



Tahoe Donner Association 2019 Budget – 3rd Workshop

Board, Finance Committee, Members Meeting 10/19/2018

Prepared by Michael Salmon, Director of Finance and Accounting, 10/12/2018

FC Draft 10/9/2018

2019 Budget – 3rd Workshop - Agenda today 10/19



- 0900–0910 Educational and Other Information Keynotes
- 0910-0915 5yr Trend and other salient information points
- 0910-0930 Changes Detail since prior draft by Fund
- 0930-1000 Capital Funds
- 1000-1130 Operating Fund
- 1130-Noon Next Steps – Board Direction

10/19/2018 Budget Workshop – Documents Index



- G01 – 2019 Budget Draft summary presentation by Fund (this document)
- G02 – supplementary supporting documents, if any
- G03.1 Strategic Guidance
- G03.1.1 Board direction items draft from 8/24 workshop
- G03.2 Amenity Utilization by UnitLot information
- G03.3 Allocated Overhead
- G03.4 2019 Pay Ranges
- G04 Development Fund and New Equipment Fund schedules
- G05 Replacement Reserve Fund schedules
- G06 Replacement Reserve Study by component, all 30 years **(large file, over 300 pages)**

- G07.1.1 to G07.1.9 User Fees and Rates –Schedules by Amenity/Function
- G07.2 Pricing Model - recreation fee and daily entry access private amenities

- G08 Operating Fund Summary reports by Dept and consolidated by Component (3 pages)
- G09 Operating Fund Schedules by NOR component by department (5 pages)
- G10 Operating Fund 1page per Department - with historical comparative and 2019 driver details (41 pages)

- G11 to G15 – reference materials

Training Keynote - Leadership



Leadership is a process of social influence, which maximizes the efforts of others, towards the achievement of a goal. @Kruise <http://www.forbes.com/sites/kevinkruse/2013/04/09/what-is-leadership>

Leaders bring out the best in individuals and of the group collectively, while also driving a higher level of performance than usually would be achieved. Effective leaders drive innovation, and they encourage their people to think strategically and creatively, while also reaching for new limits. In the world of business, an effective leader drives higher profits, and ultimately, increases the value and bottom line of the business as a whole.

....

- Aligning the team for success or failure? Providing adequate resources?
- Motivating or demotivating?
- Pride in the workplace or turmoil?
- Silo decisions or improving business as a whole?

Training Keynote - Organizational Agility



The principles behind organizational agility are well-known by now. Agile groups can thrive in an unpredictable, rapidly changing environment. They are both stable and dynamic. They focus on customers, fluidly adapt to environmental changes, and are open, inclusive, and nonhierarchical; they evolve continually and embrace uncertainty and ambiguity.

It sounds so easy, doesn't it? Yet even as agile concepts have taken hold, the average large firm reorganizes every two to three years, and the average reorganization takes more than 18 months to implement. Agility doesn't mean constant reorganization or constant flux, though. It means building a structure that allows people to react in real time.

To organize for our current age of urgency, companies have to take the principles behind agile and use them a little differently. Let's call them the three "insteads": Instead of making a decision when you have 90 percent of the information, make it when you have 70 percent. Instead of imposing decisions from top down, encourage real-time decisions across your organization, decoupled from title or rank. Instead of relying on charismatic leaders who get results by force, recognize that leadership can come from anyone, and is earned not appointed.

McKinsey&Company/McKinsey Agile Tribe

Budget oversight



- 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



Governance

- 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).



2019 Budget Strategic Planning Guidance

- See G03.1
- **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](#)

2019 Budget - Board strategic Planning Guidance

- Aggressively address Peak Periods overcrowding of all facilities, primarily via pricing
- Improve financial performance across all amenities to improve net results
- Calculate and Report Allocated Overhead
- Factor new STR compliance/monitor initiative
- Add third chipping crew to Forestry, begin shift from 8yr to 6yr defensible space cycle
- STR Compliance, Enforcement



• What is Budget at Tahoe Donner Association

- An annual Plan of Revenues and Expenditures by Fund.
 - Based on documented key assumptions; macro and micro
- A plan of the resources allocation amongst a diverse range of membership driven priorities. Balancing regulatory and initiatives, as well as a known aging infrastructure
- Guidance = Strategic Planning Guidance
 - A balanced budget, addressing strategic initiatives, while ensuring consistent level of membership services and offerings.
 - SPG did NOT direct to 'cut from your resources to lower or hold annual assessment flat'
- Achievable, setting the company up for success? Providing adequate resources to succeed?
- Stretch beyond achievable? Cutting resources just to meet other goals and objectives?
- Properly saving for the future capital needs of the association?
- Holding the assessment flat to hold it flat? *Are we adequately saving for the future capital needs?*
- Cutting operating resources to fund capital needs was NOT SPG.
 - Would this serve membership as a whole?
- There is no smoking gun of excessive costs growth (see other slides)
 - There has been known cost growth (and revenue growth) changes including CA min wage and FED ACA and strategic initiatives, as well as, changes in the company. Past years droughts and workers compensation costs, capital assessment increases and other drivers each year are well documented.
 - Examples – Bikeworks is new (revenue and costs growth) Trails – focused execution of member driven trails master plan imitative



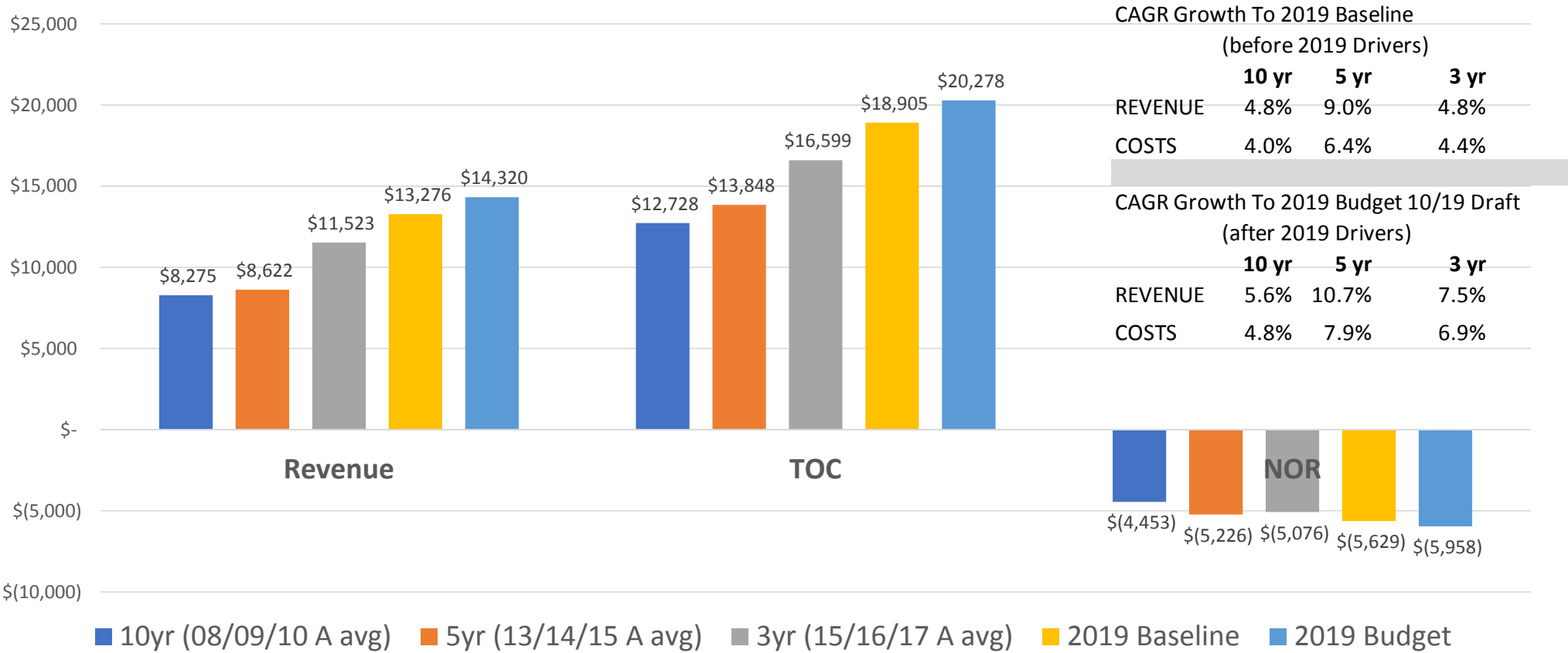
- Cost cutting assumes past has had uncontrolled growth and inefficiencies
- The reality is balanced growth from known drivers and not sacrifice service levels for cost cutting sake
- A balance Budget achieving strategic objectives; not a cost cutting drill for sake of cost cutting to hold AA or fund capital needs based on past under-savings of capital

2019 Budget - Operating Fund – Growth Perspectives to Prior Actuals



| | 10yr (08/09/10 A avg) | 5yr (13/14/15 A avg) | 3yr (15/16/17 A avg) | 2019 Baseline | 2019 Budget |
|----------------------|-----------------------------|----------------------------|----------------------------|------------------|----------------|
| Cost to Rev Ratio | 1.54 | 1.61 | 1.44 | 1.42 | 1.42 |

B'19 Ratio has improved to 3 5 and 10 yr. (2019B before AllcOH to Capex)





2019 Budget - 5 years Perspective

2014 Budget versus 2019 Budget - CAGR%s

- Revenue 8%
- Costs 6%

2014 Actual versus 2019 Budget - CAGR%s

- Revenue 13% Costs 10%

Notable changes since 2014:

- CA Min Wage 8.5% cagr, FED ACA
- **NEW - Alder Creek Adventure Center/Alder Creek Café, Bikeworks**
- Strategic Initiatives include - Trails, Forestry, ASO/Covenants

~40% of Payroll Direct is entry-level skills/education level,
service positions- Seasonal employees

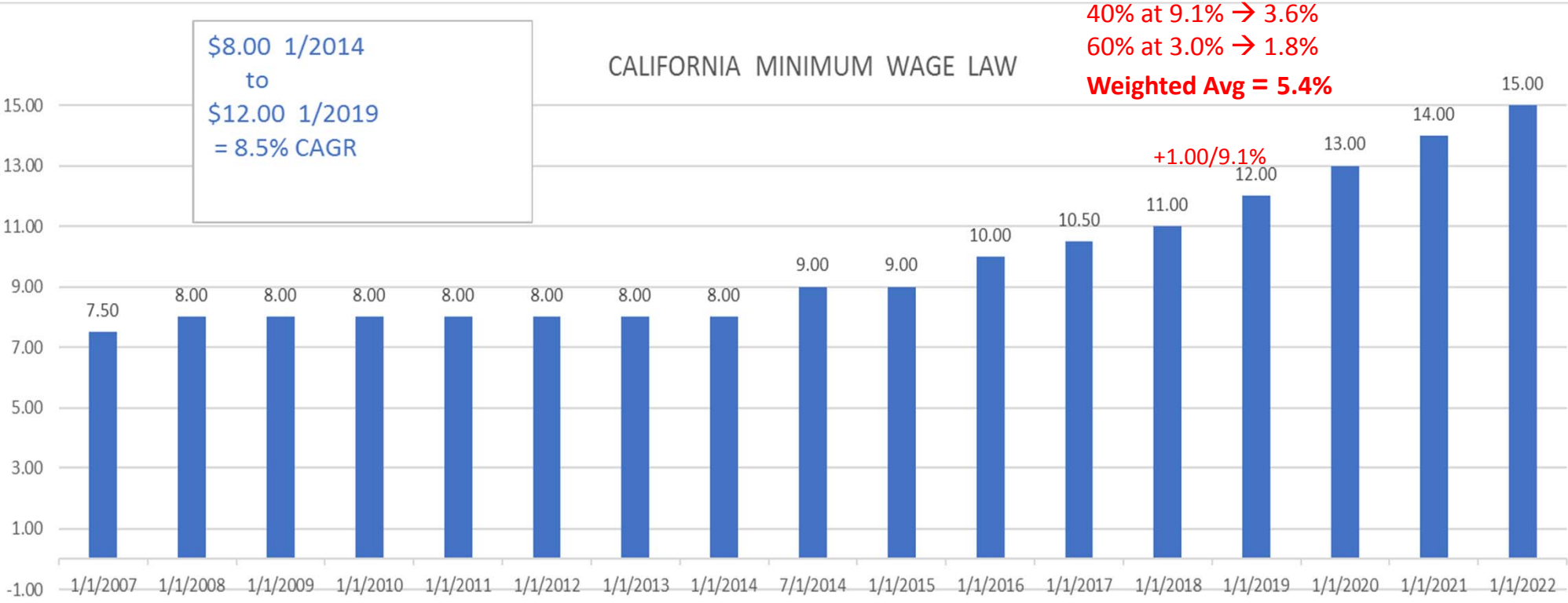
-min wage increases & compression impact have a material financial impact



\$8.00 1/2014
to
\$12.00 1/2019
= 8.5% CAGR

CALIFORNIA MINIMUM WAGE LAW

40% at 9.1% → 3.6%
60% at 3.0% → 1.8%
Weighted Avg = 5.4%



Tahoe Donner pays competitive wage rates for all positions, Seasonal and Year Round positions.

2019 Budget - 5 years Perspective



2014 Actual versus 2019 Budget - CAGR%

- Revenue 13% Costs 10%
- \$7.7m revenue in 2014....\$14.2m in 2019 draft
 - 2014 was a drought 1st quarter with revenues off \$2.2 to budget. There was no Snowmaking!
- Costs
 - Due to above, a comprehensive cost cutting plan was recommended by Management and approved by the Board.
 - Mandatory 1 week Furlough – \$93,000
 - Hiring freeze and multiple vacancies delayed filling
 - Forestry was \$211,000 favorable to Budget in 2014
 - Marketing/Communications costs were \$63,000 favorable to Budget (part of plan not timely refilling vacant positions)
 - Trails was \$75,000 favorable to Budget (new dept in 2014, cut back due to drought, prioritized capital projects, dropped Rangers)
 - Maintenance - \$97,000 favorable to Budget (low snow year, vacancies not filled, work orders backlog)
 - Equestrian was scaled down ops with less than ½ the costs of when regular operations.
 - General at \$485,000 NOR was \$228,000 favorable to Budget
 - \$82k Legal favorable \$57k Taxes favorable
 - \$32k Contingency favorable \$22k Insurance costs savings due to Rev > Bdg
 - \$18k Payroll due to PTO mandatory burn \$12k Utilities due to mild winter
- Do we really want to instill a USE IT OR LOOSE IT mentality. Hack budgets and they will get there quickly?
- Best is a flexible budget 'plan'; knowing reasonably provided resources based on volume/revenue expectations.
 - Managers know ok to flex up/down based on circumstances of season. Agile, Responsive Financial Management (RFM)

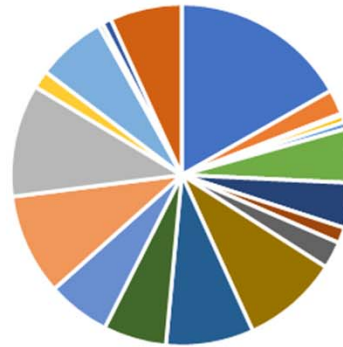


2019 Budget - Full Time Benefited Employees

- 68 – 2014 Budget
- 91 – 2019 Budget
- + 23 change
 - +17 Federal Affordable Care Act
 - This is NOT incremental employees or hours
 - The employees work both seasons, which equals ACA mandate
 - + 2 - Part-time now Full-time – 1 in IT, 1 in HR
 - + 1 – Assistant Director of Operations
 - Assist Director with 14 depts, over 300 employees during peak seasons
 - + 1 - covenants supervisor, ASO Dept (2019 driver)
 - + 1 – defensible space coordinator, Forestry (2019 driver)
 - + 1 – Financial Analyst, Finance (2019 driver)

Membership Engagement, Communications aka "Marketing"

