

# **General Fund Budget Reductions Summary & Future Reduction Methodologies**

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LONG TERM FINANCIAL POLICY AUDIT  
SUBCOMMITTEE

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# Summary

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- Significant General Fund reductions were accomplished through mid-year and adoption actions totaling \$15.2M
- The General Fund's structural deficit remains unsustainable in the short-term and will require additional reductions over multiple periods
- Goal: Create sustainable balanced budget for the General Fund
  - Achieved over multiple periods
    - Utilizes reserves in transparent and responsible manner
    - Does not project reserve balance below Council minimum on a 2-year basis (next two budget cycles)

# Summary

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- The City will need strategies going forward which address
  - Equity amongst departments (What does this look like?)
  - Cut amount target / Minimum reduction amounts required (Sustainable Reserves VS Deficit)
  - When does the cutting end? (Getting on a schedule)
  - Room for positive changes (Economic Development/ Department Efficiencies / Revenue Improvement)
  - Not too much too soon (Defendable position)
  - Timing (lengthening the budget process)

# Current Long Range Financial Forecast

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Revenues	\$215.1	\$219.7	\$224.5	\$228.1	233.1
Transfers In	2.5	2.5	2.5	2.5	2.5
<b>Total Revenues &amp; TI</b>	<b>\$217.6</b>	<b>\$222.2</b>	<b>\$227.0</b>	<b>\$230.6</b>	<b>235.6</b>
Expenditures	216.8	230.3	240.7	251.8	260.2
Transfers Out	9.2	9.3	9.5	9.0	9.2
<b>Total Expenditures &amp; TO</b>	<b>\$226.0</b>	<b>\$239.6</b>	<b>\$250.1</b>	<b>\$260.8</b>	<b>269.3</b>
<b>Surplus (Deficit)</b>	<b>(\$8.4)</b>	<b>(\$17.4)</b>	<b>(\$23.1)</b>	<b>(\$30.2)</b>	<b>(33.7)</b>

# Current Total Reserves Usage Projection

	FY2025	FY2026	Upcoming Budget Adoptions		
			FY2027	FY2028	FY2029
<b>6/30/2024 Reserves</b>	<b>\$ 68,826,590</b>				
FY 24/25 Actuals Over Deficit	\$ (1,700,000)				
FY 25/26 Budget Deficit	\$ (8,400,000)				
Childcare pilot program	\$ 1,400,000				
One Time PG&E Funding	\$ 9,200,000				
<b>6/30/2025 Projected Reserves</b>	<b>\$ 69,326,590</b>				
FY 26/27 Budget Deficit		\$ (17,400,000)			
<b>6/30/2026 Projected Reserves</b>		<b>\$ 51,926,590</b>			
FY 27/28 Budget Deficit			\$ (23,100,000)		
<b>6/30/2027 Projected Reserves</b>			<b>\$ 28,826,590</b>		
FY 28/29 Budget Deficit				\$ (30,200,000)	
<b>6/30/2028 Projected Reserves</b>				<b>\$ (1,373,410)</b>	
FY 29/30 Budget Deficit					\$ (33,700,000)
<b>6/30/2029 Projected Reserves</b>					<b>\$ (35,073,410)</b>
* Council Mandated Reserve was \$34.9M in FY2024, expected to be \$40.6M in 2027					

## ➤ Timing Of Information

- We will not have significant updates to LRFF until position budgeting is completed in January
- We should have a preliminary 6/30/2025 reserve calculation by October 1
- Numbers will change

### GF Cut Amounts by Department- Mid Year + Adoption

Department	8% Target	24-25 Mid Year Cuts	25-26 Adopted Cuts	Below Target	Above Target
City Manager	253,062	359,900	485,000		591,838
City Attorney	367,459	2,500	305,550	(59,409)	
Human Resources	371,420	202,435	317,000		148,015
Finance	640,292	10,000	1,744,902		1,114,610
Fire Department	4,469,286	900,000	1,227,000	(2,342,286)	
Planning & Econ Development	1,400,261	457,590	1,052,600		109,929
Recreation & Parks	1,369,611	250,731	916,000	(202,880)	
Transportation & Public Works	2,060,252	1,191,605	703,000	(165,647)	
Housing & Community Services	392,022	8,000	1,571,000		1,186,978
Police Department	6,222,331	160,502	2,844,500	(3,217,329)	
Santa Rosa Water	59,617	40,000	17,000	(2,617)	
Comms & Intergovt. Relations	145,580	211,368	233,000		298,788
<b>Total</b>	<b>17,751,194</b>	<b>3,794,631</b>	<b>11,416,552</b>	<b>(5,990,168)</b>	<b>3,450,157</b>

# Questions & Feedback

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