



# North Sonoma Coast Fire Protection District

PO Box 386, The Sea Ranch CA 95497  
(707) 785-2648 nscfpd.org

## NSCFPD Seeks Legislative Remedy For Excessive ERAF Shift

The North Sonoma Coast Fire Protection District (NSCFPD) is seeking legislation to correct its inappropriately large “shift” of property tax revenue to the Educational Revenue Augmentation Fund (ERAF). This document describes the problem and the proposed legislative remedy, as well as providing some deeper background information and references.

NSCFPD provides all-hazard emergency response to 172 square miles of rural territory in northwest Sonoma County. Response is provided by an all-volunteer fire department working together with contracted CAL FIRE personnel. The District’s long-term financial stability is threatened by an excessively large “ERAF” shift (estimated at 45.83% in FY 18-19). The problem has existed in the area since the ERAF was implemented in 1992-93 and 1993-94 and has become progressively more of an issue as expenses for sustaining emergency response have grown faster than property tax revenue. The ERAF shift imposed on NSCFPD is clearly egregious and unfair compared to shifts for other agencies. The next highest ERAF shift for a Fire Protection District (FPD) in Sonoma County is 17.65%, and the average shift over all of the County’s FPD’s in FY 18.19 was 8.87%. The NSCFPD was formed on April 1, 2016, with one of the primary reasons for formation being the creation of an entity with standing to challenge the ERAF shift which had been draining funds from the NSCFPD and its predecessor Volunteer Fire Company since 1994.

The following shows the estimated FY 18-19 ad valorem property tax funds allocated and the amount and percentage of ERAF shift for Fire Protection Districts in Sonoma County:

Fire Districts in Sonoma County, Estimated FY 18-19				
District	Total ad valorem Prop Tax Allocated	Prop Tax paid after ERAF	ERAF Shift	ERAF %
<b>North Sonoma Coast</b>	<b>\$2,500,588</b>	<b>\$1,354,680</b>	<b>\$1,145,908</b>	<b>45.83%</b>
Bennet Valley	\$717,361	\$666,583	\$50,778	7.08%
Bodega Bay	\$367,513	\$314,979	\$52,534	14.29%
Cloverdale	\$642,669	\$637,988	\$4,681	0.73%
Forestville	\$1,366,355	\$1,339,800	\$26,555	1.94%
Geyserville	\$1,004,188	\$1,004,188	\$0	0.00%
Glen Ellen	\$1,057,958	\$1,053,003	\$4,955	0.47%
Gold Ridge	\$1,767,503	\$1,646,823	\$120,680	6.83%
Graton	\$900,725	\$815,935	\$84,790	9.41%
Kenwood	\$884,890	\$843,771	\$41,119	4.65%
Monte Rio	\$357,183	\$347,581	\$9,602	2.69%



# North Sonoma Coast Fire Protection District

PO Box 386, The Sea Ranch CA 95497

(707) 785-2648 nscfpd.org

Fire Districts in Sonoma County, Estimated FY 18-19				
District	Total ad valorem Prop Tax Allocated	Prop Tax paid after ERAF	ERAF Shift	ERAF %
Rancho Adobe	\$3,525,604	\$3,484,710	\$40,894	1.16%
Rincon Valley	\$4,716,975	\$4,455,483	\$261,492	5.54%
Roseland	\$575,456	\$600,675	-\$25,219	-4.38%
Russian River	\$817,229	\$713,271	\$103,958	12.72%
Schell-Vista	\$1,065,884	\$979,913	\$85,971	8.07%
Timber Cove	\$187,216	\$154,178	\$33,038	17.65%
Valley of the Moon	\$4,700,281	\$4,423,988	\$276,293	5.88%
Windsor	\$1,500,916	\$1,275,725	\$225,191	15.00%

In short, we believe that the ERAF shift imposed on the District is unfair and far above the original intent of what proportion of funds could be shifted away from cities, counties, and special districts, and especially Fire Protection Districts. The large shift is based on the area's earlier "Special District Augmentation Fund" (SDAF) factor, but the original basis for the earlier SDAF factor cannot be obtained from Sonoma County. ERAF shifts set in the 90's were based partially on the amount of SDAF "bailout" funds that may have been received by the area. While some "bailout" funds were apparently received by the entity which existed in the NSCFPD's area in 1980-1994 (County Service Area #6), no such "bailout" has occurred since then, and the continued oppressively large ERAF shift of funds intended for fire protection is unwarranted.

