

Town Council

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Kelly Carpenter, Town Clerk

Hilary Hobbs, Assistant to the Town Manager

May 19, 2025

Honorable Mayor and Members of the Town Council

Subject: Draft Fiscal Year 2025/26 Annual Operating and Five-Year Capital Improvement Project Budgets

It is my privilege to submit for your consideration the draft fiscal year 2025/26 Annual Operating Budget and Five-Year Capital Improvement Project (CIP) Budget. These documents reflect our continued commitment to strategic planning, fiscal responsibility, and our shared priorities as expressed through the Town Council's Strategic Work Plan. They incorporate feedback from the Budget Workshop held on May 27, 2025, and align with direction provided during the Capital Project Review held on April 22, 2025. They also include implementation of some elements of the organizational assessments completed during fiscal year 2024/25.

The Draft budget funds the following:

- Operational departments, which provide the following core services to our community: police, roads, community development, code enforcement, building services, housing, transit, communications, and sustainability.
- The necessary administrative support for these functions, such as human resources, information technology, finance, management, and clerk functions.
- Capital projects to maintain and enhance our community.

Budget Overview and Major Changes

The draft fiscal year 2025/26 budget totals \$88.2 million, with \$58.3 million allocated to operating expenditures and \$29.9 million to capital projects. The General Fund operating expenditures budget is \$41.1 million, up 15.3% from fiscal year 2024/25, reflecting strategic investments in key services and infrastructure.

This year's budget reflects significant investments in transit expansion, climate action, public safety, wildfire mitigation, and workforce housing. Notable increases include:

- Transit operations (+61.59% budget-to-budget), supporting TART Connect year-round microtransit service.
- Police services (+9.42%), supporting staffing adjustments and updated equipment needs.
- Sustainability programs (+31.32%), funding implementation of the Town's Climate Action Element and new environmental initiatives.
- Capital investments in road and trail maintenance, including \$6.5 million for paving and drainage and \$600,000 for trail preservation.

Basic Budgeting Assumptions

The Town of Truckee employs a rolling five-year forecasting model to project both revenues and expenditures. As a standard practice, staff prepare these projections with a fiscally responsible and conservative mindset. On the revenue side, this means selecting the lower of anticipated estimates to

avoid overstating income, thereby ensuring that projected revenues are realistically attainable. Conversely, on the expenditure side, staff use higher-end estimates to guarantee sufficient funding for essential and contingency-related costs.

For example, the Public Works Snow Removal Division is budgeted to accommodate staffing and operations for a high-snowfall year. While not every winter in Truckee produces extreme snow conditions, the Town must remain prepared. The fiscal year 2025/26 budget includes funding for 20 seasonal snow removal staff, including a combination of full-time and on-call workers, to ensure timely and effective snow management when needed.

Another example of this conservative approach is the inclusion of contingency funding for unanticipated legal expenses, such as land use disputes or the need for specialized human resources expertise beyond the capacity of internal staff. While such expenditures are not incurred annually, the budget provides flexibility to respond when these needs arise, acknowledging the difficulty in predicting their occurrence with certainty.

Key Policy, Economic, and Legislative Context

Revenue Assumptions

The Town has maintained its conservative revenue forecasting ideology, accounting for uncertain economic conditions, inflationary pressures, and interest rate impacts. Major revenue sources reflect mixed trends.

The Town's **property tax revenue** is budgeted to increase by **5.0%** in fiscal year 2025/26. This growth is primarily attributed to the **statewide 2% Consumer Price Index (CPI) adjustment** applied to base property values under Proposition 13, alongside continued strength in the local real estate market throughout 2024. During this period, the average and median home sales price in Truckee exceeded \$1 million, with 478 single-family home sales and 139 non-residential transactions (including multifamily, commercial, industrial, and vacant land) contributing to a \$305 million increase in assessed value.

Under California's Proposition 13 allocation formula, the Town receives approximately 17% of this assessed value increase, with the precise amount varying by property location and applicable tax rate area. While overall growth remains strong, it has been modestly tempered by Proposition 19 property transfers, a decline in single-family home starts, and a slowdown in commercial construction. Notably, Proposition 8-related assessed value reductions remain negligible in the Truckee market.

Sales tax revenue is projected to increase modestly by **2.42%** in fiscal year 2025/26. Over the past five years, sales tax receipts have experienced notable fluctuations, including a significant decline at the onset of the COVID-19 pandemic, followed by a sharp spike in 2022 driven by emergency funding, recovery programs, and one-time revenue inflows.

