



## **CITY OF ORLAND STAFF REPORT**

### **MEETING DATE: March 18, 2024**

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**TO:** Honorable Mayor and Council

**FROM:** Pete Carr, City Manager

**SUBJECT:** **Fiscal Year 2025-26 Budget Discussion #2:**  
**Projected General Fund Revenues** (Discussion/Direction)

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#### **BACKGROUND:**

City staff is preparing a draft budget for the fiscal year 2025-26 (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 through 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 30<sup>th</sup>.

March: Assumptions, Projects, Staffing, Revenue Forecasts

April: Expenditures for General Fund, Measure A and J, Street Funds, DIF

May: Water, Wastewater, updates and changes

June: Adopt final budget

#### **ANALYSIS:**

This evening's discussion will revisit specific topics from the March 4 discussion, then suggest revenues for General Fund, Measure A and Measure J based on previously agreed assumptions.

Direction received from Council this evening will further inform staff analysis as we proceed with formulation of the functional area draft budgets and the final budget which is planned for presentation to Council for consideration of adoption on June 3<sup>rd</sup>.

#### Capital Projects

The revised 4-quadrant Major Projects list responds to Council comments by reordering priorities and eliminating development fee schedule, streets master plan, and EV charging stations. Some items are better clarified while ballfield acquisition and ballfield lighting are linked together. The City Hall relocation project now shows the inclusion of OPD station expansion. Funding for the Shasta-Bryant re-paving is already in the Caltrans pipeline and cannot be redirected to other locations.

## Staffing

The proposed staffing worksheet is revised to withdraw the additional library parttime position, yet retain the SRO and additional admin/finance parttime position. Staff advises the SRO should continue and be City-funded while we work on potential grant opportunities. Staff offers as reasoning for the admin/finance position:

- The transition to Tyler Technology, which was necessary due to obsolete legacy software, presents primary benefits to customer experience, especially water & sewer customers.
- Tyler also streamlines and improves accuracy for payroll processes, project cost accounting and grants management.
- Tyler doesn't answer phones, help customers at the counter with payments or building permits and planning processes, or cover for employee absences.
- Tyler will save some minutes for staff on certain functions, but it does not replace the need for human support. City Hall has struggled less than successfully this year to keep up with operations with resulting missed deadlines, unfinished projects, overtime and backlogged work.

The proposed parttime help at Rec can probably be accomplished with short-term seasonal help as needed, rather than a funded year-round position.

We do not propose funding the Public Works Supervisor position at this time.

## Utilization of Measure A

In considering assumptions for the FY26 budget, Council indicated a preference for utilizing Measure A for some medical transport (ambulance) expenses, and it is recognized that the City's share of the cost of the additional 12-hr unit was originally designated to be a Measure A expense as Measure J did not yet exist. Clearly, Measure J is the source for the City's current subsidy of the basic Westside Ambulance service.

Measure A was presented to voters as the means of reliably ensuring the budget needs of public safety, OFD apparatus being the primary objective. In keeping with this public trust, it has been used for capital equipment, reserves against future public safety facility, OFD building repairs, and certain non-labor operational public safety expenses for OFD, OPD and (to a smaller extent) OPW.

Staff proposes that Measure A be used in FY26 to continue to support medical transport *after all other public safety expenses are met*, including Fire Department labor (the City's portion of the shared cost of the fire chief, admin and mechanic). To the extent Measure A may not or is not able to support ambulance expenses, those expenses would be allocated to Measure J. This approach preserves the integrity of Measure A and takes some of the pressure for public safety cost, especially OFD cost, off the General Fund.

## Revenues

Highlights include sales tax up 1.5% next year after this year's 8% slump, increased income from interest on investments, modified library cost share, and increased revenue from Planning and Building Department services.

## Attachments:

- A. Revised draft Major Projects list
- B. Revised draft staffing worksheet
- C. General Fund revenue projections
- D. Measure A Public Safety Fund and Measure J revenue projections

## **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.