

# AB 218 and Material Impacts to Negotiations Landscape

Union Presidents' Briefing

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March 5, 2025

CEO.

# CEO. Revenue Landscape Pre: AB218, Fires & D.C.

Home sales – which drive property tax revenues - have been on the decline since 2022

MONTHLY HOME SALES - COUNTY OF LOS ANGELES

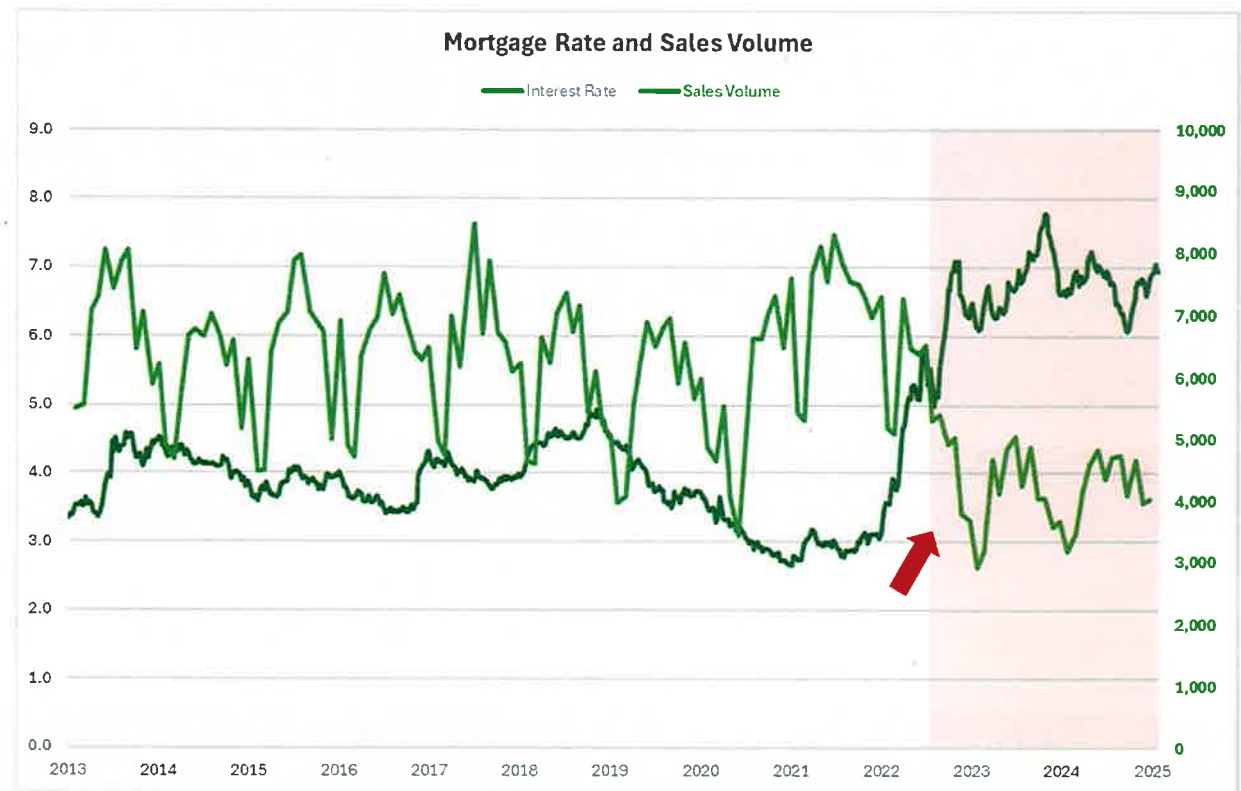
SALES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% CHG
2014	4,919	4,676	5,819	6,683	6,778	6,662	7,014	6,679	6,195	6,602	5,173	6,293	73,493	
2015	4,482	4,496	6,431	6,872	7,052	7,866	7,967	7,044	6,889	6,736	5,000	6,908	77,743	5.8%
2016	4,892	4,709	6,361	6,778	6,973	7,677	7,031	7,338	6,865	6,414	6,293	6,499	77,830	0.1%
2017	4,976	4,749	6,989	6,175	7,444	8,465	6,713	7,879	6,739	6,582	6,110	6,230	79,051	1.6%
2018	4,653	4,596	6,665	6,256	7,041	7,363	6,738	7,163	5,448	6,112	5,254	5,053	72,342	-8.5%
2019	3,962	4,068	5,564	6,258	6,895	6,520	6,812	6,953	5,922	6,578	5,675	5,985	71,192	-1.6%
2020	4,859	4,650	5,546	4,056	3,438	4,920	6,638	6,631	7,052	7,323	6,487	7,593	69,193	-2.8%
2021	5,441	5,319	7,673	8,112	7,554	8,295	7,834	7,548	7,499	7,281	6,968	7,299	86,823	25.5%
2022	5,190	5,088	7,262	6,868	6,481	6,524	5,307	5,412	5,034	4,274	3,790	3,678	64,908	-25.2%
2023	2,911	3,176	4,682	4,120	4,851	5,052	4,249	4,885	4,046	4,032	3,582	3,668	49,254	-24.1%
2024	3,171	3,476	4,147	4,584	4,830	4,378	4,727	4,717	4,110	4,685	3,942	4,170	50,937	3.4%

