

INFRASTRUCTURE STATE REVOLVING FUND PROGRAM STAFF REPORT

Summary terms

Applicant:	North Sonoma Coast Fire Protection District (District)
Project name:	North Fire Station Expansion Project (Project)
Applicant eligibility category:	Special District
Project eligibility category:	Public Safety Facility
Project location:	39250 Highway 1, The Sea Ranch, CA 95497
Financing amount:	\$8,500,000
Financing term:	30 years
Interest rate:	All-in interest rate of 4.86%, inclusive of 0.15% servicing fee and environmental subsidy
Fees:	1% origination fee to be paid by Borrower.
Source of repayment:	General Fund
Security:	Senior leasehold interest in the North Fire Station
Value-to-Loan %	157%
Applicant credit rating:	None. Rating is based on Moody's Q-Rate estimate of A1.Q ¹
ISRF funding source(s):	Equity Funds- Bond Anticipation Loan to be reimbursed by the next ISRF Bond proceeds
Applicant ISRF financing exposure:	None (first ISRF financing request)

Executive Summary

Borrower Description

The North Sonoma Coast Fire Protection District (District/ NSCFPD) serves the very northwestern corner of Sonoma County, primarily the communities of The Sea Ranch, Annapolis, Stewarts Point, and nearby residents within the boundaries of the district (Exhibit #5). NSCFPD is a Special District, governed by an elected five-member Board of Directors. The District provides fires response, emergency medical response, and fire prevention services. The median household income (MHI) for the County of Sonoma is \$104,674, which is 106% of the CA MHI.

Project description and benefits

The District is requesting ISRF financing of \$8.5M to fund portions of the North Fire Station (NFS) Expansion Project. The total Project budget is approximately \$10.4M. The overall Project consists of four main components:

1. Construction of a new barracks building
2. Expansion of the existing North Fire Station with an additional bay
3. Conversion of the existing North Fire Station kitchen and meeting room into office space for the paid administrative staff; and
4. Construction of foundation components for a separate training center building (the main phase of the center will be completed later unless the District is able to secure funding for it in the near term).

¹ QRATE from Moody's Analytics is an estimated rating, not a rating from Moody's Investors Service.

Project construction is expected to start in March of 2027 and be completed by October 2028. The expansion of the NFS will provide 24x7 response from both the north and south ends of The Sea Ranch, by enabling contracted CAL FIRE crew to shift from the District's South Station to the North Station. This will allow for quicker deployment to emergencies, as a full crew will be on-site with all apparatus and gear. The Project will also update the exterior of the Station with non-combustible material.

Leased asset analysis

The leased asset for this project is the North Fire Station itself, at 39250 South Highway 1, The Sea Ranch, CA (Property). Estimated fair market and rental values are sufficient to support the ISRF financing. A preliminary title report of the Property shows that it is free from material encumbrances. The building will be occupied during construction, therefore there will be no need for capitalized interest.

A supporting nonprofit of the District, the North Sonoma Coast Volunteer Firefighter Association (NSCVFA), is the owner of the Property, and leases it to the District on an annual basis for \$1.00 per year. The execution of a long-term lease, in excess of the term of the ISRF financing, will be a pre-closing condition.

Financial and Repayment analysis

While the primary revenue source for NSCFPD has been property taxes, in March 2024 the residents of Sonoma County passed the Improved and Enhanced Local Fire Protection, Paramedic Services and Disaster Response Transactions and Use Tax Ordinance, also known as Measure H, funded by a 0.5% sales tax on tangible property sales within the county. The tax has no sunset date. In Fiscal Year 2025, NSCFPD received \$1.98M in property taxes and \$1.1M from Measure H, the latter representing just nine months of revenue.

The addition of Measure H funds is essential to the District's ability to repay the proposed financing. Per the historical cash flow table below, the District would have only been able to meet the annual payment on the proposed ISRF financing and other debt service in FY 2025, with the commencement of Measure H revenue.

Lease Payment and Fund Balance Analysis					
	2021	2022	2023	2024	2025
Excess (Deficiency) of Revenues Over (Under) Expenditures**	\$ 351,321	\$ 234,232	\$ 429,201	\$ 203	\$ 1,368,097
Adjustments Specific to the Transactions					
Principal	\$0	\$0	\$0	\$0	\$18,757
Interest	\$0	\$0	\$0	\$0	\$2,096
Non-Recurring Equipment Expense	\$0	\$0	\$0	\$355,451	\$0
Loan Principal and Interest Payment	\$69,299	\$249,134	\$21,458	\$19,106	\$0
Total Adjustments	\$69,299	\$249,134	\$21,458	\$374,557	\$20,853
Adjustments to Excess (Deficiency) of Revenues	\$420,620	\$483,366	\$450,659	\$374,760	\$1,388,950
Proposed ISRF Lease Payment *	\$544,027	\$544,027	\$544,027	\$544,027	\$544,027
Other MADS General Fund Obligations	\$21,512	\$21,512	\$21,512	\$21,512	\$21,512
Revised Net Change in Funds Balance with ISRF Lease Payment	(\$144,920)	(\$82,174)	(\$114,881)	(\$190,780)	\$823,410

* Calculated at \$8,500,000 at an all-in rate of 4.86% (including a 0.15% annual servicing fee) for a term of 30 years.

