

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Bradley Johnson
Director of Finance

SUBJECT: FY 2026-27 Tax and Revenue
Anticipation Notes

DATE: April 23, 2026

City Administrator Approval


Jestin Johnson (Apr 30, 2026 10:55:29 PDT)

Date: Apr 30, 2026

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Authorizing The Borrowing Of Funds And The Issuance And Sale Of 2026-27 Tax and Revenue Anticipation Notes In A Principal Amount Not To Exceed \$200,000,000 Payable from Revenues Received For Or Accrued To The General Fund Of The City During The Fiscal Year 2026-27, And Approving Certain Related Matters.

EXECUTIVE SUMMARY

Adoption of the proposed ordinance will authorize the borrowing of funds and the issuance and sale of the City of Oakland (the "City") 2026-27 Tax and Revenue Anticipation Notes (the "Notes" or "TRANS") in a principal amount not-to-exceed \$200,000,000 in one or more series. TRANS are issued to address temporary cash flow deficits arising from fluctuations in monthly tax or revenue receipts that the general fund is dependent on to meet its monthly cashflow needs during the fiscal year. The cashflow needs include the prepayment of the City's Employer Unfunded Accrued Liability ("UAL") contribution to CalPERS for fiscal year 2026-27. The City will receive an approximate 3.34% prepayment discount from CalPERS for the "pre-funding." The Notes will mature no later than 15 months from the date of issuance. Debt service on the Notes will be secured by taxes and revenues received for the general fund during fiscal year 2026-27.

The Ordinance only authorizes the borrowing of funds. Staff will return to City Council in June 2026 with a resolution authorizing the terms and provisions of the Notes, the sale of the Notes, the agreements relating to the Notes, a preliminary official statement for the Notes and other related documents.

BACKGROUND / LEGISLATIVE HISTORY

Pursuant to Section 53850 et seq. of the Government Code of the State of California contained in Article 7.6 thereof on or after the first day of any fiscal year, a city may borrow money by issuing notes for any purpose for which a city is authorized to expend moneys, including but not

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limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of a city.

Pursuant to Section 219 of the Charter of the City, an ordinance is required to authorize the borrowing of money. The City can issue Notes at the beginning of a fiscal year in order to avoid cash deficits prior to the receipt of significant property tax revenues from the County in December and April of each year. Under federal tax law, the principal amount of a tax-exempt TRAN may not exceed the maximum projected cumulative deficit during the first six months of the fiscal year, as demonstrated by a monthly cash flow projection. Under Article 7.6, the principal of and interest on the TRANs may not exceed 85% of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the local agency which will be available for the payment of the principal of and interest on the TRANs.

ANALYSIS AND POLICY ALTERNATIVES

Since the schedule in which the City receives its revenues (including property taxes, business license taxes and sales and use taxes, etc.) is irregular, the General Fund has temporary cash flow deficits. These deficits are "made-whole" at the end of each fiscal year when all of the revenues are received. The issuance of Notes is necessary to alleviate the short-term cash flow deficits within the City's General Fund for fiscal year 2026-27. In effect, the Notes will positively impact the City's finances as these Notes will be critical to meeting the operating expenditures of the City.

Current expenses include the prepayment of the City's UAL contribution to CalPERS for fiscal year 2026-27. The UAL contribution is a payment required by CalPERS under State law for sponsoring employers like the City. By making a lump sum payment by July 31, 2026, instead of monthly payments throughout the fiscal year, the City will receive from CalPERS a prepayment discount of approximately 3.34% of the required annual UAL contribution. Only the UAL portion of the employer contribution can be pre-funded. The Normal Cost¹ portion of the employer contribution will be made as part of the regular payroll reporting process.

The issuance and sale of the Notes will be in an amount not-to-exceed \$200,000,000, consisting of one or more series, with a maturity no later than (15) months after the date of issuance. The Notes may be issued as federally tax-exempt and/or taxable securities with one or more maturity dates. Debt service shall be payable from taxes, revenues, income, cash receipts and other moneys which are received for or accrued to the General Fund of the City during fiscal year 2026-27 and which are available for the payment of current expenses and other obligations of the City. In order to meet the CalPERS prepayment deadline and access the financial market, staff recommends approving the Ordinance, which takes two readings to

¹ The minimum required employer contribution includes the sum of two components: 1) Normal Cost ("NC") Rate, which represents the annual cost of service accrual for the upcoming fiscal year, for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process. 2) Annual payment on the Unfunded Accrued Liability ("UAL") is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL can be paid monthly or upfront for the upcoming year.

become effective. Staff will return to City Council with a resolution authorizing the sale of the Notes and approving other related documents. A proposed financing schedule is included in the following **Table 1** below.

Table 1
Table 1: Proposed Financing Schedule

Date	Item
5/19/2026	1 st reading of Ordinance at City Council
6/2/2026	2 nd reading & adoption of Ordinance by City Council
6/9/2026	Resolution scheduled for Finance & Management Committee
6/16/2026	Resolution adoption by City Council
Week of 7/6/2026	Pricing of the Notes
7/22/2026	Closing of the Notes
7/31/2026	Deadline to submit prepayment of FY26-27 UAL to CalPERS

RELATED PLANNING EFFORTS

This agenda item is a routine item and does not relate to any Oakland strategic planning efforts.

FISCAL IMPACT

The Notes are a one-year borrowing; the debt service on the Notes will be secured by and payable from taxes and revenues received for or accrued to the General Fund in fiscal year 2026-27. Fees associated with issuance of the Notes will be paid from proceeds of the Notes, contingent upon closing of the transaction.

By making the prepayment of the required contribution to CalPERS in fiscal year 2026-27, the City will receive a prepayment discount of 3.34 percent from CalPERS. These "savings" are realized by the prepayment discount CalPERS gives the City for "pre-funding" the lump sum amount, as opposed to normal periodic payments.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures.

COORDINATION

This report was prepared by the Treasury Bureau in coordination with the Finance Department, Office of the City Attorney, and Budget Bureau.

RACE AND EQUITY


Adoption of the proposed Ordinance will have no direct impact or opportunities related to race and equity.

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact David Jones, Treasury Administrator, at (510) 238-6508.

Respectfully submitted,


[Bradley Johnson \(Apr 30, 2026 08:19:25 PDT\)](#)

BRADLEY JOHNSON
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