

## MotionCount

# California Municipal Debt Pipeline

Intelligence Report — Q1 2026 Quarterly Briefing

Report Date: March 28, 2026

MotionCount continuously monitors municipal council agendas, committee briefings, and ordinance filings across California. This report distills 89 debt-relevant items from 1,063 raw agenda hits—a 91.6% noise reduction rate—across 36 cities and counties that produced actionable debt activity between December 2025 and late March 2026. Items are identified at agenda stage, typically days to weeks before they appear on EMMA or terminal services.

The editorial framework organizes this pipeline activity around five converging structural forces: accumulated infrastructure deficit, persistent construction cost inflation, regulatory mandates, pension obligations consuming operating budgets, and housing policy channeled through conduit tax-exempt financing at scale.

Pipeline Summary	
Raw agenda hits scanned	1,063
Debt-relevant items after filtering	89 (91.6% noise reduction)
Cities / counties with debt activity	36 of 482 monitored
Identified par volume (new money + refunding)	\$12B+
Pending GO bond elections (2026)	Berkeley (\$300M), SF (\$535M)
Active megaprojects (>\$1B total cost)	3 (SFO Ascent, LA HHH, SF ESER)

Source: Continuous monitoring of California municipal council agendas. 36 jurisdictions produced debt-relevant items in this window; total monitored coverage is substantially broader. This document does not constitute investment advice.

# 1. Executive Summary

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This report synthesizes 89 debt-relevant agenda items across 36 California cities and counties, covering activity from approximately December 2025 through late March 2026. The dataset reveals several concurrent structural dynamics in the California municipal debt market:

**Scale of unmet infrastructure need.** Cities are confronting infrastructure deficits that dwarf their annual capital budgets. Berkeley reports over \$1.5 billion in unfunded needs against current funding covering roughly 2% of that figure. San Jose's \$650 million Measure T program, now fully issued, has consumed 83% of its reserves on cost overruns. San Francisco is placing a \$535 million earthquake safety bond before voters in June 2026, the latest tranche of a 10-year program totaling \$1.785 billion. These are not outliers; they describe a systemic condition.

**Conduit housing finance dominance.** Tax-exempt conduit revenue bonds for affordable and supportive housing constitute the single largest category of transactions by count. Los Angeles alone accounts for over a dozen conduit issuances in the period, ranging from \$1.9 million supplemental notes to \$125 million for educational facilities. The TEFRA hearing has become a routine procedural rhythm in California council chambers.

**Developer-initiated CFD formation.** Mello-Roos Community Facilities Districts continue to be the primary mechanism for developer-funded infrastructure in greenfield and infill projects. Murrieta's triple-CFD formation for the Gierson Ranch development illustrates the complexity: separate districts for capital facilities (\$8 million bonded debt), maintenance services, and safety services, each with distinct escalation rates and tax structures.

**Refunding for savings.** Glendale (\$45 million electric revenue refunding), Santa Monica (\$50.6 million tax allocation refunding), and Riverside (LOC extension for 2008 COPs) are all executing or positioning refunding transactions, suggesting that current rate conditions offer actionable savings windows relative to outstanding debt issued at higher coupons.

**Utility enterprise stress.** Santa Ana proposes 9% annual water rate increases and 13.5% sewer rate increases over multiple years, driven by PFAS treatment mandates and infrastructure where 50% has exceeded its useful life. Santa Rosa projects deficit budgets in both water and wastewater funds and is planning a \$35 million bond issuance for treatment plant electrical infrastructure. These are not discretionary expansions; they are compliance-driven.

## 2. General Obligation Bonds: The Infrastructure Deficit as Political Mandate

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The Q1 2026 data captures GO bond activity across the full lifecycle: voter polling and ballot measure preparation (Berkeley), bond authorization and sale (Santa Clara), post-issuance project management and oversight reporting (San Jose, Los Angeles), and capital planning for future issuances (San Francisco). Taken together, these items describe a market in which voter-approved GO debt is the primary tool for addressing decades of deferred capital investment.

