



Date: Tuesday,

Honorable Mayor and Council Members:

Author and title: Nicole Casey, Administrative Services Director

Title: **Acceptance of the Financial Status Update for the Period Ended April 30, 2025 & Purchasing Authority with CDW Government**

Jen Callaway, Town Manager

Recommended Action: That Council does the following:

- Accepts the financial update for the period ended April 30, 2025; and
- Authorize spending with CDW Government up to \$300,000 for fiscal years 2024/25, 2025/26, and 2026/27.

Discussion: Attached is the financial report for the Town of Truckee for the period ended April 30, 2025. This report presents an analysis of the General Fund's major revenue sources as well as expenditures. This report provides an update to the General Fund's five-year projections including updated projections for property tax, sales tax, and transient occupancy tax.

The purpose of this quarterly public reporting is twofold. First, it ensures that the Town is consistently monitoring its revenues and expenditures, responding to unanticipated events, and preparing for emerging trends. This allows staff to keep Council informed as to the Town's financial position. Second, and equally important, these reports increase the transparency of the Town's finances. The Town is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the Town to this standard.

Staff continue to evolve this report over time depending on present-day issues and to ensure that the public is given access to relevant revenue and spending data.

Executive Summary from Report –

At the national level, economic indicators continue to signal a moderated outlook. While the Leading Economic Index and ISM reports suggest a slowdown in economic activity, there is no current evidence of an imminent recession. The Chicago Fed Index continues to show modest growth, and although market volatility has increased—as indicated by the rise in the VIX—there is no sign of investor panic. Economists have adjusted GDP forecasts for 2025 downward and now estimate a 30–45% probability of a recession in the next year, driven in part by uncertainties in trade policy. Nevertheless, Beacon Economics reports that consumer and business spending remain resilient, and overall momentum in the U.S. economy continues, albeit more cautiously than in previous quarters.

Locally, property tax revenues remain the cornerstone of the Town's General Fund, comprising approximately 45% of total annual revenues. Strong real estate activity in recent years has led to increased assessed property values, resulting in a positive adjustment to the Town's revenue forecast. Based on updated figures, the Town now anticipates collecting \$16.367 million in secured property tax revenue, exceeding the original FY24/25 budget by \$367,000.

Sales tax, the second-largest revenue source at 17.5% of the General Fund, has shown signs of softening. Actual collections for the fourth quarter of 2024 decreased by 7.3% compared to the same period in the prior fiscal year. The decline was more pronounced when examining point-of-sale receipts alone, which fell by over 15%. Changes by the California Department of Tax and Fee Administration regarding tax sourcing rules have further impacted revenues. Revised outyear projections are lower and are incorporated into the Town's updated financial outlook.

Transient Occupancy Tax (TOT) revenues, which make up about 13.7% of General Fund income, have reached \$3.88 million as of April, representing 62% of the annual target. While staff have not yet completed a full analysis due to the recent filing deadline, current collections are in line with expectations, and no adjustments to projections are recommended at this time.

Franchise fee revenue, anticipated to contribute 3.5% of General Fund revenues, is currently down by 11% compared to the prior year. The decrease stems from reduced remittances by gas and electric providers—down 20%—as well as smaller declines from cable and solid waste providers. Despite this, the Town remains on track to meet its \$1.5 million budgeted target for franchise fees.

Revenue from charges for services has decreased by 12% year-over-year, primarily due to the transition of animal services operations to the Humane Society and the timing on the Town's annual snow removal billings to Nevada and Placer County. Other service-related revenues, such as engineering plan checks, planning services, and snow removal, remain stable and are expected to meet projections by year-end.

On the expenditure side, the Town continues to adhere to its conservative fiscal philosophy. Through April, 78% of the salaries and benefits budget has been utilized—consistent with the same period last year and comfortably below the 83% target for this point in the fiscal year. Similarly, operating expenditures for supplies, materials, and services were at 60% of budget, slightly below last year's pace, demonstrating continued fiscal discipline.

The General Fund balance has improved notably. With updated revenue projections and adjustments for recently approved budget amendments, the Town now anticipates an undesignated fund balance of \$24.03 million by the end of FY24/25—an increase of over \$6 million from earlier estimates. The FY28/29 undesignated balance forecast has decreased slightly since the last update to \$12.7 million due to recent budget amendments and updated forecasts for Sales Tax. The ending balance is still above the balance projected in the Town's budget by \$5.1 million.

In summary, the Town of Truckee remains in a strong financial position, bolstered by sound fiscal management, prudent budgeting practices, and ongoing monitoring of key economic and financial indicators. While national economic uncertainty warrants cautious optimism, the Town's proactive approach ensures it is well-prepared to maintain essential services and respond to emerging fiscal challenges.

Attached to this staff report is a newsletter from HdL (the Town's sales tax auditors) regarding the results allocations for the quarter ending December 31, 2024 and the California Consensus Forecast for March 2025 provided by HdL.

Purchase Authorizations –

To consolidate the reports that come to Council, staff will attempt to consolidate requests for spending authority into this periodic update rather than providing separate reports. When spending or contract authority warrants more attention or there are timing issues, a separate report will be presented.

Authorization with CDW Government –

Staff would like to expand its usage of CDW Government to include the Town's purchases of Dell laptops and computers as well as equipment for the continued migration of the Humane Society of Truckee Tahoe to a segregated network.

Staff have been purchasing computers and laptops direct through Dell. The customer service has declined over the past year, whereas the Town has always received exceptional service and pricing from CDW Government. Because CDW Government is able to get the same pricing the Town was getting directly through Dell and provides superior customer service, the Town would like to transition these purchases to CDW Government.

The Town is currently working on an effort to segregate the HSTT into their own network and off of shared networks with the Town. This will increase security and safety for both the Town and HSTT. The Town's IT team is still responsible for the management of this separate network therefore the Town and HSTT agreed to keep HSTT on the same setup for ease of management. This necessitated purchase of additional equipment for the HSTT network with a cost of around \$20,000.

In addition to the above purchases, the Town selected CDW Government to provide its Microsoft 365 licensing and some of the licensing for the Town's firewall system after an informal bidding process, in an amount of around \$150,000 annually. CDW Government provided the most competitive pricing.

As such, staff are requesting authorization for spending with CDW in the amount of \$300,000 for fiscal year 2024/25. This will encompass the spending to date, that was made without Council authority and the spending through the remainder of the year. Council authority was not needed pursuant to the Council Authority Exception in section 7 of the Town's Purchasing Rules. This exemption applies to software maintenance costs and the purchase of routine operating supplies that are included in the approved annual budget. Since staff intend to expand purchasing with CDW Government, staff wanted to provide greater visibility and transparency, and is therefore asking for Council authorization.

Likewise, staff is requesting authority for up to \$300,000 for fiscal years 2025/26 and 2026/27.

Priority:

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

Fiscal Impact:

There is sufficient budget to cover the purchases with CDW Government as the additional purchases for fiscal year 2024/25 were originally going to be spent with Dell. The purchases for HSTT will be covered by HSTT.

Attachment 1 - Financial Update for the Period Ended April 30, 2025

Attachment 2 – HdL Newsletter QE December 31, 2024

Attachment 3 – HdL California Consensus Forecast