

Budget Workshop

Fiscal Year 2025-26



Workshop Outline

- FY 25-26 Preliminary Budget Overview
- Departments' FY 25-26 Preliminary Budgets and Requests
- Retiree Pension COLA Discussion

FY 25-26 Budget Process Overview

Now!: Spring Budget Workshops – Informational

May 12: Recommended Budget Book available on-line

By May 14: Governor's May Revise Budget released

June 2: Budget Hearing Materials available on-line

<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/budget-reports>

June 10: First day of Budget Hearings

- June 10 – Presentation of Fiscal Year 2025-26 Budget and begin deliberations
- June 11 – Budget Deliberations
- June 12 – No Budget Hearings – Staff prepare final budget based on deliberations
- June 13 – Adoption of the Budget
- June 16-20 – available for additional hearings if needed

Board Budget Inquiry Forms

- Provides specificity on the additional information the Board member(s) would like to understand before June budget hearings.
- CAO may work with Board Member to prioritize items for Budget Deliberations.

FY 2025-26 Board of Supervisor Budget Information Request Form

Deadline: May 2, 2025

Please email: CAO-Budget@sonoma-county.org

Submitted By: *Enter Board Member Name.*

Department: *Enter Department Here.*

Date: *Click or tap to enter a date.*

Inquiry Number: *To Be Completed By CAO.*

Title:

Enter the title of this inquiry for publication in the BIR Table of Contents

Request/Question:

Enter your question or request for information regarding the budget here. Please be as specific as possible (e.g. include years for which you would like information, etc.)

Staff Response:

Staff will enter response here, additional pages will be attached as needed.

Overview of FY 25-26 Preliminary Budget

- Expenditures net of transfers and Reimbursements: \$2.6 billion
 - 6.3% above 2024-25 Adopted Budget
 - Increase is driven largely by inclusion of Measure H (Fire) and Measure I (Childcare) sales tax pass-throughs
- Discretionary General Fund: \$459 million
 - 3.5% above 2024-25 Adopted Budget
- May change in the CAO Recommended Budget

FY 25-26 Overview of Fiscal Conditions

- Property Tax reflects normal growth
 - But could slow in future
- Sales tax flat-to-declining
 - Impacts General Fund, Proposition 172, Realignment, and special transaction and use taxes
 - Could fall quickly if recession occurs
- Largest source of County budget are state and federal funds – 38% of total revenues

FY 25-26 Enhanced Uncertainty - Federal

- Preliminary budget includes \$319 million in Federal Funding (14% of total revenues)
- Most funding tied to programs in Health, Human Services, Community Development Commission, and Public Infrastructure
 - Potential cuts in FY 2025-26 Federal Budget (due by October 1) not included in the preliminary budget
- At least \$36 million in awarded grant funding outstanding
 - Some reductions have already been announced
 - Departmental slides speak to specific risks
- Economic impacts of tariffs unclear – not accounted for in budget

FY 25-26 Enhanced Uncertainty – State

- Preliminary Budget includes \$557 million in State funding (24% of total revenues)
- Governor to release of May Revise by May 14th may impact pass through for local services
 - Impacts of Los Angeles wildfires and Federal changes not built into Governor's budget
- Sales tax continues to be flat – Impacts state funding
- Federal cuts could have indirect impact on state funding for services beyond revenues identified as federal

FY 25-26 Requests for changes

- Departments make requests for two types of budget adjustments (see list in attachment 3):
 - **Add Backs:** restoration of existing programs or positions that were reduced to match available resources
 - **Program Change Requests “PCR”:** new or expanded programs requiring additional resources.
- Board Budget Requests submitted by Board members (see Attachment 4)
- All Requests for Changes considered at June Budget
- Current total is \$27.4 million and exceeds anticipated available sources

FY 24-25 Add Backs/Restorations

- Distribution of General-Purpose Funds largely met salary & benefit negotiated changes
- Five departments have add backs based on other concerns:
 - Internal Rates (more later)
 - Service cost adjustments
 - Revenue loss
- Requesting \$7.3 million
- Requesting restoration of 14 positions, including 7 filled

FY 25-26 Program Change Requests “PCR”

- 15 departments submitted Program Change Requests
- Requests total 33.0 positions
- General Fund Requests:
 - \$7.1 million in ongoing funding
 - \$10.3 million in one-time funding
- Non-General Fund Requests:
 - \$2.7 million utilizing non-GF revenues and non-GF fund balances
- CAO fiscal staff has not completed reviews

