



## OFFICE OF THE COUNTY EXECUTIVE

### County of Sonoma

575 Administration Drive - Room 104A  
Santa Rosa, CA 95403-2888

**p:** (707) 565-2431

**f:** (707) 565-3778

**DAVID GUHIN**  
County Executive

**JENNIFER SOLITO**  
Assistant County Executive

**ANDREW STURMFELS**  
Assistant County Executive

**PETER BRULAND**  
Deputy County Executive

**CHRISTEL QUERJERO**  
Deputy County Executive

**DATE:** May 29, 2026

**TO:** Members of the Board of Supervisors and Board of Directors

**FROM:** David Guhin, County Executive

**SUBJECT:** FY 2026-27 Budget Overview

### Introduction

The Fiscal Year 2026-27 Budget to be adopted by the Board is presented in two parts. The first is the preliminary Recommended Budget, which was presented during the budget workshops April 20-23, 2026, and published online on May 13. This is a largely baseline budget that includes \$2.83 billion in total expenditures, a modest 1.5% increase from the prior year, and 4,392 full time equivalent (FTE) positions, a reduction of 107.4 FTE from the prior fiscal year. The reduction was due to the expiration of time-limited positions in several departments as well as reductions made by departments to meet available resources.

This preliminary Recommended Budget Book is available at:

<https://sonomacounty.gov/Main%20County%20Site/Administrative%20Support%20%26%20Fiscal%20Services/CAO/Documents/Public%20Reports/Budget%20Reports/2026-27/FY-2026-27-Recommended-Budget.pdf>

The second component consists of the materials in these memos, collectively known as the Budget Hearing Binder. These materials provide additional information complementing the FY 2026-27 Budget. These materials include:

- List of available funding sources
- County Executive's Budget recommendation
- Funding requests from departments and Board members
- Board Information Requests submitted in April along with staff responses
- Supplemental budget adjustments to the FY 2025-26 preliminary Recommended Budget, which typically reflect Board direction given after the preliminary Recommended Budget was finalized and are administrative in nature
- Overview of position allocation changes
- Status of General Fund Reserves

- County Financial Policies
- County's Proposition 4 appropriations limit adoption
- Memo outlining the impacts of HR 1

Above all the materials include the budget resolutions that will codify the Board's close of hearing actions and adoption of the Adopted FY 2026-27 budget. At Budget Hearings, the Board will use information from this binder to modify the preliminary budget for the final Adopted Budget.

What follows is a brief review of some of the key issues facing the County as we look toward the upcoming FY 2026-27 budget.

### **Discussion of Key Issues**

The 2026-27 budget is impacted by three main issues:

- 1) Response to HR 1, which reduces eligibility for Medi-Cal and CalFresh while increasing the administrative burden for recipients and the County.
- 2) Shortfalls in roads funding due to the significant disaster work required over the preceding decade and lagging reimbursements from FEMA and Cal OES for this work.
- 3) The need to match departmental staffing levels to available resources.

### **HR 1 Response**

HR 1, passed in July of 2025, made major changes to federal tax policy and spending. Of primary importance to Sonoma County, it placed significant limitations on eligibility for the federal Medicaid and Supplemental Nutrition Assistance Programs (administered in California as Medi-Cal and CalFresh). In particular, the law imposed work requirements on certain recipients in these programs, as well as now requiring eligibility verification twice a year, versus the current once a year process. It also amends eligibility for those with Unsatisfactory Immigration Status (UIS). These changes phase in over time, with most requirements in affect by January 1, 2027. The net impact will be a significant decrease in enrollment in these programs even as County workload to administer the programs increases. Additionally, under state law counties are required to provide indigent medical care for certain individuals who cannot afford other care.

