

CITY OF OAKLAND

BUDGET ADVISORY COMMISSION

Notice is hereby given that a meeting of the City of Oakland Budget Advisory Commission (BAC) is scheduled for **Wednesday, February 11, 2026, at 6:00 PM**

The Budget Advisory Commission will be held in City Hall Hearing Room 2.

Members of the Public have the following options to observe the meeting:

1. Watch the meeting on KTOP using Granicus.
2. Use the Zoom link attached to this agenda to remotely observe the meeting.

Commission Members:

Mandela Bliss, Larisa Casillas, Mike Forbes, Ben Gould, Mike Petouhoff, Karen Royce, Jane Yang, Stephisha Ycoy-Walton, Vanessa Zamora, Rana Bader

City Representative(s):

Tiffany Kirk Patrick, Walter Silva, & Asti Jenkins – Finance Department

Meeting Agenda:

1. Welcome and Admin Matters - 5 min
2. Approval of Prior Meeting Minutes - 5 min
3. Staff Updates and Commissioner's Protocol - 15 min
 1. BAC presentation times to Council Finance & Management Committee (FMC)
 2. Q4 expenditures
 3. New applications
 4. Budget Priorities Survey
4. FMC Updates - 30 min
 1. [Oakland GO Credit Rating Report Presentation](#)
 2. [Oakland GO Credit Rating Report](#)
5. BAC 2026 Ad Hoc Updates - 20 min
 1. Active
 1. **Transitional Age Youth Funding**
 2. **Public Safety and Economic Development Nexus**
 3. Community Outreach
 4. Community Education
 5. Oakland Police Department Overtime
 6. Comparative City Analysis
 2. Backlog (other topics identified by commissioners, not intended to kick off yet)
 1. Restricted funds
 2. Pension security & sustainability
 3. Procurement policy
 4. Franchise contracts
6. Future Agenda Items - 5 min
7. Open Forum - 20 min
8. Adjournment

Attachments:

- [Oakland GO Credit Rating Report Presentation](#)
- Public Safety and Economic Development Nexus Ad Hoc

Hello and welcome,

You are invited to a Zoom webinar.

When: February 11, 2026, 6:00 PM Pacific Time (US and Canada)

Topic: Meeting of the City of Oakland Budget Advisory Commission (BAC)

Please click the link below to join the webinar: <https://us06web.zoom.us/j/82745108829> .

Or One tap mobile :

+16694449171,,81584763954# US

+16699006833,,81584763954# US (San Jose)

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

+1 669 444 9171 US

+1 669 900 6833 US (San Jose)

+1 346 248 7799 US (Houston)

+1 719 359 4580 US

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 931 3860 US

+1 689 278 1000 US

Webinar ID: 827 4510 8829

International numbers available: <https://us06web.zoom.us/j/kc4erTBb6i>

ATTACHMENT A



City of Oakland

General Obligation (GO) Credit Ratings

Presented By: PFM Financial Advisors, LLC
Jaime Trejo

January 27, 2026

PFM Financial Advisors LLC

100 Montgomery Street
Suite 2150
San Francisco, CA 94104

pfm.com



What is a Credit Rating?

- ◆ **What Is a Credit Rating:** An alphabetic and/or numeric symbol that indicates an issuer's credit quality and measures the risk of default and an issuer's ability to repay principal and interest
- ◆ **Who Determines the Credit Rating:** Independent, private rating agencies use market-accepted, objective assessments based upon published criteria
 - Agencies: Moody's, S&P Global Ratings, Fitch Ratings
- ◆ **Who Uses the Credit Rating:**
 - Institutional and Retail Investors (buyers of a municipality's bonds)
 - Commercial lenders (for lines of credit, bank loans, etc.)
- ◆ **Why are Credit Ratings Important:**
 - Higher ratings = broader investor base & lower interest costs
 - Market access: Issuers with non-investment grade ratings ("BBB-") have trouble accessing the capital markets

| INVESTMENT GRADE RATINGS | | |
|--------------------------|------|-------|
| MOODY'S | S&P | FITCH |
| Aaa | AAA | AAA |
| Aa1 | AA+ | AA+ |
| Aa2 | AA | AA |
| Aa3 | AA- | AA- |
| A1 | A+ | A+ |
| A2 | A | A |
| A3 | A- | A- |
| Baa1 | BBB+ | BBB+ |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |

**Highlighted ratings indicate the respective underlying general obligation ratings for the City of Oakland*



Factors That Determine a Credit Rating

- ◆ Rating agencies use market-accepted criteria and published rating methodologies to provide a rating for a specific municipality and bond issuance. Their rating factors include:
 - **Economy:** Income levels, economic output, volatility, growth prospects
 - **Financial Performance:** Operating results over time, structural balances
 - **Reserves & Liquidity:** Available reserves as % of revenue, liquidity
 - **Management:** Budgeting practices, long-term planning, policies, governance
 - **Debt & Liabilities:** Long-term liabilities ratio, fixed-costs ratio, debt service burden, net direct debt per capita, pension/OPEB liabilities
 - **Nothing Factors:** Factors that consider things like local resources, limited scale in operations, population size, and governance issues that provide some discretion on rating outcome
 - **Other Considerations:** Strengths or weaknesses that are not fully reflected in the application of the criteria; peer rating analysis

Source:

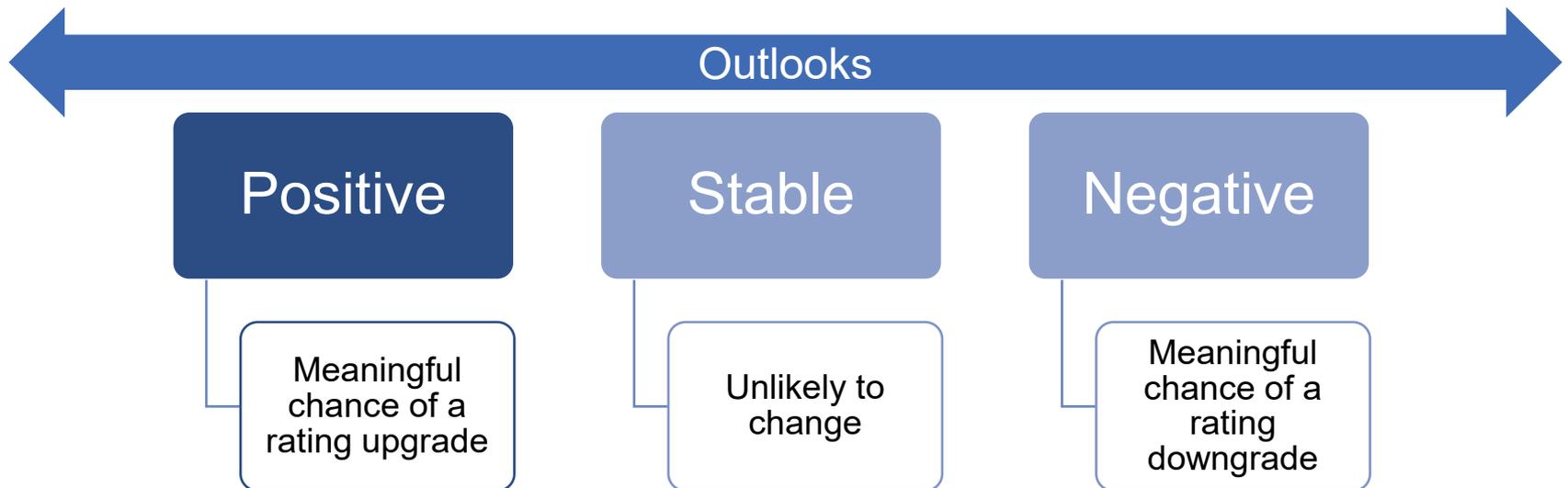
Methodology For Rating U.S. Governments, spglobal.com/ratings (September 9, 2024)

Rating Methodology, US Cities and Counties, moodys.com (July 24, 2024)



Credit Rating Outlooks

- ◆ A rating outlook is the forward-looking opinion of a credit rating agency about the potential direction of a credit rating over a defined period, typically 12–24 months
- ◆ **Why do outlooks matter?**
 - Influences Borrowing Costs: A negative outlook can increase borrowing costs because it signals higher perceived risk to investors





Oakland GO Credit Rating Movement

- ◆ Current Ratings (as November 20, 2025)
 - **Moody's Investors Service:** Aa2 (Negative Outlook)
 - **S&P Global Ratings:** AA- (Negative Outlook)
 - **Fitch Ratings:** A (Negative Outlook)

| INVESTMENT GRADE RATINGS | | |
|--------------------------|------|-------|
| MOODY'S | S&P | FITCH |
| Aaa | AAA | AAA |
| Aa1 | AA+ | AA+ |
| Aa2 | AA | AA |
| Aa3 | AA- | AA- |
| A1 | A+ | A+ |
| A2 | A | A |
| A3 | A- | A- |
| Baa1 | BBB+ | BBB+ |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |

MOODY'S RATINGS

- December 5, 2024, rating was lowered to "Aa2/Negative" from "Aa1/Stable"
- October 9, 2025, rating and outlook were affirmed "**Aa2/Negative**"

S&P Global Ratings

- November 20, 2024, rating placed on CreditWatch with negative implications
- February 19, 2025, rating lowered to "AA-/Negative" from "AA+/Watch Neg"
- October 6, 2025, rating and outlook were affirmed at "**AA-/Negative**"