Time and Effort of Team

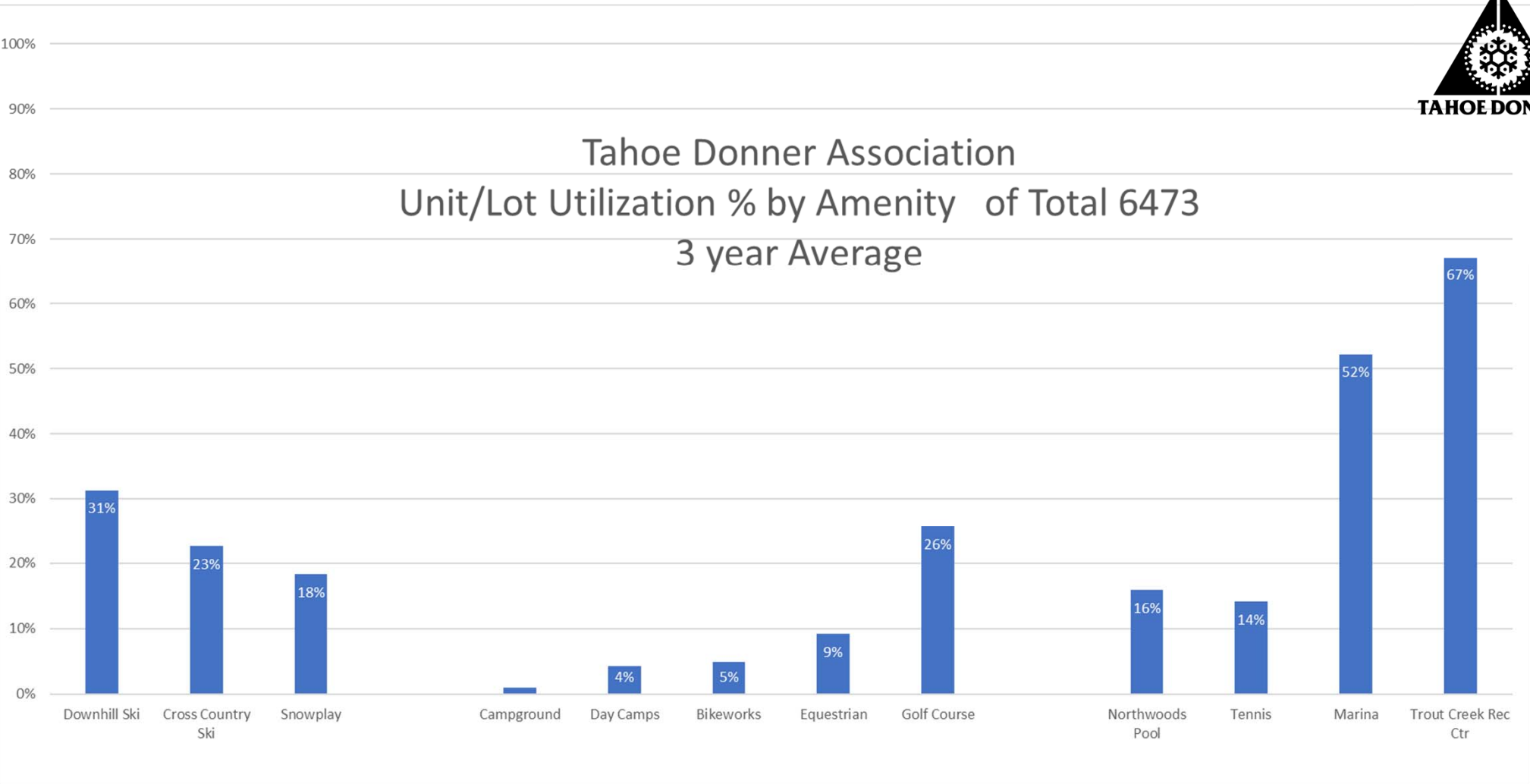


- Magazine
- SFG
- WAG
- Annual Report
- Budget Report
- Association Related Initiatives
- Website Maintenance, refresh and updates
- Apps -Sum/Win/Golf
- Maps
- Email Marketing
- Special Initiatives (Programs, Surveys/FlashVote/Likemoji /Ambassador)
- Program Launches / Campaigns
- F&B Seasonal Change overs / promotions, menus, signage *
- Marquee + Special Events *
- Amenity Marketing / Branding / Content Creation / Signage / Web
- Advertising (Strategy, Programming, Sales, Sponsorships)
- Social Media
- Group Sales
- PR / Press Releases
- Team + Program Management

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Tahoe Donner Association Unit/Lot Utilization % by Amenity of Total 6473 3 year Average





- Replacement Reserve Fund - Reserve Study Changes – 9/14 draft to 10/19
 - 2018 Forecast Expenditures and resulting ending fund balance
 - \$300,000 Snowbird chairlift forecasted savings to Budget
 - \$450,000 Trout Creek Remodel moved to 2019/2020 (soft costs in 2018 are in DevFd)
 - \$100,000 net all other, reviewed all projects for status, numerous deferred out to 2019+
 - +\$850,000 ending balance 12/31/2018 forecast (\$8,450,000 to \$9,300,000) – Before Transfer IN
 - 2019 Expenditures – *change a net decrease in expenditures of \$412,000/7%*
 - Added Governing Documents – 100% redo - \$100,000
 - Added Forestry Storm Damage Phase 3 - \$150,000
 - Reduced Golf Remodel Project \$100,000 (from \$600k to \$500k)
 - Refined 2019/2020 expenditures timing for Trout Creek Remodel/expansion project
 - Scrubbed study's 2019 expenditures schedule, made numerous miscellaneous deferrals to out years
 - 2020 and beyond Expenditures
 - Added Governing Documents – every 5 years update \$25,000 base cost
 - TC Remodel and miscellaneous other changes

- Budget draft changes - 9/14 draft to 10/19



Development Fund

- Refined 2018 Expenditures projection and resulting ending fund balance
 - 2018 ending fund balance -
- Revised Capital Funds Projection based on GPC guidance
 - 2019 Expenditures -

New Equipment Fund

- Refined 2018 Expenditures projection and resulting ending fund balance
 - 2018 ending fund balance -
- Revised 2019 Expenditures plan
 - 2019 Expenditures -

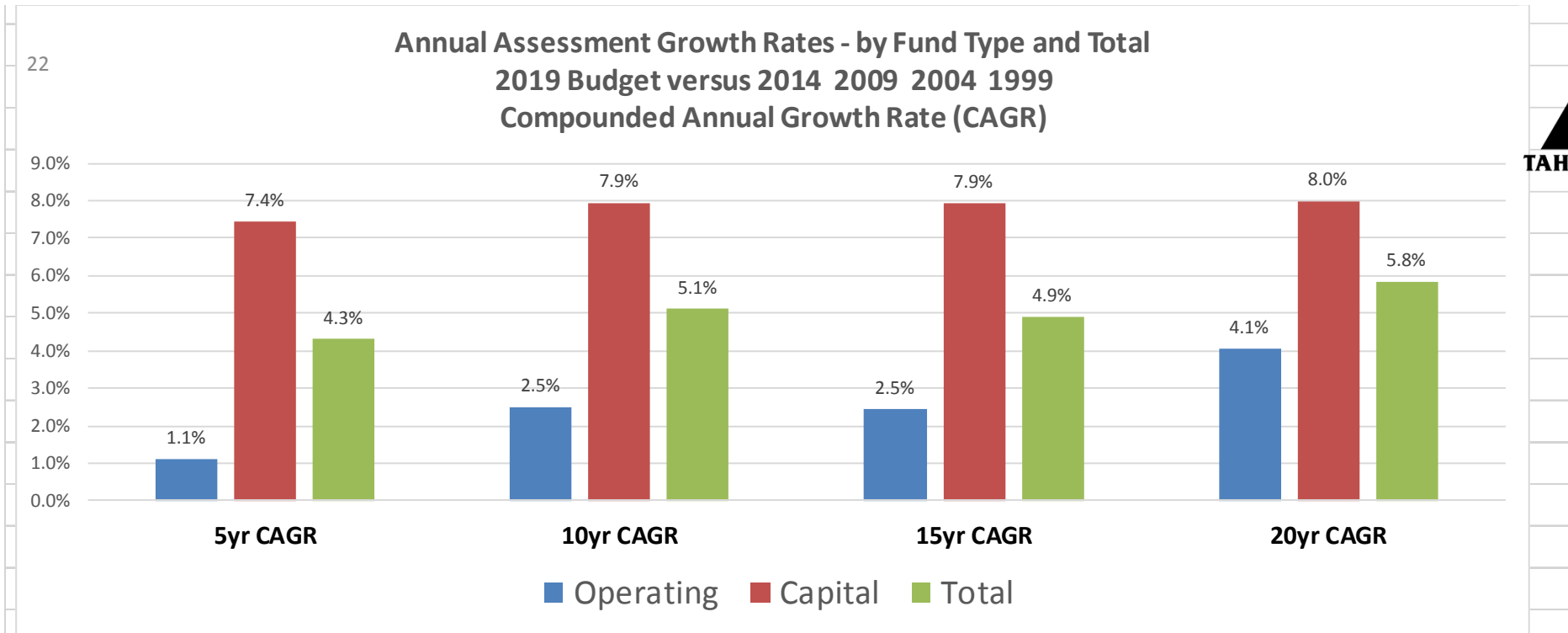


Operating Fund - changes from 9/14/18 DRAFT to 10/18/28 Draft

| Department | Change Description | Increase (Decrease) | | Fav (Unfav) |
|------------|--------------------|---------------------|------------------|---------------|
| | | Revenue | Costs | NOR |
| 1 | General | | (100,000) | 100,000 |
| 2 | General | | 11,000 | (11,000) |
| 3 | General | | 60,000 | (60,000) |
| 4 | General | | 64,000 | (64,000) |
| 5 | HR | | (26,000) | 26,000 |
| 6 | ASO | (45,000) | (138,000) | 93,000 |
| 7 | Acg/Fin | | 92,000 | (92,000) |
| 8 | Mkt/Comm | (90,000) | (40,000) | (50,000) |
| 9 | Pizza | | (10,000) | 10,000 |
| 10 | ALL | | (80,000) | 80,000 |
| 11 | ALL | 30,000 | (3,000) | 33,000 |
| | | (105,000) | (170,000) | 65,000 |

6 Revenue: changed from \$150 STR fee x 1000 = \$150,000 to \$150 STR fee x 700 \$105,000 --- yr 1 ~ 70% effective enrollment

Costs: held covenants supervisor add, dropped \$113,000 on-premise coverage to ~2am, dropped \$35k STR compl costs, add \$10k after-hours call service



Annual Assessment Notes:

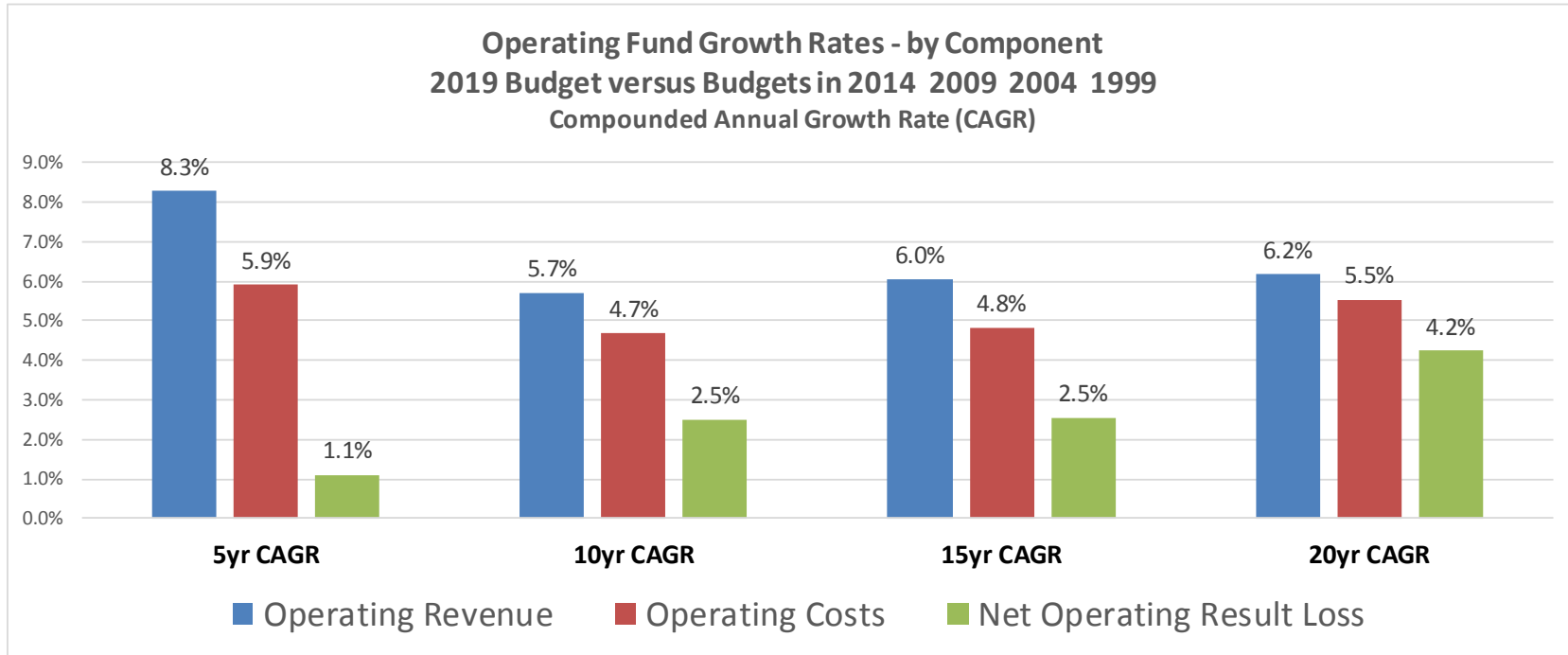
In 2018, the \$1900 total annual assessment was the same as 2016 and 2017, flat for three consecutive years.

Form 2009 to 2012 (four consecutive years), the operating portion of AA was held flat at \$695.

Over the past 20 years, the association's replacement reserve fund balance has improved by over \$8 million, addressing past underfunding and an aging infrastructure of this now 47 year old association.

Members Equity has grown at a 30 year growth rate of 6.3%, relecting a net improvement, as opposed to a decline.

Operating AA / Capital AA ratio: 1999 63%/37% 2009 58%/42% 2014 53%/47% 2019 45%/55%



Operating Costs to Operating Revenue Ratio: 1999-158% 2004-167% 2009-155% 2014-157% 2019-140%

^^^

Notable Amenity facilities growth over time and other change keynotes include:

The Lodge built in 2005

Trout Creek Recreation Center - built in 1994, major expansion in 2005

Alder Creek Adventure Center - built in 2015

Euer Valley, Trails, Bikeworks, Alder Creek Café

Downhill Ski snowmaking investment in 2015

Concerts changed from outsourced to in-house production

of improved lots has increased (fewer vacant lots now)

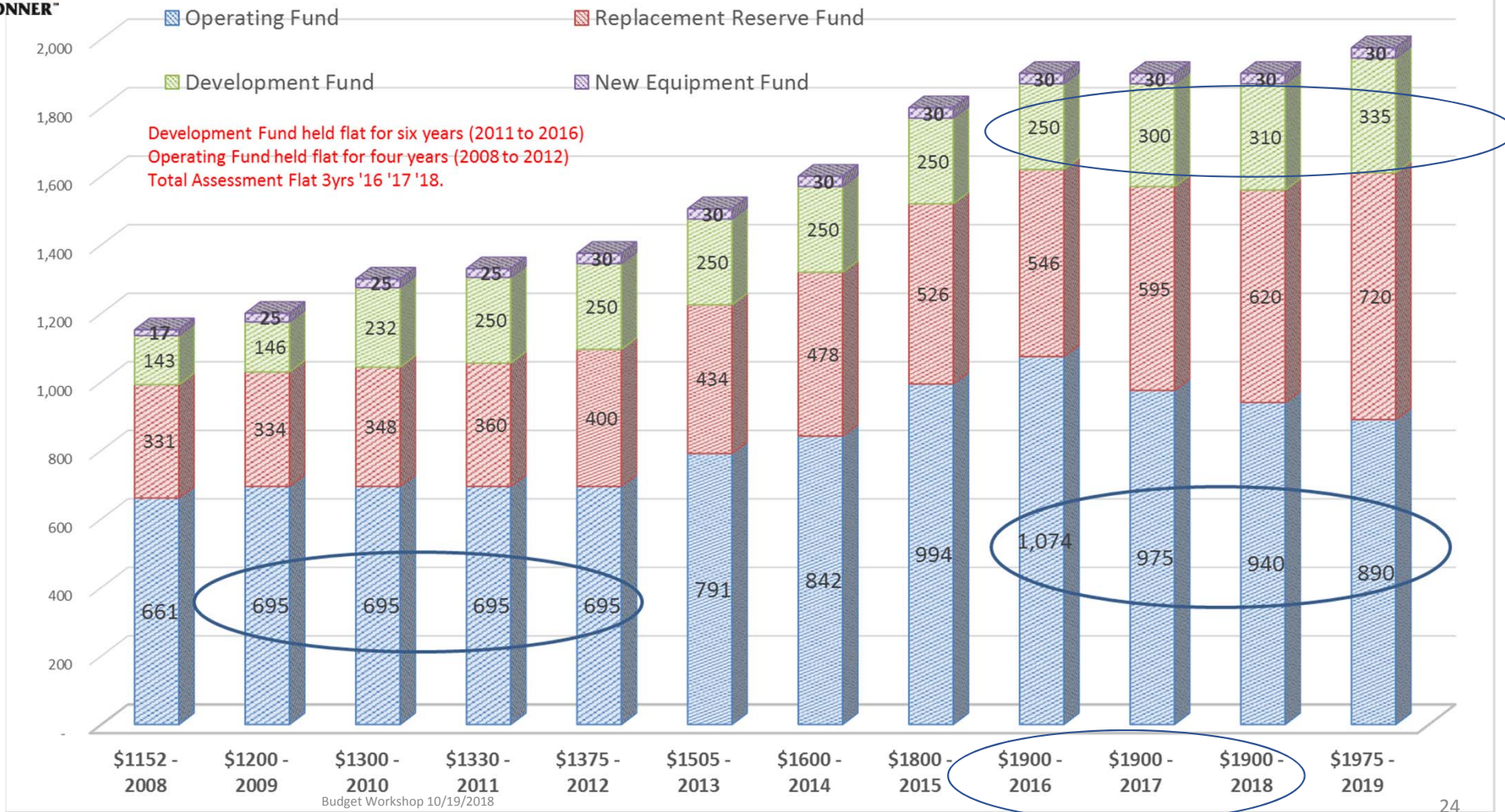
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CA Min Wage 5yr has increased from \$8.00 to \$11.00 in 2018

