RESOLUTION NO. 2024-437

RESOLUTION OF APPLICATION BY THE CHESTER PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS REQUESTING THE PLUMAS LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR THE ANNEXATION OF CHESTER PUBLIC UTILITY DISTRICT FIRE SERVICES TERRITORY TO THE PENINSULA FIRE PROTECTION DISTRICT AND THE DISSOLUTION OF CHESTER PUBLIC UTILITY DISTRICT'S FIRE SERVICES TERRITORY

WHEREAS, Chester Public Utility District in conjunction with Peninsula Fire Protection District approving substantially similar resolutions and listed within this resolution, desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code and California Health and Safety Code Sections 13800-13970, also known as the Fire Protection District Law of 1987, for the annexation of Chester Public Utility District's fire services territory to the Peninsula Fire Protection District and the concurrent dissolution of the Chester Public Utility District's fire services territory with transfer of responsibility to provide fire protection, emergency medical and rescue services contingent upon the annexation request as authorized by the Plumas Local Agency Formation Commission (LAFCo) and approved by the board of directors of Chester Public Utility District and the board of directors of Peninsula Fire Protection District; and

WHEREAS, the Chester Public Utility District, (CPUD) and the Peninsula Fire Protection District, (PFPD) hereinafter referred to as "Participating Fire Agencies," are authorized to provide fire protection, emergency medical and rescue services within their respective boundaries directly or by contract based on their respective formation documents and principal acts (California Government Code Section 38600, et seq., and California Health and Safety Code Section 13800, et seq.); and

WHEREAS, the Chester Public Utility District Board of Directors discovered serious issues within the department relating to lack of certain and adequate funding for Fire Department and EMS operations. Due to the CPUD Fire Department's historical dependence on one-time funds to finance standard operations, the Fire Department routinely financed itself by borrowing money from the CPUD Sewer Department reserves, which as of September 30, 2024 has resulted in a debt owed by the CPUD Fire Department to the CPUD Sewer Department of $1,879,128.73. Because of the high cost of salaries and benefits that had been negotiated between CPUD's Fire Department and the International Association of Firefighters Local 5317, CPUD was burdened by a structural deficit whereby the Fire Department spent approximately $2,000,000 annually to operate but only received annual tax revenues of $320,000 (a mixture of ad valorem taxes and a special parcel assessment – Measure A – which contains no sunset clause). After successfully cutting costs, CPUD determined that to continue providing fire protection and emergency medical response services throughout its territory, more revenue would need to be approved by the voters. The CPUD Board of Directors placed an additional parcel tax question on the November 2023 UDEL ballot, asking voters to approve a parcel tax valued between $350 and $400 per year per parcel, which voters did not approve. The CPUD Board of Directors then placed two competing tax measures on a May 2024 Special election ballot, asking voters to choose between having no fire department (not approving the tax), having a volunteer fire department and paying $450 per parcel per year (Measure B), or a full-service, full-time fire department and Advanced Life Support ambulance response for $1,500 per parcel per year (Measure C). Both Measures B and C failed to win voter approval. CPUD has laid off all non-administrative firefighting employees effective November 1, 2024. CPUD no longer has a contract with NorCal EMS, Inc. to provide ALS ground transportation; and

WHEREAS, on June 26, 2024, representatives from the boards of directors and staff of CPUD and

to discuss the feasibility of PFPD annexing CPUD's fire services territory and in subsequent meetings Plumas County Local Agency Formation Commission (LAFCo) to provide information to achieve ssful annexation; and

WHEREAS, on November 6, 2024 the Board of Directors of CPUD voted to support and pursue the annexation of CPUD's fire services territory into the PFPD boundaries and service area to create an efficient, effective and sustainable emergency services system for the PFPD response area; and

WHEREAS, the Plumas LAFCo serves as the review authority over the formation and reorganization of cities and special districts as contained in and authorized by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, hereinafter referred to as "the Act", commencing with Section 56000 of the California Government Code; and

WHEREAS, the Act establishes the process pursuant to which citizens or legislative bodies of local agencies may seek the reorganization of cities and districts; and

WHEREAS, in order to facilitate the annexation of CPUD's fire services territory, through adoption of this resolution of application, the CPUD has assumed the principal role in initiating the proposal and requesting the Commission to commence its review process by the filing of an application with the appropriate fees paid by CPUD; and

