



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Dom Zanger
District No. 1
Vice-Chair

Kollin Kosmicki
District No. 2
Chair

Mindy Sotelo
District No. 3

Angela Curro
District No. 4

Ignacio Velazquez
District No. 5

Item Number: 1.B

MEETING DATE: 04/15/2025

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

AGENDA ITEM PREPARER: Dulce Alonso

DEPT HEAD/DIRECTOR: Ray Espinosa

SUBJECT:

COUNTY ADMINISTRATIVE OFFICE - H. RING, INTERIM COUNTY ADMINISTRATIVE OFFICER

1. Receive and accept a presentation on the status of the Fiscal Year (FY) 2025-26 County Budget, and provide staff direction as necessary; and
2. Review and adopt the FY 2025-26 Budget Policies

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

Staff will provide an update to the Board on the status of the FY 2025-26 budget. County Departmental requested budget submittals were due to the County Administrative Office in March 2025. For Governmental Funds, the Requested Budget includes \$339.4 million in appropriations. The General Fund includes \$107 million in expenses (financing uses), \$70.6 million in revenue, and \$29.8 million in FY 2024-25 Fund Balance Available (FBA), which represents money available at the end of one fiscal year for use as a financing source in the next fiscal year. For the General Fund, FBA is a significant funding source. A budget gap for FY 2025-26 has been calculated based on initial departmental budget submittals. At this point in the FY 2025-26 budgeting process, the County General Fund is faced with a gap of \$6.6 million, as requested, shown in Table 1.

Table 1

FY 2025-26 General Fund Requested Budget	
Total Financing uses (expenditures)	\$107,022,129
Total Financing sources (revenues)	\$100,459,147
Total General Fund (if + gap, if-surplus)	\$6,562,982

In preparation of the budget process, Departments were advised to closely follow a status quo budget from the prior FY 2024-25 budget, with a 5% reduction incorporated into the departmental requested budgets.

The FY 2025-26 Requested Budget includes a total of 663.80 full-time equivalent positions, which “un-funds” 36.00 FTE positions, deletes 14.80 FTE positions, and adds 11.00 FTE positions. It is important to note that the salaries and benefits costs included in the FY 2025-26 Requested Budget include salary level costs that are being paid for as of the current year and include scheduled employee step advances. The budget includes a pension rate cost increase that is assumed for rate increases occurring July 1, 2025, but the budget does not include health insurance premium rate increases that are released in the fall. The budget does not include potential increases for employee labor groups whose contracts all expire with the County in the fall of 2025.

Over time, increases in labor, operational costs, and program growth have placed upward pressure on expenditure levels. The cost of providing County services has risen, increasing expenditures while surpassing revenue growth. Compounding this challenge, state and federal funding has not kept pace with these rising costs.

Looking ahead, the County Administrative Office will provide recommendations to bring a balanced budget to the Board. This structural imbalance highlights the need for reductions through strategic rebalancing efforts and sustained ongoing efforts aligned with the Board’s adopted policies. The County Administrative Office is currently reviewing departmental budget submittals, including additional resource requests, to develop the Recommended Budget.

Budget Policies

The Board's FY 2024-25 Budget Policies have been revised for the Board's consideration for FY 2025-26 (Attachment 1). Moving forward these Policies provide a framework for how the budget is prepared and will guide the County Administrative Office for the FY 2025-26 Recommended Budget development.

The FY 2025-26 Budget Policies include the following new policy statements:

- The General Fund shall not subsidize the loss of grants programs, State and Federally funded programs, etc., unless authorized by the Board of Supervisors, and notice of any cancellation of these types of programs shall be provided to the County Administrative Officer (CAO) immediately upon notice.
- Incorporate annual Mello-Roos District or Community Facilities District (CFD) revenues into the County's operating budget, as determined by the Fiscal Impact and Service Level Analysis – Joint CFD, July 2018 report, and as allowed by law.
- Incorporate annual Proposition 172 funding into the County's Departmental operating budgets.
- **Position Vacancy Budget Policy**
To ensure fiscal responsibility and workforce efficiency by managing Full-Time Equivalent (FTE) positions.
- **Vacant Unfunded Positions:** Any positions that are vacant and not funded shall be eliminated from the Schedule of Authorized Positions. These positions may not be retained for future use or rehiring unless funding is identified and a request is approved by the Board of Supervisors.
- **Vacant Funded Positions:** Any positions that are vacant longer than 120 days shall be submitted with a written request to hire for review by the County Administrative Officer. The authorization to fill a vacant position may be approved or denied by the CAO. If denied, the position may be recommended for deletion at the next budget cycle with approval by the Board of Supervisors. Public Safety "Safety" positions are exempt from this requirement.
- In times of financial difficulty, a hiring chill may be authorized by the Board of Supervisors for implementation by the CAO.

Next Steps

The next steps in the FY 2025-26 budget development process are as follows:

- April – May: County Administrative Office reviews department submittals and works with departments to develop the Recommended Budget.
- May 13: Recommended Budget is introduced.
- June 3: Budget Hearing and Recommended Budget is adopted.

RESOLUTION OR ORDINANCE NEEDED FOR THIS ITEM:

N/A

CONTRACT NEEDED FOR THIS ITEM:

N/A

RFP AND BID HISTORY:

N/A

LAST CONTRACT AMOUNT OR N/A:

N/A

CONTRACT HISTORY (Describe all amendments and previous contracts):

N/A

STRATEGIC PLAN GOALS: 1. Operational Development & Excellence

Yes

STRATEGIC PLAN GOALS: 2. Planning And Sustainable Growth

Yes

STRATEGIC PLAN GOALS: 3. Technology

No

STRATEGIC PLAN GOALS: 4. Community Engagement

Yes

STRATEGIC PLAN GOALS: 5. Health & Safe Community

Yes

BUDGETED:

N/A

BUDGET ADJUSTMENT NEEDED:

N/A

SOURCE OF FUNDING:

N/A

UNFUNDED MANDATE:

N/A

SBC BUDGET LINE ITEM NUMBER:

N/A

CURRENT FY COST:

N/A

STAFF RECOMMENDATION:

1. Receive and accept presentation on the status of the Fiscal Year (FY) 2025-26 County Budget, and provide staff direction as necessary; and
2. Review and adopt the FY 2025-26 Budget Policies.

ATTACHMENTS:

[Attachment 1 - FY 2025-26 Budget Policies](#)

[Attachment 2 - FY 25-26 Budget Update - BOS Presentation 4-14-2025](#)