



# Tahoe Donner Association 2018 Budget

Board Meeting 10/19/2017

Prepared by Michael Salmon, Director of Finance and Accounting, October 17, 2017

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# 2018 Budget – Agenda today



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- ▶ Budget Oversight and Governance
- ▶ Annual Assessment
  - ▶ Strategic Planning Guidance
  - ▶ Growth over Time
- ▶ Replacement Reserve Fund
- ▶ Development Fund
- ▶ New Machinery and Equipment Fund
- ▶ Operating Fund
  - ▶ Overview of Operating Fund Budget draft
  - ▶ Budgeted Full-Time, Part-Time, Seasonal Staffing
  - ▶ Net Operating Results (NOR) by Department
  - ▶ User Fee and Rate Changes
- ▶ Next Steps

# Budget oversight



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## ■ Governance

- Federal State Local agencies
  - Laws and regulations
  - Sales tax audits, property tax audits, income tax audits
- Governing Documents
- Fiduciary Duty
  - DUTY OF CARE (Due Diligence; Duty to Investigate)
  - DUTY OF LOYALTY (No Self-Dealing)
- Board
- Finance Committee
- Members
- Management
- Internal Controls
  - Authorization Levels
- Financial Reporting
  - Daily Weekly Monthly
  - Annual Report and Annual Audit

Budget Board Meeting 10/19/2017

# Governance



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- California's Davis-Stirling Act laws that address reserves require Disclosures and a Reserve Study to be performed every 3 years, updated annually. No specific funding levels or fund balances are required by law. However, the law does require the Board to act with **Fiduciary Duty**.
- **Fiduciary Duty.** The director must remain focused on the best interests of the corporation. Loyalty to the corporation means subordinating personal objectives and needs to the financial requirements of the association. In this regard, Civil Code Section 1366 explicitly provides that the homeowners association shall levy regular and special assessments sufficient to perform its obligations under the governing documents and the Davis-Stirling Act, California Civil Code Section 1350.
- Budget must be communicated to members not less than 45 days and no more than 60 days prior to start of new year (DSA & ByLaws XII, Section 5).



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# 2018 Budget Strategic Planning Guidance

- ▶ G03 link <http://www.tahoedonner.com/wp-content/uploads/2017/02/Item-C-G03-2018-Strategic-Planning-Guidance.pdf>
- ▶ **VISION** Tahoe Donner is a vibrant and desirable mountain community, providing attractive and well-maintained facilities, events, programs, and leading customer service to its members, guests, and public, all while maintaining accessible and healthy natural surroundings.
- ▶ **MISSION** Tahoe Donner Association is a recreational-oriented mountain residential community, whose mutual benefit association of 6,500 owners provides for the standards, regular operation and long term maintenance of programs, facilities and open space. Through continuous improvement, customer service, and fiscal accountability, the association maintains leading standards of natural resource stewardship, facilities, programs and services to benefit the owners/members. Organizational effectiveness and innovation within the association is sustained by maintaining a highly professional board of directors, staff, and homeowner committee volunteers, while also engaging the local community in an effective and collaborative relationship
- ▶ Next page for key direction items

# 2018 Budget - Board strategic Planning Guidance

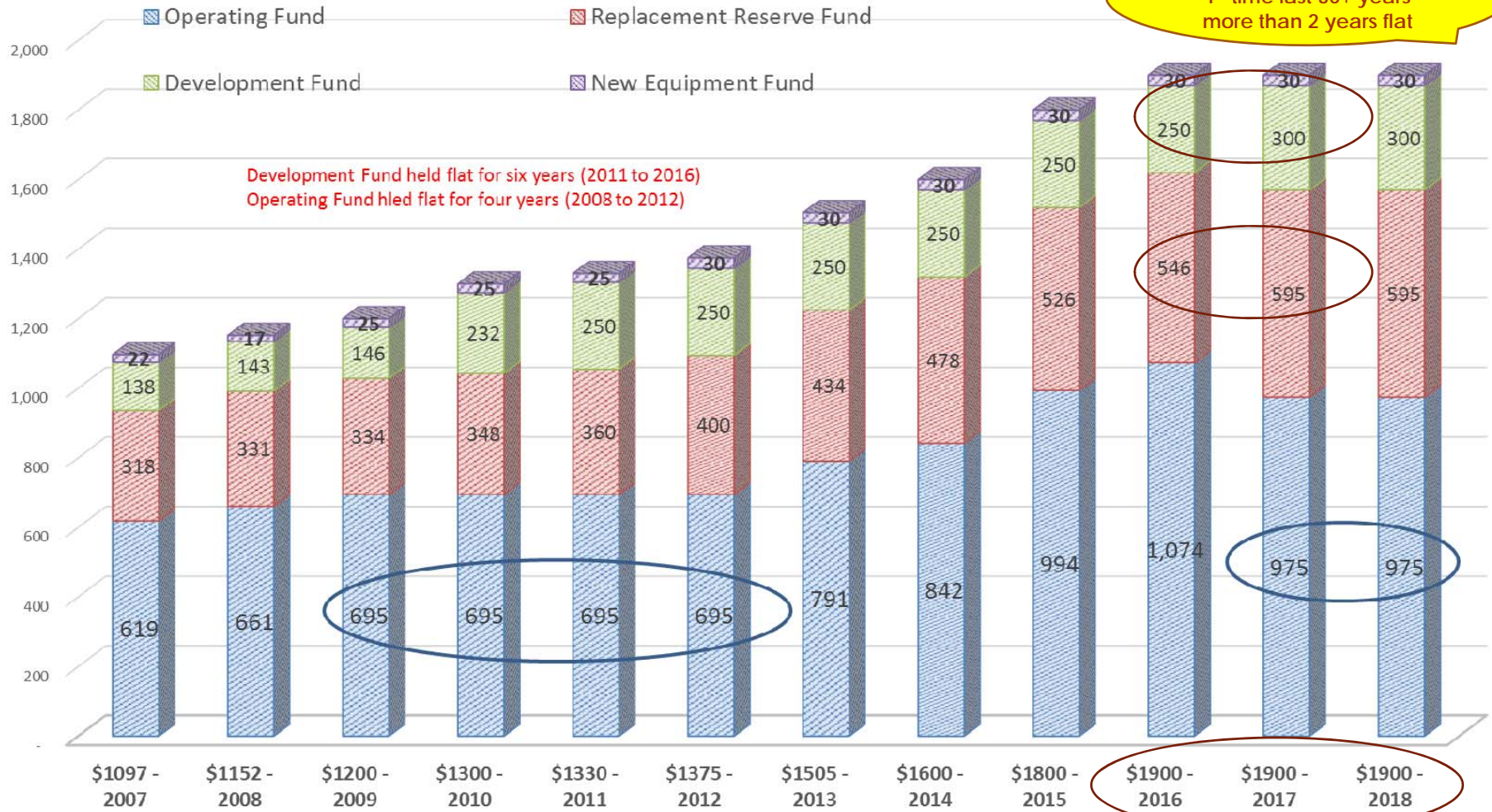
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1. In December 2017, as part of 2018 Budget Assumptions:
  - a. Transfer Operating Funds of \$\_\_\_\_\_ to Replacement Reserve Fund
  - b. Transfer Operating Funds of \$\_\_\_\_\_ to Development Fund
  - c. Hold in Operating Fund \$\_\_\_\_\_ **Current plan no further transfer in 2017, review mid-2018**
2. No increase in 2018 Annual Assessment (AA), which may require more aggressive revenue assumptions and or cost control service level impacts
3. With ~25% Funded Reserve, hold Replacement Reserve portion of AA **At 32%**
4. Strategic plan priorities reviewed, refined, validated
5. Development Fund values time over increasing funding level
6. Identify Replacement Reserve major improvement plans for Board validation and consider delaying reserve projects longer than normally scheduled
7. Review, may change for 2018: Transfer Fee, Recreation Fee, or Daily Guest \$8  
(no change in Member \$6 daily entry fee) **Guest card guest to \$10 in draft**
8. Public Amenities – target Public prices for greater increases, minimize Member prices increases where practical
9. Private Amenities – minimize Member price increases where practical