- Increases \$1.00 or 9.1% to \$12.00 on 1/1/2019 – 8.5% 5yr CAGR



Annual Assessment per owner - 2019 10/10/18 draft





Annual Assessment per owner - 2019 10/19/18 draft

| Operating Fund | Replacement Reserve Fund | Development Fund | New Equipment Fund | Total | |
|----------------|--------------------------|------------------|--------------------|---------------|---------------------------------------|
| \$ 940 | \$ 620 | \$ 310 | \$ 30 | \$ 1,900 | 2018 AA per owner |
| \$ 6,085,000 | \$ 4,013,000 | \$ 2,007,000 | \$ 194,000 | \$ 12,299,000 | 2018 AA revenue |
| \$ (25) | \$ 25 | \$ - | \$ - | \$ - | 1st draft changes |
| \$ (30) | \$ 12 | \$ 18 | \$ - | \$ - | allocated overhead impact |
| \$ 15 | \$ 53 | \$ 7 | \$ - | \$ 75 | 2nd draft changes |
| \$ (10) | \$ 10 | \$ - | \$ - | \$ - | 3rd draft changes |
| \$ (50) | \$ 100 | \$ 25 | \$ - | \$ 75 | |
| -5.3% | 16.1% | 8.1% | 0.0% | 3.9% | |
| \$ 890 | \$ 720 | \$ 335 | \$ 30 | \$ 1,975 | 2019 AA per owner, draft 10/19 |
| \$ 5,761,000 | \$ 4,661,000 | \$ 2,168,000 | \$ 194,000 | \$ 12,784,000 | 2019 AA revenue, draft 10/19 |
| \$ (324,000) | \$ 648,000 | \$ 161,000 | \$ - | \$ 485,000 | 2019 AA revenue change, draft 10/19 |

a) net decreasing OF \$20, before allocated oh impact to Capital funds

b) increasing RRF funding due primarily to added \$500,000 component in years 2019/2020/2021 to begin addressing known facility deficiencies. Also added Governing Documents and Forestry items to Reserve Study.

c) increasing DF funding due to known long-term large scale projects

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Development Fund – GPC Capital Spending Overview

Financial restrictions on Capital Spending

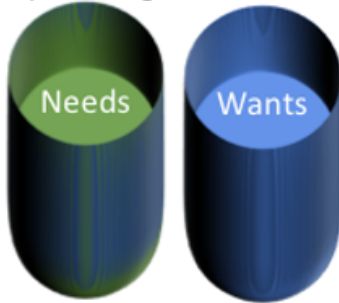
No Borrowing
No Special Assessments

Member Annual
Assessment only

Contributions possible from:
Replacement Reserve Fund
Member Equity



\$2,000,000 / yr.



Probably in the range of ~\$40 million

9/12/18 180914 Capital Spending 1

Member Guidelines

Tahoe Donner 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*

2015 Member Survey

- 22% of Members returned the survey - 80 / 20 Off-hill / On-hill
- **94% agreed with the Tahoe Donner Vision**
- 65% said - **improve & enhance the amenities ...rather than add more**
- *Nature is as much a part of the Tahoe Donner experience as the amenities*

9/12/18 180914 Capital Spending 2

Association Needs (*Fix what we've got*)

- A. Correct Safety and Health hazards
- B. Comply with required regulatory codes
 - ADA, Title 24, CBC etc.
- C. Protect member assets
 - Physical Assets
 - Financial Assets

9/12/18

180914 Capital Spending

3

Current Plan spends all available funds through 2023

- Accessibility upgrades
- Trout Creek Remodel
- Trails Master Plan continuation
- Snowmaking at Downhill, Snowplay and Cross-country
- Re-grade Mile Run at Downhill
- Downhill Ski Lodge

- Feasibility studies and possible consultants for Amenity Master Plans

9/12/18

180914 Capital Spending

4

Future planning – *2024 and beyond*

- Task Forces
 - Write Amenity Master Plans
 - Force Ranks their projects
 - Analyze the top projects (including rough costs)
 - Write justification on top projects
- GPC
 - Force Ranks all projects
 - Forecasts spending in CFP format
 - Presents finding to Board
- Board decides
- Task Forces follow CPP on top Board priorities

9/12/18

180914 Capital Spending

5

Development Fund – 2018 Forecast



Actual 12/31/2017 Balance \$ 3,753,014

2018 Assessment Contribution (@ \$310 / owner) 2,007,000

Operating Fund Transfer IN in 2018 -

2018 Expenditures (forecast, as of mid-September 2018):

| | |
|--|---------|
| Downhill Ski - Master Plan | 16,000 |
| Downhill Ski - Daylodge/SkierServices/Lifts, Planning | 75,000 |
| Trout Creek Recreation Facility, Remodel | 200,000 |
| Equestrian campus improvements, phase 3 | 200,000 |
| Trails, new trail(s) per trails master plan | 56,000 |
| Snowmaking, permit deposit refund | (6,000) |
| Association Master Plan | 6,000 |
| DHSki Eagle Rock shrouding and chairlift relocation | 70,000 |
| Land Acquisition, Other Projects, Cost Allocation, Contingency | 250,000 |
| | |

TL Spend 867,000

Interest Income/BDExp/Taxes, NET 56,986

9/14/2018 - Forecast 12/31/2018 Balance \$ 4,950,000

See next page for 2019 Budget

2019 Budget - Development Fund



Forecast 12/31/2018 Balance \$ 4,950,000

2019 Assessment Contribution (@ \$335 / owner) 2,168,000
increase to \$25/owner or \$162,000 from 2018

2019 Expenditures:

| | |
|---|-------------|
| Association, Member Surveys | 50,000 |
| Alder Creek Adventure Center, Master Plan | 10,000 |
| Cross Country Ski, Snowmaking | 100,000 |
| Northwoods Clubhouse, Master Plan | 10,000 |
| Downhill Ski - Daylodge/SkierServices/Lifts, soft costs | 2,000,000 * |
| Downhill Ski - Snowmaking phase 2 | 600,000 |
| Downhill Ski - regrading mile run, soft costs | 50,000 |
| Golf, Master Plan | 10,000 |
| Beach Club Marina, Master Plan | 10,000 |
| The Lodge, Master Plan | 10,000 |
| The Lodge, covered walkway in parking lot | 75,000 |
| Trails, new trail(s) per trails master plan | 100,000 |
| Trout Creek Recreation Facility, Master Plan | 10,000 |
| Trout Creek Recreation Facility, Remodel - DF portion | 470,000 |
| Snowplay, snowmaking | 100,000 |
| Allocated Overhead | 120,000 |
| Land Acquisition, Other Projects, Cost Allocation, Contingency, Inflation | 250,000 |
| TL Spend | 3,975,000 |

Interest Income/BDExp/Taxes, NET 83,000

Budget 12/31/2019 Ending Balance \$ 3,226,000

* Spend \$200,000, \$1.8m savings for future - actual end balance 5,026,000 *

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

See next page for DF Capital Funds Projection (CFP)



2019 Budget -
Development
Fund – Capital
Funds Projection
(CFP) -
10/19/2018
Draft

draft as of 10/3 >

| GPC Task Force | Project | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|------------------|------------------|------------------|------------------|------------------|
| Association Wide | Association Master Plan (Dudek) | 5,856 | | | | |
| Association Wide | New Accessibility Improvements | | 50,000 | 150,000 | | |
| Association Wide | Member Surveys | | 50,000 | | | |
| Association Wide | Roof Structures over Mailboxes | | | | | |
| Alder Creek Adventure | Master Plan | | 10,000 | | | |
| Alder Creek Adventure | Equestrian Operations Relocation | 200,000 | | | | |
| Alder Creek Adventure | Snowmaking on select Nordic Trails | | 100,000 | | | |
| Northwoods Clubhous | Master Plan | | 10,000 | | | |
| Downhill Ski Resort | Master Plan (ECOSign) | 15,897 | | | | |
| Downhill Ski Resort | Downhill Ski Lodge (proposed savings to \$12.5MM DF) | 75,000 | 2,000,000 | 2,300,000 | 2,500,000 | 2,500,000 |
| Downhill Ski Resort | Snowbird relocation and Eagle Rock Shrouding (b.\$90K) | 70,000 | | | | |
| Downhill Ski Resort | Snowmaking to Eagle Rock (Phase 1 permit credit in '18) | -6,617 | 600,000 | | | |
| Downhill Ski Resort | Regrade Mile Run for min. 8% slope (skier experience) | | 50,000 | 200,000 | | |
| Beach Club Marina | Master Plan | | 10,000 | | | |
| The Lodge | Covered Walkway, connecting parking lot (TOT permitted) | | 75,000 | | | |
| Trails and Open Space | Implement trail/trailhead projects on the 5YIP | 56,396 | 100,000 | 150,000 | 75,000 | 75,000 |
| Trout Creek Recreation | Master Plan | | 10,000 | | | |
| Trout Creek Recreation | Trout Creek Expansion (DF portion) | 200,000 | 275,000 | 275,000 | | |
| Trout Creek Recreation | Snowmaking at Snowplay | | 100,000 | | | |
| Association Wide | Feasibility Studies | | 10,000 | 50,000 | 50,000 | 50,000 |
| Association Wide | Future Land Acquisiton | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Estimated Annual Totals, exclud RRF, Inflation Factor, and direct/allocated overhead | | 676,532 | 3,510,000 | 3,185,000 | 2,685,000 | 2,685,000 |
| | Direct and Allocated Overhead | 191,000 | 311,000 | 311,000 | 311,000 | 311,000 |
| | Expenditures Total | 867,532 | 3,821,000 | 3,496,000 | 2,996,000 | 2,996,000 |
| 2.0% | Inflation Factor | 0 | 0 | 70,000 | 120,000 | 180,000 |
| | Total Including Inflation | 867,532 | 3,821,000 | 3,566,000 | 3,116,000 | 3,176,000 |
| 2019 | < BASELINE YEAR FOR INFLATION FACTOR | | | | | |
| 1.8% | Interest Income | 70,000 | 89,000 | 61,000 | 36,000 | 20,000 |
| 8.0% | Income Tax Expense | 5,600 | 7,100 | 4,900 | 2,900 | 1,600 |
| | Bad Debt Expense | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| | TRANSFERS IN (OUT) | | | | | |
| 20 | <Years: Normalized Contrib > | 310 | 335 | 335 | 335 | 335 |
| 6473 | Annual Contribution | 2,007,000 | 2,168,000 | 2,168,000 | 2,168,000 | 2,168,000 |
| | Beginning | 3,753,013 | 4,949,882 | 3,371,782 | 2,022,882 | 1,100,982 |
| | Ending | 4,949,882 | 3,371,782 | 2,022,882 | 1,100,982 | 104,382 |
| | | Yr 2018 | Yr 2019 | Yr 2020 | Yr 2021 | Yr 2022 |

< saving for bldg
replacement



2019 Budget – New Equipment Fund

2019 Budget draft 10/19/2018

| | | | |
|---------------------------------------|----|----------------------|------------------|
| Forecast 12/31/2018 Balance | \$ | <u>54,000</u> | |
| 2019 Assessment Contribution | | 194,000 | |
| 2019 Expenditures: | | | |
| Currently identified items | | 112,000 | <i>next page</i> |
| Contingency | | <u>75,000</u> | |
| TL Spend | | <u>187,000</u> | |
| Investment Income/net of income taxes | | 3,000 | |
| Allocated Overhead Charge | | (19,000) | |
| Budget 12/31/2019 Balance | \$ | <u><u>45,000</u></u> | |



2019 Budget – New Equipment Fund – 2019 Spend

2019 NMEF Draft 10/19/2018

| Component | Dept | Recommendation |
|---|------|----------------|
| CRM Software - Marketing | 010 | \$ 30,000 |
| Cellphone Booster - The Lodge | 025 | \$ 30,000 |
| Forestry Workstation - Defensible Space | 025 | \$ 3,000 |
| Trail Counters | 051 | \$ 5,000 |
| Toro Workman (1 New) - Equestrian | 080 | \$ 31,000 |
| Pickleball windscreen | 090 | \$ 2,000 |
| Bear Boxes | 100 | \$ 8,000 |
| Rolling Canoe Racks | 145 | \$ 3,000 |
| | | |
| | | |
| | | \$ 112,000 |

Contingency \$ 75,000

Total Expenditures \$ 187,000



Operating Fund – Members equity surplus

- **Surplus primary driver:** positive 2017 NOR results to Budget of \$1.2 million *Cannot count revenue twice.*
- Transfers made in 2017 (due to past year's positive results to Budget) - \$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 unfavorable \$140,000
- Which places ME balance at \$2.15 million
- Minimum \$500,000 balance, per policy
- Currently ME is above target 10% of B18 Revenues or \$1,246,000 by \$905,000
- Currently ME is above target 10% of ~B19 Revenues or ~\$1,443,000 by \$707,000
- **Options –**
 - **Make no transfers in 2018, hold in Operating Fund, Review mid-2019**
 - **IN THIS DRAFT - IN 2018, transfer \$500,000 to Replacement Reserve Fund and \$0 to Development Fund. Retaining \$207,000 in OPFund as additional contingency**
 - **Other** _____



2019 Budget – Replacement Reserve Fund

| | 2018 Budget | 2019 Budget 9/14/2018 draft | 2019 Budget Scenario 2 |
|--|------------------------|--------------------------------|-----------------------------|
| Operating Fund Transfer IN | <i>if made in 2018</i> | 500,000 | 700,000 |
| Beginning Balance (A) | \$ 10,006,000 | 8,950,000 | 9,150,000 |
| <small>2018 Beg Bal includes \$1.5 million 2017 transfer in (in anticipation of Snowbird Lift acceleration) of Snowbird Lift acceleration)</small> | | | |
| Current Replacement Cost | 50,870,162 | 55,316,744 | 55,316,744 |
| Fully Funded study value (B) | 30,846,974 | 35,053,279 | 35,053,279 |
| ratio to CRC | 61% | 63% | 63% |
| Percent Funded (A/B) | 32.4% | 25.5% | 26.1% |
| | | | <i>Transfer \$0 - 24.1%</i> |

[G15.2] Resolution 2013-3, Replacement Reserve Fund - policy establishes a % funded minimum of 25%

For 2017 Budget, a full reserve study (including physical inspections) was completed (every 3 years).
For 2018 and 2019 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.



