



STAFF REPORT: Acceptance of the 2026 Strategic Budget Drivers

BOARD ACTION:

By Motion:

The Board of Directors accepts the 2026 Strategic Budget Drivers as presented in this staff report. With this acceptance, staff will begin developing the 2026 Budget, incorporating the participation, input, and feedback of the respective advisory committees, as well as Board discussion and feedback, as part of the Annual Budget Development Process.

BACKGROUND:

At the May 23, 2025, Regular Board Meeting, the Board and staff discussed draft 2026 Strategic Budget Drivers, assumptions, and a timeline for the budget development (See Exhibit A). The Finance Committee and the Chairs of the Long-Range Planning and the Trails and Open Space Committee were invited to participate in the discussion item. Member comment was welcomed; however, none were made.

The Board directed staff to refine the presentation of the 2026 Strategic Budget Drivers, prioritizing the ranking of the drivers, and return to the Board at the June 27, 2027, Regular Board Meeting for the Board to consider acceptance. The Strategic Drivers priority focus areas are:

- Member Value & Benefits
- Revenue
- Service Levels
- Employer Reputation and Competitiveness
- Capital Planning and Funding
- Information Technology

DISCUSSION/ANALYSIS:

Tahoe Donner offers a wide range of operations and amenities, providing high-quality programs and services based on adopted annual Operating and Capital Budgets. The Budgets are formulated to align with and achieve Tahoe Donner's mission and vision, as well as its Strategic Plan, Annual Strategic Objectives, Strategic Budget Drivers, and long-range capital planning.

As discussed with the board in May, several baseline assumptions will be incorporated into drafting the 2026 Operational Budget.

- **Economic Inflation Factors:** The Initial baseline assumption will be a minimum 3% increase in utilities, goods, etc. Economic inflation remains volatile due to uncertainty, and insurance renewal indicators have not stabilized due to the impacts of national and local fires. The 2026 draft budget will utilize the Consumer Price Index (CPI), utility rate increase notices, vendor forecasts, and other relevant factors.

- **Financial Performance Improvement:** A continuing priority focus will be improved financial performance in food and beverage, equestrian, and golf. Cautious revenue assumptions will be developed by analyzing prior performance, trends, and scenarios, as well as 3- and 5-year averages. Revenue growth opportunities and cost efficiencies will result in a modest improvement, continuing the good work of the 2025 efforts. Management will drive for improved financial and operational performance while maintaining core member services.
- **Operational Improvements:** We anticipate that member private amenity usage will increase as more members utilize their benefits as the Amenity Access Rule Implementation Plan is implemented. Services and programming refinement will lead to sustainable pricing and operating results. For example, the equestrian program's vision, established through the budget, will be fully implemented, ushering in a new era of food and beverage with improved menus, pricing, and quality.
- **Downhill Ski Lodge Completion:** Expected Downhill Ski Lodge opening for the 25/26 season and all services available, along with summer Day Camps returning to full capacity (the majority of summer Day Camps operate out of the Downhill Ski Lodge), are assumed to benefit net operating results by approximately \$2M.

Building upon these baseline assumptions and the Strategic Annual Objectives currently being drafted by staff, staff identified the following 2026 Strategic Budget Drivers as guidance for developing the draft 2026 Operating and Capital Budgets. The priorities are listed in order of importance, with 1 being the highest and 3 being the lowest. **Please note that these are for budget development purposes only and do not constitute final budget approvals.**

Priority 1 Group

DESCRIPTION	FOCUS AREA
All (4) Member ID Cards in Annual Assessment	Member Value & Benefits
Programmatic and operational program changes for improved financial performance and service levels	Service Levels
Downhill Ski Lodge Coming Online	Revenue
Modest revenue growth	Revenue
Employee Health Benefits: Employer & Employee %Contribution stays the same	Employer Reputation and Competitiveness*
Implementation plan relating to the Cap & Fin Policies Update	Capital Funding
Replacement Reserve Fund address % funded minimum 10% increase	Capital Funding
Development Fund minimum 4% increase	Capital Funding
New Equipment Fund \$50/per property	Capital Funding

Priority 2 Group

DESCRIPTION	FOCUS AREA
Menu of Member Value Vouchers(s) with Annual Assessment	Member Value & Benefits
Merit is budgeted effectively	Employer Reputation and Competitiveness*

Priority 3 Group

DESCRIPTION	FOCUS AREA
Member Food Discount @ Public Venues	Member Value & Benefits
Performance recognition programs are budgeted effectively	Employer Reputation and Competitiveness*

**RECOMMENDATION:**

The recommended board action is as follows:

By Motion:

The Board of Directors accepts the 2026 Strategic Budget Drivers as presented in this staff report. With this acceptance, staff will begin developing the 2026 Budget, incorporating the participation, input, and feedback of the respective advisory committees, as well as Board discussion and feedback, as part of the Annual Budget Development Process.

Alternative(s) the Board may consider:

1. The Board may consider providing staff with additional feedback on proposed drivers and prioritization.
2. The Board may remove or add Strategic Budget Driver focus areas and/or items, change prioritization, or make other modifications, and approve modifications at the meeting.

OUTREACH:

The board discussed the 2026 Strategic Budget Drivers at the May 25, 2025 Regular Board meeting, where members' comments were welcome. The Board will be considering action on this matter at the June 27, 2025 Regular Board meeting, where members' comments are welcome.

FISCAL IMPACT:

Projected estimated impacts to the draft 2026 Budget were provided in Exhibit A. No decision will be made on the 2026 Budget until October 2025.

ATTACHMENTS:

Exhibit A: May 23, 2025, Staff Presentation on draft 2026 Strategic Budget Drivers and Timeline to the Board of Directors

Prepared By: Annie Rosenfeld, General Manager

Board of Directors Meeting: 6/27/2025