



CHESTER PUBLIC UTILITY DISTRICT (CPUD)

General Manager's Statement of Facts

Fire Annexation and Property Tax

September 30, 2026

WHAT CHESTER PROPERTY OWNERS PAY

- Peninsula Fire special tax — \$442.50 improved, \$394.50 unimproved. The same rate Peninsula parcels pay.
- Measure A, CPUD — \$95.00 improved, \$75.00 unimproved. Chester parcels only. No sunset clause.
- A Chester improved parcel pays \$537.50 in total; a Peninsula improved parcel pays \$442.50.
- 1,400 Chester parcels are on the County's certified 2026-27 direct charge roll — 1,380 improved, 20 unimproved.
- Bills were mailed this fall. First installment due November 1, delinquent after December 10. Second installment due February 1, delinquent after April 10.

WHAT HAPPENED, AND WHEN

- February 29, 2024 — Peninsula Fire began responding to the majority of fire and EMS calls in Chester.
- November 1, 2024 — CPUD laid off all non-administrative firefighting staff.
- November 6, 2024 — CPUD adopted Resolution 2024-437. Peninsula Fire adopted its counterpart, Resolution 11/08/2024-01, two days later. The two carry identical terms and conditions.
- December 27, 2024 — The annexation took effect.
- October 2026 — First billing of the Peninsula Fire special tax on Chester parcels. Exhibit D to Resolution 437 had anticipated October 2025.

WHAT TRANSFERRED, AND WHAT DID NOT

- CPUD's fire equipment, apparatus and other fire department assets transferred to Peninsula Fire.
- Real property was expressly excluded from the transfer. Exhibit B to Resolution 437 states the transfer applies "with the exception of real property." The buildings remain CPUD's.
- Two obligations were carved out of the transfer and stayed with CPUD under Term 6: the CalPERS safety retirement debt, and the money the Fire Fund owes the Sanitation Fund.
- Term 10 requires Peninsula Fire to staff and maintain a full-time station in Chester, and expressly contemplates that start-up costs and delayed revenue may require a delay in doing so.

THE CALPERS OBLIGATION

- Unfunded liability on CPUD's two Safety Fire plans — \$1,287,925 as of June 30, 2026.
- Required contribution for FY 2026-27 — \$172,388.
- On the payments in the adopted budget, the balance reaches zero in FY 2031-32. The additional discretionary payments in that schedule are an annual CPUD Board decision, and the date moves with CalPERS investment returns.
- Terminating the plans is a separate step. Current estimated termination cost is \$2.4 million to \$4.8 million. Resolution 437 estimated approximately \$3.8 million, financed by a bond of roughly \$4 million.
- Absent termination, the obligation runs for the lifetimes of the retirees.

THE INTERFUND LOAN

- For a number of years CPUD's funds covered each other's shortfalls without written terms, interest or a repayment schedule. The transfers were traced and settled in 2025 and each fund repaid what it owed the others.
- One balance remained — \$215,869.00 owed by the Fire Fund to the Sanitation Fund.
- Resolution 440, adopted December 16, 2025 and effective January 1, 2026, placed it under formal terms: 3% interest; interest only from February 1, 2026 through May 1, 2027; principal and interest of \$9,278.31 monthly beginning June 1, 2027; term ends April 30, 2029. Total interest is roughly \$15,400.
- Resolution 437 recites \$1,879,128.73 as of September 30, 2024. That is the gross figure before the funds were reconciled against each other. \$215,869.00 is the balance that remained.
- Policy 3045, Interfund Loans, is before the CPUD Board for amendment.

THE BUILDING AT 251 CHESTER AIRPORT ROAD

- CPUD owns the building. It is carried by CPUD's water and sewer enterprises.
- The sublease to Peninsula Fire took effect January 1, 2026. Rent is \$1,200 per month under Article 3.1. The term ends January 1, 2028, and either party may terminate on six months' notice.

- Resolution 441, adopted March 16, 2026, authorized Fire Fund transfers covering that lease payment and the utilities, retroactive to January 1, 2026 and running to the end of the lease. CPUD has been funding the rent so Peninsula Fire did not have to carry it before its tax revenue began.
- Under Article 6.1 CPUD is responsible, at its sole expense, for the exterior, structural components, HVAC replacement and major plumbing.
- Under Article 7.2 Peninsula Fire pays one third of power and one half of propane until separate meters are installed. Separate meters were to be installed within six months of January 1, 2026.
- Article XIII D, section 6(b) of the California Constitution limits water and sewer revenue to water and sewer service. Rent on a building held by those enterprises returns to them, not to the Fire Fund.

WHAT THE RESOLUTIONS SAY ABOUT WHEN THE CHARGES END

- Term 6 provides that CPUD continues to levy and collect its fire-related charges until two conditions are met: the CalPERS safety plans are terminated and that debt paid in full, and the debt to the Sanitation Fund is paid in full.
- Term 6(c) provides that when both are satisfied, CPUD “will cease to levy or collect” those charges, and will additionally cease the levy and collection of any CPUD Fire Department-related ad valorem property taxes. This language is identical in both districts’ resolutions.

ACTION ITEM

- Determine a sunset date for the Measure A special assessment with Peninsula Fire Protection District, Plumas LAFCo and Plumas County, and amend the resolutions accordingly.

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Figures are drawn from Resolution 2024-437 and Peninsula Fire Resolution 11/08/2024-01, Resolutions 440 and 441, the executed sublease of 251 Chester Airport Road, the June 30, 2024 CalPERS actuarial valuation, the adopted FY 2026-27 budget, and the County’s certified 2026-27 direct charge roll. Informational only; not legal advice.