

May 5, 2026

Honorable Mayor, Members of the Town Council, and Community Members,

**Subject: Fiscal Year 2026/27 Annual Operating and Five-Year Capital Improvement Project Budgets**

It is my privilege to submit for your consideration the fiscal year 2026/27 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 26, 2026, and align with direction provided during the Capital Project Review held on April 28, 2026. They also include implementation of some elements of the organizational assessments completed during fiscal year 2024/25.

The 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 fiscal year 2026/27 budget totals \$105 million, with \$62.8 million allocated to operating expenditures and \$42.2 million to capital projects. The General Fund operating expenditures budget is \$44.2 million, up 7.19% from fiscal year 2025/26, reflecting strategic investments in key services and infrastructure.

**Basic Budgeting Assumptions**

The Town of Truckee employs a rolling five-year forecasting model to project both revenues and expenditures. This budget is structurally balanced, with recurring operating revenues supporting recurring expenditures. The Town prepares its budget on a basis consistent with Generally Accepted Accounting Principles (GAAP) and maintains budgetary controls at the department level.

As a standard practice, staff prepare these projections with a fiscally responsible and conservative mindset. On the revenue side, this means selecting a revenue estimate at a level that avoids 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 2026/27 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 secured **property tax revenue** is budgeted to increase by **7.12%** in fiscal year 2026/27. 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 2025. During this period, the average and median home sales price in Truckee remained above \$1 million, with a 1.42% increase in the median price over 2024. 2025 experienced 483 single family residential full value sales and 116 non-residential transactions (including multifamily, commercial, industrial, and vacant land) contributing to a \$247 million increase in assessed value across the Town as a whole.

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** budget is a 2.0% decrease from the budget in fiscal year 2026/27. Collections for fiscal year 2025/26 are estimated to be 0.6% below the fiscal year 2025/26 budget. These estimates are based on Federal policy uncertainty, mortgage rate increases, higher consumer debt, lower household discretionary spending, and fuel pricing which has been exacerbated by political tensions in the Strait of Hormuz.

The Town experienced unprecedented growth in sales tax in fiscal year 2020/21 of 25% year-over-year growth. Because of this growth, the average sales tax increase between fiscal year 2018/19 through fiscal year 2026/27 is 5.0% despite recent losses and stabilizations.

**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 2026/27, the TOT budget is set at \$6.1 million—below actual collections but in line with economic trends that staff is seeing.

**Interest income budget** is essentially flat from the fiscal year 2025/26 budget but a **16% decrease** over prior year estimate actuals. This reflects the decreases in the treasury market in which a majority of the Town's investment portfolio is currently invested in alignment with the Town's investment policy. Out-year projections incorporate **moderate declines** in interest earnings to align with investor outlooks and anticipated market conditions.

### *Legislative Impacts*

The fiscal year 2026/27 budget was developed during a period of continued legislative, regulatory, and economic uncertainty at both the federal and state levels. These evolving policy environments have direct economic implications for local government operations, capital planning, labor costs, environmental compliance, and long-term fiscal sustainability.

At the federal level, ongoing trade policy uncertainty and tariff-related market pressures continue to impact the cost of construction materials, fleet equipment, technology infrastructure, and operational supplies. These inflationary pressures remain particularly significant for the Town's capital improvement

program, where escalation in construction and procurement costs may affect project timing, bid competitiveness, and overall affordability. In response, the Town continues to utilize conservative (on the high side) cost assumptions, phased project implementation strategies, and contingency planning within the Capital Improvement Program to mitigate potential financial exposure.

The Town is also closely monitoring federal and state transportation and infrastructure funding programs that support public transit operations and capital investments. Truckee's transit system continues to rely on a combination of federal, state, and local funding sources, including Federal Transit Administration programs, Transit and Intercity Rail Capital Program (TIRCP) grants, and State Transit Assistance. Any reductions, delays, or restructuring of these funding programs could materially impact future transit service levels and planned capital improvements. To reduce reliance on uncertain external funding, the Town continues to diversify revenue sources supporting transit operations, including local Measure E revenues and other regional partnerships.

