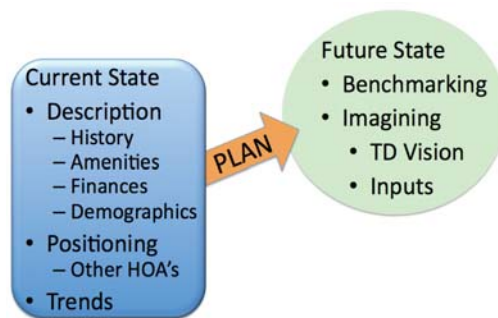


# Tahoe Donner Association Master Plan

## 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 available from the Tahoe Donner Association and the relevant parts of that work are incorporated into 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 Nan Meek, Vice Chair Jim Beckmeyer Michael Bledsoe John Dundas Michael Fajans Tom Johns John McGregor Steve Miller, Board liaison George Rohrback John Stubbs	Robb Etnyre, General Manager Forrest Huisman, Director Capital Projects Mike Salmon, Director Finance Miguel Sloane, Director of Operations

# Tahoe Donner Association Master Plan

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## The Planning Process

### Guidance

This plan was guided by the following Tahoe Donner documents:

#### The Vision

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

A broad member survey was conducted in 2015. Respondents names were entered into a lottery that offered several prizes to the lottery winners. The response rate was 22% of members and was split 80% non-resident and 20% resident, which is close to the ratio of member population. The consultant who performed the survey reported that this return rate was four to five times greater than typical surveys of its type.

*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 amenities ....rather 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*

# Tahoe Donner Association Master Plan

## 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.

- *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*

## Current State

### Structure

General Manager, Robb Etnyre 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,

## Tahoe Donner Association Master Plan

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:

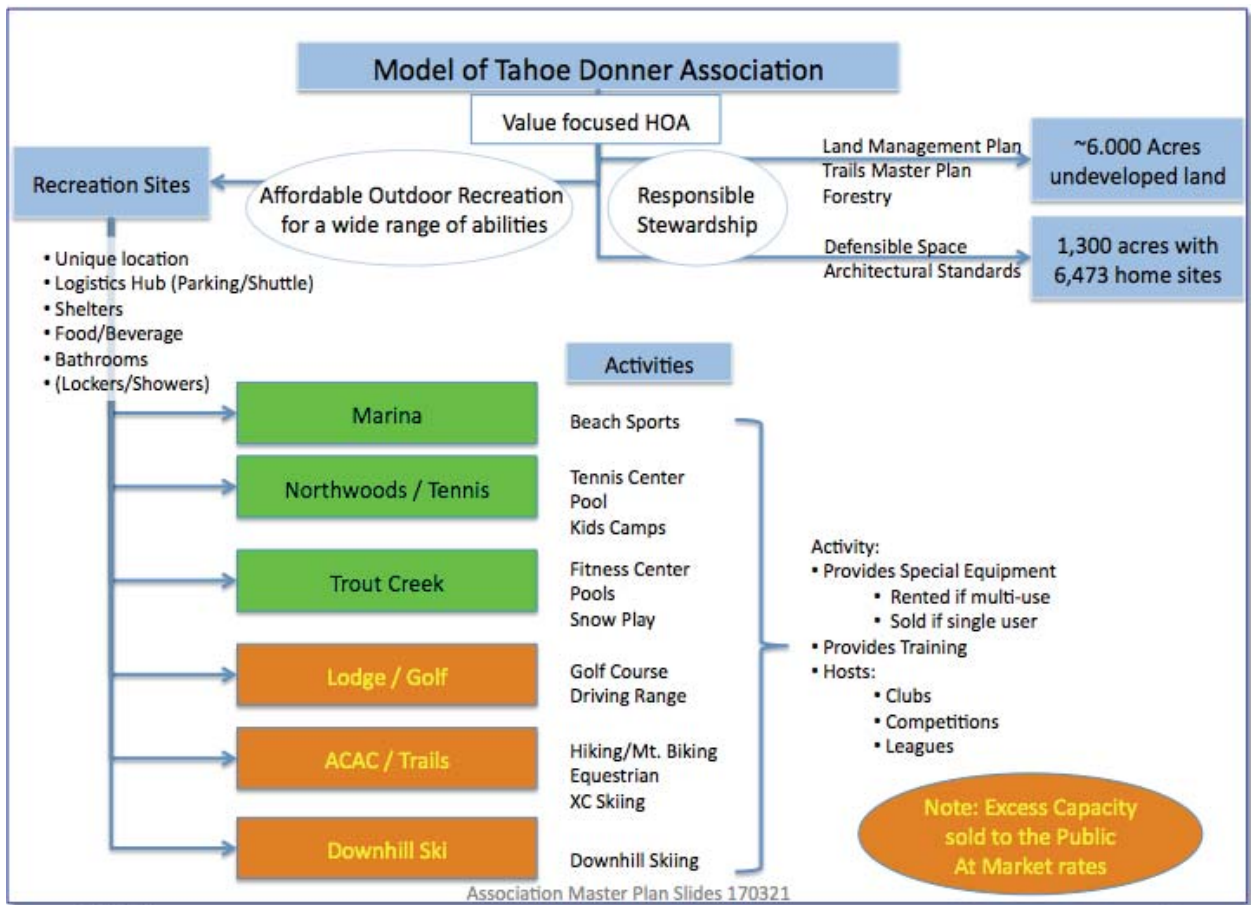
**6,473 Member Property Owners / 25,000 Members / 84% Second Homeowners  
Established 1971 / 90% Built-out / Owned & Managed by the Property Owners  
\$23.3 Million Budget for 2017 / \$61 Million in Total Assets  
7,376 Acres / 26 Buildings / 120,000 Square Feet of Conditioned Space**

