |
| May | 164,400 | 133,900 |
| June | 200,900 | 171,900 |
| July | 280,700 | 200,800 |
| August | 283,100 | 177,800 |
| September | 280,600 | 148,500 |
| October | 180,600 | 128,300 |
| November | 208,200 | 111,900 |
| December | 224,100 | 129,700 |
| Total Gallons | 2,310,500 | 1,792,500 |

In October 2019, the District adopted Resolution 19-03 designating 320 acres of the surrounding watershed as critically important to the BLCSD water supply. In effort to further monitor the watershed and potentially help improve water quality in the area, the District is encouraged to coordinate and collaborate with conservation and restoration organizations such as the North Coast Resource Partnership or North Coast Land Trust.

Infrastructure Upgrades

Several infrastructure upgrades and adjustments have been made since the 2008 MSR. The original 12" well is now used as a monitoring well instead of primary pumping. The 8" well, which provides good water quality but not in quantities to meet back up requirements, is now used as a standby well for emergency situations. However, with the low pumping capacity of the well it would not be able to provide enough water to support District needs and additional sources of water would be needed in the event of an emergency. The newest 5" well was drilled in 2010 and produced 23 gallons per minute when first operational. The original 20,000-gallon redwood tank and 3,000-gallon pressurized tank were replaced in 2011 with two 5,000-gallon plastic tanks. While this reduced maintenance costs, it also reduced the overall storage for the District and is inadequate to meet minimum fire flow. CalFire recommends the District increase storage capacity to 585,000 gallons¹⁸. Additionally, the propane tank for the generator, the back-up power supply for treatment and distribution, was doubled in size to 500 gallons to cover extended blackout periods.

Future planned improvements include a new well. Currently, the emergency well only produces about 0.66 gpm and shuts off after running for two minutes. The water table

¹⁸ The size of the recommended water storage tank was updated from 40,000 gallons to 585,000 gallons after adoption of the MSR based on documentation from Calfire. (November 2022)

for their primary well has been dropping over the past several years. An earthquake once caused a drop from 62 feet to 92 feet in the water table. Readings from this year indicate the table ranges from 90 to 100 feet and fluctuates based on level of precipitation. The primary well is approximately 200 feet deep with the pump located 6-8 feet from the bottom. While there is still ample room left for pumping, the well should continue to be monitored for further drops in the water table. The overall goal of the current board is to plan for and implement infrastructure upgrades in order to provide more resiliency to the system.

2.8 Organizational Structure

BLCSD is an independent special district served by a five-member Board of Directors that are elected to four-year staggered terms. The Board holds regular meetings monthly and has special meetings as needed. Until December 2020 Board meetings were held at a Board member's house four times a year or as needed for maintenance related business, prior to COVID-19. Currently, the Board meets via Zoom on the next to last Saturday of each month at 2:00pm.

The District does not currently employ any part-time or full-time staff. Resident volunteer Val Castellano, who holds a D1 certification, is the primary water operator responsible for monitoring, maintaining, and supervising any major repair work. A paid water operator is budgeted should the need arise. Resident volunteers read the water meters every other month.

Table 2: Big Lagoon CSD Board of Directors

| Board Member | Title | Term Expiration |
|----------------|-----------------|-----------------|
| Joseph Blaine | Member-At-Large | December 2022 |
| William Wenger | Chair | December 2022 |
| Richard Maier | Treasurer | December 2022 |
| Charles King | Member-At-Large | December 2024 |
| Craig Satein | Vice Chair | December 2024 |