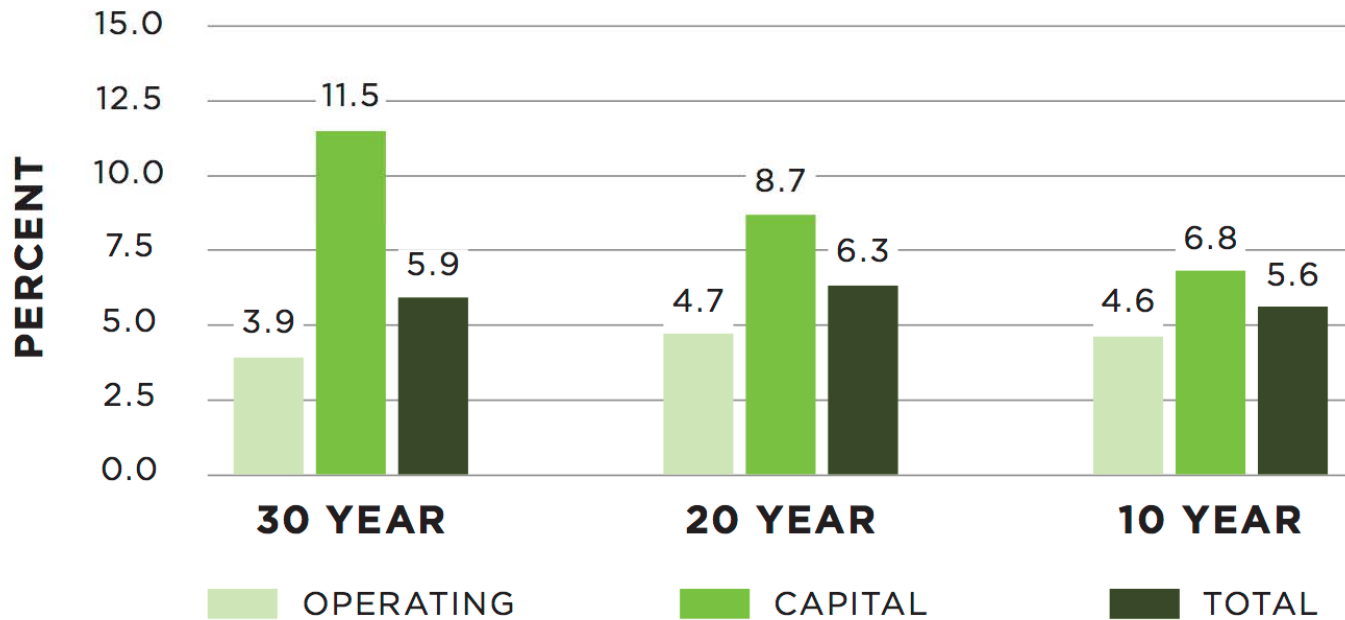
# Annual Assessment per owner - 2018 Draft



## ANNUAL ASSESSMENT GROWTH RATE BY FUND TYPE AND TOTAL

1987 - 1997 - 2007 - 2017 BUDGET

COMPOUNDED ANNUAL GROWTH RATE



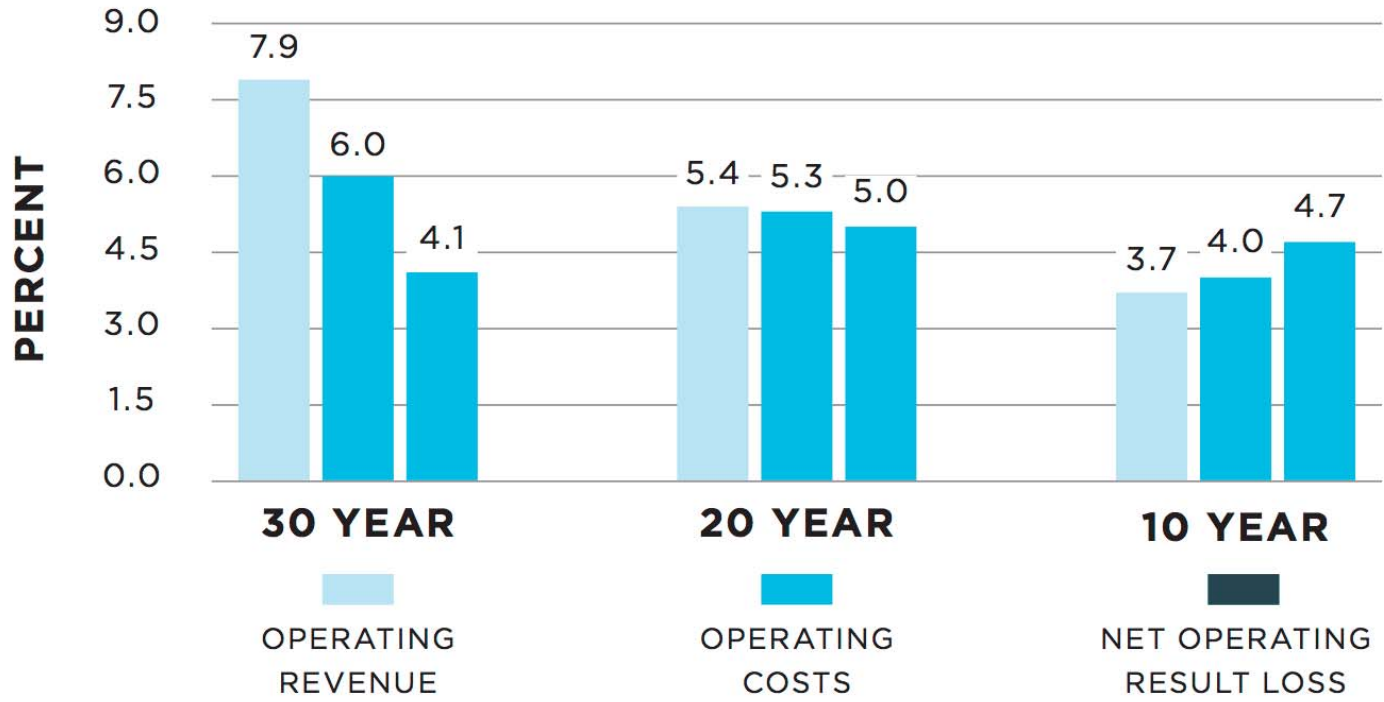
## ANNUAL ASSESSMENT NOTES

- In 2017, the \$1,900 total annual assessment was the same as 2016.
- From 2009 to 2012 (four consecutive years), the operating portion of annual assessment was held flat at \$695.
- Over the past 20 years (1996 to 2016), the association's replacement reserve fund balance has improved by over \$6 million, addressing past underfunding and an aging infrastructure of this now 45 year old association.



# OPERATING FUND GROWTH RATE BY COMPONENT

1987 - 1997 - 2007 - 2017 BUDGET      COMPOUNDED ANNUAL GROWTH RATE



- ### NOTABLE AMENITY FACILITIES GROWTH
- The Lodge Restaurant & Pub built in 2005
  - Trout Creek Recreation Center built in 1994, expanded in 2005
  - Alder Creek Adventure Center built in 2015
  - Euer Valley, Trails, Bikeworks
  - Cross Country Skiing added
  - Concerts changed from outsourced to in-house production
  - Number of Improved Lots has increased (fewer vacant lots now)

### OPERATING COSTS TO OPERATING REVENUE

1987	266%	1997	162%	2007	152%	2017	157%
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# Annual Assessment per owner

## Compounded Annual Growth Rates (CAGR)

	5 Year <small>2012&gt;2017</small>	Operating Fund, net 7.0%:
<u>Total AA</u>	<u>6.7%</u>	<u>Revenue 3.5%</u> <u>Costs 4.7%</u>
Operating	7.0%	Cogs 5.8%
Reserve	8.3%	Expenses 2.1%
Development	3.7%	Payroll Direct 4.7%
New Equipment	0.0%	Payroll Burden 8.8%
<i>the 3 Capital Funds</i>	6.4%	<u>CA min wage 5.6%</u> Ca sick pay, FED ACA Alder Creek Café Snowmaking Drought

# Annual Assessment per owner



## Compounded Annual Growth Rates (CAGR)

	<u>5 Year</u> 2013>2018	<u>10 Year</u> 2008>2018	<u>15 Year</u> 2003>2018	<u>20 Year</u> 1998>2018
<u>Total AA</u>	4.8%	5.1%	4.8%	5.8%
Operating	4.3%	4.0%	2.8%	4.5%
Reserve	6.5%	6.0%	6.9%	7.4%
Development	3.7%	7.7%	12.7%	9.1%
New Equipment	0.0%	5.8%	1.5%	0.9%
<i>the 3 Capital Funds</i>	5.3%	6.5%	7.9%	7.7%

Talking Points:  
 Looking long term, under-funding of reserves and more operations  
 Looking near term, drought impacts and regulatory cost pressures

# 2018 Budget – Replacement Reserve Fund



**2017 Budget**                      **2018 Budget**

Operating Fund Transfer IN

-

Beginning Balance (A)    \$    7,500,000

10,006,000

2018 Beg Bal includes \$1.5 million 2017 transfer in (in anticipation of Snowbird Lift acceleration)

Current Replacement Cost    48,102,748

50,870,162

Fully Funded study value (B)    28,118,084  
ratio to CRC                              58%

30,846,974  
61%

Percent Funded (A/B)                      26.7%

32.4%

Resolution 2013-3, Replacement Reserve Fund -  
policy establishes a % funded minimum of 25%