2014-2021  
Average  
76,639

vs. 50,937 in 2024  
33% decline ↓

# CEO. Revenue Landscape Pre: AB218, Fires & D.C.

**Rising mortgage rates in 2022 corresponded to a steep decline in home sales**



# **CEO.** Fiscal Impact

**Significant fiscal restraint required to finance largest settlement in County history.**

## **Budget Control Strategies – Essential Element of Settlement Financing Plan**

**Freeze on  
Non-Essential,  
Supplies &  
Equipment**

**Hard Hiring  
Freeze**

**Implement  
Budget  
Curtailments**

**Avoid  
Establishing  
New NCC  
Obligations/  
Limit NCC  
Program  
Expansions -  
whether by BL  
or motion**

**Ensure Budget  
Realities  
Reflected in  
Upcoming  
Labor  
Negotiations/  
Agreements**

## Fire Impacts on County Revenue Impacts Settlement Financing.

- **Fire Impacts on Revenue**

- Loss of revenue as damaged properties are reassessed (Assessor's 2/24/2025 presentation to BOS), compounded by a pre-fire slowing of the real estate market. (See slides 2 and 3)
- Additional impact to revenue as appraisers focus on reassessing damaged/destroyed properties, reducing capacity to generate new revenue by assessing new construction/sales and reduce future revenue (Assessor's 2/24/25 presentation to BOS).
- State EO authorizing delay in property tax payments impacts revenue and cash flow (EO N-10-25).
- Departments have and will do more work to address fire impacts which will require the County to spend more money (e.g. CSSD, DPH, DPSS, DPW, Library, Library, Regional Planning). After allowing for essential carryover requests, unsure where we will end fiscal year.
- Even if costs are FEMA-reimbursable, County must still front costs for several years.



## Potential Changes in Federal Policy and Impact on County Revenue

### The Changing Landscape in Washington D.C.

- **Changes in Federal Policy and Impact on Revenue (i.e. federal funding)**
  - 70% of DPH's \$1.8B budget is federally or State funded (DPH 2/24/25 presentation to BOS)
  - DHS administers Medi-Cal (State version of Medicaid) (DHS 2/24/25 presentation to BOS)
  - More than 95% of DMH's budget is subvended
    - federal funding: potentially \$200M at risk (DMH 3/4/25 presentation to BOS)
  - More than 90% of DPSS budget is subvended
    - federal funding: potentially \$200M at risk (DPSS 3/4/25 presentation to BOS)

# CEO. Financing the Settlement

**Settlement amount is massive and unaffordable.  
Multi-faceted financing plan required.  
Must generate ongoing and one-time savings to fund the plan.**

## Financing Plan

1

**Leverage 1X funds  
and generate  
ongoing savings  
to finance  
remaining debt**

2

**Stretch payments  
over time**

3

**Departmental  
Curtailments**

4

**0% COLA for  
FY 25-26**

# CEO. Path Forward To A Multi-Year Agreement

## Revenue Stabilization Fund

- **State Ask: One-Time Funding From State To Establish A Revenue Stabilization Fund**
  - Would decrease heightened uncertainty around our budget during negotiations - the impacts of the fires is evolving and to a certain extent remain unknown - yet we have to deliver services now in a negotiating year.
  - Would enable County to negotiate a multi-year agreement with COLAs starting in FY 26-27 without negotiating ourselves into a large structural deficit.





# Thank You.

Questions and Comments

March 5, 2025

| CEO.