### **BERKELEY: POLLING THE TWO-THIRDS THRESHOLD**

Berkeley is preparing a \$300 million GO bond for the November 2026 ballot, alongside a 0.5% sales tax increase. A February 2026 community survey showed 71% initial support for the bond, rising to 72% after simulated debate, clearing the two-thirds supermajority required for GO authorization. The city reports over \$1.5 billion in unfunded infrastructure needs. Proposed allocations include \$48 million for Fire Station 4 replacement, \$30 million for the Frances Albrier Community Center, and \$14 million for the 50/50 Sidewalk Program. The projected tax rate is \$22.14 per \$100,000 of assessed value. Final ballot language is expected in July 2026.

### **SAN FRANCISCO: \$535 MILLION EARTHQUAKE SAFETY BOND**

San Francisco has called a special election for June 2, 2026, to authorize \$535 million in GO bonds for the Earthquake Safety and Emergency Response (ESER) program. Allocations: \$200 million for the Potrero Yard Municipal Railway facility (replacing a 110-year-old structure), \$130 million for the Emergency Firefighting Water System, \$100 million for firefighting facilities, \$72 million for police facilities, and \$33 million for other public safety infrastructure. The estimated property tax rate impact is \$7.45 per \$100,000. This bond sits within a broader 10-year capital plan of \$1.785 billion in GO authorizations.

### **SANTA CLARA: MEASURE I FIRST SERIES SOLD**

Santa Clara completed the sale of the first series of Measure I GO bonds on February 24, 2026, issuing \$97.125 million in par value (from a \$400 million total authorization). Series 2026A achieved a true interest cost of 3.81%; Series 2026B (qualified 501(c)(3) bonds for the International Swim Center) priced at 1.75% TIC with a sub-one-year average life. Net proceeds of \$102.4 million fund street resurfacing (\$16 million), fire station replacements, aquatic facility renovation (\$22.2 million), and storm drain improvements (\$16.6 million).

### **SAN JOSE: MEASURE T RESERVES UNDER PRESSURE**

San Jose's \$650 million Measure T program, fully issued, is now in execution phase with significant fiscal stress. The Community Oversight Committee reports that 83% of program reserves have been consumed by public safety project cost overruns. Remaining reserves stand at \$14.5 million. Fire Station 23 requires an additional \$18 million for design and construction. The program has repaved 516 miles of streets against an original 420-mile target, but the COC recommends the city develop a priority cut list. An arbitrage rebate obligation of approximately \$9.4 million to the IRS adds further pressure. Future O&M; costs for new facilities are estimated at \$13 million in FY 2026-27, rising to \$28 million by FY

2029-30.

## LOS ANGELES: FINAL PROP HHH SERIES ISSUED

Los Angeles issued the sixth and final series of Proposition HHH GO bonds in January 2026: \$86 million in taxable social bonds at a TIC of 4.755%, with total debt service of \$131.5 million over 18.5 years. These bonds complete the \$1.2 billion authorization approved by voters in 2016 to combat homelessness, funding 39 projects projected to create 2,394 permanent supportive housing units. Repayment comes from ad valorem property taxes, with no General Fund impact.

Issuer	Amount	Purpose	Status
Berkeley	\$300M	Infrastructure (fire stations, community facilities, sidewalks)	Identified at agenda stage Feb 11; Nov 2026 ballot
San Francisco	\$535M	ESER: firefighting water, fire/police facilities, Potrero Yard	Identified at agenda stage Jan 14; June 2026 ballot
Santa Clara	\$97.1M (of \$400M auth)	Streets, fire stations, aquatics, storm drains	Identified at agenda stage Feb 4; sold Feb 24; TIC 3.81%
San Jose	\$650M (fully issued)	Disaster preparedness, public safety, pavement	COC report identified Mar 4; reserves strained
Los Angeles (HHH)	\$86M (final series)	Permanent supportive housing (2,394 units)	Identified at agenda stage Dec 10; issued Jan 2026
Redondo Beach	\$93.4M	Fire stations, police HQ (Measure FP)	Identified at agenda stage Mar 4; PDB procurement

Table 1. Selected GO bond transactions, Q1 2026.