2.9 Accountability and Transparency

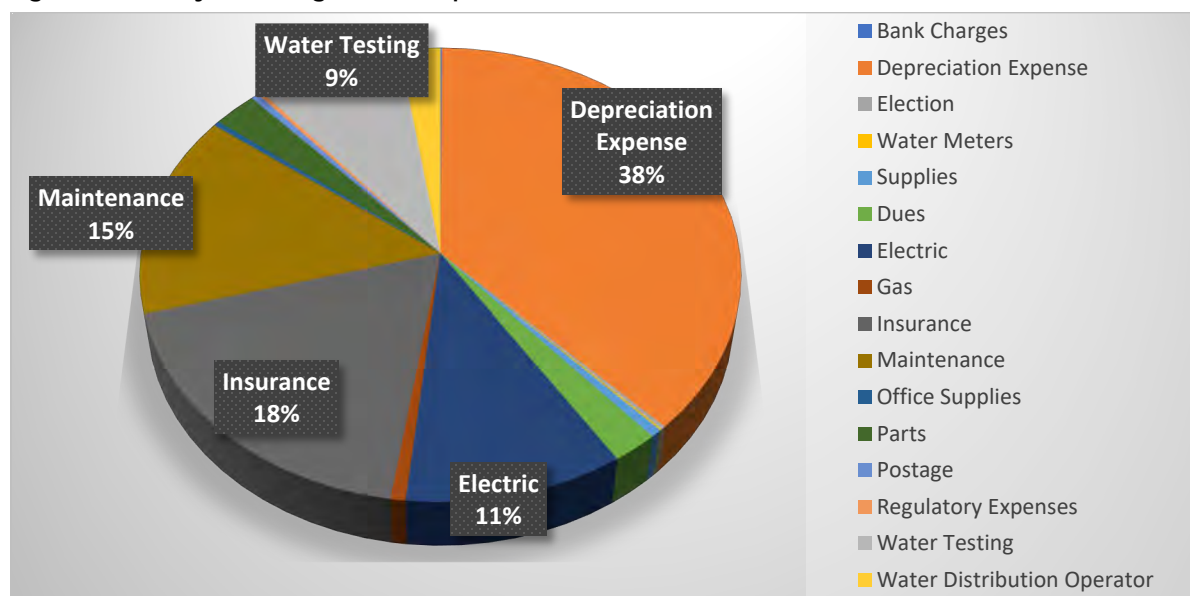
Board agendas and notices are posted at the Big Lagoon School and at the Trinidad Post Office at least 72 hours in advance of scheduled Board meetings and emailed to members of the District that provided email addresses. The agendas are also planned to be posted at the Trinidad library once it reopens. The District does not yet have a website but the design and implementation of a website has been initiated and will be available by the end of 2021. The previous Board approved and renewed a resolution of hardship in accordance with SB929 on June 14, 2020 (originally Resolution No. 19-02). The current Board is seeking to increase District transparency and provide more resources to District residents.

2.10 Financial Overview

Revenue and Expenditures

BLCSD is primarily funded through user fees for services and budgets are set for the calendar year from January-December. User fees include a monthly base rate charge and usage charges. The current usage rate is 0.0359 cents per cubic foot and 0.04799 cents per 10 gallons depending on what type of meter is installed. The base rate charge accounts for approximately \$23,000-24,000 per year while the water usage charge accounts for approximately \$6,000-9,000 per year. Expenditures for the District include depreciation and operational expenses. As shown in Figure 3, depreciation accounts for the largest expense at 38% from January 2016-August 2020, followed by insurance at 18% and maintenance at 15%.

Figure 5: January 2016-August 2020 Expenses



As stated above, the District currently adopts operational budgets for the calendar year. Government Code §61110 states that a preliminary and final budget must be adopted for the District on or before July 1 of each year or, for districts using two one-year budgets or a biennial budget, every other year, in accordance public notice and processing procedures. Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The District is encouraged to begin adopting budgets for the fiscal year (July 1 to June 30) and begin filing regularly with the County Auditor.

Currently, BLCSD has no audits on file and there is no record of reporting to the State Controller. According to CSD law (California Government Code §61118), the Board of Directors shall provide for regular audits of the District's accounts and records and shall

provide for annual financial reports to the State Controller. Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic 22 format, the report must be submitted within 110 days after the close of the fiscal year. All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year unless the Board of Supervisors has approved a biennial or five-year schedule¹⁹. The District is strongly encouraged to bring their financial reporting up to date. This may help with qualifying for future grant opportunities for water system upgrades. It would also be beneficial to become a member of California Special Districts Association which would provide access to helpful resources related to budgeting, auditing, and reporting.