Scenario A

Year	Percent Change	Beginning Balance	Fully Funded	Percent Funded	Dollar Change
1/1/2018	0.00%	10,005,737	30,846,974	32.44%	-
1/1/2019	0.00%	7,583,129	30,109,995	25.18%	-
1/1/2020	0.00%	7,942,288	32,005,804	24.82%	-
1/1/2021	0.00%	7,627,444	33,061,783	23.07%	-
1/1/2022	0.00%	7,133,965	34,002,154	20.98%	-
1/1/2023	0.00%	6,062,853	34,561,796	17.54%	-
1/1/2024	0.00%	5,260,479	35,911,888	14.65%	-
1/1/2025	0.00%	4,713,890	36,798,362	12.81%	-
1/1/2026	0.00%	1,010,871	35,067,749	2.88%	-
1/1/2027	0.00%	84,975	36,486,450	0.23%	-

Scenario B – PROPOSED BUDGET 2018 Reserve Plan

Year	Percent Change	Beginning Balance	Fully Funded	Percent Funded	Dollar Change
1/1/2018	0.00%	10,005,737	30,846,974	32.44%	-
1/1/2019	4.00%	7,583,129	30,109,995	25.18%	154,080
1/1/2020	4.00%	8,097,135	32,005,804	25.30%	160,243
1/1/2021	4.00%	8,098,281	33,061,783	24.49%	166,653
1/1/2022	4.00%	8,090,479	34,002,154	23.79%	173,819
1/1/2023	0.00%	7,682,963	34,561,796	22.23%	-
1/1/2024	0.00%	7,550,291	35,911,888	21.02%	-
1/1/2025	0.00%	7,685,083	36,798,362	20.88%	-
1/1/2026	0.00%	4,650,567	35,067,749	13.26%	-
1/1/2027	0.00%	4,394,433	36,486,450	12.04%	-

For 2017 Budget, a full reserve study (including physical inspections) was completed (every 3 years).  
For 2018 Budget, a comprehensive update was performed.

## RESERVES AFFECT MARKET VALUES

I recently spoke at an event with the founder of Association Reserves, [Robert Nordlund](#).

He mentioned a study he recently completed to see if property values were affected by the strength of an association's financial reserves.

He compared the sales price (measured in price per square foot) of units in 100 comparable condominium associations to the their reserve fund strength (measured in % funded).

He found that market values were 12.6% higher in associations with strong reserves (over 70% funded) than in associations with weak reserves (under 30% funded).

I took out my calculator and did the math. If you own a \$300,000 condo in an association with weak reserves and persuaded your board to build strong reserves, your property value increases by \$37,800. Building reserves is like putting money in your own piggy bank.

*I always had a sense that healthy reserves had a positive effect on property values. Kudos to Robert Nordlund for quantifying it.*



32% for 2018 Budget

Refer to Replacement Reserve Fund Policy 2013-3 [here](#)

Refer to 2018 Budget Replacement Reserve Study and documents sections G05 and G06



# 2018 Budget – Replacement Reserve Fund



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## Resolution 2013-3, Replacement Reserve Fund Minimum Balance Test

Total Property & Equipment	\$ 74,227,626	*
Less Land and Land improvements	<u>(9,239,805)</u>	*
Net Replc Reserve Assets policy test amount	64,987,821	
policy test %	10%	
Policy minimum balance in Repl Reserve Fund	<u>\$ 6,498,782</u>	
Forecasted Balance 12/31/2017	\$ 10,006,000	<i>above policy Minimum</i>
Forecasted Balance 12/31/2018, per 2018 Budget Draft	\$ 7,742,000	<i>above policy Minimum</i>

\*per Audit Report 12/31/2016, footnote 4.



# 2018 Budget – Replacement Reserve Fund

	2017 Budget	2017 Forecast	2018 Budget
(F) Beginning Balance	\$ 7,500,000	\$ 7,903,233	\$ 10,006,000
Assessment Contribution	3,852,000	3,852,000	3,852,000
Operating Fund Transfer IN	-	1,500,000	
Operating Fund Transfer IN	-		
Expenditures	(3,701,000)	(3,385,233)	(6,354,000)
Disposal of Assets proceeds	30,000	30,000	30,000
Interest Income/BDExp/Taxes	41,000	106,000	150,000
Budget YE Balance	\$ 7,722,000	\$ 10,006,000	\$ 7,684,000

(F) the beginning balance is Forecasted in fall of preceding year during budget cycle.  
For the 2017 Forecast, the actual beginning balance is used.

For 2017 Budget, a full reserve study (including physical inspections) was completed (every 3 years), not just an update.  
For 2018 Budget, an update was performed.

# 2018 Budget - Development Fund



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Actual 12/31/2016 Balance \$ 499,052

2018 Assessment Contribution ( @ \$300 / owner) 1,942,000

Operating Fund Transfer IN in 2017 1,800,000

**2017 Expenditures (forecast, as of late Sept 2017):**

Downhill Ski - Daylodge/Skier Services/Lifts, Planning	50,000
Trout Creek Recreation Facility, Remodel - soft DF portion	85,000
Cross Country trash enclosure bldg	95,000
Trails, new trail(s) per trails master plan	67,000
Open Space - Glacier Way Trailhead, planning	
Association Master Plan	45,000
Backup power generators, soft costs incurred	14,000
Land Acquisition, Other Projects, Cost Allocation, Contingency	288,052
TL Spend	<u>644,052</u>

Interest Income/BDExp/Taxes, NET 3,000

Forecast 12/31/2017 Balance \$ 3,600,000



See next page for 2018 Budget

# 2018 Budget - Development Fund



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(includes \$1.8 Million 2017 transfer in) Forecast 12/31/2017 Balance \$ 3,600,000

2018 Assessment Contribution ( @ \$300 / owner) 1,942,000

additional Operating Fund Transfer IN TBD -

## 2018 Expenditures:

Mailbox Clusters, planning	25,000
Employee Housing, planning	10,000
Association Wide - Member Surveys	25,000
Downhill Ski - Daylodge/SkierServices/Lifts, Planning	200,000
Trout Creek Recreation Facility, Remodel - soft/hard DFportion	500,000
Equestrian, final phases	200,000
Trails, new trail(s) per trails master plan	20,000
Open Space - Glacier Way Trailhead, planning	-
Open Space - two warming huts (yurts or other)	-
Feasibility Studies for Priority 1 projects	150,000
Land Acquisition, Other Projects, Cost Allocation, Contingency, Ir	278,000
TL Spend	<u>1,408,000</u>

Interest Income/BDExp/Taxes, NET 66,000

Budget 12/31/2018 Balance \$ 4,200,000

CFP - long term saving for DHSki building replacement/addition and other projects

# 2018 Budget – New Equipment Fund



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## 2018 Budget draft 10/19/2017

Forecast 12/31/2017 Balance	\$	<u>64,000</u>	
2018 Assessment Contribution		194,000	
<b>2018 Expenditures:</b>			
Currently identified items		173,000	<i>next page</i>
Contingency		<u>40,000</u>	
TL Spend		<u>213,000</u>	
Investment Income/net of income taxes		2,000	
Budget 12/31/2018 Balance	\$	<u>47,000</u>	



# 2018 Budget – New Equipment Fund – 2018 Spend



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<a href="#">Link</a> DRAFT Preliminary 2018 NEF Budget		2018 NEF Totals		\$ 213,000
10/11/2017		Project Count		15
Component		Location	Type	Est. 2017 BUDGET
HVAC for Mezzanine	1	Administration	C	\$ 25,000
E-Bikes	1	Bikeworks	C	\$ 15,000
Bear Boxes	1	Campground	C	\$ 8,000
Rolling Canoe Racks	1	Day Camps	C	\$ 3,000
Bollards and Chains (Lots 1 and 4 )	1	DHSKI	C	\$ 8,000
Driving Range Mats - Lower Tier	1	Golf Ops	C	\$ 4,600
Artificial Turf - Complete along fence to parking lot	1	Marina	C	\$ 15,000
Cellphone Booster - Alder Creek	1	MIS	C	\$ 27,000
Quick Service Digital Menu Signage (Alder Creek & DHSKI	1	MIS	C	\$ 7,000
Pickleball windscreen	1	Tennis	C	\$ 2,000
Water Fountain/Bottle Filler/Utility Sink	1	Tennis	C	\$ 3,000
Banquet - Sound Buffering Walls	1	The Lodge	C	\$ 5,000
VHF Handheld Radios - 6	1	Trails	C	\$ 5,000
4x4 S/S Work Utility Vehicle - Summer/Winter Maint	1	Trails	C	\$ 15,000
4x4 S/S Attachments for Summer/Winter Maintenance	1	Trails	C	\$ 15,000
Phone App - Summer Trail Map	1	Trails	C	\$ 5,000
New Gate - Crabtree/ 7 C's	1	Trails	C	\$ 5,000
Marco Polo Grill Sunsetter Shade Cover	1	Trout Creek	C	\$ 5,000
<b>Contingency</b>				<b>\$ 40,400</b>
<b>2018 NEF Totals</b>	<b>15</b>			<b>\$ 213,000</b>