Since that extraordinary period, revenues have stabilized, with a slight decline observed in fiscal year 2024/25. However, when viewed through a long-term lens spanning more than a decade, sales tax revenue trends appear to be returning to their historical growth trajectory. Barring any major economic downturns, experts anticipate continued **modest growth** in sales tax revenue for the coming fiscal year.

Transient Occupancy Tax (TOT), the Town's third-largest General Fund revenue source, continues to exhibit volatility. While actual revenues have declined for two consecutive years on a year-over-year basis, collections have consistently exceeded \$6.0 million annually. For fiscal year 2025/26, the TOT budget is conservatively set at \$6.0 million—below actual collections from the past three years yet a **14.3% increase** over the prior year's adopted

budget.

Interest income is budgeted for a 20.0% decrease from estimated actuals but still reflects a **34.7% increase** compared to the prior year's adopted budget. Out-year projections incorporate **conservative declines** in interest earnings to align with investor outlooks and anticipated market conditions.

Legislative Impacts

Ongoing uncertainty surrounding federal tariff policies enacted by the Executive Branch continues to influence inflation projections. These trade-related measures have the potential to increase the cost of goods and services, complicating local budgeting efforts and contributing to volatility in construction and operational expenses. The Town continues to monitor these developments closely and is incorporating conservative cost assumptions to mitigate associated fiscal risks, such as lowering the expected construction of single-family residences and maintaining the estimated transient occupancy tax revenue estimates below historical collection levels.

The ongoing uncertainty surrounding federal funding streams, particularly those supporting public transit and capital infrastructure, are of particular concern for this budget cycle. While the Town anticipates receiving over \$21.5 million in capital improvement project funding, a significant share is sourced from state and federal grants, including the Transit and Intercity Rail Capital Program (TIRCP) and State Transit Assistance (STA).

The potential for additional policy shifts or economic disruptions at the federal level could delay or reduce key grant programs. This poses a significant risk to transit operations which relies heavily on multi-year federal transit grant commitments. Federal grants account for nearly 10.0% of the Transit division's operating budget. This is a decrease from prior years and underscores the Transit Division's growing reliance on local sources, such as Measure E, and highlights potential vulnerabilities if future federal appropriations are reduced or delayed.

Recession Preparation

Current economic forecasts place the probability of a recession between 30% and 45%. Should a recession occur during Fiscal year 2025/26, the most immediate impacts to the Town's revenues would likely be felt in transient occupancy tax (TOT), sales tax (including Measure V – Roads, Measure U – Trails, and Measure E – General Sales Tax), and building-related revenues, all of which are closely tied to consumer behavior and market activity.

Property tax revenues, however, are not expected to be impacted in fiscal year 2025/26 due to the structural time lag between property assessments and revenue collection. Property values were assessed in early 2025 based on 2024 market conditions, with corresponding tax revenues to be collected during fiscal year 2025/26 and the Town's first apportionment arriving in January 2026.

While economic indicators suggest a moderate risk of recession, the fiscal year 2025/26 budget does not assume a recessionary scenario at this time. In the event of an economic downturn, staff would first evaluate the depth and expected duration of the recession before recommending any corrective or defensive measures.

The Town's strong General Fund balance (discussed more below) provides a critical financial buffer, enabling the organization to respond thoughtfully and strategically rather than reactively. This short-term flexibility would allow time for staff to assess conditions and develop an appropriate response plan to safeguard core services and maintain fiscal stability.

Labor Cost Assumptions

Labor costs are calculated based on the existing contracts, or memoranda of understanding (MOUs), in

place with the Town's three employee associations. The current agreements provide for labor provisions through June 30, 2027. The following assumptions have been included in the draft budget in accordance with those agreements:

- **Cost-of-living adjustments (COLA)**
 - For fiscal year 2025/26, a 4.0% COLA has been included for the employee association representing the Town's hourly employees and salaried employees. A 3.0% COLA has been included for the Town's police employees
 - For fiscal year 2026/27, a 5.0% COLA has been included for all employees. The actual COLA will be based on the February 2025 to February 2026 CPI for San Francisco.
 - No COLAs have been included for years beyond fiscal year 2026/27.
- A **10.0% increase** has been calculated on the **health, dental, vision and life insurance rates** for each year of the budget's five-year projections.
- A **5.0% pay-for-performance (PFP) increase** has been included based on the budget-to-budget revenue increase in specified contract items for fiscal year 2025/26. In the outyears a 1.0-3.0% PFP increase has been included based on the projected budget-to-budget revenue increase.
 - For positions where the incumbent is projected to cap-out in their position's range, a non-base pay (NBPC) (one-time bonus up to \$5,000) has been included in the proposed labor budget.

