



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/22/2025

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 2025/2026 Contract Negotiations

Recommended Action:

Adopt 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.

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.

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 delegated authority is being requested by the Board on July 8, 2025 (see Item 2025-0576).

While the FY 2025/2026 contracts are in the process of development, negotiation, and moving through the steps of County procurement requirements, providers will continue to render services to those in critical need of behavioral health services. However, without fully executed agreements, payments cannot be issued. Consequently, those providers without an executed contract on July 1, 2025 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 2024/25 agreements, and for which the Department is in the process of finalize updated FY 2025/26 agreements, to ensure no impact to providers due to the delay in the Department's processes. A similar request was approved by the Board on October 15, 2024 for FY 2024/2025 contracts through [Item 2024-1213 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6892948&GUID=BB681D0D-F2A5-402C-8AC5-4FE4F5FB33A0&Options=ID|Text|&Search=2024-1213>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6892948&GUID=BB681D0D-F2A5-402C-8AC5-4FE4F5FB33A0&Options=ID|Text|&Search=2024-1213).

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. Completion of agreements renewals for fiscal year (FY) 2025/2026 is expected to take up to three additional months beyond the start of the fiscal year. While the FY 2025/2026 contracts are in the process of development, providers will be rendering services without disruption starting July 1, 2025. However, without fully executed agreements, payments cannot be processed by Sonoma County. Consequently, many of our providers will be at risk of experiencing financial hardships as a result of these delayed payments.

The Department is requesting authority to execute payments for properly supported provider invoices through October 31, 2025, in advance of an executed FY 2025/2026 agreement, for those providers that had fully executed agreements for similar services in FY 2024/2025. The Department will utilize the terms of the FY 2024/2025 agreements, and execute a reconciliation process once FY 2025/2026 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 2024/2025 agreements listed in Attachment 2.

Attachment 2 to the Resolution includes a list of the FY 2024/2025 contracts which the Department is requesting authority to utilize, for execution of FY 2025/2026 payments, for services received through October 31, 2025.

Staff have been actively working to improve the contract development process and build financial analysis systems and capacity to prevent such delays in future fiscal years. 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 are designing an internal system that will meet the Department's goal of completing contract negotiations and executing agreements prior to the start of the next fiscal year. These improvements are intended to provide greater predictability for providers and ensure the uninterrupted delivery of essential services as well as payments to our community partners.

This item is connected to the July 8, 2025 FY 2025/2026 delegated authority item for Behavioral Health contracting. DHS is simultaneously requesting the annual Board approval and delegated authority for FY 2025/2026 budget allocations for behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services for FY 2025/2026 services and budget.

There is no additional financial impact associated with this request to execute payments for properly supported provider invoices through October 31, 2025, in advance of an executed FY 2025/2026 agreement, funding has been included in the FY 2025/26 adopted budget.

Strategic Plan:

N/A

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

No

Prior Board Actions:

On 10/15/24 the Board adopted a resolution authorizing the Director of Health services, or designee, to

Agenda Date: 7/22/2025

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

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses	\$15,537,326		
Additional Appropriation Requested			
Total Expenditures	\$15,537,326		
Funding Sources			
General Fund/WA GF	\$185,932		
State/Federal	\$9,044,463		
Fees/Other	\$1,978,741		
Use of Fund Balance	\$4,328,190		
General Fund Contingencies			
Total Sources	\$15,537,326		

Narrative Explanation of Fiscal Impacts:

Sufficient appropriations for these agreements are included in the FY 2025/26 Budget.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

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