**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**

### **Operations**

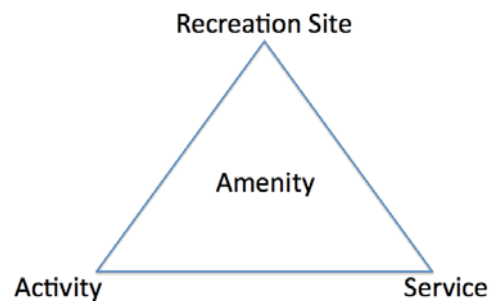
The Vision indicates that the Association has two objectives: to provide homeowners with excellent, affordable, family-oriented recreational opportunities and to maintain the character and quality of our natural surroundings. To perform these functions, the Association operates and maintains six Recreation Centers that host a variety of activities 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 of “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. The existence of these amenities is an important addition to the value of member’s properties.

# Tahoe Donner Association Master Plan

## Amenity Funding

Approximately two-thirds of the operating cost of the amenities are paid for by users of the amenities. The remaining one-third is funded by the operating portion of the annual assessment that is charged to each member. The logic of this is that the value of Tahoe Donner real estate is partially a result of the existence of the amenities. Therefore, members should pay a portion of the support required for their existence.

In addition to supporting the operation of the amenities, the member assessment funds 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.

In 2017, a contribution of \$595 will be made from each member's \$1,900 assessment to the Replacement Reserve Fund thus adding \$3.9 million to this accrual account that pays for the replacement, repair and/or replacement of the ~1,800 items that make up \$48 millions of member assets.

Also in 2017, each member's assessment will contribute \$300 to the development fund thus adding \$1.9 million the pay for large-scale projects that are necessary due to new capacity requirements or changing needs of the Association.

The New Machinery & Equipment fund collects \$30 per member and will accrue \$190K in 2017.