### 3. Conduit Housing Finance: Volume and Velocity

Tax-exempt conduit revenue bonds for multifamily affordable housing represent the highest-frequency transaction type in the dataset. The mechanism is well-established: a public entity (the city itself, or a joint powers authority like the California Municipal Finance Authority) issues bonds on behalf of a private developer. The city bears no repayment liability. The developer receives tax-exempt financing. The public receives affordable housing with long-term deed restrictions, typically 55 years.

The TEFRA hearing, required by Section 147(f) of the Internal Revenue Code for private activity bonds, has become a near-weekly occurrence in Los Angeles council meetings. In the period under review, LA processed conduit issuances for projects ranging from 33 units (\$6.95 million, Western Avenue) to 395 units (\$80 million, Vanowen Street). Supplemental issuances for projects already under construction are common, reflecting persistent construction cost escalation. The Voltaire Villas project, 89% complete, required a \$1.9 million supplement to cover \$5.99 million in cost increases.

Beyond Los Angeles, conduit activity appears in Claremont (\$16 million for senior housing), Fresno (\$80 million for student housing), Oceanside (\$75 million and \$105 million for separate projects), Palo Alto (\$80 million for 130 units at 3001 El Camino Real), Santa Cruz (\$42 million for the Calypso project), and Santa Rosa (\$5 million for Del Nido Apartments and \$40 million for Apple Valley Scattered Site). The CMFA serves as the dominant conduit issuer statewide.

Chula Vista's update to its Multifamily Mortgage Revenue Bond Policies highlights the compliance infrastructure required: CDLAC approval for regulatory agreement replacements, mandatory default notification, ownership transfer approval, and a fee structure (20 basis points of principal at issuance, \$13,000 to \$21,000 annual administrative fees) that keeps the program self-supporting.

Los Angeles is also developing a Middle-Income Affordable Rental Housing Pilot Program targeting households at 60–120% AMI, using governmental purpose revenue bonds. This represents an expansion of the conduit model into a market segment not traditionally served by tax-exempt housing finance.

City	Amount	Project	Units
Los Angeles	\$80M	21010 Vanowen St (CMFA)	395
Los Angeles	\$70M	Gateways Hospital mental health facilities	—
Los Angeles	\$125M	Milken Community School (CEDA)	—
Los Angeles	\$29.7M	Prisma Apartments (seniors 55+)	98
Oceanside	\$105M	Sunterra (Maple Housing Foundation)	Rehab
Oceanside	\$75M	Olive Park Apartments	199
Palo Alto	\$80M	3001 El Camino Real (Charities Housing)	130
Fresno	\$80M	Student housing, S Fulton St	—
Santa Cruz	\$42M	Calypso Project, 130 Center St	—
Claremont	\$16M	St. Ambrose Senior Housing	—

Table 2. Selected conduit housing bond issuances, Q1 2026 (partial; LA alone accounts for 12+ items).

## 4. Community Facilities Districts: Developer-Initiated Formation

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Mello-Roos Community Facilities Districts remain the standard mechanism for financing infrastructure in new development. The dataset captures CFD formation at multiple stages: resolution of intent (Fontana CFD No. 117, Murrieta CFD No. 2026-1), ordinance adoption after election (Chino CFD No. 2026-1), and ongoing levy authorization (Irvine Improvement Area No. 20 of CFD No. 2013-3(B)).

