



## CITY OF ORLAND STAFF REPORT

MEETING DATE: January 20, 2026

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**TO:** Honorable Mayor and Council

**FROM:** Joe Goodman, City Manager

**SUBJECT:** **Second Quarter Budget Update and Adjustments** (Discussion /Direction)

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### BACKGROUND

This staff report provides a second-quarter budget update for the General Fund, Measure A, and Measure J, based on information available as of December 31, 2025. The purpose of this update is to present revised revenue projections where appropriate, identify known budget pressures, and outline staff's approach to improving fiscal clarity and discipline moving into the next budget cycle.

The table below summarizes current budget assumptions:

Budget	General Fund	Measure A	Measure J
Estimated Revenues	6,734,228	1,300,000	950,000
Appropriations	7,264,001	1,291,000	326,500
Operating Surplus (Deficit)	(529,773)	9,000	623,500

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### DISCUSSION / ANALYSIS

#### Revenue Update

Since appropriations are dependent on estimated revenues, staff has been working to refine revenue projections as additional information becomes available. At this time, property tax revenues have not yet been received, and sales tax is tracking slightly behind schedule. As a result, staff is not recommending broad revenue estimate changes at this point.

However, staff has identified two revenue sources totaling \$287,400 that were not included in the original budget and can be reasonably recognized this fiscal year. Incorporating these revenues reduces the General Fund operating deficit from \$529,773 to \$242,373.

## Estimated Revenue Adjustments:

- \$255,900 – California Beautification Grant  
On November 12, 2025, the City received \$255,919 as reimbursement for work completed in the prior fiscal year related to installation of the bee sculptures at the Walker Street exit off-ramps. These costs were originally paid from the General Fund, and the reimbursement was not included in the adopted budget. This is a one-time revenue that reduces the current-year deficit.
- \$31,500 – Supplemental Law Enforcement Services Account (SLESA)  
The adopted budget estimates SLESA revenue at \$170,000. Through December, the City has received \$141,969. For comparison, total SLESA revenue in FY 2024–25 was \$280,852, though approximately \$94,663 of that amount related to the prior fiscal year.  
The City is guaranteed \$100,000, with additional funding based on statewide growth calculations. Based on historical trends and current receipts, staff estimates \$201,500 for the current fiscal year. Staff is coordinating with the County to better understand SLESA calculations to improve future budgeting accuracy.

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## Budget Pressure and Cost Review

In parallel with refining revenue estimates, staff has been evaluating potential budget adjustments to reduce pressure on the General Fund. Concepts under review include more accurately budgeting reimbursements for Orland Fire Department strike team deployments and evaluating staffing efficiencies within fleet maintenance operations. These discussions are part of a broader effort to align expenditures more closely with actual service needs and realistic funding sources.

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## Measure A and Measure J Use

Staff believes it is important to take a disciplined approach to how Measure A and Measure J funds are utilized. These measures were approved by voters to support capital improvements for public safety, city maintenance, and infrastructure, not to serve as a routine backstop for General Fund operating pressures.

Staff proposes annual Budget Guidelines for Measure A as follows:

• Fire Apparatus	\$300,000	23% and agreed minimum annual floor
• Police Equipment	\$200,000	15%
• Public Works Streets	\$200,000	15%
• Public Safety Facility	\$200,000	15%
• Police Dispatch	\$200,000	direct billed service fee
• Fire Dispatch	\$100,000	direct billed service fee
• PS Emergency Fund	\$100,000	8%
• <b>Total</b>	<b>\$1,300,000</b>	

Staff proposes annual Budget Guidelines for Measure J as follows:

• Ambulance Service	\$450,000	direct billed service fee
• Streets	\$250,000	19%
• Library	\$100,000	8%
• Recreation/Parks	\$200,000	15%
• Facilities ex Public Safety	\$200,000	15%
• Emergency Fund	\$100,000	8%
• <b>Total</b>	<b>\$1,300,000</b>	

It is important that the City establish clearer budget structure and guardrails to ensure these funds are used consistently with voter intent and to maintain public trust.

## Ambulance Service Subsidy

The City currently subsidizes ambulance services through two agreements:

- Westside Ambulance: \$17,000 per month (\$204,000 annually)
- Glenn County: Approximately \$17,800 per month (\$213,600 annually), representing 50% of a 12-hour ambulance service

The adopted General Fund budget includes \$322,000 for ambulance services, which is insufficient to cover the full cost of the Westside Ambulance subsidy for the entire fiscal year. Under the existing agreement, funding was anticipated only through December 2025.

To ensure continuity of service through June 30, 2026, staff is requesting a supplemental appropriation of \$95,600 from Measure J. With this adjustment, the total cost of ambulance services for FY 2025–26 would be \$417,600.

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## Path Forward

As staff continue to review enterprise and special revenue funds in the coming months, additional opportunities to reduce the General Fund deficit may be identified. At the same time, staff is initiating earlier and more deliberate budget planning for the upcoming fiscal year to:

- Improve budget clarity and structure
- Help departments more accurately code and manage expenditures
- Provide better real-time visibility into spending
- Increase transparency for City Council and the public

The goal is to return to a clearer, disciplined, and fiscally responsible budgeting process that aligns resources with priorities and voter expectations.

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## ATTACHMENTS

- General Fund Estimated Revenues – 12/31/25
- General Fund Appropriations – 12/31/25

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## RECOMMENDED ACTION

Receive and file the second-quarter budget update and approve the recommended budget adjustments, including the supplemental appropriation for ambulance services.