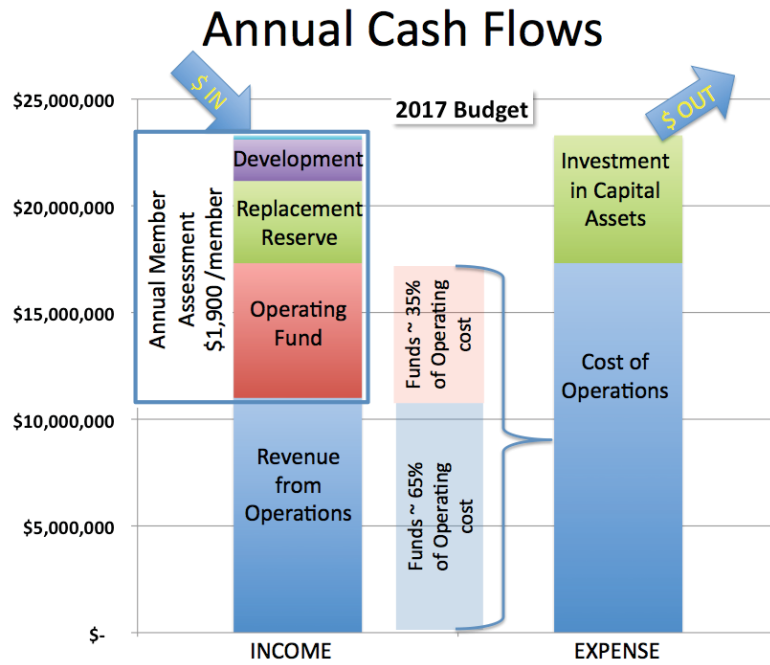
The distribution of the assessment for 2017 is shown by the attached chart



Per its governing regulations, Tahoe Donner cannot borrow money without approval of 50+% of its members, so for larger projects, these funds store the money collected until sufficient amounts are available to pay for needed improvements. Association policies regulate how these funds are spent. Since Development Fund projects could be very large, it may take several years of saving to pay for a single project. For instance, a project like the \$5+million ACAC would require almost three years of saving unless funding was supplied from other sources.

The following graphic depicts the flow of money into and out of these funds.

# Tahoe Donner Association Master Plan

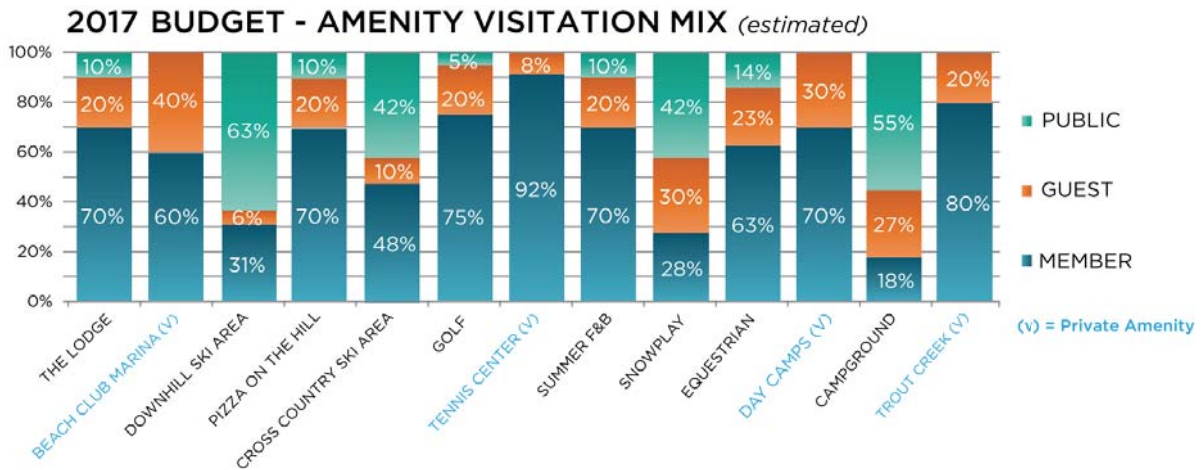


## New Amenities

If new amenities are added, new or added services may be required that 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 financial support.





# Tahoe Donner Association Master Plan

At the end of any given 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.