# Operating Fund – Members equity surplus



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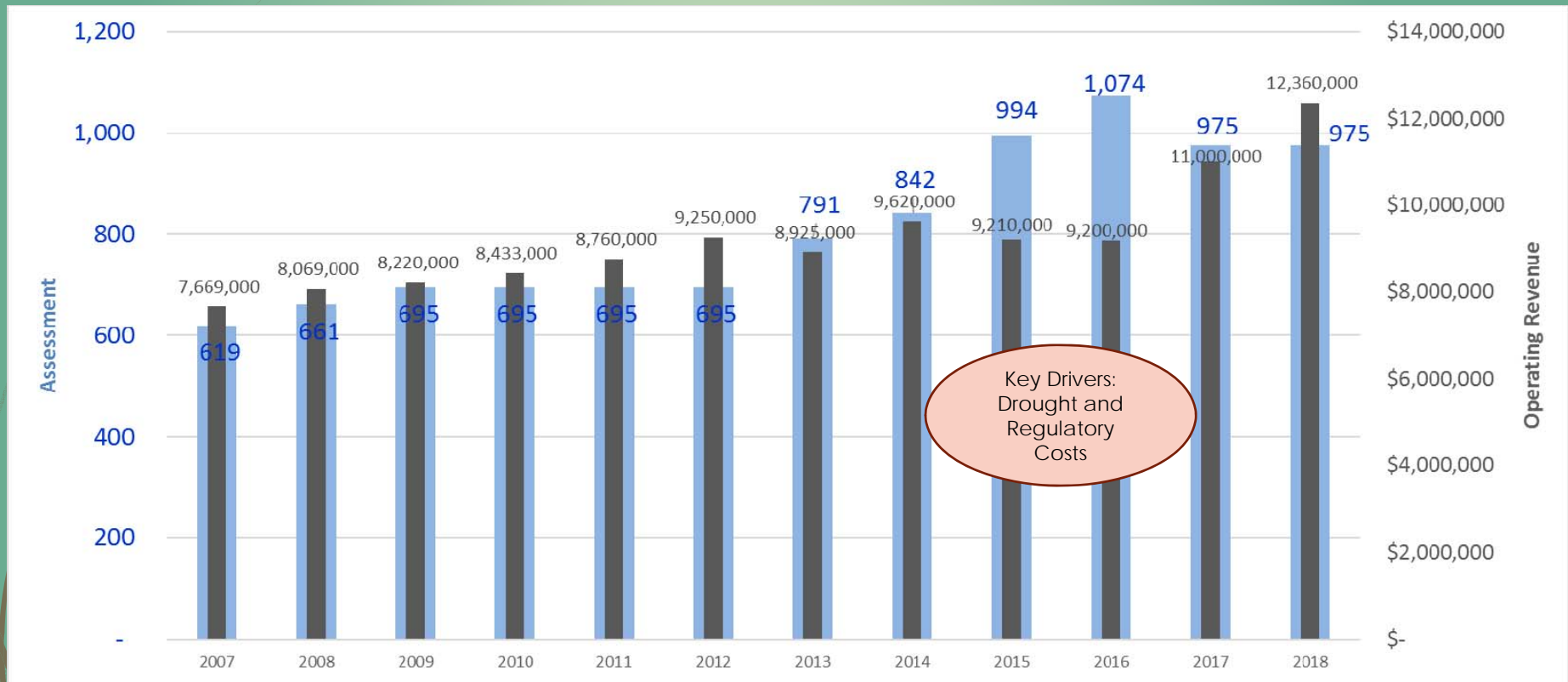
- ▶ Surplus drivers: loss recovery success and record Summer 2015, December 2015 record results, and record revenues every month of 2016. And Strong winter 16/17 *Cannot count revenue twice.*
- ▶ Transfers made in 2017 - \$3.3 Million
  - ▶ \$1,500,000 to Replacement Reserve Fund (snowbird lift accelerated to 2018)
  - ▶ \$1,800,000 to Development Fund (savings for DHSki building replacement)
- ▶ Currently YTD August NOR is favorable \$1 million
- ▶ Which places ME balance at \$2.1 million
- ▶ Minimum \$500,000 balance, per policy
- ▶ Currently ME is above target 10% of Revenues or \$1,236,000 by \$860,000
- ▶ Options –
  - ▶ Make no additional transfers in 2017, hold in Operating Fund, Review mid-2018
  - ▶ Task the Finance Committee with policy update to consider 10% of Revenues the minimum balance (2013-4 Operating Fund policy will be 5 years old in 2018, so 5-yr rotation cycle in sync)
  - ▶ Other \_\_\_\_\_



# Operating Fund - Methodology

- ▶ Top Down and Bottom Up Drivers
- ▶ Strategic Planning Guidance
- ▶ Normalization starting point, 3-Year Average adjusted for known Baseline changes
- ▶ Drivers for 2018 (change drivers impacting Revenue and Costs, by Department)
  - ▶ Pricing changes – revenues and costs
  - ▶ Capital impacts -
  - ▶ Merit impacts – isolate this driver, capped
  - ▶ Strategic
  - ▶ Regulatory
  - ▶ Other

# Operating Fund - Operating FUND portion of Annual Assessment and Operating Revenues

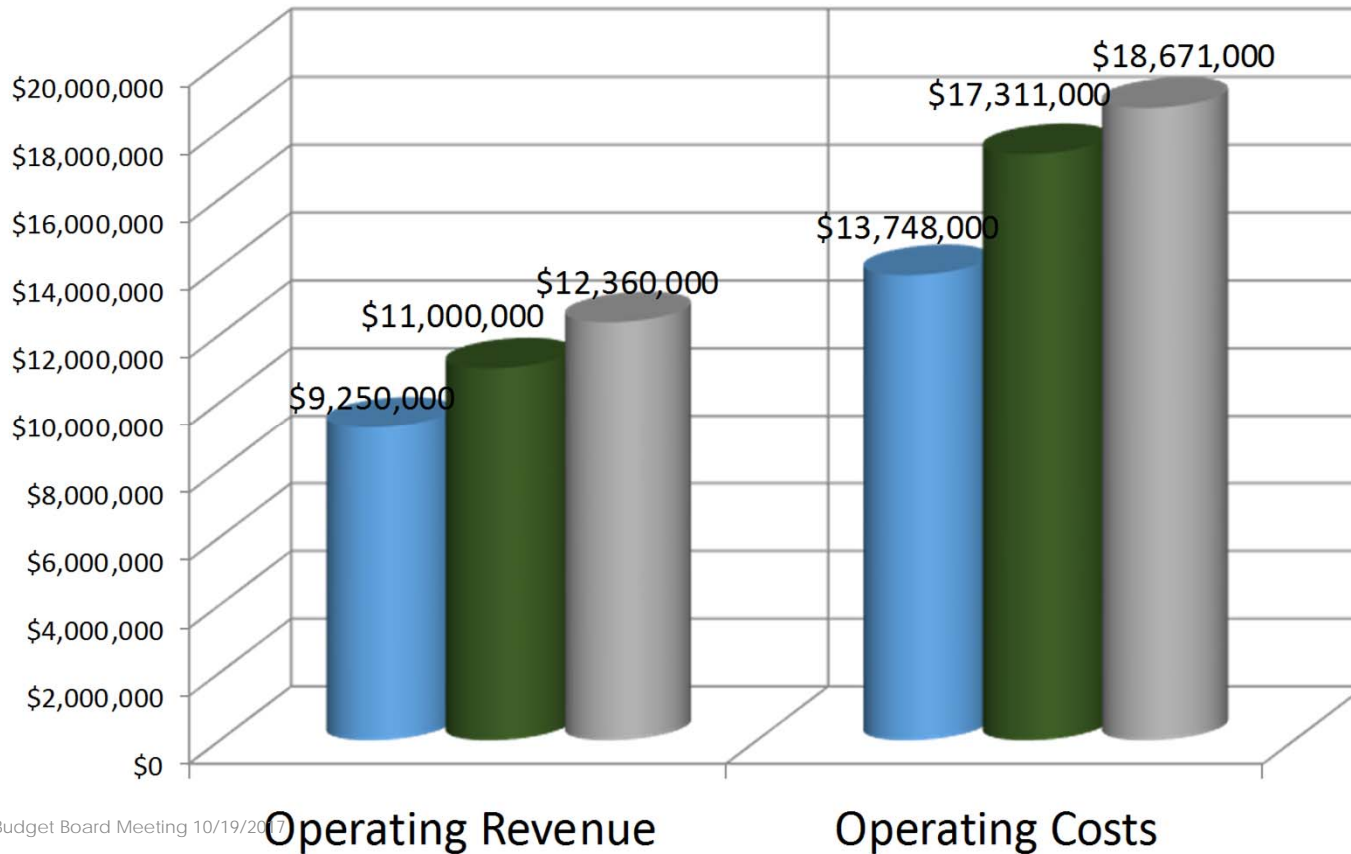


# Operating FUND

Being an HOA, Operating Costs are Greater than Operating Revenues.....

