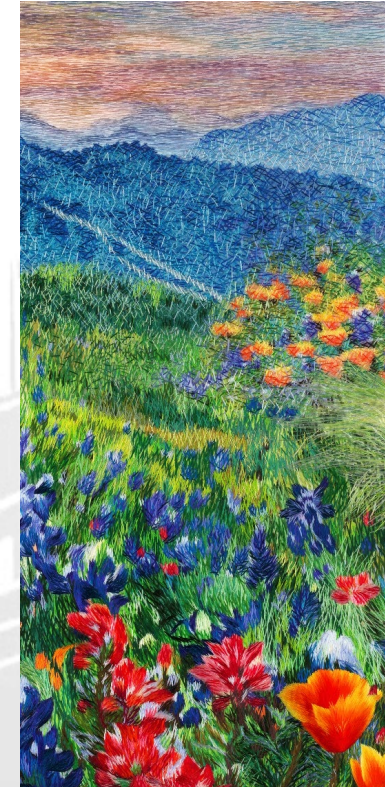




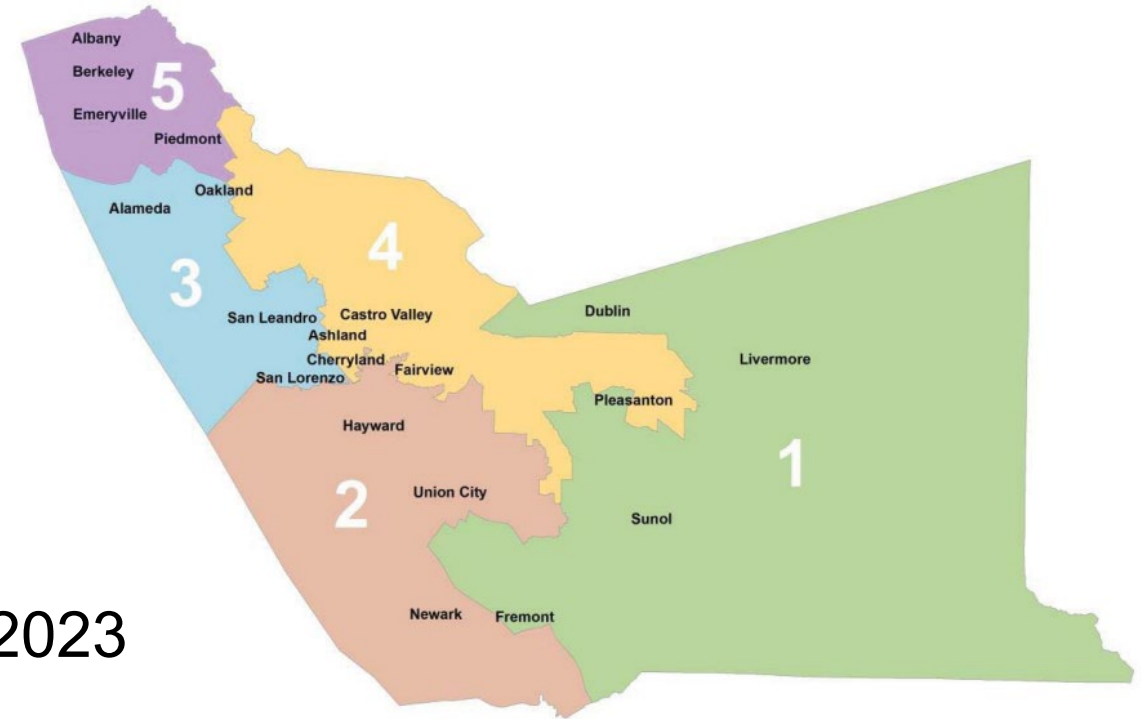
Alameda County Budget Overview and Five-Year Forecast Update April 1, 2025



PRESENTED BY THE COUNTY ADMINISTRATOR

Alameda County Quick Facts

- 7th most populous county in California
- Population – 1.6 million
 - 14 incorporated cities
 - Unincorporated communities
- Geographic area – 821 square miles
- Median household income - \$126,240 in 2023
- Unemployment Rate – 4.6% as of January 2025



County Budget Authority and Legal Requirements

Regulations

Rules pertaining specifically to county budgets are found in the County Budget Act (Government Code, Sections 29000 to 29144).



County Charter

County of Alameda Charter provides further rules and authorities pertaining to the County budget.



Authority

The County's powers are provided by the State Constitution and the California Legislature.



Transparency

The Ralph M. Brown Act (Government Code, Sections 54950 to 54963) includes additional rules that county officials must follow when discussing official business.



Economic Context



State and Regional Layoffs

- Ongoing cutbacks concentrated in the technology sector
- Notable layoffs in 2025:
 - Health – Kaiser
 - Life Science and Biotech – Bio-Rad
 - Automotive – Cruise
 - Retail – Macy's, Bloomingdales, Kohl's

The logo for Cruise, featuring the word "cruise" in a lowercase, red, sans-serif font.

Record Levels of Uncertainty

- **“Small business uncertainty about the economy spikes to the second highest level since 1973”**
 - CNN
- **How Uncertainty from Trump’s Tariffs is Rippling Through the Economy”**
 - Wall Street Journal
- **“US consumer sentiment drops, price expectations soar on tariffs”**
 - Bloomberg
- **“Consumer confidence plunges to a 29 month low as uncertainty grows”**
 - USA Today

Local Jurisdiction Challenges

- Hayward and Oakland school districts at risk of fiscal insolvency
- Oakland budget shortfall estimated at \$265M over the next two years
- Pleasanton City Council directed staff to withdraw \$2M over the next two years from its pension trust to cut into the budget deficit
- Fremont City Council passed a budget with a 10% reduction to general fund expenditures
- Transit agencies facing massive cuts

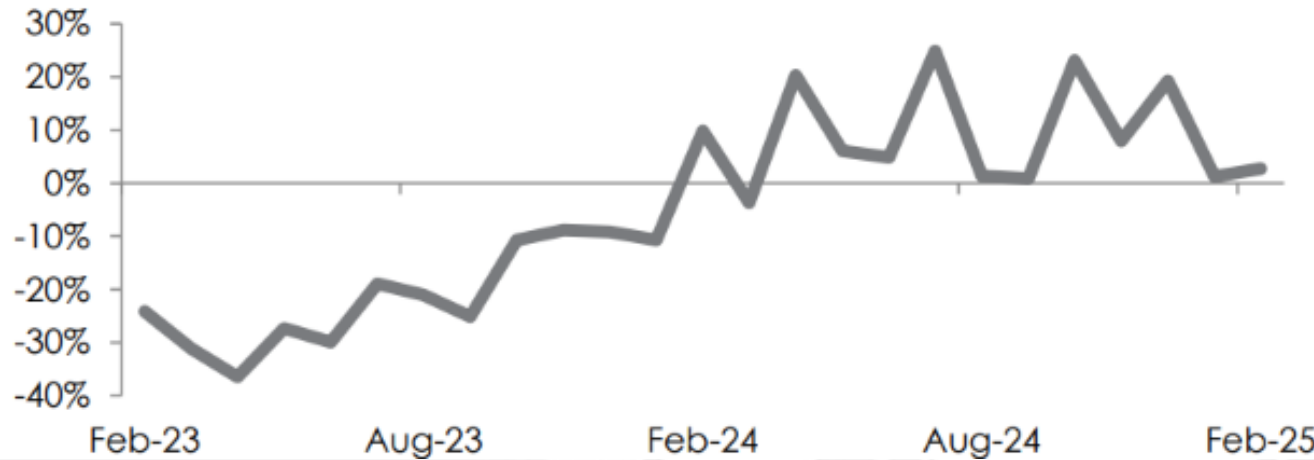
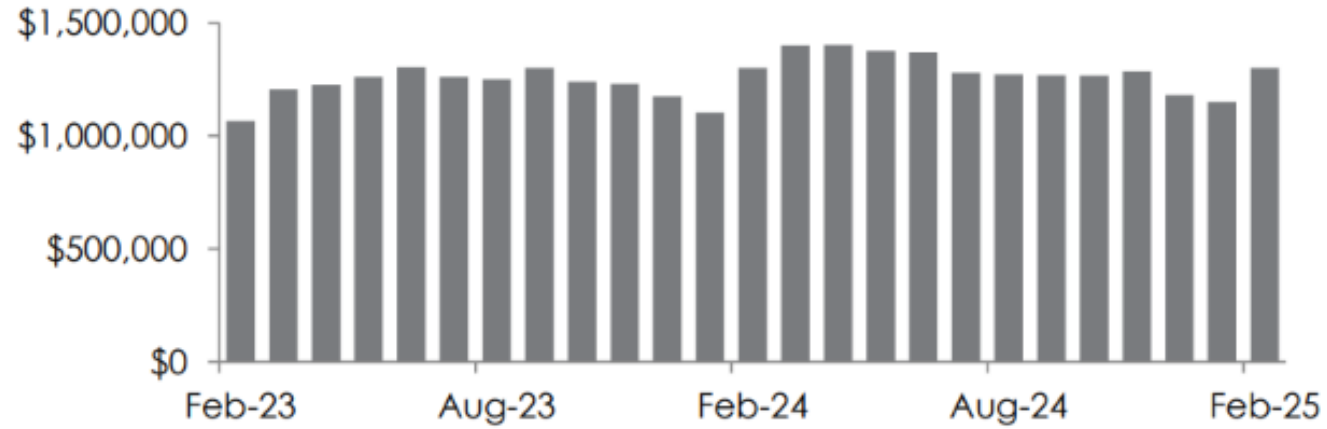
Alameda County Real Estate Market Trends

