

DECISION PAPER



Issue:

June 12, 2017

Adoption of the draft Association Master Plan, dated May 16, 2017.

Background:

With the recent renewal of the General Plan Committee Charter, dated February, 2016, the GPC has renewed focus on member and guest use-patterns at each of TDA's amenities, and ensuring that each amenity continues to meet conformance with the Board approved Strategic Plan. To plan for anticipated future growth and changing utilization requirements from Homeowners, an Association Master Plan (AMP) will provide a comprehensive summary of existing utilization at each amenity, while also demonstrating trends, limitations, and opportunities for consideration by future planning exercises at the GPC and Board level. The GPC has organized Task Force Committees to review each of the priority 1 projects, as well as worked with DUDEK to establish the existing draft AMP through the following process and schedule:

1. April 27, 2016 AMP goals are established and distributed by Task Force
2. July 12, 2016 Project Information Paper for AMP
3. July 23, 2016, Board approval to proceed with AMP
4. August 2016, DUDEK preformed scoping services
5. September 9, 2016, Member Forum 1 was held at NWCH
6. October 17, 2016 Member Ideas collected for inclusion in AMP
7. November 10, 2016, Task Force Updates AMP focus
8. January 6, 2017, Updated AMP draft by DUDEK
9. February 28, 2017 Amenity Benchmarking
10. March 25, 2017 Updated draft Association Master Plan presented to the Board
11. April 22, 2017, Updated draft Association Master Plan presented to the Board
12. May 20, 2017, Updated draft Association Master Plan presented to the Board, *see attached.*

Recommendation:

1. During the Board meeting on June 23, 2017, Staff recommends the Board of Directors review and adopt the draft Association Master Plan, dated May 16, 2017.

Prepared by: Director of Capital Projects: Forrest Huisman

Reviewed by: Mike Salmon

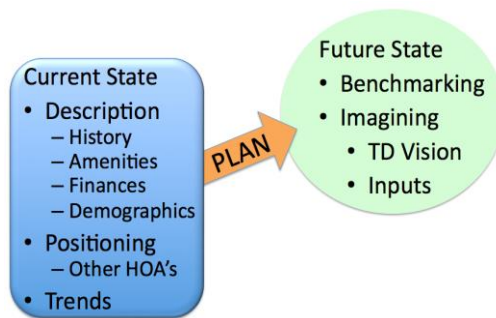
General Manager Approval to place on the agenda: _____ **Date:** _____

Tahoe Donner Association Master Plan

Introduction

In 2011, the Board of Directors of the Tahoe Donner Association approved and circulated to members a General Plan that outlined the capital investments that were anticipated for the next twenty years. Since then, the Association has spent over \$25 million and completed most of the items delineated in the first five years of that plan.

In 2016, the Board directed the General Plan Committee (GPC) to update the General Plan for the next twenty years and to include an overview of Tahoe Donner to show how those investments fit into our overall identity. This effort was called an Association Master Plan. It was designed to follow the planning model shown in the graphic.



The Dudek consulting company was hired to help write the current state analysis and to research the trends in recreation communities, HOA's and in user demographics. Their work is documented as an appendix to this plan.

The General Plan Committee would like to acknowledge the work of its volunteers and to the Tahoe Donner Staff for the creation of this Plan.

General Plan Committee	Tahoe Donner Staff
Michael Sullivan, Chairman	Robb Etnyre, General Manager
Nan Meek, Vice Chair	Forrest Huisman, Director Capital Projects
Jim Beckmeyer	Mike Salmon, Director Finance
Michael Bledsoe	Miguel Sloane, Director of Operations
John Dundas	

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Michael Fajans Tom Johns John McGregor Steve Miller, Board liaison George Rohrback John Stubbs	
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The Planning Process

Guidance

This plan was guided by the following Tahoe Donner documents:

The Vision

The Vision statement that is incorporated in the Strategic Plan has been a guide to the Association's actions since it was adopted by the board of directors in 2010, after being widely circulated with the membership..