Since the mid-90's the entity that provided fire protection in our area (previously The Sea Ranch Volunteer Fire Department, Inc.) has repeatedly sought help from Sonoma County to remedy the fund loss to ERAF, but never received any relief. Sonoma County's responses have generally been that our extreme ERAF shift is an unintended consequence from one-size-fits-all legislation, and that we need to change the law to find a remedy.

The question of what the ERAF shift "should" be can become quite complicated, but the District proposes a simple answer. Prior to District formation in 2016, all of the territory within the current NSCFPD boundaries was within County Service Area #40 (the entity created in 1994 to provide County supervision and administration of the then-existing Volunteer Fire Companies). While the ERAF shift applied to different tax rate areas in CSA #40 varied widely, the average ERAF shift over all of CSA #40 before NSCFPD separated from it was 15%. The District proposes legislation to amend the ad valorem property tax revenue allocated by Sonoma County Auditor to the Educational Revenue Augmentation Fund for North Sonoma Coast Fire Protection District to be 15%. We are seeking support from our state legislators to carry this forward.

The remainder of this document provides more detailed information and history that may help to



## North Sonoma Coast Fire Protection District

PO Box 386, The Sea Ranch CA 95497  
(707) 785-2648 nscfpd.org

understand the issue.

### **Background on ERAF**

ERAF was created by the state legislature in 1992, with formulas established in 1992-93 and 1993-94 to permanently shift funds from counties, cities, and special districts to ERAF. The state uses this to augment funding of education lost due to Prop. 13.

The movement of funds from taxes originally allocated for other purposes to ERAF is called the ERAF "shift". The ERAF shift from all other special districts or funds is usually no more than about 15%. The ERAF shift from ad valorem tax funds initially allocated to fire protection from the three Tax Rate Areas that cover The Sea Ranch (approximately 10.5 square miles, a small portion of the District's current 172 square miles) in FY 17-18 was 47%; the ERAF shift for the entire district in FY 17-18 was 46.32%. This results in the loss of over \$1 million dollars originally allocated for fire protection within the District each year.

### **NSCFPD Writ of Mandamus**

In January of 2017, after much study and research, the District, working with counsel William Ross, filed a Writ of Mandamus against Sonoma County, asserting the ERAF calculation applied to NSCFPD was not correctly calculated. The venue was changed to Sacramento County. A hearing was held on May 10, 2019 in Sacramento. The initial ruling went against NSCFPD, though NSCFPD is continuing to work on an appeal. Details on the nature of the argument are available if requested. While the case is still ongoing, the District would prefer to use its energy and funds on fire department operations and sustaining its essential contract with CAL FIRE for career personnel, and is taking up the effort to obtain a legislative remedy rather than a litigated one.

### **A Brief History of Governance and Funding in the NSCFPD area**

In 1973 The Sea Ranch Volunteer Fire Department, Inc. (TSRVFD) was formed. TSRVFD was a non-profit corporation providing volunteer fire protection services in The Sea Ranch area under contract, at first with County Service Area (CSA) #6, and later with CSA #40 after CSA #6 was dissolved in 1994. Ad valorem property tax funds went to CSA #6 (and later CSA #40), not directly to TSRVFD. The large ERAF shift imposed on the tax rate areas in CSA #6 started in 1994.