**First 9 months of Measure H Funds included in FY 2025 Revenues

FY 2027-2030 projections from the District reflect the full impact of Measure H funding, and show sufficient cash flow to service the financing request as well as other Maximum Annual Debt Service (MADS), which consists of a small (\$40,800) WestAmerica Bank loan that will be paid off in FY 2028. Projected cash flow is adequate to cover the lease payment for the proposed loan. The decline in net revenues starting in FY 2027 is attributable to planned increases in operating expenses.

Projected Lease Payment and Fund Balance Analysis					
For Fiscal Year Ending (FYE)	2026	2027	2028	2029	2030
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,057,910	\$61,840	\$770,612	\$747,994	\$752,079
Transaction Specific Adjustments					
+ Principal	\$19,403	\$20,082	\$21,356	\$0	\$0
+ Interest	\$2,109	\$1,430	\$146	\$0	\$0
+ Capital Outlay (Non-recurring equipment Expense)	\$313,937	\$620,000	\$0	\$0	\$0
Total of all Adjustments	\$335,449	\$641,512	\$21,502	\$0	\$0
Debt Service Calculation					
Adjustments to Excess (Deficiency) of Revenues	\$1,393,359	\$703,352	\$792,114	\$747,994	\$752,079
Proposed ISRF Lease Payment ⁽¹⁾	\$544,027	\$544,027	\$544,027	\$544,027	\$544,027
Total Existing MADS Debt Service	\$21,512	\$21,512	\$21,512	\$0	\$0
Revised Net Change in Funds Balance with ISRF Lease Payment	\$827,819	\$137,812	\$226,574	\$203,967	\$208,052

⁽¹⁾ Calculated at \$8,500,000 at an all-in rate of 4.86% (including a 0.15% annual servicing fee) for a term of 30 years.

Risks and mitigants

Risk: The District is not prohibited from incurring additional capital financing under its General Fund.

Mitigants:

- Each fiscal year, Borrower must budget and appropriate funds to make annual lease payments for the Leased Asset.
- The Leased Asset must not be the subject of any material encumbrance, litigation or controversy. Borrower must also provide title insurance and meet standard insurance requirements.

Compliance with IBank Criteria, Priorities, and Guidelines

The application and the proposed financing are in accordance with IBank Criteria, Priorities and Guidelines (ISRF Criteria).

ISRF Criteria Waivers

None

Staff Recommendation:

Staff recommends approval of Resolution No. 26-15 authorizing ISRF Program Financing in an amount not to exceed \$8,500,000 to the North Sonoma Coast Fire Protection District for the North Fire Station Expansion Project.

IBank Staff:	Lydia Workman and Lina Moeller
Date of Staff Report:	October 12, 2026
Date of Board Meeting:	October 28, 2026
Resolution Number:	26-15

Borrower background

Borrower description

The North Sonoma Coast Fire Protection District (District/NSCFPD) was formed in April 2016 as a Fire Protection District, which is governed by the Fire District Law of 1987 and subject to the provisions of the Brown Act. The District is located in and serves the very northwestern corner of Sonoma County, covering 172 square miles including The Sea Ranch, Annapolis, and Stewarts Point and nearby residents within district boundaries (Exhibit #5). It supports 2,400 permanent residents, with numbers rising during summer tourism. NSCFPD has four locations: two fire stations in The Sea Ranch, the North Fire Station (NFS/the Station, the subject Project) and the South Station; a stationhouse and engine storage facility on county-owned property in Annapolis; and a stationhouse with one wildland engine located on the Horicon Elementary School Campus, also in Annapolis.

The District is managed by an elected five-member Board of Directors that are elected for two- and four-year terms. The NSCFPD company is composed of 15 highly trained and motivated volunteers who live and/or work in the District, as well as 9 career California Department of Forestry and Fire Protection (CAL FIRE) personnel, and 2 staff members who perform non-firefighting tasks.

The District contracts with CAL FIRE to provide emergency response, administrative, maintenance and training services. The current contract between the District and CAL FIRE expires in FY 2030. Historically the contract has been renewed every three years except for the last contract, which was extended to 5 years. CAL FIRE has given no indication that the contract might not be renewed. NSCFPD and CAL FIRE personnel respond together to emergency calls. CAL FIRE, which owns and operates the South Station, provides at least three (and often more) on-duty officers at all times. During fire season the South Station is enhanced by a seasonal crew of CAL FIRE wildland firefighters, as well as an additional wildfire engine.

The North Station houses the District Administrator and Administrative Manager and is where most volunteer firefighters from The Sea Ranch area report. Two fire engines, a water tender and a rescue truck are housed here. An associated supporting 501(c)(3) nonprofit, the North Sonoma Coast Volunteer Firefighter Association (NSCVFA), owns the North Station and leases it to the District. While the lease charge is \$1.00, under the Memorandum of Understanding (MOU) the District is responsible for reimbursing the NSCVFA for utilities, routine maintenance, and a range of insurance. The current lease renews annually in September. As a condition of the ISRF loan, the District and NSCVFA have agreed to enter into a 40-year lease (well in excess of the 30-year loan term), a draft of which has already been circulated and approved by the VFA.

