



CITY OF OAKLAND

AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Bradley Johnson
Director of Finance

SUBJECT: Fiscal Year (FY) 2025-26 Third
Quarter (Q3) Revenues and
Expenditures (R&E) Report

DATE: May 14, 2026

City Administrator Approval


Jestin Johnson (May 14, 2026 17:00:33 PDT)

Date: May 14, 2026

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Fiscal Year (FY) 2025-26 Third Quarter (Q3) Revenues And Expenditures (R&E) Results And Year-End Estimates For The General Purpose Fund (GPF, 1010), And Select Funds.

EXECUTIVE SUMMARY

This report provides the City of Oakland's preliminary FY 2025-26 year end revenues and expenditure projections based on the Third Quarter (Q3) activity. The City has collected \$528.03 million in revenue, which represents 62.3% of the adjusted budget, while expenditures total \$576.45 million, or 68% of the adopted expenditure budget.

Based on current trends, the General Purpose Fund (GPF) revenues are projected to reach \$787.61 million by fiscal year end. While this reflects a projected shortfall of \$59.93 million or 7.1% relative to the Adjusted Budget, expenditures are forecasted to come in \$6.74 million below budget, which demonstrates continued fiscal discipline. The net effect results in an estimated year-end operating gap of \$53.19 million.

The City's revenue performance is shaped by broader economic conditions, including inflationary pressures and consumer's response to the increase in fuel costs. As of January 2026, several major revenue sources, Property Tax, Sales Tax, Utility User Tax and Parking Tax, are trending below initial projections. These variances reflect local, regional, and national economic pressures.

The Adjusted Budget includes a one-time use of \$55.30 million fund balance to support carryforward obligations. When excluding this one-time adjustment, projected revenues are only \$4.06 million or 0.5% below ongoing budget expectations, which indicates the City's core revenue base remains stable.

Finance and Management Committee
May 26, 2026

These projections are preliminary and will continue to be updated. Certain revenues, such as Business Tax, are concentrated in the Q3 due to the seasonal nature of its application. As of the preparation of this report, February and March had not yet been closed for Q3 in the City's accounting system.

The purpose of the quarterly Revenue and Expenditure (R&E) report is to guide the City in managing its ongoing budget relative to the Adopted Budget as additional financial data becomes available.

Table 1: Summary of FY 2025-26 Q3 GPF Revenues & Expenditures Budget to-Year-End Projections (\$ in millions)

	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY2025-26 Revenues	791.29	847.54	528.03	787.61	(59.93)	(7.1)%
FY 2025-26 Expenditures	791.29	847.54	576.45	840.80	6.74	0.8 %
Operating (Shortfall) / Surplus	—	—	(120.26)	(53.19)	(53.19)	(6.3)%

BACKGROUND / LEGISLATIVE HISTORY

Below is a summary of the Council's actions that have occurred from the beginning of the fiscal year through Q3 that have modified the FY 2025-26 Budget:

Pursuant to the City's Consolidated Fiscal Policy - Part G. Criteria for Project Carryforwards and Encumbrances, the FY 2025-26 Adopted Budget has also been adjusted to include \$55.30 million in prior year carryforwards in the GPF which utilizes available fund balance to cover the cost.

ANALYSIS AND POLICY ALTERNATIVES

General Purpose Fund (GPF)

FY 2025-26 Q3 Revenues

General Purpose Fund (GPF) revenue is currently projected to end the fiscal year with a net shortfall of \$59.93 million, or 7.1% below the FY 2025-26 Adjusted Budget of \$847.54 million. The Adjusted Budget includes the planned use of \$55.30 million in fund balance to cover prior-year carryforwards. Excluding this one-time use of fund balance, GPF revenues are forecasted

at \$787.61 million, which is \$4.06 million, or 0.5%, below the \$791.67 million estimated in the Adjusted Budget.

The projected shortfall of \$4.06 million, or 0.5% for GPF revenues is attributed to the underperformance of Property Tax, Sales Tax, Utility User Tax, and Parking Tax. (Details can be found in **Attachment A.**)

The table below summarizes revenue categories with projected year-end variances compared to the FY 2025–26 Adjusted Budget.

(This section is intentionally left blank.)