Refer to Replacement Reserve Fund Policy 2013-3 (G15.2)

Refer to 2019 Budget Replacement Reserve Study and documents sections G05 and G06



2019 Budget – Replacement Reserve Fund

Resolution 2013-3, Replacement Reserve Fund Minimum Balance Test

| | | |
|--|---------------------|-----------------------------|
| Total Property & Equipment | \$ 76,343,050 | * |
| Less Land and Land improvements | <u>(9,239,805)</u> | * |
| Net Replc Reserve Assets policy test amount | 67,103,245 | |
| policy test % | 10% | |
| Policy minimum balance in Repl Reserve Fund | <u>\$ 6,710,325</u> | |
| WITH TRANSFER Forecasted Balance 12/31/2018 | \$ 9,900,000 | <i>above policy Minimum</i> |
| Forecasted Balance 12/31/2019, per 2019 Budget Draft | \$ 9,620,000 | <i>above policy Minimum</i> |

*per Audit Report 12/31/2017, footnote 4.



2019 Budget – Replacement Reserve Fund

| | 2018 Budget | 2018 Forecast | 2019 Budget 10/19/2018 draft |
|-----------------------------|----------------------|----------------------|---------------------------------|
| (F) Beginning Balance | \$ 10,006,000 | \$ 10,238,311 | \$ 9,900,000 w/ trf in'18 |
| Assessment Contribution | 4,013,000 \$620/o | 4,013,000 \$620/o | 4,661,000 \$710/o |
| Operating Fund Transfer IN | - | 500,000 | |
| Expenditures | (6,354,000) | (5,055,311) | (5,117,000) ↔ |
| Disposal of Assets proceeds | 30,000 | 30,000 | 30,000 |
| Interest Income/BDExp/Taxes | 131,000 | 174,000 | 146,000 |
| Budget YE Balance | \$ 7,826,000 | \$ 9,900,000 | \$ 9,620,000 |

\$5.5 Million Spend includes:
 \$600,000 Golf Course remodel
 \$890,000 Trout remodel
 \$500,000 Facility deficiencies
 \$3.5m all other

Refer to section **G05** for 2019 Spend details, reserve 30 yr summary2 and reserve study updates made since 2018 budget cycle

Refer to section **G06** for 30 year detail by Component

(F) the beginning balance is Forecasted in fall of preceding year during budget cycle.
 For the 2018 Forecast, the actual beginning balance is used. The primary driver of variance is timing of projects between years.

For 2018 Budget, a full reserve study (including physical inspections) was completed (every 3 years), not just an update.
 For 2019 Budget, an update was performed.

2019 Budget – Replacement Reserve Study – 30 yr Summary - 10/19/2018 draft



**Tahoe Donner Association
Thirty Year Cash Flow/Capital Budget Summary
January 1, 2019
Financial Exhibit**

| | |
|-------------------------------------|--------------|
| Number of units, 1/1/2019 | 6,473 |
| Annual capital assessment, 1/1/2019 | \$ 4,659,093 |
| Average CY assessment/unit interest | \$ 720 |
| Average increase/unit interest | \$ 100 |
| Inflation rate | 3.00% |
| Interest rate on investments | 2.00% |
| Tax rate on investment income | 8.00% |
| Capital contingency rate | 0.00% |

| Year | Annual Percent Change to Capital / Reserve Assessment | Capital / Reserve Account Beginning Balance | Expired Useful Life of Components Expressed in Dollars aka "Fully Funded" | Percent Ratio of Fully Funded Value to Capital / Reserve Balance | Annual Dollar Change to Capital / Reserve Assessments | Annual Member Capital / Reserve Assessment | Annual Avg. Capital / Reserve Assessment / Unit interest | Change in Avg. Annual Capital / Reserve Assessment / Unit interest | Monthly Avg. Capital / Reserve Assessment / Unit interest | Change in Avg. Monthly Capital / Reserve Assessment / Unit interest | Estimated Interest, Net of Tax | Annual Expenditures | Capital Contingency | Ending Balance |
|----------|---|---|---|--|---|--|--|--|---|---|--------------------------------|---------------------|---------------------|----------------|
| 1/1/2019 | 16.10% | 9,900,000 | 35,625,001 | 27.79% | 646,093 | 4,659,093 | 720 | 100 | 60 | 8 | 177,946 | (5,117,110) | - | 9,619,930 |
| 1/1/2020 | 4.00% | 9,619,930 | 35,817,271 | 26.86% | 186,364 | 4,845,457 | 749 | 29 | 62 | 2 | 158,965 | (6,806,461) | - | 7,817,891 |
| 1/1/2021 | 4.00% | 7,817,891 | 36,069,274 | 21.67% | 193,818 | 5,039,275 | 779 | 30 | 65 | 2 | 151,885 | (4,165,855) | - | 8,843,195 |
| 1/1/2022 | 4.00% | 8,843,195 | 38,701,373 | 22.85% | 201,571 | 5,240,846 | 810 | 31 | 67 | 3 | 154,546 | (6,128,722) | - | 8,109,865 |
| 1/1/2023 | 4.00% | 8,109,865 | 39,131,103 | 20.72% | 209,634 | 5,450,480 | 842 | 32 | 70 | 3 | 160,879 | (4,183,379) | - | 9,537,845 |
| 1/1/2024 | 4.00% | 9,537,845 | 41,543,618 | 22.96% | 218,019 | 5,668,499 | 876 | 34 | 73 | 3 | 190,020 | (4,089,789) | - | 11,306,575 |
| 1/1/2025 | 4.00% | 11,306,575 | 43,993,619 | 25.70% | 226,740 | 5,895,239 | 911 | 35 | 76 | 3 | 196,444 | (7,155,755) | - | 10,242,503 |
| 1/1/2026 | 4.00% | 10,242,503 | 43,444,382 | 23.58% | 235,810 | 6,131,049 | 947 | 36 | 79 | 3 | 195,888 | (5,323,853) | - | 11,245,587 |
| 1/1/2027 | 4.00% | 11,245,587 | 45,333,099 | 24.81% | 245,242 | 6,376,290 | 985 | 38 | 82 | 3 | 209,299 | (6,117,539) | - | 11,713,638 |
| 1/1/2028 | 4.00% | 11,713,638 | 46,581,818 | 25.15% | 255,052 | 6,631,342 | 1,024 | 39 | 85 | 3 | 218,216 | (6,339,476) | - | 12,223,720 |
| 1/1/2029 | 4.00% | 12,223,720 | 47,834,427 | 25.55% | 265,254 | 6,896,596 | 1,065 | 41 | 89 | 3 | 218,449 | (7,599,556) | - | 11,739,209 |
| 1/1/2030 | 4.00% | 11,739,209 | 48,057,710 | 24.43% | 275,864 | 7,172,460 | 1,108 | 43 | 92 | 4 | 207,360 | (8,111,697) | - | 11,007,331 |
| 1/1/2031 | 4.00% | 11,007,331 | 48,027,059 | 22.92% | 286,898 | 7,459,358 | 1,152 | 44 | 96 | 4 | 212,885 | (6,334,338) | - | 12,345,236 |
| 1/1/2032 | 4.00% | 12,345,236 | 49,984,312 | 24.70% | 298,374 | 7,757,732 | 1,198 | 46 | 100 | 4 | 238,902 | (6,480,590) | - | 13,861,281 |
| 1/1/2033 | 4.00% | 13,861,281 | 52,097,044 | 26.61% | 310,309 | 8,068,042 | 1,246 | 48 | 104 | 4 | 265,085 | (6,976,973) | - | 15,217,435 |
| 1/1/2034 | 4.00% | 15,217,435 | 53,928,359 | 28.22% | 322,722 | 8,390,763 | 1,296 | 50 | 108 | 4 | 294,844 | (6,777,380) | - | 17,125,662 |
| 1/1/2035 | 4.00% | 17,125,662 | 56,166,825 | 30.49% | 335,631 | 8,726,394 | 1,348 | 52 | 112 | 4 | 329,721 | (7,138,455) | - | 19,043,322 |
| 1/1/2036 | 4.00% | 19,043,322 | 58,303,817 | 32.66% | 349,056 | 9,075,450 | 1,402 | 54 | 117 | 4 | 379,043 | (5,961,715) | - | 22,536,100 |
| 1/1/2037 | 4.00% | 22,536,100 | 61,833,143 | 36.45% | 363,018 | 9,438,468 | 1,458 | 56 | 122 | 5 | 410,130 | (9,931,325) | - | 22,453,372 |
| 1/1/2038 | 4.00% | 22,453,372 | 61,763,826 | 36.35% | 377,539 | 9,816,006 | 1,516 | 58 | 126 | 5 | 432,004 | (7,765,770) | - | 24,935,612 |
| 1/1/2039 | 4.00% | 24,935,612 | 64,068,562 | 38.92% | 392,640 | 10,208,646 | 1,577 | 61 | 131 | 5 | 487,642 | (7,075,321) | - | 28,556,580 |
| 1/1/2040 | 4.00% | 28,556,580 | 67,358,217 | 42.40% | 408,346 | 10,616,992 | 1,640 | 63 | 137 | 5 | 537,332 | (9,324,521) | - | 30,386,383 |
| 1/1/2041 | 4.00% | 30,386,383 | 68,772,366 | 44.18% | 424,680 | 11,041,672 | 1,706 | 66 | 142 | 5 | 575,044 | (9,309,642) | - | 32,693,457 |
| 1/1/2042 | 4.00% | 32,693,457 | 70,510,006 | 46.37% | 441,667 | 11,483,339 | 1,774 | 68 | 148 | 6 | 607,102 | (10,880,885) | - | 33,903,013 |
| 1/1/2043 | 4.00% | 33,903,013 | 71,110,691 | 47.68% | 459,334 | 11,942,672 | 1,845 | 71 | 154 | 6 | 627,229 | (11,571,670) | - | 34,901,244 |
| 1/1/2044 | 4.00% | 34,901,244 | 71,430,449 | 48.86% | 477,707 | 12,420,379 | 1,919 | 74 | 160 | 6 | 666,371 | (9,791,277) | - | 38,196,717 |
| 1/1/2045 | 4.00% | 38,196,717 | 73,742,368 | 51.80% | 496,815 | 12,917,195 | 1,996 | 77 | 166 | 6 | 699,886 | (13,236,056) | - | 38,577,742 |
| 1/1/2046 | 4.00% | 38,577,742 | 73,359,827 | 52.59% | 516,688 | 13,433,882 | 2,075 | 80 | 173 | 7 | 735,058 | (10,691,781) | - | 42,054,901 |
| 1/1/2047 | 4.00% | 42,054,901 | 75,746,622 | 55.52% | 537,355 | 13,971,238 | 2,158 | 83 | 180 | 7 | 821,607 | (8,775,917) | - | 48,071,828 |
| 1/1/2048 | 4.00% | 48,071,828 | 80,305,808 | 59.86% | 558,850 | 14,530,087 | 2,245 | 88 | 187 | 7 | 908,708 | (11,901,116) | - | 51,609,508 |

%Funded Dropping below policy 25% - DISCUSSION

Without added Golf Remodel \$500,000 and Facility Deficiencies \$1.5m (\$500k in 19/20/21) - All years at or above ~25%

Budget Workshop 10/10/2018

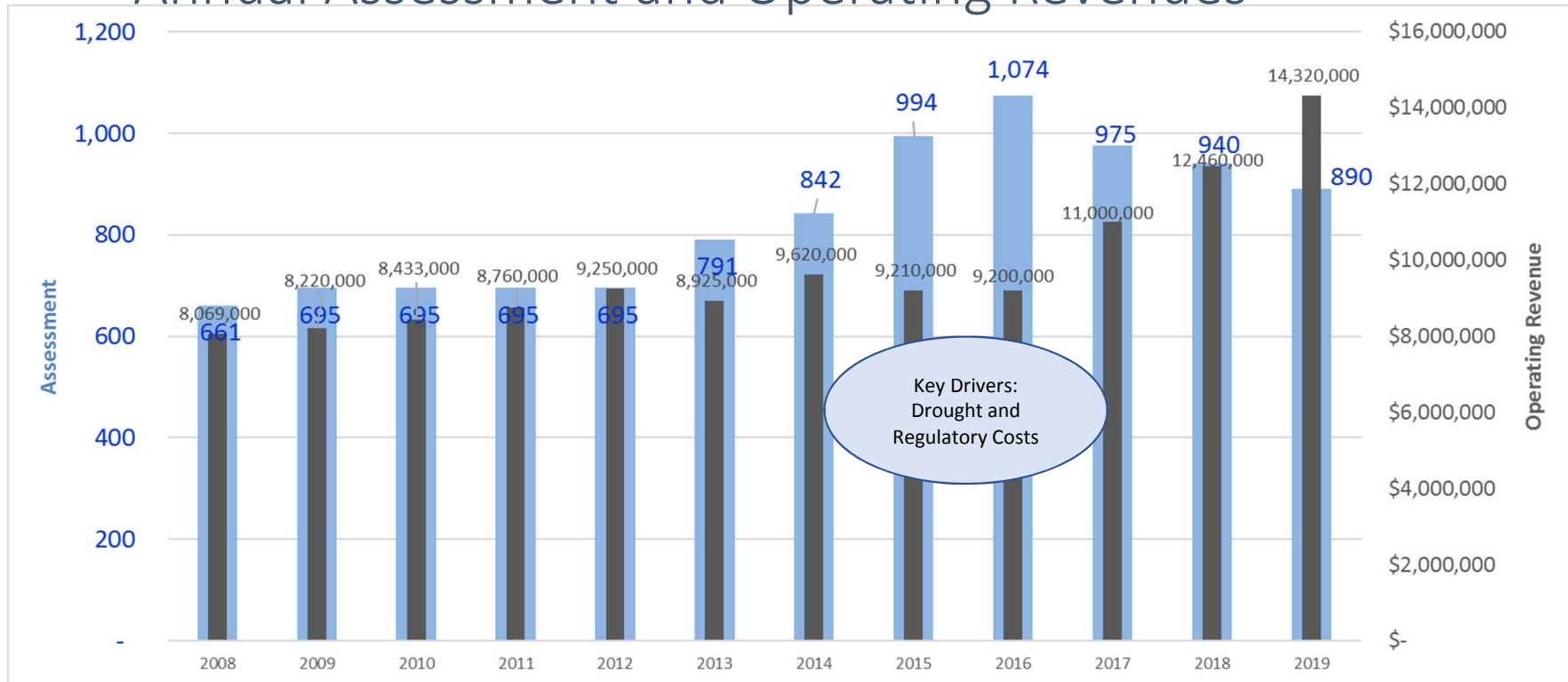


Operating Fund - Methodology

- Top Down and Bottom Up Drivers
- Strategic Planning Guidance
- Normalization starting point, 3-Year Average adjusted for known Baseline changes
 - Not a simple 3-year average (start with this and add for pricing changes/other anomalies)
- Drivers for 2019 (change drivers impacting Revenue and Costs, by Department)
 - Pricing changes – revenues and costs
 - Capital impacts -
 - Merit impacts – isolate this driver, capped
 - Strategic
 - Regulatory - California Minimum Wage increases \$1.00/9% from \$11.00 to \$12.00 on 1/1/2019
 - Other