While it does not have a credit rating, staff generated a Moody's QRate of A1. For purposes of this underwriting a single-A rating was assumed to be conservative (in particular, information on full value for the District's service area was not entirely clear).

Local economy

With an estimated population of over 480,000, Sonoma County is a part of California's Wine Country, known for high-quality wines. It has more than 425 wineries, over 60,000 acres of vineyards, and 19 American Viticultural Areas (AVAs), making it one of the most diverse wine-growing regions in the United States. The wine industry has an economic impact that supports vineyard agriculture, wine production, tourism and hospitality, and restaurants and events. The local economy of the district is supported by tourism with panoramic views of the northern pacific coast, access to Fort Ross to the south, and its unique architecture and one-of-a-kind attractions such as The Sea Ranch Chapel.

The County has a low current unemployment rate of 4.3% (CA Employment Development Department, July 2026) when compared to the State rate of 5.3%. The median household income (MHI) for the county, \$104,674, is 106% of the CA MHI of \$99,120 (2025).

The chart below shows that the Top 10 Employers in the County make up less than 3% of the labor workforce and there is no employer concentration:

Top Ten Employers		
Employer	No. of Employees	% of Employees in the City
County of Sonoma	4,243	0.88%
Kaiser Permanente	3,773	0.78%
Providence (Santa Rosa Memorial)	1,879	0.39%
Redwood Credit Union	908	0.19%
Amy's Kitchen	858	0.18%
Olivers Market	800	0.17%
Hansel Auto Group	501	0.10%
Ghilotti Construction Company Inc	473	0.10%
Jackson Family Wines	415	0.09%
Exchange Bank	328	0.07%
Total	14178	2.94%

Source: County of Sonoma ACFR

Population

482,848 as of June 30, 2025

Project background

Project description

North Sonoma Coast Fire Protection District will use the requested ISRF financing of up to \$8.5M for the North Fire Station Expansion Project. (The Project is eligible for ISRF financing under #14 Public Safety Facilities of ISRF's Criteria, Priorities and Guidelines.) The Station was completed in 1986 but at the time The Sea Ranch Volunteer Fire Department didn't have the funds available to complete the station with other necessary components for a fully functional facility. With the passing of Sonoma County Measure H in 2024, the District now has the funds available to meet this goal. The Project is an eligible use of funds under the expenditure plan of Measure H.

The District's budget for the Project is \$10.4M. The scope of work will include a new barracks building, the expansion of the bay at the Station and administrative office remodel, and foundation components for a training center. (The main components of the training center will be built in a later phase, with separate funds.) Project costs include a 17% contingency of \$1,197,500. The District is contributing \$1,500,000 towards the Project, from a Building Fund established in support of the Project and from the Unassigned Funds. They also have \$3M in cash at the end of FY 2025, and \$4M at the end of FY 2026 (based on unaudited financial statements). The North Sonoma Coast Volunteer Firefighter Association is also contributing \$470,000 to the design of the project. Below are the Sources and Uses of funds for the Project:

Project Uses	Project Sources for North Sonoma Coast Fire Protection District			
	IBank	North Sonoma Coast Fire Protection District	North Sonoma Coast Volunteer Firefighter Association	Total
Project Costs and Contingency	\$8,415,000	\$1,500,000	\$470,000	\$10,385,000
Origination Fee	\$85,000			\$85,000
Total	\$8,500,000	\$1,500,000	\$470,000	\$10,470,000

The estimated useful life of the existing fire station and expansion is 50 years, according to the District and its consultants. In a 2021 study by CAL FIRE it was cited that most CAL FIRE facilities were designed to have a maximum operational life of 50 years.

Timeline – The District intends to start Project construction in March of 2027, to be completed by October 2028 (approximately 19 months, which falls within the ISRF program’s 24-month construction period limit).

Project benefits

As mentioned above, the current NFS is no longer sufficient for District operations. The expansion of the NFS will provide 24×7 response from both the north and south ends of The Sea Ranch, lower energy consumption, and improve storm water management and water reclamation by re-establishing a natural hydrologic balance and reducing the volume of runoff using permeable pavements. Other benefits of the project include:

- Quicker deployment to emergencies as a full crew will be on-site with all apparatus and gear.
- Upon completion of the barracks and expansion of the NFS, the contracted CAL FIRE crew will shift to the NFS, while the state-mission CAL FIRE crew will remain at the South Station.
- Provide environmental benefits by including 960 SF solar photovoltaic panel on the roof of the Barracks Building, skylights to reduce electrical use, and permeable pavement in various areas throughout the site.
- Permeable pavements allow precipitation more slowly infiltrate into the ground, reducing the concentration of pollutants in the stormwater.

While the Project does not qualify for a community-based interest-rate subsidy, it does qualify for an environmental subsidy based on some of the Project components described above.

Loan security and source of repayment

The proposed ISRF financing will be secured with a lease-lease back of the North Fire Station located at 39250 South Highway 1, The Sea Ranch, CA (Leased Asset). The repayment source will be annual capital lease payments from the District’s General fund which is reviewed in the credit analysis section below. As noted, the property owner (NSCVFA) and the District are in the process of executing a 40-year lease of the property, which will be required in order for the District and IBank to enter into a lease-leaseback transaction. During construction, the District will continue to occupy and make use of the Project site, so capitalized interest is not required. A preliminary title report for the property shows standard encumbrances for property taxes, water rights, utility easements, etc.