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

Member Input

Member input was collected by the following methods:

- Comment cards at each amenity
- Individual surveys at each amenity
- Periodic town-hall or member-forum meetings with Members
- Member comments sent to the association website, to the board and on social media
- Improvement suggestions from staff, board and committees
- 2015 Member Survey

The 2015 Member Survey summarized the other inputs and provided the following guidance:

22% of Members returned the survey

80 / 20 Off-hill / On-hill

- *94% agreed with the Tahoe Donner Vision*
- *Strong desire to improve & enhance the amenitiesrather than add more*
- *Nature is as much a part of the Tahoe Donner experience as the amenities, and efforts to protect open spaces are a high priority for members*

Strategic Plan Principles

The Association is committed to alignment with the following principles:

- *Support the customer first and always*
- *Sustain the foundation of Tahoe Donner programs & services*
- *Encourage environmental stewardship*
- *Engage in local community involvement & participation*
- *Minimize annual assessment by allowing homeowners to pay for amenities they desire to use*
- *Responsibly maintain, preserve & enhance common property*

Additional Guidelines

The Association Master Plan is aligned with the other plans that have been approved by the Board of Directors.

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- *Town of Truckee Trails & Bikeways Master Plan (2007)*
- *Tahoe Donner Strategic Plan (2010 updated 2015)*
- *2030 General Plan (2011)*
- *2013 Tahoe Donner Trails Master Plan*
- *2015 Tahoe Donner Trails 5-Year Implementation Plan*
- *2016 Land Management Plan*
- *Tahoe Donner Forest Management Plan*

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Current State

Structure

The General Manager, Robb Etnyre has described the Tahoe Donner Association as follows:

“As a large-scale homeowner organization, Tahoe Donner Association is registered in the state of California as a California Mutual Benefit Corporation, and with the IRS as a 501(c)(4) social welfare organization. With a budget of nearly \$25 million, our association is regulated by both federal and state laws, which cross a diverse array of areas. It also has a set of governing documents (covenants and restrictions, articles of incorporation, and bylaws), which, along with the California Corporations Code and the Davis-Stirling Act, provide for very specific governance of the association, much like all corporations in California.

The board of directors is the governing and elected authority for the association, and as the general manager, I serve as the board’s principal employee and agent who manages and works with our great staff to deliver a wide variety of services to the membership in keeping with our strategic and long range plans. The board’s specific authority is clearly defined in our association’s governing documents. Corporate responsibility, known as fiduciary duty, requires board members to act in the best interest of the association and with adherence to the reasonable business judgment rule.

Board members are elected annually (on staggered terms of three years) by the membership, with required voting quorums of the 6,473 owners. With each annual election, articles are published in the monthly magazine, email blasts are sent to the owners, and hard ballot mailings are sent to all eligible owners.”

Size and Scope

The 2017 Budget Report describes the Association as follow:

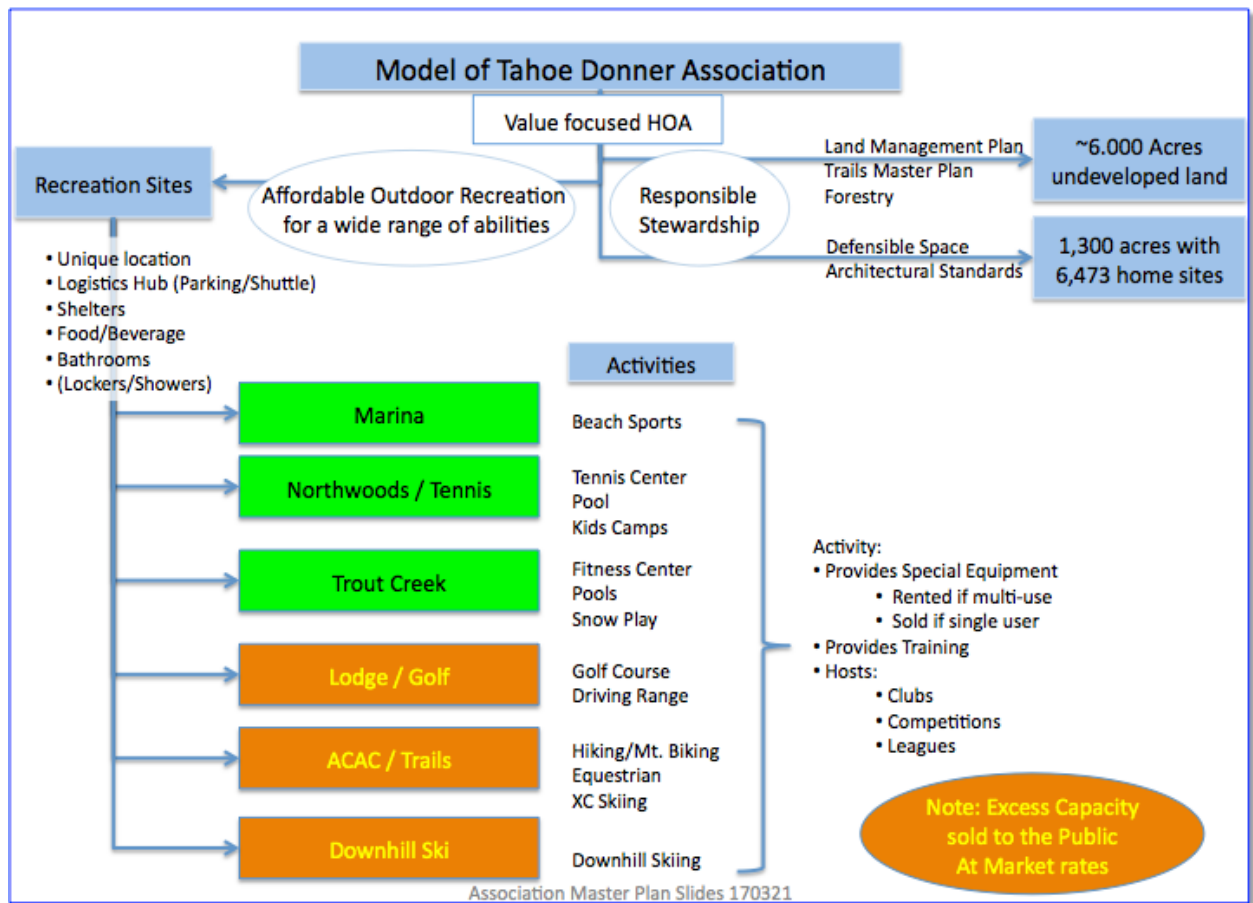
**6,473 Member Property Owners / 25,000 Members / 84% Second Homeowners
Established 1971 / 90% Built-out / Owned & Managed by the Property Owners
\$23.3 Million Budget for 2017 / \$61 Million in Total Assets
7,376 Acres / 26 Buildings / 120,000 Square Feet of Conditioned Space**

**OWN & OPERATE: Golf Course, Beach Club Marina, Downhill Ski Area
Cross-Country Ski Area / Snowplay Area / Equestrian Center / Tennis Center / Pools
Recreation Center / Day Camps / Restaurants and Retail Shops**

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Operations

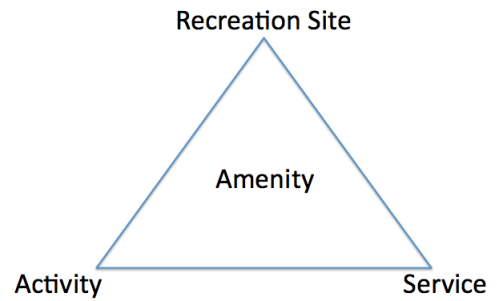
The Vision indicates that the Association has two objectives: to provide homeowners with excellent, affordable, family-oriented recreational opportunities and to maintain the character and quality of our natural surroundings. To perform these functions, the Association operates and maintains six Recreation Centers that host a variety of activities that are available to people of all levels of ability and it manages our natural environment through plans, standards and staff. A graphic that depicts this is the following:



Tahoe Donner Association Master Plan

Amenities

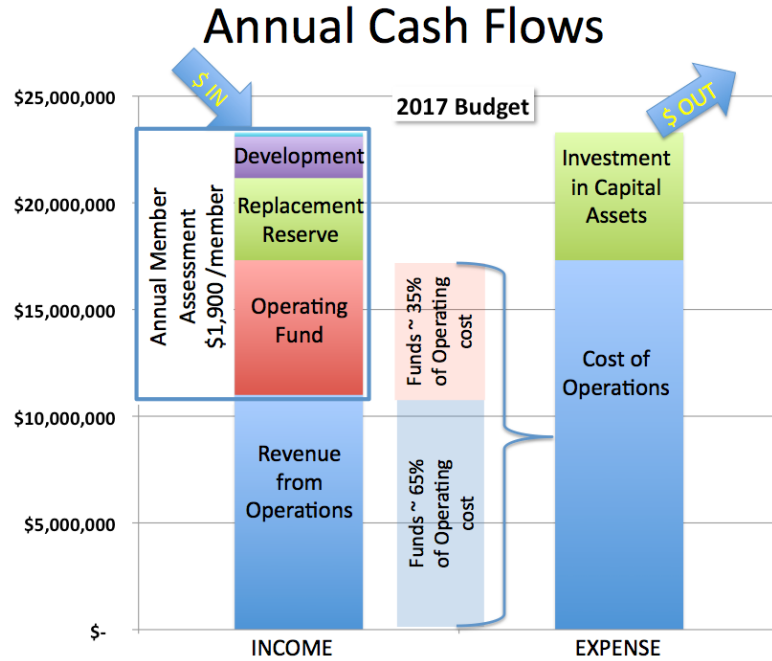
Community recreation facilities, which are often called “Amenities”, encompass three parts. The Recreation Centers at Tahoe Donner provide a site for the Activities. In order to make the activities available to a wide range abilities, the Center must provide training and any specialized equipment needed. Tahoe Donner staff members deliver these Services in compliance with the goal of the Vision for “leading customer service”. All of the amenities are available to all Tahoe Donner members and their guests. Where extra capacity exists, the Association makes the amenity available to the public on a fee-for-service or fee-for-use basis. Revenue from the public helps defray the cost for members, and is a required public offering to maintain the association’s status as a social welfare organization 501(c)(4). The existence of these amenities is an important addition to the value of member’s properties.



Amenity Funding

The user fees pay for approximately two-thirds of the operating cost of the amenities. The remaining one-third is funded by the operating portion of the annual assessment charged to each member. In addition to supporting the operation of the amenities, member assessments fund amenity maintenance and improvement. This latter cost is accumulated into three accrual funds called the Replacement Reserve Fund, the Development Fund and the Machinery and Equipment Fund. The following graphic depicts the flow of money into and out of these funds. Per its governing regulations, Tahoe Donner cannot borrow money so these funds store the money collected until sufficient amounts are available to pay for needed improvements.

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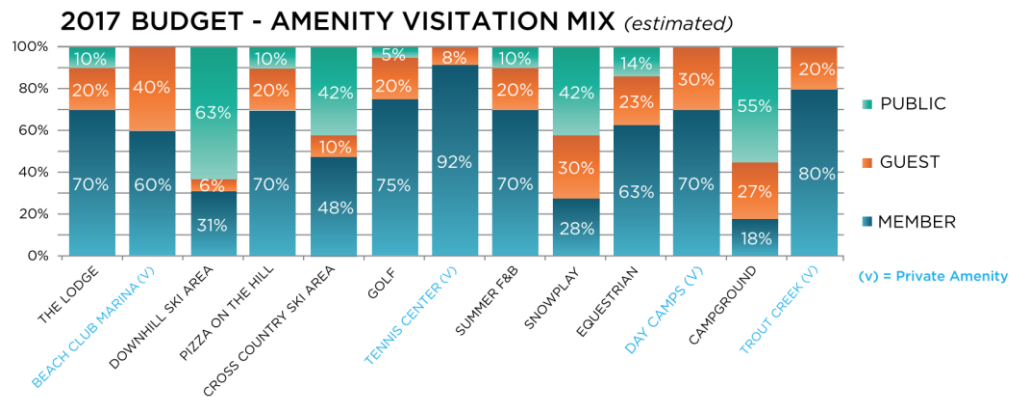


New Amenities

If new amenities are added, the services required may increase the cost of operations. If the user fees collected are not sufficient to pay for this increase, then the member assessment will increase. The 2015 Members Survey indicated members want the Association to “improve and enhance the amenities, rather than adding more”.

