

## STAFF REPORT

Date: June 18, 2024  
To: TRPA Governing Board  
From: TRPA Staff  
Subject: Approval of Fiscal Year 2024/2025 Annual Operating Budget

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### Summary and Staff Recommendation:

TRPA staff prepared the annual operating budget based on the TRPA strategic priorities and guidance provided by the Governing Board at the May 2024 Governing Board retreat.

The fiscal year 2024/2025 budget reflects the work of TRPA staff and Governing Board members to increase revenues in support of TRPA's mission to protect Lake Tahoe. The budget shows revenue increases from the prior year in several areas including the Nevada and California contribution, funds from the Lake Tahoe Restoration Act (LTRA), and infrastructure pass-through grants. Fee revenue is increased to support cost-recovery goals in the permitting department.

Funding the 2024/2025 fiscal year's budget includes multiple revenue sources and spending out the remainder of the bond proceeds set aside for long-term deferred maintenance.

Staff recommends approval of the fiscal year 2024/2025 budget. Included in the action to approve the budget are the following items:

- Approval for the overall expenditures of the agency.
- Approval for the grant agreements incorporated in the budget.
- Approval of the contract expenditures included in this budget.
- Approval for the staffing levels identified in this budget.
- Approval for an average 4% salary merit review for staff.
- Approval of an inflation increase (budgeted at 5%) to current planning fees (subject to final review by the Operations and Governance Committee in October).
- Authorization for staff to make technical corrections to the final budget.

### Required Motion:

In order to approve the fiscal year 2024/2025 operating budget, the Governing Board must make the following motion:

- 1) A motion to approve the fiscal year 2024/2025 budget.

In order for the motion to pass, an affirmative vote of any eight Board members is required.

## Background:

This Budget and the associated Annual Work Plan support the continuation of the three strategic priorities from the prior fiscal year including emerging issues agreed as part of the staff retreat:

- The Tahoe Living strategic priority specifies how we can work with local governments to create Complete Communities that provide housing for all, an appropriate mix of uses to support vibrant, walkable, transit-friendly neighborhoods, and the necessary infrastructure to protect our unique and precious environment.
- The Keeping Tahoe Moving strategic priority addresses the transportation system for “complete communities” and for the millions from outside the Basin who visit the Lake Tahoe Region annually.
- The Restoration and Resilience strategic priority continues and accelerates environmental improvement and transportation improvement programs to restore our environment and better prepare the region for extreme weather and climate change.

The budget also covers TRPA’s mandates from the Bi-State Compact and our other roles. TRPA is the Federal Metropolitan Planning Organization (TMPO) and California Regional Transportation Planning Agency (RTPA). The United States Environmental Protection Agency (EPA) has designated TRPA as the areawide planning agency under Section 208 of the Clean Water Act.

In 2024, Executive Director Julie Regan drove change in the TRPA organizational structure, increasing staff in high-intensity areas, and future investment needs. Although restricted by available funding, this budget continues the momentum set in place in FY’24, continues to address needs, and reflects the state of the current organization.

The budget is balanced including funds carried over from prior years. The building repairs are funded by bond monies received four years ago when we refinanced our long-term debt tied to the building. Work started in FY’24 and will finish up this budget year.

There are two areas that are not budgeted. Mitigation funds are received when the project is acknowledged, and disbursed when the receiving agency has a project ready to deploy the funds. This process is difficult to forecast and there is a considerable time lapse between the two events. Secondly, the California STA/LTF/State of Good Repairs funding is managed and budgeted by the recipients (Placer County and the Tahoe Transportation District). TRPA does not receive this funding, but as the RTPA for the Basin is responsible for authorizing and coordinating its use.

