



City of Santa Rosa Proposed Budget FY 2026-27

LORI ANN FARRELL, CITY MANAGER | SCOTT WAGNER, CHIEF FINANCIAL OFFICER

City Manager's Comments

PROPOSED BUDGET FY 2026-27

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Citywide Budget Overview

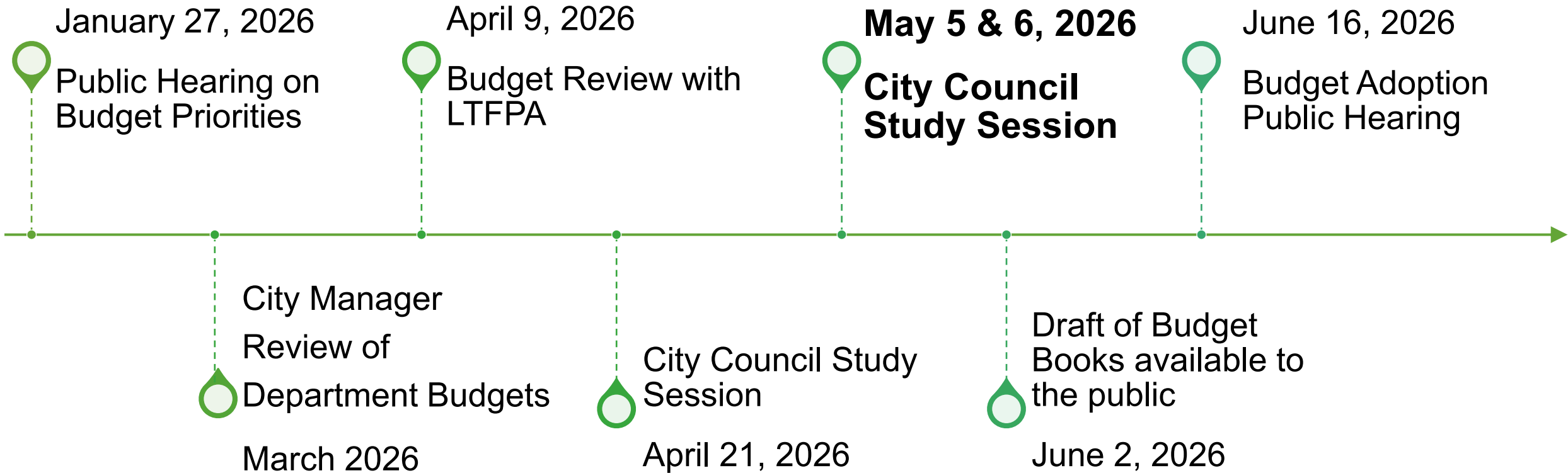
PROPOSED BUDGET FY 2026-27

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Presentation Overview

- FY 2026-27 Proposed Budget All Funds
- FY 2026-27 Proposed Budget General Fund
- Department Budget Review
- Department Recap & Reductions
- Internal Service Funds
- Enterprise Funds
- Capital Improvement Program
- Year 2

FY 2026-27 Budget Process



FY 2026-27 Budget Process

Base Budget Development

- Status quo budgets that maintain current staffing and programs were developed by departments and Finance
- Status quo budget includes contractually agreed upon compensation
- Proposed increases include uncontrollable and fixed costs such as CalPERS retirement, benefits, and professional services contracts
- City Manager reviewed all base budget calculations, major expense categories, and revenue estimates by department and funds beginning January 2026
- Original FY 2026-27 Base Budget has a **(\$17.5M)** deficit without action
- Preliminary summary presented to City Council on April 21, 2026

FY 2026-27 Budget Process

City Manager's Proposed Budget

- Departments were directed to develop 1% & 3% reductions
- Through a multi-pronged approach, the City Manager's proposed budget contains almost \$9M in deficit reduction solutions as part of a two-year process
 - Year 1 (FY 2026-27):
 - Strategic Reserve Usage: Utilizing reserve funds partially to prevent major cuts to services
 - Adjusted staffing as grant funded programs now expired
 - Vacancy Management: Eliminating specific vacant positions to minimize impact on services
 - Innovative Financing: Pension cost smoothing through Fresh Start, major apparatus lease financing to match useful life of equipment
 - Targeted cost recovery improvements

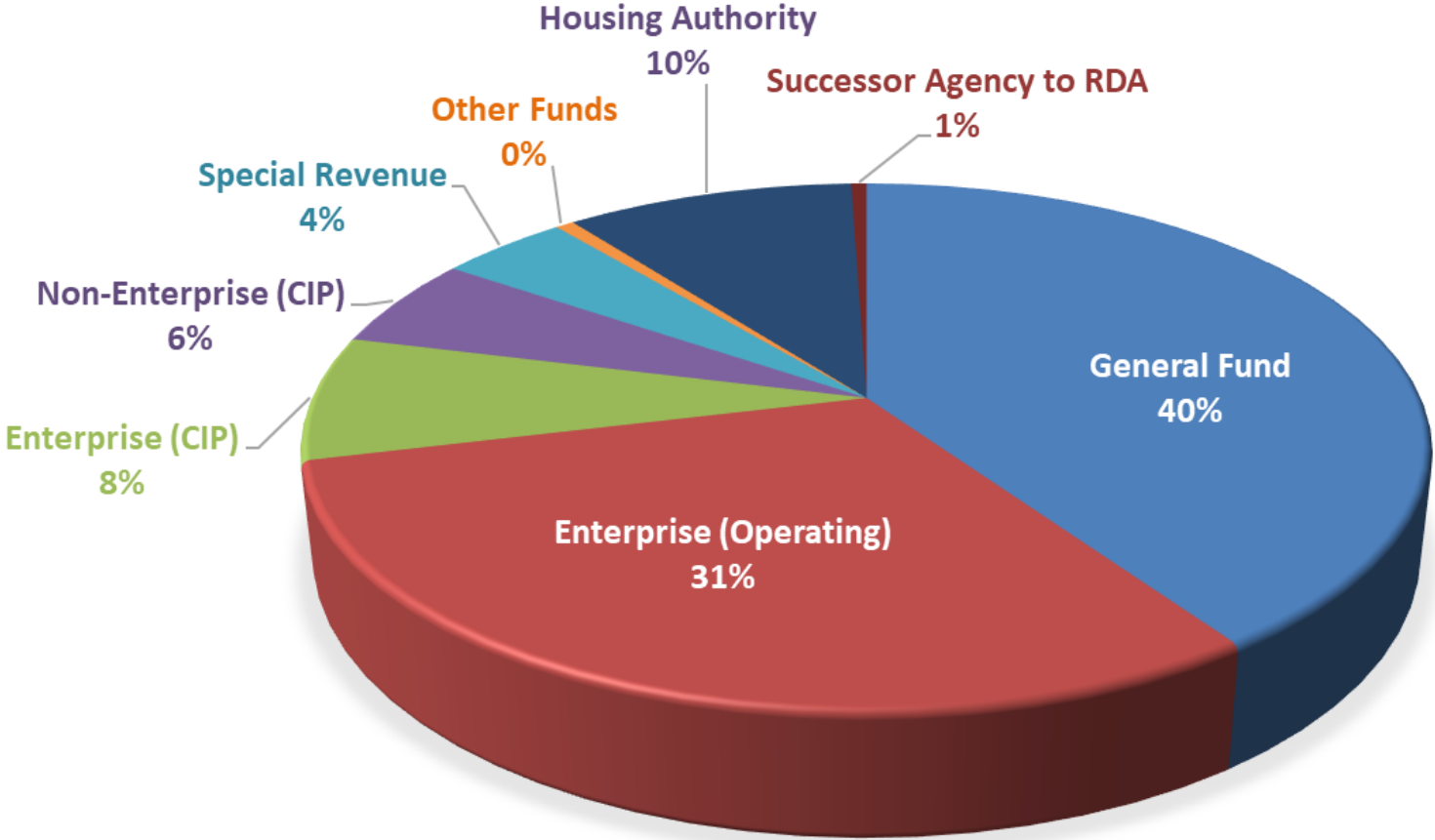
FY 2026-27 Citywide Revenues by Fund (in millions)

Fund Type	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
General Fund	\$215.0	\$224.7	\$9.6	4.5%
Enterprise Funds	200.0	207.8	7.8	3.9%
Special Revenue Funds	44.3	45.6	1.4	3.2%
Other Funds	0.5	0.5	-	-
Housing Authority	54.1	54.2	0.1	0.4%
Successor Agency to RDA	3.0	3.0	-	-
Total	\$516.9	\$535.8	\$18.9	3.7%

FY 2026-27 Citywide Expenditures by Fund Type (in millions)

Fund Type	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
General Fund	\$216.8	\$231.1	14.3	6.6%
Enterprise (Operating)	171.8	177.7	5.9	3.4%
Enterprise (CIP)	45.2	44.1	(1.1)	(2.3%)
Non-Enterprise (CIP)	30.8	32.4	1.6	5.2%
Special Revenue	28.6	28.0	(0.6)	(1.9%)
Other Funds	1.2	1.2	-	-
Housing Authority	56.7	57.1	0.4	0.7%
Successor Agency to RDA	3.0	3.0	-	-
Total	\$554.1	\$574.7	\$20.6	3.7%

FY 2026-27 Citywide Expenditures by Fund



General Fund Budget Overview

PROPOSED BUDGET FY 2026-27

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FY 2026-27 General Fund Summary

(in millions)

	Proposed General Fund Budget
Revenue	\$224.7
Transfers In	\$8.2
Total Revenues + Transfers In	\$232.9
Expenditures	(\$231.1)
Transfers Out	(\$9.5)
Total Expenditures + Transfers Out	(\$240.5)
Subtotal Deficit	(\$7.6)
Strategic Use of Reserves	\$7.6
Total*	-

*Reflects 2-year strategy with \$7.6M additional reductions (or additional revenue) required in FY 2027-28

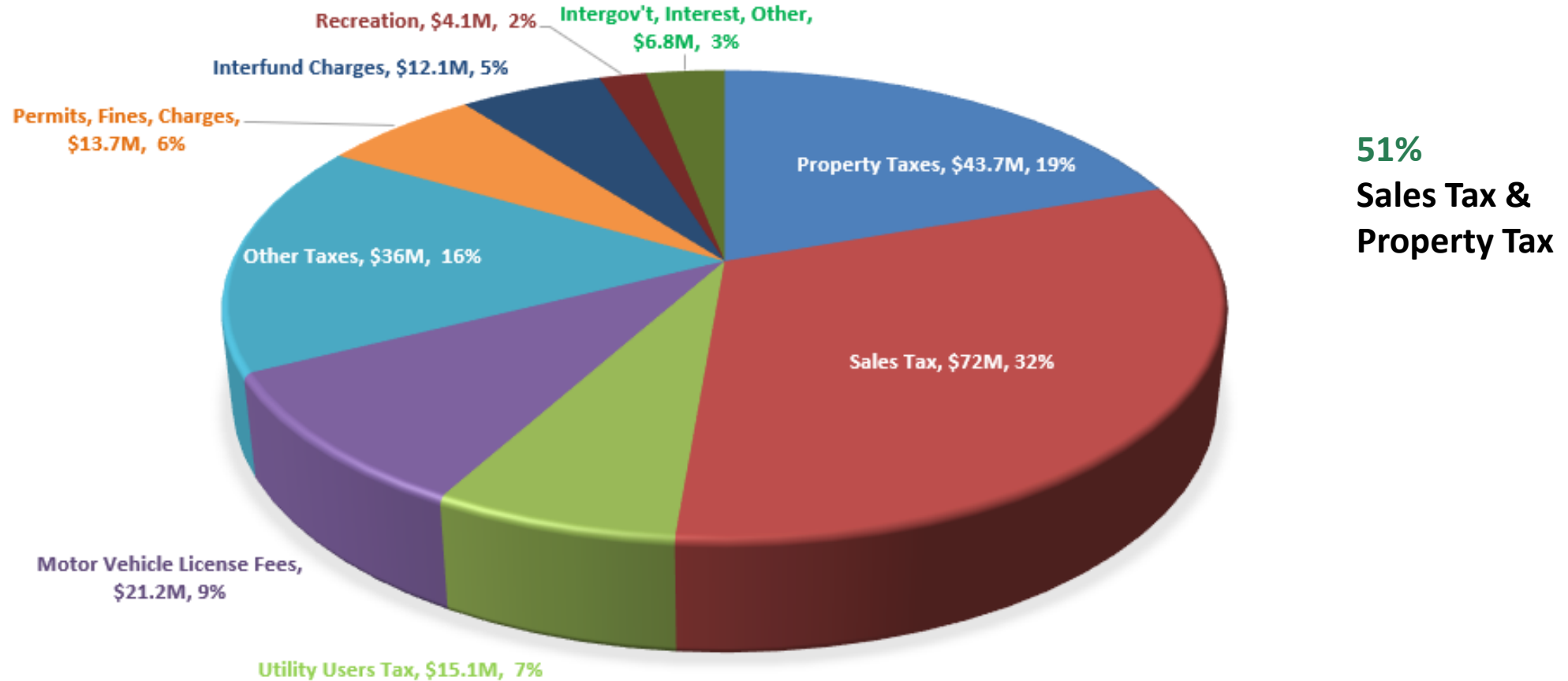
General Fund Revenue Overview

- Property tax maintains a 3- & 5-year average of over 5.5% growth +\$2.3M
- Sales tax increase of 1.5% per recent performance +\$1.1M
- Projected UUT increases in Gas & Electric, offset by decreases in Cable and Telephone +\$700K
- Other taxes contains Cannabis Industry Tax, Transient Occupancy Tax, Franchise Fees, Real Property Transfer Tax, but is mainly grown by increase in Business Tax +\$2.8M
- Permits are trending at lower cost per permit, resulting in a slight decrease (\$400K)
- Recreation revenues reflect over 14% growth in enrollment and recent fee increases +\$800K
- Increase of \$350K to fund EMS Fire Captain formerly in inRESPONSE

FY 2026-27 General Fund Revenues by Category (in millions)

Category	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
Property Tax	\$41.5	\$43.8	\$2.3	5.5%
Sales Tax	70.4	71.5	1.1	1.5%
Utility Users Tax	14.4	15.1	0.7	5.1%
Vehicle License Fees	19.8	21.2	1.4	7.2%
Other Taxes	33.3	36.1	2.8	8.4%
Permits, Fines & Charges	14.1	13.7	(0.4)	(3.0%)
Interfund Charges	12.4	12.4	-	-
Recreation Revenues	3.3	4.1	0.8	24.5%
Intergov't, Interest & Other	5.9	6.8	0.9	14.7%
Total	\$215.1	\$224.7	\$9.6	4.5%