Murrieta's Gierson Ranch development is instructive as a case study in CFD layering. Century Communities is simultaneously forming a new CFD for capital facilities (up to \$8 million in bonded indebtedness) and annexing into two existing CFDs for maintenance and safety services. The capital CFD levies initial special taxes of \$3,956 to \$4,179 per residential unit with 2% annual escalation and a sunset no later than FY 2067-68. The safety services CFD taxes \$580 per single-family unit with 4% annual escalation. The maintenance CFD adds \$376 per unit plus a contingent \$110 backstop if the HOA defaults. Total year-one special tax burden per single-family unit: approximately \$4,912 to \$5,135 before ad valorem property taxes.

Fontana's CFD No. 117 (Southridge), initiated by KB HOME, follows the same pattern: a developer petition, 100% landowner vote, and a public hearing scheduled 35 days later. Maximum proposed bonded debt: \$14 million. The facility list is comprehensive: streets, sewers, storm drains, flood control, fire and police facilities, libraries, water, dry utilities, and parks.

The CFD mechanism transfers infrastructure cost from the municipal balance sheet to the homebuyer, creating layered tax obligations that are functionally invisible at the point of sale but structurally significant for credit analysis of the underlying community.

## 5. Refunding Activity: Savings in a Transitional Rate Environment

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Three refunding-oriented transactions in the dataset suggest that current market conditions offer savings opportunities for issuers with outstanding debt from higher-rate periods.

### GLENDALE: ELECTRIC REVENUE REFUNDING

Glendale Water and Power is authorizing up to \$45 million in Electric Revenue Refunding Bonds to retire the outstanding 2016 Refunding Bonds (\$43.1 million). Projected NPV savings: \$5.6 million, with annual savings of \$570,000 through 2038. The estimated effective borrowing cost is 2.60%, against a maximum authorized rate of 6.0%. Issuance is expected May 27, 2026.

### SANTA MONICA: TAX ALLOCATION REFUNDING

Santa Monica's Redevelopment Successor Agency is issuing \$50.6 million in Tax Allocation Refunding Bonds to retire 2006 and 2011 series bonds (\$56.9 million outstanding). Projected gross savings: \$13.5 million (\$8.2 million NPV). The refunding also increases property tax revenues distributed to the city by an average of \$117,700 annually. The bonds are secured by tax increment from the Earthquake Project

Area, which generated approximately \$128 million in FY 2024-25.

### RIVERSIDE: LOC EXTENSION

Riverside is taking a different approach: extending a letter of credit supporting its 2008 variable rate COPs by three years (to May 2029) at the existing 0.36% rate, avoiding the cost of securing a new LOC provider. The marginal annual cost increase is approximately \$6,200 (1 basis point per year). Transaction costs total \$23,000.

## 6. Enterprise Fund Stress: Utilities Approaching Inflection

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Utility enterprise funds in the dataset are under dual pressure: aging infrastructure requiring large capital programs and new regulatory mandates (particularly PFAS treatment) driving operational cost increases. The result is aggressive multi-year rate increase proposals and new debt issuance.

### SANTA ANA: AGGRESSIVE RATE TRAJECTORY

Santa Ana's proposed rate adjustments are the most aggressive in the dataset: five consecutive years of 9% water rate increases and 13.5% sewer rate increases (declining to 10% in later years). The driver is blunt: 50% of water infrastructure has exceeded its useful life. The city's AA credit rating had its outlook revised to negative in 2025. The rate structure will transition from bi-monthly to monthly billing.

### SANTA ROSA: DEFICIT BUDGETS IN BOTH FUNDS

Santa Rosa projects deficit budgets in both the Water Fund (\$6.5 million shortfall in FY 2026-27) and Local Wastewater Fund (\$6.9 million shortfall). A \$35 million bond issuance is planned for Laguna Treatment Plant electrical infrastructure, adding \$2.61 million in annual debt service. The city is also appropriating \$7.6 million from regional enterprise funds to cover cost overruns on the UV Replacement Project, which ballooned due to pandemic-era inflation.