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



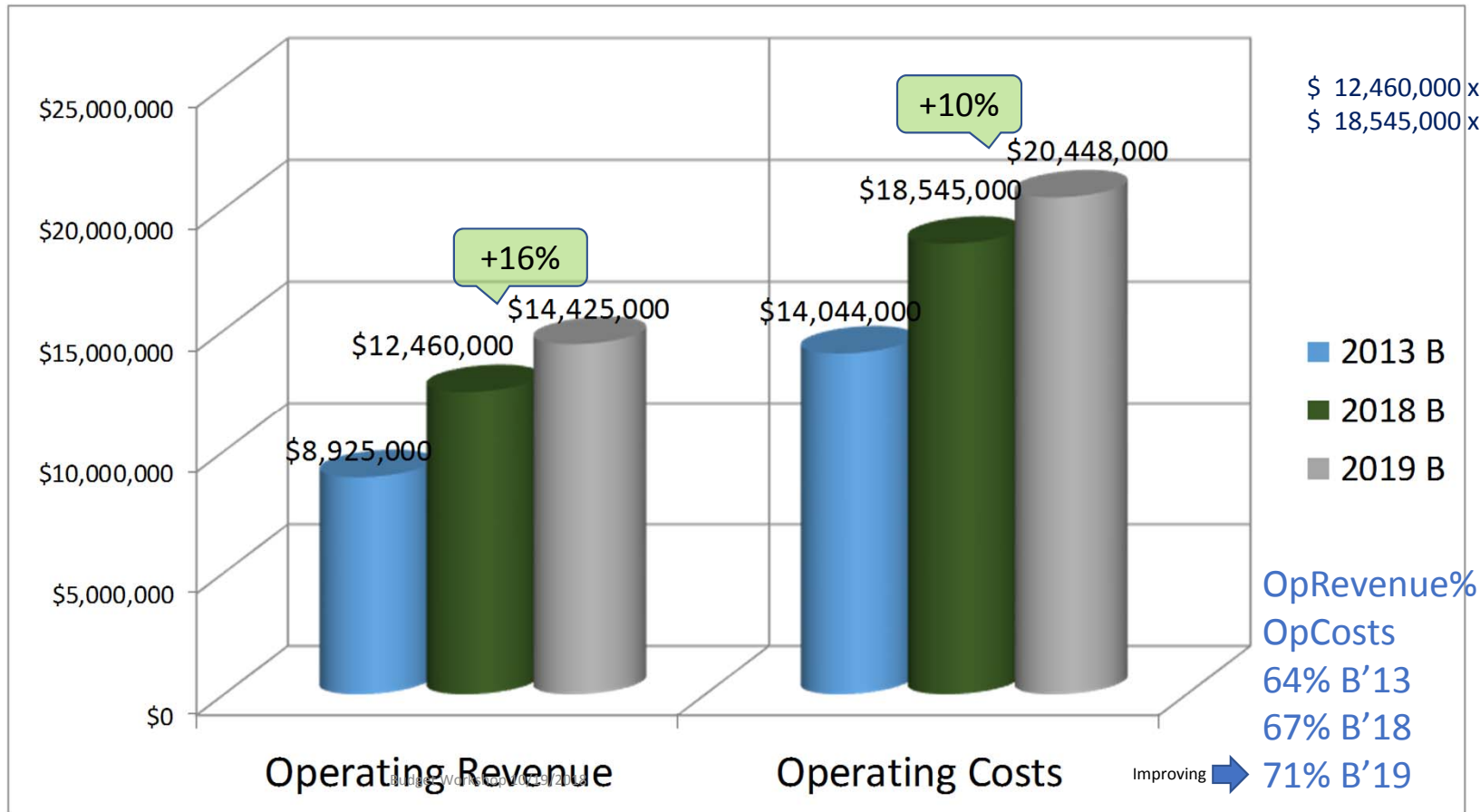
Operating Revenue portion of Revenue Requirement – B'14 64% B'18 67% B'19 71%

Operating FUND

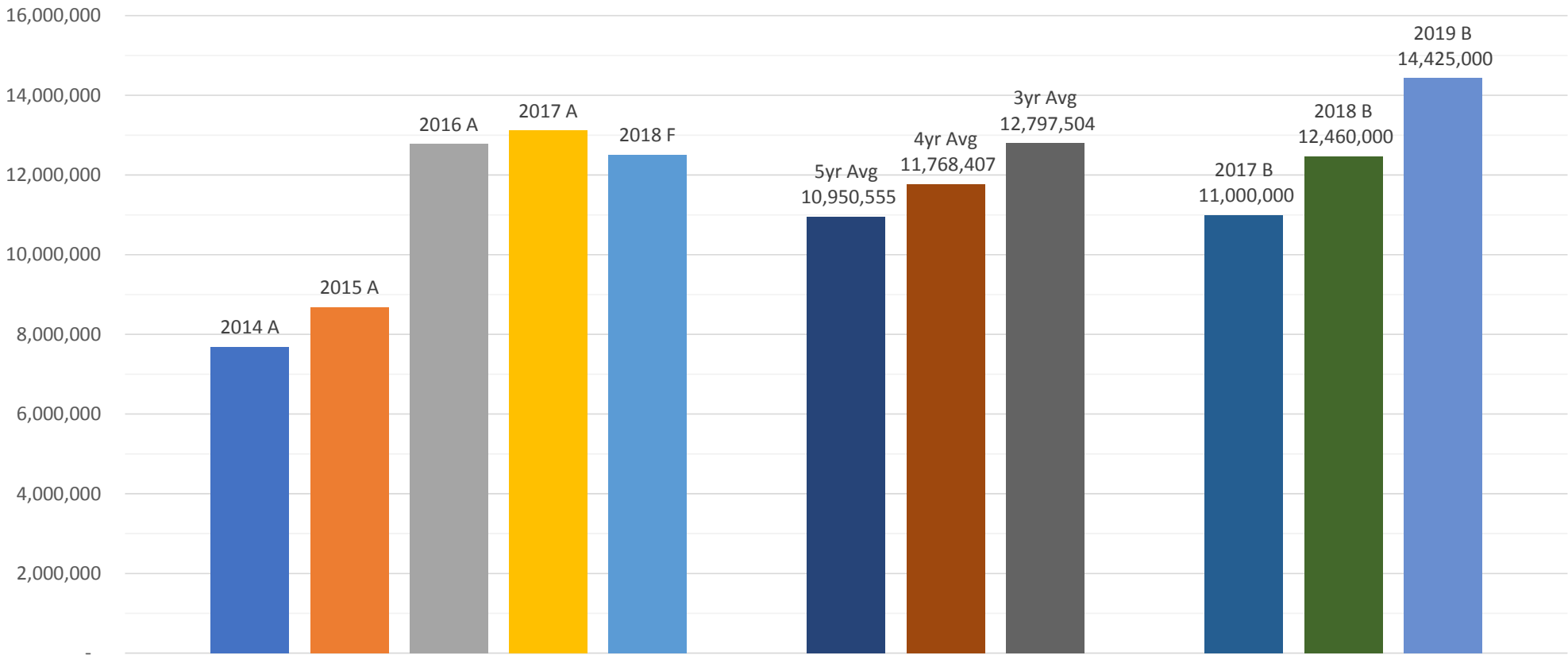
2019 Budget Draft
9/24/2018

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

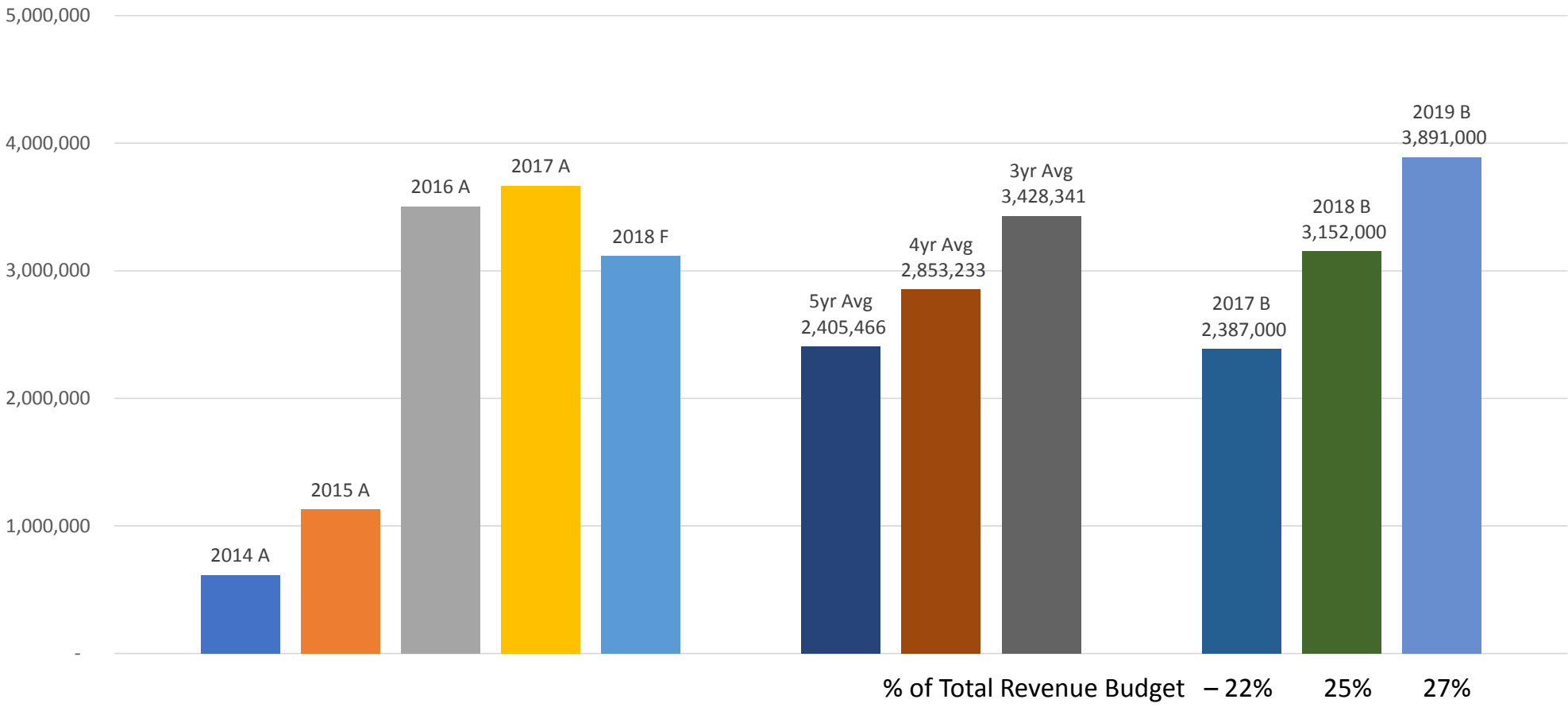
if both grow at 3%, Costs growth in Dollars is **greater** than the Revenue growth in Dollars



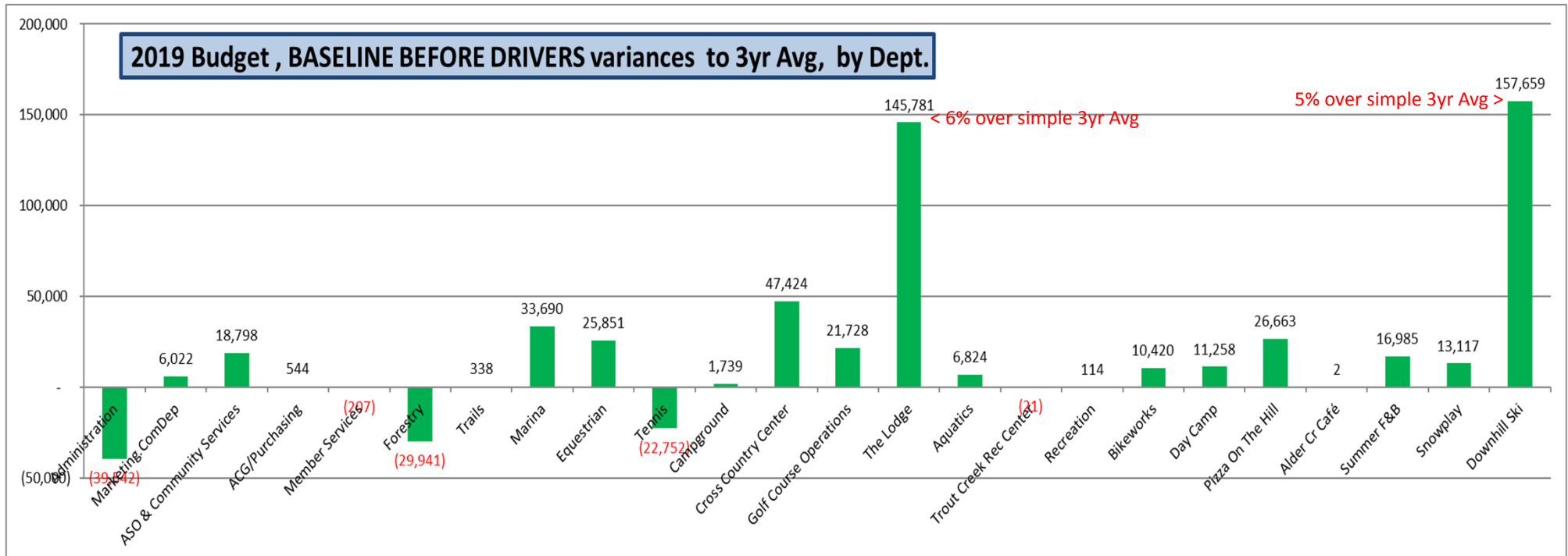
Operating Fund – Operating Revenue



Operating Fund – Downhill Ski Revenue

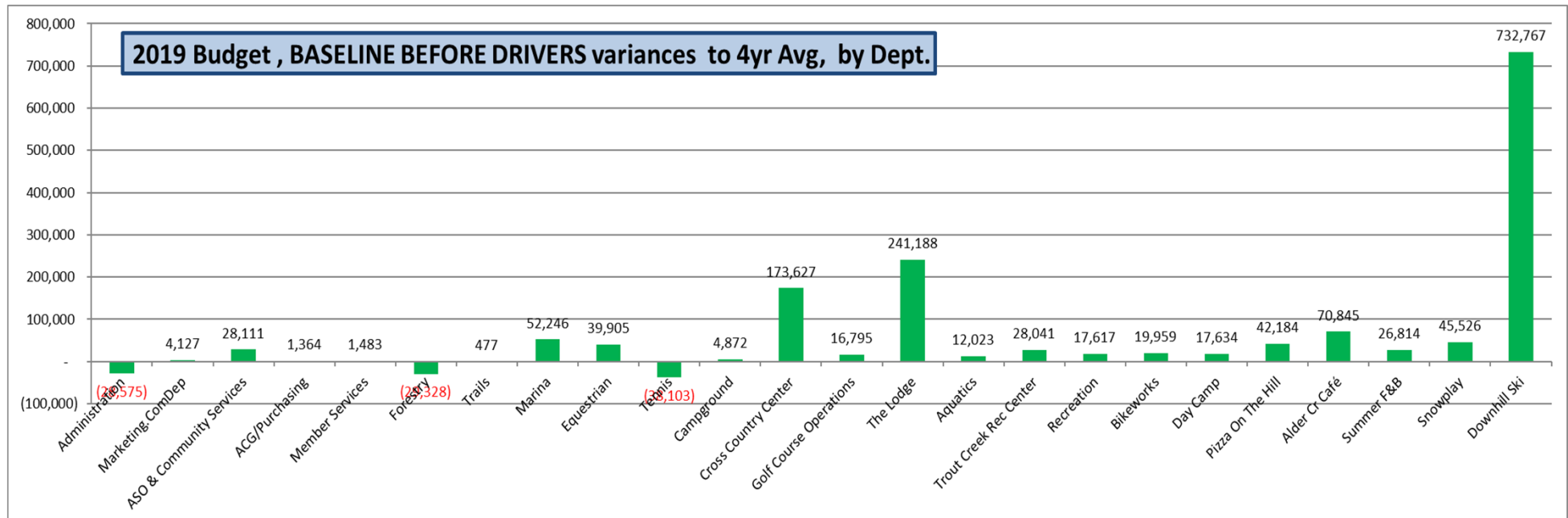


Operating Revenues **BASELINE** for 2019, before 2019 DRIVERS — \$452,000/3.5% over 3yr Average (16A/17A/18F)



Factoring Pricing changes over last 3 years on top of the simple 3 year average is primary driver of the variances

Operating Revenues **BASELINE** for 2019, before 2019 DRIVERS — \$1.5 million/13% over 4yr Average (15A/16A/17A/18F)



- Baseline for 2019 is 3 year average, therefore dropping drought year of 2015 with \$8.7m total revenue
- Factoring Pricing changes over last 3 years on top of the simple 3 year average is second factor of the variances

Operating Fund – Operating Revenue - 2019 Baseline and Drivers Summary



- \$ 12,822,000 Three Year simple average (2016 Actual, 2017 Actual, 2018 Forecast) (no drought yr without snowmaking)
- 454,000 + 3.5% for past years pricing changes and net ther misc. adjustments for know trends/changes
- \$13,276,000 = Baseline for 2019 before Drivers [BL for Budget 2018 \$9,942,000 (1 drought year)]
- 688,000 Pricing changes 3.3% overall impact (notables DHSki, XCSki, Mbr \$6>\$8, Gst \$8>\$10, Guest on Guest Card \$12>\$15)
- 84,000 Capital impacts (Downhill Ski snowbird chairlift \$75,000, Equestrian \$5,000, Bikeworks \$4,000)
- 255,000 Strategic impacts (all other, misc , \$5,000 Equestrian)
- 17,000 other impacts (misc)
- \$14,320,000 = Budget 2019 Operating Revenue **10/19/2018 draft**