February 2025

Median Price
For SF Detached Homes

\$1,300,000

13.0% MTM
0.0% YTY



Home Sales
For SF Detached Homes

+2.8% YTY

42.7% MTM
2.1% YTD



Alameda County Real Estate Market Trends

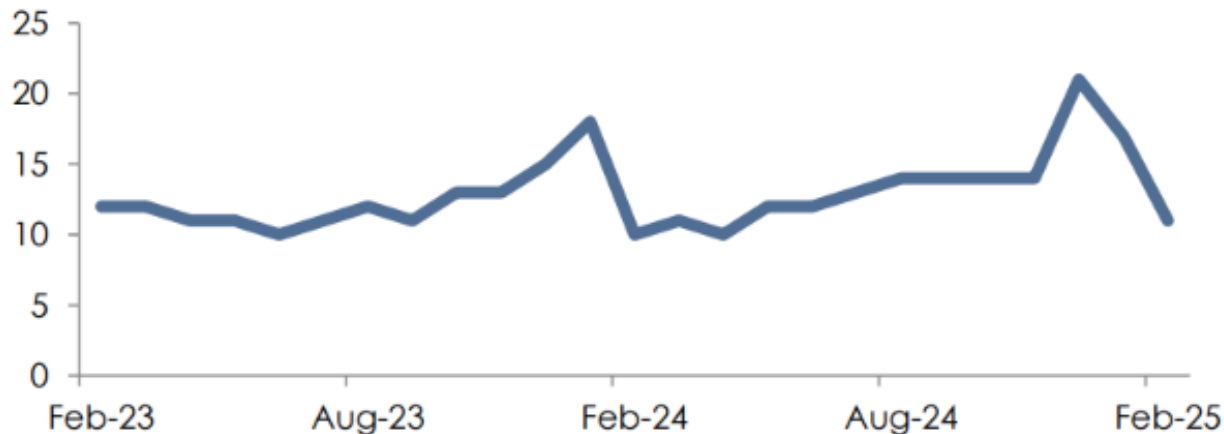
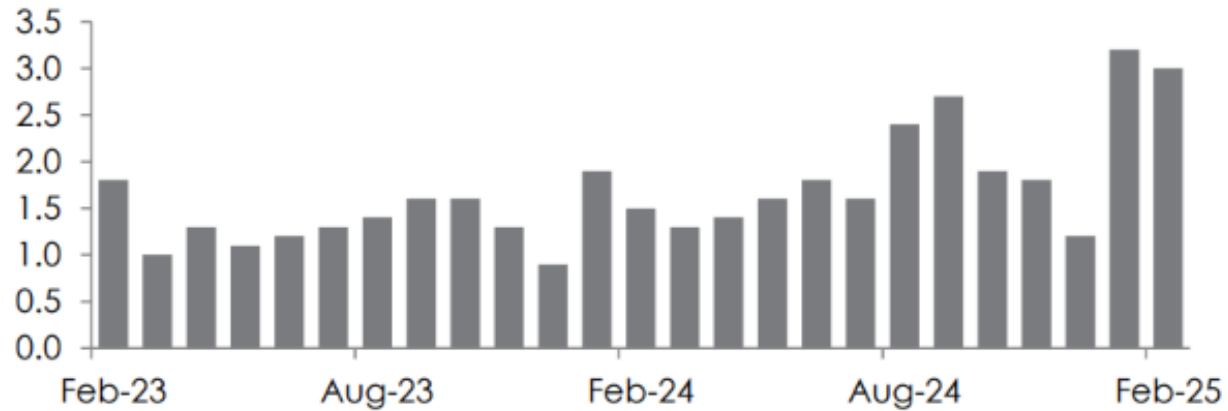
February 2025

Unsold Inventory
For SF Detached Homes

3 Months

-6.3% MTM

100.0% YTY



Median Time on Market
For SF Detached Homes

11 Days

-35.3% MTM

10.0% YTY



State and Federal Updates



State Budget Update

- Department of Finance reported personal income tax receipts above forecast in February, while corporate tax and sales and use tax receipts are below forecast
- Legislative Analyst's Office presented an overview of the Governor's 2025-26 Budget to the Assembly Committee on Budget last month
 - State would face a deficit today if not for legislative action last June to identify \$28 billion in budget solutions, which has generated about \$23 billion in savings
 - Revenue collections have improved since last June
 - Spending is higher compared to administration and LAO forecasts
 - Borrowing \$3.44 billion from the general fund to cover unexpected cost increases in Medi-Cal

Federal Update

- Congress approved a six-month Continuing Resolution to fund the government through September 30
- Latest CPI inflation report showed inflation eased in February; interest rate cuts before June are unlikely
- Layoffs across multiple federal agencies
- Notices of federal grant terminations
- New set of tariffs expected



Reduction Targets

Congress is planning cuts to key programs affecting the County's core services, including TANF, Social Services, SSI, Medicaid, SNAP, and climate initiatives.

County Financing



Difference between Cities and Counties

- Counties lack broad powers of self-government that CA cities have
 - Cities have broad revenue generating authority; counties do not
 - Legislative control over counties is more comprehensive than it is over cities
 - The Legislature may delegate to counties any of the functions which belong to the State itself and conversely the State can take those functions back as needed.