TRPA staff recommends approval of the following budget for Fiscal Year 2025, broken down by Fund:

**Tahoe Regional Planning Agency**  
*Fiscal Year 2024/2025 Proposed Budget (\$K)*

	<b>Revenue</b>	<b>Expenses</b>	<b>Net</b>
General Fund	9,470	8,491	979
Planning Fund	3,199	4,472	(1,274)
Shorezone Fund	362	303	58
<b>Total General Funds</b>	<b>13,030</b>	<b>13,267</b>	<b>(236)</b>
<b>Special Funds</b>			
AIS	9,134	9,134	0
EIP	3,580	3,580	0
Transportation	3,333	3,333	0
BMP	289	289	0
<b>Total Grants</b>	<b>16,336</b>	<b>16,336</b>	<b>0</b>
<b>Total Agency</b>	<b>29,366</b>	<b>29,602</b>	<b>(236)</b>

The following table breaks out revenue and expenditures by type:

Revenue Sources	\$	%
California	5,116	17%
Nevada	3,171	11%
Grants	14,843	51%
Fees for Service	4,736	16%
Other	1,500	5%
	<u>29,366</u>	

CA/NV Ratio 1.61

Expenditures by Type	\$	%
Contracts	18,176	61%
Compensation	9,439	32%
Financing	623	2%
Other	1,365	5%
	<u>29,602</u>	

**Comparisons to Prior Fiscal Year Budget**

**Revenue Projections:**

**Tahoe Regional Planning Agency**  
*Fiscal Year 2024/2025 Proposed Budget (\$K)*

Revenues	FY 25	FY 24	Change
General Fund	9,470	8,540	930
Planning Fund	3,199	2,826	372
Shorezone Fund	362	347	15
Total General Funds	13,030	11,713	1,317
<b>Special Funds</b>			
AIS	9,134	7,592	1,542
EIP	3,580	4,086	(506)
Transportation	3,333	3,516	(183)
BMP	289	292	(2)
Total Grants	16,336	15,486	850
<b>Total Agency Revenues</b>	<b>29,366</b>	<b>27,199</b>	<b>2,167</b>

Overall, revenues are up \$2.2M from FY'24 budget. The Nevada and California contributions to the agency are up by \$0.2M for staff salary and cost of living increases. Excluding the AIS

program contributions (\$375K per state) and the Nevada scanning project, the California to Nevada funding ratio is 1.9 to 1.0, close to the compact requirement. Planning revenue will increase by 5% CPI (prior year staff salary increase for reference was 5%) plus additional pass-through costs for expedite fees. Grants are up because of the federal Lake Tahoe Restoration Act (LTRA) and infrastructure grants as well as AIS fees. EIP grants are also affected by evolving forest health and fuels reductions project implementation timelines. Housing grant REAP funds were delayed in FY'24 due to California budget challenges and have been carried into the FY'25.

Confidence in grant revenue is strong in '25 as we are experiencing increased momentum as projects move into implementation late in the '24 budget. Grant revenue is based on cost reimbursement, where revenues match expenses, but both may fluctuate depending on associated expenditures and timing. LTRA funding is higher for the coming year because of strong federal support for the EIP. Transportation grants reflect the Overall Work Program (OWP) negotiated with the funders (Federal Highway Administration, CalTrans, and NDOT) plus the California housing policy REAP grants.

State revenue is largely set. Nevada's contribution to funding staff salary increases at the same rate the states' employees receive will be matched by California at the same rate the states' employees receive.

Current Planning fees are running strong and on budget for FY'24. Planning fees have been trending upward since the annual fee increase was effective in February 2024. The real estate market in Tahoe remains strong. We expect an overall increase in planning fee income of 7% driven by annual fee adjustment aligned with Consumer price index. The actual adjustment will be based on the Consumer Price Index for the Western Area, with a 3% minimum. The Operations and Governance Committee will review this change later in the fiscal year. We are also seeing increased expedite requests where permitting is contracted out to decrease cycle time. This is a pass-through cost, and the fees are aligned with the cost in the budget. Current Planning is not at full cost recovery for services and receives a transfer from the General Fund to balance revenues and expenses.

Shoreline fees are based on known moorings plus additional moorings and structures capped by the new shoreline regulations.