CalPERS Costs - Staff make great efforts to accurately and conservatively model the significant costs associated with the Town's defined benefit plan provided through the California Public Employee's Retirement System (CalPERS). The Town has six different tiers that each have separate calculations based on projected payroll. The projected costs are based on information provided by the CalPERS actuarial team. Staff have estimated **\$4.3 million in CalPERS costs** for fiscal year 2025/26. Of this amount \$4.1 million is funded via the General Fund.

The Town's annual retirement contributions to CalPERS consist of two primary components: normal cost and unfunded actuarial liability (UAL).

The normal cost represents the actuarially determined annual expense to fund retirement benefits earned by employees in the current year. For fiscal year 2025/26, the Town's normal cost represents \$2.5 million of the total annual cost. This amount is calculated using assumptions developed through CalPERS' Asset Liability Management (ALM) process and experience studies. The ALM process, which informs the discount rate (expected rate of return on investments), last concluded in July 2022 with the adoption of a 6.8% discount rate. An updated ALM is currently underway, and any adjustment to the discount rate would take effect beginning in fiscal year 2028/29.

CalPERS' experience studies, conducted every four years (last adopted in 2021), analyze historical demographic and economic trends—such as cost-of-living increases, retirement age, and life expectancy—to inform future actuarial assumptions.

The second component, the unfunded actuarial liability (UAL), reflects the difference between projected and actual investment returns. When CalPERS investments underperform relative to the discount rate, the resulting shortfall is amortized over a 25-year period, creating a new UAL layer each year. Consequently, the Town may be repaying multiple UAL layers simultaneously, depending on historical performance.

The UAL and normal cost contributions for fiscal year 2025/26 were calculated based on CalPERS investment returns for fiscal year 2022/23, which yielded 5.8%, below the 6.8% discount rate. This shortfall will be amortized over 25 years, adding to the Town's long-term retirement liability. By contrast, fiscal year 2023/24 investment returns were 9.3%, exceeding the discount rate and resulting in an offsetting UAL layer that will benefit fiscal year 2026/27 on and help reduce future UAL payments. Over the five-year budget horizon, the Town anticipates total UAL payments of approximately \$9.7 million.

Thanks to the Town's strong cash position and the implementation of a cash pooling strategy, the Town is able to prepay its annual UAL obligations. This results in a 3.4% annual cost savings, translating to approximately \$65,402 in savings for fiscal year 2025/26.

Over the five-year budget horizon, annual CalPERS costs are anticipated to increase from \$4.3 million in fiscal year 2025/26 to \$4.8 million in fiscal year 2029/30 based on current projections and conservative assumptions of future market activity.

Operating Surplus

An operating surplus occurs when annual operating revenues exceed the combined total of operating expenditures and debt service obligations.

Over the five-year budget horizon, General Fund operating expenses are projected to grow slightly faster than revenues, driven primarily by rising wages, CalPERS pension contributions, and employee benefit costs, including health, dental, and vision insurance. If all conservative expense assumptions materialize, the Town's annual operating surplus is projected to decrease—from \$3.9 million in fiscal year 2025/26 to \$3.1 million by fiscal year 2029/30. By comparison, the fifth-year operating surplus projected in the fiscal year 2024/25 budget was \$2.3 million. This increase is largely due to the refinement of the Town's property tax estimates both in the fiscal year 2025/26 as well as the year-over-year increases. These figures were prepared in combination with a professional analysis completed by the Town's newly onboarded outside property tax auditors.

The Town Council utilizes annual operating surpluses to fund capital projects and to establish special designations for future initiatives. As the surplus declines, so too does the pool of discretionary funding available for these purposes.

Inflationary pressures continue to impact the Town's cost of operations and the delivery of capital improvements. Expenditure growth can outpace revenue growth—particularly in areas where costs are externally driven and largely outside of the Town's control, such as CalPERS contributions and, to a lesser extent, healthcare premiums.

While salaries and benefits account for approximately 68% of the General Fund and 52% of the overall Town budget, it is important to recognize that Town employees are the backbone of service delivery. Ensuring competitive compensation and manageable workloads is essential to attracting and retaining the highly skilled, professional workforce upon which the Truckee community depends. At the same time, the Town remains committed to long-term fiscal sustainability and will continue to carefully balance operational needs with financial stewardship.