FitchRatings

- November 27, 2024, rating was lowered to "A/Negative" from "AA-/Stable"
- May 30, 2025, rating and outlook were affirmed at "**A/Negative**"



Oakland's Credit Rating Strengths*

Large and Diverse Economic Base

- Central location in the San Francisco Bay Area, with strong property wealth and a diverse tax base
- Assessed value per capita is high, and the economy includes major sectors like logistics, tech, healthcare, and transportation

Voter Support for Revenue Measures

- Strong local support for supplemental revenues

Liquidity

- Maintenance of high cash and investment levels

Management Actions

- Proactively identified and enacted balancing actions in 2025 to close fiscal gap



Oakland's Credit Rating Challenges*

Structural Budget Imbalance

- **Expenditure growth outpacing** revenue growth, driven largely by public safety overspending
- Projected out year **deficits**
- Reliance on optimistic assumptions in budgets (Proposed 2026 revenue tax measure)

Declining Financial Flexibility

- **Reserves below** policy targets in fiscal 2024; although improving, flexibility remains limited

High Fixed Costs and Liabilities

- Elevated **pension and OPEB liabilities** (over \$3 billion combined) and annual fixed costs
- Long-term liabilities ratio remains very high compared to national medians



Upside and Downside Scenarios

◆ Negative Outlook:

- Reflects near-term financial headwinds and anticipated structural deficits driven by **expenditure growth** (especially public safety costs) outpacing revenue growth
- Future budget reductions will be needed to restore long-term sustainability

◆ Moody's Outlook:

- Upside: Rating could be upgraded if there is a meaningful increase in financial flexibility with general purpose reserves exceeding 30%; and significant decline in **long-term liabilities** ratio to below 200%
- Downside: Rating could be downgraded if structural budget adjustments are not implemented and sustained decline in the available fund balance ratio to below 20% of operating revenues

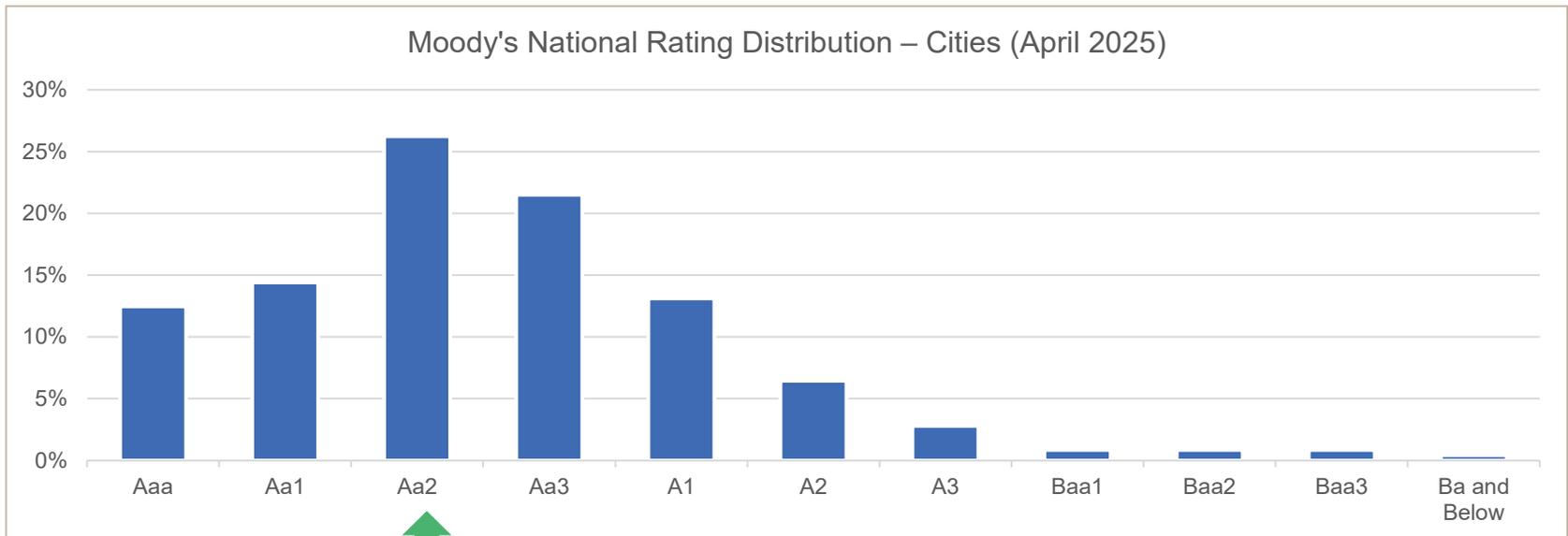
◆ S&P Outlook:

- Upside: Outlook could return to stable if the City **sustainably eliminates deficit spending, achieves positive operating performance**, and maintains economic growth in line with national trends
- Downside: Rating could be lowered if structural budget challenges persist, and reserves are a level below the rating level



Moody's – Macro Credit Factors US Cities

- ◆ Positive Trends: Strong property values, revenue growth, and stable reserves support credit quality
- ◆ Risks: Slower economic growth and reliance on one-time federal aid may pressure future budgets
- ◆ Structural Improvement: Declining pension liabilities and manageable fixed costs enhance long-term sustainability



↑
Oakland's Credit
Rating



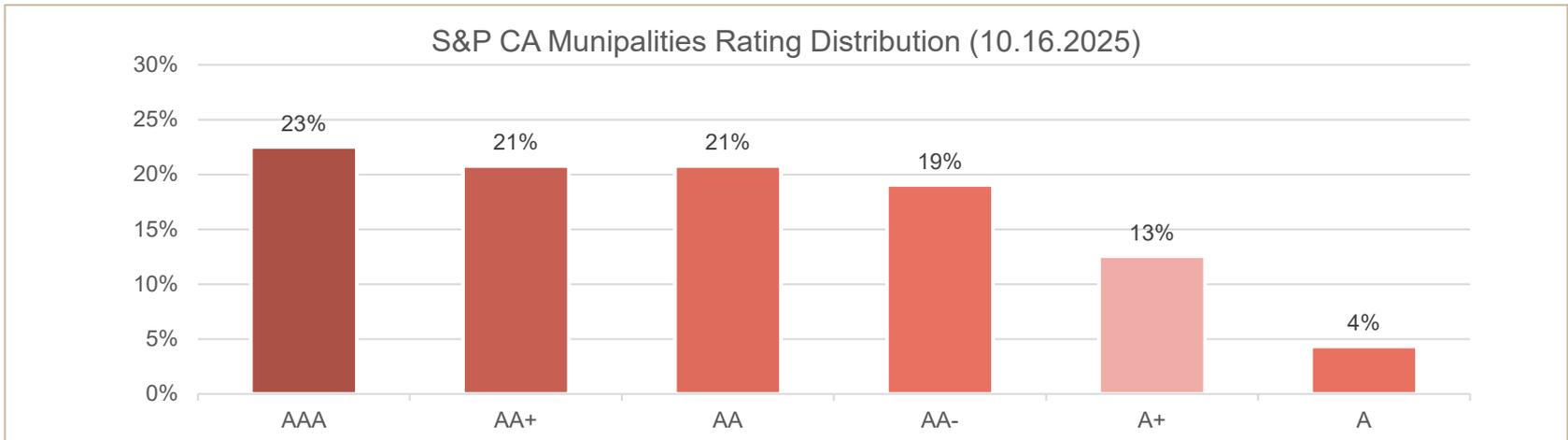
S&P Macro Credit Factors – California Local Governments

◆ Economic & Revenue Environment

- Slower economic growth; property value growth moderating; sales tax collections slowing
- Expiration of federal stimulus

◆ Budgetary Pressures

- Many municipalities forecast general fund deficits
- Operating costs (labor, benefits, goods) rising faster than revenues



↑
Oakland's Credit
Rating



City of Oakland – 2025 General Obligation Bond Sale Summary

● **Successful Bond Sale – December 4, 2025**

- Sold \$334.3 million in General Obligation Bonds (negotiated sale)
- Strong investor demand allowed the City to secure lower-than-estimated interest rates

● **Strong Investor Interest**

- \$638 million in total investor orders for \$334 million offered
- 26 institutional investment firms participated

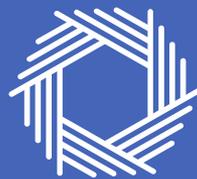
● **Effective Interest Rates**

- Tax-Exempt Bonds: 3.99%
- Taxable Bonds: 5.55%

● **Taxpayer Savings**

- \$4.7 million in present-value savings from refunding bonds
- Reduced long-term debt service obligations

Thank You



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Feb 2026 Ad Hoc Quick Update:

Public Safety and Economic Development

- Public Safety

- Initial Review of Public Safety Impacts of Alternate Expenditures

Parks

Libraries

Workforce Development (adult and youth)

Public Safety Ambassadors

Lead Based Paint Abatement

Increased levels of Baseline Police Staffing

Upcoming: Interview/Data Gathering for Expanded Public Safety Ambassador Program

- Economic Development

- Initial Comparison of City COVID Recoveries
- Long Term Changes to Foot Traffic/Activity with shift to work from home

- Impacts both revenue and public safety

Upcoming: Outreach to Chamber of Commerce...Much more!