General Fund Revenues by Category



City Share of Property Tax & Sales Tax



Property Tax Allocation

Sonoma County Schools
55.1%

Sonoma County
29.5%

Other
3.7%

Santa Rosa
11.7%

Sales Tax Allocation



Santa Rosa
1.75 cents



Sonoma County
2.25 cents



State of CA
6 cents

Category	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
Special Revenue Funds	\$2.3	\$2.5	\$0.2	0%
Special Assessment Funds	0.1	0.1	-	-
Parking Fund	0.1	0.1	-	-
Pension Funds	-	5.6	5.6	n/a
Total	\$2.5	\$8.2	\$5.8	230%

General Fund Transfers In Detail

(in millions)

- **NEW-** \$5.6M transfer in from pension fund (Fresh Start strategy)

General Fund Expenditures

PROPOSED BUDGET FY 2026-27

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General Fund Expenditure Highlights

Major Increases

- Contractually agreed upon compensation adjustments for all bargaining units +\$4.9M
- Align overtime budget with actual costs for the Police Department +\$1M and Fire Department +\$2.5M to comply with 24/7 staffing
- Fixed cost increases in Health Insurance and Retirement benefits +\$1.3M
- Professional Services grew +\$1M for existing contractual increases and +\$550K for election costs and +\$450K for Animal Control and shelter contract
- Uncontrollable increases in vehicle costs for gasoline, vehicle replacement and maintenance +\$700K
- Information Technology costs driven by licensing increases and staffing costs +\$500K
- Overall, \$14.3M increase in expenditures equals a 6.6% YOY change

General Fund Expenditure Highlights

Major Decreases

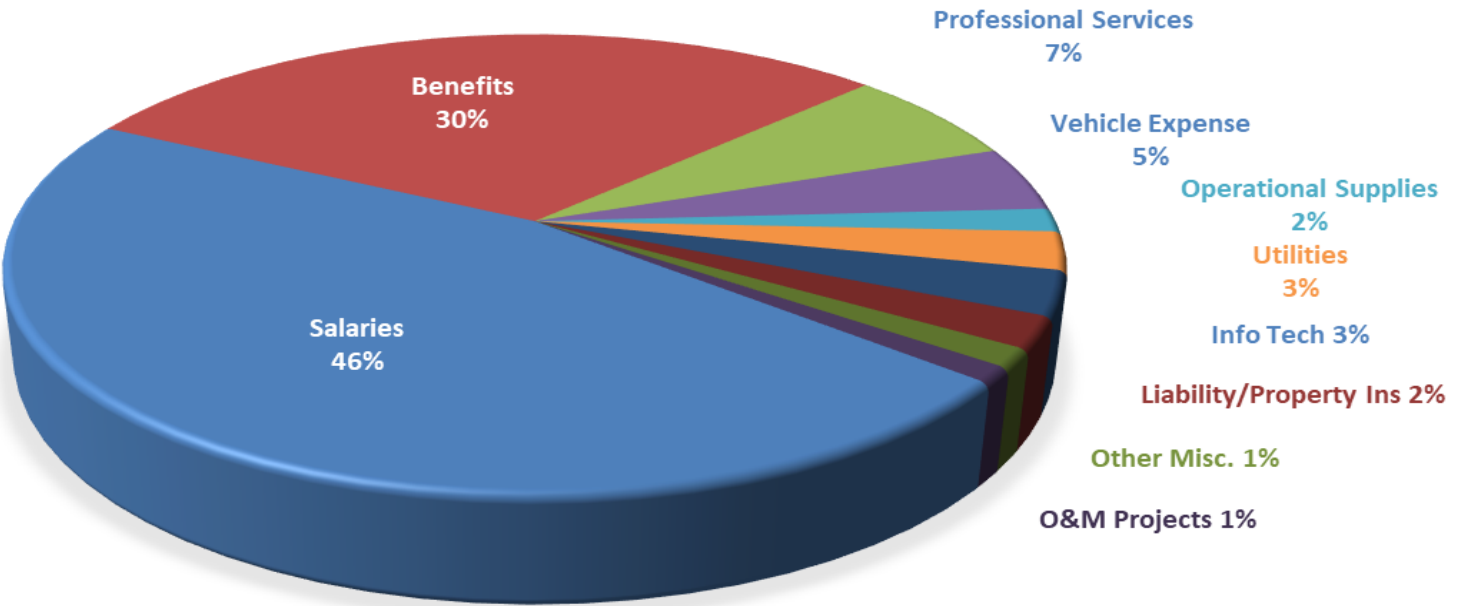
- Savings of (\$4.9M) in department budget reductions
- (\$3.8M) in pension costs with newly proposed pension strategy
- Major Fire Apparatus leasing strategy savings of (\$1M)
- Property insurance decrease of (\$600K) due to increase in prior year funding to build required reserves

FY 2026-27 General Fund Expenditures by Category (in millions)

Category	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
Salaries	\$91.6	\$96.5	\$4.9	5.3%
Overtime	7.1	10.7	3.6	50.1%
Benefits	67.0	70.0	3.0	4.5%
Professional Services	13.6	15.5	1.9	14.0%
Vehicle Expense	11.0	10.6	(0.4)	(3.0%)
Operational Supplies	3.3	3.8	0.5	15.2%
Utilities	5.9	6.2	0.3	5.1%
Information Technology	6.7	7.2	0.5	7.5%
Liability/Property Insurance	5.7	5.1	(0.6)	(10.5%)
Other Miscellaneous	2.6	3.0	0.4	15.4%
O&M Projects	2.3	2.5	0.2	8.7%
Total	\$216.8	\$231.1	\$14.3	6.6%

General Fund Expenditures by Category

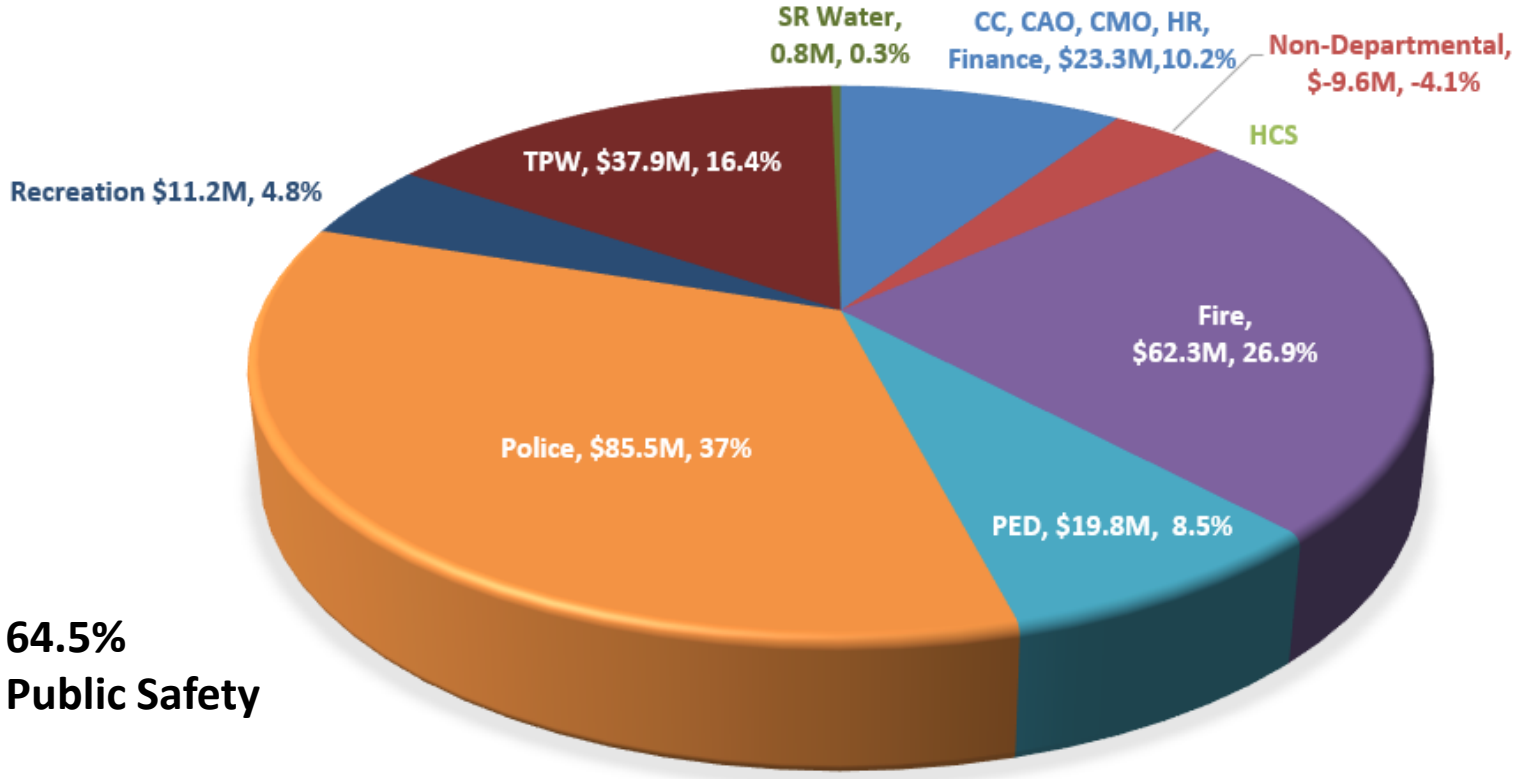
76%
**Salaries &
Benefits**



FY 2026-27 General Fund Expenditures by Department (in millions)

Dept	2025-26 Proposed Budget	2026-27 Proposed Budget	\$ Change	% Change
Admin	\$21.8	\$23.3	\$1.5	6.8%
Non Dep	(9.9)	(9.6)	0.3	3.2%
Fire	58.9	62.2	3.3	5.6%
PED	19.1	19.8	0.7	3.7%
Police	80.0	85.5	5.5	6.9%
Rec	18.4	11.2	(7.2)	(39.1%)
TPW	27.7	37.9	10.2	36.8%
SR Water	0.7	0.8	0.1	14.3%
Total	\$216.8	\$231.1	\$14.4	6.6%

General Fund Expenditures by Department



Category	2025-26 Adopted Budget	2026-27 Proposed Budget	\$ Change	% Change
Bennett Valley Golf Course	\$0.5	\$0.5	-	0%
CIP	2.0	1.9	(0.1)	(5.9%)
Parking Fund	1.6	1.9	0.3	18.4%
RPTT – Housing	1.1	1.1	-	-
Homeless Services – General Fund	3.3	3.3	-	-
Misc.	0.8	0.8	-	-
Total	\$9.2	\$9.5	\$0.2	2.3%

General Fund Transfers Out Detail

(in millions)

- Final year for receipt of \$662K from Sonoma County for Roseland Pavement Maintenance, per annexation agreement

General Fund Baseline

Public Safety and Prevention Tax

	Police - 34.3%	Fire - 23.7%	Violence Prevention - 0.4%
General Fund Department Budget	\$85,535,331	\$62,263,302	\$1,118,945
Baseline Calculation	79,293,978	54,800,040	965,522
Over (Under) Baseline	\$6,241,353	\$7,463,262	\$153,423

Multi-Year Budget Strategy

PROPOSED BUDGET FY 2026-27

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Actions Taken to Date

Budget Engagement

- Budget engagement efforts over the past year:
 - Monthly Fiscal Update Meetings with labor representatives with agenda driven by labor including:
 - Investment portfolio, CalPERS pension expenses, CIP funding, all assumptions in the City's Long Range Financial Forecast & FY 2026-27 budget development strategy
 - Formation of City Manager Budget Working Group with community members
 - LTFPA Subcommittee line-by-line review of department budgets

Prior Adopted Budget Reductions

- Council adopted \$15.2 million of ongoing budget reductions since mid-year FY 2024-25
- FY 2025-26 original deficit amount of \$19.3 million reduced to \$8.4 million

GF Cut Amounts by Department - Mid Year + Adoption			
Department	8% Target	24/25 Mid-Year + 25/26 Adopted Cuts	(Below) Over Target
Police Department	\$ 6,222,331.0	\$ 3,005,002.0	\$ (3,217,329.0)
Fire Department	\$ 4,469,286.0	\$ 2,127,000.0	\$ (2,342,286.0)
Transportation & Public Works	\$ 2,060,252.0	\$ 1,894,605.0	\$ (165,647.0)
Planning & Econ Development	\$ 1,400,261.0	\$ 1,510,190.0	\$ 109,929.0
Recreation & Parks	\$ 1,369,611.0	\$ 1,166,731.0	\$ (202,880.0)
Finance	\$ 640,292.0	\$ 1,754,902.0	\$ 1,114,610.0
Housing & Community Services	\$ 392,022.0	\$ 1,579,000.0	\$ 1,186,978.0
Human Resources	\$ 371,420.0	\$ 519,435.0	\$ 148,015.0
City Attorney	\$ 367,459.0	\$ 308,050.0	\$ (59,409.0)
City Manager	\$ 253,062.0	\$ 844,900.0	\$ 591,838.0
Comms & Intergovt. Relations	\$ 145,580.0	\$ 444,368.0	\$ 298,788.0
Santa Rosa Water	\$ 59,617.0	\$ 57,000.0	\$ (2,617.0)
Total	\$ 17,751,193.0	\$ 15,211,183.0	\$ (2,540,010.0)

Phase One: FY 2024-25 & FY 2025-26 Multi-Year Strategy

- The City has been engaged in a multi-year process to address the structural deficit in the General Fund that began with mid-year adjustments in fiscal year 2024-25. This has included:
 - \$15.2 million in ongoing reductions; \$5.9M in FY 26-27 and \$3.8M of Pension savings
 - Workforce reduction of 54 full time equivalent positions; Additional 22 full time equivalent positions proposed to be reduced from the General Fund in FY 26-27
 - \$10.2 million in one time funding re-allocated from projects to shore up reserves
 - Voter approved revenue measure EE & FF which generated an additional \$3.7 million in Business and Transient Occupancy Taxes
 - No mid-year cuts in fiscal year 2025-26

FY 2026-27 Scenario Analysis

\$17.5 Million

Total Projected Deficit



Ongoing Deficit

Expenditure growth (7.7%) outpacing revenue growth (3.6%)

Grant-Funded Programs Expiring

InResponse and SAFER grant funding ending

Scenario Analysis

- Analysis was completed to understand organizational impact of fully addressing the \$17.5 million deficit in the coming adopted budget, FY 2026-27
- The City's proposed budget will need to balance maintaining core services versus abrupt change
- These scenarios are illustrative and not being recommended
 - They illustrate FTE reductions necessary to obtain the target