Federal policy changes related to wildfire mitigation, forest management, and emergency preparedness also remain a significant concern for the Truckee region. Reductions in staffing and/or funding for federal land management agencies may hinder fuel reduction efforts, emergency response coordination, and implementation of regional wildfire resilience strategies. In response, the fiscal year 2026/27 budget continues the Town's investment in local wildfire preparedness initiatives, including emergency preparedness staffing, evacuation planning and modeling, defensible space support programs, roadside vegetation management coordination, and expanded wildfire suppression coverage through the Town's CalFIRE agreement.

At the state level, the Town continues to respond to expanding regulatory requirements related to housing production, climate action implementation, waste diversion mandates, public transparency requirements, and labor compliance standards. These mandates continue to increase administrative, reporting, and operating responsibilities across multiple departments. The fiscal year 2026/27 budget includes continued investment in staffing, technology modernization, software implementation, and operational capacity necessary to maintain compliance while continuing to provide high-quality public services.

Despite these ongoing legislative and economic uncertainties, the Town remains well-positioned due to its fiscally prudent budget philosophy, strong reserves policies, long-term financial forecasting practices, and proactive fiscal management strategies. These practices provide the flexibility necessary to adapt to changing conditions while maintaining essential services and advancing the Town Council's strategic priorities, many of which overlap with areas of state and federal concern.

At the local level, the Town is also monitoring the future of Measure V, the voter-approved local sales tax that supports roadway maintenance and pavement preservation activities. Measure V is currently scheduled to sunset in 2028, and a ballot measure has been placed before voters to consider its renewal. If Measure V is not renewed, the Town could experience a significant long-term reduction in dedicated transportation funding, potentially impacting pavement maintenance schedules, roadway rehabilitation efforts, snow-related roadway recovery work, and the Town's ability to maintain existing infrastructure conditions at current service levels. The Town's long-range financial planning models incorporate the potential expiration of Measure V and recognize the importance of maintaining sustainable infrastructure funding sources.

### *Recession Preparation*

National economic forecasts continue to reflect a moderate risk of recession entering into fiscal year 2026/27. Major financial institutions and economic forecasters, including Goldman Sachs, Moody's Analytics, EY-Parthenon, and JPMorgan, have recently estimated the probability of a U.S. recession within the next 12 months to range between approximately 30% and 50%, reflecting continued uncertainty related to inflationary pressures, interest rates, trade policy, consumer spending trends, and geopolitical uncertainty. Of note, this range is slightly higher than the predictions prior to fiscal year 2025/26.

Should a recession occur during fiscal year 2026/27, the most immediate impacts to the Town's

revenues would likely be experienced in transient occupancy tax (TOT), sales tax revenues (including Measure V – Roads, Measure U – Trails, and Measure E – General Sales Tax), and building-related revenues, all of which are closely tied to tourism activity, consumer spending patterns, development activity, and broader economic conditions.

Property tax revenues, however, are not expected to experience impacts during fiscal year 2026/27 due to the structural lag between property assessment valuation and revenue apportionment. As stated above in the revenues section, property values supporting fiscal year 2026/27 revenues were generally established during the 2025 assessment cycle, with corresponding property tax allocations distributed to the Town in January 2027. As a result, property tax revenue impacts associated with an economic downturn would likely occur in the future fiscal years rather than immediately.

While economic indicators suggest an elevated recession risk, the fiscal year 2026/27 budget does not assume a recessionary scenario at this time. In the event economic conditions materially weaken, staff would evaluate the severity and expected duration of the downturn prior to recommending any operational or fiscal adjustments.