Public Use

Public use of our excess capacity provides revenue that helps pay for the operation of the amenities. The amenities with high public use generate the most support.



At the
of any

end
given

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budget year, some amenities will have generated a net surplus and others will experience a net deficit. The budget anticipates that these variations will balance each other.

In 2016 the amenities generated almost \$8.6 million in operating revenue. Total operating costs, however, were \$9.8 million. The difference is paid from the operating portion of the annual assessments by each property. This subsidy in 2017 requires \$975 out of each \$1,900 annual homeowner assessment, which reflects a 10-year compounded annual growth rate (CAGR) of 4.6%. Note that if public use were not allowed, a substantial portion of the revenue deficit would need to be distributed across all Members, resulting in an increase in annual assessment of almost \$1,000 per household.

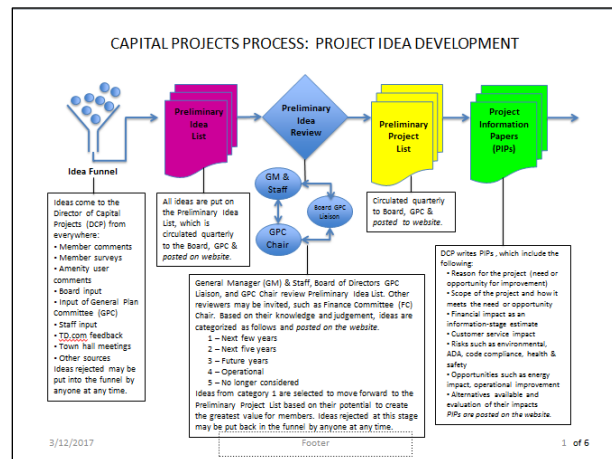
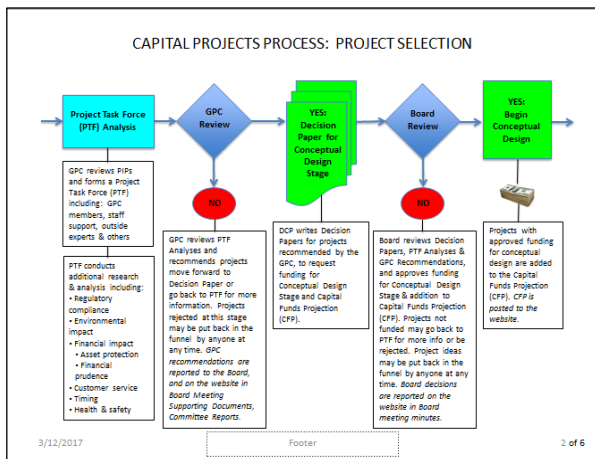
Amenity Improvements

In 2016, the Board of Directors approved the Tahoe Donner Capital Projects Process for evaluating, tracking and documenting capital projects from preliminary idea to post-project review. Hundreds of ideas have been submitted to this process through the outreach efforts described under Member Input.

This “Stage-Gate” process was derived from the methods used by the Tahoe Donner staff. Projects take place in “Stages” of activity, and at the conclusion of each stage the Board has an opportunity to review progress before opening the “Gate” of funding for the next stage.

Through each stage, a Task Force of General Plan Committee volunteers support the Tahoe Donner staff. Scope, Schedule and Spending are evaluated and tracked so that risk is minimized. Periodic update reports are published on the Tahoe Donner website and in Tahoe Donner News so that progress is visible to all Members.

Below are examples of the flowcharts for two stages of the Capital Projects Process. The entire process is shown on the Tahoe Donner website under the Members tab.



