Michael Salmon

From: Steve McClure <ststmcc@gmail.com>
Sent: Wednesday, July 11, 2018 11:15 AM
To: Michael Salmon; Robb Etnyre; aiking156@att.net; Christina Schwartz; Art King
Subject: Re: General Feedback [#94]

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Yes, and thank you. I do not mean to be critical of any one person but the process overall is dated, rigid, slow to react and flawed. This really came to light as a result of the STR situation that has served to alter the tone and make the amenities less private. Without this recent new influx of users it generally made little difference to Assessment paying homeowners weather they paid for use amenity use through their $1,900 Assessment or User Fees. But, the with increase in commercial Guests (STR) and the successful Marketing effort to increase public use, the pricing of amenities to these non-homeowners becomes important so that homeowners Assessment is not called upon as a subsidy. Effective pricing requires a (total) cost study.   It bothers me that the key topic in the last election (resort or homeowners association) is assumed settled by comments in the recent T.D. news that I mentioned when no new fact based analysis was done.   I think that people will do the right thing but a credible path can now only be determined by fact based independent analysis, rather than gut feel, and the speed of implementation needs to match the timeline of the events that are driving the need. Again, thank you for the fast response and posting my comments. Steve

On Wed, Jul 11, 2018 at 8:41 AM, Michael Salmon <msalmon@tahoedonner.com> wrote:

> Mr. McClure,
>
> I would like to add your written comments to the "Member Comments" section of the upcoming 7/12 Finance Committee meeting. This presents the information to all FC members, Board, and any members reviewing the information.
>
> Requesting your formal permission to do so.
>
> Mike
>
> ---
>
> **From:** Steve McClure [mailto:ststmcc@gmail.com]
> **Sent:** Tuesday, July 10, 2018 8:40 PM
> **To:** Michael Salmon <msalmon@TahoeDonner.com>
> **Cc:** Robb Etnyre <retnyre@TahoeDonner.com>; Christina Schwartz <cschwartz@tahoedonner.com>; aiking156@att.net; Art King <aiking@att.net>
> **Subject:** Re: General Feedback [#94]
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>
> The Finance Committee, Management and previous Boards had to be forced to spread overhead and capital when it should have been done without this push. These three groups were joined at the hip in advocating growth without firm fact based analysis, which we still do not have, even though the consequences put the Assessment at risk. To think that those that originated and advocated the current status will voluntarily contradict their previous conclusions of record is folly. Selective unsupported and

unquestioned comments and a critical omission in the current TD News are poster children for the traditional baked in perspective that must be questioned and revised, if necessary.

It may not be necessary because it is entirely possible that the present conclusion is correct, and public participation is a net benefit. However, to conclude this by not spreading less than ALL overhead and capital charges only confirms that these activities are floating in space and not directly or even indirectly supporting operations, which, if true, should be eliminated. Operations is all there is. It is a zero sum exercise. Continuing blindly moving forward without truly independent analysis of this key factor is to turn the clock back to an era of decision making that not acceptable. The study must be unbiased, practical, actionable and realistically split variable/fixed costs. One would be from another planet not to recognize T.D.s recent opposing, assertive and vigorous agendas. Therefore, this professional outside study is absolutely necessary and should be accomplished by a major firm (not a guy and his daughter like the salary study). If we do not get this foundation allocation right, there is no point in moving forward with related policy decisions.

On Tue, Jul 10, 2018 at 4:45 PM, Michael Salmon <msalmon@tahoedonner.com> wrote:

Mr. McClure,

Thank you for reading our TDNews magazine and your feedback.

Peak demand periods for all our amenities are relatively predictable.

I am not aware of Members being turned-away or not being able to access our Public amenities.

Please let me know if you are specifically aware of this occurring at an amenity(s).

At the latest regular Board meeting on June 22, 2018, the below agenda topic was discussed.

IX. 10:50 a.m. Action: Tahoe Donner Association – Public Vs. Private
(Jeff Connors, Board President)

The Board of Directors will discuss assigning an additional Finance Committee goal – define the net income that the public segment amenities generate by amenity versus the membership revenues that are generated. The Public being defined and conjugated into the following categories (1) guests of members (2) unaccompanied guests of members (3) and non-affiliated public usage. Net income would be defined as revenue less the expenses that would no longer be required.

You can view video recording of the Board conversation starting at this link
https://vimeo.com/276540004#t=1h56m00s

The action taken was assigning the task to Finance Committee.

The Finance Committee has the topic on the agenda for the July 12th finance committee meeting.

http://www.tahoedonner.com/members/governance/committees/active-committees/finance/

I would expect productive analysis over the course of budget cycle with outcomes in September/October timeframe.

Regarding capital charges and allocated overhead, both are being addressed for Budget 2019.

Per board direction, both will be reported in the Budget Report and utilized during budget cycle for decision making.

Our highest public use amenity, downhill ski, has a tremendous amount of fixed capital and operating costs, whether serving 400 or 800 skiers.

Our lowest public use amenity, golf, has a tremendous amount of fixed capital and operating costs, whether serving 50 or 60 players.

One view is to apply overhead and capital to every visit, with a direct one to one relationship.

My view is these costs are simply spread over more or fewer visits, depending upon many variables, including Public visitation.

Specifically to this, know I do not see a significant/material overhead or capital cost driven by selling excess capacity to the Public.

The company is organized and managed to serve members and their guests first.

We sell excess capacity to Public to hold down your annual assessment.

Perhaps the FC task assignment and more detailed analysis over the summer will prove something different.

Regards, Mike

Michael Salmon | Director of Finance & Accounting

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#tahoedonnerassociation

From: noreply
Sent: Monday, July 9, 2018 3:43 PM
To: Com Dep
Subject: General Feedback [#94]

Name	Steve McClure
Email	ststmcc@gmail.com
Paragraph	Please respond to the issues below on positions taken by the G.M. that were presented as facts in the latest issue of the TD News on currently contentious issues that are not supported by evidence or verification: To “sell our excess capacity” when the Associations first priority is to serve Assessment paying homeowners, Members and Guests must be admitted consecutively when in fact that they are admitted simultaneously. What keeps Members from being turned away when capacity is reached after some/many Guests have already been admitted? That the “general public to subsidize our fun” is a major issue, that remains open, in the last election and there is no evidence to conclude that this keeps the Assessment low as total (capital/overhead/etc.) costs of individual amenities are unknown, so profit/loss from admitting the public can not be determined. Capital charges are called-out but the article is silent on overhead costs. Ignoring overhead, which is about 50% of the Assessment, is disingenuous. I look forward to your timely response.