



City of Alameda
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Alameda, California 94501
(510) 747-4881

Exhibit 1

June 17, 2025

Honorable Mayor and Members of the City Council:

I am pleased to present the City of Alameda's Biennial Budget for Fiscal Years (FYs) 2025-26 and 2026-27. The development of this two-year budget has been a collaborative effort among City staff, Department Heads, the City Council, and the community. The result is a comprehensive financial plan that reflects our commitment to maintaining high quality services that improve the quality of life for all of our residents and businesses while also balancing the budget under uncertain economic times.

Overall, the City remains in a strong financial position due to stable property taxes. The City's ongoing revenues cover roughly 96.5% of ongoing expenses, and excess fund balance is being used to make up that remaining 2.5% difference.

The budget reflects a balanced and practical approach while ensuring the City maintains its emergency reserves to weather economic uncertainties. This budget includes key investments in the following priority areas identified in the City Council's draft Strategic Plan:

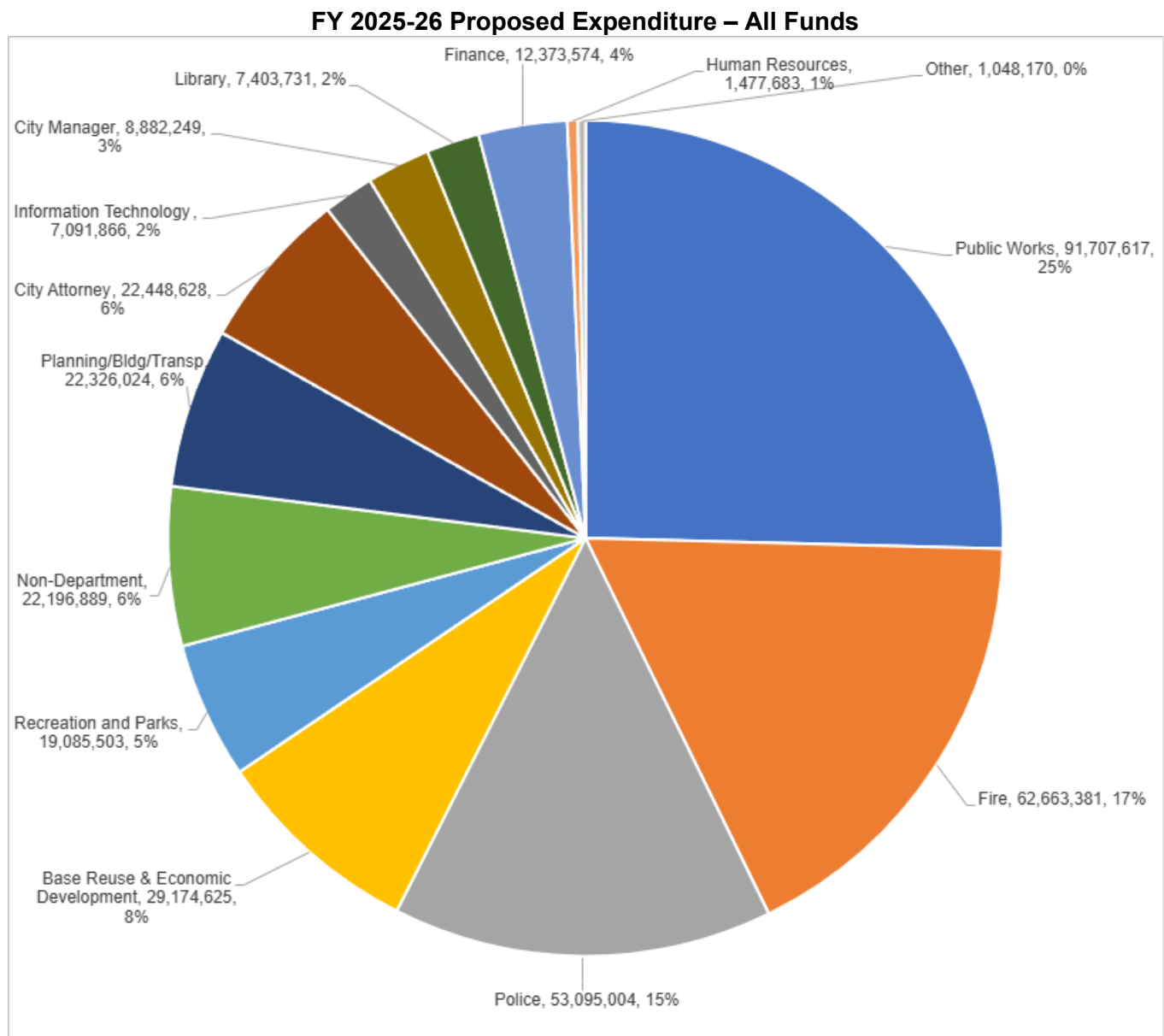
- **House all Alamedans** – Continued funding of the Emergency Supportive Housing (ESH) program and addition of one full-time Program Specialist II to bring mobile outreach in-house to improve service delivery capacity.
- **Build Resilience to Climate Change and Water Level Rise** - \$400,000 to create a comprehensive emergency water supply system and other significant grant funded capital projects.
- **Enhance Community Safety & Services** – Funding social services and security at the Main Library to improve support for the community plus addition of a Victim Services Advocate in the City Attorney's Office.
- **Invest in Transportation and Infrastructure** – \$1.8 million investment to implement Lincoln/Marshall/Pacific Corridor improvements, \$1.2 million in the Neighborhood Greenways project plan, and \$1.1 million in City building safety improvements.
- **Practice Fiscally Responsible and Inclusive Governance** – Addition of a Housing Specialist II to the Rent Control program to effectively implement the rent registry.