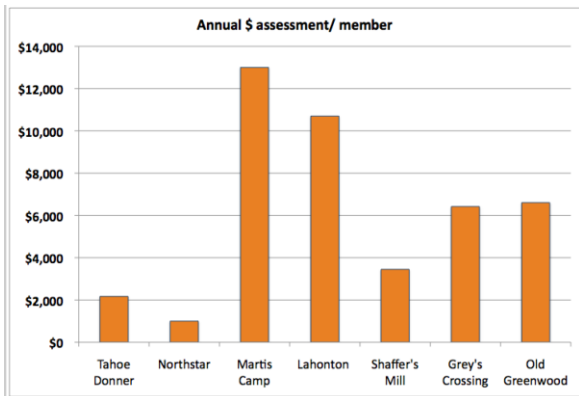
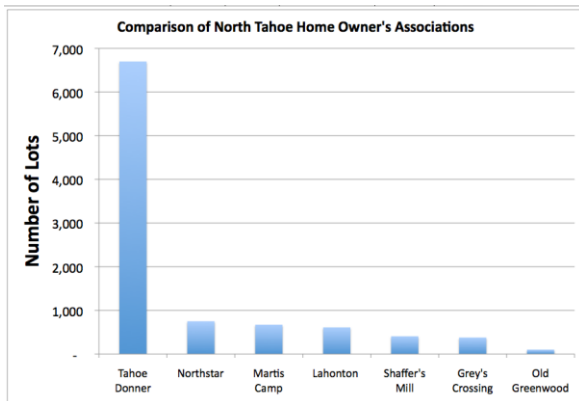
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Positioning

Compared to the other Communities in the North Tahoe Region, Tahoe Donner offers homeowners more amenities yet charges a lower annual assessment. This is possible due to the economy of scale as Tahoe Donner has a much larger number of members (6,473 properties, and 25,000 members).

In addition to the large number of total members, Tahoe Donner has an engaged and involved membership thus making it capable of sustaining the amenity-oriented clubs, leagues and associations that are one reason for the social culture of the community.

The following charts show these characteristics:



		Tahoe Donner	Northstar	Lahonton	Squaw Valley	Alpine Meadows	Shaffer's Mill	Old Greenwood	Grey's Crossing	Glenshire	Martis Camp
Hiking	Recreation	65 Km									
	Clubs										
Biking	Recreation										
	Rentals										
Swimming	Clubs										
	Rec Pools										
	Lap pool										
Golf	Beach club										
	Yacht										
	Recreation										
	Rentals										
Tennis	Driving Range										
	Lessons										
Fitness	Recreation										
	Rentals										
Kids Camps	Lessons										
	Sports										
Downhill Skiing	Recreation										
	Rentals										
	Lessons										
Equestrian	Clubs										
	Recreation										
Crosscountry Skiing	Rentals										
	Lessons										
Campground	Recreation										
	Year around	3									
Food Service	Seasonal	4									
	Recreation										
Snow Play	Recreation										
	Recreation										
Basket Ball	Recreation										
	Recreation										
Volley Ball	Recreation										
	Recreation										
Archery	Recreation										
	Recreation										
Bus Service	Door to Door		Community Wide								
	Recreation										
Concierge	Recreation										
	Recreation										

The Appendix contains the observations made by Dudek on the current state and trends of HOA's in America.

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The “Future State”

If we went to sleep today and awoke twenty years from now, what would Tahoe Donner look like? In this plan, the answer to that question is guided by the Vision and by member input.

Facilities - If we are true to our vision, all of our facilities will be “attractive and well maintained”. That means that the facilities that today have not been upgraded since they were built 45 years ago will have been brought up to the standard of the Vision. New and/or remodeled buildings will serve the needs of the Marina, Northwoods Clubhouse, the Tennis Center and the Downhill Ski Area. The Downhill Ski Lodge will have been expanded to accommodate the peak period crowds. Efficient, safe, low-maintenance units that reduce waiting time during peak use periods will have replaced our decades old ski lifts. Our golf course, pools and tennis courts will have been meticulously maintained and represent the same standards. The cluster mailboxes will be modern and placed in a protected location.

The Alder Creek Adventure Center, Trout Creek Fitness Center and The Lodge, shown below, are examples of facilities that match our Vision.