if both grow at 3%, Costs growth in Dollars is **greater** than the Revenue growth in Dollars

$$\begin{aligned}
 &\$ 11,000,000 \times 3\% = \$ 330,000 \text{ rev} \\
 &\$ 17,311,000 \times 3\% = \$ 519,000 \text{ cost} \\
 &\qquad\qquad\qquad \$ 189,000 \text{ net cost}
 \end{aligned}$$



- 2012 B
- 2017 B
- 2018 B



OpRevenue%  
 OpCosts  
 67% B'12  
 64% B'17  
 66% B'18







# Operating Fund - Revenue

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- \$ 11,473,000 Three Year simple average (2015 Actual, 2016 Actual, 2017 Forecast) (1drought yr)
- 254,000 + past years pricing changes impact of ~2.2% overall
- 104,000 + net other misc. adjustments for know trends/changes
- \$ 11,831,000 = Baseline for 2018 before Drivers [BL for Budget 2017 \$9,942,000 (2 drought years)]
- 410,000 Pricing changes 3.3% overall impact (notables DHSki, XCSki, Guest on Guest Card \$10)
- 80,000 Capital impacts (Downhill Ski beyond Baseline for Snowmaking investment)
- 12,000 Capital impacts (all other, misc , \$5,000 Equestrian)
- 27,000 Strategic impacts (misc)
- \$12,360,000 = Budget 2018 Operating Revenue

164,000	Pricing increases, DHSki \$164,000/6% avg
45,000	Pricing increases, XCSki \$45,000/5% avg
48,000	Price changes, Guest Fee on Guest Card \$8 to \$10, + \$2
77,000	Price changes, specific to F&B, addressing minimum wage impact
80,000	Downhill Ski, capital impacts snowmaking
15,000	Equestrian. 10k price incr 5% avg, \$5k capital impact/growth
18,000	Golf. \$11,000 price incr 1% avg, \$7k group biz off peak growth
10,000	Day Camps, price incre avg 4.5%



# Operating Fund – Payroll Direct

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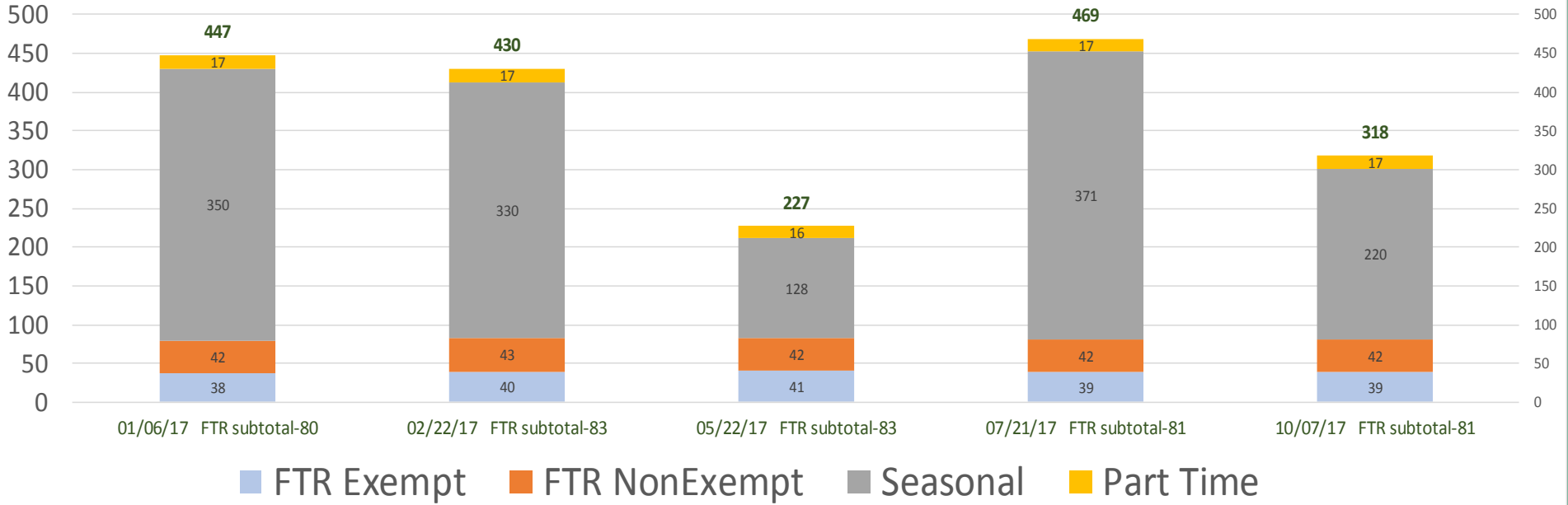
- ▶ \$ 9,283,000 2017 Forecast
- ▶ (176,000) -adjust for baseline revenue & known changes/vacancies etc. by department
- ▶ \$ 9,107,000 = Baseline for 2018 before Drivers
- ▶ 251,000 Merit increases 3.0%, net overall 2.8%
- ▶ 38,000 Capital impacts
- ▶ 126,000 Strategic impacts
- ▶ 178,000 Regulatory impacts (primarily CA MinWage impacts)
- ▶ \$ 9,700,000 = Budget 2018 Payroll Direct

Ref check,  
3yr avg \$8,990,000 x 3% =  
9,260,000 (greater than Baseline)

# Operating Fund – Head Counts



### Employee Headcounts in 2017



See next page for by department headcounts.

Totals include capital project specific seasonal labourers HC, if any. ~12HC in 10/7 total.

**91 FTR authorized in Budget 2017**      **91 FTR proposed in Budget 2018**

The FTR Exempt includes Seasonal Salaried, ie not on benefits.      Winter:(1) Tickets/Rentals/Retail Manager      Summer:(2) Campground and Tennis managers.

# Operating Fund – Full Time Regular Benefit positions



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Tahoe Donner Association Budget 2018 Burden Table - Health Insurance - Cost Distribution Table 10/15/2017				NOTE: ALLOCATED positions - listed in Home dept only. SPLIT positions - listed proportionately, as applicable (and as indicated)										
'Budget Plan and Authorized' Full-Time Regular Positions [benefited]														
Dept#	Dept Name	Budget 2017			Budget 2018			B2B Change			Budget 2018 - w/Allocations			
		Exempt	Non-Exp	Total	Exempt	Non-Exp	Total	Exempt	NonE	Total	Allocs	Exempt	Non-Exp	Total
005	General	-	-	-	-	-	-	-	-	-	0.15	0.15	-	0.2
010	Administration	1.00	3.00	4.00	1.00	2.00	3.00	-	(1.0)	(1.0)	(0.15)	0.85	2.00	2.9
015	Marketing/ComDep	2.00	2.00	4.00	2.00	2.00	4.00	-	-	-	-	2.00	2.00	4.0
020	ASO	1.00	3.50	4.50	1.00	4.00	5.00	-	0.5	0.5	-	1.00	4.00	5.0
025	MIS	2.00	2.00	4.00	2.00	3.00	5.00	-	1.0	1.0	-	2.00	3.00	5.0
030	Accounting	2.00	6.00	8.00	2.00	5.00	7.00	-	(1.0)	(1.0)	-	2.00	5.00	7.0
035	Human Resources	2.00	0.50	2.50	2.00	1.00	3.00	-	0.5	0.5	-	2.00	1.00	3.0
040	Member Services	1.00	2.00	3.00	1.00	2.00	3.00	-	-	-	-	1.00	2.00	3.0
050	Forestry	1.75	1.00	2.75	2.00	-	2.00	0.3	(1.0)	(0.8)	-	2.00	-	2.0
051	Trails	0.83	-	0.83	0.83	-	0.83	-	-	-	-	0.83	-	0.8
060	Marina	0.50	-	0.50	0.50	0.50	1.00	-	0.5	0.5	0.40	0.90	0.50	1.4
080	Equestrian	0.50	-	0.50	1.00	-	1.00	0.5	-	0.5	0.20	1.20	-	1.2
090	Tennis	-	-	-	-	-	-	-	-	-	0.10	0.10	-	0.1
100	Campground	-	-	-	-	-	-	-	-	-	0.10	0.10	-	0.1
110	Cross Country Center	1.17	-	1.17	1.17	0.50	1.67	-	0.5	0.5	0.30	1.47	0.50	2.0
120	Golf Course Operations	0.65	-	0.65	0.65	-	0.65	-	-	-	0.10	0.75	-	0.8
125	Golf Course Maintenance	2.00	3.00	5.00	2.00	1.00	3.00	-	(2.0)	(2.0)	-	2.00	1.00	3.0
128	The Lodge	5.50	8.00	13.50	5.50	8.00	13.50	-	-	-	(0.70)	4.80	8.00	12.8
130	Aquatics	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Trout Creek Recreation Center	2.00	4.00	6.00	2.00	4.00	6.00	-	-	-	0.40	2.40	4.00	6.4
140	Recreation	-	0.67	0.67	-	0.67	0.67	-	-	-	0.10	0.10	0.67	0.8
141	Bikeworks	0.33	-	0.33	0.33	-	0.33	-	-	-	-	0.33	-	0.3
145	Day Camp	-	0.50	0.50	0.50	-	0.50	0.5	(0.5)	-	-	0.50	-	0.5
150	Pizza on the Hill	2.00	1.00	3.00	2.00	1.00	3.00	-	-	-	0.15	2.15	1.00	3.2
155	Alder Creek Café	1.00	1.00	2.00	1.00	2.00	3.00	-	1.0	1.0	0.15	1.15	2.00	3.2
160	Maintenance	1.25	8.00	9.25	1.00	8.00	9.00	(0.3)	-	(0.3)	-	1.00	8.00	9.0
165	Facility Administration	3.00	2.00	5.00	3.00	2.00	5.00	-	-	-	-	3.00	2.00	5.0
170	Summer Food and Beverage	0.50	-	0.50	0.50	-	0.50	-	-	-	0.10	0.60	-	0.6
180	Winter Food and Beverage	0.50	-	0.50	0.50	0.50	1.00	-	0.5	0.5	0.20	0.70	0.50	1.2
200	DHSki Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Mountain Operations	4.00	-	4.00	4.00	-	4.00	-	-	-	(2.40)	1.60	-	1.6
211	Mtn Lift & Vehicle Maintenance	-	2.00	2.00	-	2.00	2.00	-	-	-	0.10	0.10	2.00	2.1
212	Snowmaking	-	-	-	-	-	-	-	-	-	-	-	-	-
214	Ski Retail	-	0.50	0.50	-	0.50	0.50	-	-	-	0.10	0.10	0.50	0.6
215	Ski Rental	-	-	-	-	-	-	-	-	-	0.10	0.10	-	0.1
216	Snowplay	-	0.33	0.33	-	0.33	0.33	-	-	-	0.20	0.20	0.33	0.5
220	Ski School	1.02	0.50	1.52	1.52	-	1.52	0.5	(0.5)	-	0.20	1.72	-	1.7
230	Snowflakes	-	-	-	-	-	-	-	-	-	-	-	-	-
240	Ticket Office Administration	-	-	-	-	-	-	-	-	-	0.10	0.10	-	0.1
<b>Total</b>		<b>39.5</b>	<b>51.5</b>	<b>91.0</b>	<b>41.0</b>	<b>50.0</b>	<b>91.0</b>	<b>1.5</b>	<b>(1.5)</b>	<b>-</b>	<b>0.00</b>	<b>41.0</b>	<b>50.0</b>	<b>91.0</b>