Scenarios Analysis – Full Cut Across the Board

*Not being recommended

Department	7.81% Target	FTE by Cut Target
Police Department	6,075,211	28.0
Fire Department	4,427,761	17.8
Transportation & Public Works	2,830,854	19.4
Planning & Econ Development	1,340,314	8.6
HCS - Recreation	712,086	5.7
Finance	639,889	4.2
Human Resources	357,846	2.2
City Attorney	352,950	1.6
HCS - Homeless Services	273,018	N/A
City Manager	225,905	1.1
Comm's & Intergovt Relations	135,322	0.8
City Council	79,061	N/A
Santa Rosa Water	59,717	N/A
Total	17,500,000	89.3

Total Excluding Public Safety 7,006,962

Scenarios Analysis – Full Cut Across the Board Excluding Public Safety

***Not being recommended**

Department	19.5% Target	FTE by Cut Target
Police Department		
Fire Department		
Transportation & Public Works	7,068,074	48.3
Planning & Econ Development	3,346,495	21.4
HCS - Recreation	1,777,935	14.2
Finance	1,597,674	10.6
Human Resources	893,469	5.5
City Attorney	881,244	4.0
HCS - Homeless Services	681,670	N/A
City Manager	564,040	2.7
Comm's & Intergovt Relations	337,872	1.9
City Council	79,061	N/A
Santa Rosa Water	59,717	N/A
Total	17,500,000	108.5

***19.2 Additional Employee Cuts**

Scale of Deficit

*** Not being Recommended**

- \$17.5M Deficit
- **(\$3.8M)** Recreation – Eliminate all Programs (32 FTE)
- **(\$3.4M)** Homeless Services – Eliminate all Services (4 FTE)
- **(\$1.2M)** Annual CIP General Fund Commitment (legally required)
- \$9.1M Shortfall

For discussion purposes only

Department totals netted against department specific revenue

Scale of Deficit

*** Not being Recommended**

- \$17.5M Deficit
- (\$6.5M) Finance - Eliminate Department (32.6 FTE)
- (\$3.4M) Human Resources - Eliminate Department (13 FTE)
- (\$3.3M) City Attorney's Office – Eliminate Department (15 FTE)
- (\$2.2M) City Manager's Office – Eliminate Department (9 FTE)
- \$2.1M Shortfall

For discussion purposes only

Department totals netted against department specific revenue

FY 2026-27 Multi-Pronged Solutions Approach

Strategies Considered

Eliminate Vacant Positions	Major Apparatus Leasing	Use of Reserves	Pensions Savings Strategy
Flex Programming for Expiring Grants	Department Consolidation	Use of Technology	Alignment of Budget to Actual Spending
Enhanced Cost Recovery	Transfer of Costs to Eligible Funds	Credit Card Convenience Fees	Reduction of Minor Capital Support

General Fund Solutions

Strategy Description	Amount
Pension Savings Strategy	3,800,000
Flexing Staffing Levels Consistent With Grant Funding	3,600,000
Major Apparatus Leasing	1,000,000
Eliminate Vacant Positions	486,105
Increase Revenue	350,000
Credit Card Convenience Fees*	264,000
Reduction of Minor Capital Support	100,000
Alignment of Budget to Actual Spending	84,325
Enhanced Cost Recovery	70,000
Department Consolidations	49,343
Transfer of Costs to Eligible Special Revenue Funds	45,000
Use of Technology	21,000
Total	\$9,869,805

*Primarily PED plans and permits, excludes Recreation and Parking; program already in effect for Water Department

Department Budget Highlights

PROPOSED BUDGET FY 2026-27

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Major Department Staffing Modifications - Organizational Alignment

- Consolidation of CIRO Department into the City Manager's Office, including 7.0 FTEs and support costs
- Transfer of Parking Division to PED Department to realign program and maximize efficiencies, including 28.0 FTEs and support costs

Major Department Staffing Modifications - Grant Funded Positions

- Total grant funded positions eliminated - 18.0 FTE (3-filled)
- Move 12.0 FTE (filled) Firefighters from expired grant to vacant General Fund and Measure H Fund positions
- Retain 1.0 FTE (filled) grant funded Fire Captain with increased cost recovery from EMS revenue
- Eliminate 3.0 FTE (filled) & 3.0 FTE (vacant) Single Role Paramedics from expired grant

Major Department Staffing Modifications

- Eliminate 10.0 FTE (vacant) positions across various departments
- Align 3.0 FTE with classifications
- Net 28.0 FTE positions eliminated

City Council – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Administration	\$964,104	\$943,342	-\$20,762	-2.2%
Elections	\$0	\$600,000	\$600,000	n/a
Total	\$964,104	\$1,543,342	\$579,238	60.1%

- \$600,000 increase for FY 2026-27 election costs
- Decrease in healthcare due to benefit elections

CAO – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Legal Services	\$4,304,001	\$4,337,094	\$33,093	0.8%
Total	\$4,304,001	\$4,337,094	\$33,093	0.8%

Dept.	FY 25-26	FTE Change	FY 26-27
CAO	15.00	-	15.00

- Contractual increases in Salaries and IT costs

CMO – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Administration	\$2,673,517	\$2,712,090	\$38,573	1.4%
City Clerk	\$81,256	\$81,256	\$0	0.0%
Comms & Intergov Relations	\$0	\$1,649,947	\$1,649,947	100.0%
Community Engagement	\$0	\$126,450	\$126,450	100.0%
CAB Grant	\$0	\$35,000	\$35,000	100.0%
Total	\$2,754,773	\$4,604,743	\$1,849,970	67.2%

Dept.	FY 25-26	FTE Change	FY 26-27
CMO	9.00	7.00	16.00

- Consolidation of CIRO with CMO
- Contractual increases in Salaries and IT costs

Finance – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Administration	\$2,538,720	\$3,004,818	\$466,098	18.4%
Payroll and Benefits	\$920,354	\$1,000,811	\$80,457	8.7%
Financial Services	\$3,298,332	\$3,235,702	-\$62,630	-1.9%
Purchasing	\$1,407,641	\$1,456,578	\$48,937	3.5%
Parking Services O&M	\$4,324,374	\$0	-\$4,324,374	-100.0%
Parking Enforcement	\$1,627,669	\$0	-\$1,627,669	-100.0%
Total	\$14,117,090	\$8,697,909	-\$5,419,181	-38.4%

Dept.	FY 25-26	FTE Change	FY 26-27
Finance	60.60	-28.00	32.60

- \$500,000 increase in business tax contract that is offset by the increased business tax revenue
- Parking Division moved to Planning & Economic Development
- Contractual increases in Salaries and IT costs

HCS Recreation– by Fund

Expenditures by Fund (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Fund	\$18,368,897	\$11,151,216	-\$7,217,681	-39.3%
Public Safety & Prevention Tax - VPP	\$3,032,783	\$2,480,265	-\$552,518	-18.2%
Change For Kids Fund	\$276,522	\$283,253	\$6,731	2.4%
Measure M Parks	\$2,684,153	\$270,052	-\$2,414,101	-89.9%
Bennett Valley Golf Course	\$774,539	\$0	-\$774,539	-100.0%
Special Assessment Tax District	\$84,359	\$0	-\$84,359	-100.0%
Capital Improvement Fund	\$8,910,729	\$0	-\$8,910,729	-100.0%
Total	\$34,131,982	\$14,184,786	-\$19,947,196	-58.4%

HCS Recreation – Major budget Changes

- Recreation division transferred to HCS including 37.55 FTEs
- Parks division transferred to TPW including 32.0 FTEs
- Elimination of 1.0 FTE Program Lead in the General Fund; anticipated vacancy
- Elimination of 2.0 vacant FTE in the PSAP Special Revenue fund: 1.0 FTE Community Outreach Specialist and 1.0 FTE Administrative Secretary
- Contractual increases in Salaries and IT costs

Dept.	FY 25-26	FTE Increase	FTE Decrease	FY 26-27
Recreation	-	37.55	(3.00)	34.55

PED – by Fund

Expenditures by Fund	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Fund	\$19,073,064	\$19,756,924	\$683,860	3.6%
Art In-lieu Fund	\$98,700	\$93,270	-\$5,430	-5.5%
Santa Rosa Tourism BIA Fund	\$721,219	\$500,000	-\$221,219	-30.7%
Admin Hearing Fund	\$222,101	\$443,716	\$221,615	99.8%
Parking District Fund	\$0	\$6,377,426	\$6,377,426	100.0%
Total	\$20,115,084	\$27,171,336	\$7,056,252	35.1%

Dept.	FY 25-26	FTE Change	FY 26-27
PED	75.00	28.00	103.00

- \$165K savings for aligning budget to actual costs and transferring costs to eligible funds
- Parking Division and 28.0 FTEs moved to Planning & Economic Development

TPW – by Program (General Fund only)

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Administration	\$1,870,551	\$1,967,437	\$96,886	5.2%
Traffic	\$2,081,229	\$2,204,774	\$123,545	5.9%
Capital Projects Engineering	\$1,943,443	\$1,966,569	\$23,126	1.2%
Field Services	\$13,687,738	\$15,033,104	\$1,345,366	9.8%
Materials Engineering	\$787,782	\$897,779	\$109,997	14.0%
Facilities	\$6,095,198	\$6,513,108	\$417,910	6.9%
Parks	\$0	\$8,036,255	\$8,036,255	n/a
Real Estate Services	\$820,824	\$871,343	\$50,519	6.2%
O&M Projects	\$472,000	\$372,000	-\$100,000	-21.2%
Total	\$27,758,765	\$37,862,369	\$10,103,604	36.4%

TPW – Major budget Changes

- Transfer of Parks division into TPW of 32.0 FTEs
- Reduction of 1.0 vacant Administrative Secretary
- Reduction of 3.0 FTE vacant Surveyors
- Reduction of \$100K for minor capital support
- \$1.3M Field Services increase mainly due to asphalt and to better align budget with past actual spending

Dept.	FY 25-26	FTE Increase	FTE Decrease	FY 26-27
TPW	250.00	32.00	(4.00)	278.00

Non-Departmental – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Citywide GF Insurance	\$5,701,410	\$5,137,730	-\$563,680	-9.9%
Sonoma Co Transportation Authority	\$130,000	\$135,000	\$5,000	3.8%
General Fund Admin Cost Plan	-\$18,212,381	-\$19,695,087	-\$1,482,706	8.1%
Animal Control Shelter	\$3,346,441	\$3,800,000	\$453,559	13.6%
County Admin Fee	\$380,000	\$400,000	\$20,000	5.3%
Contract Services	\$375,000	\$359,000	-\$16,000	-4.3%
Non-Program	-\$1,613,000	\$290,413	\$1,903,413	-118.0%
Debt Service	\$727,650	\$730,650	\$3,000	0.4%
Total	-\$9,164,880	-\$8,842,294	\$322,586	-3.5%

Non-Departmental – Major budget Changes

- Increase of \$1.8M for Non-Program costs of Pension Strategy changes; offset by Transfer In to the General Fund
- Increase of \$450K for Animal Control and Shelter contract with Sonoma County
- Decrease of \$1.5M in GF Administration Costs, offset by cost allocations to other General Fund departments.

Homeless Services

Expenditures by Fund (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Homeless Services	\$4,069,380	\$3,847,844	-\$221,536	-5.4%
Total	\$4,069,380	\$3,847,844	-\$221,536	-5.4%

- Decrease of 1.0 FTE vacant Housing & Community Services Technician

Dept.	FY 25-26	FTE Change	FY 26-27
Homeless Svcs	4.10	(1.00)	3.10

Questions

Public Safety Recommendations

PROPOSED BUDGET FY 2026-27

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Police Department

PROPOSED BUDGET FY 2026-27

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Major Budget Changes - Police

- Maintains Police response and service delivery with minor reductions of \$51K for vehicle efficiencies and use of technology
- Contractual increases in Salaries and IT costs
- Increase of \$1M in Police Overtime budget
- Increase of \$123K funded by Opioid Settlement funds for Police Wellness Program

Dept.	FY 25-26	FTE Change	FY 26-27
Police	249.00	-	249.00

Police – by Fund

Expenditures by Fund (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Fund	\$79,987,062	\$85,535,331	\$5,548,269	6.9%
Public Safety & Prevention Tax – Police	\$5,294,760	\$5,325,567	\$30,807	0.6%
Federal Narcotics Asset Forfeiture	\$50,000	\$37,000	-\$13,000	-26.0%
Supplemental Law Enforcement	\$525,000	\$603,000	\$78,000	14.9%
State Narcotics Asset Forfeiture	\$125,000	\$125,000	\$0	0.0%
Total	\$85,981,822	\$91,625,898	\$5,644,076	6.6%

Police – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Administration	\$11,958,259	\$13,599,139	\$1,640,880	13.7%
Technical Services	\$10,925,884	\$11,159,844	\$233,960	2.1%
Support Bureau	\$1,932,112	\$2,025,305	\$93,193	4.8%
Public Safety & Prevention Tax – Police	\$5,294,760	\$5,325,567	\$30,807	0.6%
Field Services	\$41,220,658	\$42,811,899	\$1,591,241	3.9%
Investigative Services	\$14,236,693	\$16,080,644	\$1,843,951	13.0%
O&M Projects	\$413,456	\$623,500	\$210,044	50.8%
Total	\$85,981,822	\$91,625,898	\$5,644,076	6.6%