Given the size of these changes and the fact that much cost for counties derives from state-imposed responsibilities, counties are making a coordinated push for state support. However, at this time state support does not appear to be forthcoming. On May 14<sup>th</sup> the Governor released the May Revised Budget, which focuses on bringing the state budget into balance over the medium term and provides minimal additional support for the counties. At the time of writing, the state legislature is still working with the Governor on the final package that must be adopted by June 15, 2026. Even this is likely to be more of a preliminary budget, with trailer bills in the summer and fall providing the full picture of the state budget. For the purpose of the

County's budget, staff is not assuming any additional state support, and will put forward recommendations to tackle needs within our own resources.

Tab 09 – HR-1 Impacts, provides a deeper look at the expected impacts of HR 1 and discusses the proposed County response.

### **FEMA Reimbursements and Roads Funding**

A second issue also relates to federal funding, although in a less direct way. Since 2017 the county has had 11 federally-declared disasters that have impacted its infrastructure, with other storm damage from events that did not lead to a federally-declared disaster. Even where repairs are eligible for reimbursement, the County must pay the cost up front and wait for reimbursements that may come years later. Currently, the County is owed more than \$30 million for work that it has completed, with additional repair work that is shovel ready and only needing funding to be completed. Repairing disaster damaged road and bridge infrastructure has been completed using County Roads funds, but over time this fund has become depleted. The General Fund will need to support the Roads Fund with \$6.1 million in FY 2025-26 in order for it to close positive, and future work will be delayed without an additional infusion of funding.

While FEMA funding related to permanent projects has often been delayed, FEMA support has been critical to fund the County's response to disasters as well as recovery projects. Beyond the current funding issue, proposed changes to federal policies would shift significant responsibility for disaster response costs from the federal government to state and local governments. This adds an extra layer of uncertainty, as the County may need to rely on its own resources to a much greater extent in future disasters.

### **Matching County Services to Available Funding**

Finally, this budget includes several departments that required reductions to services in order to balance to funding availability. The largest of these were in Permit Sonoma and Health Services, where spending was outstripping ongoing revenue capacity. Several other departments, including the Sheriff's Office, Probation, and the County Executive's Office, have reductions based on funding sources that are either disappearing or failing to keep up with rising costs. Prioritizing which services are critical to restore and maintain will be the other major driver of this budget.

Tab 3 – CEO Recommendations lays out a proposed strategy for addressing these three issues in the coming year. Should additional funding become available, there will be an opportunity to consider some unfunded items in the fall. However, if additional support from the state is not forthcoming or if the economy worsens, the County will need to consider larger structural adjustments to its budget. Based on Board feedback from the April Budget Workshops and ongoing fiscal concerns, staff will begin an analysis of Mandated Services to have a conversation with the Board during 2027.

## **Layout of the Binder**

### **Budget Hearings Overview (Tab 1)**

This tab includes this Overview Memo and the Budget Hearing Schedule. The Budget Hearings begin on Tuesday, June 9, at 9:00 a.m. and have been publicly noticed to continue from day-to-day for up to fourteen days. Public comment on the Budget has been scheduled for each day.

### **Available Sources Memo (Tab 2)**

This tab outlines sources that are available for the Board at budget hearings in order to address budget change requests and upcoming needs.

### **CEO Recommendations (Tab 3)**

This tab outlines the CEO funding recommendations for Board consideration at budget hearings. It also includes the Budget Hearing Deliberation Tool, which includes all requests for budget adjustments to be discussed at Budget Hearings. Details on the organization of the Budget Hearing Deliberation Tool are included in the cover memo for that tab.

### **Add Backs and Program Changes (Tab 4)**

This tab provides Add Back (aka baseline restoration) Requests and Program Change Requests description and justifications submitted by departments.

### **General Fund Reserve Memo (Tab 5)**

This tab provides an overview memo of the General Fund Reserve balance and policies.

### **Board Member Budget Requests (Tab 6)**

This tab includes funding requests received from the Board of Supervisors and, where relevant and information is available, a staff response for the Board's consideration.

