

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: June 18, 2025

To: Mayor and Town Council
From: Nick Walker, Administrative Services Director
Subject: Adoption of the 2025-27 Operating Budget, 2025-30 Capital Improvement Program, Appropriations Limit for Fiscal Year 2025-26, and Authorized Position and Salary Schedules for Fiscal Year 2025-26

Recommendation to Council:

1. Adopt a resolution acting for the Town of Windsor and on behalf of the Town of Windsor Water District adopting the budgets for Fiscal Years 2025-26 and 2026-27.
2. Adopt a resolution adopting the Capital Improvement Program for FY2025-2030.
3. Adopt a resolution adopting the appropriations limit for Fiscal Year 2025-26.
4. Adopt a resolution ratifying authorized positions and salary schedules, abolishing previously adopted salary schedules.

Strategic Plan Element:

The recommended action supports the goal of Fiscal Health. Goal Statement: Ensure the economic health and long-term financial viability of the Town.

Background:

The Town of Windsor prepares a two-year budget to provide a financial and operational framework for the delivery of municipal services. The Town Code (Section 1-4-170) requires the adoption of an annual budget, and the biennial format satisfies this requirement through two separate one-year fiscal plans.

On May 19, 2025, the Town of Windsor held its first budget workshop for the 2025-27 Recommended Operating Budget. On June 3, 2025 The Town of Windsor held a special meeting for further review and discussion of the 2025-27 Recommended Operating Budget. Direction received from the workshop and special meeting have been included in the budget being considered tonight for adoption.

The proposed Capital Improvement Program (CIP), which outlines planned capital investments and supports long-range infrastructure development is also included for the Council's approval. The development of the operating budget and the CIP are coordinated. Proposed capital outlays in the first two years of the CIP are included in the proposed 2025-27 Operating Budget. The Planning Commission reviewed the CIP for General Plan consistency on May 27, 2025, and referred to the Town Council for final consideration.

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1979 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year.

The limit is different for every agency and changes each year. The annual limit is based on the amount

of tax proceeds that were authorized to be spent in fiscal year 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. An adjustment is also made based on changes in the Town of Windsor's population.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

The adjusted Appropriation Limit for Fiscal Year 2025-26 is \$24,746,761. This is the maximum amount of tax proceeds the Town can appropriate and spend in Fiscal Year 2025-26. Tax proceeds estimated to be received during Fiscal Year 2025-26 are \$18,871,896 which is \$5.8M below the Limit calculation.

Discussion:

The Fiscal Year (FY) 2025-27 Recommended Budget totals \$276 million and includes the following components:

- Operating Budget: \$126 million
- Capital Expenditures: \$146 million
- Debt Service: \$4 million

The budget was developed in alignment with the Town's Financial Management Policies and budget principles, emphasizing long-term planning, fiscal responsibility, and sustainability.

Economic Conditions and Budget Strategy

Since the last biennium, the Town has faced stalled development, high inflation, and slower-than-expected revenue recovery, necessitating a reassessment of spending priorities. All departments were required to submit reduced, sustainable operating budgets. A 10% reduction in the requested General Fund budgets was implemented.

Despite these challenges, the Town completed several significant projects in FY 2023-25, including major infrastructure, IT, and public facility improvements, as well as progress in affordable housing and long-range planning.

Strategic Framework

The budget aligns with the Town Council's reaffirmed Strategic Plan goals:

- Fiscal Health
- Infrastructure
- Livability
- Organizational Effectiveness

Additionally, Council identified priority initiatives for FY 2025-27, such as evaluating a potential sales tax measure in 2026 and investing in economic development and public infrastructure.

General Fund Overview

The General Fund faces structural challenges due to rising costs and flat revenue projections. Over the biennium, \$48 million in General Fund revenues are projected, while \$7.9 million in reserves above the 25% minimum reserve policy will be used to maintain core services and Council priorities.

Key revenue assumptions:

- Property Tax: 3–4% growth
- Sales Tax: 8% decline from recent peaks; modest growth of 1–3% forecasted
- TOT: \$500,000 decline due to STR limits
- Franchise Fees: 4% annual growth

Operationally, the Town will maintain staffing levels, implement 10% departmental reductions, and reduce law enforcement staffing through contract adjustments with the Sonoma County Sheriff.

Special Revenue and Capital Improvement Funds

In addition to the revenues and expenditures that make up the General Fund, the Town received restricted revenue sources which are restricted to a variety of specific purposes. Of the recommended \$276 million of appropriations, \$27 million is proposed to be appropriated to these funds. Approximately 60% is programed for capital projects.

Enterprise Funds

The Water and Water Reclamation Funds remain self-sustaining and are supported by a recent cost-of-service study. Pending Town Council approval, a phased rate adjustment will begin July 1, 2025. Planned capital projects will be funded through a mix of pay-as-you-go transfers and future debt financing.

Fiscal Impact:

The approval of the proposed resolutions establishes the Fiscal Years 2025-26 and 2026-27 budget authority.

Environmental Review:

The recommended action does not constitute a “project” within the meaning of California Environmental Quality Act (CEQA) Guidelines Section 15378 and requires no environmental review.

Attachment(s):

1. [2025-27 Recommended Budget](#)
 2. [Resolution FY2025-27 Operating Budget](#)
 3. [Proposed CIP FY2025-2030](#)
 4. [Resolution FY 2025-30_CIP](#)
 5. [Gann Calculation](#)
 6. [Resolution - FY 2025-26 Appropriations Gann Limit](#)
 7. [Resolution - FY 2025-26_Authorized Positions Sal Sch](#)
- [Exhibit A - Position Authorization FY2025-26](#)
[Exhibit B - Non-Exempt Salary Schedule FY2025-26](#)
[Exhibit C - Exempt Salary Schedule FY2025-26](#)
[13.1 PowerPoint \(Distributed 2025-06-17\)](#)

Prepared by:
 Marcy Harrison
 Finance Manager

Reviewed by:
 Nick Walker
 Administrative Services Director

Approved by:
 Jon Davis

Town Manager