The Town's strong General Fund balance, resiliency-focused reserve policies, and long-term forecasting practices provide a critical financial buffer that allows the organization to respond strategically rather than reactively during periods of economic uncertainty. The flexibility positions the Town to maintain core service levels, evaluate changing conditions thoughtfully, and implement measured fiscal responses as necessary to preserve long-term financial 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 budget in accordance with those agreements:

- **Cost-of-living adjustments (COLA)**
  - For fiscal year 2026/27, a 3.0% COLA has been included for the employee association representing the Town's hourly employees, salaried employees, and police employees.
  - 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 **3.0% pay-for-performance (PFP) increase** has been included based on the budget-to-budget revenue increase in specified contract items for fiscal year 2026/27. 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, in-lieu of a PFP increase.

**CalPERS Costs** - Staff continue to model the substantial retirement costs associated with the Town's defined benefit plans through the California Public Employees' Retirement System (CalPERS). The Town participates in six separate CalPERS plans and tiers, with contribution rates based on actuarial assumptions provided by CalPERS.

Total CalPERS costs for fiscal year 2026/27 are estimated at approximately \$4.9 million, of which approximately \$4.5 million is funded through the General Fund. These costs include both the normal cost — the annual expense associated with benefits earned in the current year — and payments toward the Town's unfunded actuarial liability (UAL).

The Town's fiscal year 2026/27 contribution rates were largely based on CalPERS investment performance for fiscal year 2023/24, during which the system achieved a 9.3% investment return, exceeding the current

6.8% discount rate assumption. The most recent CalPERS Asset Liability Management (ALM) process concluded in 2025 and maintained the 6.8% discount rate while adopting updated actuarial assumptions that will begin impacting employer contribution rates in fiscal year 2027/28.

Over the five-year planning horizon, the Town anticipates approximately \$11.6 million in UAL payments, with annual CalPERS costs projected to increase from approximately \$4.9 million in fiscal year 2026/27 to approximately \$5.3 million by fiscal year 2030/31.

Due to the Town's strong liquidity position and cash pooling strategy, the Town continues to prepay its annual UAL obligations, generating approximately 3.3% in annual savings, or approximately \$70 thousand during fiscal year 2026/27.

### *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. Limits to the growth in the surplus are driven primarily by rising wages, CalPERS pension contributions, and employee benefit costs, including health, dental, and vision insurance. If all expense assumptions materialize, the Town's annual operating surplus is projected to decrease—from \$2.02 million in fiscal year 2026/27 to \$1.9 million by fiscal year 2030/31. By comparison, the fifth-year operating surplus projected in the fiscal year 2025/26 budget was \$3.04 million. This decrease is largely due to the refinement of the Town's property tax estimates both in the fiscal year 2026/27 as well as the year-over-year increases. These figures were prepared in combination with a professional analysis completed by the Town's 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 65.2% of the General Fund and 50.5% 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 2026/27 budget includes several strategic savings measures designed to strengthen the Town's long-term fiscal health and resilience:

- 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 fiscal year 2024/25 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 most recent Pavement Maintenance Program.

- Per Council direction in September 2024, the Town began building a **Public Art Designation**, with \$100,000 in fiscal year 2026/27 and \$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 organizational assessments, including the Townwide Operational and Service Delivery Review prepared by Baker Tilly, the Truckee Development Processes Findings and Recommendations prepared by AirDiamond Creative Consulting, and the Town's first statistically valid Community Opinion Survey conducted by True North Research. Collectively, these efforts continue to inform organizational planning, operational improvements, service delivery enhancements, and long-term strategic decision-making throughout the fiscal year 2026/27 budget.

### **Townwide Operational and Service Delivery Review (Baker Tilly)**

The Baker Tilly Organizational Assessment (Review) serves as a long-term operational roadmap for the Town and identified key themes related to workload capacity, organizational structure, technology modernization, internal systems, and service delivery expectations.

Since acceptance of the Review in May 2025, the Town has made measurable progress implementing recommendations through a phased and strategic approach. As of spring 2026, 22 recommendations have been completed, including implementation of the NeoGov applicant tracking system, updated engineering standards, creation of key staffing positions, organizational restructuring efforts, and improvements to internal operations and financial controls.