Customer Service - Our vision of providing excellent customer service will have driven us to provide affordable housing within Tahoe Donner for our service employees. This will be done to minimize service disruption due to weather-related commute problems and to help attract high quality employees in a housing market with rising costs and declining availability. A shuttle bus system combined with new parking lots will be expanded to alleviate parking problems during peak use times. On-line technologies will have been expanded everywhere to provide easy access to the wide array of services available.

New Activities - In response to member requests, we will have added new activities at our Recreation Centers, possibly including mini-golf, ice skating and an “activity zone” containing a variety of summer action sports. Revenue from these activities will be equal to any increase in operations cost.

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New Recreation Centers – In response to the member’s desire to minimize increases in the annual member assessment, there will be no new Recreation Centers unless the incremental revenue from their operation balances the incremental cost of such operation and/or the expansion of existing centers helps better meet the demands of the membership.

Planning for the Future – Each one of these investments will have been thoroughly examined and analyzed by teams made up of staff and member volunteers per the Tahoe Donner Capital Project Process. Project progress will have been published in Tahoe Donner News, in email newsletters and on www.tahoedonner.com.

To insure that our community reflects the most current thinking in family-oriented outdoor recreation communities that are responsible stewards of the land, we will have “benchmarked” other associations and adopted the most effective and efficient facilities and methods in use today and anticipated for the future.

Summary

At the current number of members and assessment rate, the Development Fund (DF) accumulates \$1,942,000 per year. Over 20 years, if the above assumptions remain unchanged, this provides \$38.8 million for “large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association” (as noted in the 2017 Budget Report). In addition, partial funds for large-scale projects are already accrued in the Replacement Reserve Fund (RRF) and this money is also contributed as part of the investment. The details of these accruals are shown on page 5 of the “2017 Budget Report”, which can be found on www.tahoedonner.com. The Capital Funds Projection is the working plan that identifies the following MAJOR investments:

A summary of the improvements needed to achieve the Tahoe Donner vision

- 1. Northwoods Clubhouse / Tennis Center**
 - a. Northwoods Clubhouse – Renovation and/or expansion to meet growing needs
 - b. Tennis building – renovate or replace ageing building
- 2. Trout Creek**
 - a. Re-allocate existing space to improve customer service
 - b. Consider moving Snowplay location to improve parking congestion
- 3. Lodge / Golf Course – no major projects planned**
- 4. Campground – no major projects planned**
- 5. Alder Creek Adventure Center and Trails**
 - a. Equestrian Center – complete Phase 3
 - b. Snowmaking – in CrossCountry learning center meadow area
 - c. Complete Trails Master Plan
 - d. Euer Valley Cookhouse and Bathrooms
 - e. Facilities that enhance member experience –Euer/Crabtree/Carpenter Valley

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- f. Adventure Zone...
- 6. Downhill Ski Area**
 - a. Downhill Ski Lodge - Renovate / Replace
 - b. Snowbird chairlift - Replace
 - c. Eagle Rock chairlift - Replace
- 7. Marina**
 - a. Kitchen and deck area - Expand to improve customer service
- 8. Infrastructure improvements to achieve “leading customer service”**
 - a. Mailboxes – Create covered center(s) containing modern mailboxes
 - b. Back-up Power – Provide generators at major facilities for safety and customer service
 - c. Parking – Develop and implement association parking and circulation solutions
 - d. Affordable Employee housing- to maintain our customer service – Develop and Implement an integrated buy/build/rent strategy
- 9. Land Purchases as appropriate to preserve natural surroundings**
- 10. Association-wide**

