North Sonoma Coast Fire Protection District

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NSCFPD and the ERAF Shift

The North Sonoma Coast Fire Protection District (NSCFPD) suffers an extremely large "shift" of property tax revenue to the Educational Revenue Augmentation Fund (ERAF). This document describes the problem, 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 affected by an excessively large "ERAF" shift (estimated at 45.86% in FY 25-26). The problem has existed 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 18.08%, and the average shift over all of the County's FPD's in FY 25-26 was 7.99%. 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 25-26 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 25-26				
District	**Total ad valorem Prop Tax Allocated**	**Prop Tax Recv'd after ERAF**	**ERAF Shift**	**ERAF %**
North Sonoma Coast	**$3,711,797**	**$2,009,681**	**$1,702,116**	**45.86%**
Cloverdale	$1,072,982	$1,066,853	$6,129	0.57%
Gold Ridge	$2,445,490	$2,277,123	$168,367	6.88%
Graton	$1,249,887	$1,136,225	$113,662	9.09%
Kenwood	$1,194,247	$1,138,194	$56,053	4.69%
Monte Rio	$713,382	$703,154	$10,228	1.43%
Northern Sonoma Cty	$3,006,130	$3,170,208	($164,078)	-5.46%
Rancho Adobe	$5,047,152	$4,991,337	$55,815	1.11%
Schell-Vista	$1,639,544	$1,507,331	$132,213	8.06%
Sonoma County FPD	$14,714,879	$13,723,835	$991,044	6.73%
Sonoma Valley FPD	$8,739,578	$8,358,698	$380,880	4.36%
Timber Cove	$242,780	$198,897	$43,883	18.08%
Totals/Average:	**$43,777,848**	**$40,281,536**	**$3,496,312**	**7.99%**

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 originally 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 would like to seek 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%. To date the District has been unable to secure any support from local legislators to carry this forward. It has also been unsuccessful at securing any financial relief from Sonoma County.

The remainder of this document provides more detailed information and history that may help to 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, cites, 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% (45.86%

for the entire district in FY24-25). This results in the loss of over $1.5 million dollars, in FY24-25, originally allocated for fire protection within the District.

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 continued to work on an appeal. The appeal failed in 2022, and the District declined to pursue the issue in that way any further. The District perfers to use its energy and funds on fire department operations and sustaining its essential contract with CAL FIRE for career personnel, rather than spend funds on litigation.

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 2012 it was clear that as part of CSA #40, financial support for the "Sea Ranch" area was approaching 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 stayed as they were, would not be the long-term solution for decades to come. 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. As regards (a), the District has been able to sustain and improve the emergency response capability over the entire District since District formation, while at the same time building up the District's financial reserves. Conservative budgeting kept the District on firm financial footing for the first eight years assuming maintaining the existing level of service, and heavy reliance on volunteers and fundraising. However, in years after that, if things stayed exactly as they were and the County continued to apply the excessive 46% ERAF shift to the District, that maintenance would not have been sustainable and no funds for needed improvements, such as funding some paid administrative staff and fire station and capital improvements, or hiring additional career staff to supplement the deteriorating volunteer base, would have been available. The District would have been forced into cutting services and/or seeking additional funding through taxes, most likely parcel taxes.

While efforts to correct ERAF have been unsuccessful, the District is finally able to fulfill (b) with the funds generated by Sonoma County Measure H (passed in March of 2024). The anticipated revenue from the Measure H sales tax matches, pretty much, what is lost to ERAF, and will allow the District to continue to provide service and support adequate staffing, but does not provide enough for needed facility improvements.

Nonetheless, ERAF continues to be a serious drain on fire department funding both locally and statewide. In 2022 approximately 94 million dollars were taken away from fire agencies in California by ERAF. If NSCFPD did not have funds confiscated by ERAF, we wouldn't even have *needed* Measure H. We hope that this inequity is addressed by the state legislature (but we aren't holding our breath).