The County serves a dual role:

- Counties administer services mandated by the State and federal government, many of which are safety net services for vulnerable populations and work best on a regional basis.
- The County provides municipal services to unincorporated areas and its power to make and enforce ordinances and regulations is limited to unincorporated areas



County Fiscal Dilemma

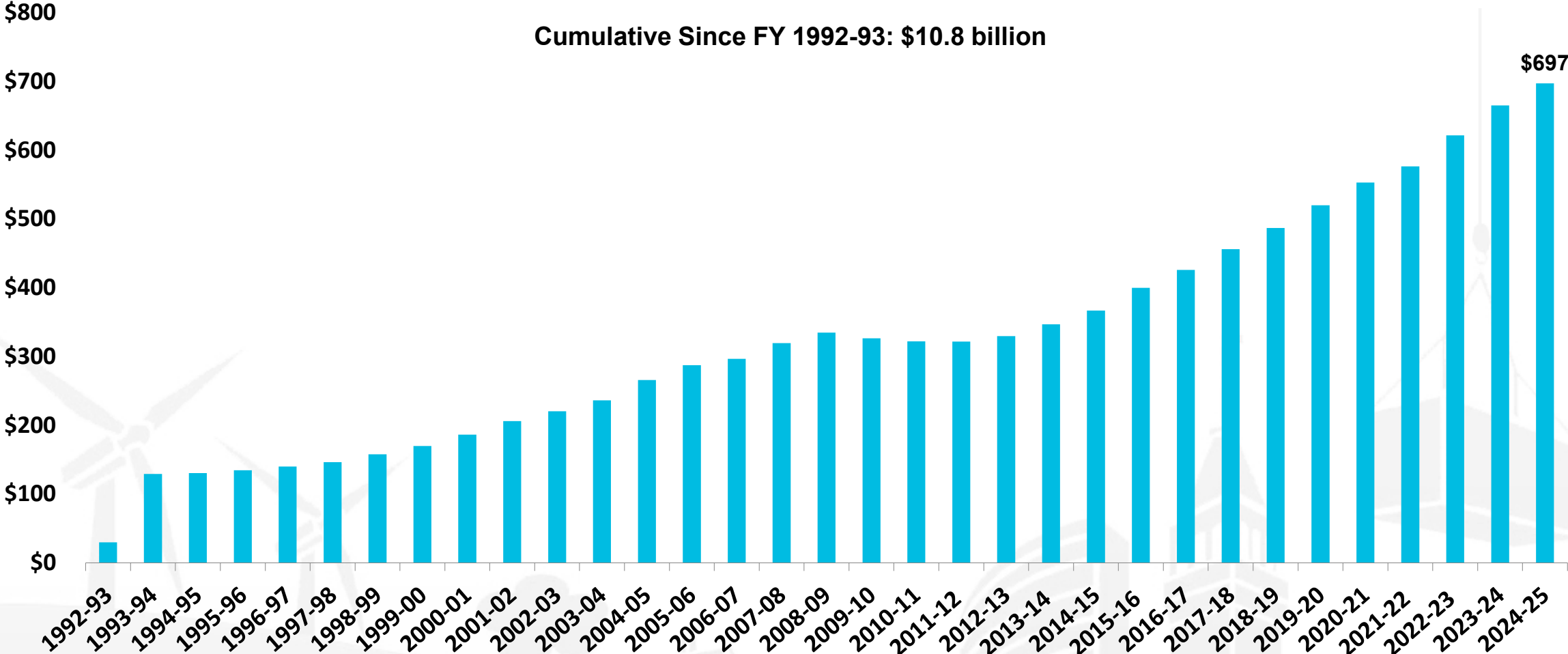
- Increasing demand for safety net services during economic downturns
- County revenue raising authority limited by:
 - Proposition 13 - restricted property tax growth
 - Proposition 218 - voter approval for tax increases
 - ERAF* - State shifted property taxes to schools
- Progressive loss of control over local spending
- Most services are mandated by State/federal government
- Mandates have continued to increase; reimbursements suspended or delayed and programs realigned with inadequate ongoing funding



*Education Revenue Augmentation Fund

Alameda County ERAF Losses by Year

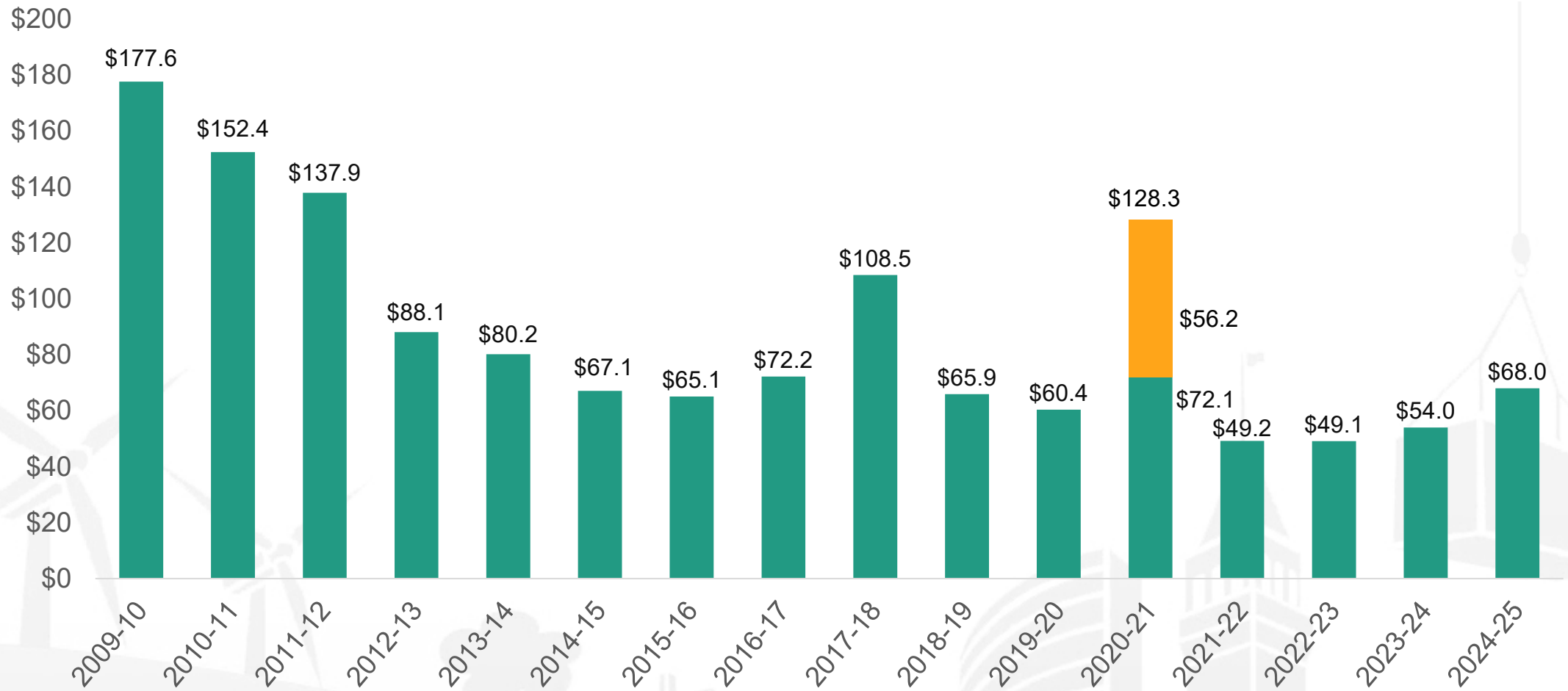
(\$ in millions)



Alameda County Funding Gaps since ERAF

(\$ in millions)

Total since FY 1993-94: \$2.5 billion



Discretionary Revenue

- Discretionary revenue is approximately 28% of the General Fund, and nearly 90% is property tax-based.
- Alameda County receives **only 15 cents for every property tax dollar** collected in the County.