**Budgeted Expenditures:**

**Tahoe Regional Planning Agency**

*Fiscal Year 2024/2025 Proposed Budget (\$K)*

<b>Expenditures</b>	<b>FY 25</b>	<b>FY 24</b>	<b>Change</b>
General Fund	8,491	7,660	831
Planning Fund	4,472	3,947	526
Shorezone Fund	303	427	(124)
<b>Total General Funds</b>	<b>13,267</b>	<b>12,034</b>	<b>1,233</b>
<b>Special Funds</b>			
AIS	9,134	7,592	1,542
EIP	3,580	4,086	(506)
Transportation	3,333	3,516	(183)
BMP	289	292	(2)
<b>Total Grants</b>	<b>16,336</b>	<b>15,486</b>	<b>850</b>
<b>Total Agency Expenditures</b>	<b>29,602</b>	<b>27,519</b>	<b>2,083</b>

Expenditures are up \$1.8M with contracts increasing \$1.2M and labor up \$0.5M vs FY'24 budget. Contracting increases are primarily in LTRA, Transportation, and Housing areas. Labor costs include salary increases and being fully staffed for a full fiscal year.

The budget includes a total of 75 positions plus 4 seasonal boat crew members and 4 interns. Of the year-round positions, 74 are full time, and 1 is part time. Total compensation will be \$9.4M, \$1.4M of the compensation is covered by Grants. The total compensation budget includes a 4% merit increase. This will not be a general increase for all but will be based on a multi-factor approach. We are assuming turnover equivalent to 1.3 FTEs. That is based on a 7% turnover rate with an average of 3 months to replace. TRPA salaries and benefits (retirement plan) remain below market.

Contracting expenditures are projected at \$18.2M. This is an increase of \$1.2M versus FY'24 budget, driven by increased funding from the Lake Tahoe Restoration Act and infrastructure grants. TRPA is acting as a fiscal agent for a sizable portion of the LTRA program and most of this funding is disbursed to partner entities and contractors performing the work. A list of contracts over \$100K is attached. Here is a summary of the FY'25 expenses vs the prior year:

**Major Program areas:**

**AIS Program:**

<b>AIS Program</b>			
<i>Fiscal Year 2024/2025 Proposed Budget (\$K)</i>			
	<b>FY 25</b>	<b>FY 24</b>	<b>Change</b>
Revenue			
Grants	7,205	5,945	1,260
Fees for Service	1,179	897	282
State Revenues	750	750	0
Total Revenue	9,134	7,592	1,542
Expenditures			
Contracts	8,182	6,708	1,474
Compensation	552	463	89
Other	400	421	(20)
	9,134	7,592	1,542
<b>Net AIS</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

The AIS fund is seeing an increase versus prior year budget driven by LTRA & infrastructure grants as well as board-approved AIS inspection fee increases. The Tahoe Keys Demonstration Program should be completed in 2025 as monitoring is completed on multiple methods of weed control. While work in the Keys continues, there are no herbicide tests this fiscal year. TRPA acts as the fiscal agent for the program -- our headcount is 5.5 full-time equivalents, with most of the expenditures in the contracts area. Fees for service reflect revenues from the watercraft inspection and decontamination program. Both states contribute \$375K in dedicated spending for the AIS prevention program.

**EIP Program**

<b>EIP Program</b>			
<i>Fiscal Year 2024/2025 Proposed Budget (\$K)</i>			
	<b>FY 25</b>	<b>FY 24</b>	<b>Change</b>
Revenue			
Grants	3,505	3,885	(380)
State Revenues	75	201	(126)
Total Revenue	3,580	4,086	(506)
Expenditures			
Contracts	3,484	3,957	(473)
Compensation	51	85	(35)
Other	45	44	1
	3,580	4,086	(506)
<b>Net EIP</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

The EIP program is down about 12% vs last year, mainly driven by a Lahontan Water Board nearshore monitoring grant ending and survey finishing. The two significant forest health and watershed restoration projects from FY'24 will carry over to FY'25. Like the AIS program, most of the funds will be awarded to implementing partners with roughly one equivalent TRPA resource applied.