WHEREAS, the proposed reorganization will be consistent with the adopted sphere of influence, updated by LAFCo, for CPUD's fire services territory and ensuring there is no duplication of services within the resulting boundaries, through dissolution of CPUD's fire services territory as indicated by the Municipal Services Review adopted for CPUD; and

WHEREAS, the PFPD sphere of influence will require amendment for consistency with the application; and

WHEREAS, notice of intent to adopt this resolution of application has been given, and this Board has conducted a public hearing based upon this notification, and has received and considered comments presented at that hearing; and

WHEREAS, the territory proposed to be annexed is considered to be inhabited (more than 12 registered voters) and a description of the boundaries of the territory to be included and a map of the proposed boundary designated as set forth in Exhibit #A, are attached hereto and by this reference incorporated herein; and

WHEREAS, the reasons for the proposed annexation are as follows:

1. CPUD's fire services territory boundary lies as a separate but adjacent service area to the PFPD service boundaries. The two fire departments have historically worked very closely as the Almanor Basin's only two emergency medical service agencies. Because of the complexities involved in running an Advanced Life Support (ALS) ground ambulance service, it is most logical to ask PFPD to expand their service territory than it is to seek an outside agency that would be able to provide both fire suppression and ALS ground transport.

2. Since February 29, 2024, PFPD has been responding to the vast majority of fire and emergency medical service calls within CPUD's fire services territory as a result of CPUD fire staff layoffs; and

WHEREAS, it is desired to require that the proposed annexation be subject to the following Terms and Conditions:

1. A territorial new boundary be established for PFPD as identified in Exhibit #A, map and legal description

boundaries of the combined territories, including those territories currently within CPUD's Sphere of Influence.

2. CPUD's fire services territory and powers be dissolved, and PFPD named the successor, including all rights, responsibilities, contracts, assets and liabilities, and functions of the CPUD Fire Department and any funds to which it succeeds – with the exception of those items specified in Item 6a-d below – and may be expended and properly disposed of as provided by Division 12, Part 2.7, Chapter 1, Health & Safety Code, Fire Protection District Law of 1987 (commencing with Section 13800 et seq.), as itemized in Asset Transfer Schedules Exhibit #C.

3. PFPD, the successor agency, shall function under and carry out all authorized duties and responsibilities assigned to a Fire Protection District as outlined in the Division 12, Part 2.7, Chapter 1, Health & Safety Code, Fire Protection District Law of 1987 (commencing with Section 13800 et seq.) and other applicable laws.

4. If necessary, a tax exchange agreement shall be negotiated with the County of Plumas to allocate a property tax revenue structure for the PFPD to the successor agency, as provided for in Government Code Section 56810.

5. Pursuant to Government Code section 57330, owners of developed and undeveloped parcels within the newly adjust boundaries of PFPD will be assessed a 2021 voter approved annual Special Tax at the parcel level as currently administered by PFPD as described in Exhibit #E, that includes the following provisions:

    a. A Special Tax of $442.50 per year for each improved parcel.
    b. A Special Tax of $394.50 per year for each unimproved parcel.

6. All previously authorized charges, fees, assessments, and/or special taxes currently in effect and dedicated to fire protection or emergency medical response, now levied or collected by CPUD including improvement or assessment districts thereof, and including that portion of the ad valorem Plumas County property tax roll which is currently collected by the CPUD Fire Department, shall upon annexation, continue to be levied and collected by CPUD until such time as:

    a. CPUD's California Public Employees Retirement System (CalPERS) Classic Safety and PEPRA Safety Plans are terminated and the resulting debt is paid off in full. The termination cost for both plans together is estimated to be approximately $3,800,000 which will be paid using a Pension Obligation Bond or a Sewer Revenue Bond. The total bond amount is anticipated to be approximately $4,000,000 with financing costs included, the total amount of which will likely be amortized over a 30-year term or less. The bond that is ultimately issued will have its debt serviced by the CPUD Fire Department's existing Special Tax (Measure A, $95/year improved parcels, $75/year unimproved parcels) and ad valorem tax revenue.

    b. All debts owed by the CPUD Fire Department to the CPUD Sewer Department, with a current balance of $1,879,128.73 (as of September 30, 2024), are paid in full. CPUD may not increase this debt from year to year. All CPUD Fire Department revenues not used for operating costs or the debt service identified in item 6a shall be swept to the CPUD Sewer Fund to pay back this balance. The CPUD Sewer Fund may assess reasonable interest on the Fire Fund's debt.