General Fund Reserve Assumptions

In alignment with the Town's formal Reserve and Designation Policy, adopted in January 2024 and updated in June 2025, the fiscal year 2025/26 budget includes several strategic savings measures designed to strengthen the Town's long-term fiscal health and resilience:

- A contribution of \$319,510 is budgeted for **the General Fund contingency reserve**. This reserve, with a current target of 35% of General Fund operating revenues, has been consistently maintained at some level since the Town's incorporation in 1993. The target level was set to ensure sufficient resources are available to respond to major emergencies—particularly the growing threat of wildfires and other disasters. This is a 5.0% reduction from prior year target levels, with the 5.0% going to fund the newly established Wildfire Prevention Designation discussed below.
- While the Town typically contributes \$1.25 million annually to the **Road Maintenance Reserve**, the identification of an alternative grant funding source has allowed the Town to pause contributions for two years. Reserve savings will resume in fiscal year 2027/28 at \$1.5 million annually, reflecting updated cost projections from the Town's 2025 Pavement Maintenance

Program.

- The Town plans to contribute between **### and ###** annually to its **Sustainability Designation**, based on 5.0% of the General Fund operating surplus. This designation supports long-term initiatives that align with the Town's climate and resilience goals.
- Per Council direction in September 2024, the Town will begin building a **Public Art Designation**, starting with \$150,000 in fiscal year 2025/26 and up to \$100,000 annually thereafter, until reaching the \$500,000 cap. This designation supports the Town's commitment to cultural enrichment and community identity.
- In line with Council Direction provided at the April 22, 2025 Budget Workshop, staff have created the **Wildfire Prevention Designation**, with a target level at 5.0% of General Fund operating revenues. This carve out of the Town's General Fund Contingency represents Council's interest in proactively funding efforts to reduce wildfire risk in Truckee. Projects will be identified in future years.

Cash Available Fund Balance

Consistent with Council guidance, staff have targeted a **\$5.0 million cash available fund balance** after all reserve and designation allocations have been made. This balance is maintained throughout the five-year budget projection period and serves as a safeguard for future needs and unanticipated opportunities.

As a reminder, fund balance represents one-time funding and is appropriately reserved for special initiatives or capital projects, rather than ongoing operational or staffing expenses.

Organization Assessment & Other Reports

In May 2025, the Town of Truckee completed and presented three major reports that will collectively shape the Town's operational, service delivery, and strategic planning efforts for the coming years:

1. **Townwide Operational and Service Delivery Review (Baker Tilly)**
This comprehensive assessment serves as a 10-year organizational roadmap. It identified key themes, including understaffing, the need for targeted organizational development, and investment in technology. Recommendations include phased staffing additions, improved workflow processes, and enhanced internal systems to better align service delivery with community expectations. Many recommendations are included in this draft budget including staff additions, several software enhancements including a community development department (CDD) software conversion, interdepartmental surveys, and an audit of the Town's property tax allocations from the County.
2. **Truckee Development Processes – Findings and Recommendations (AirDiamond Creative Consulting)**
For a deeper dive into the development services processes, this independent study involved 80 interviews with developers, staff, and stakeholders. It highlighted four core themes—experience, expectations, partnerships, and consistency—and provided eight overarching recommendations, including software modernization, outreach, and cultural alignment within departments. This draft budget includes funding for many of these recommendations including a significant investment for software, as noted above.
3. **2025 Community Opinion Survey (True North Research)**
The Town's first statistically valid community survey of 600 residents offers a baseline for measuring satisfaction and priorities. Key findings show strong public satisfaction with Town services (79%) and communication efforts (72%). Residents expressed clear priorities around housing, infrastructure, cost of living, and preserving Truckee's character. Notably, there was overwhelming support for the Town's Inclusion, Diversity, Equity, and Accessibility (IDEA) efforts, for which this draft budget includes approximately \$400,000 in funding and a full-time staff.

Staffing Additions

In alignment with recommendations from the Townwide Organization Assessment finding that the Town is under-resourced, this draft budget includes a recommendation for eleven (11) additional full-time positions.

