



CITY OF ORLAND STAFF REPORT

MEETING DATE: June 2 2026

TO: Honorable Mayor and Councilmembers

FROM: Janet Wackerman, Acting City Manager
Roberto Moreno, RGS Strategic Services Consultant

SUBJECT: FY 2026-27 Proposed Budget

BACKGROUND:

Staff is pleased to present the Proposed Budget for FY 2026-2027. This document is the joint effort of all department heads. It took a lot of give and take from all departments to get the General Fund to its current proposed surplus of \$162,010 for FY 26-27. Staff put forth a lot of effort to get to a balanced General Fund budget, since that has been a top priority for Council.

This took a lot of discussions because the City has been operating on deficits for the past couple of years. Staff anticipates continuing to work on the budget throughout the year after its adoption so as to have policies in place which will make the preparation of the FY 27-28 much easier.

ANALYSIS:

The fiscal year 2026-27 Proposed Budget allows the City to meet all its obligations, undertake some much needed projects, and provides time for the City to develop policies for a structurally balanced budget going forward. In order to have a balanced budget some one-time funding adjustments were necessary.

Budget by Fund Summary

The table below summarizes the Budget by Fund. As the table shows, the funds with a Surplus have more revenue coming in than expenditure. The ones with a Deficit are using up some of the beginning fund balance to cover all the appropriations.

Budget Summary by Fund					
Funds	Beginning Fund Bal.	Estimated Revenues	Appropriations	Surplus (Deficit)	Ending Fund Bal
General Funds					
General Fund	533,171	7,141,940	6,979,930	162,010	695,181
Measure A	1,434,453	1,313,000	1,770,300	(457,300)	977,153
Measure J	933,329	1,278,000	1,478,900	(200,900)	732,429
Special Revenue Funds					
Gasoline Tax	624,536	495,800	365,000	130,800	755,336
RMRA, SB1	650,057	223,223	313,000	(89,777)	560,280
Maintenance Assess	920,679	142,776	102,500	40,276	960,955
Arts Commission	1,109	-	17,176	(17,176)	(16,067)
Capital Projects Funds					
Development Impact	4,765,523	-	-	-	4,765,523
STIP Funds	-	860,000	860,000	-	-
Enterprise Funds					
Water Enterprise	4,264,542	2,255,000	1,704,623	550,377	4,814,919
Sewer Enterprise	508,862	1,515,000	1,046,655	468,345	977,207
Industrial Sewer	439,706	36,000	36,000	-	439,706

Achieving a General Fund Balanced Budget

The following actions were necessary to have a balanced General Fund budget:

- One vacant unfunded Community Services Officer position – position will not be filled this year.
- One vacant unfunded Public Works Supervisor - position will not be filled this year
- One vacant unfunded Lead Equipment Mechanic-position will not be filled this year
- Eliminate \$50,000 in part-time temporary public works maintenance workers
- Charging more public works maintenance work time to Maintenance Assessment Districts
- Charge 3% of Librarian to each of the 3 County Branch Libraries to recoup administrative costs
- Move Police and Fire CalPERS UAL and POB expense to Measure A
- Move Streets, Library and Recreation CalPERS UAL and POB expense to Measure J

By taking the above steps, the General Fund is balanced. This gives the City time to work on developing policies for a structurally balanced budget going forward.

Measure A Budget

The Measure A budget for public safety as proposed will have an operating deficit of \$457,300. The deficit will be covered by the beginning fund balance of \$1,434,453. The deficit includes \$200,000 in capital set-aside for the future purchase of fire engine, \$250,000 for the purchase of 2 police vehicles and CalPERS UAL payment of \$192,700 for Police, \$149,800 for the Pension Obligation Bond (police portion) and \$20,600 for Fire CalPERS UAL payment.

That will still leave a fund balance of \$977,153 most of which is set-aside for a future fire engine.

Measure J Budget

The Measure J Budget for Streets, Recreation and Library as proposed will have an operating deficit of \$200,900 which will be funded from the beginning estimated fund balance of \$933,329. This fund balance

is the result of sales tax coming in higher than expected and Measure J not being fully spent. Since FY 25-26 is the first year for Measure J and staff was not sure how quickly the tax measure would be implemented, the budget for Measure J was very conservative.

In addition to providing for increased recreation activities and library services, this fund has the means to pay for the installation of the ballfield lights (\$325,000) and begin sidewalk repairs around town, currently budgeted at \$125,000, but that amount could be increased.

Other Budget Details

The Budget is a document with a lot of numbers. As such, staff will provide a PowerPoint presentation at the council meeting that will make the numbers more meaningful.

RECOMMENDATION:

Receive presentation of the Proposed Budget for FY 26-27 and provide direction. Staff will then come back with any recommended changes at the next Council meeting.

FISCAL IMPACT OF RECOMMENDATION:

None. These reports are informational in nature.

ATTACHMENTS:

All Funds Budget Summary by Department

All Funds Budget Detail by Fund and Department