Analysis of Proposed Leased Asset

The North Fire Station is approximately 4,042 sq. ft. The table below shows the estimated Value-to-Lease ratio of the as-completed Leased Asset. The Property currently is and, upon completion of the Project, will continue to be an essential asset to the District, which it relies on to carry out its activities.

Name of Asset	Year originally Built	Building Size in Square Feet (SF)*	Construction	Approximate Price per SF	Estimate of Value As - Completed
North Fire Station located at 39250 South Highway 1, The Sea Ranch, CA	1986	9,079	Frame	\$1,471	\$13,356,000
Total Value					\$13,356,000
Loan Amount					\$8,500,000
Value-to-loan					157.13%
125% of Loan Amount					\$ 10,625,000

* Original construction of 4,042 sq ft. + new construction of 5,037 sq. ft. = 9,079 sq. ft.

The Fair Market Value (FMV) of the Station leasehold interest was determined using the cost approach, as sales and income approaches were not applicable due to the property's specialized public facility use and lack of income generation. The "as completed" total square footage for the facility is 9,079 sq.ft., which combines the expanded fire station and new barracks. The FMV calculation included the replacement cost of existing improvements (\$5,458,000), the cost of new improvements (\$7,684,000), and the present value of the ground lease (\$214,000), resulting in a total FMV of \$13,356,000.

For Fair Rental Value, a survey of comparable properties in the Coastal Northern California region was conducted, adjusting for location, size, age, and use. The analysis surveyed rental listings, specifically targeting buildings between 4,000 and 20,000 square feet—matching the size range of the Station as completed. Seven comparables were ultimately selected. Quantitative adjustments were made to account for location and condition: superior locations and newer buildings were adjusted downward, while inferior locations and older buildings were adjusted upward. After these adjustments, the rents ranged from \$28.86 to \$46.40 per square foot, with a median of \$37.92 per square foot.

However, the identified rental comps were comprised of commercial spaces that do not reflect the build-to-suit nature of the subject property. Special consideration is warranted to reflect the subject property's ability to accommodate special equipment and vehicles that are not typically required at general commercial properties. Furthermore, the rental comparables do not fully capture the construction class required for a First Responder facility that needs to maintain operations during and after natural disasters. Lastly, none of the identified comparables actually operates as a fire station, and none are located within the unique location of The Sea Ranch. Considering these factors, staff applied an additional upward adjustment of 30% to the high end of the range of the rental comps. Therefore, the adjusted market rent for the subject property is concluded to be [$\$46.40 \times 130\%$] = \$60.32 per sq. ft. This yields a market rent of \$547,645, comparable to the proposed ISRF lease payment of \$544,027 and is therefore acceptable per IBank guidelines.

Credit analysis

The District's General Fund financial statements, as presented in the Annual Financial Statements for fiscal years 2021-2025 are shown in Exhibits #1 and #2. The District's fiscal year is from July 1st to June 30th. The General Fund statements follow a modified accrual basis of accounting.

On an operating basis the Fund has performed well over the 5 years reviewed, with an excess of revenues over expenditures in each year. Fund Balances increased 135% during the review period. The largest

increase occurred in FY 2025, when Sonoma County's Measure H ½ cent sales tax went into effect. The Fund currently has cash on hand of \$3M as of FY 2025, and \$4M as of FY 2026 unaudited financial statements and maintained a Current Ratio of at least 7.0x (and an average of 88x) over the last five years.

Balance sheet

- The Fund has maintained strong liquidity over the past five years. Cash balances rose to \$2.3M in FY 2023 before falling to \$2M in FY 2024, when the District purchased a new rescue truck for \$451K. The Cash balance then rose again in FY 2025 to \$3.0M because the new Measure H funds were collected for 9 months of the fiscal year. Over the five-year period Days Cash on Hand averaged 458 days. Cash balances include fundraising dollars and grants for specific capital projects. The highest donations were in 2023 of 7.3% of revenues.
- Accounts receivable increased 83.9% in FY 2025, to \$501K, due to Measure H implementation. The funds have since been received.
- Accounts payable have fluctuated over the period, but in general have remained low, averaging just \$55K. A spike in A/P to \$353K in FY 2023 was due to the late receipt of a CALFIRE invoice, which was paid after 6/30/23. (CALFIRE invoices the District on a quarterly basis for services.)
- Prior to FY 2024 the District did not have any Assigned Fund Balances. In FY 2024 the District defined two new funds recorded under this category: the "Operating Reserve Fund" and "Apparatus Fund". In FY 2025, the Building Fund was also established for the North Fire Station Expansion Project; it contains all Measure H sales tax revenue that has not been spent on increased career firefighting or administration staff and facility building. The Capital Equipment Fund was also established to cover capital equipment purchases as well as unexpected major repairs of existing equipment.

