



STAFF REPORT: Acceptance of the 2027 Strategic Budget Drivers

BOARD ACTION:

By Motion:

The Board of Directors accepts the 2027 Strategic Budget Drivers as presented in this staff report. With this acceptance, staff will begin developing the 2027 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 22, 2026, Regular Board Meeting, the Board and staff discussed draft 2027 Strategic Budget Drivers, assumptions, and a timeline for the budget development (See Exhibit A).

Member comment was welcomed; however, none were made.

The Board generally concurred with the proposed 2027 Strategic Budget Drivers, which included a minor correction to the New Capital Projects Fund minimum increase percentage, along with any additional refinements deemed appropriate, prior to consideration of acceptance at the June 26, 2026, Regular Board Meeting.

The proposed Strategic Budget Drivers are organized into the following priority focus areas:

- Capital and Financial Policies Implementation
- Financial Performance Stability and Risk Mitigation
- Employer Reputation and Competitiveness
- Member Value and Benefits

DISCUSSION/ANALYSIS:

Tahoe Donner provides a diverse range of amenities, programs, and services that are funded through the Association's annual Operating and Capital Budgets. These budgets are developed to support Tahoe Donner's mission, vision, Strategic Plan, Annual Strategic Objectives, long-range capital planning efforts, and the implementation of the Capital and Financial Policies adopted in 2025.

The 2027 Strategic Budget Drivers are intended to provide policy-level guidance to staff during development of the Operating and Capital Budgets. The proposed drivers prioritize implementation of the Capital and Financial Policies, strengthen Tahoe Donner's long-term financial sustainability, mitigate revenue and expenditure risks, maintain workforce competitiveness, and preserve member value and benefits. These drivers will inform staff recommendations but do not predetermine final budget decisions.

As discussed with the board in May, several baseline assumptions will be incorporated into drafting the 2027 Operational Budget.



- **Economic Inflation Factors:** Staff will utilize an initial planning assumption of not less than 3.5% for inflation-sensitive operating expenses. Budget development will incorporate updated Consumer Price Index (CPI) data for certain day to day costs, utility rate projections, vendor pricing forecasts, labor market conditions, and insurance renewal trends. Particular attention will be given to insurance cost volatility and other external cost pressures that continue to affect organizations throughout California and the Sierra region.
- **Financial Performance Improvement:** Consistent with Resolution 2025-11, Operating Fund Policy, staff will continue efforts to improve operating performance through disciplined budgeting, operational efficiencies, revenue optimization, and performance measurement. Revenue assumptions will be developed using historical performance trends, weather-adjusted scenarios, and multi-year averages to improve forecasting accuracy and reduce financial volatility. Management will seek to improve financial results while maintaining core member services and experiences.
- **Operational Improvements:** Staff will continue evaluating programs, services, and pricing structures to ensure alignment between member demand, service levels, and financial sustainability. Continued operational refinement is expected to improve member experiences while supporting long-term operating performance. Examples: expanded day camps, building upon improved performance within food and beverage operations through consistency in menus, pricing, and service quality.
- **Downhill Ski Lodge Completion:** With the first full season of operation complete, the 2027 budget will incorporate operational lessons learned from the new Downhill Ski Lodge. Budget development will focus on optimizing staffing models, maintenance requirements, guest service delivery, and revenue opportunities associated with the facility.

Building upon these baseline assumptions and the Strategic Annual Objectives currently being developed by staff, the following Strategic Budget Drivers are proposed to guide development of the draft 2027 Operating and Capital Budgets. The priorities are listed in order of importance, with Priority 1 representing the highest level of emphasis during budget development.

Acceptance of Strategic Budget Drivers provides policy direction to staff for budget preparation purposes only and does not constitute approval of the 2027 Operating Budget, Capital Budget, Annual Assessment, or any specific expenditure or funding allocation.

Priority 1 Tier

DESCRIPTION	FOCUS AREA
Replacement Reserve Fund Assessment allocation: \$1,138; 10% / \$104 minimum increase	Capital + Financial Policies Implementation
Long Life Fund Assessment allocation: \$195; 4% / \$8 minimum increase	
New Capital Projects Fund Assessment allocation: \$783; 4% / \$31 minimum increase	

New Equipment Fund Assessment allocation: \$50; \$20 increase	
Utilize conservative revenue forecasting assumptions reflective of weather volatility, economic uncertainty, and historical performance trends	Financial Performance Stability + Risk Mitigation
Explore and maximize external funding sources (e.g. grants, funding partners) to offset costs and augment non-assessment revenue	
Employee Health Benefits: Employer & Employee % Contribution stays the same	Employer Reputation + Competitiveness
Improve workforce stability, continuity and leadership development	
Menu of Member Value Vouchers(s) with Annual Assessment	Member Value + Benefits
Programmatic and operational program refinement for improved financial performance and member experience	

Priority 2 Tier

DESCRIPTION	FOCUS AREA
Performance recognition program budgeted % strengthened to recognize excellent employee performance	Employer Reputation + Competitiveness
Merit is budgeted effectively to limit risk exposure of negative variance during staff churn	
Member Food Discount @ Public Venues	Member Value + Benefits

RECOMMENDATION:

The recommended board action is as follows:

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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 2027 Strategic Budget Drivers at the May 22, 2026 Regular Board meeting, where members' comments were welcome. The Board will be considering action on this matter at the June 26, 2026 Regular Board meeting, where members' comments are welcome.

FISCAL IMPACT:

Projected estimated impacts to the draft 2027 Budget were provided in Exhibit A. No decision will be made on the 2027 Budget until October 2026.

ATTACHMENTS:

Exhibit A: May 22, 2026, Staff Presentation on draft 2027 Strategic Budget Drivers and Timeline to the Board of Directors

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Board of Directors Meeting: June 26, 2026