



CITY OF ORLAND STAFF REPORT

MEETING DATE: February 3, 2026

TO: Honorable Mayor and Council

FROM: Joe Goodman, City Manager

SUBJECT: **Economic Development Strategy and Revenue Generation Direction**
(Discussion /Direction)

Background

The City continues to experience structural pressure within the General Fund. While cost containment remains important, long-term fiscal stability will require a deliberate strategy to grow revenues through economic development and expansion of the City's tax base.

Several foundational efforts are currently underway or recently completed:

- **West Side Annexation** – The City is in the process of annexing property that could accommodate commercial and light industrial growth.
- **Hotel Market Study** – A recent study indicates that Orland can support approximately a 90-room hotel.
- **Development Activity** – While interest exists, the City does not currently have a formal recruitment or marketing strategy in place to target specific industries or developers.

At this stage, staff is seeking policy direction from the Council regarding how proactive and strategic the City should be in pursuing revenue-generating development.

Discussion

Economic development efforts can take several forms. Staff has identified the following potential components for Council consideration:

1. Targeted Industry Recruitment Strategy

Rather than waiting for development proposals, the City could identify priority industries aligned with Orland's location, workforce, and infrastructure capacity. Examples may include:

- Highway-oriented commercial (hospitality, quick-service, travel retail)
- Ag-related processing or support services
- Light industrial or logistics users
- Regional retail gaps

Direction is needed on whether the Council wishes to formally identify priority industry sectors and pursue targeted outreach.

2. Hotel Development Marketing Strategy

The completed hotel study demonstrates market support for approximately 90 rooms. However, the City has not yet developed a strategy to:

- Market the study to hotel developers or brokers
- Package potential sites (including annexation areas)
- Consider incentive structures, if appropriate

Council direction is needed on whether staff should actively market this opportunity and whether incentives should be considered as part of that recruitment effort.

3. Development Impact Fee Study

The City's development impact fees may influence project feasibility. A comprehensive fee study could:

- Ensure fees are legally defensible and updated
- Evaluate competitiveness compared to neighboring jurisdictions
- Identify whether adjustments could stimulate development while maintaining infrastructure funding

Direction is requested on whether the Council wishes to initiate a fee study.

4. Market Absorption Study

As the West Side annexation progresses, an absorption study could provide data-driven insight into:

- What product types Orland can realistically support
- Anticipated pace of growth
- Risk of oversupply
- Industry sectors with the highest probability of success

This would help avoid speculative development that does not align with market demand.

Council direction is requested on whether to commission this type of study.

5. Developer Outreach & Incentive Policy

The City currently responds to proposals as they arise but does not have a formal developer recruitment strategy. Options could include:

- Direct outreach to regional brokers and developers
- Participation in trade conferences
- Development of a City marketing packet
- Clear policies regarding fee deferrals, infrastructure participation, or other incentives

Council direction is requested on the desired level of proactivity and acceptable incentive parameters.

Policy Considerations

Key questions for Council discussion include:

1. Should the City take a proactive recruitment approach or remain primarily reactive?
2. Are incentives appropriate to attract desired industries?
3. Should development fees be evaluated for competitiveness?
4. Is additional market data (absorption/industry targeting) necessary before proceeding?
5. What level of financial investment in economic development strategy is the Council comfortable authorizing?

Fiscal Impact

At this time, no fiscal action is requested.

If directed by Council, staff would return with cost proposals for:

- Fee study
- Absorption study
- Economic development marketing strategy

Recommendation

Staff recommends that the City Council provide direction on the City's desired approach to economic development and revenue generation, including which strategic tools should be pursued.