Income Statement (Statement of Revenues, Expenditures, and Changes in Fund Balance)

- The District had operating surpluses or balanced operations in each of the 5 years reviewed, with an average operating margin of nearly 20%. Fund Balances as a percentage of Operating Revenues was over 88% in all years reviewed.
- Total revenue increased 96% over the 5 years reviewed. Growth was boosted in FY 2025 by the Measure H Sales Tax, which helped increase revenue from \$2.0M to \$3.3M year-over-year.
- Total Revenues increased 12% from FY 2021 to FY 2022 due to real estate movement in the District in 2022, mainly due to people buying high-value properties on The Sea Ranch in the aftermath of the COVID pandemic.
- Intergovernmental Revenue decreased dramatically, 99%, from 2022 to 2023. This income is derived from apparatus rental to CAL FIRE during large fire events, and can fluctuate widely depending on the fire season.
- Interest and Investment earnings increased from FY 2021 to FY 2025 due to increased amount of cash on hand in reserve accounts, plus increases in interest rates over the period.
- Operating Grants and Donations averaged \$53K with a lot of fluctuation. FY 2023 reflects a \$60K one-time grant, approximately \$43K from the VFA, and some large equipment donations.
- The District has one loan with WestAmerica Bank. The debt is paid as agreed and is set to be paid off in July 2027. This debt was used to purchase a new emergency vehicle in 2017. The NSCVFA

has donated funds in the past to make loan payments, and this is included in the District's revenues under Operating Grants and Donations.

- The District follows a policy of maintaining the equivalent of at least six months of operating expenses in an Operating Reserve.
- The District has taken a conservative approach to budgeting revenues and expenses. Except for FY 2021, when actual revenues were essentially the same as final budgeted revenues, revenues exceeded final budget in every year. At the same time, actual expenses came in below final budget in each of the last 5 years.

Repayment analysis

Historical cash flow

As noted in the historical cash flow table below, prior to the implementation of Measure H in FY 2025 the District would not have had the capacity to meet the annual payment on the proposed ISRF financing and other debt service. Cash flow was sufficient In FY 2025, when the District received nine months of Measure H revenues. Measure H has no sunset date unless county voters vote to repeal the measure by simple majority.

Lease Payment and Fund Balance Analysis					
	2021	2022	2023	2024	2025
Excess (Deficiency) of Revenues Over (Under) Expenditures**	\$ 351,321	\$ 234,232	\$ 429,201	\$ 203	\$ 1,368,097
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Revised Net Change in Funds Balance with ISRF Lease Payment	(\$144,920)	(\$82,174)	(\$114,881)	(\$190,780)	\$823,410

* Calculated at \$8,500,000 at an all-in rate of 4.86% (including a 0.15% annual servicing fee) for a term of 30 years.

**First 9 months of Measure H Funds included in FY 2025 Revenues

Other MADS General Fund obligations represent debt service on the WestAmerica loan, with a current outstanding balance of \$40,800 (maturing FY 2028). The District receives a donation from NSCVFA to cover the payment. In FY 2024, a \$355,451 Non-recurring expense has also been excluded (added back) from the analysis since this was a one-time expense paid in cash for a Type 6 "mini pumper".

Projected cash flow

The District provided projections of revenues and expenses along with assumptions from FY 2027-2030, detailed in Exhibit #3. The District has sufficient cash flow in the projected years. The decrease in net revenues from FY 2026 to 2027 is due to non-recurring equipment expenditures of \$313,937 (already paid in FY 2026) and \$620,000. These expenses have also been excluded (added back) from the analysis since they are one-time expenses for equipment and for the District's portion of project costs paid for with designated cash reserved from its balance sheet.

The projected lease payment analysis chart below shows adequate net funds to cover existing debt and the subject ISRF loan lease payment in all the projected years.

Projected Lease Payment and Fund Balance Analysis					
For Fiscal Year Ending (FYE)	2026	2027	2028	2029	2030
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,057,910	\$61,840	\$770,612	\$747,994	\$752,079
Transaction Specific Adjustments					
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+ Interest	\$2,109	\$1,430	\$146	\$0	\$0
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Proposed ISRF Lease Payment ⁽¹⁾	\$544,027	\$544,027	\$544,027	\$544,027	\$544,027
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Revised Net Change in Funds Balance with ISRF Lease Payment	\$827,819	\$137,812	\$226,574	\$203,967	\$208,052

⁽¹⁾ Calculated at \$8,500,000 at an all-in rate of 4.86% (including a 0.15% annual servicing fee) for a term of 30 years.

- While the Projected Net Change in Funds Balance is decreasing overall, the District conservatively projected revenues lower than historical averages to help ensure it would be well positioned to meet or exceed projections on revenue. The District assumed property tax escalators of 4.2% in FY 2028 and 4% thereafter. The average annual growth in property tax from 2017-18 through 2025-26 has been 5.64%, according to the county, and average annual growth in taxable sales was determined to be 3.6% according to the state.
- Intergovernmental Revenues historically fluctuated, from a low \$208 in FY2023 to \$197.5K in FY 2021. The District has assumed \$100K for Intergovernmental Revenues in FY27, partially reflecting actually receipts to date, and \$95K thereafter, consistent with the historical average.
- Operating Grants and Donations revenues, which are donations from the NSCFVA for the WestAmerica loan, wind down in FY 2028 when the loan is paid off so they were not included beyond FY 2028.
- A conservative growth rate of 2.5% is applied to Measure H Sales Tax Revenue, beginning in FY 2028.
- Materials, supplies, and services are projected to increase approximately 31% from FY 2026 to 2027, due to one-time increases of wage/stipend for office staffing and volunteers, telecom/wireless; election expense; project expansion related legal fees; fuel increases; and adding to equipment reserves.
- After FY 2027 the annual escalator for most expenses is 4% with the exception some one-time adjustments for FY 2027 and 2028. With respect to the year-over-year increase in FY 2027, it is worth noting that the 2026 expenses were lower than anticipated because the District received a \$155K credit from CAL FIRE for a service overpayment going back to FY 2021.