The recommendations continue to directly inform the fiscal year 2026/27 budget, including investments in technology modernization, implementation of CloudPermit software, evaluation of dedicated sidewalk and trail maintenance operations, emergency preparedness staffing, and planning efforts for a future Public Safety Facility to address long-term operational and staffing needs.

The Town continues to view the assessment recommendations as a multi-year implementation roadmap intended to strengthen organizational capacity, modernize systems, improve service delivery, and support long-term operational sustainability.

### **Truckee Development Processes – Findings and Recommendations (AirDiamond**

### **Creative Consulting)**

The AirDiamond assessment provided a focused review of the Town's development services processes and included extensive interviews with developers, staff, stakeholders, and partner agencies. The study identified opportunities to improve customer experience, communication, process consistency, and technology integration within the development review process.

The fiscal year 2026/27 budget continues implementation of several recommendations through investments in permitting software modernization, continued CloudPermit implementation, process improvement efforts, enhanced customer engagement initiatives, and ongoing consulting support for Planning and Public Works process improvements.

Additionally, the Town continues to expand customer service enhancements initiated following the report, including the free planner appointment program launched in 2025, which has improved customer access and streamlined development-related coordination efforts.

### **Staffing Additions**

The fiscal year 2026/27 budget includes targeted staffing investments intended to address increasing operational demands, maintain service levels, improve organizational resiliency, and support implementation of key Council priorities. While the Town continues to remain mindful of long-term personnel cost obligations, staff recognize that strategic investments in staffing capacity are necessary to sustain service delivery expectations in a growing and increasingly complex operating environment.

Consistent with findings from the Review, the Town continues to experience workload pressures across several operational areas. The budget therefore includes limited and strategic staffing additions focused on public safety, legal and organizational support, and external funding administration, some of which one was a recommendation of the Review.

The proposed General Fund staffing additions include:

**Deputy Town Attorney** – This position is proposed to address increasing legal and operational complexity experienced across the organization, including support for housing initiatives, development activity, public contracting, labor and employment matters, risk management, public records compliance, and municipal code enforcement. The addition of in-house legal capacity is intended to improve organizational responsiveness, reduce reliance on outside counsel where appropriate, and support timely implementation of Town initiatives.

**Police Officer – Community Outreach Officer / Homeless Liaison** – This position was identified through the Review and is intended to strengthen community-oriented policing efforts, support unhoused outreach coordination, improve business engagement, and enhance coordination with regional service providers and community partners. The position reflects increasing service demands associated with quality-of-life concerns, emergency response coordination, and community engagement.

**Grant Program Analyst (Limited Three-Year Term)** – This limited-term position is proposed to support the increasing administrative complexity associated with grant management, compliance monitoring, reimbursement coordination, and external funding opportunities. The Town previously consulted for these services and following the retirement of that consultant, staff are re-evaluating whether an in-house position may be more efficient. The Town continues to pursue significant state and federal grant funding for infrastructure, housing, transportation, wildfire resilience, and capital projects. The position is intended to improve grant administration capacity, maximize external funding opportunities, and support timely project implementation while minimizing administrative burden on operational departments.

These staffing additions reflect a measured approach to organizational growth and are intended to balance operational sustainability, service delivery expectations, and long-term fiscal responsibility.

### **Council Priorities**

The fiscal year 2026/27 budget continues to advance the Town Council’s five strategic priorities through a combination of operational programming, targeted staffing investments, and a multi-year Capital Improvement Program (CIP) focused on long-term community resiliency. Collectively, these investments reflect the Town’s commitment to maintaining high-quality public services while responding to evolving community needs related to infrastructure, housing affordability, wildfire resilience, sustainability, and inclusive community engagement.

The fiscal year 2026/27 CIP includes approximately \$38.7 million in planned capital investments across transportation, public facilities, housing, environmental sustainability, and public safety infrastructure. Together with ongoing operational initiatives, these investments directly support implementation of the Council’s priorities and the Town’s broader strategic vision.