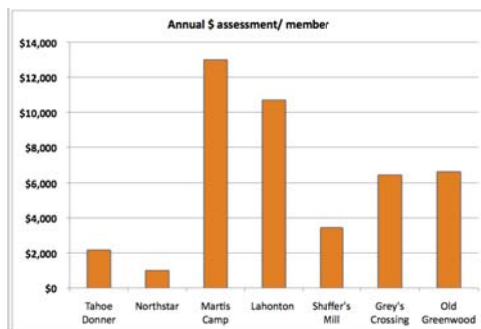
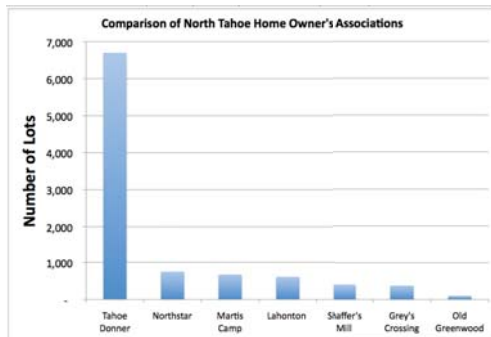
In 2016 the amenities generated almost \$8.6 million in operating revenue. Total operating costs, however, were \$9.8 million. The difference is paid from the operating portion of the annual assessments of each property. This subsidy in 2017 requires \$975 out of each \$1,900 annual homeowner assessment, 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.

## 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 partly due to the economy of scale as Tahoe Donner has a much larger number of members (6,473 properties, and 25,000 members). The other reason for the lower cost is that not all HOAs allow public use to defray a portion of the cost.

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

HOA amenity comparison.xlsx

## The Future

### The Challenges

Age of Tahoe Donner - The original infrastructure of Tahoe Donner is now almost 45-years old. In that period of time, the harsh climate of the Sierra Nevada will typically impart some amount of deterioration needing maintenance, repair and possible replacement to correct safety hazards and maintain member equity i.e. the value of each member's property.

Regulatory changes – From the time the common facilities were constructed, codes and regulations have changed. When we upgrade or perform major maintenance, we are required to bring our facilities into compliance with the modern codes. These could include construction codes such as electrical (GFI) or energy use (Title 24) or use codes such as access for the disabled (ADA). These changes add cost to improvements that are needed.

Recreation Trends – Many of our facilities were built to serve the recreation preferences of the past. As times change, so do preferences, requiring Tahoe Donner to adjust its service & program offerings in order to achieve the goal of “leading customer service”.

Seasonality & Housing– The recreational activities and programs that Tahoe Donner operates are heavily dependent on weather. If the weather cooperates, a major portion of the winter amenity use occurs in a 6 to 8-week period encompassing school and national winter holidays. The summer amenities have heavy use between Memorial Day and Labor Day but diminished use at other summer season times. While the number of Tahoe Donner employees is less than 100 people between seasons, this can balloon to almost 500 in peak periods. Housing for seasonal service workers has become an issue in every recreation area that rents to vacationers through social media. A service business cannot deliver “leading customer service” without seasonal service workers.

Demographics - Each property owner is a member of the Tahoe Donner Association, which encompasses 6,473 units housing approximately 25,000 people. Sixteen percent (16%) or a little over 1,000 members are full-time residents of Tahoe Donner. Some of the residents are retired and on a “fixed” income. The remaining 84% own recreational vacation homes in Tahoe Donner. Over time, this ratio has changed in favor of more vacation homes. The average vacation home owner is a little over 40-years old with approximately two (2) children. Many people in this segment are employed in Silicon Valley and have a greater amount of disposable income. While all members have a strong interest in outdoor recreation, these two segments may have different views of what is most important. Other demographic segments also exist with varying interests often centered on the amenity they use the most.

## Tahoe Donner Association Master Plan

Providing “attractive and well-maintained” facilities and “leading customer service” will require the application of capital funds from both the Replacement Reserve and Development Funds. How these funds get applied for the maximum benefit of the Tahoe Donner Association requires the concerted effort of experienced and knowledgeable leaders including those volunteers who serve on the Board of Directors and committees, the Staff and other dedicated member volunteers.

### **Planning for the future**

The only thing we can count on in the future is change. A plan is intended to look forward to the future but one cannot foresee all of the changes that will occur. Historically, organization general plans have attempted to look forward 20 years in 5-year increments. In today’s world of the internet, cell phones, social media and an avalanche of new technologies the world of 2037 will undoubtedly look different than today.