If Measure H projections are not met, the District has the option to increase property tax revenue to cover any shortfalls, subject to voter approval. Adding a parcel tax would require 2/3 voter approval if initiated by the District Board, or simple majority if initiated by the voters.

GENERAL FUND – RECOMMENDED TERMS AND CONDITIONS

Staff recommends approval of Resolution No. **26-15** authorizing ISRF Program financing to the North Sonoma Coast Fire Protection District for the North Fire Station Expansion Project subject to the following key terms and conditions:

1. **Applicant/Borrower:** North Sonoma Coast Fire Protection District (Borrower)
2. **Project Name:** North Fire Station Expansion Project (Project)
3. **Amount of ISRF Program financing:** Not to exceed \$8,500,000 (Tax-exempt Financing)
4. **Maturity:** Not to exceed 30 years. Financing may not be prepaid during the first 10 years.
5. **Repayment/Leased Asset:** Annual lease payments according to the terms of the ISRF program financing lease agreement (Financing Agreement) between IBank and the Borrower for the property at 39250 Highway 1, Sea Ranch, CA 95497 (Leased Asset). Lease payments will be made from the Borrower's General Fund.
6. **Interest Rate:** All-in 4.86% (which includes annual servicing fee described in item 7 below). The rate will be locked as outlined in item 8 below.
7. **Fees:** Borrower to pay the origination fee of 1.00% (\$85,000) of the Financing amount upon close of Financing, and an annual servicing fee of 0.15% of the outstanding balance.
8. **Rate Lock:** The interest rate in item 6 will be locked for a period of 90 calendar days after IBank Board (Board) approval of the ISRF financing (the Rate Lock Period). After the Rate Lock Period, and up until IBank's Financing commitment expires (as described in item 9 below), the interest rate may be reset at the discretion of IBank's Credit Committee.
9. **Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a Financing Agreement before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
10. **Not an Unconditional Commitment:** If the IBank Board (Board) approves the resolution authorizing the Financing request, the resolution shall not be construed as an unconditional commitment to finance the Project, but rather is conditioned upon entry by IBank and the Borrower into a Financing Agreement (or Agreements), in form and substance satisfactory to IBank.
11. **ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
 - a. Borrower to comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
 - b. Leased Asset must not be the subject of any material encumbrance, litigation or controversy.
 - c. Each fiscal year, Borrower must budget and appropriate funds sufficient to make annual lease payments for the Leased Asset.
 - d. Borrower to procure ALTA title insurance policy for the Leased Asset.
 - e. The Borrower shall meet standard insurance requirements with respect to property and casualty insurance, general liability insurance, worker's compensation, and builder's risk insurance.
 - f. Borrower to procure and maintain rental interruption insurance for a period of at least six months beyond the time needed to reconstruct the Leased Asset.
 - g. Borrower to covenant against future encumbrances against the Leased Asset.
 - h. Any substitution or release of the Leased Asset must comply with the requirements of the Financing Agreement.

- i. The Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information IBank may reasonably request from time to time.
- j. No disbursement of Financing proceeds shall be made until Borrower has provided evidence reasonably satisfactory to IBank that all material conditions and procedural requirements necessary for Borrower to proceed with the Project have been satisfied, including, without limitation, (i) execution and delivery of the Lease Agreement between Borrower and The Sea Ranch Volunteer Fire Department Inc., as lessor, with respect to the Leased Asset identified in Item #5, (ii) evidence that such Lease Agreement is valid, enforceable, and in full force and effect, (iii) evidence that the term of such Lease Agreement extends at least through the maturity date of the Financing, and (iv) satisfaction of all required governmental approvals and permits relating to the Project. Borrower shall also provide evidence reasonably satisfactory to IBank that a memorandum of such Lease Agreement has been duly executed and recorded against the Leased Asset.
- k. No disbursements of the Financing proceeds shall be made until the Borrower provides evidence satisfactory to IBank that all required Project funding sources are secured and available to fund the Project.
- l. Such other covenants and conditions that IBank or its counsel may reasonably require.