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

The Town of Truckee remains committed to developing and maintaining infrastructure that supports mobility, economic vitality, environmental sustainability, and equitable community access. The fiscal year 2026/27 CIP includes significant investments in transportation systems, pedestrian and bicycle infrastructure, transit connectivity, roadway preservation, public amenities, and community facilities designed to strengthen both resident quality of life and Truckee’s long-term economic resilience.

More than two dozen CIP projects and over \$27 million in planned investments directly support this Council priority during fiscal year 2026/27. Key investments include:

#### Downtown Connectivity and Streetscape Projects

The Town continues to invest in projects that improve downtown circulation, pedestrian safety, accessibility, and economic activity while enhancing the visitor and resident experience.

- *West River Street Parking Lot and Sidewalk Improvements* (\$1.5 million): Planning, design, and construction of a parking lot on the north side of West River Street near DEWBHEYÚMUWE PARK (West River Street Park); including roadway realignment, pedestrian improvements and streetscape improvements intended to improve connectivity and support downtown economic activity.
- *Bridge Street/Donner Pass Road Improvements* (\$4.1 million): Upgrades to two major intersections incorporating pedestrian and bicycle safety improvements while positioning the corridor for a future Union Pacific “Quiet Zone” implementation.



INVEST IN **KEY INFRASTRUCTURE,**  
**COMMUNITY CONNECTIVITY,**  
**& ECONOMIC VITALITY**

#### Mobility, Transit, and Transportation Infrastructure

Transportation and mobility infrastructure remain central to the Town’s long-term infrastructure strategy and climate objectives.

- *Truckee Railyard Mobility Hub – Phase 2* (\$2.1 million): Expansion and relocation of the Town’s transit center to improve regional connectivity, transit efficiency, and rider experience through enhanced bus bays, passenger shelters, EV charging infrastructure, and climate-controlled amenities.
- *Road Rehabilitation and Pavement Maintenance*: (\$12.3 million): Ongoing annual roadway rehabilitation and pavement preservation efforts support safe and reliable transportation infrastructure while reducing long-term maintenance costs associated with deferred roadway investment.
- *Electric Charging Infrastructure* (\$75 thousand): Continued development of municipal fleet and employee charging infrastructure supporting Town fleet electrification goals and long-term greenhouse gas reduction targets.

#### Trail and Active Transportation Enhancements

The Town continues to prioritize non-vehicular transportation infrastructure that promotes safety, recreation, and alternative mobility:

- *Trail Pavement Maintenance Projects* (over \$3.3 million across fiscal years 2027–31):

Preservation and rehabilitation of heavily used Class I trail infrastructure throughout the community.

- *Mougle Lane/Pioneer Trail Connector* (planned \$7.9 million investment across fiscal years 2027-31): Development of a future multi-use trail connection intended to improve neighborhood connectivity and expand safe active transportation options.

### Public Facilities and Access

Investments in public facilities continue to support accessibility, civic services, and community gathering spaces.

- *New Truckee Library Design Partnership* (\$297 thousand): Continued collaboration toward development of a modern library facility intended to expand educational, cultural, and community resources. Additionally, the library may have the capacity to serve as a cooling shelter during public safety outage events further strengthening the Town's emergency preparedness posture.
- *Misc. Curb & Gutter Replacement* (\$75 thousand): Replacement of aging drainage and pedestrian infrastructure to improve accessibility, stormwater management, and roadway safety.

### Economic Vitality and Strategic Redevelopment

The fiscal year 2026/27 budget continues investments supporting long-term economic vitality, strategic redevelopment, and community-centered economic planning efforts intended to strengthen Truckee's year-round economy while preserving the community's character, environmental assets, and quality of life.