Strategic REVENUE Increases key drivers:
 105,000 ASO reg fee STRs
 14,000 Marketing Advertising
 80,000 Alder Creek Café banquet events
 50,000 The Lodge dining and pub prices
 10,000 Equestrian BRP placeholder
 7,000 Golf Groups, early late season
 (16,000) Snowplay, remove rec fee impact
 5,000 all other, misc

Pricing REVENUE Increases key drivers:
 234,000 DHSki
 154,000 RecFee+20 / Daily MGU
 55,000 XCSki
 50,000 Lodge banquets – also see below
 42,000 Golf 3.8%
 25,000 Snowplay
 23,000 Day Camps +10% via pricing
 20,000 Alder Creek Café 6%
 34,000 Pizza 6% (\$17k is in other driver)
 16,000 ASO- major project fee +\$170
 10,000 Equestrian – also see below
 7,000 Lien Fee incr \$80
 18,000 all other, misc



Operating Revenues – User Rates and Fees - Keynotes

- Private Amenities, access –
 - Daily
 - 2018: \$6 Member \$8 Guest with Member \$12 Guest on Guest Card
 - 2019: \$8 Member \$10 Guest with Member \$15 Guest on Guest Card
 - Also, eliminating same-day hopper feature. IE daily fee is per amenity
 - Recreation Fee
 - 5/1/2018-4/30/2019 : \$270 up to 4p, \$100 5th \$100 6th \$100 7th \$100 8th
 - 5/1/2019-4/30/2020 : \$290 up to 4p, \$125 5th \$125 6th \$125 7th \$125 8th
 - Also, effective 5/1/2019 – Snowplay (a public amenity) not included in RecFee
- Tennis Marina Aquatics Day Camps
 - NonAccess –3%-8% price increases across most all products
 - Tennis Lesson – no increases, had increases last year
 - Marina = Kayak/SUP storage - \$100 regular \$150 close, changing to \$200 any (demand>supply)
- Other
 - Firewood – Lowering from \$50 to \$40 per unsplit rounds cord
 - becoming tougher to sell rounds, Supply>Demand
 - RV/Boat Storage – increasing to \$295 per season (has been at \$275 for four years)



Operating Revenues — User Rates and Fees - Keynotes

- Downhill Ski, Cross Country Ski and Snowplay
 - Price increases across virtually all products, more aggressive with Public and even higher Public pricing during Peak Periods
- Equestrian Bikeworks Campground
 - Various price increases, see fee schedules
- The Lodge, Pizza and Alder Creek Café
 - Menu price increases on average 5%+

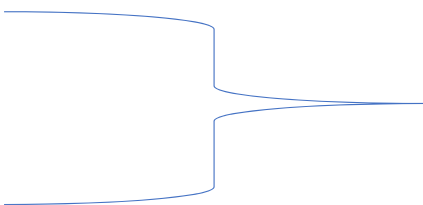


Operating Fund – Payroll Direct

- \$ 9,872,000 2018 Forecast
- 76,000 -adjust for baseline revenue & known changes/vacancies etc. by department
- \$ 9,948,000 = Baseline for 2019 before Drivers

Baseline Reference check:
 3yr avg \$9,451,000 x 5% =
 9,924,000 (apprx at Baseline)

- 279,000 Merit increases 3.0%, net overall 2.8%
- 55,000 Capital impacts
- 169,000 Strategic impacts
- 188,000 Regulatory impacts (CA MinWage impact, increasing \$1/9% from \$11.00 to \$12.00 1/1/2019, beyond Merit)



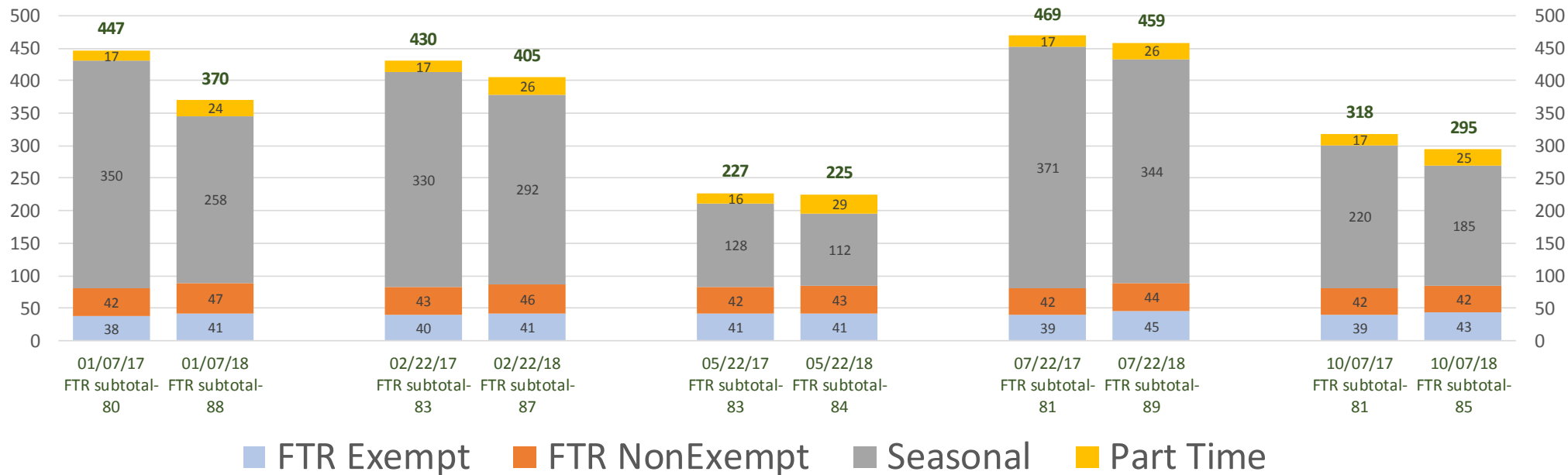
- C 44,000 – Forestry – chipping crew (seasonal)
- C 11,000 – DHSki – Capital revenue driver impact (seasonal)
- S 46,000 – Forestry – DefSpace coord (FTYR)
- S 24,000 – Forestry – Crew lead/aid (seasonal)
- S 54,000 – ASO – covenants supervisor (FTYR)
- S 70,000 – ACG/FIN – Financial Analyst (FTYR)
- S 16,000 – Alder Cr Café – Banquet revenue driver wages
- S 9,000 - Trails – manager from 9mths to 12 mths
- S (30,000) – The Lodge – Efficiency target
- S (10,000) – Pizza – Efficiency target
- S (15,000) – DHSki School – efficiency target
- S 5,000 – all other, misc

• \$ 10,640,000 = Budget 2019 Payroll Direct 10/19/2018 Draft (\$18k less than prior draft)



Employee Headcounts in 2017 and 2018

11/22/2017
HC total - 275



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

91 FTR authorized in Budget 2018

98 FTR proposed in Budget 2019

The FTR Exempt includes Seasonal Salaried, ie not on benefits.

Winter:(1) Tickets/Rentals/Retail Manager Summer:(2) Campground and Tennis manager.

chart source file name- Payroll Head Counts in 2017 2018 with Charts.xls



Payroll W2s

- In 2017 – 924 W2's issued, up 3.0% to 2016
 - The calendar year covers two winter seasons
 - 1 winter season jan-apr employee
 - 1 summer season employee
 - 1 winter season nov-dec employee
 - This increases the # of tax forms as compared to # EE's in each 'season'
- 2017 Average Wages per W2 of \$10,276 - up 4.6% to 2016

Operating Fund – Full Time Regular
Benefit positions ----->

B'18 to B'19, a net increase of five (5) FTYR positions:

- Forestry – Defensible Space coordinator(1)
- ASO – Covenants Supervisor(1)
- ACG – Financial Analyst (1)
- MbrSvcs – Change 1 Seasonal to FTYR (1)
- The Lodge – ACA earned benefits (2 Cooks)
- EQ/XC – ACA drop benefits (-1)

Red are new incremental payroll positions

Black are change from Seasonal to FTYR

‘FTYR’ = Full Time Year Round (benefits eligible position.

As opposed to ‘Seasonal’, which is full time Seasonal, with significantly higher volatility in # of hours worked in season, based on volumes/period of season. [no health insurance or paid time off (other than CA Sick Leave regulatory requirement)]

TDA also employs ‘Part Time’ employees, primarily in the Recreation department

Tahoe Donner Association
Budget 2019
Burden Table - Health Insurance - Cost Distribution Table
Updated 10/9/2018

NOTE: ALLOCATED positions - listed in Home dept only. No changes in Allocations% from 2017B to 2018B. SPLIT positions - listed proportionately, as applicable (and as indicated)

| | | 'Budget Plan and Authorized' Full-Time Regular Positions (benefited) | | | | | | | | | | | | |
|-------|--------------------------------|--|------------------|-------------|-------------|-------------|--------------------|------------|------------|------------|-----------------------------|-------------|-------------|-------------|
| | | Budget 2018 | | | Budget 2019 | | | B2B Change | | | Budget 2019 - w/Allocations | | | |
| Dept# | Dept Name | Exempt | Non-Exp | Total | Exempt | Non-Exp | Total | Exempt | Non-Exp | Total | Allocs | Exempt | Non-Exp | Total |
| 005 | General | - | - | - | - | - | - | - | - | - | 0.15 | 0.15 | - | 0.2 |
| 010 | Administration | 1.00 | 2.00 | 3.00 | 1.00 | 2.00 | 3.00 | - | - | - | (0.15) | 0.85 | 2.00 | 2.9 |
| 015 | Marketing/ComDep | 2.00 | 2.00 | 4.00 | 3.00 | 1.00 | 4.00 | 1.0 | (1.0) | - | - | 3.00 | 1.00 | 4.0 |
| 020 | ASO | 1.00 | 4.00 | 5.00 | 1.00 | 5.00 | 6.00 | - | 1.0 | 1.0 | - | 1.00 | 5.00 | 6.0 |
| 025 | MIS | 2.00 | 3.00 | 5.00 | 2.00 | 3.00 | 5.00 | - | - | - | - | 2.00 | 3.00 | 5.0 |
| 030 | Accounting | 2.00 | 5.00 | 7.00 | 3.00 | 5.00 | 8.00 | 1.0 | - | 1.0 | - | 3.00 | 5.00 | 8.0 |
| 035 | Human Resources | 2.00 | 1.00 | 3.00 | 2.00 | 1.00 | 3.00 | - | - | - | - | 2.00 | 1.00 | 3.0 |
| 040 | Member Services | 1.00 | 2.00 | 3.00 | 1.00 | 3.00 | 4.00 | - | 1.0 | 1.0 | - | 1.00 | 3.00 | 4.0 |
| 050 | Forestry | 2.00 | - | 2.00 | 2.00 | 1.00 | 3.00 | - | 1.0 | 1.0 | - | 2.00 | 1.00 | 3.0 |
| 051 | Trails | 0.83 | - | 0.83 | 1.00 | - | 1.00 | 0.2 | - | 0.2 | - | 1.00 | - | 1.0 |
| 060 | Marina | 0.50 | 0.50 | 1.00 | 0.50 | 0.50 | 1.00 | - | - | - | 0.40 | 0.90 | 0.50 | 1.4 |
| 080 | Equestrian | 1.00 | - | 1.00 | 0.50 | - | 0.50 | (0.5) | - | (0.5) | 0.20 | 0.70 | - | 0.7 |
| 090 | Tennis | - | - | - | - | - | - | - | - | - | 0.10 | 0.10 | - | 0.1 |
| 100 | Campground | - | - | - | - | - | - | - | - | - | 0.10 | 0.10 | - | 0.1 |
| 110 | Cross Country Center | 1.17 | 0.50 | 1.67 | 1.00 | - | 1.00 | (0.2) | (0.5) | (0.7) | 0.30 | 1.30 | - | 1.3 |
| 120 | Golf Course Operations | 0.65 | - | 0.65 | 0.65 | - | 0.65 | - | - | - | 0.10 | 0.75 | - | 0.8 |
| 125 | Golf Course Maintenance | 2.00 | 1.00 | 3.00 | 2.00 | 1.00 | 3.00 | - | - | - | - | 2.00 | 1.00 | 3.0 |
| 128 | The Lodge | 5.50 | 5.00 | 10.50 | 5.50 | 7.00 | 12.50 | - | 2.0 | 2.0 | (0.70) | 4.80 | 7.00 | 11.8 |
| 130 | Aquatics | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 132 | Trout Creek Recreation Center | 2.00 | 3.00 | 5.00 | 2.00 | 3.00 | 5.00 | - | - | - | 0.40 | 2.40 | 3.00 | 5.4 |
| 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 | - | - | - | - | 0.50 | - | 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 | 1.00 | 2.00 | - | - | - | 0.15 | 1.15 | 1.00 | 2.2 |
| 160 | Maintenance | 1.00 | 8.00 | 9.00 | 1.00 | 8.00 | 9.00 | - | - | - | - | 1.00 | 8.00 | 9.0 |
| 165 | Facility Administration | 3.00 | 2.00 | 5.00 | 4.00 | 1.00 | 5.00 | 1.0 | (1.0) | - | - | 4.00 | 1.00 | 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 | 1.00 | 0.50 | 0.50 | 1.00 | - | - | - | 0.20 | 0.70 | 0.50 | 1.2 |
| 190 | Vehicle Maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 200 | 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 | 1.52 | - | 1.52 | 1.52 | - | 1.52 | - | - | - | 0.20 | 1.72 | - | 1.7 |
| 230 | Snowflakes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 240 | Ticket Office Administration | - | - | - | - | - | - | - | - | - | 0.10 | 0.10 | - | 0.1 |
| | Total | 41.0 | 45.0 | 86.0 | 43.5 | 47.5 | 91.0 | 2.5 | 2.5 | 5.0 | 0.00 | 43.5 | 47.5 | 91.0 |
| | | | ACA | 5 | | | Bdg'19 Plan | 91 | | | | | | |
| | | | | | | | ACA potential | 5 | | | | | | |
| | | | Total Authorized | 91 | | | Board Authz FTR TL | 96 | | | | | | |
| | | | | | | | DRAFT 10/19/2018 | | | | | | | |