**Permitting and Compliance Program**

**Permitting and Compliance Program**  
*Combined Planning Shoreline Funds*  
*Fiscal Year 2024/2025 Proposed Budget (\$K)*

	FY 25	FY 24	Change
Revenue			
Total Revenue	3,557	3,194	363
Expenditures			
Contracts	1,061 <span style="color: green;">▲</span>	832	229
Compensation	2,165 <span style="color: green;">▲</span>	2,208	(43)
Other	1,550	1,335	215
	4,776	4,374	402

Net Permitting & Compliance	(1,219)	(1,180)	(39)
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Current Planning is one of our core areas. It includes more than 20 staff members including project review, customer service, code enforcement and shoreline permitting and enforcement activities. This department is down one FTE per last year. These numbers reflect a combination of the Planning Fund and the Shoreline Fund. Increases in contracts for expediting cycle time are aligned with associated revenue. The other cost increase is administration & overhead allocation.

**Transportation Program:**

**Transportation Program**  
*Fiscal Year 2024/2025 Proposed Budget (\$K)*

	FY 25	FY 24	Change
Revenue			
Grants	3,333	3,516	(183)
Expenditures			
Contracts	2,116	1,822	295
Compensation	755	1,178	(423)
Other	462 <span style="color: green;">▲</span>	516	(55)
	3,333	3,516	(183)

Net Transp. & Planning	0	0	(0)
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Transportation includes both the traditional Transportation Overall Work Program (OWP) and grants in the housing area (REAP) that were carried over from FY'24. These funds account for 6 equivalent heads. Compensation is down due to applied time to these grants. Contracting effort changes from year to year depending on priorities and funding availability. This budget includes over \$0.9M in housing related contracts and \$0.3 for USFS Highway 89 corridor environmental study.

Contact Information:

For questions regarding this agenda item, please contact Chad Cox at (775) 589-5222 or [ccox@trpa.gov](mailto:ccox@trpa.gov).

To submit a written public comment, email [publiccomment@trpa.gov](mailto:publiccomment@trpa.gov) with the appropriate agenda item in the subject line. Written comments received by 4 p.m. the day before a scheduled public meeting will be distributed and posted to the TRPA website before the meeting begins. TRPA does not guarantee written comments received after 4 p.m. the day before a meeting will be distributed and posted in time for the meeting.

Attachment:

- A. Major Contracts included in the Fiscal Year 2025 Budget

Attachment A

Major Contracts included in the Fiscal Year 2025 Budget

**Attachment 1**

**Tahoe Regional Planning Agency**

*Fiscal Year 2024/2025 Contract in excess of \$100,000*

<b>Purpose</b>	<b>Recipient</b>	<b>Fees</b>	<b>Gen Fund</b>	<b>Grants</b>	<b>Other</b>
<b>Environmental Improvement</b>					
AIS Control	IRI Ultraviolet Light LTRA 6			780,000	
AIS Control	ESA Tahoe Keys CMT LTRA 6			750,000	
AIS Control	Taylor Tallac			400,000	
AIS Control	TBA			400,000	
AIS Control	TRCD			285,706	
AIS Control	Blankinship & Associates Tahoe Keys CMT LTRA6			153,500	
AIS Control	Stratus Engineers Associates Tahoe Keys CMT LTRA 6			110,000	
AIS Control	Prevention			108,412	
AIS Control	Army Corps USACOE -TRCD			100,000	
AIS Control and Surveillance (RFQ)	Spatial Informatics Group			100,000	
AIS Control and Surveillance (RFQ)	Infiniti			100,000	
AIS Control and Surveillance (RFQ)	TERC			100,000	
AIS Control and Surveillance (RFQ)	Lake Tahoe Diving Environment LLC			100,000	
AIS Control and Surveillance (RFQ)	MTS			100,000	
AIS Control Permanent Station Spooner	Tahoe Transportation District			300,000	
AIS Control Permanent Station Spooner	El Dorado County			200,000	
AIS Control Tahoe Keys CMT	Environmental Science Associates			100,000	
AIS Permanent Watercraft Station	El Dorado County			200,000	
AIS Prevention	Tahoe Resource Conservation District	1,119,131			
AIS Prevention	MTS - Taylor Tallac			685,850	
BMP	BMP Ski Run Bijou Park			100,000	
Control	TBD			500,000	
Control	TRCD			110,408	
New Zealand MudSnail	TBD			100,000	