### DALY CITY: MULTI-SOURCE INFRASTRUCTURE STACK

Daly City's Vista Grande Drainage Basin Improvement Project (\$156.2 million total cost) illustrates the complexity of multi-source infrastructure financing: a WIFIA loan (\$33.9 million at 4.81%), State Water Board SRF loan (\$62.9 million), and contributions from Caltrans, SFPU, and San Mateo County (\$53.4 million). The project splits costs 49/51 between water and sewer enterprises, each pledging net revenues at a 120% coverage ratio.

### SACRAMENTO COUNTY: ConRAC COST ESCALATION

Sacramento County's ConRAC project at the airport, with costs rising from \$390 million to \$485 million, requires a customer facility charge increase from \$9 to \$12 per rental car transaction day. Even at \$12, CFC-backed bonds cannot fully fund the project, necessitating an additional \$85 million in supplemental airport debt.

## 7. Enhanced Infrastructure Financing Districts: San Francisco's Experiment

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San Francisco approved two Enhanced Infrastructure Financing Districts in January 2026, representing one of the most significant deployments of this post-redevelopment financing tool in California.

### EIFD NO. 2: STONESTOWN

EIFD No. 2 (Stonestown) is the larger: a 2028–2051 development program producing up to 3,491 residential units, 160,000 SF of retail, and 6 acres of open space. The EIFD captures 58.25% of the city's

property tax increment as Allocated Tax Revenue, with 41.75% as Conditional Tax Revenue for debt service coverage. Over 45 years, projected Allocated Tax Revenue totals \$3.124 billion, financing approximately \$438 million in actual costs (including \$167 million for affordable housing). The project is expected to add over \$3.6 billion to the CCSF tax roll.

### EIFD NO. 3: 3333/3700 CALIFORNIA STREET

EIFD No. 3 (3333/3700 California Street) follows the same structure: 58.25/41.75 tax increment split, financing \$351 million across two project areas producing 1,274 residential units and 185 on-site affordable senior units. Allocated Tax Revenue is capped at \$955 million; Conditional at \$684 million. Both EIFDs require prevailing wages for all financed work.

The fiscal impact analyses project net positive outcomes for the General Fund: \$774,000 annually for Stonestown and \$1.7 million for 3333/3700 California, even after diverting 58% of incremental property tax. San Francisco has also authorized judicial validation actions for both EIFDs, suggesting an intent to establish legal precedent for the structure.

## 8. Pension Obligations as Competing Fiscal Pressure

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Pension costs appear in the dataset as a significant competing claim on municipal fiscal capacity. Palo Alto's CalPERS valuation shows total employer pension costs projected to increase 3.8% to \$71.1 million in FY 2027, with a combined funded status of 66.0% (72.6% including the city's \$109.9 million pension trust). The city targets 90% funded status by FY 2036.

Pleasanton's new Pension Funding Policy formalizes a multi-tool approach: actuarially determined contributions, annual UAL prepayment by July for budgetary savings, a Section 115 trust with a target balance of 150% of annual pension costs, and explicit guidelines for considering pension obligation bonds. The policy also contemplates CalPERS fresh start amortization as a tool for shortening UAL payment periods.

Oakland's credit ratings (Aa2/AA-/A with negative outlooks from all three agencies) explicitly cite public safety costs as a primary driver of structural imbalance. The city's \$334 million Measure U GO bond sale was oversubscribed at 3.99% TIC, suggesting market confidence in the credit despite fiscal headwinds, but the negative outlooks signal that ratings improvements require demonstrated structural balance and reserve rebuilding.

## 9. Implications for Market Participants

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### UNDERWRITERS

The pipeline is deep. GO bond authorizations in polling or ballot stage (Berkeley \$300M, SF \$535M, Riverside sales tax renewals) will generate new issuance through 2027–28. Refunding opportunities exist for outstanding debt from the 2006–2016 vintage. Conduit housing volume shows no sign of slowing.