- *Economic Vitality Strategic Plan Update* (\$50 thousand): Supports implementation of General Plan Action ED-1.B through an update to the Town's Economic Development Strategic Plan. This effort will evaluate economic conditions, identify emerging economic trends, and develop policies and programs responsive to Truckee's evolving economic needs. The updated plan is expected to guide future economic vitality initiatives, including potential business support strategies, incentive programs, and public-private partnership opportunities.
- *River Revitalization Action Plan* (\$35 thousand): Continues implementation of the Town's long-term river revitalization strategy focused on environmental restoration, public access improvements, economic activation, and community connectivity along the Truckee River corridor. Ongoing work includes catalyst redevelopment planning, stakeholder coordination, and advancement of projects intended to strengthen recreation, tourism, and community-serving public spaces adjacent to the river corridor.

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

Housing affordability and workforce retention remain among the Town's most significant long-term challenges. The fiscal year 2026/27 budget continues substantial investments in workforce housing initiatives intended to increase housing affordability for local workers across a broad range of income levels.

The Town's housing program – funded in the operating budget and supported by five dedicated housing Capital Improvement Projects totaling over \$7 Million in fiscal year 2026/27 – 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 up to moderate and above-moderate incomes, ensuring an inclusive approach to addressing our community's housing needs.

The Town continues to pursue a comprehensive and multi-faceted housing strategy focused on housing production, preservation, affordability protections, and market stabilization.

**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] (\$5.2 million):** Financial incentives for property owners to deed restrict homes for occupancy by local workers, helping preserve long-term workforce housing inventory.
- 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.
- **Lease to Locals Program (\$620 thousand):** 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 (\$498 thousand):** Provides financial incentives to property owners who agree to rent homes to local workers at below-market rates for a minimum of three years.
- **Accessory Dwelling Unit (ADU) Incentives (\$578 thousand) –** 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.



ACTIVELY SUPPORT THE DEVELOPMENT  
OF WORKFORCE HOUSING

Other notable investments include:

- The **7th-cycle Housing Element update (\$30,720)** The Town has initiated preparation of the 2027–2035 Housing Element to address Truckee’s Regional Housing Needs Allocation (RHNA) of 1,542 housing units. Fiscal year 2026/27 efforts will primarily focus on advancing the Housing Element through the California Department of Housing and Community Development (HCD) review process in order to achieve State certification by the required deadline.
- **Community Housing Commitments (\$50,000):** Sustains regional collaboration and continued investment in affordability.
- 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.
- The Town is advancing the **Homegrown Housing program** to incentivize developers to voluntarily build deed-restricted workforce housing through a Truckee-specific alternative to the State Density Bonus program. The program combines financial incentives with streamlined review, flexible development standards, reduced parking requirements, and modest density bonuses, while maintaining objective design standards intended to preserve Truckee’s community character.

### 3. Emergency Preparedness and Wildfire Readiness

Wildfire resilience and emergency preparedness remain among the Town’s highest operational priorities. The fiscal year 2026/27 budget includes more than **\$5.2 million in operational and capital investments** supporting wildfire mitigation, emergency response readiness, evacuation planning, and community resilience initiatives. Major investments include:

- Wrapping up the **Tahoe Donner emergency egress study** (\$223,838 carryover from fiscal year 2025/26). This study is being led by Tahoe Donner Association through a reimbursement agreement with the Town.
- Approximately \$560 thousand to continue the Town’s **roadside vegetation management and fuels reduction** on an ongoing basis intended to improve wildfire resilience and emergency access throughout the community.
- Development of a **disaster preparedness program** (\$255,000) supporting the Town’s broader emergency preparedness initiatives, including Ready Truckee outreach efforts, alert and warning systems, emergency operations planning, public education, and community resilience programs.
- 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 to 17,626, as recommended by CalFire, increasing the wildfire suppression contract from \$412,597 in fiscal year 2024/25 to \$939,528 for fiscal year 2026/27, a 127.7% increase (although a 4.1% decrease over the cost per acre for fiscal year 2025/26). This policy shift serves three 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** primarily funded via grants from Measure E, administered by the Truckee Fire District.
- Planning and land purchase for a future **Public Safety Facility** (\$3.2 million) intended to address long-term operational, emergency response, and interdepartmental coordination needs identified in the Operational Assessment and Service Delivery Review.