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**Tahoe Regional Planning Agency**

*Fiscal Year 2024/2025 Contract in excess of \$100,000*

<b>Purpose</b>	<b>Recipient</b>	<b>Fees</b>	<b>General Fund</b>	<b>Grants</b>	<b>Other</b>
Prevention	Tahoe Resource Conservation District			200,000	
Tahoe Keys CMT	TRCD			190,000	
USFS LTRA BMP Watershed	City of South Lake Tahoe			350,000	
USFS LTRA BMP Watershed	CA Dept of Parks and Recreation			150,000	
USFS LTRA BMP Watershed	Nevada Tahoe Conservation District			100,000	
USFS LTRA BMP Watershed	CA Tahoe Conservancy			100,000	
USFS LTRA Forest Health	CA Dept of Parks and Recreation			1,100,000	
USFS LTRA Forest Health	Tahoe Resource Conservation District			300,000	
USFS LTRA Forest Health	LVFPD & CA State Parks			300,000	
USFS LTRA Forest Health	CA Tahoe Conservancy			150,000	
USFS LTRA Forest Health	STR Wisewood Biomass			150,000	
USFS LTRA Forest Health	Washoe Tribe & UNR			125,000	
USFS LTRA Forest Health	Nevada Division of State Lands			100,000	
<b>Total EI Contracts &gt;\$100K (includes page 1)</b>		<b>1,119,131</b>	<b>-</b>	<b>9,198,876</b>	<b>-</b>

<b>Regional Planning</b>		<b>Fees</b>	<b>General Fund</b>	<b>Grants</b>	<b>Other</b>
On-call contract / expedite	Arlo Stockham	150,000			
Long Range Planning	TBD (John H/Shay/Michelle)		200,000		
Tahoe Housing / REAP grants (2)	TBD (Karen)			905,000	
USFS Emeral Bay Corridor Enviro Study	TBD			265,628	
<b>Total Regional Planning Contracts &gt; \$100K</b>		<b>150,000</b>	<b>200,000</b>	<b>1,170,628</b>	<b>-</b>

<b>Transportation</b>		<b>Fees</b>	<b>General Fund</b>	<b>Grants</b>	<b>Other</b>
WE104.1 (CA-PL) Regional Transportation F	Regional Planning Tech Svcs		125,834		
WE108.7 (CA-SB1) Sustainable Communiti	Sustainable Funding Initiative			163,750	
WE108.8 (CA-SB1) Sustainable Communiti	Sustainable Funding Initiative			163,750	
<b>Total Transportation Contracts &gt; \$100K</b>		<b>-</b>	<b>125,834</b>	<b>327,500</b>	<b>-</b>

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**Tahoe Regional Planning Agency**

*Fiscal Year 2024/2025 Contract in excess of \$100,000*

<b>Purpose</b>	<b>Recipient</b>	<b>Gen Fund</b>	<b>Grants</b>	<b>Fees</b>	<b>Other</b>
<b>Research &amp; Analysis</b>					
Annual Monitoring	UC Davis - Transparency/Atmos Dep/ Tributaries		200,308	150,000	
Annual Monitoring	USGS - LTIMP		185,350		
LT Monitoring	UC Davis			115,000	
Process Improvement	Sitka on-call		145,000		
<b>Total R&amp;A Contracts &gt; \$100K</b>		<b>-</b>	<b>530,658</b>	<b>265,000</b>	<b>-</b>
<b>Other Contracts over \$100K</b>					
Reimbursables / Heavenly Monitoring	Stantec consulting			400,000	
Project Reviews	Wells Barnett Associates			200,000	
Rock Wall	F&B				236,250
Outsource IT Support	Managed Services Provider/Xogenous	240,000			
TSAC Work Orders	Various Member Institutions		225,000		
TSAC Work Orders	Various Member Institutions		100,000		
<b>Total Other Contracts &gt; \$100K</b>		<b>240,000</b>	<b>325,000</b>	<b>600,000</b>	<b>236,250</b>