Aside from the small amounts passed from CSA #40 to TSRVFD for operational costs, all of the funds obtained by TSRVFD came from donations and were used mainly for the maintenance of the Sea Ranch North Fire Station. Periodic attempts by TSRVFD to work with Sonoma County to remedy the ERAF shift met with no success. Starting in 2010 the TSRVFD Board of Directors began serious attempts to understand the ERAF shift and to attempt to again engage the County for help with solutions.

By 2010 it was clear that as part of CSA #40, financial support for the "Sea Ranch" area was approaching



## North Sonoma Coast Fire Protection District

PO Box 386, The Sea Ranch CA 95497  
(707) 785-2648 nscfpd.org

a point at which the funds allocated to Sea Ranch from current property taxes (after losses to ERAF and to CSA #40 overhead costs) and pulling funds from the Sea Ranch "fund balance" kept by CSA #40 to cover the difference, would take the fund balance to zero. The Sea Ranch fund balance tracked by Sonoma County dropped from \$540,553 at the end of FY 2006 to \$288,604 at the end of FY 2014. Reasonable estimates of projected revenue and expense showed that this trend would only continue and probably accelerate. TSRVFD was greatly concerned as to what CSA #40 would do when this occurred, especially regarding continuing the area's CAL FIRE coverage contract, which provides emergency response, support and training for our volunteer firefighters, operational administration, and vehicle maintenance. The TSRVFD Board of Directors initiated a project to form an independent fire protection district. This was in order to stave off a significant financial shortfall that could be seen approaching in the coming years, keep TSRVFD and its service contract with CAL FIRE funded, and seek to further address financial issues, such as ERAF to ensure financial stability over the much longer term.

Formation of the NSCFPD in 2016 allowed the recovery of the funds that went to CSA #40 administration and overhead costs (in excess of \$300,000 each year) and flipped the forecasted budget outlook for the area from negative to positive for a period of five to ten years.

The NSCFPD Board of Directors has always been aware that the formation of the District alone, if property tax allocations and expenses stay as they are, would not be the long-term solution for decades to come. Through great efforts, the District has been able to sustain and improve the emergency response capability over the entire District for the last three years, while at the same time building up the District's financial reserves. Conservative budget projections show the District on firm financial footing for at least five to seven more years. This projection assumes maintaining the existing level of service, and heavy reliance on volunteers and fundraising. However, if things stay exactly as they are and the County continues to apply the excessive 46% ERAF shift to the District, that maintenance will not be sustainable. Also, it allows little or no funding for further needed improvements, such as funding some administrative staff and fire station and capital improvements, or hiring additional career staff should the volunteer base deteriorate.

In order to both sustain and improve fire services, as emphasized in the Fire Services Plan accepted by the Sonoma County Board of Supervisors on August 14, 2018 which seeks to provide more efficient, effective, and sustainable fire services in the County, the District needs to have the appropriate and correct ERAF calculations applied for its status as a newly formed independent fire protection district.

The District's intentions have always been to (a) stabilize and maintain service for at least the next decade and (b) use that time and the standing as an independent district to address and solve the longer-term funding issues. We have been successful with (a). As regards (b), the first and most obvious of these is the egregiously large and inappropriate ERAF Shift imposed on the newly formed independent fire district.



## North Sonoma Coast Fire Protection District

PO Box 386, The Sea Ranch CA 95497  
(707) 785-2648 nscfpd.org

### **What Happens If ERAF Is Not Corrected?**

Of course, the District could also seek to add a parcel tax. This may be the effort of last resort, but must not be considered until we have exhausted every possible avenue for other solutions. It would be difficult to ask citizens to pay an additional tax to fill in after almost half of their tax dollars originally allocated for fire protection are swept away for an entirely different purpose.

Loss of funds to ERAF is the number one financial challenge to the District. Resolving the issue and reducing the ERAF shift to a fair and appropriate percentage would make the District financially stable for the foreseeable future, with the ability to keep fire apparatus up to date and beyond that to enhance service.