Budget B... 10/15/2017  
**2017 Budget  
 Board Authz TL 91**

**2018 Budget  
 Board Authz FTR TL 91**  
 DRAFT 10/15/2017

Due to turnover and election selections, the Budget 2018 Burden Dollars can cover up to 82 ee's or 90% of the 91 ft ee's. Exact mix varies due to employee turnover and management reorganizations. Beginning 10/2016, Fed/Affordable Care Act will dictates full time employee and mandatory health care offering.



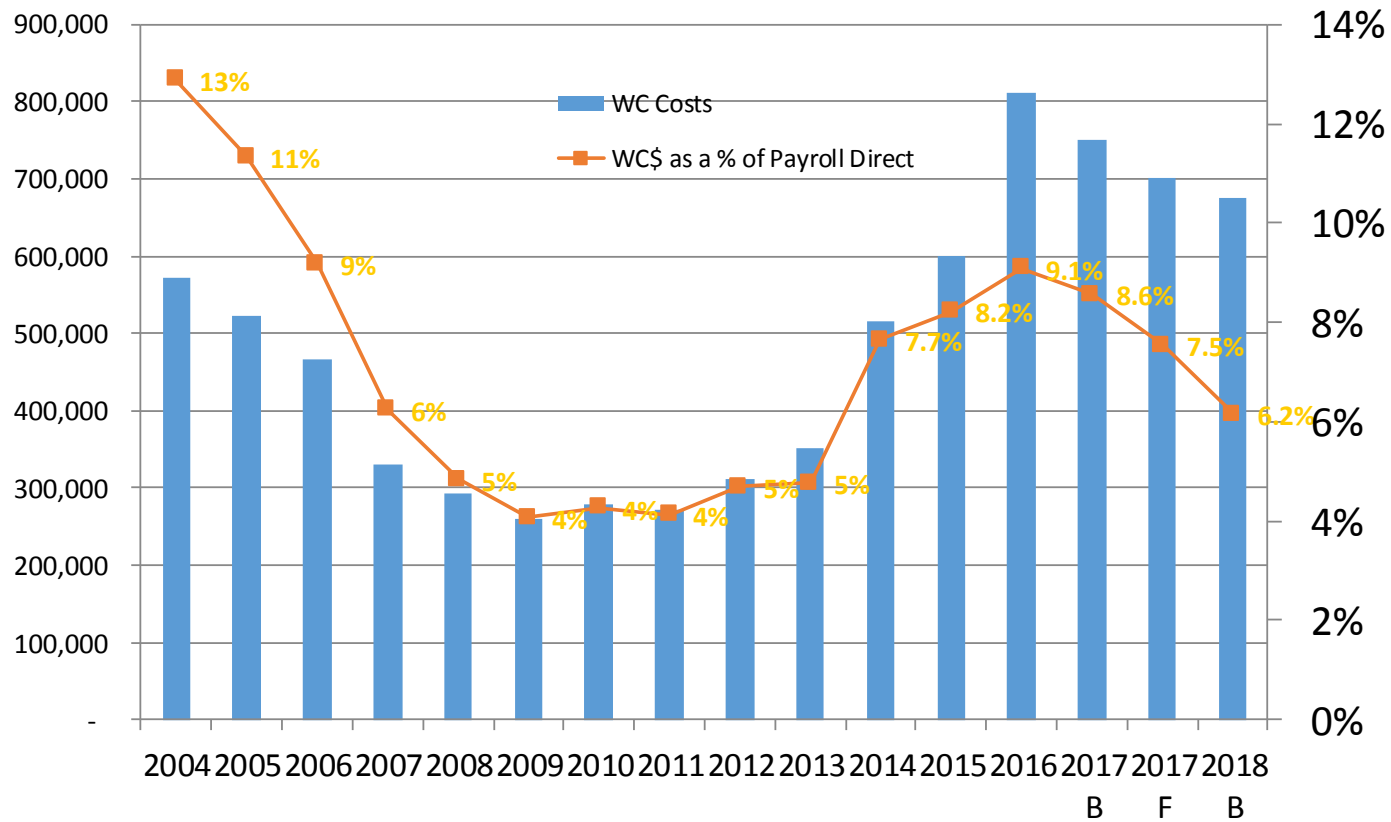
# Operating Fund – Payroll Burden

28

	2015 Actual	2016 Actual	2017 Budget	2017 Forecast	2018 Budget	
Payroll Taxes	\$ 754,495	\$ 936,449	\$ 950,000	\$ 1,007,000	\$ 1,068,000	
Workers Comp	601,048	811,101	750,000	700,000	597,000	< favorable renewal
Health Insurance	533,972	589,506	1,050,000	900,000	1,000,000	< 7% premium incr
Retirement	149,544	144,395	150,000	145,000	205,000	< safe harbor plan mods
<b>Total Pay Burden</b>	<b>\$ 2,039,059</b>	<b>\$ 2,481,451</b>	<b>\$ 2,900,000</b>	<b>\$ 2,752,000</b>	<b>\$ 2,870,000</b>	
<b>Payroll Direct</b>	<b>\$ 7,309,399</b>	<b>\$ 8,930,137</b>	<b>\$ 8,756,000</b>	<b>\$ 9,282,989</b>	<b>\$ 9,700,000</b>	
PT%	10.3%	10.5%	10.8%	10.8%	11.0%	
WC%	8.2%	9.1%	8.6%	7.5%	6.2%	
HI%	7.3%	6.6%	12.0%	9.7%	10.3%	
RM%	2.0%	1.6%	1.7%	1.6%	2.1%	
TL PB%	27.9%	27.8%	33.1%	29.6%	29.6%	
<b>Operating Revenue</b>	<b>8,681,085</b>	<b>12,771,032</b>	<b>11,000,000</b>	<b>12,968,376</b>	<b>12,360,000</b>	
<i>Payroll Direct % Rev</i>	<i>84%</i>	<i>70%</i>	<i>80%</i>	<i>72%</i>	<i>78%</i>	



# Operating Fund – Workers Compensation Costs



# Operating Fund – Group Health Insurance



30

- ▶ Board authorized full time year-round benefited positions
  - ▶ 2016 – 71 employees, consistent for several years
  - ▶ 2016B – 85 employees, added 15 due to estimated Federal Affordable Care Act impact
  - ▶ 2017B – 91 employees, with current ACA calculations, ~21p qualify ACA
  - ▶ 2018B – 91 employees, with current ACA calculations, ~21p qualify ACA
- ▶ 2017 Budget
  - ▶ Assumed 82ee enrolled of 91ee Authorized (*90% enrollment rate*)
- ▶ 2017 Forecast
  - ▶ Averaging ~60ee enrolled (vacancies, turnover, turndowns, other)
  - ▶ YTD savings \$215,000/36% to Budget
- ▶ 2018 Budget
  - ▶ Assumes 82 participants,  $82/91 = 90\%$  enrollment rate
  - ▶ Known, Premium renewal increase 7% Medical; 8% Dental & 0% Vision
  - ▶ No change in 75% Employer/ 25% Employee premiums cost split
  - ▶ Contingency is at a *medium level* for this volatile significant cost component for 2017B and 2018B