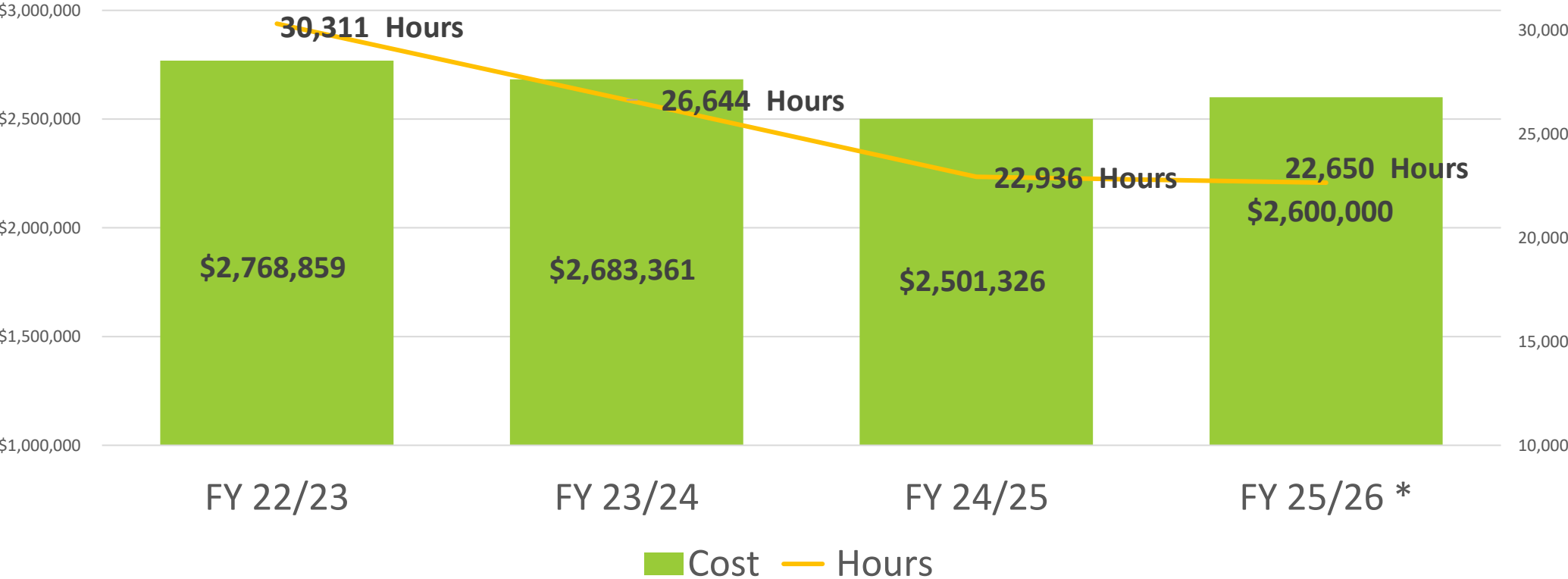
Police – Overtime Actions

Worked diligently to reduce excess overtime

- Detective teams rotated working shifts in patrol two days a week
- Held vacancies in investigative teams
- Reviewing the overtime monthly in Command Staff Meetings
- Utilizing civilian staff where possible

Each year the number of overtime hours allotted has been reduced

Police Overtime Hours



*Projected

inRESPONSE Program

PROPOSED BUDGET FY 2026-27

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inRESPONSE Mental Health Support Team

- The inRESPONSE program was launched in January of 2022;
- Program included 6.0 FTE Single Role Paramedics (currently 3.0 FTE are filled, and 3.0 FTE are vacant) and 1.0 FTE Fire Captain (currently filled)
- Contracts were entered with two non-profits agencies: Buckelew Programs and Catholic Charities. (Police)
- The program expanded to 24/7 coverage to address mental health crisis calls across our city with a licensed mental health professional.
- Future County Measure O funds will be greatly reduced to an estimated \$1.6M for FY 26-27 and only \$1.5M for FY 27-28.

inRESPONSE Mental Health Support Team

- ARPA one-time funds supported the program from January 2022 through November 2024 for a total of \$3,979,000.
- County Measure O funds have been used to fund the program since July 2022 for a total \$5,091,941.
- With \$1.5M reduction in grant from the County, the 6.0 FTE Single Role Paramedics are unfunded and being proposed for reduction (Fire)
- inRESPONSE team will adapt to new budget and will focus on core mission of mental health and homeless response
- The Fire Department has increased cost recovery to support the 1.0 FTE Fire Captain for Emergency Medical Services. (Fire)

Fire Department

PROPOSED BUDGET FY 2026-27

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Major Budget Changes - Fire

- Maintains core and ongoing General Fund Fire response and service delivery
- Contractual increases in Salaries and IT costs
- Increase of \$2.5M in Fire Overtime budget; \$1M decrease in vehicle expenses for Apparatus leasing strategy
- Elimination of 12.0 FTE SAFER grant positions, 6.0 FTE inRESPONSE positions (3.0 FTE filled and 3.0 FTE vacant), and 1.0 FTE vacant Community Outreach Specialist

Dept.	FY 25-26	FTE Change	FY 26-27
Fire	180.00	-19.00	161.00

Fire – by Fund

Expenditures by Fund	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Fund	\$58,893,388	\$62,263,302	\$3,369,914	5.7%
Public Safety & Prevention Tax- Fire	\$4,400,084	\$4,603,076	\$202,992	4.6%
Measure H County - Fire	\$6,764,257	\$7,226,974	\$462,717	6.8%
Capital Improvement Fund	\$880,556	\$607,836	-\$272,720	-31.0%
Total	\$70,938,285	\$74,701,188	\$3,762,903	5.3%

Fire – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Fire Operations	\$46,912,849	\$49,779,087	\$2,866,238	6.1%
Public Safety & Prevention Tax- Fire	\$4,400,084	\$4,603,076	\$202,992	4.6%
General Administration	\$7,504,090	\$7,976,575	\$472,485	6.3%
Fire Prevention	\$3,701,965	\$3,721,718	\$19,753	0.5%
Measure H County - Fire	\$6,476,185	\$7,197,424	\$721,239	11.1%
CIP and O&M Projects	\$1,943,112	\$1,423,308	-\$519,804	-26.8%
Total	\$70,938,285	\$74,701,188	\$3,762,903	5.3%

SAFER Grant Overview

- On August 22, 2023, City Council approved the SAFER Grant accepting \$7,084,440 to hire 12.0 FTE Firefighters creating two paramedic squads.
- At the end of the Period of Performance, the granted agency cannot lay off the employees.
 - As discussed during the August 22, 2023, City Council presentation, there are three ways to address the end of the grant:
 - Absorb the positions into the General Fund
 - Secure an alternative funding source
 - Absorb the positions by attrition

SAFER Grant Overview

- Resources deployed are part of minimum daily staffing, however overtime is not applicable under SAFER
- Does not include vehicles, equipment, PPE, uniforms, etc.
- Remaining balance of approved funds expected to be depleted on or before June 30, 2026
- **Staff recommends absorbing 6.0 FTEs into General Fund vacancies and 6.0 FTEs into Measure H vacancies.**
- 12.0 FTE resulting vacancies from vacated SAFER grant positions will be eliminated

Measure H Background

- During FY 25-26, Measure H was implemented to include:
 - 20 FTEs, recommending an additional 1.0 FTE 40 Hour Fire Captain
 - One new engine company (Engine 9)
 - One new on-duty Battalion Chief (Battalion 2)
 - Two new Vegetation Management Inspectors
 - Debt Service on one new Fire Station (Station 9)
- Staff recommendation to fill 6.0 FTE vacant Firefighters with positions being eliminated from SAFER grant

Measure H 3-0 Rescue Plus Squad

Current:



Engine 9
 Captain
 Engineer
 Firefighter
 3/0 Staffing
 9 FTE

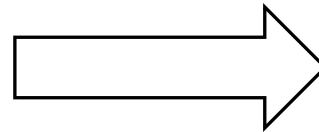


Battalion 2
 Battalion Chief
 1/0 Staffing
 3 FTE



Vegetation Management
 Fire Inspector
 1/0 Staffing
 2 FTE

Vacant Positions from FY 25-25 Budget
 6 FTE



Future Implementation:



Rescue 9
 Captain
 Engineer
 Firefighter
 3/0 Staffing
 9 FTE



Squad 9
 Firefighter (2)
 2/0 Staffing
 6 FTE

Operate out of Station 9:
 • May operate independently
 • Respond to moderate and large-scale incidents as a **"Light Task-Force"** (5/0 Staffing)



Battalion 2
 Battalion Chief
 1/0 Staffing
 3 FTE

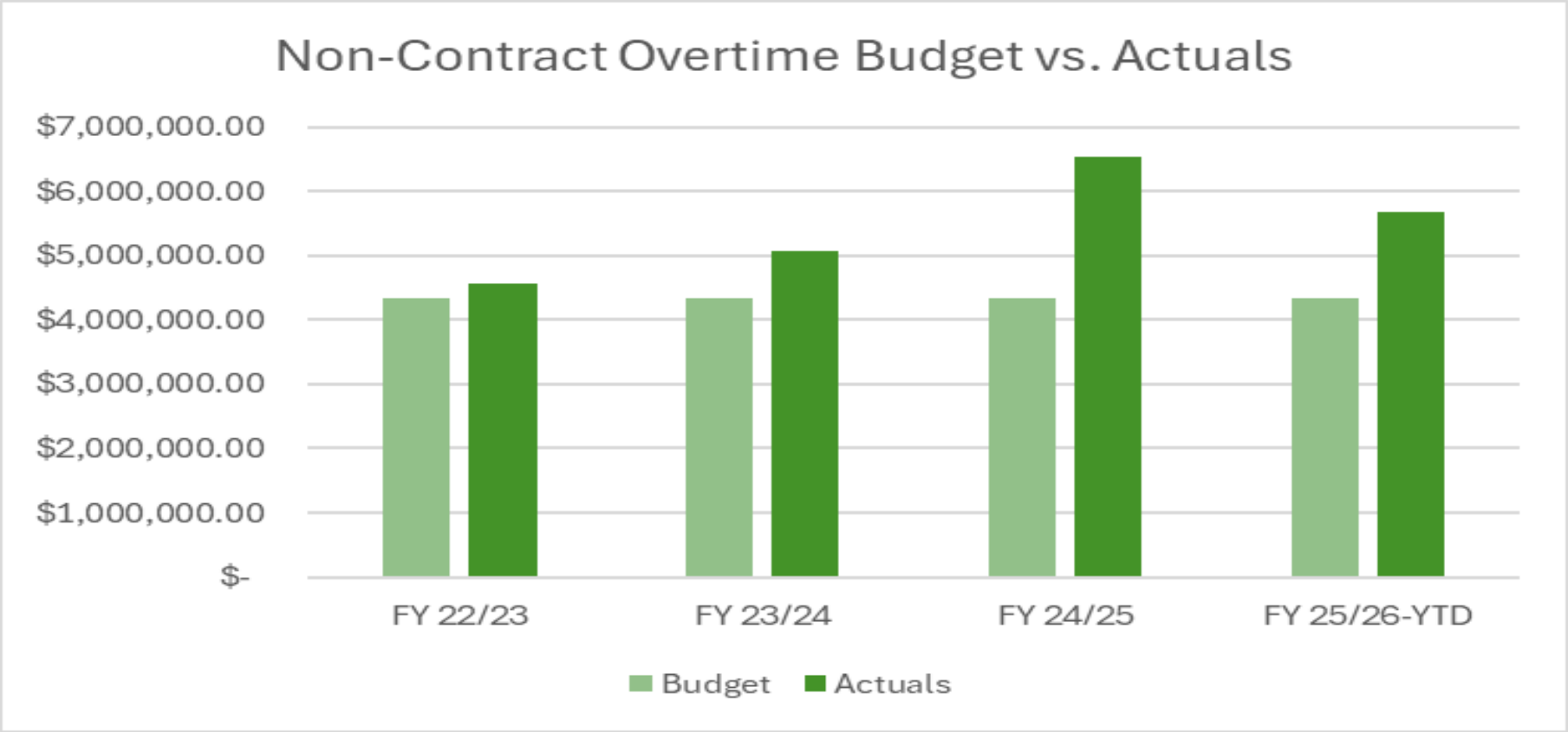


Vegetation Management
 Fire Inspector
 1/0 Staffing
 2 FTE

Fire Overtime History

- Overtime in the Fire Department Budget:
 - Minimum Daily Staffing (by policy):
 - 47 personnel on-duty in the Suppression Division per day
 - 2 Battalion Chiefs (1/0 Staff)
 - 11 Engine Companies (3/0 Staff)
 - 2 Truck Companies (4/0 Staff)
 - 2 Paramedic Squads (2/0 Staff)
 - Positions must be filled, unlike administrative roles
 - ‘Relief’ positions were eliminated in FY 24-25 and 25-26 Budget

Fire Overtime History



Fire Overtime Strategy/ Progress

- Fire Department Overtime Reduction Strategies:
 - ‘Relief’ Positions
 - Risk Management solutions
 - Human Resources solutions
 - 2017 Staffing Study
 - FTE vs OT
- Right size the Fire Department Non-Contract OT Budget
- **Staff recommends adding \$2.5M to Fire OT budget in order to meet minimum daily staffing needs**

Recap & Reductions

PROPOSED BUDGET FY 2026-27

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General Fund Challenges & Solutions

- Deficit of **(\$17.5M)** in FY 2026-27 Base Budget if no action taken
- Approximately \$10M in recommended strategies to close budget gap and bring the deficit down to **(\$7.6M)**
- One-time use of reserves will be used in FY 2026-27
- Additional department reductions or increased revenue will need to be explored in the next 12 months to close remaining gap
- Expenditure growth continues to outpace revenue growth

BEFORE:

Base Budget Long-Range Financial Forecast

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Revenues	\$215.1	\$222.9	\$229.5	\$234.2	\$240.5	\$240.1
Transfers In	2.5	2.6	2.6	2.6	2.6	2.6
Total Revenues & TI	\$217.6	\$225.5	\$232.1	\$236.8	\$243.1	\$242.7
Expenditures	216.8	233.6	247.8	259.0	267.3	276.0
Transfers Out	9.2	9.4	9.6	9.2	9.4	9.6
Total Expenditures & TO	\$226.0	\$243.0	\$257.4	\$268.1	\$276.7	\$285.5
Surplus (Deficit)	(\$8.4)	(\$17.5)	(\$25.3)	(\$31.3)	(\$33.6)	(\$42.8)

AFTER:

Reductions Long-Range Financial Forecast

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Revenues	\$215.1	\$224.7	\$231.3	\$236.1	\$242.4	\$242.1
Transfers In	2.5	8.2	2.6	2.6	2.6	2.6
Total Revenues & TI	\$217.6	\$232.9	\$234.0	\$238.8	\$245.1	\$244.8
Expenditures	216.8	231.1	234.1	241.6	249.4	257.6
Transfers Out	9.2	9.5	9.6	9.2	9.4	9.6
Total Expenditures & TO	\$226.0	\$240.5	\$243.7	\$250.8	\$258.8	\$267.2
Surplus (Deficit)	(\$8.4)	(\$7.6)	(\$9.8)	(\$12.1)	(\$13.8)	(\$22.4)

Deficit Before & After Proposed Solutions

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Deficit BEFORE	(\$8.4)	(\$17.5)	(\$25.3)	(\$31.3)	(\$33.6)	(\$42.8)
Deficit AFTER	(\$8.4)	(\$7.6)	(\$9.8)	(\$12.1)	(\$13.8)	(\$22.4)

Changes to Base Budget

- Recommended reductions totaling \$9.5M, will bring the (\$17.5M) deficit down to (\$8M)
- \$350K Increase in Revenue will bring the deficit down further to (\$7.6M)
- Reserves will be used as a temporary measure to offset the General Fund deficit
- Future years will require further reductions or increases to revenue to continue to close the budget gap

FY 2026-27 Recommended Reductions

Dept	Description	Amount
All	Pension Savings Strategy	3,800,000
Fire	Elimination of 12.0 Fire Fighters (vacant) with expiration of SAFER grant	2,400,000
Fire	Elimination of 6.0 FTE InResponse Paramedics with expiration of InRESPONSE funding (3.0 FTE filled, 3.0 FTE vacant)	1,200,000
Fire	Savings from leasing Fire Apparatus	1,000,000
Fin	Credit card convenience fees	264,000
Fire	Elimination 1.0 FTE Community Outreach Specialist (vacant)	136,642
HCS	Elimination of 1.0 Housing & Community Services Technician (vacant)	134,786
TPW	Elimination of 1.0 FTE Administrative Secretary (vacant)	122,808
TPW	Reduction of minor capital support	100,000

FY 2026-27 Recommended Reductions (cont.)