Table 3 provides a summary of the last five years of budgeted revenues and expenditures. The Profit/Loss Summary in Table 4 shows the District experiencing a gain in the past five calendar years. This means the District is able to cover major maintenance and repairs every few years without exhausting reserves. However, expenses for annual audits and/or major repair work could alter this trend. Currently, the general fund balance is approximately \$133,000 and the District holds approximately \$50,000-60,000 in assets²⁰.

Table 3: BLCSD Annual Budget Summary

| Calendar Year | | | | | | |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Category | Jan-Dec 2016 | Jan-Dec 2017 | Jan-Dec 2018 | Jan-Dec 2019 | Jan-Dec 2020 | Jan-Dec 2021 |
| Base Rate | 23,124 | 23,716.67 | 23,716.67 | 23,692.92 | 23,692.92 | 24,900 |
| Water Usage | 6,680 | 8,312.39 | 8,312.39 | 9,407.56 | 9,493.07 | 7,400 |
| Revenues | 29,804 | 31,471.72 | 32,029.06 | 33,100.48 | 33,185.99 | 32,900 |
| Depreciation | 7,568 | 7,568 | 7,568 | 7,568 | 7,568 | 7,568 |
| Operation | 18,736.94 | 19,379.91 | 14,976.84 | 17,938.59 | 18,367.15 | 17,072 |
| Other | - | 60 | 60 | 120 | 12 | - |
| Expenditures | 26,304 | 27,007.91 | 22,604.84 | 25,626.59 | 25,947.15 | 24,640 |
| Gain/ (Loss) | \$3,499.06 | \$4,463.81 | \$9,424.22 | \$7,473.89 | \$7,238.84 | \$8,338.64 |

Table 4: BLCSD Profit and Loss Summary

| Calendar Year | | | | | |
|-----------------|------------------|------------------|------------------|------------------|------------------|
| Category | Jan-Dec 2016 | Jan-Dec 2017 | Jan-Dec 2018 | Jan-Dec 2019 | Jan-Aug 2020 |
| Base Rate | 23,431.67 | 23,692.92 | 23,597.92 | 24,188.50 | 16,176.31 |
| Water Usage | 8,178.75 | 9,046.53 | 9,033.57 | 7,823.83 | 5,453.62 |
| Installation | - | - | - | 10,000 | - |
| Revenues | 31,053.08 | 32,256.54 | 31,820.44 | 42,325.04 | 26,629.93 |
| Depreciation | 7,568 | 7,568 | 7,568 | 7,568 | 3,784 |

¹⁹ California Government Code Section 26909 (5)(b)(1-3).

²⁰ Personal Communication with BLCSD Staff, December 4, 2020.

| | | | | | |
|---------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
| Operation | 19,379.91 | 662.81 | 15,514.63 | 11,537.20 | |
| Other | 60 | 12.83 | 12 | - | - |
| Expenditures | 27,007.91 | 8,243.64 | 23,094.63 | 19,105.20 | 13,061.20 |
| Gain/ (Loss) | \$4,045.17 | \$24,012.90 | \$8,725.81 | \$23,219.84 | \$13,568.73 |

3.0 BIG LAGOON MSR DETERMINATIONS

As set forth in Section 56430(a) of the CKH Act- In order to prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

(1) Growth and population projections for the affected area.