The budget represents the City's fiscally responsible and accountable financial plan for the two upcoming fiscal years; provides a transparent, comprehensive statement of the City's organization, operations, projected revenues, and estimated expenditures; and serves as a strategic tool in communicating, implementing, and monitoring City Council direction and priorities related to City operations.

Overview of the Citywide Budget for FYs 2025-26 and 2026-27

The City's total proposed expenditure budget for FY 2025-26 is \$361.2 million, with the General Fund comprising 42%, or \$ 152.2 million. The proposed budget funds a total of 514.0 full time equivalent positions (FTEs), excluding positions of Alameda Municipal Power (AMP), for FY 2025-26. For the second year of the biennial budget, FY 2026-27, the total proposed expenditure budget is \$358.3 million, with the General Fund comprising 43%, or \$ 153.8, funding a total of 515.0 FTE positions, excluding AMP.

Of the FY 2025-26 proposed expenditure budget (all City funds including capital), approximately 25.4% is for Public Works, 17.3% for the Fire Department, 14.7% for the Police Department, with the remainder for Recreation and Parks, Planning/Building/Transportation, Base Reuse and Economic Development, Library, Administration and other programs provided by the City, as shown below:

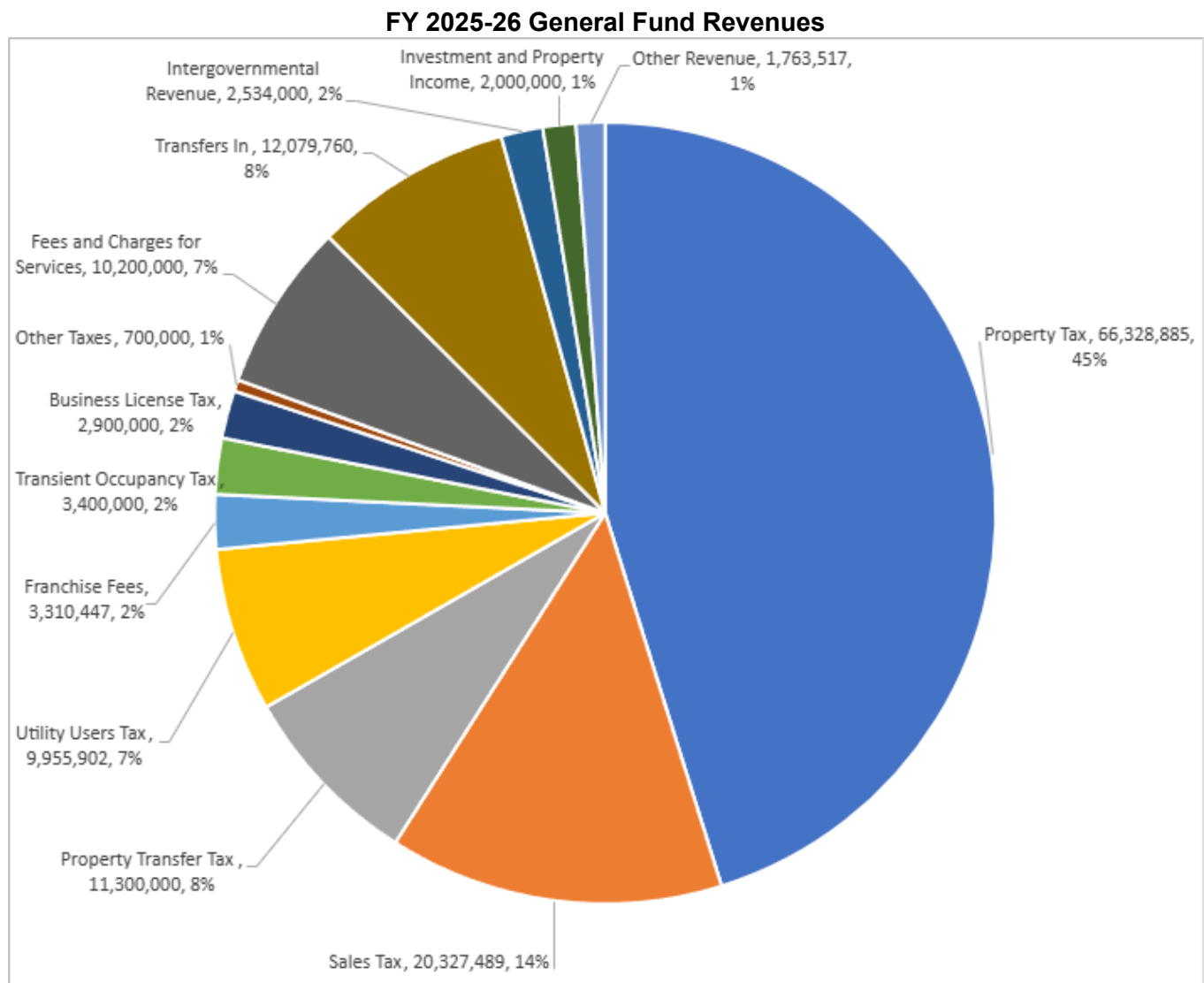


Overview of the General Fund Operating Budget for FYs 2025-26 and 2026-27

To address community needs while maintaining financial stability, the proposed budget includes ongoing funding for the Emergency Supportive Housing (ESH) program, correcting allocations of PBT staff time in Fund 209 to the Alameda Point Fund 290, Aquatic Center financing debt service, and increased Library staff to offer the community expanded services.

General Fund Revenues

The General Fund's major revenue sources are Property Tax (including Motor Vehicle License fee in-lieu), Sales and Use Taxes, Property Transfer Tax, and Utility Users Tax (UUT). Together they comprise 73.5% of total projected General Fund revenues for FY 2025-26, as shown on the chart below.