Dept	Description	Amount
Rec	Elimination of 1.0 FTE Recreation Program Lead (filled)	91,869
PED	Enhanced cost recovery charging allowable costs to eligible funds	70,000
CIRO & CMO	Aligning position title with current staffing by exchanging a budgeted Chief Comuncations & Intergovt'l Relations Officer for a Communications & Intergovt'l Manager	49,374
PED	Transfer General Fund costs to eligible Admin Hearing Special Revenue Fund	45,000
PED	Aligning position title with current staffing by exchanging a budgeted Senior Planner for City Planner	35,226
Police	Vehicle costs for 3 police vehicles	30,000
Police	Elimination of Speakwrite Contract	21,000
PED	Aligning budget of services and supplies to actual expenditures	15,000
Rec	Aligning budget of services and supplies to actual expenditures	4,100
	Total	9,519,805

General Fund Reserves Spend Down

	FY2025	FY2026	Upcoming Budget Adoptions			
			FY2027	FY2028	FY2029	FY2030
6/30/2025 Final Reserves	\$ 79,582,000					
FY 26/27 Budget Deficit		\$ (7,600,000)				
6/30/2026 Projected Reserves		\$ 71,982,000				
FY 27/28 Budget Deficit			\$ (9,800,000)			
6/30/2027 Projected Reserves			\$ 62,182,000			
FY 28/29 Budget Deficit				\$ (12,100,000)		
6/30/2028 Projected Reserves				\$ 50,082,000		
FY 29/30 Budget Deficit					\$ (13,800,000)	
6/30/2029 Projected Reserves					\$ 36,282,000	
FY 30/31 Budget Deficit						\$ (22,400,000)
6/30/2030 Projected Reserves						\$ 13,882,000

* Council Mandated Reserve was \$39.2M in FY2025, expected to be \$44.9M on June 30, 2027

Staffing Summary

PROPOSED BUDGET FY 2026-27

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FY 2026-27 General Fund Additions Organizational & Position Change Detail

Dept.	Home Org	Position Title	Vacant/Filled Status	FTE
CIRO	220101	Communications & Interg'tl Relations Officer	Filled (clean up)	1.00
PED	080302	City Planner	Filled (clean up)	1.00
TPW	100303	Project Manager	Vacant	1.00
			Total General Fund Additions	3.00

FY 2026-27 General Fund Reductions Organizational & Position Change Detail

Dept.	Home Org	Position Title	Vacant/Filled Status	FTE
HCS	110000	HCS Technician	Vacant	-1.00
HCS	110000	HCS Technician Limited Term	Vacant	-1.00
Rec	090206	Recreation Program Lead	Filled	-1.00
PED	080302	Senior Planner	Vacant (clean up)	-1.00
TPW	100403	Supervising Land Surveyor	Vacant	-1.00
TPW	100403	Associate Land Surveyor	Vacant	-1.00
TPW	100403	Assistant Land Surveyor	Vacant	-1.00
TPW	100100	Administrative Secretary	Vacant	-1.00
TPW	100303	Quality Control Associate	Vacant	-1.00
CIRO	220101	Chief Communications & Interg'tl Relations Officer	Vacant (clean up)	-1.00
Fire	060200	Firefighter	Vacant	-12.00
Fire	060200	Single Role Paramedic	Filled	-3.00
Fire	060200	Single Role Paramedic	Vacant	-3.00
Fire	060300	Community Outreach Specialist	Vacant	-1.00
			Total General Fund Reductions	-29.00

FY 2026-27 General Fund Reorganizations Organizational & Position Change Detail

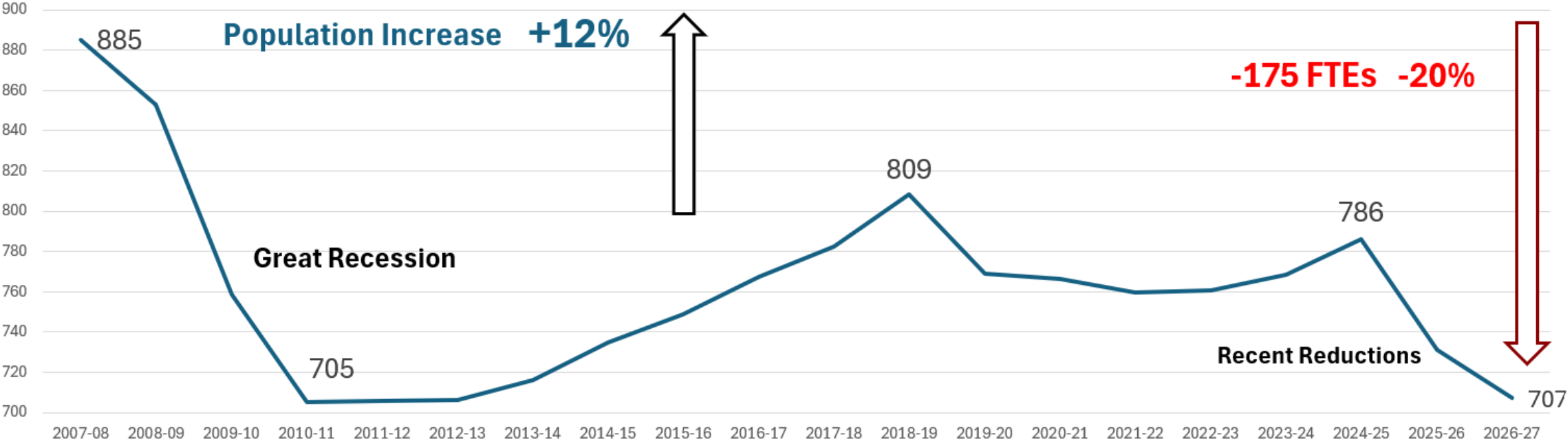
Dept.	Home Org	Position Title	FTE
PED	various	Parking Re-Org	28.00
Finance	various	Parking Re-Org	-28.00
CMO	020100	CIRO Re-Org	7.00
CIRO	220101	CIRO Re-Org	-7.00
Rec & Parks	Various	Rec & Park Re-Org (mid-year)	-69.55
Rec	Various	Rec & Park Re-Org (mid-year)	37.55
TPW	Various	Rec & Park Re-Org (mid-year)	32.00
		Total Change Reorgs	-
		Total General Fund Position Changes	-26.00

FY 2026-27 Non-General Fund Organizational & Position Change Detail

Dept	Home Org	Position Title	Vacant/ Filled	FTE
Rec	090401	Administrative Secretary	Vacant	-1.00
Rec	090401	Community Outreach Specialist	Vacant	-1.00
		Total Non-General Fund Changes Recreation		-2.00
		Total General Fund Position Changes		-26.00
		Total General Fund and Non-General Fund Position Changes		-28.00

General Fund FTE Count by Fiscal Year

General Fund FTE Count by Year



Questions?

May 6, 2026

PROPOSED BUDGET FY 2026-27

Overview May 6, 2025

- HCS – Housing Authority
- Internal Service Funds (HR/Risk Management, IT, Fleet)
- Enterprise Funds (Parking, Transit, Bennett Valley Golf Course)
- Santa Rosa Water
- Capital Improvement Program
- Year 2

HCS Housing Authority – by Fund

Expenditures by Fund (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Mobile Home Rent Stabilization	\$316,946	\$272,504	-\$44,442	-14.0%
Admin Housing & Community Services	\$1,746,191	\$1,840,411	\$94,220	5.4%
Rental Assistance Programs	\$47,638,224	\$49,469,497	\$1,831,273	3.8%
Housing Trust	\$7,271,443	\$5,755,714	-\$1,515,729	-20.8%
Total	\$56,972,804	\$57,338,126	\$365,322	0.6%

Dept.	FY 25-26	FTE Change	FY 26-27
HCS	22.90	(1.00)	21.90

- Rental Assistance growth due to increasing rent costs
- HOPWA funding shifting from City to State in FY 26/27
- Reduction of 1.0 FTE Limited Term vacant Housing & Community Services Technician

Internal Service Funds

PROPOSED BUDGET FY 2026-27

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IT – by Fund

Expenditures by Fund	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Information Technology	\$10,662,065	\$11,538,374	\$876,309	8.2%
Technology Replacement	\$733,141	\$699,046	(\$34,095)	-4.7%
Total	\$11,395,206	\$12,237,420*	\$842,214	7.4%

Dept.	FY 25-26	FTE Change	FY 26-27
IT	33.00	-	33.00

- Accela software costs excluded from FY 2025-26 Budget due to new billing cycle
- Contractual increases for Salaries, software and licenses

*2.12% of the overall proposed citywide budget for FY26-27

HR – by Program

Expenditures by Program	2025-26 Budget	2026-27 Budget	\$ Change	% Change
General Administration	\$4,363,705	\$4,501,010	\$137,305	3.1%
Risk Management	\$45,660,743	\$50,233,980	\$4,573,237	10.0%
Total	\$50,024,448	\$54,734,990	\$4,710,542	9.4%

Dept.	FY 25-26	FTE Change	FY 26-27
IT	20.00	-	20.00

- Movement of 1.0 FTE from the General Fund to the Risk Management ISF

Risk Management Programs

Risk Management Fund	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Administrative Staff and Supplies	\$2,277,719	\$2,517,444	\$239,725	10.5%
City Health	\$15,112,475	\$19,585,988	\$4,473,513	29.6%
PERS Health	\$9,800,448	\$10,045,150	\$244,702	2.5%
Workers Compensation	\$6,040,211	\$5,961,332	(\$78,879)	-1.3%
Dental/Vision	\$2,054,319	\$2,052,097	(\$2,222)	-0.1%
Other Employee Benefits	\$1,353,247	\$1,470,082	\$116,835	8.6%
Liability Insurance	\$6,954,694	\$7,032,155	\$77,461	1.1%
Earthquake Insurance	\$667,630	\$514,732	(\$152,898)	-22.9%
Property/Fire Insurance	\$1,400,000	\$1,055,000	(\$345,000)	-24.6%
Total	\$45,660,743	\$50,233,980	\$4,573,237	10.0%

Fleet Services

Expenditures by Fund (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Equipment Repair Fund	\$8,468,218	\$9,222,261	\$754,043	8.9%
Equipment Replacement Fund	\$15,554,465	\$15,147,148	-\$407,317	-2.6%
Total	\$24,022,683	\$24,369,409	\$346,726	1.4%

Dept.	FY 25-26	FTE Change	FY 26-27
Fleet	26.00	-	26.00

- Contractual increases in Salaries and IT costs
- Uncontrollable increases in vehicle parts and materials

Enterprise Funds

PROPOSED BUDGET FY 2026-27

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Transit Enterprise Funds

PROPOSED BUDGET FY 2026-27

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Transit - Budget Highlights

- Major operating revenue sources not keeping pace with costs
 - 70% of operating budget funded by sales tax-based revenues
- Expense increases in FY27 driven largely by Salaries/Benefits and Fuel
- No funds will be banked for bus replacement in FY27 (goal is \$1M/year)
- \$1.3M from Transit Fund reserves programmed to balance budget
- Reserves in acceptable shape but structural deficit on the horizon if key funding sources do not rebound
 - Reserves include 15% operating reserve, capital project funds, and local match for state and federal grants

Transit Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Revenue	\$19,689,890*
Transfers In	30,000
Total	\$19,719,890
O&M Expenditures	\$19,719,890
Transfers Out	0
Total	\$19,719,890
Use of Fund Balance	\$0

* \$1.3M from Transit TDA reserves programmed to balance budget.

Parking Enterprise Funds

PROPOSED BUDGET FY 2026-27

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Parking Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Revenue	\$3,740,831
Transfers In	1,927,099
Total	\$5,667,930
O&M Expenditures	6,359,426
CIP Expenditures	-
Transfers Out	121,338
Total	\$6,480,764
Use of Reserves	(\$812,834)

Parking - Budget Highlights

- Contractual increases in Salaries, Fire and Earthquake Insurance and IT costs
- Increase in Non-permanent salaries to assist Parking Enforcement; offset by revenue
- Remaining fund reserves of ~\$5M on June 30, 2026

Bennett Valley Golf Course Enterprise Funds

PROPOSED BUDGET FY 2026-27

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Bennett Valley Golf Course Fund Summary



	FY 2026-27 Proposed Budget
Revenue	\$187,460
Transfers In	500,000
Total Revenue & Transfers In	\$687,460
O&M Expenditures	\$573,893
Transfers Out	396,554
Total Expenditures & Transfers Out	\$970,447
Use of Reserves for Capital Improvements	(\$282,987)

