



Date: Tuesday, June 25, 2024

Honorable Mayor and Council Members

Author and title: Jen Callaway, Town Manager and Nicole Casey, Administrative Services Director

Title: **Adoption of the Fiscal Year 2024/25 Annual Operating Budget and Five-Year Capital Improvement Project Budget**

Jen Callaway, Town Manager

---

**Recommended Action:** That the Town Council approves Resolution 2024-49 to adopt the Town of Truckee Fiscal Year (FY) 2024/25 Operating and Capital Improvement Plan Budget, including proposed personnel changes, and adopt the estimated actuals for FY 2023/24 Capital Improvement Projects as amended budget amounts.

**Discussion:** The Town of Truckee develops an operating and capital budget each fiscal year (FY) which runs July 1<sup>st</sup> through June 30<sup>th</sup>. The Town Council must review and adopt a budget for the subsequent fiscal year prior to June 30<sup>th</sup>.

Preliminary input into the FY 2024/25 budget process began early in 2024, during the Council off-site retreat in which Council reaffirmed its commitment to the FY 2023/25 workplan. These preliminary discussions helped to inform the development of the proposed/draft operating and capital budget for Council consideration and direction, ensuring that the budget includes funding for all core Town services and council focus areas. This year's Town Council goals include the following:



As a reminder, these goals are in addition to the full complement of services – police, maintenance, community development, streets and roads, trails, code enforcement, building, and administrative duties that the Town provides to the community on an ongoing basis.

This proposed budget includes historical comparisons first added as part of the FY 2023/24 annual operating budget. Line-item detail is still available on request. The hope is that these changes allow the focus on the conversation to be on outcomes and the overall return on budgetary investment. Major changes in funding activity have been highlighted in the condensed division narratives.

### Changes to the Budget from the Workshop on May 28, 2024:

Several changes were needed to prepare the proposed budget presented herein to Council. As a result of these changes, the General Fund operating surplus decreased from \$6.8 million in the draft budget to \$3.7 million in the proposed budget in FY2024/25 and \$6.1 million in the draft budget to \$2.3 million in the proposed budget in FY 2028/29. As a reminder, an operating surplus occurs when General Fund Revenues exceed Operating Expenditures and Debt Services spending. Please see pages 2-8 and 2-9 in the Summary budget for calculation of the operating surplus.

The primary driver of this change was rolling the impacts of negotiations (described below) into operating expenditures.

GENERAL FUND	PROPOSED 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29
Beginning Total Fund Balance	53,694,450	41,478,709	39,690,765	38,429,008	36,330,291
Revenues	40,770,405	41,369,850	42,545,942	43,470,056	44,417,874
Less: Operating Expenditures	(36,091,390)	(37,094,127)	(38,684,995)	(39,897,073)	(41,157,221)
<b>Net Operating Revenue/(Expense)</b>	<b>4,679,016</b>	<b>4,275,724</b>	<b>3,860,947</b>	<b>3,572,983</b>	<b>3,260,652</b>
Less: Debt Service	(951,397)	(943,710)	(949,307)	(948,593)	(943,601)
<b>Net Operating Surplus/(Deficit) with Debt Service</b>	<b>3,727,619</b>	<b>3,332,014</b>	<b>2,911,640</b>	<b>2,624,390</b>	<b>2,317,051</b>

The changes implemented from the budget workshop on May 28, 2024 include the following:

- General Fund –
  - Adjusted the beginning General Fund balance for FY 2023/24 to account for the last-minute journal entries needed to implement GASB 96 and to finalize FY 2022/23 annual comprehensive financial report, reducing the balance from \$57.3 million to \$55.7 million.
  - Rolled the impacts of the Truckee Mid-Management Association (TMMA), Truckee General Employees Association (TGEMA), and Truckee Police Officer's Association (TPOA) negotiations, as well as the proposed changes to the unrepresented employee contracts in to the wages and benefits line items. A highlight of those changes include:
    - 5.0% cost-of-living adjustment in FY 2024/25, as well as a 3.0-5.0% cost-of-living adjustment in both FY 2025/26 and FY2026/27 depending on employee group;
    - Up to a 10% increase in the Town's fixed-rate contribution to Health, Dental, and Vision insurance;
    - Reclassifying the police officer position from range 17P to 22H and police sergeant position from 21P to 26H;
    - A 2.0% equity adjustment to the members of the TPOA (movement within range); and
    - Adding Juneteenth to the TPOA members list of holidays.
  - Converted a part-time code compliance officer from 960 hours unbenefited to a 30-hour per week fully benefited position with a term of two years (~\$65,000 annually)
    - Half of the costs from this change are absorbed by the Building & Safety fund.
  - Corrected the presentation of the Fleet Maintenance budget – previously showing as an offset to operating expenditures.

- Updated the designation savings:
  - Budget Stabilization Designation savings have been set for \$1.7 million.
    - This change was needed specifically due to the decrease in the General Fund operating surplus.
  - The Sustainability Designation savings have been adjusted to \$513,613 based on the updated FY 2023/24 estimated actual budget surplus.
- Updated the General Fund capital projects contribution based on the capital project changes listed below (decrease of ~\$3.3 million over the five year budget horizon).
- Other Funds –
  - Reduced the FY 2024/25 Solid Waste budget by \$26,000 based on Council direction at the May 14, 2024 meeting not to amend the franchise agreement for can-averaging.
  - Included the impact of the additional code compliance officer hours in the Building and Safety Fund.
  - As a result of the changes from negotiations and increased personnel costs:
    - Increased the transfer out of the Measure R Trails Tax (~\$13,000) and Measure K Transient Occupancy (~\$10,000) fund into the General Fund to offset their applicable portion of the increased staffing costs; and
    - Increased the Administrative Overhead Allocation reimbursement from the Town's enterprise funds into the General Fund.
- Changes to Capital Projects Funding –
  - Changed the name on C2513 from Third Emergency Egress study to Tahoe Donner Emergency Evacuation Improvement Study and updated the project description.
  - Added \$200,000 to C2314 as a new "Donner Lake Bank Restoration" line item with \$150,000 for FY 2024/25 and \$50,000 to FY 2025/26 funded via the General Fund Sustainability Designation.
    - Added applicable project description changes.
  - Added C2514 Tahoe Donner Roadside Vegetation Management project with \$250,000 funded via the Tahoe Donner TSSA Fund.
  - Pushed out the funding on C2315 SR 267/Brockway/Soaring Ranch by one year.
  - Replaced \$17,130 on C1730 West River Streetscape from SB1 LSRP to General Fund. SB1 LSRP is funded via Gas Tax and the state provided updated estimates on SB1 LSRP funding that required us to reduce this budget.
  - Added a note to C1704 Trout Creek Restoration, Reach 1, Phase 1 that progress is dependent on staff's capacity.
  - Spread out the design funding for C1824 Jibboom Street Sidewalk Improvements starting in FY 2024/25 through FY 2027/28.
    - Current staff workload, specifically related to Engineering Division project management, is at capacity with existing construction projects until late 2024/early 2025, when construction management for the summer 2024 construction season slows down. As future project management capacity and timing of available resources is currently unsettled into 2025, staff recommends budgeting design funding for both C1704 and C1824 in FY 2024/25 to provide Council with the ability to prioritize either project in early 2025 before the FY 2025/26 budget process will occur. This will allow important factors associated with each project to be better understood and time for staff to determine project management capacities for 2025, in order for Council to update its prioritization of these two projects.
  - Added \$110,000 funded via the General Fund for C2414 Dark Skies for the Truckee Cultural District consultant during FY 2024/25.
  - Added \$40,000 to C2314 Climate Partnerships Biomass Feasibility for biomass to be conducted by Sierra Business Council in FY 2024/25.
  - Moved \$3.5 million of General Funds from FY 2026/27 and FY 2027/28 to unfunded to balance the General Fund balance.
    - This change was needed specifically due to the decrease in the General Fund operating surplus.