- a) The estimated population of the District is 75. Due to the limited potential for future development and the transient uses of the area, the population is not expected to grow measurably over the next five to ten years.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

- a) The 2018 American Community Survey MHI for Big Lagoon CDP is \$66,806 which does not qualify it as a DUC. However, the District is encouraged to conduct a District wide income survey to more accurately determine the MHI.
- b) Just north of the District is the Big Lagoon Rancheria which has an estimated 2018 American Community Survey MHI of \$35,600 which does qualify it as a DUC. The MHI estimate is for a large census tract and the actual MHI of the Rancheria may be higher or lower. The community is currently served by its own community water system. Should consolidation of services be considered in the future for the area, the District should coordinate with the Rancheria to ensure adequate services are provided.

(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

- a) The District has a current treatment capacity of 33,900 gallons per day while the average demand is approximately 5,000 gallons per day with a peak demand of 8,000 gallons per day. This indicates the District has ample supply to support the potable water needs of the community.
- b) The District currently does not have a sufficient backup source of water. Should the primary well fail, the District would likely need to rely on trucked in water while repairs are made. The District is encouraged to continue seeking a suitable backup water source.
- c) The water system continues to experience losses. The District is encouraged to monitor and identify potential areas in need of repair to help reduce losses in the system.

- d) The District does not currently have the storage capacity to meet minimum fire flow recommendations. CalFire recommends at least 40,000 gallons of water be available for fire flow.

(4) Financing ability of agencies to provide services.

- a) The District is currently funded by fees for services including a monthly base charge, usage fees, and connection fees. The last five years of profit and loss statements show a positive trend for the District indicating that revenue is sufficient to cover current expenses and minor capital improvements.
- b) The District currently adopts an annual budget for the calendar year. In order to come into compliance with current state financial regulations, the District should begin adopting budgets for the fiscal year.
- c) The District does not currently conduct audits. In order to come into compliance with CSD law and state financial regulations, the District should work with the county auditor to determine a schedule and complete audits for the District. Due to its small size, the District may be eligible to conduct audits every two years rather than on an annual basis.

(5) Status of and, opportunities for, shared facilities.

- a) There are currently two small water systems operating adjacent to Big Lagoon CSD. These are the Big Lagoon Park Company system and Big Lagoon Rancheria system. Consolidation of the systems would require substantial investment in additional infrastructure and is not feasible at this time. However, should one of the neighboring systems fail, they may request service from the District.
- b) At this time there are currently no opportunities for shared facilities.

(6) Accountability for community service needs, including governmental structure and operational efficiencies.

- a) The District is currently served by a five-member board of directors that are elected at large to staggered four-year terms.
- b) The District currently does not have a website. A District website is being designed and will be active by the end of 2021. In previous years, the District declared a hardship in compliance with SB 929.
- c) The District is encouraged to provide training to board members on Brown Act regulations and other governance activities such as budgeting and capital improvement planning.

(7) Any other matter related to effective or efficient service delivery.

- a) There are no other matters affecting services at this time.

4.0 BIG LAGOON SOI DETERMINATIONS

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city, as defined by G.C. Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

(1) Present and planned land uses in the area, including agricultural and open-space lands.

- a) Land uses surrounding the District are predominantly Public Facility and Coastal Timberland with some low density residential uses. These land uses limit the potential for substantial growth in the area.

(2) Present and probable need for public facilities and services in the area.

- a) There are currently two additional waters systems near the District: Big Lagoon Park Company and Big Lagoon Rancheria. The additional systems and residential uses in the area indicate there is continued need for services.

(3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a) There is currently adequate capacity to meet current potable water service needs for the District. Should adjacent developments request water services, there is currently ample primary supply to meet the additional demand.
- b) The District currently does not have a sufficient backup source of water. In the event additional service connections were requested or additional areas were annexed to the District, there would not be enough emergency water supply to support the additional demand.
- c) There is currently limited storage to accommodate recommended fire flow. The current system has a storage capacity of 10,000 gallons and the CalFire recommended storage is 40,000.

(4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

- a) The closest available community services, such as food, fuel, library, and others, are located in the City of Trinidad approximately 7 miles south of the District. These services support the residents of BLCSD.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire

protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

- a) Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo policy. This includes the big Lagoon Rancheria which currently operates its own small water system for residents.