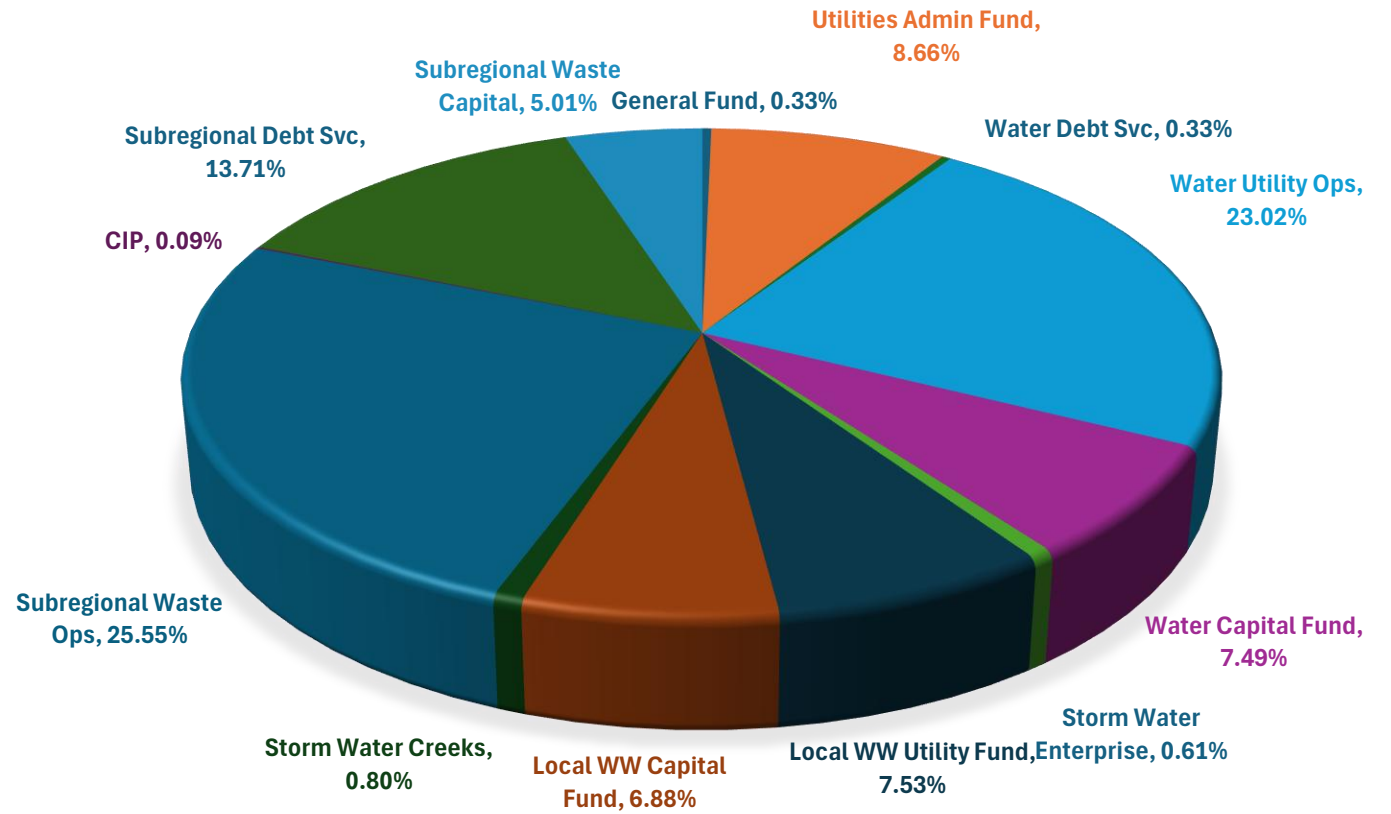
Water Enterprise Funds

PROPOSED BUDGET FY 2026-27

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Santa Rosa Water

All Funds



Water – Major budget Changes

- Capital Improvement Fund-Citywide increase of \$156K due to Storm Water Drainage Improvements project.
- Water Funds increase of \$3.7M mostly due to \$2M increase in cost of water from Sonoma County Water Agency for purchase of water.
- \$600K increase in Water CIP project spending

Dept.	FY 25-26	FTE Change	FY 26-27
Water	282.00	-	282.00

Water – by Fund

Expenditures by Fund (All Funds)	FY 2025-26 Budget	FY 2026-27 Budget	\$ Change	% Change
General Fund	\$728,209	\$763,282	\$35,073	4.8%
Water Funds	\$62,134,544	\$65,829,121	\$3,694,577	5.9%
Local Wastewater Funds	\$30,137,362	\$30,758,647	\$621,285	2.1%
Subregional Wastewater Funds	\$95,041,617	\$94,574,281	-\$467,336	-0.5%
Utilities Administration Fund	\$17,754,741	\$18,493,774	\$739,033	4.2%
Storm Water Funds	\$3,065,286	\$3,009,446	-\$55,840	-1.8%
Other Funds	\$31,416	\$33,980	\$2,564	8.2%
Capital Improvement Fund-Citywide	\$25,000	\$181,076	\$156,076	624.3%
Total	\$208,918,175	\$213,643,607	\$4,725,432	2.3%

*Other Funds comprised of Special Tax Districts.

Water – by Program

Expenditures by Program (All Funds)	2025-26 Budget	2026-27 Budget	\$ Change	% Change
Administration	\$ 11,864,234	\$ 12,242,325	\$378,091	3.2%
Debt Service	\$ 27,671,382	\$ 27,667,488	-\$3,894	0.0%
Water Resources	\$ 1,646,946	\$ 1,617,585	-\$29,361	-1.8%
Local Wastewater O&M	\$ 15,861,362	\$ 15,957,647	\$96,285	0.6%
Storm Water and Creeks	\$ 3,315,111	\$ 3,361,708	\$46,597	1.4%
Water O&M	\$ 24,240,919	\$ 25,370,371	\$1,129,452	4.7%
Wastewater Resource Distribution	\$ 8,845,452	\$ 9,719,090	\$873,638	9.9%
Wastewater Resource Recovery	\$ 39,030,132	\$ 41,447,657	\$2,417,525	6.2%
Purchase of Water	\$ 21,631,000	\$ 23,696,000	\$2,065,000	9.5%
Engineering Resources	\$ 4,009,811	\$ 4,408,864	\$399,053	10.0%
CIP and O&M Projects	\$ 50,801,826	\$ 48,154,872	-\$2,646,954	-5.2%
Total	\$ 208,918,175	\$ 213,643,607	\$4,725,432	2.3%

Water Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Revenue	\$64,285,639
Transfers In	-
Total	\$64,285,639
O&M Expenditures	49,872,871
CIP Expenditures	16,000,000
Transfers Out	4,899,050
Total	\$70,771,921
Capital Spending	(\$6,486,282)

Local Wastewater Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Revenue	\$87,441,416
Transfers In	-
Total	\$87,441,416
O&M Expenditures	16,058,647
CIP Expenditures	14,700,000
Transfers Out	63,670,433
Total	\$94,429,080
Capital Spending	(\$6,987,664)

Regional Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Partner Contributions	\$20,540,591
SRW Contributions	64,380,867
Miscellaneous Revenue	8,433,427
Total	\$93,354,885
O&M Expenditures	70,162,661
CIP Expenditures	10,700,000
Debt Service	13,711,620
Transfer Out	0
Total	\$94,574,281
Capital Spending	(\$1,219,396)

Storm Water Enterprise Fund Summary

	FY 2026-27 Proposed Budget
Revenue	\$3,442,014
Transfers In	-
Total	\$3,442,014
O&M Expenditures	3,650,912
Transfers Out	50,000
Total	\$3,700,912
Capital Spending	(\$258,898)

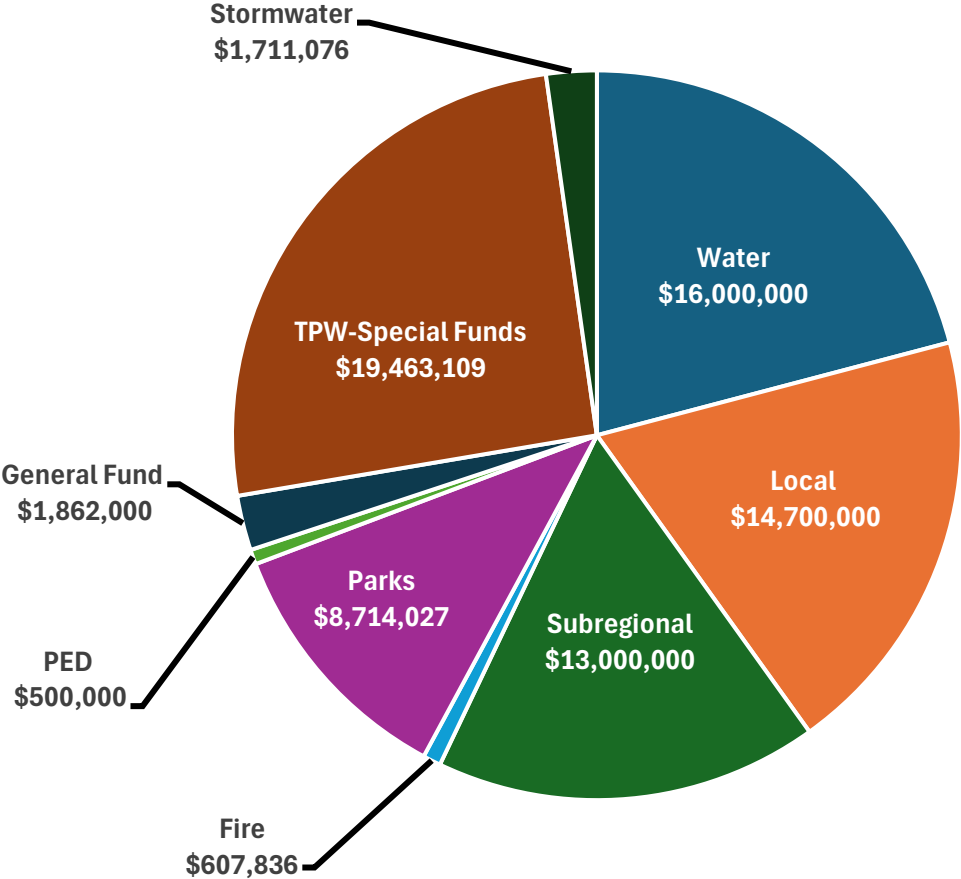
Citywide Capital Improvement Program

PROPOSED BUDGET FY 2026-27

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CIP FY 2026-27 Funding Sources

**City-Wide Total
\$76,558,048**



Fire Department Proposed CIP Budget

Fire Department CIP Budget	Proposed Budget
New Fire Station – Kawana Springs – Capital Facilities Fees	\$272,668
Permanent Fire Station 11 Build – Capital Facilities Fees	272,668
Permanent Fire Station 11 Build – PSAP Tax	<u>62,500</u>
Total Fire Department Capital Projects	\$607,836



Water Department Proposed CIP Budget

Water Department CIP Budget	Proposed Budget
Water Annual CIP	\$16,000,000
Wastewater Annual CIP	14,700,000
Regional Annual CIP	13,000,000
Storm Water & Creeks CIP	<u>626,076</u>
Total Water Department Capital Projects	\$44,326,076
Additional Storm Water & Creeks Gas Tax	675,000
Additional Storm Water & Creeks Enterprise & CFF	410,000

Water Proposed CIP Budget

	Current	FY26-27 Proposed
Master Plans and Studies	\$5,625,862	\$2,247,000
New Projects	-	\$500,000
In Design, Not Fully Funded	\$13,481,279	\$1,363,000
In Design, Fully Funded	\$22,955,726	\$11,890,000
Projects in Construction	\$4,433,730	-
TOTAL	\$46,496,597	\$16,000,000

Wastewater Proposed CIP Budget

	Current	FY26-27 Proposed
Master Plans and Studies	\$2,165,530	\$1,499,000
New Projects	-	\$845,000
In Design, Not Fully Funded	\$2,859,126	\$4,765,000
In Design, Fully Funded	\$9,808,068	\$7,541,000
Projects in Construction	\$16,144,731	\$50,000
TOTAL	\$30,977,455	\$14,700,000

Regional Proposed CIP Budget

	Current	FY26-27 Proposed
Master Plans and Studies	\$6,495,928	\$1,550,000
New Projects	-	\$500,000
In Design, Not Fully Funded	\$2,950,646	\$5,375,000
In Design, Fully Funded	\$2,815,717	\$5,575,000
Projects in Construction	\$5,028,219	-
TOTAL	\$17,290,510	\$13,000,000

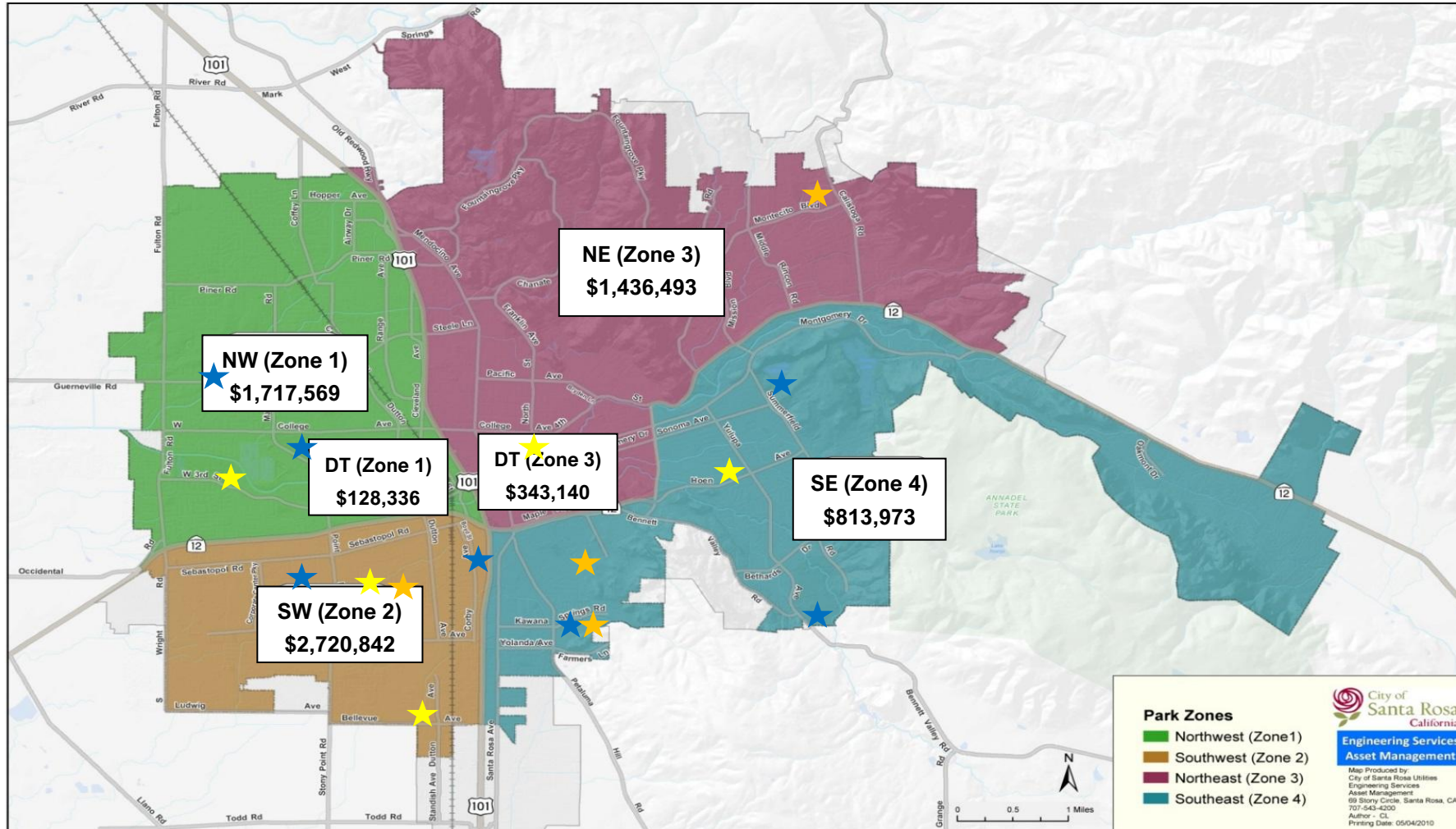
Storm Water & Creeks Proposed CIP Budget