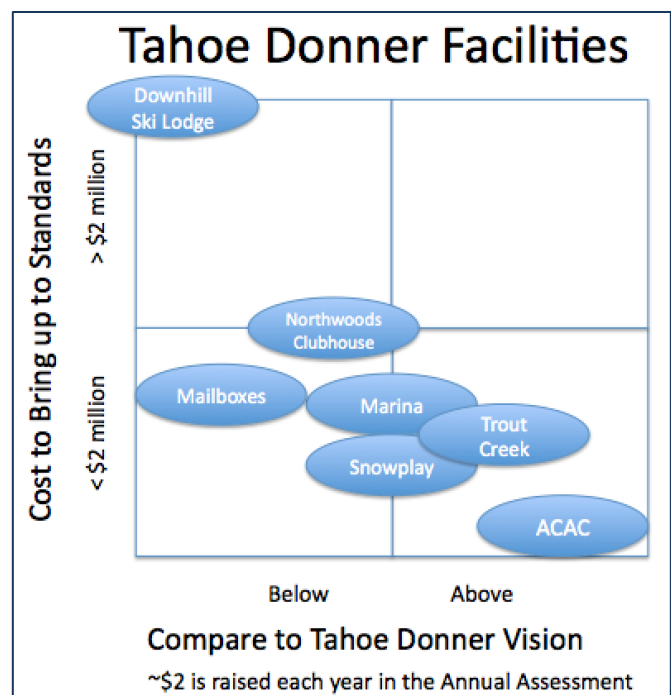
The staff meets with the General Plan Committee each month to review the details of each project and to schedule project activities so that they match to the available funds. The output of this work is shown on www.tahoedonner.com as the “Capital Funds Projection”.

Next Steps

Evaluation

The list of projects is long and will require several years to complete. The projects need to be ranked based on how far they diverge from the Vision and by how much funding they will require. This evaluation step is shown in the Capital Projects Process. An initial ranking is shown on the accompanying chart; however, this will be reviewed quarterly and the priority will be reflected in the Capital Funds Projection.

The criterion for a numerical ranking is shown in the Appendix. These factors may be adjusted in the future as Tahoe Donner and its environment change.



GPC Investment Recommendations

Using all of the inputs above, the GPC recommends to the Board a set of staged investments that are focused on creating the desired Future State of Tahoe Donner over the next 20 years. As noted above, this plan concentrates on improving the current Recreation Centers and bringing them up to the standard described in the Vision. It also recognizes the state of our infrastructure (for example, our mailboxes) and that “leading customer service” leads us to improve parking and transportation in Tahoe Donner. Lastly, our position with regard to the region-wide lack of affordable housing must be addressed for us to maintain the expected level of customer service.

Staged investments are planned over time as funds from the Development Fund and the Replacement Reserve Fund become available. For each specific investment recommendation, the Tahoe Donner Capital Projects Process will be used. This means that a stage-gate procedure will be used to further analyze, document and publicize each project to insure that our funds are used responsibly. Every step in this process is posted on www.tahoedonner.com for all members to see.

Appendix – Brief description of each project

1. Northwoods Clubhouse and Tennis Center

2016 master planning efforts propose additional storage, accessibility improvements, and drainage upgrades around the perimeter of the Tennis Building and Northwoods Clubhouse, including the tent patio, pool areas, and adjacent bocce courts.

2. Trout Creek Recreation Center

A 2017 feasibility study shows that operational improvements can be made by the removal of select interior walls, reallocation of existing interior spaces, and the enclosure of select exterior covered walkways. Parking lot improvements and a long-term relocation of Snowplay are under review.

3. Alder Creek Adventure Center

From its completion in late Fall of 2015, the Alder Creek Adventure Center is quickly becoming a favorite starting point for a variety of year-round activities. Future offerings include an Adventure Zone, Snowmaking for the Nordic learning area, restrooms in the Euer Valley, additional improvements at Equestrian Center, and the implementation of the 5 year Trails Master Plan.

4. Downhill Ski Area

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Master Planning to improve the aging Downhill Ski Area Lodge and chairlifts and complete the snowmaking coverage is underway.

5. Beach Club Marina

With increased member utilization and requests for higher service levels, an expanded kitchen and dining terrace is now being considered.

6. Mailboxes

While members are requesting a modernization of mailboxes to be located in covered area(s), multiple options are being considered that range from placing mailboxes inside a commercial building, to covering the existing mailbox sites with roof structures, and improving parking capacity.

7. Commercial Building

Considerations are underway to purchase a new commercial building that would be large enough to host mailboxes, day care services, and Member meeting spaces.

8. Employee Housing

Multiple options are being considered that will help maintain customer service levels year-round at Tahoe Donner amenities.

9. Power Generation

Modern back-up generators will be implemented at major amenities to maximize service levels and improve Member safety.