Although we cannot predict the future, we can put into place, policies, standards and processes that react to change and adjust to the current environment as it evolves. The Association has focused a lot of attention on designing and implementing methods and procedures that guide the organization toward the direction that creates the most value for the most members, while displaying high visibility so that members can track the progress.

The following describes the key processes and policies that are in place to guide this effort.

### **Policies and Procedures**

Tahoe Donner has a set of financial policies that have been adopted by the Board in accordance with guidance from, staff, legal and the Finance and General Plan Committees. Those that apply to capital improvements include the Development Fund, the Replacement Reserve Fund and the New Machinery and Equipment Fund.

The Development Fund (DF)– The DF is intended to pay for “*large-scale projects that are necessary due to new capacity requirements or changing needs of the Association*”. The fund is an accrual account that stores funds for future projects. Money is deposited each year from the designated portion of the Member Assessment. Each year, the Board and the Finance Committee assess future capital needs to determine the assessment. Withdrawals from this fund are made in accordance with Board approval “gates” in the Capital Projects Process (CPP).

The Development Fund Policy (2014-1) provides the following description:

*The Development Fund is established as a reserve account in accordance with the Association’s Governing Documents to be maintained and administered on an annual basis to finance capital improvement projects; including real estate acquisitions, building upgrades and additions, and building replacements that do not qualify for funding from the Replacement Reserve Fund. While the*

## Tahoe Donner Association Master Plan

*Replacement Reserve Fund provides reserves for the replacement of individual building components, it does not provide funding for the functional obsolescence or structural replacement of existing buildings or new facilities.*

*The Development Fund is necessary to keep the Association's amenities and operational infrastructure from deteriorating and becoming functionally obsolete, to keep the community vibrant, to meet current operational demands, to enhance the benefit enjoyed by the ownership, and to protect each Owner's investment in the Association.*

*The Development Fund, used in conjunction with and in addition to the reserves provided by the Replacement Reserve Fund, enables the Association's Board of Directors (Board) to plan and execute capital improvement projects identified in the Capital Projects Process (CPP) and derived from other sources that are approved by the Board of Directors on behalf of all Owners.*

The Capital Funds Projection (CFP) – When a project has been assigned a Task Force in the CPP, described below, all expected expenditures for that project are forecasted in the CFP. Since the scope, schedule and cost of every project will change as it progresses through the CPP, all early costs are shown as a range, which becomes more precise as the project nears the construction phase. The CPP stages are designated by color, thus the costs forecasted are called:

- Red Stage Cost Estimate– The project has received funding for “Conceptual Design” and because the scope has yet to be fully defined, the cost can only be estimated within +/- 50%.
- Yellow Stage Cost Estimate- The project has received funding for “Final Design”. While the scope is more defined, changes may still occur so the cost can only be estimated within +/- 30%.
- Green Stage Cost Estimate- The project has received funding for regulatory approval. Official agencies may request changes that affect the scope. Once approval is granted, fixed-price contractor quotes will be secured, however, unanticipated on-site changes may occur, thus cost is estimated within +/- 10% and a 15% contingency is added to the cost.

The Capital Projects Process (CPP) - 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.

Over a hundred ideas have been submitted to this process through the outreach efforts described under Member Input. In addition, projects are suggested by Staff, and by volunteers who work very closely with our amenities. Their perception of the state of our assets and our customer service is a result of working there on a day-to-day basis. All of the ideas submitted are recorded and can be found on the Tahoe Donner website shown as a Preliminary Ideas List at <http://www.tahoedonner.com/wp-content/uploads/2016/08/Preliminary-IDEAS-LIST-1.pdf>.