	Current	FY26-27 Proposed
Master Plans and Studies	\$689,758	\$875,000
New Projects	--	-
In Design, Not Fully Funded	\$380,495	-
In Design, Fully Funded	\$3,818,528	\$836,076
Projects in Construction	\$1,560,452	-
TOTAL	\$6,449,233	\$1,711,076

Funding Sources:

- \$495,000 Storm Water/Creek Enterprise
- \$541,076 CFF – Storm Drainage/Sewer
- \$675,000 Gas Tax – TPW

Park Development Impact Fee Zones



Parks Proposed CIP Budget

Project Description	Proposed Budget
MLK Park Design/Build	\$4,381,058
Kawana Springs Community Park	2,275,000
Rincon Valley Park	1,336,493
Natural Play Area Renovation - Bayer	100,000
Fountaingrove Roadway Irrigation	100,000
South Davis Park	50,000
Downtown Parks Zone 1	128,336
Downtown Parks Zone 3	<u>343,140</u>
Total Parks Capital Projects	\$8,714,027



Dutch Flohr Park Grand Opening – Feb 2026



Kawana Springs Community Park

Transportation & Public Works Funding Sources

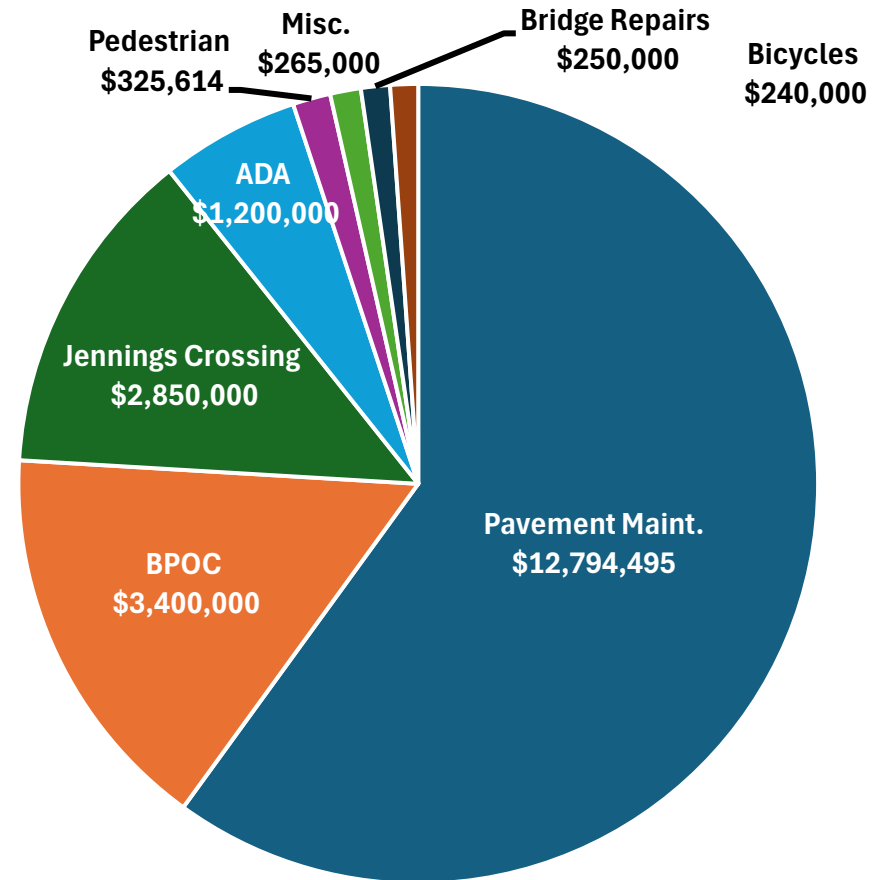
Funding Source	Proposed Budget
Gas Taxes	\$8,945,070
Utility Impact Fee	4,188,616
Impact/Development Fees	3,426,149
Measure M/DD – Streets	2,903,274
General Fund	1,862,000
Total	\$21,325,109

Excludes \$675,000 for Storm Water/Creeks

Excludes Parks Capital Projects

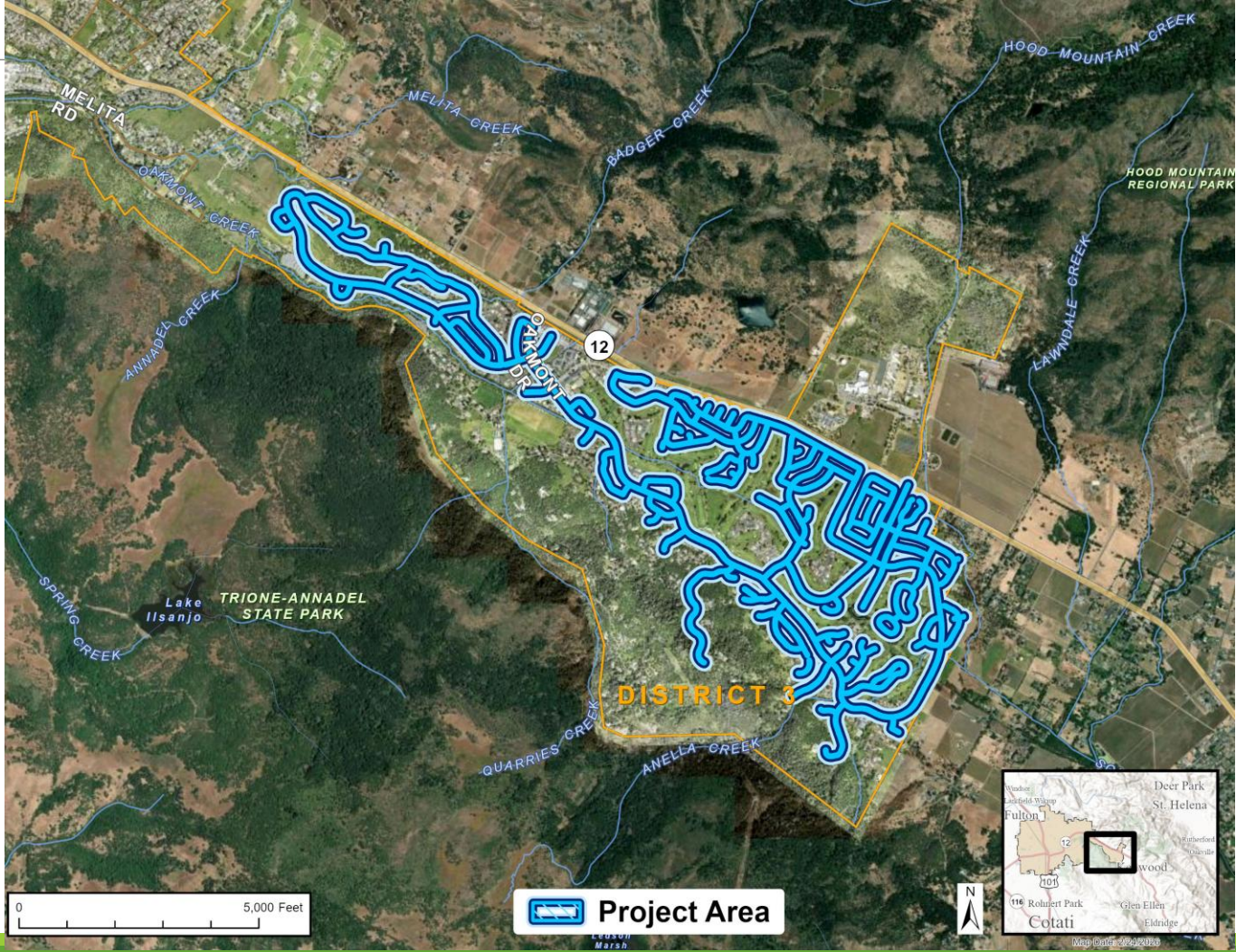
TPW FY 2026-27 CIP Appropriations

Total
\$21,325,109

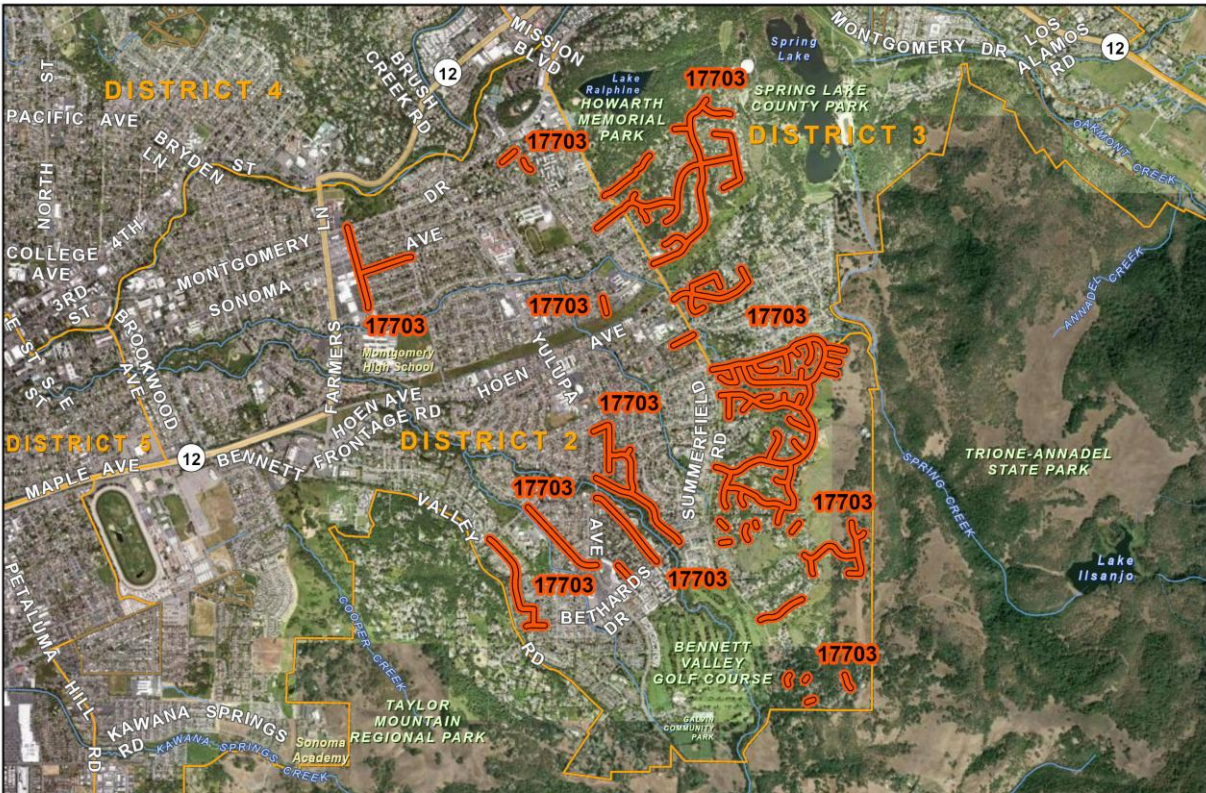


Excludes \$675,000 for Storm Water/Creeks
Excludes Parks Capital Projects

Pavement Maintenance



Pavement Maintenance

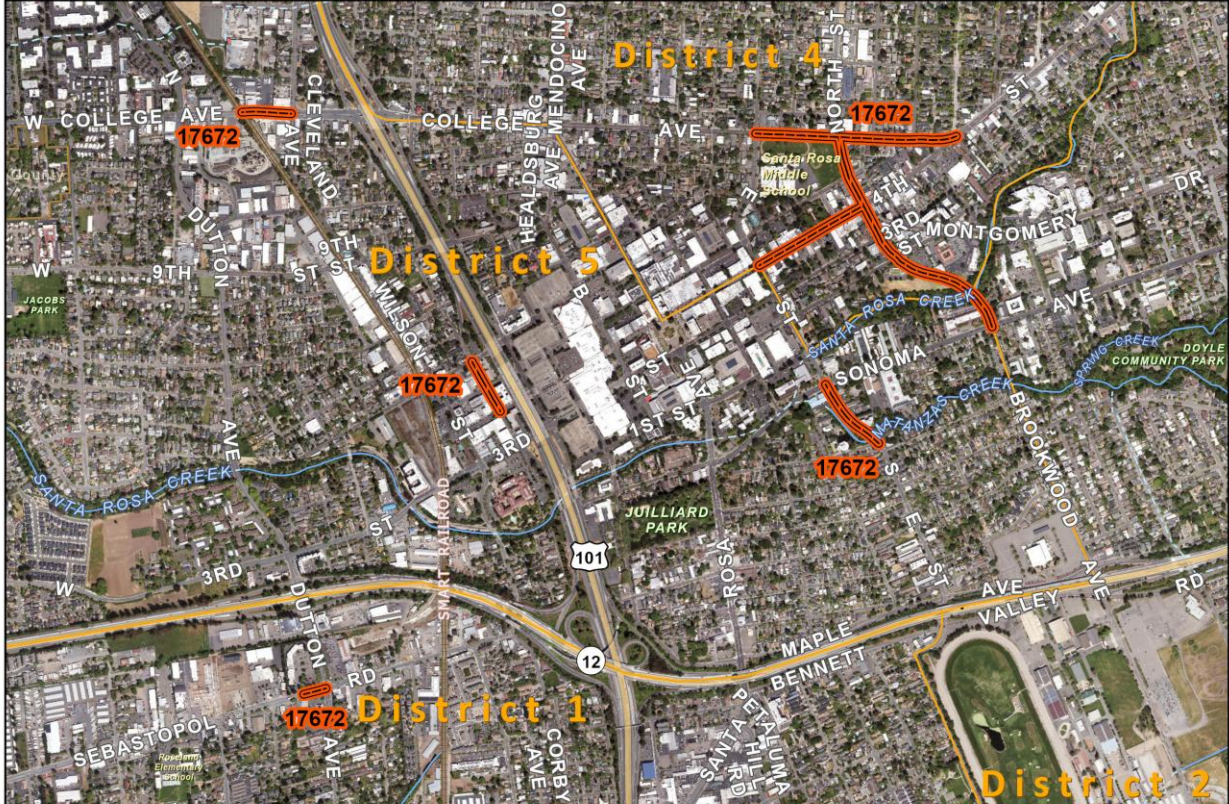


Project Number: 2557
Bennett Valley Pavement Maintenance
 Project Status: Design

Project Areas (JL Keys labeled)
 TPW

Scale: 0, 5,000, 10,000 Feet

City of Santa Rosa logo and map location inset.