Schools-40¢

Cities-18¢

County-15¢

Special Districts-12¢

Redevelopment-15¢

* Over time, redevelopment agencies' share of property taxes should be distributed to the other entities

FY 2024-25 Budget Overview



FY 2024-25 Budget Overview (\$ in millions)

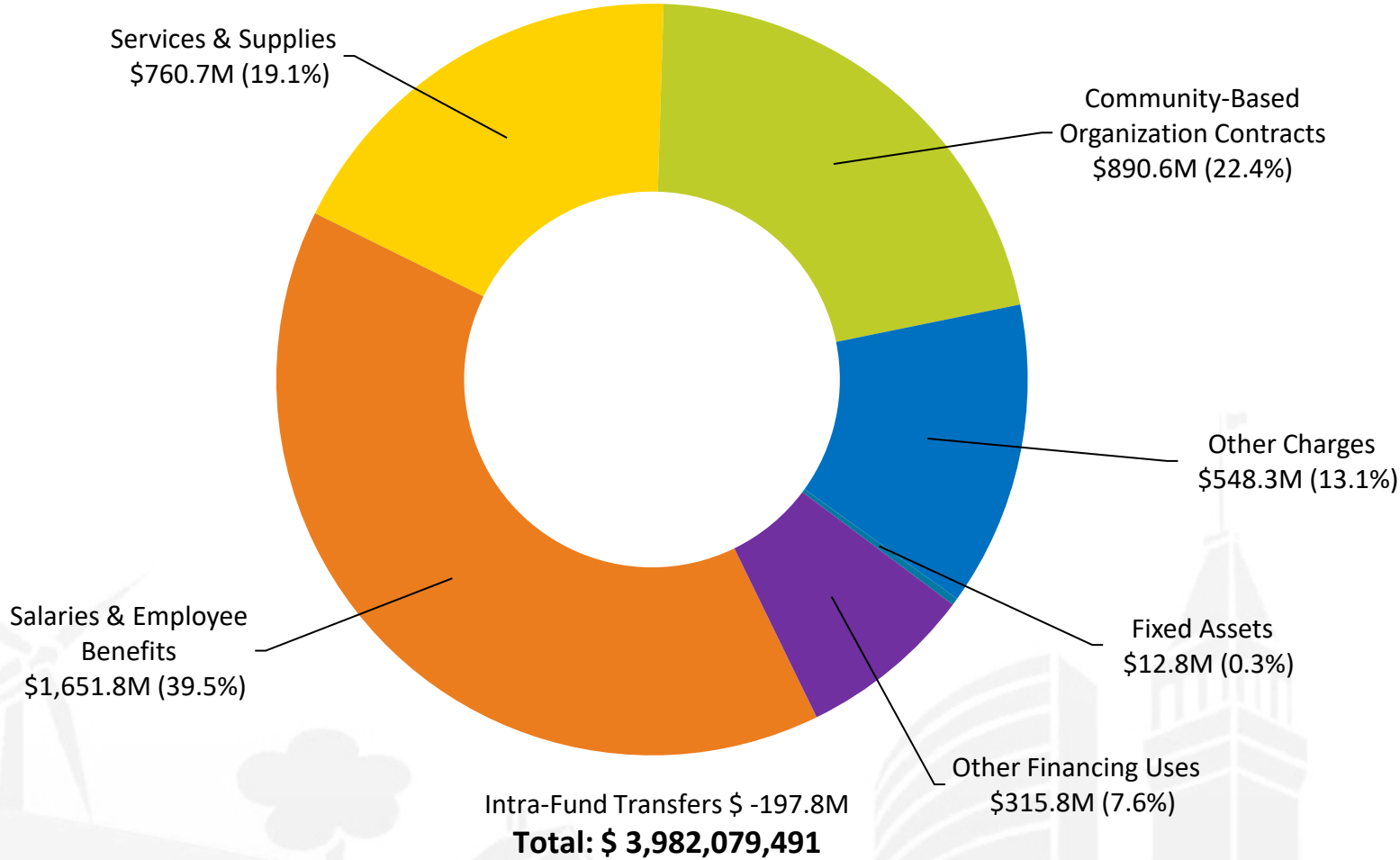
All Funds	FY 2023-24 FINAL	FY 2024-25 FINAL	Change from 2023-24
Appropriation	\$4,106.5	\$4,564.5	\$457.9
Revenue	\$4,106.5	\$4,564.5	\$457.9
Funding Gap	\$0	\$0	\$0
FTE*	10,399.80	10,477.21	77.41
General Fund	FY 2023-24 FINAL	FY 2024-25 FINAL	Change from 2023-24
Appropriation	\$3,702.1	\$3,982.1	\$280.0
Revenue	\$3,702.1	\$3,982.1	\$280.0
Funding Gap	\$0	\$0	\$0
FTE*	8,484.89	8,530.63	45.74

*Full-time equivalent positions. General Fund FTE changes are all Board-approved and fully offset by revenue or other one-time funding.