- Moved \$875,000 of General Fund Sustainability Designation in C1510 Greenhouse Gas Emissions to unfunded due to a negative designation balance.
  - As additional savings are added to the Sustainability Designation annually, the unfunded portions of this project will be funded.

Here is a summary of the capital project changes –

CIP SUMMARY OF CHANGES											
Notes	CIP#	Name	Funding	FY23/24 EA	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	After FY28/29	Totals
N/C	C0107	TH Ofc Equip	n/a	-	-	-	-	-	-	-	-
Chg	C1510	Greenhouse Gas	Sus Desig	-	-	(400,000)	(200,000)	(275,000)	-	-	(875,000)
funding	C1510		Unfunded	-	-	400,000	200,000	275,000	-	-	875,000
Chg	C1703	W. River St	SB1 RMIRA	(17,130)	-	-	-	-	-	-	(17,130)
funding	C1703		GF	17,130	-	-	-	-	-	-	17,130
add notes	C1704	Trout Creek	n/a	-	-	-	-	-	-	-	-
chgs spread	C1824	Jboom	GF	-	100,000	75,000	50,000	(225,000)	-	-	-
Chg	C2006	Envision DPR	GF	-	-	-	(150,000)	(3,350,000)	-	-	(3,500,000)
funding	C2006		Unfunded	-	-	-	150,000	3,350,000	-	-	3,500,000
N/C	C2308	Public Art Master Plan	ARPA	-	-	-	-	-	-	-	-
added \$	C2314	Climate	GF	-	40,000	-	-	-	-	-	40,000
New	C2314		Sus Desig	-	150,000	50,000	-	-	-	-	200,000
Push Out	C2315	SB267/Brockway	Traffic Imp	-	-	(600,000)	100,000	(2,000,000)	(2,000,000)	4,500,000	-
added \$	C2414	Dark Skies	GF	-	110,000	-	-	-	-	-	110,000
New	C2514	TD Veg.	TSSA	-	125,000	125,000	-	-	-	-	250,000
			<b>Totals</b>	<b>-</b>	<b>525,000</b>	<b>(350,000)</b>	<b>150,000</b>	<b>(2,225,000)</b>	<b>(2,000,000)</b>	<b>4,500,000</b>	<b>600,000</b>

The proposed budget includes \$37.2 million of General Fund support for capital projects over the five-year budget horizon, as well as designation and contingency savings. This proposed budget also funds all Town services July 1, 2024, through June 30, 2025, while making key investments in operations and capital improvements. This budget also maintains the cash available goal of a minimum of \$5.0 in all five years.

As such, staff recommend that Council approve Resolution 2024-49, to adopt the Town of Truckee FY 2024/25 Operating and Capital Improvement Plan Budget, including proposed personnel changes, and adopt the estimated actuals for FY 2023/24 Capital Improvement Projects as amended budget amounts.

**Fiscal Impact:** Refer to the attached budget document.

**Priority:**

<input checked="" type="checkbox"/>	Enhanced Communication	<input checked="" type="checkbox"/>	Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/>	Housing
<input checked="" type="checkbox"/>	Infrastructure Investment	<input checked="" type="checkbox"/>	Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/>	Core Service

**Public Communication:**

Council priority setting meeting – February 8, 2024

Capital Improvement Project Budget Workshop – April 23, 2024

Draft Budget Workshop – May 28, 2024

Talk of the Town April 2024 - <https://us21.campaign-archive.com/?u=149a8d806bbfb112d55474842&id=dc578b7f29>

Talk of the Town May 2024 - <https://mailchi.mp/townoftruckee/april-talk-from-the-town-newsletter-12691953>

**Attachments:**

Attachment 1: Resolution 2024-49

Attachment 2: Proposed FY2024/25 Annual Operating Budget and Five-Year Capital Improvement Project Budget