



## **CITY OF ORLAND STAFF REPORT**

### **MEETING DATE: May 6, 2025**

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**TO:** Honorable Mayor and Councilmembers

**FROM:** Janet Wackerman, Interim City Manager

**SUBJECT:** **Fiscal Year 2025-26 Budget Discussion #4: Development Impact Fees (DIF) and American Rescue Plan Act funds (ARPA )**

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City staff will brief Council and seek direction on ongoing progress in preparing a draft proposed budget for the next fiscal year.

#### **BACKGROUND:**

City staff is preparing a draft budget for the fiscal year 2025-26 (FY26), which starts July 1. The budget will represent the City's best estimate of probable revenues and a spending plan to support operations and projects consistent with Council direction. Staff will continue to analyze revenue projections and collect cost estimates to produce an evolving budget picture in anticipation of an adoptable budget before July 1st.

#### **ANALYSIS:**

This evening's discussion will build on our previous three sessions, which covered topics such as assumptions, projects, staffing, revenue forecasting, General Fund reserves, Measures A and J, fund balances, the General Fund, Gas Tax, and Enterprise Funds. Tonight, we'll focus on the Development Impact Fees (DIF) schedule and the American Rescue Plan Act (ARPA) fund, including its various subcategories.

##### Development Impact Fees

These fees are collected from developers, normally at the time of permit issuance, to help offset the future cost of capital improvements to the extent they are impacted by new residential and commercial growth. The fees are based on a consultant's fee study report, then adopted by the City Council and adjusted annually per CPI. The report shows a summary of revenue and expenditure totals so far this fiscal year, as of March 31, with balances for each account. There are additional project costs to be assigned during the balance of this fiscal year, which will become part of a final post-budget report and comprehensive audit report after year-end close-out.

##### ARPA

The ARPA budget consists of projects and programs paid for by this one-time allotment of post-COVID-19 recovery funding.

Attachments (2):

1. DIF schedule as of March 31, 2025
2. ARPA – Fund 06

**RECOMMENDATION:**

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

**FISCAL IMPACT OF RECOMMENDATION:**

Budget will approximately balance revenues with expenditures as it provides operational and improvement project objectives and is designed to maintain or build fund reserves.