Table 2: FY 2025-26 Q3 GPF Revenues Budget to Actuals (\$ in millions) Summary

Revenue Category	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	322.29	322.29	190.61	312.26	(10.04)	(3.1)%
Business License Tax	129.53	129.53	115.65	132.08	2.54	2.0 %
Sales Tax	84.14	84.14	45.40	81.56	(2.59)	(3.1)%
Utility Consumption Tax	75.62	75.62	47.52	70.60	(5.02)	(6.6)%
Real Estate Transfer Tax	68.30	68.30	52.44	69.92	1.62	2.4 %
Service Charges	51.90	51.99	28.21	53.46	1.47	2.8 %
Fines & Penalties	24.57	24.57	18.10	26.59	2.02	8.2 %
Transient Occupancy Tax	15.48	15.48	12.66	16.40	0.92	5.9 %
Parking Tax	11.94	11.94	7.82	10.96	(0.98)	(8.2)%
Miscellaneous Revenue	3.10	3.10	3.77	4.27	1.17	37.8 %
Interfund Transfers	2.16	2.16	2.16	2.16	—	— %
Licenses & Permits	1.35	1.35	1.20	1.61	0.26	19.2 %
Grants & Subsidies	—	0.85	2.58	2.58	1.73	— %
Interest Income	0.34	0.34	(0.75)	2.50	2.16	635.1 %
Vehicle License Fee	—	—	0.66	0.66	0.66	N / A
Subtotal	790.72	791.67	528.03	787.61	(4.06)	(0.5)%
Project Offsets & Carryforwards	—	55.30	—	—	(55.30)	(100.0)%
Total Revenue	791.29	847.54	528.03	787.61	(59.93)	(7.1)%

The adopted FY 2025-26 labor agreements between the City and Miscellaneous Unions include a potential triggered salary increase if FY 2025-26 GPF unrestricted revenues as forecast in the Third Quarter Revenue & Expenditure Report, exceed the FY 2025-26 Adopted Budget. For the purposes of calculating the potential triggered salary increase, revenues from Real Property Sales, Legal Settlements, and Insurance Proceeds are excluded. If eligible revenues exceed the adopted budget, a salary increase of 0.05% for every \$150,000 in excess revenues, capped at a maximum of 3%, effective May 23, 2026. A subsequent true-up based on audited actuals may result an additional increase, less any amount already granted, with the total increase not to exceed 3%.

Through the Third Quarter, excluded revenue categories total \$2.48 million, consisting of \$0.36 million in Real Property Sales, \$2.10 million in Legal Settlements, and \$.02 million in Insurance Proceeds. These amounts would be excluded from the trigger calculation.

Through Q3, total GPF unrestricted revenues, inclusive of all categories, even those excluded for trigger purposes, are projected to end the fiscal year approximately \$4.06 million below the FY 2025–26 Adopted Budget. After removing the amounts to be excluded from the trigger calculation, the total included revenues are projected to end the fiscal year approximately \$6.54 million below the FY 2025-26 Adopted Budget. Based on current projections, revenues are not expected to reach the threshold to activate the triggered salary increase. The formal determination will be confirmed through audited year-end actuals.

Table 3: Calculated Eligible Revenues for FY2025-26 Potential COLA Trigger

Category	FY 2025-26 Adopted Budget	FY 2025-26 Q3 Year-End Estimate	Variance
Total GPF	\$791,668,450	\$787,606,945	(\$4,061,505)
Less Excluded			
Real Property Sales		\$360,366	\$360,366
Settlements		\$2,103,322	\$2,103,322
Insurance Proceeds		\$15,722	\$15,722
Total Included Revenues	\$ 791,668,450	\$785,127,535	(\$6,540,915)

FY 2025-26 Q3 Expenditures

At the end of Q3 for FY 2025-26, expenditures are projected to end the fiscal year at \$840.80 million, or \$6.74 million under the Adjusted Budget of \$847.54 million. Most of the City's departments are projected to underspend by the end of FY 2025-26.

Table 4 below breaks down the FY 2025-26 Expenditures by Department.

Table 4: FY 2025-26 Q3 GPF Expenditures Budget to Actuals (\$ in millions)

Department	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	0.32	3.07	2.92	3.07	—	— %
City Administrator	4.17	4.74	3.49	4.74	—	— %
City Attorney	22.25	25.49	17.83	25.82	(0.34)	(1.3)%
City Auditor	3.49	3.83	2.31	3.72	0.12	3.0 %
City Clerk	3.97	7.21	2.20	6.66	0.55	7.6 %
City Council	7.28	7.32	5.09	6.99	0.33	4.5 %
Department of Transportation	26.20	27.23	15.58	27.64	(0.41)	(1.5)%
Department of Violence Prevention	5.72	6.00	2.97	5.68	0.32	5.4 %
Department of Workplace and Employment Standard	1.33	1.53	0.59	1.34	0.20	12.9 %
Economic and Workforce Development Department	10.38	12.72	3.62	11.82	0.90	7.0 %
Finance Department	23.35	27.02	14.85	25.99	1.03	3.8 %
Fire Department	210.49	221.92	151.53	221.95	(0.03)	— %
Human Resources Management Department	0.44	0.57	0.25	0.59	(0.03)	(4.6)%
Human Services Department	36.36	40.10	31.36	39.52	0.59	1.5 %
Information Technology Department	6.06	7.37	3.40	7.99	(0.62)	(8.5)%

