



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 8/18/2026

To: County of Sonoma Board of Supervisors

Department or Agency Name(s): Department of Health Services

Staff Name and Phone Number: Nolan Sullivan, 707-565-4774; Jan Cobaleda-Kegler, 707-565-5157

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Authority for Department of Health Services Provider Payments During FY 2026-2027 Contract Negotiations

Recommended Action:

Adopt a Resolution authorizing the Director of Health Services, or designee, to authorize payments for FY 2026-2027 services through September 30, 2026, for select vendors which have a currently executed FY 2025-2026 contract and for which the Board has delegated authority allowing the Director to execute contracts for similar FY 2026-2027 services.

Executive Summary:

The Department of Health Services (hereinafter, "the Department") contracts with a network of providers to deliver behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services. These services include mental health treatment, substance use recovery programs, housing assistance, and other services.

While 93% of the FY 2026-2027 contracts were fully executed by June 30, 2026, ten (10) remain in the process of development, negotiation, and moving through the final steps of County procurement requirements. These providers will continue to render services to those in critical need of behavioral health services, assuring that Department clients experience no gap in services. However, without fully executed agreements, payments cannot be issued. Consequently, those providers without an executed contract on July 1, 2026 are at risk of experiencing financial challenges as a result of these delayed payments.

As such, staff is requesting authority to continue processing payments to vendors with fully executed FY 2025-2026 agreements, and for which the Department is in the process of finalizing updated FY 2026-2027 agreements, to ensure no impact to providers due to the delay in the procurement processes. A similar request was approved by the Board on October 15, 2024 for FY 2024-2025 contracts and on July 22, 2025 for FY 2025-2026 contracts.

Discussion:

The Department of Health Services contracts with a network of providers to deliver behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services. These services include mental health treatment, substance use recovery programs, housing assistance, and other services.

At the start of each fiscal year, the Department renews and updates provider contracts to reflect changes in

service needs, funding levels, and regulatory requirements. This process can take several months for completion. Challenges in the execution of a contract can arise and completion of agreements renewals for fiscal year (FY) 2026-2027 can extend beyond the start of the fiscal year. The reasons for these delays can include continuing negotiations over the total payment amount, requested changes to legal provisions in the contract, or contractor delays in processing some documents.

The Behavioral Health division of the Department will execute 213 new contracts for services in FY 2026-2027. Ten (10) are still under development. These providers have been rendering services without disruption. However, without fully executed agreements, payments cannot be processed by Sonoma County after July 1, 2026. Consequently, some providers might still be at risk of experiencing financial hardships if payments were delayed.

The Department is requesting authority to execute payments for properly supported provider invoices through September 30, 2026, in advance of an executed FY 2026-2027 agreement, for the ten (10) providers that had fully executed agreements for similar services in FY 2025-2026. The Department will utilize the terms of the FY 2025-2026 agreements, and execute a reconciliation process once FY 2026-2027 agreements or amendments are fully executed. The Auditor-Controller-Treasurer-Tax Collector will use the Resolution adopted with this item as authority to release payments to service providers under the terms of the executed FY 2025-2026 agreements listed in Attachment 2.

Attachment 2 to the Resolution includes a list of the FY 2025-2026 contracts which the Department is requesting authority to utilize, for execution of FY 2026-2027 payments, for services received through September 30, 2026.

Staff have been actively working to improve the contract development process and build financial analysis systems and capacity that reduces contract execution delays. This includes implementing multi-year contract terms where appropriate and creating a systematic process of evaluating changes to the costs of providing services and balancing provider needs for sustainable reimbursements with the County's fiduciary obligations to its residents. The staff have designed an internal system that meets the Department's goal of completing contract negotiations and executing agreements prior to the start of the next fiscal year. Nevertheless, delays can occur between parties seeking to reach contractual agreement and this request provides reassurance to the Department's current contractors that the Department will pay them for their services, guarantees continued services to some of the most vulnerable County residents, and strengthens the service infrastructure provided by County partners. These improvements provide greater predictability for providers and ensure the uninterrupted delivery of essential services as well as payments to our community partners.

There is no additional financial impact associated with this request to execute payments for properly supported provider invoices through September 30, 2026, in advance of an executed FY 2026-2027 agreement, as funding has been included in the FY 2026-2027 adopted budget.

Strategic Plan:

None

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

On July 22, 2025, the Board adopted a Resolution authorizing the Director of Health Services, or designee, to authorize payments for FY 2025-2026 services through October 31, 2025, for select vendors which have a currently executed FY 2024-2025 contract and for which the Board has delegated authority allowing the Director to execute contracts for similar FY 2025-2026 services.

On October 15, 2024 the Board adopted a resolution authorizing the Director of Health services, or designee, to authorize payments for FY 2024-2025 services through December 31, 2024, for vendors which have an executed FY 2023-2024 contract with the Department of Health Services, and for which the board has delegated authority for the Director to execute contracts for similar FY 2024-2025 services.

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

Sufficient appropriations for these agreements are included in the FY 2026-2027 Budget.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1 - Resolution

Attachment 2 - Contract List

Related Items “On File” with the Clerk of the Board:

None