90% ER / 10% EE - 2008 and prior  
85% ER / 15% EE - 2009  
80% ER / 10% EE - 2010 to 2014 (5yrs)  
75% ER / 25% EE - 2015 to 2017 (3yrs)

# Operating Fund – Expenses



31

	2016 Actual	2017 Budget	2017 Forecast	2018 Budget
Utilities	\$ 914,593 21%	\$ 950,230 22%	\$ 945,000 20%	\$ 995,000 22%
R&M Bldg/Grnds/Equip	515,406 12%	478,000 11%	600,000 13%	530,000 12%
Insurance (GL/PropCas)	401,718 9%	411,000 10%	415,000 9%	450,000 10%
Forestry Contract Work	285,932 7%	236,000 5%	245,000 5%	255,000 6%
Taxes, Property/Income	214,869 5%	242,000 6%	245,000 5%	250,000 5%
Staff Expenses	297,205 7%	284,000 7%	269,000 6%	285,000 6%
Credit Card Fees	259,149 6%	207,000 5%	267,000 6%	248,000 5%
Advertising	119,863 3%	127,000 3%	127,000 3%	135,000 3%
Janitorial Svcs/Supplies	174,792 4%	101,000 2%	101,000 2%	104,000 2%
Printing, TDNews/Brochure	142,235 3%	147,000 3%	162,000 3%	165,000 4%
License Fees Permits	117,076 3%	102,000 2%	107,000 2%	110,000 2%
Fuel & Oil	120,451 3%	139,000 3%	165,000 4%	145,000 3%
Linen Service	111,005 3%	103,000 2%	115,000 2%	105,000 2%
R&M Golf Course	52,462 1%	59,000 1%	59,000 1%	60,000 1%
Employee Housing	- 0%	136,000 3%	130,000 3%	130,000 3%
All Other	583,384 14%	572,770 13%	742,000 16%	614,000 13%
<b>Total Op Expenses</b>	<b>\$ 4,310,140 100%</b>	<b>\$ 4,295,000 100%</b>	<b>\$ 4,694,000 100%</b>	<b>\$ 4,581,000 100%</b>
2018 Budget variance	270,860 6%	286,000 7%	(113,000) -2%	

Rent Revenue of \$90,000  
 Rent Cost of \$130,000  
 Net Cost of \$40,000

Operating Fund – NOR by Department

TAHOE DONNER ASSOCIATION		Draft 10/16/2017			Budget 2018		Operating Fund			NOR		Fav (Unfav)	
2018 Budget - Annual					NET		Budget 2018 per Property			Budget		NOR Change	
Budget Summary		Operating	Cost of	Gross	Operating	OPERATING	# Properties > 6,473			Budget 2017	B 2 B		
		Revenue	Goods Sold	Margin (GM)	Costs	RESULTS (NOR)	GM/	OCT/	NOR/		B 2 B	B 2 B %	
Private Amenities													
Trout Creek Recreation Center	\$ 968,000	\$ (32,000)	\$ 936,000	\$ (935,400)	\$ 600	\$ 145	\$ (145)	\$ 0	\$ (24,800)	\$ 25,400	102%		
Beach Club Marina	672,000	(57,100)	614,900	(391,700)	223,200	95	(61)	34	242,700	(19,500)	-8%		
Tennis Center	234,000	(38,200)	195,800	(174,400)	21,400	30	(27)	3	56,300	(34,900)	-62%		
Aquatics	215,000	0	215,000	(277,900)	(62,900)	33	(43)	(10)	(75,600)	12,700	17%		
Recreation Programs	175,000	(4,000)	171,000	(224,600)	(53,600)	26	(35)	(8)	(51,700)	(1,900)	-4%		
Day Camps	234,000	0	234,000	(202,000)	32,000	36	(31)	5	43,100	(11,100)	-26%		
<b>Total Private Amenities</b>	<b>2,498,000</b>	<b>(131,300)</b>	<b>2,366,700</b>	<b>(2,206,000)</b>	<b>160,700</b>	<b>366</b>	<b>(341)</b>	<b>25</b>	<b>190,000</b>	<b>(29,300)</b>	<b>-15%</b>		
<b>Public Amenities</b>													
Downhill Ski Area	3,152,000	(178,800)	2,973,200	(2,581,200)	392,000	459	(399)	61	85,000	307,000	361%		
Cross Country Ski Area	915,000	(54,000)	861,000	(751,000)	110,000	133	(116)	17	18,100	91,900	508%		
Snowplay	269,000	(7,400)	261,600	(158,100)	103,500	40	(24)	16	13,900	89,600	645%		
Equestrian	212,000	(5,000)	207,000	(301,000)	(94,000)	32	(47)	(15)	(82,100)	(11,900)	-14%		
Campground	61,000	0	61,000	(70,700)	(9,700)	9	(11)	(1)	(13,000)	3,300	25%		
Trails	1,000	0	1,000	(148,700)	(147,700)	0	(23)	(23)	(148,600)	900	1%		
Bikeworks	109,000	(39,000)	70,000	(68,400)	1,600	11	(11)	0	7,000	(5,400)	-77%		
Golf	1,120,000	(61,000)	1,059,000	(1,221,000)	(162,000)	164	(189)	(25)	(144,800)	(17,200)	-12%		
Summer Food and Beverage	237,000	(74,000)	163,000	(317,400)	(154,400)	25	(49)	(24)	(125,500)	(28,900)	-23%		
Alder Creek Café	312,000	(108,000)	204,000	(328,700)	(124,700)	32	(51)	(19)	(96,200)	(28,500)	-30%		
The Lodge	2,300,000	(706,000)	1,594,000	(1,783,000)	(189,000)	246	(275)	(29)	(198,000)	9,000	5%		
Pizza on the Hill	524,000	(155,500)	368,500	(425,800)	(57,300)	57	(66)	(9)	(65,800)	8,500	13%		
<b>Total Public Amenities</b>	<b>9,212,000</b>	<b>(1,388,700)</b>	<b>7,823,300</b>	<b>(8,155,000)</b>	<b>(331,700)</b>	<b>1,209</b>	<b>(1,260)</b>	<b>(51)</b>	<b>(750,000)</b>	<b>418,300</b>	<b>56%</b>		
<b>Total Amenities</b>	<b>11,710,000</b>	<b>(1,520,000)</b>	<b>10,190,000</b>	<b>(10,361,000)</b>	<b>(171,000)</b>	<b>1,574</b>	<b>(1,601)</b>	<b>(26)</b>	<b>(560,000)</b>	<b>389,000</b>	<b>69%</b>		
<b>Homeowners Association</b>													
General	0	0	0	(850,500)	(850,500)	-	(131)	(131)	(791,300)	(59,200)	-7%		
Marketing and Communications	213,000	0	213,000	(707,800)	(494,800)	33	(109)	(76)	(424,300)	(70,500)	-17%		
Facility Administration	0	0	0	(325,800)	(325,800)	-	(50)	(50)	(257,500)	(68,300)	-27%		
Administration	202,000	0	202,000	(698,900)	(496,900)	31	(108)	(77)	(551,400)	54,500	10%		
MIS	0	0	0	(679,100)	(679,100)	-	(105)	(105)	(610,700)	(68,400)	-11%		
Accounting	5,000	0	5,000	(798,000)	(793,000)	1	(123)	(123)	(771,000)	(22,000)	-3%		
Human Resources	0	0	0	(374,200)	(374,200)	-	(58)	(58)	(320,000)	(54,200)	-17%		
ASO	193,000	0	193,000	(419,700)	(226,700)	30	(65)	(35)	(159,900)	(66,800)	-42%		
Member Services	32,000	0	32,000	(262,300)	(230,300)	5	(41)	(36)	(264,800)	34,500	13%		
Forestry	5,000	0	5,000	(881,300)	(876,300)	1	(136)	(135)	(823,000)	(53,300)	-6%		
Building Maintenance	0	0	0	(792,400)	(792,400)	-	(122)	(122)	(777,100)	(15,300)	-2%		
<b>Total Homeowners Association</b>	<b>650,000</b>	<b>0</b>	<b>650,000</b>	<b>(6,790,000)</b>	<b>(6,140,000)</b>	<b>100</b>	<b>(1,049)</b>	<b>(949)</b>	<b>(5,751,000)</b>	<b>(389,000)</b>	<b>-7%</b>		
<b>TOTAL OPERATING FUND</b>	<b>\$ 12,360,000</b>	<b>\$ (1,520,000)</b>	<b>\$ 10,840,000</b>	<b>\$ (17,151,000)</b>	<b>\$ (6,311,000)</b>	<b>\$ 1,675</b>	<b>\$ (2,650)</b>	<b>\$ (975)</b>	<b>\$ (6,311,000)</b>	<b>\$ 0</b>	<b>0%</b>		