General Fund Additions –

1. **Assistant Town Manager**– To assist staff in meeting the expansion of Council's infrastructure priority to include Economic Vitality, staff propose the addition of an Assistant Town Manager position. The Town currently has an Assistant to the Town Manager position that is proposed to be reclassified as the Director of Neighborhood Services in accordance with the Organization Assessment. This position would be tasked with economic vitality efforts as well as more efficiently allocating the managerial duties at the Director level.
2. **Engineering Manager**– This position will help provide the necessary management support for the Engineering Division while providing new capacity to the Assistant Public Works Director (APWD) and Director of Public Works positions, by taking over the day-to-day management functions of Engineering division from the APWD. Specifically, this position will improve operational efficiency of the Division, such as improved processes and increased use of technology; provide expertise to assist in complex projects; increased coordination with and assistance to other Divisions; and balance Division workload.
3. **Business Analyst**– The organizational study recommended significant software enhancements, as well as an IT governance structure to manage the Town's existing software infrastructure. This position would be tasked with understanding the Town's software programs and helping to build connections between those systems for optimal efficiency and to increase the customer experience.
4. **Human Resources Technician** – The backbone of any organization are the people who work there. Having an adequately staffed Human Resource division will allow the Town to better support their backbone. This position will take over many of the administrative functions of the division, allowing the Manager and Analyst to focus their efforts on expanding the Town's efforts to provide better support to the Town's leadership team and to bolster the Town's recruitment and retention efforts.
5. **Accountant**– This position would assist in right-sizing the Finance division to meet the ever-growing demands of the Town. Over the past decade the Town has added new divisions, community facilities districts, and taken on the extensive new reporting requirements established by the Governmental Accounting Standards Board without making concurrent increases in the division's staffing. The division is committed to providing quality customer service to its internal Town customers and this addition will allow the division to provide customer service at the level needed for the Town to continue to serve the community.
6. **Safety Coordinator** – The Town has a strong commitment to employee safety and no where is that more exemplified than in the Public Works division. To maintain this robust safety program and culture, this position would ensure staff receive adequate training and certifications (including tracking), conduct safety inspections, update and maintain safety procedures and records, ensure provision of adequate personal protective equipment, and conduct field safety audits. This position would also be responsible for the operation of a new in-house traffic sign shop which will allow the Town to replace destroyed road signs more rapidly than procuring them from outside vendors.
 - a. 40.0% of the costs of this position would be included in the Town's Snow Removal reimbursement request through California Gas Tax. A little under half of the Town's snow removal costs are reimbursed through this program.

Other Funding Sources Additions –

1. **Two Facilities Maintenance Workers**) – 75% of the funding from Measure U Trails Sales Tax with the remainder spread over the various Community Facility Districts. These positions are proposed to allow the Town to meet its commitment to the community for year-round trails

access and well-maintained trails.

2. **Emergency Services Coordinator**– Funded via Measure E Sales Tax. This position increases capacity for emergency management redundancy and capacity for evacuation modeling, disaster recovery planning, business continuity contingencies, and home hardening programs. This will also provide capacity for staff training and interagency collaborative tabletop exercises.
3. **Administrative Technician** for Keep Truckee Green– Funded 80% from the Solid Waste fund and will be included in the amount that the Town bills to the rate payers. The remaining 20% is funded via the General Fund Sustainability budget. This position will increase divisional capacity to meet the ever-increasing mandated state reporting and enforcement requirements, as well as ongoing implementation of local waste reduction ordinances. This will shift the administrative tasks handled by the higher-level positions, allowing reassignment of more Program Analyst II and Program Manager time from Solid Waste programs to Sustainability programs in pursuit of achieving the Town's Greenhouse Gas Reduction goals.

Other Position Changes –

This draft budget includes the conversion of the Police Administrative Manager to a Police Administrative Sergeant. The Administrative Sergeant will serve as a sworn supervisor within the Police Department's Support Services Division, overseeing key administrative and operational functions. Responsibilities including:

- Training & Standards: Coordinating in-service training for sworn staff and overseeing professional standards investigations.
- Town Liaison: Serving as the public safety representative on the Town's special event permitting team.
- Animal Services Oversight: Providing day-to-day administrative leadership for animal control operations, following the transition away from shelter management.
- Investigations Supervision: Acting as first-line supervisor for the Investigations Unit, which includes Detectives, the School Resource Officer, and the department's Crime Scene and Major Incident Teams.

This budget also includes the conversion of the Assistant to the Town Manager position into the Director of Neighborhood Services (name still to be finalized). The goal of this conversion is to align with the recommendations of the Organizational Assessment to demonstrate to the community the commitment the Town is making in these additional service sectors including Housing, Sustainability, Short-term Rental Compliance, and Community Engagement.