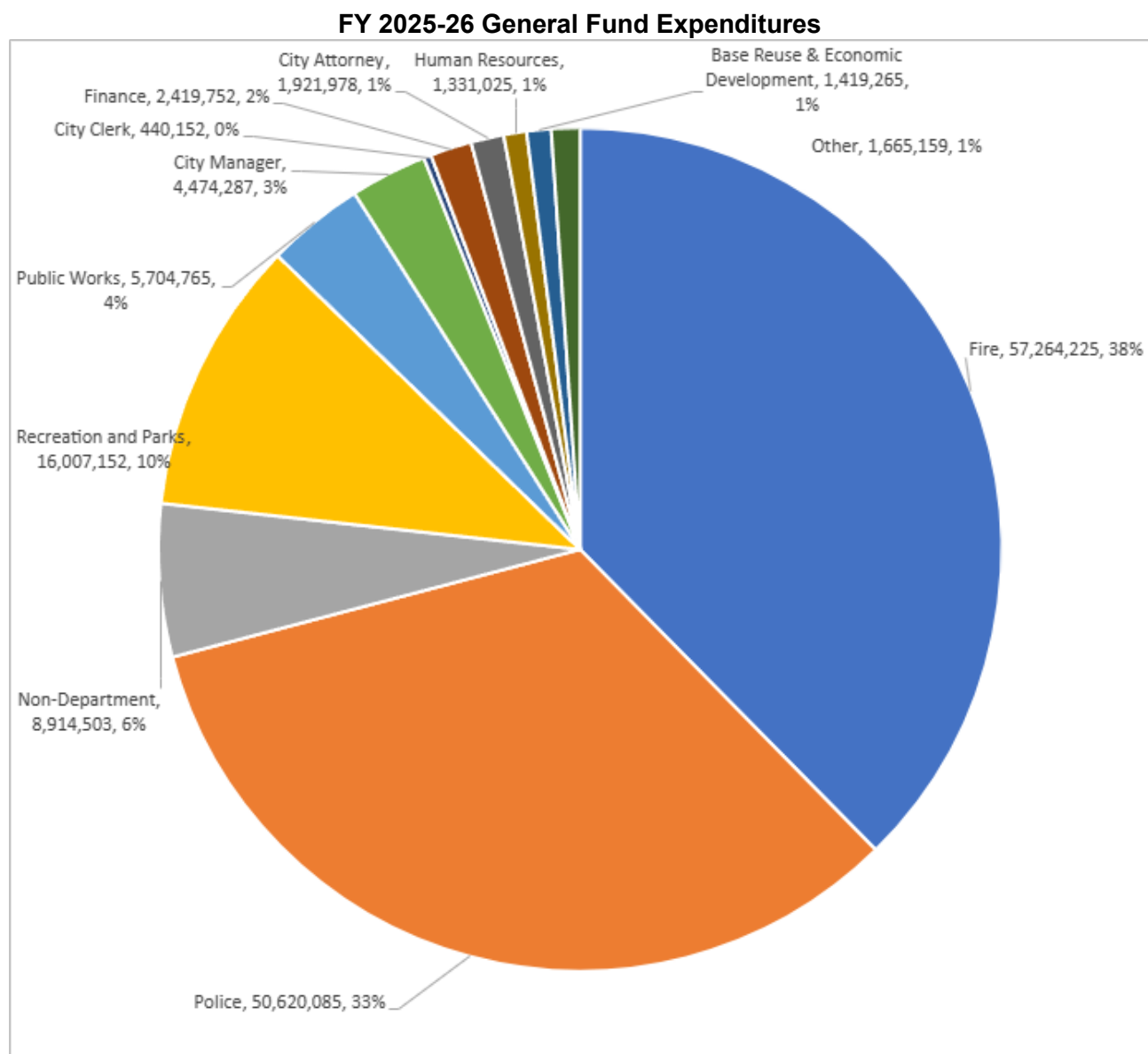
Total General Fund revenues for FY 2025-26 are projected to be approximately \$146.8 million, or approximately \$3.4 million higher than the FY 2024-25 revised budget projection of \$143.4 million. In the second year of the biennial budget, FY 2026-27, General Fund revenues are projected to increase by approximately \$4.2 million to \$151.0 million. The revenue projections are based on staff analysis of local

conditions and reflect information received from several sources, including the City's Sales and Property Tax consultants.

General Fund Expenditures

The proposed budget decreases General Fund expenditures from \$159.0 million in FY 2024-25 to \$152.2 million in FY 2025-26. In FY 2026-27, the proposed General Fund expenditure budget is \$153.8 million.

Like most Californian cities, a significant portion of General Fund expenditures funds Public Safety (37.6% for Fire, 33.3% for Police), with the balance allocated between Recreation and Parks, Public Works, and administrative functions, as shown in the chart below. Although most General Fund dollars are allocated to Public Safety, it should be noted that other departments, such as Public Works, Base Reuse and Economic Development, and Planning/Building/Transportation, have other dedicated sources of funding in addition to the General Fund.



Organizational Changes

As part of the Biennial Budget, two departments requested organizational changes to their divisions in order to better manage their operations. The Police Department has requested to consolidate its current 7 divisions into 4 divisions. Planning, Building, and Transportation requested a new financial division be created solely for its Code Enforcement program and staff. These changes will be budget neutral but will aid the above departments with internal controls around ongoing expenses.

Workforce Changes

The budget includes the addition of seven new full-time positions in FY 2025-26 in Base Reuse and Economic Development, City Attorney, City Manager/Housing & Human Services, Library, and Recreation & Parks departments and one new position in the Library Department in FY 2026-27. One position is recommended for upgrade in the City Manager department under the Housing & Human Services Division.

Summary

On behalf of all City employees, staff looks forward to working with the City Council and the community on the implementation of this policy document, which honors our commitment to maintaining the quality of life for our residents and businesses. The result of the City's efforts will be a continuing commitment to providing high-quality services to the Alameda community, maintaining facilities and infrastructure, and proactively responding to changing fiscal realities.

With the City Council's leadership and the help of our community, we can continue to maintain strong fiscal stewardship while ensuring our budget and financial policies reflect spending that is consistent with the community's priorities.

Respectfully submitted,



Jennifer Ott
City Manager