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

The Town continues to coordinate regionally with the Truckee Fire Protection District, Truckee Tahoe Airport District, Tahoe Truckee Community Foundation, and other partners to advance landscape-scale wildfire resilience, emergency preparedness, and long-term community safety initiatives.

#### 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)



REDUCE GREENHOUSE GAS EMISSIONS & BECOME A LEADER IN **ENVIRONMENTAL SUSTAINABILITY**

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 **\$4.3 million in combined operating and capital funds** are designated to support environmental goals across key areas:

#### Transit and Microtransit Expansion

Continued investment in transit and multimodal transportation systems to reduce VMT and support GHG reduction goals, including **year-round TART Connect service** (\$2.665 million), regional

**vanpool participation**, and ongoing multimodal infrastructure improvements.

### Greenhouse Gas Mitigation and Programmatic Climate Actions

Expanded Sustainability program funding supporting the **Climate Action Plan** implementation, community electrification efforts, continued participation in the **Climate Transformation Alliance**, food ware ordinance implementation, and multiple **building decarbonization** grant and incentive programs focused on energy efficiency, weatherization, and workforce development.

### EV Infrastructure and Fleet Electrification

Investment in fleet electrification, **EV charging infrastructure**, and implementation of the Town's electric vehicle charging infrastructure master plan, including \$75 thousand in fiscal year 2026/27 and approximately \$975 thousand over the five-year planning horizon.

### Zero Waste and Waste Reduction

Funding supporting waste diversion, organics collection, public recycling infrastructure, single-use item reduction initiatives, regional **biomass feasibility** efforts (\$40,000), and planning for the Town's future **solid waste franchise agreement** (\$114,920).

### Trail and Bike Infrastructure

Investments in active transportation infrastructure, including updates to the **Active Transportation Plan** (\$160,000), trail rehabilitation and preservation (\$100,000), dirt trail improvements, bicycle and pedestrian enhancements in **partnership with Caltrans** (\$200,000), and partnerships support safe routes to school and reduce automobile dependence.

### Environmental Stewardship

Initiatives including **Donner Lake bank restoration** efforts, continued support for the **Dark Skies Awareness** campaign, and partnerships supporting pursuit of the **Bee City Designation**.

## 5. Community Engagement and Equity

The budget invests \$1.1 million in Community Engagement operations, which focuses on increasing access to the Town regardless of a person's income, background, or primary language, with initiatives supporting:

- Full-time Communications and DEI program staff, as well as continued funding for an IDEA intern
- IDEA Action Plan implementation & completion of a Language Access Plan for the Town.
- Establishment of the Town's first ever **Youth Commission**.
- Continued upgrades to the **Town's website and digital infrastructure** including work to achieve new ADA compliance by the 2027 deadline and accessibility upgrades to the Town's social media content
- Continuation of the program that provides **daycare staffing for six (6) community meetings** each year provided via the Town's contract with a childcare provider
- **\$206,000 for the Community Development software** to include a public-facing portal for permit and application monitoring



ENHANCE COMMUNICATION & PUBLIC OUTREACH

## Conclusion –

The fiscal year 2026/27 budget reflects a balanced, forward-looking, and strategically aligned approach to meeting the evolving needs of the Truckee community. The budget maintains essential public services while making meaningful investments in infrastructure, workforce housing, environmental sustainability, wildfire resilience, emergency preparedness, public safety, and community connectivity.

This budget also reflects the Town's continued commitment to long-term financial stewardship. Through conservative forecasting practices, strong reserve policies, disciplined operational planning, and thoughtful capital investment strategies, the Town remains well-positioned to navigate economic uncertainty while maintaining organizational stability and service reliability.

As Truckee continues to grow and evolve, the fiscal year 2026/27 budget prioritizes investments that strengthen community resiliency, preserve Truckee's unique character, and support a high quality of life for residents, businesses, and visitors alike. Staff look forward to working collaboratively with the Town Council and community to implement these priorities and continue advancing a vibrant, sustainable, and resilient future for Truckee.

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