Exhibits

Exhibit #1 Balance Sheet

NORTH SONOMA COAST FIRE PROTECTION DISTRICT GENERAL FUND BALANCE SHEET GOVERNMENTAL FUNDS										
For Fiscal Year Ending (FYE) June 30	2021		2022		2023		2024		2025	
Source:	AFS	%	AFS	%	AFS	%	AFS	%	AFS	%
Assets										
Cash and Investments	\$1,445,507	93.4%	\$1,627,980	93.3%	\$2,341,388	93.0%	\$1,997,478	91.9%	\$3,093,987	85.8%
Accounts Receivable	\$80,562	5.2%	\$117,744	6.7%	\$113,851	4.5%	\$176,853	8.1%	\$500,595	13.9%
Prepaid Expenses	\$21,512	1.4%			\$61,129	2.4%			\$10,000	0.3%
Total Assets	\$1,547,581	100.0%	\$1,745,724	100.0%	\$2,516,368	100.0%	\$2,174,331	100.0%	\$3,604,582	100.0%
Liabilities										
Accounts Payable and Accrued Expenses	\$47,687	3.1%	\$11,598	0.7%	\$353,041	14.0%	\$10,801.00	0.5%	\$72,955	2.0%
Total Liabilities	\$47,687	3.1%	\$11,598	0.7%	\$353,041	14.0%	\$10,801	0.5%	\$72,955	2.0%
Fund Balance										
Nonspendable					\$61,129	2.4%			\$10,000	0.3%
Assigned							\$1,369,926	63.0%	\$2,552,905	70.8%
Unassigned	\$1,499,894	96.9%	\$1,734,126	99.3%	\$2,102,198	83.5%	\$793,604	36.5%	\$968,722	26.9%
Total Fund Balances	\$1,499,894	96.9%	\$1,734,126	99.3%	\$2,163,327	86.0%	\$2,163,530	99.5%	\$3,531,627	98.0%
Total Liabilities and Fund Balance	\$1,547,581	100.0%	\$1,745,724	100.0%	\$2,516,368	100.0%	\$2,174,331	100.0%	\$3,604,582	100.0%

Exhibit #2 Statement of Revenues, Expenditures, and Changes in Fund Balance

NORTH SONOMA COAST FIRE PROTECTION DISTRICT GENERAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE											
	For Fiscal Year Ending (FYE) June30	2021	%	2022	%	2023	%	2024	%	2025	%
	Source:	AFS		AFS		AFS		AFS		AFS	
	% Change Year-over-Year in Total Revenues		N/A		2.64%		1102%		2.39%		39.91%
General Revenues											
Property Taxes		\$1,454,479	85.9%	\$1,550,634	89.2%	\$1,729,259	88.5%	\$1,835,354	91.7%	\$1,977,771	59.4%
Intergovernmental		\$197,518	11.7%	\$166,348	9.6%	\$208	0.0%	\$14,107	0.7%	\$99,828	3.0%
Interest and Investment Earnings		\$881	0.1%	\$3,038	0.2%	\$81,137	4.2%	\$114,873	5.7%	\$115,015	3.5%
Operating Grants and Donations		\$34,877	2.1%	\$18,676	1.1%	\$143,554	7.3%	\$37,738	1.9%	\$28,907	0.9%
Misc Income				\$50	0.0%						
Proceeds from the Sale of Asset		\$5,101	0.3%								
Homeowner Property Tax										\$7,773	0.2%
Sales Tax Revenue (Measure H)										\$1,102,439	33.1%
Total Revenues		\$1,692,856	100.0%	\$1,738,746	100.0%	\$1,954,158	100.0%	\$2,002,072	100.0%	\$3,331,733	100.0%
Expenditures											
Expenditures:											
Materials, Supplies, and Services		\$1,094,380	64.6%	\$1,247,993	71.8%	\$1,468,486	75.1%	\$1,561,215	78.0%	\$1,942,783	58.3%
Loan Principal and Interest Payment		\$69,299	4.1%	\$249,134	14.3%	\$21,458	1.1%	\$19,106	1.0%		
Capital Outlay		\$177,856	10.5%	\$7,387	0.4%	\$35,013	1.8%	\$421,548	21.1%		
Debt Service											
Principal										\$18,757	0.6%
Interest										\$2,096	0.1%
Total Expenditures		\$1,341,535	79.2%	\$1,504,514	86.5%	\$1,524,957	78.0%	\$2,001,869	100.0%	\$1,963,636	58.9%
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$351,321	20.8%	\$234,232	13.5%	\$429,201	22.0%	\$203	0.0%	\$1,368,097	41.1%
Net Change in Fund Balances		\$351,321		\$234,232		\$429,201		\$203		\$1,368,097	
Fund Balances, Beginning of Year		\$1,148,333		\$1,499,894		\$1,734,126		\$2,163,327		\$2,163,530	
Prior Year Adjustment		\$240									
Fund Balances, End of Year		\$1,499,894		\$1,734,126		\$2,163,327		\$2,163,530		\$3,531,627	

Exhibit #3 Projected Statement of Revenues, Expenditures, and Changes in Fund Balance

