



CITY OF ORLAND STAFF REPORT

MEETING DATE: April 16, 2024

TO: Honorable Mayor and Council

FROM: Pete Carr, City Manager

SUBJECT: **Fiscal Year 2024-25 Budget Discussion #2:**
Projected Public Safety Fund Budget, General Fund Revenues, Capital Equipment Schedules (Discussion/Direction)

BACKGROUND:

City staff is preparing a draft budget for the fiscal year 2024-25 (FY25) which starts July 1. The budget will represent the City's best estimate of probable revenues and a spending plan to support operational services and projects consistent with Council direction identified in recent years and throughout the budget process. Staff will continue to analyze revenue projections and collect cost estimates to produce an evolving budget picture in anticipation of a budget ready for adoption before June 30th. At the first discussion April 2nd, Staff briefed Council on economic assumptions for FY25, proposed capital projects, and needed staffing.

ANALYSIS:

This evening's discussion will suggest revenues for General Fund and Measure A based on previously agreed assumptions, propose an expenditure budget for the Public Safety Fund, and update Council on our capital equipment/fleet plans.

Direction received from Council this evening will further inform staff analysis as we proceed with formulation of the final proposed budget which is planned for presentation to Council for consideration of adoption on June 4th. In intervening Council meetings, we will examine General Fund expenditures by departments, water and wastewater utility funds, remaining debt balances, ARPA and DIF funds.

General Fund Revenues

Projected General Fund revenues for this fiscal year (FY24), with July-February known and March-June estimated, are running close to FY24 budget. This evening's budget forecast for FY25 incorporates the assumptions made April 2 and other factors considered by city staff. The result is a bottom-line estimate 4.5% (\$283k) greater than FY24 projected actual revenues.

Measure A Public Safety Fund

Projected Public Safety Fund revenues for this fiscal year (FY24), with July-February known and March-June estimated, are close to budget. Similar to the General Fund, the forecast for the Public Safety Fund is a bottom-line estimate 4.7% (\$68k) better than projected FY24 and within 1% of last year's budget.

Proposed Public Safety Fund expenditures and set asides for FY25 reflect retirement of the multi-year communications upgrade projects, a new set-aside for a replacement SCBA compressor, replacement of department sidearm weapons, and establishment of a drone program which will benefit police, fire and potentially Public Works. Expenditures and set-asides for the Public Safety Fund are balanced with the expected revenue.

Fleet Schedules

- The Fire department fleet replacement schedule is updated with no change from recent previous years. No new fire apparatus is planned for FY 25, in fact none until 2033/34.
- Only scheduled replacements are programmed for Police. We are still awaiting receipt of our FY23 purchases (2 F-150 patrol vehicles), ETA May/June. The two Ford Explorers we ordered this fiscal year are also on backorder, hoping to receive this summer. We pre-ordered two Explorer patrol vehicles for FY25 due to long lead times. As replacement vehicles are deployed, older vehicles become standby back-ups and eventually VIPS assets.
- Public Works capital equipment necessarily includes a larger variety of equipment with widely varying costs and expected cycles of service. Several capital equipment purchases for Public Works are anticipated for this coming fiscal year, most replacements for equipment at the end of its useful life:
 - Two service pick-up trucks with mid-age surplus truck being transferred to Fire Dept. primarily for investigations and code enforcement.
 - One 26k# 2000-gal water truck, sweepster trailer and telehandler fork. Probably deferred to FY26 is one 26k# bucket truck which would be a substantially General Fund expense.
 - Unlike Fire and Police capital equipment, cost of Public Works equipment is mostly allocated to Water, Sewer, and Street Tax funds depending on the utility of the equipment.

Attachments:

- A. General Fund and Public Safety Fund revenue projections and forecasts
- B. Measure A Public Safety Fund expenditures and set-asides
- C. Fleet schedule for Fire Department

RECOMMENDATION

Provide direction at Council discretion. Staff will proceed with budget preparation accordingly.

Fiscal Impact of Recommendation:

Budget will balance revenues with expenditures as it provides for operational and improvement project objectives, and will maintain or build fund reserves.