An internship program cultivates a skilled future workforce, enhances organizational capacity, and strengthens community engagement through practical training opportunities. This budget includes the proposal for a number of intern positions including the following:

- A second information technology division intern to provide more opportunities for actual engagement to the participants of the Tech Teens program;
- The addition of a Geographic Information System Intern to assist in building and updating GIS inventories, including field data collection and recently constructed infrastructure;
- A full-time Communication Program intern to expand the division's capacity to provide more collateral;
- The conversion of the Town's existing AmeriCorps's CivicSpark fellows into a Housing Intern and Sustainability Intern through the remainder of their fellowship term in August;
- Continuation of the annual Human Resources/Finance internship; and
- The second year for an Engineering intern to help an individual gain practical knowledge in the engineering field while providing support to the division during their busy construction season.

There are a number of promotional opportunities peppered among various divisions that are not detailed in this letter and an overstaffing as succession planning for a retirement in the Public Works Department.

Council Priorities

This year's budget prioritizes the Council's five strategic focus areas:

1. Invest in Key Infrastructure, Community Connectivity, & Economic Vitality

The Town of Truckee is committed to creating a connected, accessible, and resilient community. Council's priority to "Invest in Key Infrastructure, Community Connectivity, and Economic Vitality" is reflected across a wide array of capital projects in the fiscal year 2025/26 Capital Improvement Program (CIP). These investments advance mobility, safety, sustainability, and equitable access to key services—building the physical foundation for a vibrant community.

More than two dozen CIP projects and over \$66 million is explicitly aligned with this goal, encompassing transit improvements, bicycle and pedestrian infrastructure, road maintenance, and community facilities. Highlights include:

- **Downtown Connectivity Projects**
 - *West River Street Streetscape* (\$8.4 million): Enhances safety and aesthetics with new sidewalks, crosswalks, and stormwater infrastructure in the heart of downtown.
 - *Bridge Street/Donner Pass Road Improvements* (\$8.9 million): Upgrades two major intersections to include pedestrian and bicycle enhancements and prepares the corridor for a future Union Pacific "Quiet Zone."
- **Mobility Infrastructure**
 - *Truckee Railyard Mobility Hub – Phase 1* (\$4.2 million): A major transit investment to relocate and expand the existing transit center with bus bays, passenger shelters, EV chargers, and climate-controlled amenities.
 - *Riverview Electric Charging Infrastructure* (\$45 thousand): Supports a cleaner municipal fleet and aligns with the Town's climate goals.
- **Trail and Active Transportation Enhancements**
 - *Trail Pavement Maintenance Projects* (over \$2.4 million across fiscal years 2024–26): Preserve the integrity and usability of heavily used Class I trails.
 - *Riverview Sports Park Trail Connection* (\$950 thousand): Connects two existing trail segments to improve access for cyclists and pedestrians.
 - *Mougle Lane/Pioneer Trail Connector* (planned \$7.9 million investment): A future multi-use trail designed to improve mobility between neighborhoods.
 - *Downtown Railroad Pedestrian Crossing Study* (\$345 thousand): Evaluates the feasibility of a new pedestrian overcrossing in central downtown to improve access and safety.
- **Public Facilities and Access**
 - *New Truckee Library Design Partnership* (\$732 thousand): Supports collaborative efforts to deliver a modern, inclusive library facility.
 - *Misc. Curb & Gutter Replacement* (\$457 thousand): Replaces aging infrastructure to support drainage and walkability.



Collectively, these efforts promote safety, economic vitality, and environmental sustainability. They also support community cohesion—linking neighborhoods, improving equitable access to transit and amenities, and ensuring Truckee remains navigable for all modes of transportation.

As the Town looks ahead, these infrastructure investments reflect a long-term vision: a built environment that connects people to opportunities, encourages active lifestyles, and sustains Truckee's

character in the face of growth and change.

2. Workforce Housing Development

The Town's housing program – funded in the operating budget and supported by five dedicated housing Capital Improvement Projects totaling over \$17 Million – works to increase the inventory of homes that local workers can afford to rent or buy. These efforts serve a broad range of income levels, from extremely low-income households ($\leq 30\%$ of Area Median Income) up to moderate and above-moderate incomes ($\leq 245\%$ of AMI), ensuring an inclusive approach to addressing our community's housing needs.