NORTH SONOMA COAST FIRE PROTECTION DISTRICT PROJECTED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE										
For Fiscal Year Ending (FYE)	2026		2027		2028		2029		2030	
Source:	Actuals	%	Projections	%	Projections	%	Projections	%	Projections	%
% Change		14%		2%		4%		3%		3%
General Revenues										
Property Taxes	\$2,077,538	53.7%	\$2,160,640	54.7%	2,251,495	55.0%	\$2,341,555	55.5%	\$2,435,217	55.9%
Intergovernmental	\$0	0.0%	\$100,000	2.5%	\$95,000	2.3%	\$95,000	2.3%	\$95,000	2.2%
Interest and Investment Earnings	\$137,624	3.6%	\$130,800	3.3%	\$152,033	3.7%	\$165,872	3.9%	\$170,305	3.9%
Operating Grants and Donations	\$103,560	2.7%	\$21,512	0.5%	\$21,512	0.5%				
Homeowner Property Tax										
Sales Tax Revenue (Measure H)	\$1,546,466	40.0%	\$1,536,101	38.9%	\$1,574,503	38.5%	\$1,613,866	38.3%	\$1,654,213	38.0%
Total Revenues	\$3,865,188	100.0%	\$3,949,053	100.0%	\$4,094,543	100.0%	\$4,216,293	100.0%	\$4,354,735	100.0%
Expenditures										
Expenditures:										
Materials, Supplies, and Services	2,471,829	64.0%	3,245,701	82.2%	3,302,429	80.7%	3,468,299	82.3%	3,602,656	82.7%
Loan Principal and Interest Payment										
Capital Outlay	313,937	8.1%	620,000	15.7%						
Debt Service										
Principal	\$19,403	0.5%	\$20,082	0.5%	\$21,356	0.5%	\$0.00	0.0%	\$0.00	0.0%
Interest	\$2,109	0.1%	\$1,430	0.0%	\$146	0.0%	\$0.00	0.0%	\$0.00	0.0%
Total Expenditures	\$2,807,278	72.6%	\$3,887,213	98.4%	\$3,323,931	81.2%	\$3,468,299	82.3%	\$3,602,656	82.7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,057,910	27.4%	\$61,840	1.6%	\$770,612	18.8%	\$747,994	17.7%	\$752,079	17.3%
Net Change in Fund Balances	\$1,057,910		\$61,840		\$770,612		\$747,994		\$752,079	
Fund Balances, Beginning of Year	\$3,531,627		\$4,589,537		\$4,651,377		\$5,421,989		\$6,169,983	
Fund Balances, End of Year	\$4,589,537		\$4,651,377		\$5,421,989		\$6,169,983		\$6,922,062	

Assumptions as of 08-06-2026:

Property Tax Revenue: Based on actual budget in FY 2026 and final budget for FY 2027, 4.2% in 2028 and 4% annual growth thereafter.

Intergovernmental Revenue: Historical average of \$95,000 has been included in all years except in 2027 for \$100,000 to account for \$5,000 received for rental income already.

Sales Tax Revenue: Projections in 2026 based on final budget, 2027 based on County estimate, 2028 through 2030 assume 2.5% annual escalator. The historical taxable sales data for Sonoma County was pulled from the State website. Average annual growth in taxable sales was determined to be 3.6%. A more conservative annual growth factor of 2.5% was used by the District to help ensure the District would be well positioned to meet or exceed projections on revenue.

Expenses: Annual escalator for most expenses is 4% with the exception of specific estimates for 2026 and some one time adjustments for 2027 and 2028.

Expenses: Projections in 2027 include a one time additional increase of \$15,000 for wage/stipend for office staffing, bi-annual election expense, a one time adjustment to telecom/wireless, an increase to volunteer stipends, legal fees related to the expansion, fuel increases, and funds set aside to save for future machinery and equipment purchases.

Expenses: Projections in 2028 include additional increase of approximately \$30,000 for additional insurance and utility costs anticipated for the subject fire station expansion.

Exhibit #4 Key Indicators Table

North Sonoma Coast Fire Protection District					
Key Indicators (\$000)	2021	2022	2023	2024	2025
<u>Economy</u>					
Median Family Income (as % of CA Median)[5]	109%	108%	107%	106%	Data Not Available
Unemployment rate (%) [5]	5.6%	3.2%	3.6%	4.1%	4.4%
Full value per capita (\$) [5]	Data Not Available	Data Not Available	Data Not Available	Data Not Available	\$264,516
<u>Liquidity</u>					
Cash Balances	\$1,446	\$1,628	\$2,341	\$1,997	\$3,094
Current Ratio [1]	32.45	150.52	7.13	201.31	49.41
Days Cash on Hand [2]	393	395	560	364	575
<u>Performance</u>					
Operating Revenue	\$1,693	\$1,739	\$1,954	\$2,002	\$3,332
Operating Margin [3]	20.8%	13.5%	22.0%	0.0%	41.1%
Fund Balances as % of Operating Revenue	88.6%	99.7%	110.7%	108.1%	106.0%
<u>Leverage</u>					
Fund balances	\$1,500	\$1,734	\$2,163	\$2,164	\$3,532
Leverage Ratio [4]	0.0	0.0	0.2	0.0	0.0
<u>Primary Government</u>					
Governmental Activities (Outstanding Debt)	\$352	\$115	\$97	\$80	\$61
Governmental Activities Debt to full value (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net pension liability to full value	0.0%	0.0%	0.0%	0.0%	0.0%
[1] <i>Current Assets ÷ Current Liabilities</i>					
[2] <i>(Unrestricted Cash * 365) ÷ Operating Expenses</i>					
[3] <i>Operating Income as % of Operating Revenues</i>					
[4] <i>Total Liabilities ÷ Fund Balances</i>					
[5] <i>Values are for the County of Sonoma</i>					

Statistical information for the County of Sonoma was used for various economic data.

Exhibit #5 District Map



Exhibit #6 Project Rendering