    c. When items 6a and 6b have been completely satisfied, CPUD will cease to levy or collect any previously authorized charges, fees, assessments, and/or special taxes related to fire suppression or emergency medical services, and will additionally cease

the levy and collection of any CPUD Fire Department-related ad valorem property taxes.

d. Nothing in this section shall prevent CPUD from utilizing these tax revenues to also pay for necessary operating costs, such as the cost of Other Post Employment Benefits, liability insurance, and auditing or legal costs. CPUD may not, however, create or increase any debt besides those items mentioned in 6a and 6b.

7. Upon annexation, all parcels within the boundary of PFPD are subject to all charges and fee structures that balance the needs of PFPD for funding and cost of services and the burdens on property owners. All charges and fee structure programs will be rendered and adopted by the PFPD Board of Directors and administered and codified through resolution or ordinance.

8. The current composition of the PFPD Board of Directors is a five (5) member board of directors, elected at-large, each of whom must be a registered voter residing within the district. Upon annexation and until such time as the next regularly scheduled election for PFPD directors, CPUD shall appoint two members to the PFPD Board of Directors which shall temporarily increase to seven (7) members. Upon the next regularly scheduled election for PFPD directors, membership shall revert to five (5) members elected by geographic area and who are registered voters residing within the boundaries of PFPD.

9. The services to be provided by the successor District shall be provided in a manner consistent with the "Plan for Services" attached hereto as Exhibit #B and incorporated herein by reference.

10. Upon annexation, PFPD shall staff and maintain a full-time fire station in Chester which shall provide both fire suppression and emergency medical services to the community of Chester, which may from time to time be adjusted by the PFPD Board of Directors. It is also acknowledged that due to start-up costs and delayed revenues and reimbursements, PFPD may need to delay initial implementation of this section; and

WHEREAS, CPUD and PFPD intend that this dissolution and annexation be effective no later than December 31, 2024; and

WHEREAS, the CPUD has assumed Lead Agency status for this project under the California Environmental Quality Act (CEQA), with PFPD serving as a Responsible Agency; and

WHEREAS, CPUD has determined that this project is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15320 (Changes in organization of local agencies) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment – where the activity consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised – and that does not involve development or a change in the manner for which an existing service is provided; and

WHEREAS, CPUD and PFPD have determined that since a majority of the members of both of the legislative bodies are adopting substantially similar resolutions of application for this annexation, the Resolution of Application meets the criteria for requesting a waiver of proceedings as set forth in Government Code Section 56853 with regard to the annexation and dissolution applications; and

NOW THEREFORE BE IT RESOLVED, by the Chester Public Utility District as follows:

SECTION 1. Findings of Facts. The above recitals are adopted as findings of fact.

SECTION 2. Adoption of Resolution of Application. This Resolution of Application is hereby

and approved, and the Local Agency Formation Commission of Plumas County is hereby requested to proceedings for the reorganization of territory described in Exhibit #A (Map and Boundary Description) sisting of the annexation and dissolution of EPRFPD according to the terms and conditions stated above and the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000, et seq.

SECTION 3. California Environmental Quality Act CEQA. CPUD has determined that this project is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15320 (Changes in organization of local agencies) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment – where the activity consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised – and that does not involve development or a change in the manner for which an existing service is provided. PFPD concurs with this determination as the responsible agency.

SECTION 4. Other Acts. The Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which, in consultation with District Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

SECTION 5. Effective Date. This Resolution shall take effect upon adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Chester Public Utility District at a special meeting thereof held on the day of November 6, 2024, by the following vote:

AYES: Kimberly Green, Stephen Graffweg, Steven Voboril, Arthur Tharpe and Royce Raker.

NOES: none

ABSTENTIONS: none

ABSENT: none

Steve Voboril Vice Chair CPUD Board Chair, Kimberly Green
for the Board Chair

ATTESTED:

Cheryl E. Johnson CPUD Board Clerk, Cheryl Johnson

Attachments:
Exhibit A, Map and legal description of proposed fire protection district boundaries.
Exhibit B, Plan for Services.
Exhibit C, Schedule of Asset Transfer
Exhibit D, Post-Annexation Financial Plan
Exhibit E, PFPD Special Tax