Department	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Mayor	5.70	5.87	4.07	5.45	0.42	7.1 %
Non Departmental and Port	32.35	39.27	35.54	43.34	(4.06)	(10.3)%
Oakland Animal Services	5.27	6.44	3.52	5.73	0.71	11.1 %
Oakland Parks and Recreation Department	12.69	13.12	7.53	12.22	0.90	6.9 %
Oakland Public Library Department	11.75	12.30	9.85	13.07	(0.76)	(6.2)%
Oakland Public Works Department	0.79	1.59	0.92	3.16	(1.57)	(98.9)%
Police Commission	7.13	7.71	3.37	5.81	1.89	24.6 %
Police Department	349.96	360.85	251.65	354.32	6.53	1.8 %
Public Ethics Commission	2.82	3.17	1.35	2.48	0.68	21.6 %
Race and Equity Department	1.01	1.09	0.68	1.03	0.05	5.0 %
Total	791.29	847.54	576.45	840.80	6.74	0.8 %

FY 2025-26 Fund Balance

The City's GPF Fund Balance, net obligations, is projected to end FY 2025-26 at \$32.32 million. Obligations may include reserves required by City Ordinances or the City Charter (mandated emergency reserves). **Table 5** below deducts restricted set-asides for legal settlements in the amount of \$1.92 million, to decrease the estimated FY 2025-26 year-end available fund balance from \$34.24 million to \$32.32 million. The estimated FY 2025-26 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

It's important to note that the ending fund balance across all funds are not funds that are available to spend in FY 2025-26.

Table 5: Summary of FY 2025-26 Fiscal Situation with GPF Fund Balance (\$ in millions)

GENERAL PURPOSE FUND (1010)	FY 2025-26 Q3 Year-End Estimate
Beginning Fund Balance - Audited	87.43
Revenue	787.61
Expenditures	840.80
Estimated Current Year Surplus/(Shortfall)	(53.19)
Estimated Ending Fund Balance	34.24
Use of Fund Balance in FY 2025-26	
Restricted Legal Settlements	(1.92)
Estimated Ending Fund Balance	32.32

FY 2025-26 **Q3** projections indicate that GPF revenues will come in below budget and GPF expenditures will come in above budget, with the combination of the two culminating in an approximately \$53.19 million operating deficit. The deficit accounts for the use of fund balance in the amount of \$55.30 million to support prior year carryforwards.

Conclusion

The GPF fund balance began the fiscal year in a positive position after a better than anticipated collection of revenues combined with expenditure reduction efforts in the prior fiscal year.

Despite these efforts, financial challenges remain. This does not resolve the fundamental structural issues in the City's budget. Long-term solutions, including expenditure reforms and efficiency improvements, must be explored to ensure financial stability in the upcoming FY2026-27 budget and beyond.

The City's short-term and long-term fiscal outlook will depend on decisive management in the current and coming years.

RELATED PLANNING EFFORTS: OAKLAND STRATEGIC PLAN

This agenda item supports the Strategic Priority to **Align Budget with Citywide Priorities**. Specifically, accurate and timely quarterly revenue and expenditure reporting supports this priority by providing decision-makers with current fiscal information needed to evaluate performance, apply budget evaluation criteria consistently, and adjust departmental work plans in response to emerging needs and priorities. It enables leadership to confirm that resources are being directed toward the most important citywide goals, identify and correct misalignments early, and make informed reallocations during the fiscal year rather than after year-end. Regular reporting strengthens accountability, transparency, and data-driven decision-making throughout the budget process, ensuring that financial decisions remain directly aligned with Citywide priorities.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for this informational report beyond the standard City Council agenda noticing procedures.

COORDINATION

This report was prepared in coordination between the Finance Department, the City Administrator's Office and various departments.

RACE AND EQUITY

Staff did not complete a Racial Equity Impact Analysis on this informational report.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On Fiscal Year (FY) 2025-26 Third Quarter (Q3) Revenues And Expenditures (R&E) Results And Year-End Estimates For The General Purpose Fund (GPF, 1010), And Select Funds.

For questions regarding this report, please contact Bradley Johnson, Finance Director, at (510) 238-2220.

Respectfully submitted,


Bradley Johnson (May 13, 2026 16:05:57 PDT)

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Attachments (1)

Attachment A: FY 2025-26 Q3 Detailed Report