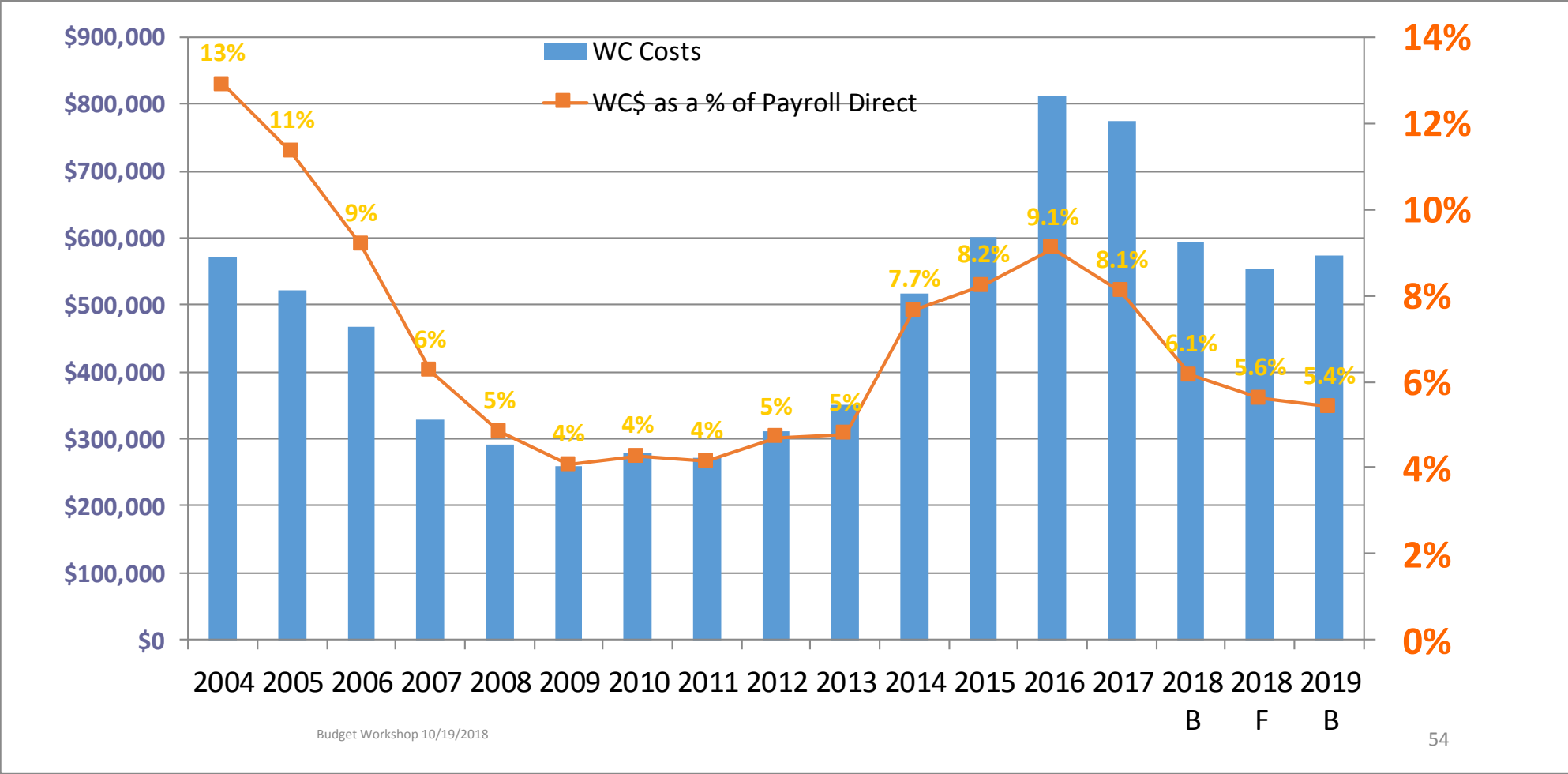
Operating Fund – Payroll Burden

| | 2016 Actual | 2017 Actual | 2018 Budget | 2018 Forecast | 2019 Budget |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Payroll Taxes | \$ 936,449 | \$ 989,858 | \$ 1,060,000 | \$ 1,042,000 | \$ 1,160,000 |
| Workers Comp | 811,101 | 774,092 | 595,000 | 555,000 | 575,000 |
| Health Insurance | 589,506 | 697,265 | 940,000 | 852,000 | 960,000 |
| Retirement | 144,395 | 140,232 | 205,000 | 176,000 | 205,000 |
| Total Pay Burden | \$ 2,481,451 | \$ 2,601,447 | \$ 2,800,000 | \$ 2,625,000 | \$ 2,900,000 |
| Payroll Direct | \$ 8,930,137 | \$ 9,571,886 | \$ 9,676,000 | \$ 9,849,724 | \$ 10,640,000 |
| PT% | 10.5% | 10.3% | 11.0% | 10.6% | 10.9% |
| WC% | 9.1% | 8.1% | 6.1% | 5.6% | 5.4% |
| HI% | 6.6% | 7.3% | 9.7% | 8.6% | 9.0% |
| RM% | 1.6% | 1.5% | 2.1% | 1.8% | 1.9% |
| TL PB% | 27.8% | 27.2% | 28.9% | 26.7% | 27.3% |
| Operating Revenue | 12,771,032 | 13,116,557 | 12,460,000 | 12,578,000 | 14,320,000 |
| <i>Payroll Direct % Rev</i> | <i>70%</i> | <i>73%</i> | <i>78%</i> | <i>78%</i> | <i>74%</i> |

< favorable renewal
 < 7% premium incr + 6p
 < plan mods TBD

\$2.9m is \$100,000 less than prior 9/14 draft, due primarily to WC Renewal favorable, see next page

Operating Fund – Workers Compensation Costs



Budget Workshop 10/19/2018

Operating Fund – Group Health Insurance



- 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
 - 2018B – 91 employees, with current ACA calculations
 - 2019B – 96 employees, with current ACA calculations (see back 3 slides for recon of +5)

- 2018 Budget

- Assumed 77ee enrolled of 86 known FTYR positions (*90% enrollment rate*)

- 2018 Forecast

- Averaging ~67ee enrolled (78%; vacancies, turnover, turndowns, other)
 - YTD savings \$88,000/16% to Budget

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)

- 2019 Budget

- Assumes 75 participants of 91 known FTYR positions, $75/91 = 82\%$ enrollment rate
 - *67 curr avg. + 5 adds (3 new positions, 1 change to FTYR from seasonal = 72.....leaves 3p contingency*
 - Contingency is at a *low level* for this volatile significant cost component for 2019B
 - Known, Premium renewal increase 7% Medical; 0% Dental & ~2% Vision
 - No change in 75% Employer/ 25% Employee premiums cost split

Operating Fund – Expenses 10/19/2018 Draft



| | 2017 Actual | 2018 Budget | 2018 Forecast | 2019 Budget |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Utilities | \$ 912,431 19% | \$ 932,000 19% | \$ 944,000 19% | \$ 991,000 18% |
| R&M Bldg/Grnds/Equip | 669,830 14% | 597,000 12% | 601,000 12% | 629,000 12% |
| Insurance (GL/PropCas) | 432,535 9% | 476,000 10% | 479,000 10% | 590,000 11% |
| Forestry Contract Work | 187,318 4% | 191,000 4% | 201,000 4% | 260,000 5% |
| Taxes, Property/Income | 219,033 4% | 278,000 6% | 277,000 6% | 292,000 5% |
| Staff Expenses | 305,827 6% | 308,000 6% | 276,000 6% | 335,000 6% |
| Credit Card Fees | 266,238 5% | 249,000 5% | 267,000 5% | 315,000 6% |
| Advertising | 96,308 2% | 122,000 3% | 95,000 2% | 115,000 2% |
| Janitorial / Cleaning Supply | 132,397 3% | 121,000 2% | 130,000 3% | 134,000 2% |
| Printing, TDNews/Brochure | 161,994 3% | 109,000 2% | 106,000 2% | 115,000 2% |
| License Fees Permits | 108,270 2% | 107,000 2% | 131,000 3% | 135,000 2% |
| Fuel & Oil | 155,171 3% | 145,000 3% | 137,000 3% | 145,000 3% |
| Linen Service | 119,674 2% | 119,000 2% | 128,000 3% | 125,000 2% |
| R&M Golf Course | 55,118 1% | 56,000 1% | 54,000 1% | 55,000 1% |
| Employee Housing | 141,200 3% | 141,000 3% | 150,000 3% | 130,000 2% |
| All Other | 919,203 19% | 913,000 19% | 1,037,000 21% | 1,084,000 20% |
| Total Op Expenses | \$ 4,882,547 100% | \$ 4,864,000 100% | \$ 5,013,000 100% | \$ 5,450,000 100% |
| 2019 Budget variance | 567,453 12% | 586,000 12% | 437,000 9% | |

Key changes for Budget 2019 vs B'18

- + 172,000 Baseline expenses, +3.5%, with Baseline revenues up \$816,000. 21% flow-thru
 - + 73,000 Forestry – def space 8>6yr cycle progression \$70k + \$3k chip crew/op costs
 - +15,000 ASO – covenants compliance costs
 - +66,000 cc fees on revenue change
 - +54,000 insurance renewal
 - +60,000 insurance increase coverage
 - +20,000 Training
 - +15,000 Property Taxes
 - +81,000 inflation 1.7% factor overall
-
- + \$556,000 in drivers listed above
 - + 30,000 all other changes, net
 - = \$586,000 B2B Expense change

Rent Revenue of \$110,000
Rent Cost of \$130,000
Net Cost of \$20,000

Expenses, +\$241,000 5.3% - Expenses 2019 Baseline before 2019 Drivers compared to 3yr Simple Average With Revenue Baseline up \$454,000 or 2.5% to 3yr avg

Notable Baselines over 3yr Avg:
General \$74,000 DHSki \$56,000 Trails \$21,000

Operating Fund – Food and Beverage (\$ thousands)



| | | 2017 | 2018 | 2018 | 2019 |
|----------------------|--------------------------|-------------|-------------|-------------|-------------|
| | | Actual | Budget | Forecast | Budget |
| The Lodge | Revenue | 2,445 | 2,300 | 2,421 | 2,630 |
| | TOC | 2,537 | 2,454 | 2,481 | 2,550 |
| | NOR | (92) | (154) | (60) | 80 |
| | <i>Cost to Rev ratio</i> | <i>1.04</i> | <i>1.07</i> | <i>1.02</i> | <i>0.97</i> |
| Pizza | Revenue | 518 | 524 | 590 | 603 |
| | TOC | 589 | 582 | 646 | 636 |
| | NOR | (71) | (58) | (56) | (33) |
| | <i>Cost to Rev ratio</i> | <i>1.14</i> | <i>1.11</i> | <i>1.09</i> | <i>1.05</i> |
| Smr F&B | Revenue | 239 | 242 | 254 | 270 |
| | TOC | 369 | 386 | 337 | 358 |
| | NOR | (130) | (144) | (83) | (88) |
| | <i>Cost to Rev ratio</i> | <i>1.54</i> | <i>1.60</i> | <i>1.33</i> | <i>1.33</i> |
| Alder Cr Café | Revenue | 400 | 313 | 297 | 450 |
| | TOC | 505 | 429 | 442 | 534 |
| | NOR | (105) | (116) | (145) | (84) |
| | <i>Cost to Rev ratio</i> | <i>1.26</i> | <i>1.37</i> | <i>1.49</i> | <i>1.19</i> |

B2B
All locations improved margins; via menu price increases and labor efficiency goals.

Meaningful improvement, considering all impacted by +\$1/9% CA Min Wage impact

Operating Fund – Winter Publics (\$ thousands)



| | | 2017 | 2018 | 2018 | 2019 |
|---------------------|--------------------------|---------------|---------------|-----------------|---------------|
| | | Actual | Budget | Forecast | Budget |
| Downhill Ski | Revenue | 3,668 | 3,152 | 3,115 | 3,895 |
| | TOC | 2,990 | 2,681 | 2,781 | 3,118 |
| | NOR | 678 | 471 | 334 | 777 |
| | <i>Cost to Rev ratio</i> | <i>0.82</i> | <i>0.85</i> | <i>0.89</i> | <i>0.80</i> |
| XC Ski | Revenue | 1,005 | 925 | 838 | 1,043 |
| | TOC | 832 | 798 | 714 | 845 |
| | NOR | 173 | 127 | 124 | 198 |
| | <i>Cost to Rev ratio</i> | <i>0.83</i> | <i>0.86</i> | <i>0.85</i> | <i>0.81</i> |
| Snowplay | Revenue | 264 | 269 | 214 | 282 |
| | TOC | 134 | 165 | 143 | 166 |
| | NOR | 130 | 104 | 71 | 116 |
| | <i>Cost to Rev ratio</i> | <i>0.51</i> | <i>0.61</i> | <i>0.67</i> | <i>0.59</i> |

B2B
All locations
improved margins;
via price increases
and labor
efficiency goals.

Meaningful
improvement,
considering all
impacted by
+\$1/9% CA Min
Wage impact

Operating Fund – Summer Publics (\$ thousands)



| | | 2017 Actual | 2018 Budget | 2018 Forecast | 2019 Budget |
|-------------------|--------------------------|----------------|----------------|------------------|----------------|
| Golf | Revenue | 994 | 1,150 | 1,155 | 1,160 |
| | TOC | 1,248 | 1,248 | 1,226 | 1,264 |
| | NOR | (254) | (98) | (71) | (104) |
| | <i>Cost to Rev ratio</i> | <i>1.26</i> | <i>1.09</i> | <i>1.06</i> | <i>1.09</i> |
| Equestrian | Revenue | 196 | 222 | 230 | 255 |
| | TOC | 299 | 309 | 309 | 320 |
| | NOR | (103) | (87) | (79) | (65) |
| | <i>Cost to Rev ratio</i> | <i>1.53</i> | <i>1.39</i> | <i>1.34</i> | <i>1.25</i> |
| Campground | Revenue | 64 | 61 | 73 | 70 |
| | TOC | 72 | 71 | 76 | 76 |
| | NOR | (8) | (10) | (3) | (6) |
| | <i>Cost to Rev ratio</i> | <i>1.13</i> | <i>1.16</i> | <i>1.04</i> | <i>1.09</i> |
| Bikeworks | Revenue | 110 | 109 | 111 | 117 |
| | TOC | 113 | 108 | 108 | 113 |
| | NOR | (3) | 1 | 3 | 4 |
| | <i>Cost to Rev ratio</i> | <i>1.03</i> | <i>0.99</i> | <i>0.97</i> | <i>0.97</i> |
| Trails | Revenue | 1 | 1 | 1 | 1 |
| | TOC | 102 | 149 | 162 | 173 |
| | NOR | (101) | (148) | (161) | (172) |
| | <i>Cost to Rev ratio</i> | <i>102.00</i> | <i>149.00</i> | <i>162.00</i> | <i>173.00</i> |