### BOND COUNSEL AND FINANCIAL ADVISORS

The complexity of layered financing structures is increasing. Daly City's WIFIA/SRF/contribution stack, San Francisco's EIFD tax increment capture, and Murrieta's triple-CFD layering all require sophisticated structuring. The expansion of conduit financing into middle-income housing (LA's pilot program) and the growing use of EIFDs as a post-redevelopment tool will generate new engagement.

### CREDIT ANALYSTS

The San Jose Measure T experience is a leading indicator: voter-approved programs can face severe execution risk when construction costs outpace reserves. Oakland's negative outlooks from all three rating agencies, driven by structural imbalance and public safety cost growth, describe a credit trajectory that other California cities may follow if pension and compensation costs continue to outpace revenue growth.

Five converging forces—infrastructure deficit, cost inflation, regulatory mandates, pension pressure, and housing policy—are producing a pipeline whose aggregate volume exceeds what any single explanatory framework would predict.

## Appendix: Selected Transaction Summary

Key lease revenue, commercial paper, and other notable transactions from the Q1 2026 dataset.

Issuer	Instrument	Amount	Purpose / Notes
Los Angeles (MICLA)	Lease Revenue Bonds 2026-A	\$255M	Refinance CP notes; 7 fire stations, police station, street yards, equipment
San Francisco	CP Series 1–2 (reauth)	\$150M	Interim CIP financing; LOC from TD Bank (\$163.5M); 3-yr term to Mar 2029
San Francisco	CP Series 3–4 (reauth)	\$100M	CIP financing; BMO Bank liquidity (\$109M); Police Academy added as security
San Francisco (Airport)	Revenue Bonds / CP	\$9.02B	Ascent Program Phase 1.5; Terminal 3, airfield, utilities, support
Palo Alto (PIC)	Certificates of Participation	\$138.5M outstanding	FY 2025 annual report; parking garage, public safety building
Riverside	Variable Rate COPs (2008)	LOC extension	3-year LOC extension at 0.36%; \$23K transaction cost
Sonoma County	Energy Independence (PACE)	\$32M outstanding	Semi-annual bonding auth; \$28M available; residential program ceased
Santa Rosa	Wastewater Revenue Bonds	\$35M planned	Laguna Treatment Plant electrical; \$2.61M annual debt service
Costa Mesa	Future bond financing	\$12M est.	Fire Station 2 reconstruction within \$33.4M CIP

Table 3. Selected non-GO transactions, Q1 2026.

## Methodology and Limitations

MotionCount continuously ingests municipal council agendas, committee briefings, and ordinance attachments as they are posted. This report scanned 1,063 raw agenda hits across the monitored California corpus, applied domain-specific deduplication and relevance filtering to yield 89 debt-relevant items. Items are identified at agenda stage—typically days to weeks before appearing on EMMA or terminal services—giving subscribers an early window on pipeline activity.

The 36 jurisdictions in this report reflect cities that produced debt-relevant items in the Q1 2026 window. MotionCount’s California coverage extends to 482 municipalities; the city count in any given report is constrained by which jurisdictions had actionable activity, not by monitoring limits.

Par amounts reflect authorized ceilings as stated in agenda items; actual issuance may differ. Refunding savings estimates are as of the date reported and are subject to market conditions at pricing. All data derived from public meeting materials. No privileged or non-public information is included. This document does not constitute investment advice.

Personalized briefs available. This report applies a broad credit/debt surveillance lens across the California pipeline. MotionCount also produces profile-specific intelligence briefs—including sales intelligence, policy analysis, and issuer-level deep analysis with source PDF extraction (TICs, NPV savings, coverage ratios, tax rate impacts)—configured for your coverage universe and analytical priorities. Contact us to scope a customized brief.

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