Multi-Pronged Housing Strategy: The Town is pursuing a comprehensive strategy to both **create** and **preserve** workforce housing. Key initiatives include:

- **Deed Restriction Purchase Programs [Truckee Home Access Program] (\$9.1 million):** Incentivizes property owners to deed restrict homes for occupancy by local workers.
- A companion effort, the **Deed Restriction for New Housing Development** (operated by a regional nonprofit), incentivizes developers to include affordable units by providing Town funds in exchange for long-term affordability commitments. In fiscal year 2025/26, the Town will also develop a new deed-restriction initiative to preserve homes beyond the point of sale while requiring energy efficiency upgrades, aligning housing preservation with climate goals
- **Lease to Locals Program (\$3.1 million):** Provides grants to convert short-term or vacant units into long-term workforce rentals. This program has converted over 200 homes to long-term rentals to date—housing more than 500 local residents, with a goal for 50 more units in fiscal year 2025/26.
- **Rooted Renters Pilot Project (\$1.85 million):** A pilot program offering targeted financial support to preserve existing rental housing for local workers. In the first cohort (fiscal year 2024/25), Rooted Renters preserved 23 rental units, housing 55 local residents. Building on this success, the second cohort in fiscal year 2025/26 is expected to preserve an additional 40–50 units.
- **Public-Private Partnerships (\$2.39 million):** Supports new workforce housing developments through collaborative funding models. For example, the Town has allocated matching funds to support Pacific Crest Commons, an upcoming affordable apartment project, leveraging local dollars to unlock tax credits and grants
- **Workforce Homebuyer Assistance** – To support homeownership among local workers, the Town is piloting a **Down Payment Assistance Program** in fiscal year 2025/26. This one-year pilot, funded through state housing grants, will offer low-interest down-payment loans to moderate-income first-time homebuyers (households up to 120% AMI)
- **Accessory Dwelling Unit (ADU) Incentives (\$522,700)** – Offering loans and grants to encourage homeowners to build ADUs or legalize existing units, with incentives for those willing to deed-restrict their ADUs for local workforce occupancy. This program accelerates small-scale housing production in existing neighborhoods, targeting a goal of roughly 25 new ADUs per year (around 9 of which will be deed-restricted for households earning up to 120% AMI).



ACTIVELY SUPPORT THE DEVELOPMENT
OF **WORKFORCE HOUSING**

Capital Investments and Funding: To further drive these housing initiatives forward, the fiscal year 2025/26 budget dedicates substantial capital funding. Notably, the Capital Improvement Program includes **\$1.79 million** in funds to pursue a public-private workforce housing development project – a one-time investment to acquire a site and begin pre-development for future affordable units.

Other notable investments include:

- The **7th-cycle Housing Element update (\$285,000)** will kick off, launching a comprehensive review of housing needs and policies to guide the next eight years. This update (a state-required component of the General Plan) will incorporate Council's priorities and community input to shape long-term housing strategies.
- **Community Housing Commitments (\$200,000):** Sustains regional collaboration and

continued investment in affordability.

- **Hilltop Master Plan Update (\$250,000):** Advances land use planning to support future housing growth.
- Development of a **Truckee-specific Area Median Income (AMI)** metric to better define “affordable” housing in the local context – recognizing that regional AMI figures may not fully reflect Truckee’s unique economy and workforce.
- \$15,000 for a **Truckee-specific housing needs assessment** to gauge the Town’s progress and success in meeting the area’s housing needs.

3. Emergency Preparedness and Wildfire Readiness

Truckee’s fiscal year 2025/26 budget reflects a comprehensive and urgent approach to wildfire resilience and emergency readiness, with **over \$2.65 million in planned investments** across operational and capital programs. These efforts include:

- A full-time Emergency Services Manager and the **addition of an Emergency Services Coordinator** to bolster the division’s ability .
- Acquisition of an additional dedicated electrified emergency response vehicle.
- **Remodeling of the Emergency Operations Center (EOC)** and upgrades to evacuation modeling systems.
- Community-focused programs including **green waste disposal** assistance and defensible space support.
- Expansion of CAL FIRE **wildland fire insurance coverage** to temporarily increase covered acreage recommended by CalFire, increasing the wildfire suppression contract from \$412,597 to \$1,094,500, a 165% increase. This policy shift serves two critical objectives:
 - Ensures rapid and automatic wildfire response across all areas of the Town.
 - Shields the General Fund from unpredictable and potentially catastrophic suppression costs, especially as wildfire intensity and frequency increase across the Sierra region.
 - Gives the Town critical time to support homeowners in home-hardening efforts.



ENHANCE PARTNERSHIPS & INVESTMENT
FOR **EMERGENCY PREPAREDNESS**
INCLUDING WILDFIRE READINESS,
MITIGATION & RECOVERY

However, as noted above, these local efforts now exist within a challenging federal context. On March 11, 2025, the Truckee Town Council adopted Resolution 2025-15, formally opposing federal funding and staffing cuts to wildfire mitigation and forest health programs. These reductions, including the estimated elimination of over 10% of Tahoe National Forest staffing, directly jeopardize the effectiveness of local mitigation by limiting:

- Completion of fuels reduction projects on adjacent federal lands
- Emergency response capabilities across U.S. Forest Service lands
- Access to previously awarded Hazard Mitigation Grant Program (HMGP) funds due to paused FEMA plan approvals.