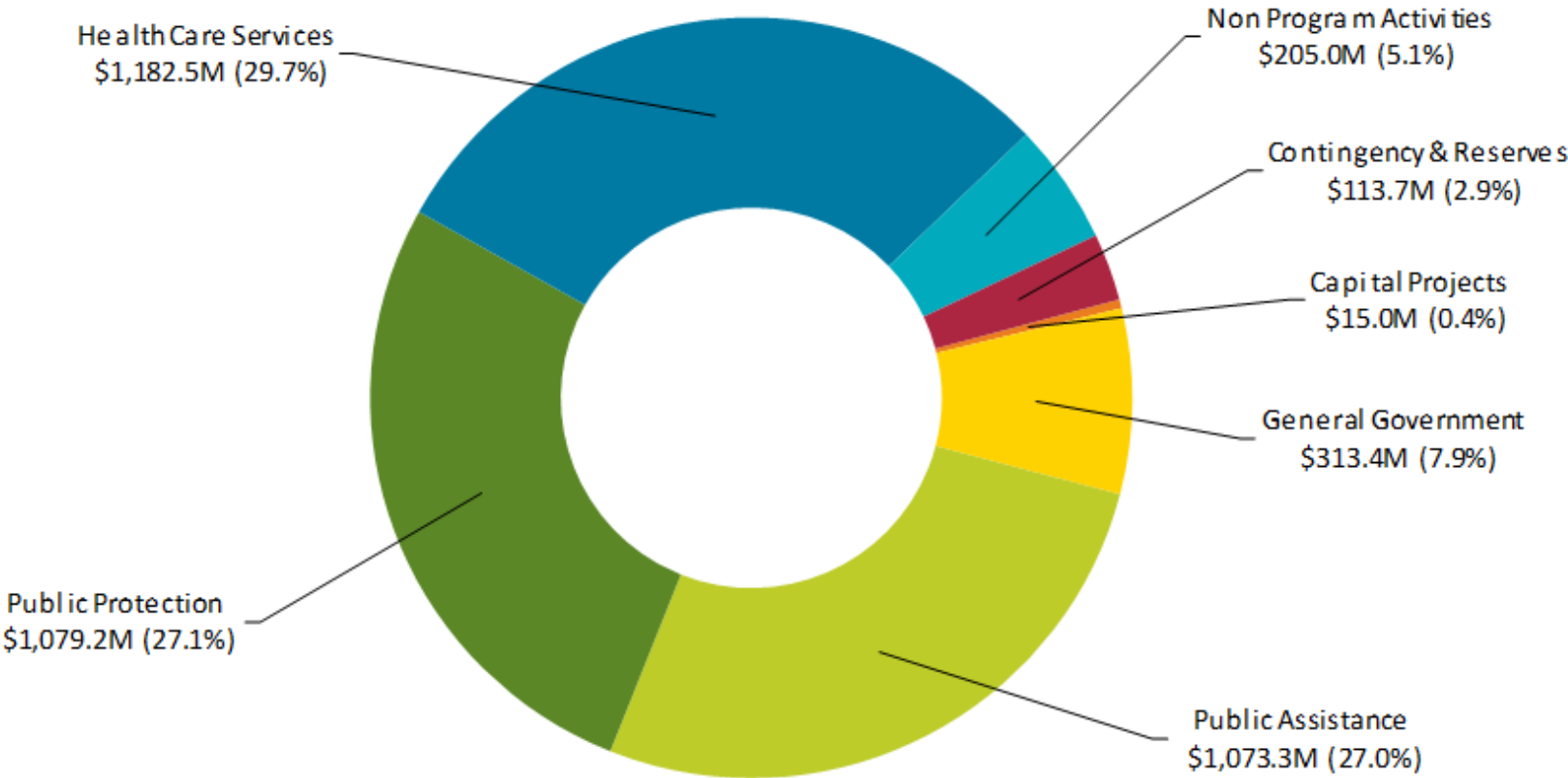
FY 2024-25 Final Budget

Appropriation by Major Object - General Fund



FY 2024-25 Final Budget

Appropriation by Program - General Fund



Total: \$ 3,982,079,491

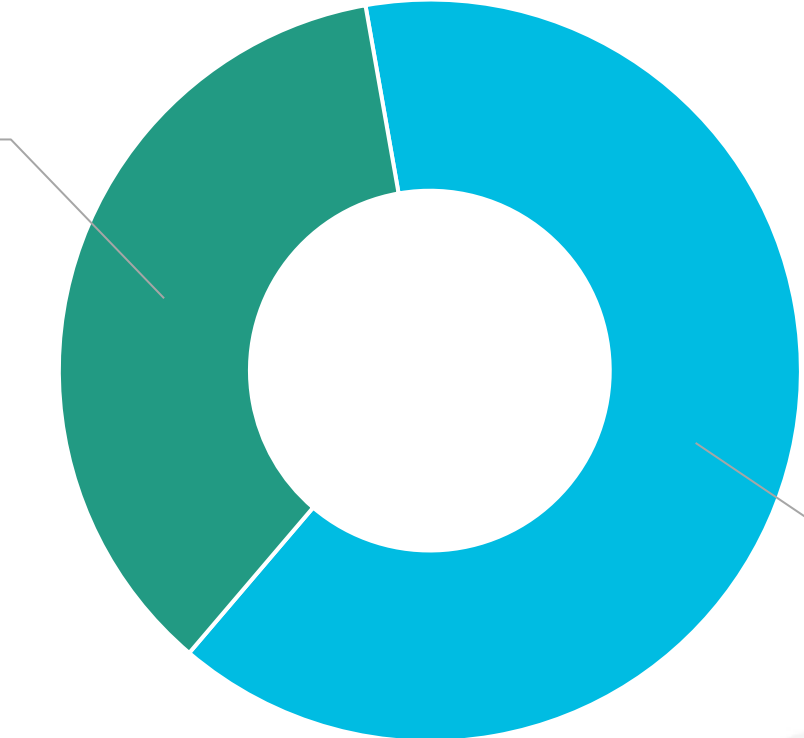
NOTE: Totals may vary slightly due to rounding



State and Federal Aid as a Percentage of Total Financing

(\$ in millions)

All Other Revenue,
\$1,433.1 , 36%



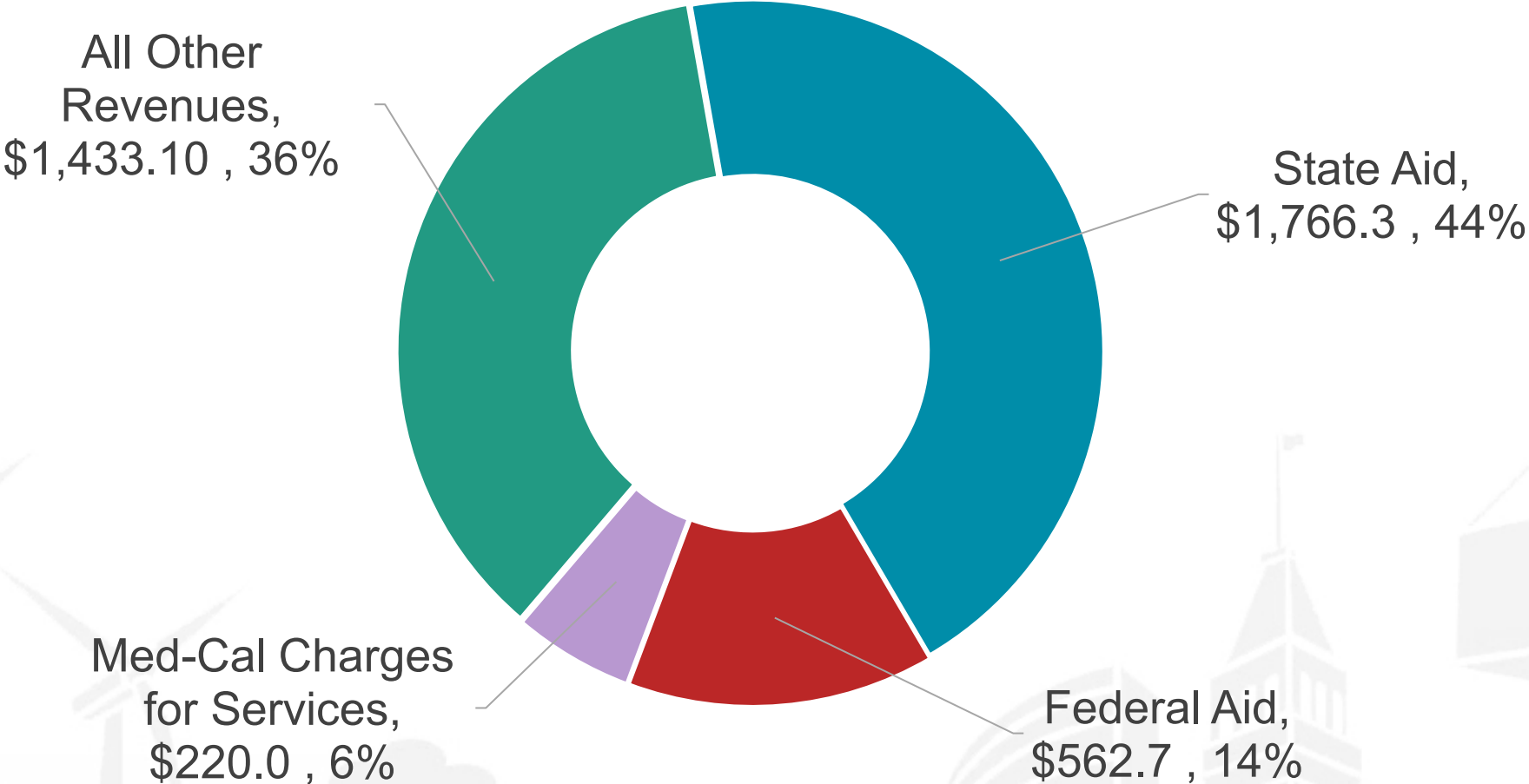
State and Federal Aid*,
\$2,549.0 , 64%

Total Financing: \$3,982.1

**Including Medi-Cal Charges for Services*



State and Federal Aid as a Percentage of Total Financing (\$ in millions)