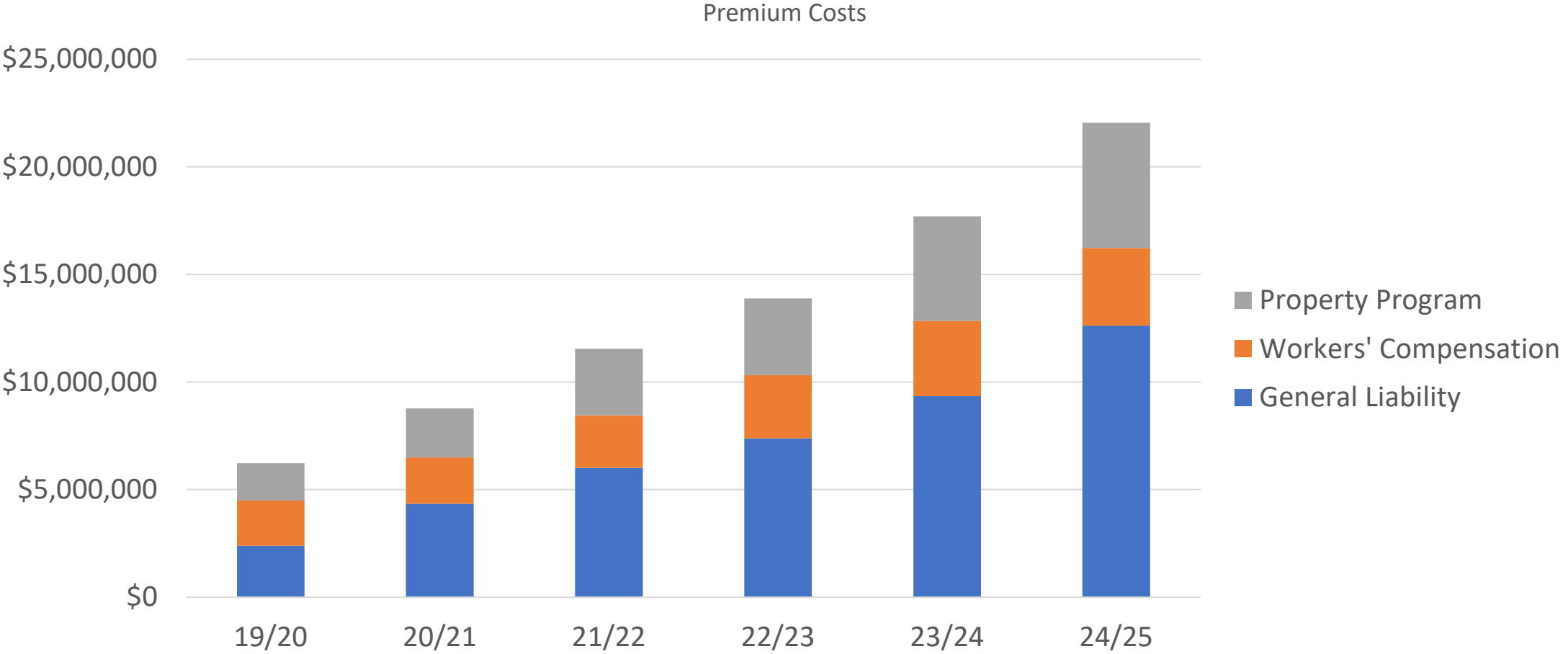
FY 25-26 Board Requests

- 7 requests submitted
- \$8.3 million in known funding requests
- One capital project not yet scoped

FY 25-26 Budget Factors- ISD


- Baseline rates up 22% on average
- Key factors:
 - Move to “software as service” shifts costs from periodic to annual
 - Increased need for cyber security
 - Prior year rates held down with use of fund balance
- Rates of increase should normalize going forward

FY 25-26 Budget Factors- Insurance



FY 25-26 Budget Factors- Insurance

Hard market conditions continue to impact General Liability insurance premiums across the country, and especially in California where the law does not cap liability settlements



With premiums continuing to increase, HR conducted a review of the GL Program with assistance from an actuarial firm to advise on industry best practices.

Increased self-insured retention from \$1M to \$2M per occurrence effective 7/1/25

FY 25-26 Proposed Community Request Process

- Over past several years requests from community groups have been funded at budget hearings
- Desire for a more transparent process
- Recommendation:
 - Set aside \$500,000 at budget hearing to pilot a **new** community organization request process
 - Direct staff to issue a Notice of Funding Availability after Budget adoption
 - Recommendations will return to the board in the fall
 - Potential to partner with other organizations for award and distribution of funds

Notes on Departmental Presentations

Departmental budget figures presented:

- Include preliminary budgets as of March 1, 2025
- Subsequent Board actions relevant to the new FY will be included in Supplemental Budget Adjustments recommended by CAO at Budget Hearings
- Preliminary and Recommended Budgets do not include Add Backs or Program Change Requests
 - Determinations will be made at June Budget Hearings