Operating Fund – NOR by Department with Allocated Overhead and Capital Charge

Budget 2019 draft versus Budget 2018

| TAHOE DONNER ASSOCIATION 2019 Budget - Annual | 2019 Budget | | | B'19 vs B'18 | | | 2019 Budget | | | B'19 vs B'18 | | | 2019 Budget | | | B'19 vs B'18 | | | 2019 Budget | | | B'19 vs B'18 | | |
|--|---------------------|---------------------|----------------|------------------------|-----------------------|-------------|-----------------------|-------------------------|-------------|--------------------|--------------------|--|---------------------|---------------|---------------------|---------------|---------------------|------------------|-------------|-------------|---------|--------------|--|--|
| | Budget Summary | Operating Revenue | REVENUE Change | | Operating Costs (TOC) | TOC Change | | OPERATING RESULTS (NOR) | Fav (Unfav) | | Overhead (AO) | NOR Less (AO) | Capital Charge (CC) | NOR Less (AO) | Capital Charge (CC) | NOR Less (AO) | Capital Charge (CC) | | | | | | | |
| | | | B 2 B | B 2 B % | | B 2 B | B 2 B % | | B 2 B | B 2 B % | | | | | | | | B 2 B | B 2 B % | B 2 B | B 2 B % | | | |
| | | | Fav (Unfav) | | | Fav (Unfav) | | | Fav (Unfav) | | | | | | | | | Fav (Unfav) | | Fav (Unfav) | | | | |
| NET | | | | | | | | | | | | | | | | | | | | | | | | |
| Private Amenities | | | | | | | | | | | | | | | | | | | | | | | | |
| Trout Creek Recreation Center | \$ 1,094,000 | \$ 100,000 | 10% | \$ (1,000,900) | \$ (52,600) | 6% | \$ 93,100 | \$ 47,400 | 104% | \$ (280,659) | (187,559) | \$ (226,127) | (413,686) | | | | | | | | | | | |
| Beach Club Marina | 750,000 | 64,000 | 9% | (468,900) | (17,600) | 4% | 281,100 | 46,400 | 20% | (133,772) | 147,328 | (89,137) | 58,191 | | | | | | | | | | | |
| Tennis Center | 213,000 | (22,000) | -9% | (216,200) | (3,400) | 2% | (3,200) | (25,400) | -114% | (90,147) | (93,347) | (144,181) | (237,528) | | | | | | | | | | | |
| Aquatics | 241,000 | 23,000 | 11% | (252,400) | 27,000 | -10% | (11,400) | 50,000 | 81% | (197,773) | (209,173) | (136,597) | (345,770) | | | | | | | | | | | |
| Recreation Programs | 180,000 | 5,000 | 3% | (230,800) | (800) | 0% | (50,800) | 4,200 | 8% | (133,254) | (184,054) | (41,422) | (225,476) | | | | | | | | | | | |
| Day Camps | 275,000 | 41,000 | 18% | (238,900) | (34,700) | 17% | 36,100 | 6,300 | 21% | (66,956) | (30,856) | (30,856) | (30,856) | | | | | | | | | | | |
| Total Private Amenities | 2,753,000 | 211,000 | 8% | (2,408,100) | (82,100) | 4% | 344,900 | 128,900 | 60% | (902,560) | (557,660) | (637,464) | (1,195,124) | | | | | | | | | | | |
| Public Amenities | | | | | | | | | | | | | | | | | | | | | | | | |
| Downhill Ski Area | 3,895,000 | 743,000 | 24% | (3,118,000) | (437,000) | 16% | 777,000 | 306,000 | 65% | (482,851) | 294,149 | (1,001,563) | (707,415) | | | | | | | | | | | |
| Cross Country Ski Area | 1,043,000 | 118,000 | 13% | (845,300) | (47,300) | 6% | 197,700 | 70,700 | 56% | (220,317) | (22,617) | (320,064) | (342,681) | | | | | | | | | | | |
| Snowplay | 282,000 | 13,000 | 5% | (165,900) | (1,100) | 1% | 116,100 | 11,900 | 11% | (56,748) | 59,352 | (14,601) | 44,751 | | | | | | | | | | | |
| Equestrian | 255,000 | 33,000 | 15% | (320,000) | (11,000) | 4% | (65,000) | 22,000 | 25% | (75,488) | (140,488) | (90,998) | (225,485) | | | | | | | | | | | |
| Campground | 70,000 | 9,000 | 15% | (75,500) | (4,600) | 6% | (5,500) | 4,400 | 44% | (36,089) | (41,589) | (58,763) | (100,351) | | | | | | | | | | | |
| Trails | 1,000 | 0 | 0% | (173,100) | (24,500) | 16% | (172,100) | (24,500) | -17% | (61,619) | (233,719) | (143,525) | (377,244) | | | | | | | | | | | |
| Bikeworks | 117,000 | 8,000 | 7% | (112,700) | (4,900) | 5% | 4,300 | 3,100 | 258% | (33,794) | (29,494) | (1,741) | (31,235) | | | | | | | | | | | |
| Golf | 1,160,000 | 10,000 | 1% | (1,264,400) | (16,400) | 1% | (104,400) | (6,400) | -7% | (222,909) | (327,309) | (887,106) | (1,214,414) | | | | | | | | | | | |
| Summer Food and Beverage | 270,000 | 28,000 | 12% | (358,000) | 27,800 | -7% | (88,000) | 55,800 | 39% | (51,225) | (139,225) | (12,802) | (152,027) | | | | | | | | | | | |
| Alder Creek Café | 450,000 | 137,000 | 44% | (533,600) | (104,300) | 24% | (83,600) | 32,700 | 28% | (88,066) | (171,666) | (12,752) | (184,417) | | | | | | | | | | | |
| The Lodge | 2,630,000 | 330,000 | 14% | (2,550,000) | (96,000) | 4% | 80,000 | 234,000 | 152% | (417,008) | (337,008) | (379,932) | (716,939) | | | | | | | | | | | |
| Pizza on the Hill | 603,000 | 79,000 | 15% | (636,200) | (54,400) | 9% | (33,200) | 24,600 | 43% | (118,505) | (151,705) | (36,931) | (188,636) | | | | | | | | | | | |
| Total Public Amenities | 10,776,000 | 1,508,000 | 16% | (10,152,700) | (773,700) | 8% | 623,300 | 734,300 | 662% | (1,864,619) | (1,241,319) | (2,960,776) | (4,202,095) | | | | | | | | | | | |
| Total Amenities | 13,529,000 | 1,719,000 | 15% | (12,560,800) | (855,800) | 7% | 968,200 | 863,200 | 822% | (2,767,179) | (1,798,979) | (3,598,241) | (5,397,220) | | | | | | | | | | | |
| Homeowners Association | | | | | | | | | | | | | | | | | | | | | | | | |
| General | 0 | 0 | #DIV/0! | (1,063,600) | (215,800) | 25% | (1,063,600) | (215,800) | -25% | (1,305,537) | (2,369,137) | | (2,369,137) | | | | | | | | | | | |
| Communications | 210,000 | (3,000) | -1% | (743,700) | (20,100) | 3% | (533,700) | (23,100) | -5% | 533,700 | - | - | - | | | | | | | | | | | |
| Facility Administration | 0 | 0 | #DIV/0! | (339,900) | (9,600) | 3% | (339,900) | (9,600) | -3% | 339,900 | - | - | - | | | | | | | | | | | |
| Administration | 184,000 | (18,000) | -9% | (809,200) | (54,300) | 7% | (625,200) | (72,300) | -13% | 625,200 | - | (499,278) | (499,278) | | | | | | | | | | | |
| IT | 0 | 0 | #DIV/0! | (677,400) | (22,400) | 3% | (677,400) | (22,400) | -3% | 677,400 | - | (105,407) | (105,407) | | | | | | | | | | | |
| Accounting | 6,000 | 1,000 | 20% | (915,500) | (118,100) | 15% | (909,500) | (117,100) | -15% | 909,500 | - | - | - | | | | | | | | | | | |
| Human Resources | 0 | 0 | #DIV/0! | (412,400) | (30,200) | 8% | (412,400) | (30,200) | -8% | 412,400 | - | - | - | | | | | | | | | | | |
| ASO & Community Services | 301,000 | 108,000 | 56% | (510,300) | (89,700) | 21% | (209,300) | 18,300 | 8% | (124,147) | (333,447) | | (333,447) | | | | | | | | | | | |
| Member Services | 34,000 | 2,000 | 6% | (284,500) | (18,500) | 7% | (250,500) | (16,500) | -7% | 250,500 | - | - | - | | | | | | | | | | | |
| Forestry | 56,000 | 51,000 | 1020% | (1,135,100) | (264,900) | 30% | (1,079,100) | (213,900) | -25% | (184,338) | (1,263,438) | (122,131) | (1,385,569) | | | | | | | | | | | |
| Maintenance | 0 | 0 | #DIV/0! | (825,600) | (33,600) | 4% | (825,600) | (33,600) | -4% | 825,600 | - | (335,944) | (335,944) | | | | | | | | | | | |
| Total Homeowners Association | 791,000 | 141,000 | 22% | (7,717,200) | (877,200) | 13% | (6,926,200) | (736,200) | -12% | 2,960,179 | (3,966,021) | (1,062,759) | (5,028,784) | | | | | | | | | | | |
| TOTAL OPERATING FUND | \$14,320,000 | \$ 1,860,000 | 15% | \$ (20,278,000) | \$ (1,733,000) | 9% | \$ (5,958,000) | \$ 127,000 | 2% | \$ 193,000 | (5,765,000) | \$ (4,661,000) | (10,426,000) | | | | | | | | | | | |
| incld fac admin for \$325,000 in B, consistent with prior years | | | | | | | | | | | | AO to CapEx \$518,000, (which is \$200k greater than current) | | | | | | (193,000) | | | | | | |
| CC- Capital Charge is Replacement Reserve Contribution, distributed proportionally based on reserve component values | | | | | | | | | | | | | | | | | | | | | | | | |



Budget Workshop
10/19/2018

Operating Fund –
NOR by
Department

Budget 2019
draft versus
Forecast 2018

| TAHOE DONNER ASSOCIATION | | 10/9/18 Draft | | | 2019 Budget | | Operating Fund 2019 | | | NOR | | Fav (Unfav) | |
|-------------------------------------|---------------------|-----------------------|----------------------|-----------------------------|-------------------------|----------------------|--------------------------|-----------------|-----------------------|-------------------|-------------|-------------|--|
| 2019 Budget - Annual | | | | | NET | | 2019 Budget per Property | | | Forecast | | NOR Change | |
| Budget Summary | Operating Revenue | Cost of Goods Sold | Gross Margin (GM) | Operating Costs Total (OCT) | OPERATING RESULTS (NOR) | # Properties > 6.473 | | | 2018 | B 2 F | | B 2 F % | |
| | | | | | | GM / | OCT / | NOR / | | | | | |
| Private Amenities | | | | | | | | | | | | | |
| Trout Creek Recreation Center | \$ 1,094,000 | \$ (30,000) | \$ 1,064,000 | \$ (970,900) | \$ 93,100 | \$ 164 | \$ (150) | \$ 14 | \$ 129,178 | \$ (36,078) | -28% | | |
| Beach Club Marina | 750,000 | (53,000) | 697,000 | (415,900) | 281,100 | 108 | (64) | 43 | 240,789 | 40,311 | 17% | | |
| Tennis Center | 213,000 | (32,900) | 180,100 | (183,300) | (3,200) | 28 | (28) | (0) | (18,527) | 15,327 | 83% | | |
| Aquatics | 241,000 | 0 | 241,000 | (252,400) | (11,400) | 37 | (39) | (2) | (7,980) | (3,420) | -43% | | |
| Recreation Programs | 180,000 | (4,000) | 176,000 | (226,800) | (50,800) | 27 | (35) | (8) | (56,972) | 6,172 | 11% | | |
| Day Camps | 275,000 | 0 | 275,000 | (238,900) | 36,100 | 42 | (37) | 6 | 30,871 | 5,229 | 17% | | |
| Total Private Amenities | 2,753,000 | (119,900) | 2,633,100 | (2,288,200) | 344,900 | 407 | (353) | 53 | 317,358 | 27,542 | 9% | | |
| Public Amenities | | | | | | | | | | | | | |
| Downhill Ski Area | 3,895,000 | (203,000) | 3,692,000 | (2,915,000) | 777,000 | 570 | (450) | 120 | 334,001 | 442,999 | 133% | | |
| Cross Country Ski Area | 1,043,000 | (59,000) | 984,000 | (786,300) | 197,700 | 152 | (121) | 31 | 123,748 | 73,952 | 60% | | |
| Snowplay | 282,000 | (4,000) | 278,000 | (161,900) | 116,100 | 43 | (25) | 18 | 71,242 | 44,858 | 63% | | |
| Equestrian | 255,000 | (6,500) | 248,500 | (313,500) | (65,000) | 38 | (48) | (10) | (78,943) | 13,943 | 18% | | |
| Campground | 70,000 | 0 | 70,000 | (75,500) | (5,500) | 11 | (12) | (1) | (2,682) | (2,818) | -105% | | |
| Trails | 1,000 | 0 | 1,000 | (173,100) | (172,100) | 0 | (27) | (27) | (160,969) | (11,131) | -7% | | |
| Bikeworks | 117,000 | (39,000) | 78,000 | (73,700) | 4,300 | 12 | (11) | 1 | 2,677 | 1,623 | 61% | | |
| Golf | 1,160,000 | (61,000) | 1,099,000 | (1,203,400) | (104,400) | 170 | (186) | (16) | (70,612) | (33,788) | -48% | | |
| Summer Food and Beverage | 270,000 | (70,000) | 200,000 | (288,000) | (88,000) | 31 | (44) | (14) | (83,396) | (4,604) | -6% | | |
| Alder Creek Café | 450,000 | (144,000) | 306,000 | (389,600) | (83,600) | 47 | (60) | (13) | (144,684) | 61,084 | 42% | | |
| The Lodge | 2,630,000 | (740,000) | 1,890,000 | (1,810,000) | 80,000 | 292 | (280) | 12 | (59,664) | 139,664 | 234% | | |
| Pizza on the Hill | 603,000 | (166,600) | 436,400 | (469,600) | (33,200) | 67 | (73) | (5) | (55,839) | 22,639 | 41% | | |
| Total Public Amenities | 10,776,000 | (1,493,100) | 9,282,900 | (8,659,600) | 623,300 | 1,434 | (1,338) | 96 | (125,123) | 748,423 | 598% | | |
| Total Amenities | 13,529,000 | (1,613,000) | 11,916,000 | (10,947,800) | 968,200 | 1,841 | (1,691) | 150 | 192,235 | 775,965 | 404% | | |
| Homeowners Association | | | | | | | | | | | | | |
| General | 0 | 0 | 0 | (1,063,600) | (1,063,600) | - | (164) | (164) | (931,167) | (132,433) | -14% | | |
| Communications | 210,000 | 0 | 210,000 | (743,700) | (533,700) | 32 | (115) | (82) | (508,479) | (25,221) | -5% | | |
| Facility Administration | 0 | 0 | 0 | (339,900) | (339,900) | - | (53) | (53) | (332,350) | (7,550) | -2% | | |
| Administration | 184,000 | 0 | 184,000 | (809,200) | (625,200) | 28 | (125) | (97) | (643,994) | 18,794 | 3% | | |
| MIS | 0 | 0 | 0 | (677,400) | (677,400) | - | (105) | (105) | (652,392) | (25,008) | -4% | | |
| Accounting | 6,000 | 0 | 6,000 | (915,500) | (909,500) | 1 | (141) | (141) | (788,999) | (120,501) | -15% | | |
| Human Resources | 0 | 0 | 0 | (412,400) | (412,400) | - | (64) | (64) | (389,333) | (23,067) | -6% | | |
| ASO & Community Services | 301,000 | 0 | 301,000 | (510,300) | (209,300) | 47 | (79) | (32) | (197,761) | (11,539) | -6% | | |
| Member Services | 34,000 | 0 | 34,000 | (284,500) | (250,500) | 5 | (44) | (39) | (223,801) | (26,699) | -12% | | |
| Forestry | 56,000 | 0 | 56,000 | (1,135,100) | (1,079,100) | 9 | (175) | (167) | (899,691) | (179,409) | -20% | | |
| Building Maintenance | 0 | 0 | 0 | (825,600) | (825,600) | - | (128) | (128) | (765,056) | (60,544) | -8% | | |
| Total Homeowners Association | 791,000 | 0 | 791,000 | (7,717,200) | (6,926,200) | 122 | (1,192) | (1,070) | (6,333,023) | (593,177) | -9% | | |
| TOTAL OPERATING FUND | \$14,320,000 | \$ (1,613,000) | \$ 12,707,000 | \$ (18,665,000) | \$ (5,958,000) | \$1,963 | \$ (2,884) | \$ (920) | \$ (6,140,788) | \$ 182,788 | 3% | | |





Metrics Compilation –



Tahoe Donner financials specific

- \$1975 annual assessment, \$75 increase or 3.9%, after flat for 3 years at \$1900
- \$ 165 per Month Annual Assessment
 - \$75 per owner per month AA Operating portion (\$5.9 million) 46% --- 5 years ago – B'14 – 53%
 - \$90 per owner per month AA Capital portion (\$6.9 million) 54%
- \$ 6.04 per Month Rec Fee per person with four persons (was 5.63) [increasing from \$270 to \$290]
- \$ 8 Member private amenity access fee, per entry, if not on rec fee (was \$6 for many years)
- \$ 10 Guest with Member, private amenity access fee, per entry (was \$8 for many years)
- **\$ 15 Guest on Guest Card (without Member present)**, private amenity access fee, per entry (\$12 in '18)



Annual Assessment per owner - 2019 10/19/18 draft

| Operating Fund | Replacement Reserve Fund | Development Fund | New Equipment Fund | Total | |
|----------------|--------------------------|------------------|--------------------|---------------|---|
| \$ 940 | \$ 620 | \$ 310 | \$ 30 | \$ 1,900 | 2018 AA per owner |
| \$ (50) | \$ 100 | \$ 25 | \$ - | \$ 75 | changes |
| -5.3% | 16.1% | 8.1% | 0.0% | 3.9% | |
| \$ 890 | \$ 720 | \$ 335 | \$ 30 | \$ 1,975 | 2019 AA per owner, draft 10/19 RECOMMENDED |
| \$ 5,761,000 | \$ 4,661,000 | \$ 2,168,000 | \$ 194,000 | \$ 12,784,000 | 2019 AA revenue, draft 10/19 |
| \$ (324,000) | \$ 648,000 | \$ 161,000 | \$ - | \$ 485,000 | 2019 AA revenue change, draft 10/19 |

OPTIONS for Modifications from Recommended 2019 AA include:

| | | | | | |
|-----|------|------|------|------|---------|
| S1) | (25) | (40) | (5) | (5) | \$ (75) |
| | 865 | 680 | 330 | 25 | 1,900 |
| | -8% | 10% | 6% | -17% | 0% |
| S2) | - | (65) | (5) | (5) | \$ (75) |
| | 890 | 655 | 330 | 25 | 1,900 |
| | -5% | 6% | 6% | -17% | 0% |
| S3) | - | - | (60) | (15) | \$ (75) |
| | 890 | 720 | 275 | 15 | 1,900 |
| | -5% | 16% | -11% | -50% | 0% |

S1) Drop Financial Analyst \$15, drop Insurance +\$25m increase \$10 & lower cap funding levels
AA change to 2018 AA

S2) lower capital funding levels, mainly RRF

AA change to 2018 AA

S3) Decrease funding level of DEV Fund and New Equip Fund

AA change to 2018 AA

S1-S3 options lower the capital funding level not expenditure level. (ie the changes equate to less savings for future capital needs).

With AA flat last 3 years, not increasing for 2019 potentially places greater pressure in 2020 to increase more than 3-5%; in order to achieve a balanced budget and adequate capital funding levels



2019 Budget – Board APPROVAL (in October 2018)

- Operating Fund
 - Excess Members Equity Transfer(s), in 2018
 - 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 draft 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.*

Regular Board Meeting 10/27 – late in month, Budget Approval required by this date

2019 Budget – next steps

- next ... Budget Approval October 27, 2018

- Operating Fund
 - Board / FC/ GPC / other guidance refinement
- Capital Funds
 - Board / FC/ GPC / other guidance refinement