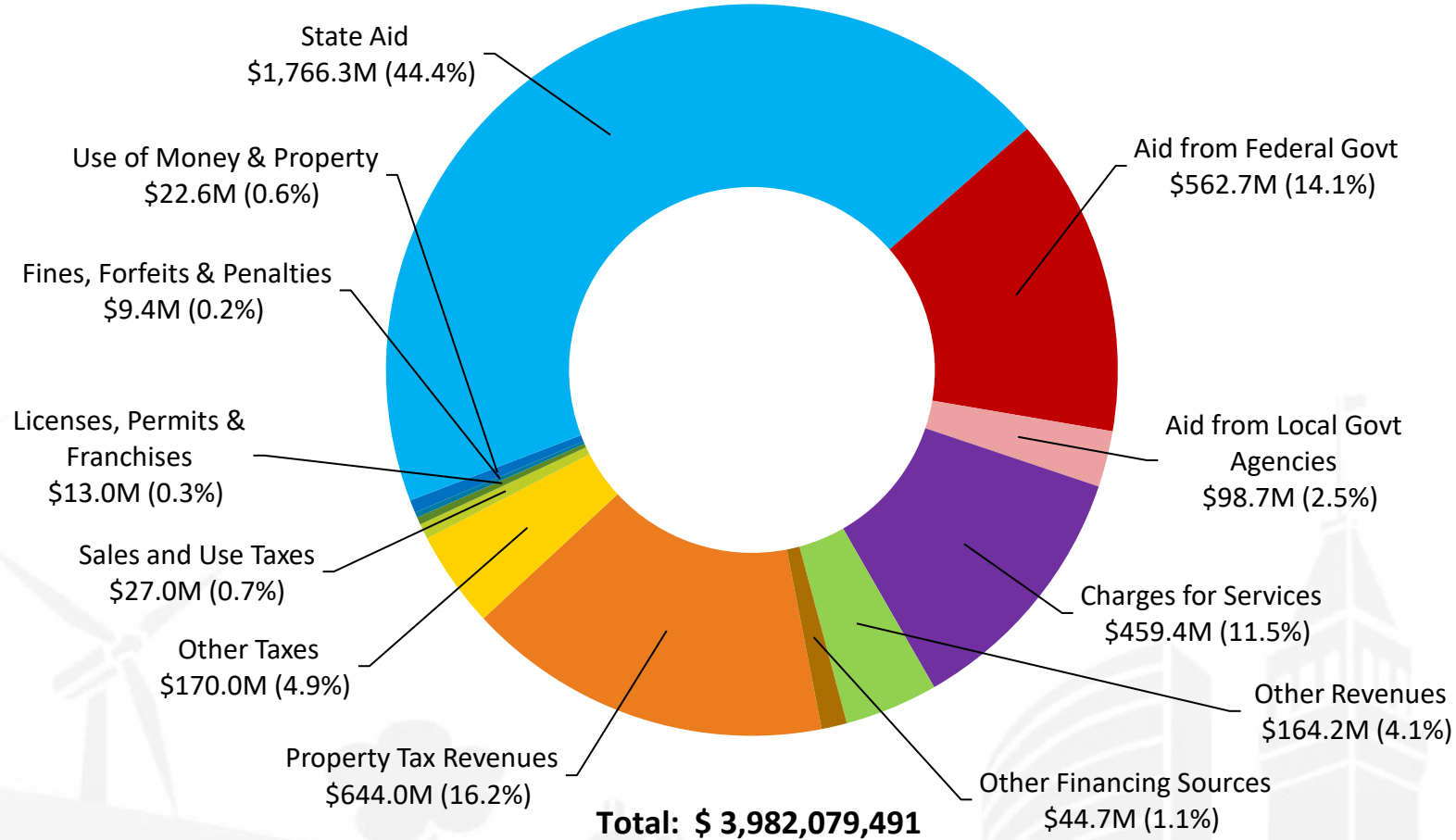


Total Financing: \$3,982.1



FY 2024-25 Final Budget

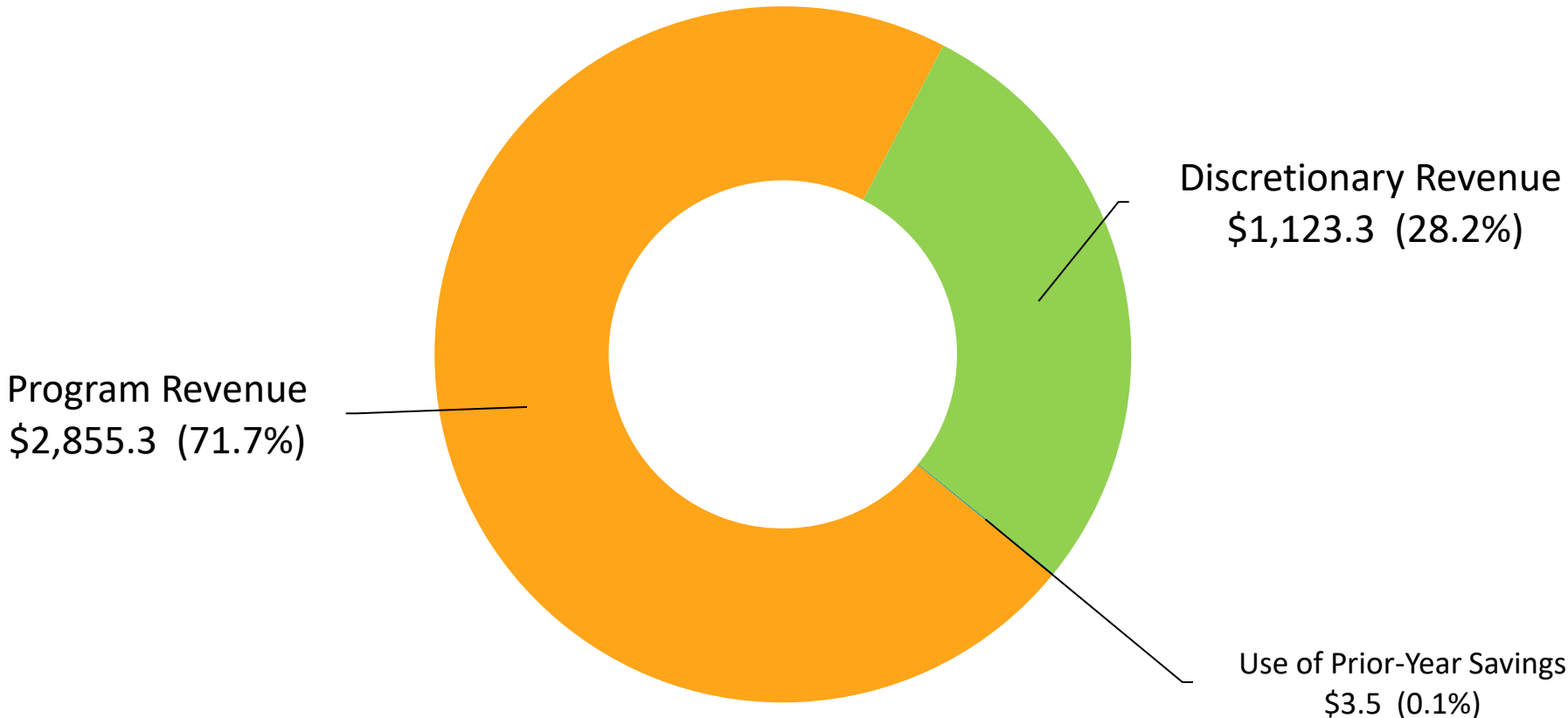
Available Financing by Source - General Fund



FY 2024-25 Final Budget Revenue By Type

(\$ in millions)