## Tahoe Donner Association Master Plan

A team representing members, staff, and the Board sorts the list according to the following categories:

- Safety and Health - items necessary for health and safety reasons get first priority
- Regulatory - Items needed to meet regulatory requirements.
  - ✓ Environmental
  - ✓ Building Codes
  - ✓ ADA
  - ✓ Title 24
  - ✓ Other
- Asset preservation – maintaining the value of member equity, i.e., “Attractive and well-maintained facilities” to preserve the value of Members’ investment in Tahoe Donner
- Customer Service – items needed to deliver “leading customer service” as promised in the Tahoe Donner Vision Statement
- Financial – Impact on the member assessment

In addition, an emphasis on “improving and enhancing our amenities rather than on adding more” comes directly from widespread Member input in the 2015 Member Survey.

Other considerations include whether the amenity already exists within close proximity to Tahoe Donner.

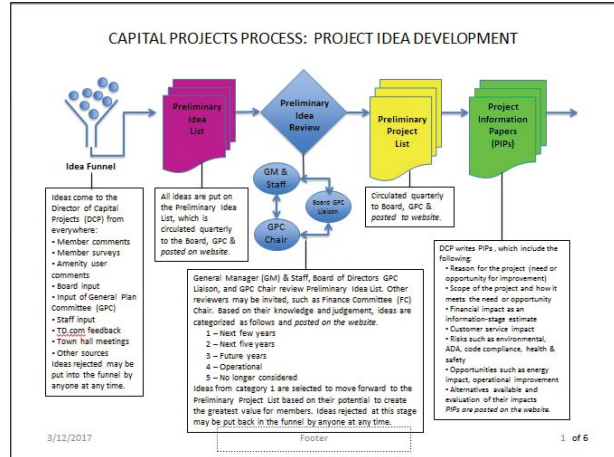
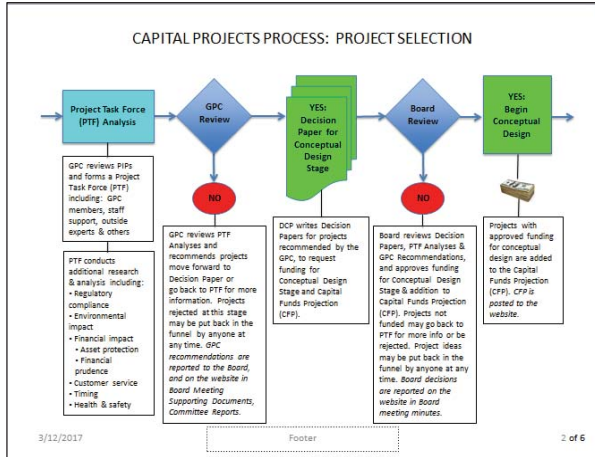
Member input is a crucial part of project priority. The Association engages in and will continue to improve both member outreach and education. Because the different segments of Tahoe Donner’s population may have differing views of what is important, member education is stressed, member input is gathered in many ways and the source of each input is considered. It is the Board’s responsibility to judge the priority that best serves the entire membership.

The CPP’s “Stage-Gate” process – This was derived from the methods used by the Tahoe Donner staff and from standard industry best practices. Projects take place in “Stages” of activity, and at the conclusion of each stage the Board review’s each project’s 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. A new Member eblast, the Capital Projects Update, is being created to further improve Member communications.

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

# Tahoe Donner Association Master Plan



All projects suggested to the Association are recorded and shown on the website. As projects enter the CPP, their progress is reported on the website, in the minutes of the Board meetings, monthly in Tahoe Donner News and monthly in the Capital Projects Update eblast.

## The Plan

This document is a strategic framework and a set of processes that the Association will follow to invest in projects that are necessary to achieve The Vision and to protect and enhance the value of each Member’s investment in Tahoe Donner. Its success depends on the committed involvement of members to be informed, express their opinion and respect the needs and desires of the entire Tahoe Donner community. This is our community and our vision for the future of Tahoe Donner.

## Tahoe Donner Association Master Plan

### **ADDENDUM- What might the future look like?**

No one can predict the future; however, it might be interesting to speculate what Tahoe Donner would look like if the Vision were achieved in the current financial environment. The following picture of the future is offered as a point for learning, investigation and debate.

**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 ski lifts that reduce waiting time during peak use periods will have replaced our decades old 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 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 so that member assessment is not increased from their addition to the current service and program offerings.