

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: SCOTT WAGNER, CHIEF FINANCIAL OFFICER, FINANCE  
DEPARTMENT  
SUBJECT: REVIEW OF PROPOSED FISCAL YEAR 2026-27 OPERATIONS  
AND MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT  
PROGRAM BUDGET

AGENDA ACTION: STUDY SESSION

---

RECOMMENDATION

The Finance Department recommends that the Council hold a study session intended to provide City Council with the opportunity to receive information and ask questions related to the City's overall financial stability and the proposed Fiscal Year (FY) 2026-27 Operations and Maintenance Budget and the Capital Improvement Program budget. This item is provided for Council's information, and no action is required. This item has no impact on current fiscal year budget.

---

EXECUTIVE SUMMARY

In this Study Session, staff will present City Council with an overview of the funding requests and proposed reductions for FY 2026-27, across All Funds, including the General Fund. The Study Session is held in advance of the Budget Hearing(s) in June 2026 to provide the opportunity for City Council to ask questions, provide direction, and gain a full understanding of the budget and resulting financial implications for the City ahead of formal budget adoption in June.

GOAL

This item relates to Council Goal #1 - Achieve and Maintain Budgeting Excellence and Fiscal Stability by providing Council with an in-depth, detailed view of the City's operating and capital budgets and soliciting feedback and direction prior to adoption.

BACKGROUND/PRIOR COUNCIL REVIEW

The City's budget process began in January. The City held a public hearing on budget priorities on January 27, 2026, to solicit community input for proposed considerations.

REVIEW OF THE FISCAL YEAR 2026-27 OPERATIONS AND MAINTENANCE  
BUDGET AND CAPITAL IMPROVEMENT PROGRAM BUDGET  
PAGE 2 OF 3

City departments completed entry of their proposed budgets, and those submissions have been reviewed by the City Manager, Chief Financial Officer, and budget staff. On April 21, 2026, the Finance department presented a preliminary, high-level overview of the FY 2026-27 Budget to City Council including the Two-Year Strategy to address the estimated \$17.5 million General Fund deficit, with Year One of the strategy being adopted in June 2026 for the Fiscal Year starting July 1, 2026, and the Year Two Strategy regarding expenditure reductions being adopted for the fiscal year starting July 1, 2027, unless additional General Fund revenue is identified.

### ANALYSIS

During the Study Session, the City Council will receive an overview of the City's financial condition and an overview of the City's proposed Operations and Maintenance budget. With the General Fund facing a substantial deficit, the focus of this presentation will be on proposed reductions and Citywide cost saving strategies. The presentation will also include a presentation of the City's proposed Capital Improvement Program Budget, the Proposed Enterprise Budgets and the funding proposed for the City's Internal Services Funds (Risk Management, Insurance, Information Technology, to name a few). A discussion will also be held regarding the need for additional General Fund revenue to help support existing City services for the Fiscal Year starting July 1, 2027 (Year Two).

The City Council may ask questions and provide direction to staff.

### FISCAL IMPACT

The study session does not create a fiscal impact for the organization.

### ENVIRONMENTAL IMPACT

The recommended action does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5), as it involves an organizational or administrative activity of government that will not result in a direct or reasonably foreseeable indirect physical change in the environment. In the alternative, the recommended action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the recommended action may have a significant effect on the environment.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

REVIEW OF THE FISCAL YEAR 2026-27 OPERATIONS AND MAINTENANCE  
BUDGET AND CAPITAL IMPROVEMENT PROGRAM BUDGET  
PAGE 3 OF 3

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – April 21<sup>st</sup> Study Session Staff Report

PRESENTER(S)

Scott Wagner, Chief Financial Officer