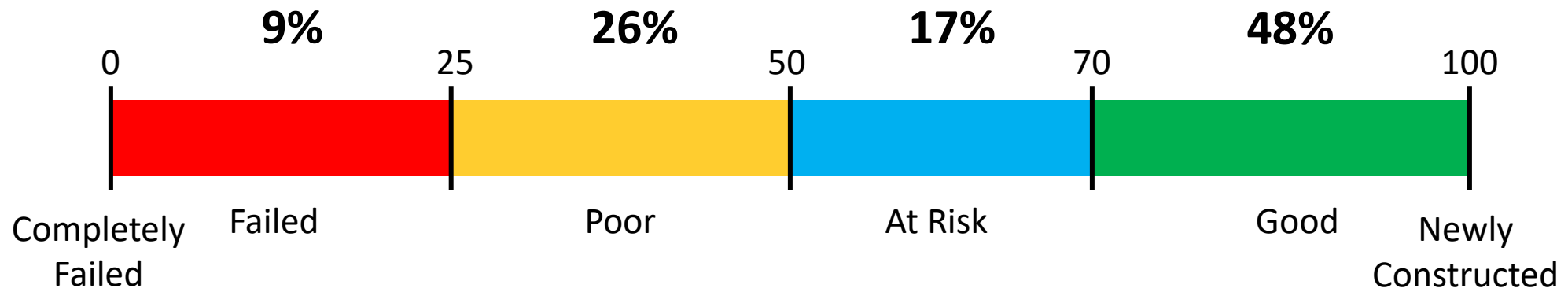
Project Number: 2456
Downtown Connectivity to Support Housing Density
 Project Status: Design

Project Areas (JL Keys labeled)
 TPW

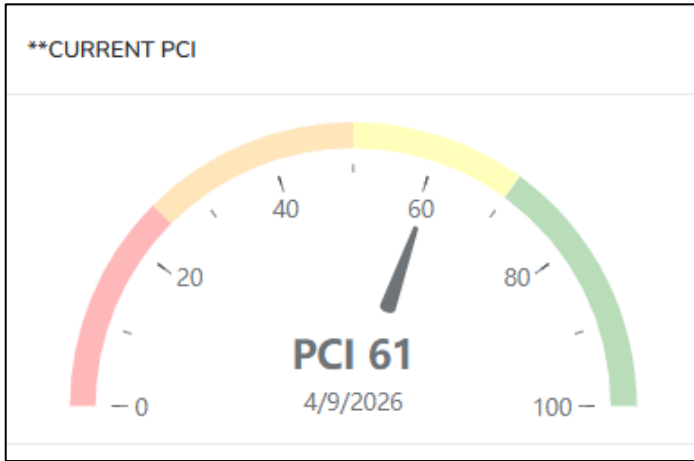
Scale: 0, 500, 1,000, 1,500, 2,000, 2,500, 3,000, 3,500, 4,000 Feet

City of Santa Rosa logo and map location inset.

Pavement Condition Index (PCI)



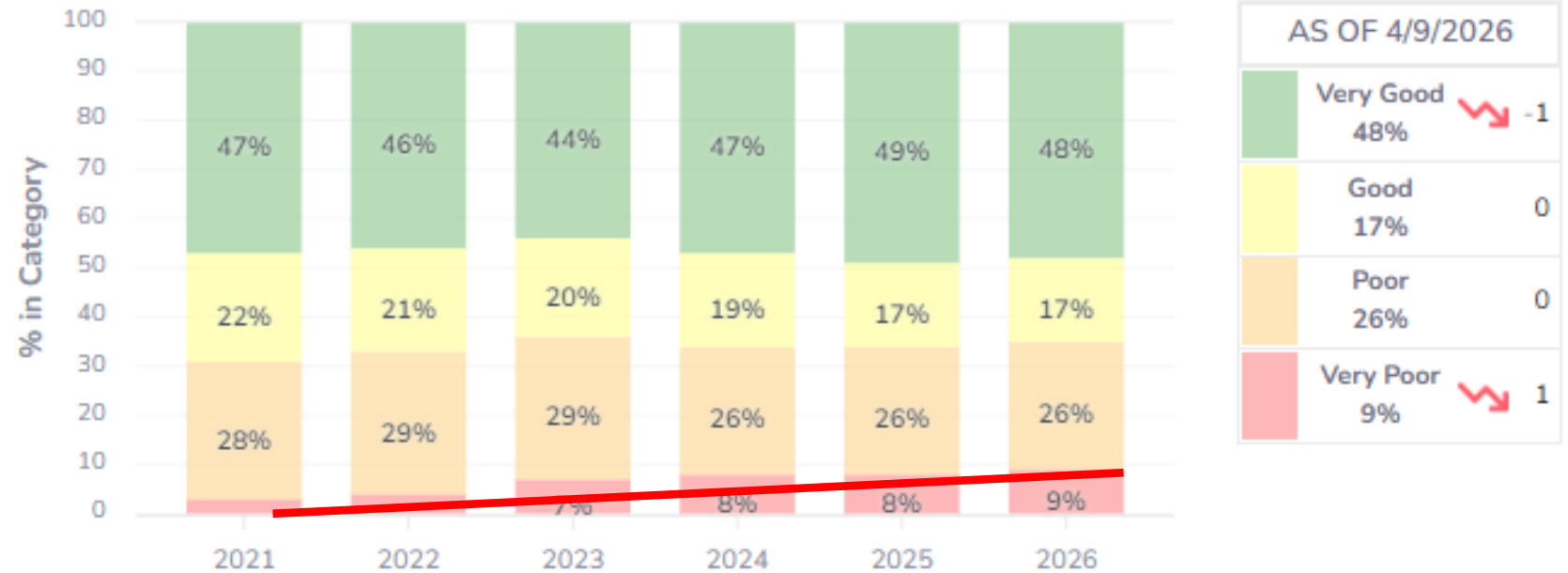
Pavement Condition Index (PCI)



% of roads in very poor condition has doubled in the last 5 years

CENTERLINE MILES
516.01

HISTORICAL NETWORK CONDITION TRENDS

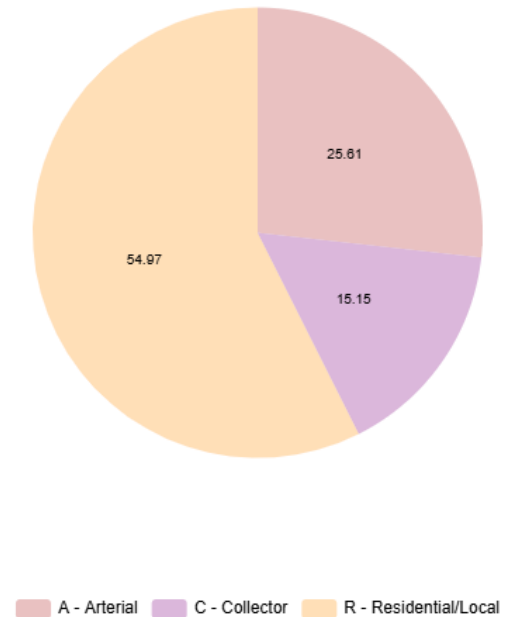


Pavement Condition Index (PCI)

Pavement Project Life-Cycle Costs Per Lane-Mile



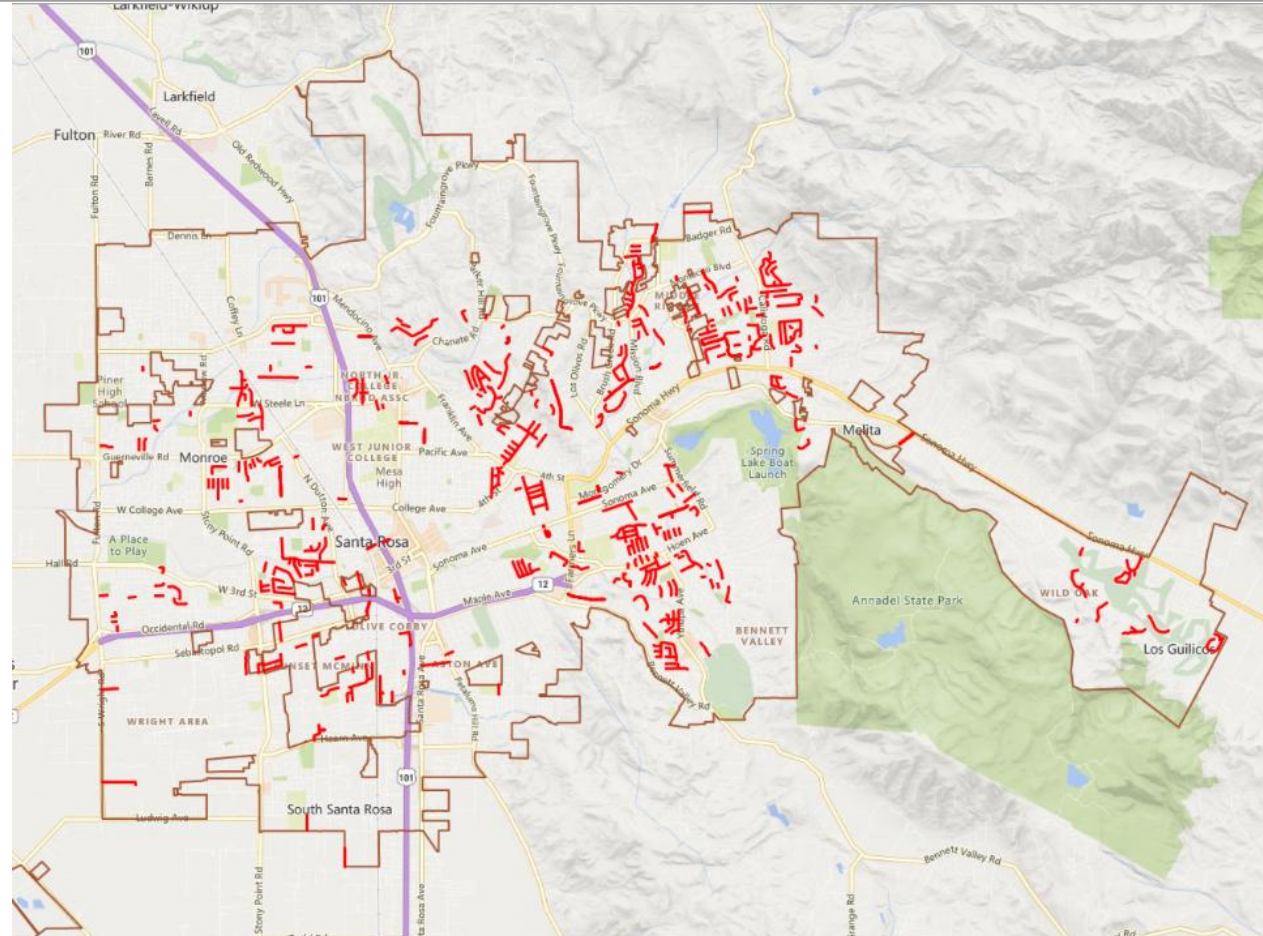
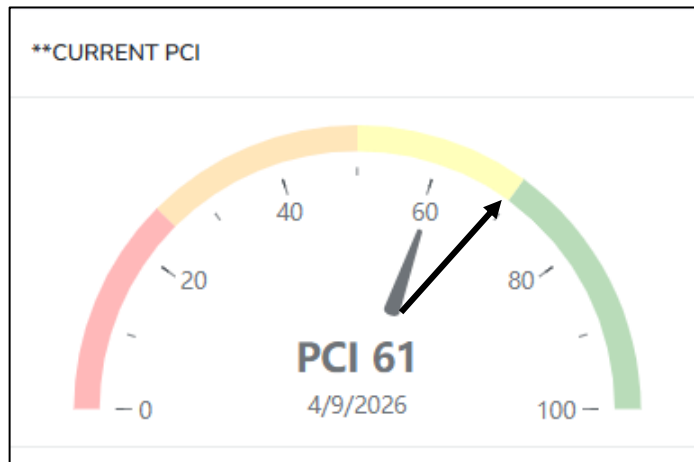
Inventory by Functional Class and Square Feet (in millions)



Current Network Condition

Residential with PCI below 25

- 44 centerline miles
- 809,898 square yards of surface area
- 3" mill and fill (\$52/square yard)
- \$42.1M



Questions?

Year 2 Potential Impacts

BUDGET PLANNING FY 2027-28

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Year 1 Recap

- Year 1 (FY 2026-27):
 - Strategic Reserve Usage: Utilizing reserve funds partially to prevent major cuts to services
 - Adjusted staffing as grant funded programs now expired
 - Vacancy Management: Eliminating specific vacant positions to minimize impact on services
 - Innovative Financing: Pension cost smoothing through Fresh Start, major apparatus lease financing to match useful life of equipment
 - Targeted cost recovery improvements

Year 2 Challenges

- The City is committed to transparency on services and program eliminations in Police, Fire, Recreation, Parks and Public Works that will impact the community without revenue enhancements
- Despite major corrective action, the deficit is expected to grow to \$13.8M by FY 2029-30
- General Fund is now at the bottom of Great Recession level of staffing
- Sales Tax Revenue Measure Q expires in FY 2030-31; \$25M of ongoing revenue will be discontinued

Year 2 Challenges

- With a \$13.8M projected deficit, General Fund departments were directed by the City Manager to develop the required reductions to balance the budget
- The General Fund projects a 59.2 FTE reduction and would result in major impacts to core services
- Community impacts from core service reductions are additionally strained from deferred maintenance on City infrastructure that remains unfunded

Department Reductions

Department	Proposed Budget Reduction	FTE Count
Police	\$ 4,308,598	(16.0)
Fire	3,573,720	(5.0)
TPW	2,275,305	(18.0)
PED	1,115,002	(6.5)
IT	708,861	(3.0)
Finance	646,473	(4.6)
Rec	506,967	(3.1)
Human Resources	262,418	(1.0)
City Attorneys Office	215,368	(1.0)
HCS	209,479	(1.0)
Total	\$ 13,822,191	(59.2)

Year 2 Service Impacts

Public Safety Impacts:

- Black Out of a 4-0 Truck company
 - Impacts to call response times and core fire suppression readiness
- Elimination or consolidation of Police special units
 - Impacts to Gangs, Narcotics, Traffic, Downtown Enforcement and SET teams

Recreation:

- Elimination of Adult softball league and other recreation programs

Year 2 Service Impacts

Public Works:

- Significant reduction of proactive and responsive maintenance
 - Streets and road repair
 - Parks maintenance
 - Street lighting and traffic poles

Additional Impacts:

- Slowed planning and permit delivery
- Elimination of Community Promotions programs
- Critical reduction of cybersecurity

Questions?