The Town of Truckee has approached wildfire mitigation as a federal-local partnership, investing \$770,000 in **roadside vegetation clearing** while working in concert with multi-million-dollar initiatives from the Truckee Fire Protection District, Truckee Tahoe Airport District, and Tahoe Truckee Community Foundation. The erosion of this intergovernmental partnership due to federal divestment undermines the Town’s risk-reduction strategy, highlighting the importance of restoring federal support for landscape-scale resilience.

The Town remains committed to bridging these gaps and continuing to lead at the local level while advocating for restoration of federal resources vital to our public safety infrastructure.



REDUCE GREENHOUSE GAS EMISSIONS
& BECOME A LEADER IN
ENVIRONMENTAL SUSTAINABILITY

4. Environmental Sustainability

In April 2025, the Truckee Town Council adopted Resolution 2025-09, establishing new greenhouse gas (GHG) emissions targets relative to a revised 2008 baseline:

- 40% reduction by 2030
- 80% reduction by 2040
- Carbon neutrality by 2045

These goals are aligned with updated GHG inventories for:

- Municipal operations (2022 and 2023)
- Community-wide emissions (2022)

The inventories identified transportation and mobile sources as the largest emissions sector, accounting for 58% of community emissions as of 2022. Revisions to vehicle miles traveled (VMT) calculations revealed the 2008 baseline transportation emissions were underestimated by 138%, increasing the importance of transit and land use initiatives

Over **\$29 million in combined operating and capital funds** are designated to support environmental goals across key areas:

A. Transit and Microtransit Expansion

- Transit now represents a critical lever in reducing mobile emissions and meeting VMT reduction benchmarks.
 - TART Connect year-round service expansion
 - \$174,720 subsidy for a multiagency commuter vanpool program funded via a Carbon Reduction Program grant.

B. Greenhouse Gas Mitigation and Programmatic Climate Actions

- Sustainability Program budget increased by 21.1% to fund:
 - Foodware ordinance implementation
 - Community-wide electrification programs
 - Home energy audits and climate rebates
 - CAP implementation and progress tracking

C. EV Infrastructure and Fleet Electrification

- Town fleet electrification is prioritized with capital funds allocated for EV charging stations, infrastructure upgrades, and zero-emission vehicle acquisition.
 - As of fiscal year 2024/25, the Town now has 11 electric vehicles, 2 electric motorcycles, and 6 electric buses.
 - \$125,000 in fiscal year 2025/26 to further the development of the electric vehicle charging infrastructure master plan for the Town's fleet and Town employees at both the Public Service Center and Town Hall.
 - \$1.525 million over the five-year planning horizon for implementation of the elements identified in the electric vehicle charging infrastructure.
- Ongoing partnership with Truckee Fire District and the Truckee Donner Public Utilities District on the Town's renewable diesel station in all but the winter months when the renewable diesel supply is not feasible.

D. Zero Waste and Waste Reduction

- Funding to enhance waste diversion, organics collection, and education campaigns.
- Implementation of SB 1383 mandates and support for composting and single-use reduction, including continued outreach and compliance efforts for the local water bottle ban.

E. Trail and Bike Infrastructure

- \$600,000 dedicated to trail rehabilitation and preservation, promoting active transportation and emission-free mobility.

- Integrates with broader VMT reduction strategies outlined in the updated GHG inventory.

5. Community Engagement and Equity

The budget invests \$783,906 in Community Engagement operations, supporting:

- Full-time Communications and DEI program staff, as well as the addition of a full-time communications intern
- IDEA Action Plan implementation
- Continued upgrades to the Town's website and digital infrastructure
- **Daycare staffing for six (6) community meetings** each year provided via the Town's contract with a childcare provider in Town
- **\$500,000 for a new Community Development software** to include a public-facing portal for permit and application monitoring



Conclusion –

The fiscal year 2025/26 draft budget presents a balanced and forward-looking approach that aligns with Council priorities and community values. It maintains essential services while making significant investments in infrastructure, sustainability, wildfire preparedness, public safety, and housing. The Town's strong financial policies and conservative forecasting ensure we remain resilient in uncertain economic times.

We look forward to reviewing this budget with you and welcome your input and direction as we continue shaping a thriving future for Truckee.

Respectfully submitted,

Jen Callaway, Town Manager