Share of Total General Fund



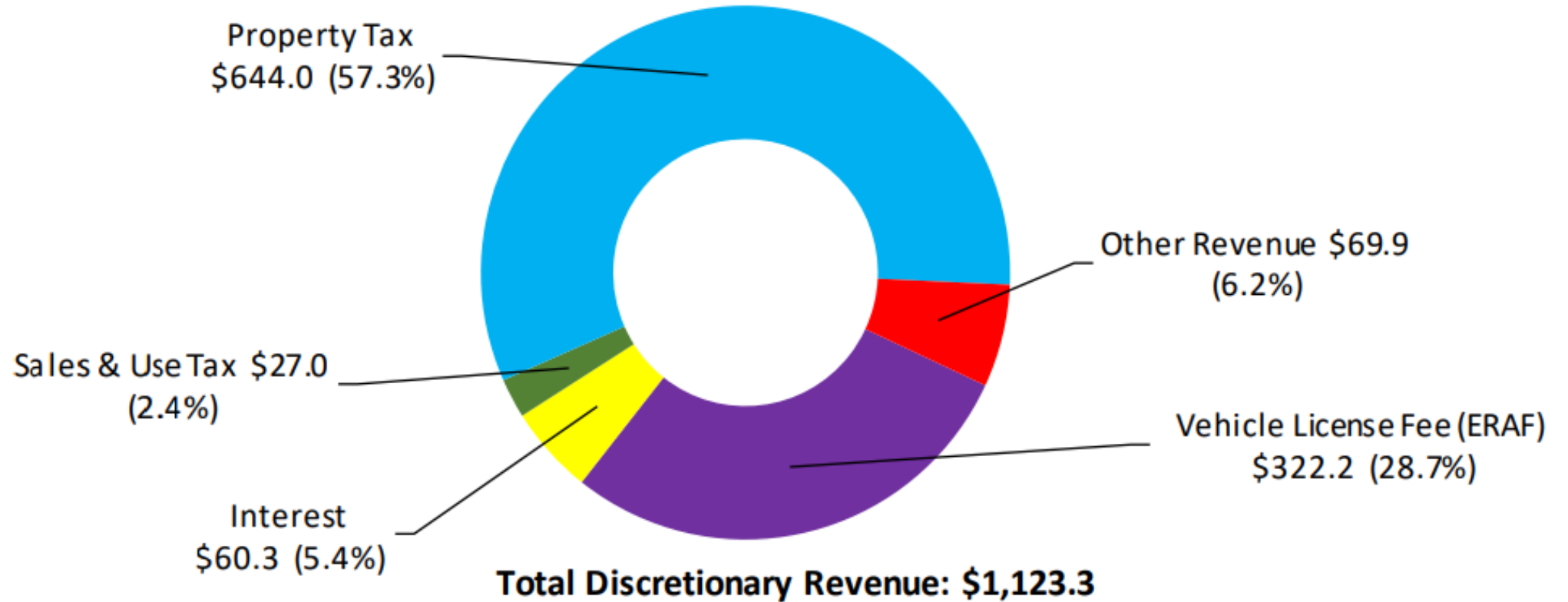
Total General Fund: \$3,982.1



FY 2024-25 Final Budget

Use of Discretionary Revenue by Source

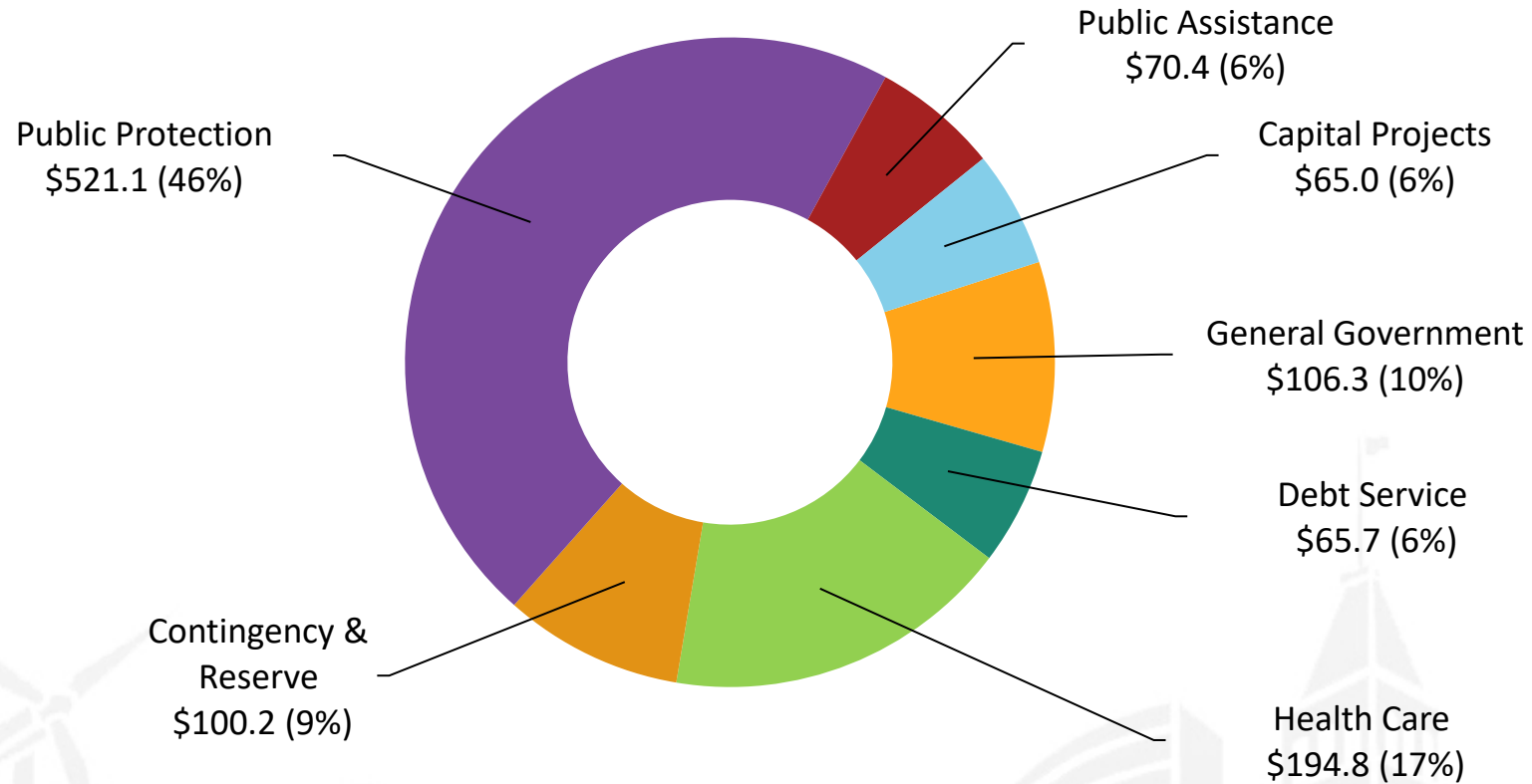
(\$ in millions)



FY 2024-25 Final Budget

Use of Discretionary Revenue by Program

(\$ in millions)



Use of Discretionary Revenue: \$1,123.3



Budget Monitoring

- Agencies and departments submit quarterly projections to the County Administrator's Office
 - Comparison of budget to actuals
 - Review of information that may lead to corrective action
 - Performance related to service delivery and other programs/initiatives
- FY 2025 Second Quarter Projections
 - All programs are currently projecting to end the Fiscal Year within budget
 - Under conservative assumptions, Q2 projections suggest savings due to a combination of under-spending driven by high vacancy rates offset by under-realization of program revenues
 - Continue to monitor in Q3 and recommend mid-year adjustments or actions to maintain a balanced budget



Five-Year Forecast



Forecast Assumptions, Drivers and Risks

Assumptions:

- No new unfunded programs
- Continued modest economic growth

Major Drivers:

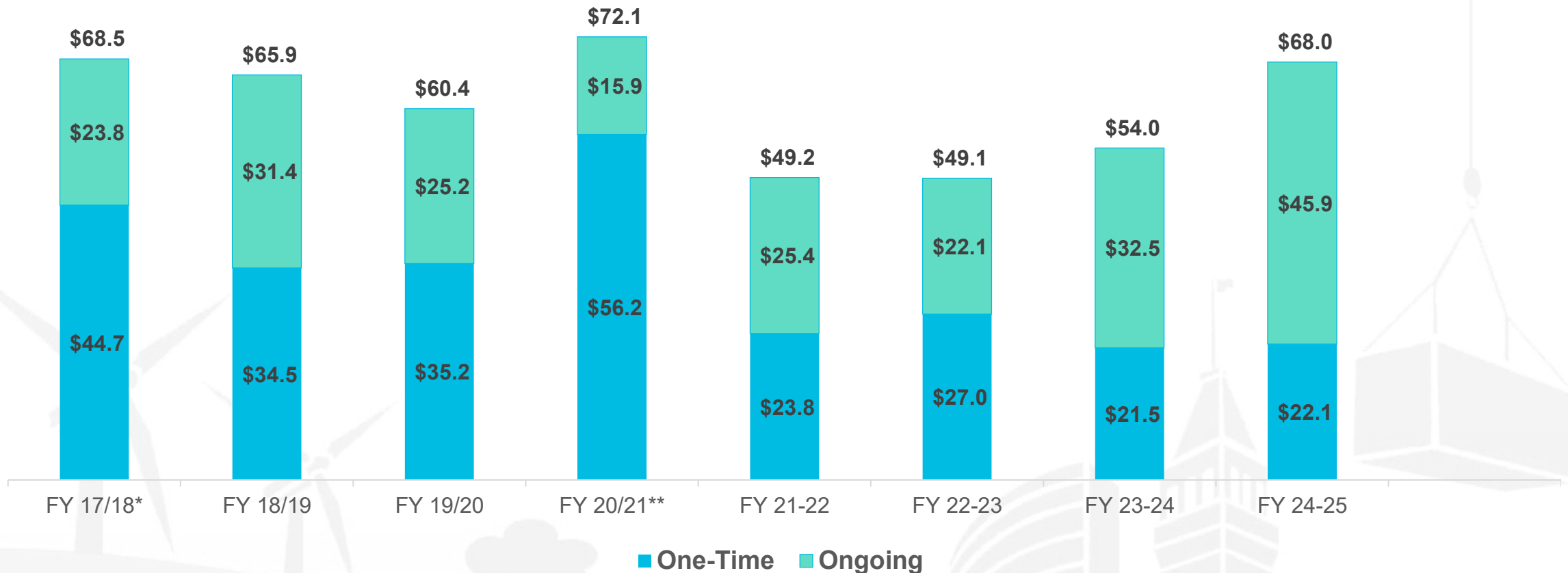
- Labor costs (salary, benefits & pension)
- Operating costs outpacing revenue growth
- IHSS inflation

Risks:

- Federal and State budget impacts
- Geopolitical risk
- Impact of interest rates
- Potential downturn



Budget Balancing Strategies (millions)

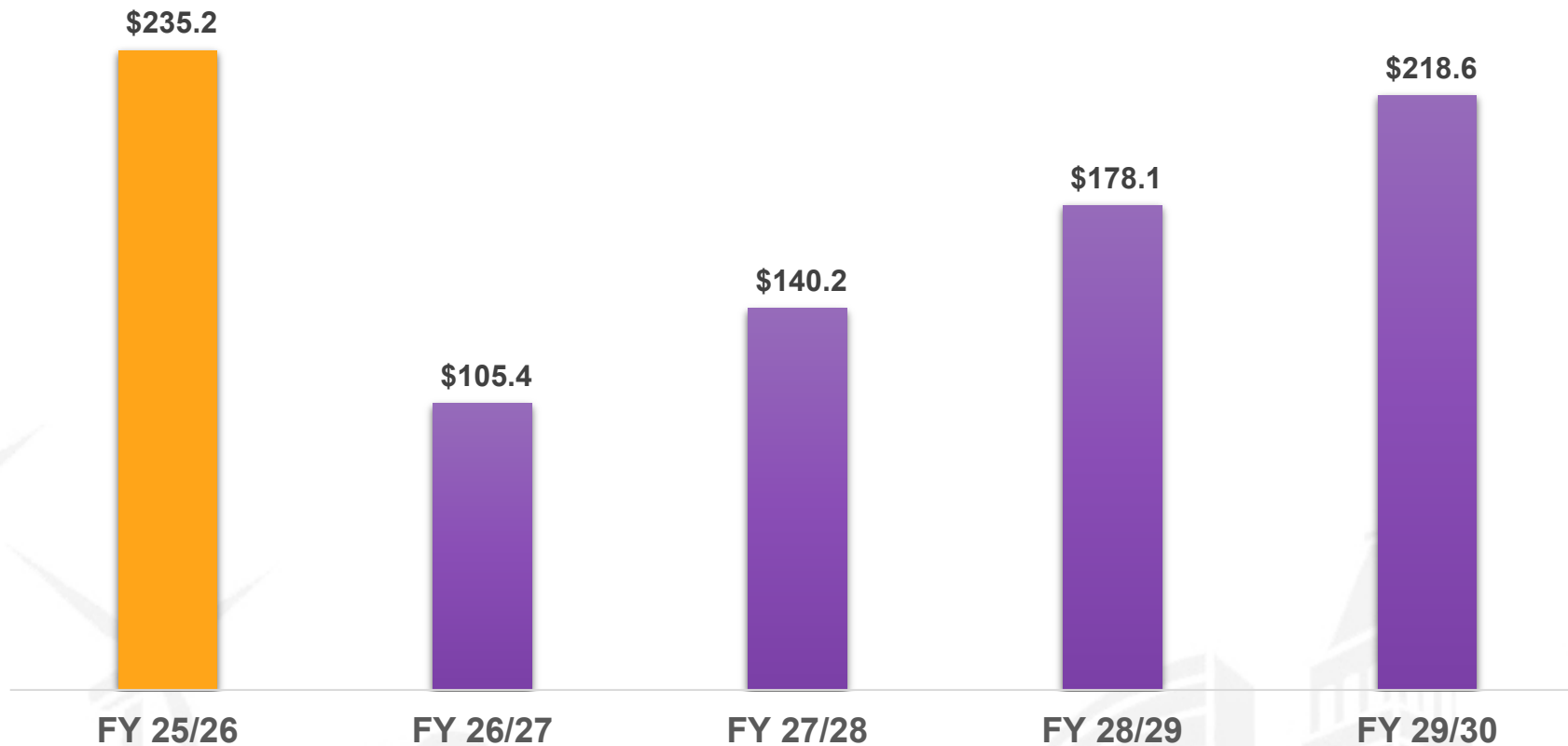


*FY 17/18 Budget Gap excludes the \$40 million estimated IHSS cost shift that was restored as part of new MOE arrangement

**FY 20/21 Budget Gap excludes an additional \$56.5 million closed mid-year due to revenue projections



5-Year Forecast – Projected Budget Gaps (millions)



**Based on preliminary departmental submissions*



Long-Term Obligations

- Maintain the “**triple-triple**” - the highest possible AAA ratings from the “Big 3” rating agencies—Standard & Poor’s Global Ratings, Fitch Ratings and Moody’s Investors Service (since 2018). Annual surveillance review of Alameda County by Moody’s reaffirmed AAA rating in May 2024.
- Capital Improvement Plan - \$1.3 billion of unfunded capital costs over the next five years as identified in the Capital Improvement Plan
 - Long-Range Capital Financing Plan adopted including the establishment of the Special Capital Construction Fund
- County’s pension liability
 - ACERA Dec 31, 2023 actuarial valuation showed a \$1.4 billion unfunded actuarial accrued liability
 - The County prepaid a portion of the unfunded liability and allocates savings to the Pension Liability Reduction Fund



Pending Factors

- State budget and federal budget
- Labor negotiations & workforce challenges
- Pending litigation and settlements
- Rising liability and property insurance costs
- Health and other employee benefit cost increases
- Potential federal and State audit disallowances
- Unfunded capital projects and deferred maintenance
- Ongoing homelessness crisis; Home Together Plan
- CARE Court and Proposition 1 implementation
- Reimagining Adult Justice initiatives
- Ballot initiatives and pending State legislation
- Assessment appeals
- Global finances and climate change
- Economic downturn