Operating Fund - Revenue Costs NOR - by Department

TAHOE DONNER ASSOCIATION				Cogs, Payroll Direct, Payroll Burden, and Expenses			Net		
2018 Budget - Annual				TOC Incr (Decr)			Operating		
Budget Summary	Operating Revenue	REV Incr (Decr) Revenue Change		TL Operating Costs (TOC)	Revenue Change		Result (N O R)	NOR Incr (Decr) Revenue Change	
		B 2 B \$	B 2 B %		B 2 B \$	B 2 B %		B 2 B \$	B 2 B %
<b>Private Amenities</b>									
Trout Creek Recreation Center	\$ 968,000	62,000	7%	\$ 967,400	36,600	4%	\$ 600	25,400	102%
Beach Club Marina	672,000	41,000	6%	448,800	60,500	16%	223,200	(19,500)	-8%
Tennis Center	234,000	(23,000)	-9%	212,600	11,900	6%	21,400	(34,900)	-62%
Aquatics	215,000	(35,000)	-14%	277,900	(47,700)	-15%	(62,900)	12,700	17%
Recreation Programs	175,000	-	0%	228,600	1,900	1%	(53,600)	(1,900)	-4%
Day Camps	234,000	(9,000)	-4%	202,000	2,100	1%	32,000	(11,100)	-26%
<b>Total Private Amenities</b>	<b>2,498,000</b>	<b>36,000</b>	<b>1%</b>	<b>2,337,300</b>	<b>65,300</b>	<b>3%</b>	<b>160,700</b>	<b>(29,300)</b>	<b>-15%</b>
<b>Public Amenities</b>									
Downhill Ski Area	3,152,000	765,000	32%	2,760,000	458,000	20%	392,000	307,000	361%
Cross Country Ski Area	915,000	215,000	31%	805,000	123,100	18%	110,000	91,900	508%
Snowplay	269,000	94,000	54%	165,500	4,400	3%	103,500	89,600	645%
Equestrian	212,000	6,000	3%	306,000	17,900	6%	(94,000)	(11,900)	-14%
Campground	61,000	4,000	7%	70,700	700	1%	(9,700)	3,300	25%
Trails	1,000	-	0%	148,700	(900)	-1%	(147,700)	900	1%
Bikeworks	109,000	14,000	15%	107,400	19,400	22%	1,600	(5,400)	-77%
Golf	1,120,000	(50,000)	-4%	1,282,000	(32,800)	-2%	(162,000)	(17,200)	-12%
Summer Food and Beverage	237,000	(29,000)	-11%	391,400	(100)	0%	(154,400)	(28,900)	-23%
Alder Creek Café	312,000	102,000	49%	436,700	130,500	43%	(124,700)	(28,500)	-30%
The Lodge	2,300,000	106,000	5%	2,489,000	97,000	4%	(189,000)	9,000	5%
Pizza on the Hill	524,000	48,000	10%	581,300	39,500	7%	(57,300)	8,500	13%
<b>Total Public Amenities</b>	<b>9,212,000</b>	<b>1,275,000</b>	<b>16%</b>	<b>9,543,700</b>	<b>856,700</b>	<b>10%</b>	<b>(331,700)</b>	<b>418,300</b>	<b>56%</b>
<b>Total Amenities</b>	<b>11,710,000</b>	<b>1,311,000</b>	<b>13%</b>	<b>11,881,000</b>	<b>922,000</b>	<b>8%</b>	<b>(171,000)</b>	<b>389,000</b>	<b>69%</b>
<b>Homeowners Association</b>									
General	0	-		850,500	59,200	7%	(850,500)	(59,200)	-7%
Marketing and Communications	213,000	10,000	5%	707,800	80,500	13%	(494,800)	(70,500)	-17%
Facility Administration	0	-		325,800	68,300	27%	(325,800)	(68,300)	-27%
Administration	202,000	12,000	6%	698,900	(42,500)	-6%	(496,900)	54,500	10%
MIS	0	-		679,100	68,400	11%	(679,100)	(68,400)	-11%
Accounting	5,000	2,000	67%	798,000	24,000	3%	(793,000)	(22,000)	-3%
Human Resources	0	-		374,200	54,200	17%	(374,200)	(54,200)	-17%
ASO	193,000	25,000	15%	419,700	91,800	28%	(226,700)	(66,800)	-42%
Member Services	32,000	-	0%	262,300	(34,500)	-12%	(230,300)	34,500	13%
Forestry	5,000	-	0%	881,300	53,300	6%	(876,300)	(53,300)	-6%
Building Maintenance	0	-		792,400	15,300	2%	(792,400)	(15,300)	-2%
<b>Total Homeowners Association</b>	<b>650,000</b>	<b>49,000</b>	<b>8%</b>	<b>6,790,000</b>	<b>438,000</b>	<b>7%</b>	<b>(6,140,000)</b>	<b>(389,000)</b>	<b>-7%</b>
<b>TOTAL OPERATING FUND</b>	<b>\$ 12,360,000</b>	<b>\$ 1,360,000</b>	<b>12%</b>	<b>\$ 18,671,000</b>	<b>\$ 1,360,000</b>	<b>8%</b>	<b>\$ (6,311,000)</b>	<b>0</b>	<b>0%</b>







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## Operating Fund – Revenue - User Fees and Rates

Refer to section G07



# Annual Assessment per owner



3<sup>rd</sup> Year in a Row  
at \$1900  
1<sup>st</sup> time last 30  
years more than 2  
years flat

## Budget by Fund

	2014		2015		2016		2017		2018		2017 to 2018 Change	
	Amount	Pctg	Amount	Pctg	Amount	Pctg	Amount	Pctg	Amount	Pctg	Amount	Pctg
Total AA	\$ 1,600	100%	\$ 1,800	100%	\$ 1,900	100%	\$ 1,900	100%	\$ 1,900	100%	\$ -	0.0%
Operating	842	53%	994	53%	1,074	55%	975	51%	975	51%	-	0.0%
Reserve	478	30%	526	30%	546	29%	595	31%	595	31%	-	0.0%
Development	250	16%	250	16%	250	14%	300	16%	300	16%	-	0.0%
New Equipment	30	2%	30	2%	30	2%	30	2%	30	2%	-	0.0%



# Annual Assessment Revenue Amounts



## Budget by Fund

		2014	2015	2016	2017	2018	2017 to 2018	
		6472	6472	6472	6473	6473	Change	Change
# units		6472	6472	6472	6473	6473	Amount	Pctg
Total AA		\$ 10,356,000	\$ 11,650,000	\$ 12,297,000	\$ 12,299,000	\$ 12,299,000	\$ -	0.0%
Operating	B	5,450,000	6,433,000	6,951,000	6,311,000	6,311,000	-	0.0%
Reserve		3,094,000	3,405,000	3,534,000	3,852,000	3,852,000	-	0.0%
Development		1,618,000	1,618,000	1,618,000	1,942,000	1,942,000	-	0.0%
New Equipment		194,000	194,000	194,000	194,000	194,000	-	0.0%
Operating Revenue	A	\$ 9,620,000	\$ 9,210,000	\$ 9,200,000	\$ 11,000,000	\$ 12,400,000	\$ 1,400,000	12.7%
A to B ratio		1.77	1.43	1.32	1.74	1.96	0.22	12.7%

Reference metric:  $\$100,000 / 6473 = \$15.45$



## Metrics Compilation –



### Tahoe Donner financials specific

- \$1900 annual assessment, flat for 3 consecutive years, 1<sup>st</sup> time in over 30 years
- \$ 158 per Month Annual Assessment (consistent with 2016 and 2017)
  - \$81 per owner per month AA Operating portion (\$6.3 million)
  - \$77 per owner per month AA Capital portion (\$6.0 million)
- \$ 5.63 per Month Rec Fee per person with four persons
- \$ 6 Member private amenity access fee, per entry, if not on rec fee
- \$ 8 Guest with Member, private amenity access fee, per entry
- \$ 10 Guest on Guest Card (without Member present), private amenity access fee, per entry **NEW**

# 2018 Budget – Board APPROVAL (on October 28, 2017)



25

- Operating Fund
  - Excess Members Equity Transfer(s). If any, beyond the \$3.3 million in June 2017
  - Rates and Fees
  - Revenues, Cogs
  - Costs – Payroll, Payroll Burden, Expenses
- Replacement Reserve Fund
- Development Fund
- New Equipment Fund
- Annual Assessment
- Other *minor adjustment to & between departments allowed between 10/7 and final details/Budget Report. Examples include another change from Nonexempt(NE) to Exempt(E) due to ACA, Payroll Burden refinement between NE/E and or between departments.*