### **Board Information Requests (Tab 7)**

This tab includes responses to the Board Information Requests (BIRs) received from Board members.

### **Supplemental Budget Adjustments (Tab 8)**

This tab presents Supplemental Budget Adjustments, which are administrative or are tied to Board approved actions that have occurred between the submission of the preliminary Recommended Budget by departments to the County Executive on March 4, 2026, and the June Budget Hearings.

### **HR 1 Impacts (Tab 9)**

This tab discusses the impacts of HR 1 on Sonoma County and the proposed County response.

### **Fund Balance Directory (Tab 10)**

This tab provides a directory of all budgetary funds governed by the Board.

### **Financial Policy Updates (Tab 11)**

This tab contains the County's Financial Policies, with any changes displayed in track changes.

### **Position Allocations (Tab 12)**

This section provides a summary of position changes from the FY 2025-26 Adopted Budget through the present, including changes made during FY 2025-26, changes in the FY 2026-27 preliminary Recommended Budget and changes in Supplemental Adjustments.

### **Appropriations Limits-Proposition 4 (Tab 13)**

This tab provides the details for the calculations for the FY 2026-27 appropriations limits for the County and for various special districts and agencies governed by the Board of Supervisors, and the associated Resolutions. Each year the County Board must approve an appropriations limit for the year, which dictates the total amount of tax revenue and certain related revenue streams that can be appropriated during a fiscal year.

### **Homeless Response Costs (Tab 14)**

This tab provides information on the costs associated with homeless response and prevention during the last completed fiscal year, FY 2024-25.

### **Board Resolutions (Tab 15)**

This tab contains the two resolutions and related exhibits with which the Board codifies their approval in order to officially adopt the FY 2026-27 Budget. The Concurrent Resolution contains the actions necessary for the Auditor-Controller-Treasurer-Tax-Collector and the County Executive to implement the Adopted Budget. The Concurrent Resolution includes four exhibits as follows:

Exhibit A – The Final Budget Adjustment Tool, approved by straw vote in advance of the formal adoption.

Exhibit B – A list of the Governmental Entities governed by the Board.

Exhibit C – Supplemental Budget Adjustments.

Exhibit D – Contains a Countywide summary of positions by department and the Position Allocation List for FY 2026-27.

This tab also includes the Resolution for the Sonoma Valley County Sanitation District.

### **Overview of Budget Hearings/Budget Schedule**

The Budget Hearings will begin on Tuesday, June 9 at 9:00 a.m. The first day will include a presentation on the budget and on County Executive recommendations. The Board is expected to begin deliberations on Tuesday. The Hearings will be continued to either Wednesday, June 10, for further deliberations, or Friday June 12 for adoption of the Budget.

If needed, the Board will continue deliberations on Wednesday, June 10. The Hearings will be continued to Friday, June 12 for adoption of the Budget.

There will be no Budget Hearings on Thursday, June 11.

The Board will adopt the Budget on Friday, June 12.

Should the Board require additional time for deliberations, hearings may be continued to the week of June 15.

### **FY 2026-27 Budget Hearing Schedule**

#### **Day 1 – Tuesday, June 9 at 9:00 am**

- CEO Presentation – Overview of Budget and Recommendations
- Public Comment on the Budget
- Begin Deliberations
- Lunch Break
- Continue Deliberations
- If ready - Direction to Staff (Straw Vote)

#### **Day 2 (if necessary) – Wednesday, June 10 at 9:00 am**

- 9:05 AM: Public Comment on the Budget
- Continue Deliberations
- Lunch
- Continue Deliberations
- Direction to Staff (Straw Vote)

#### **Day 3 – Friday, June 12 at 9:00 am**

- 9:05 AM: Public Comment on the Budget
- Recap of Budget Deliberation Tool and Other Actions
- Adoption of the FY 2026-27 Budget, Financial Policies, and Prop 4 Appropriations Limits (Tab 15)

