Project Name: Model the impact of maintaining Tahoe Donners assessment growth to the applicable Consumer Price Index for the Truckee area plus or minus no greater than 1 percent so as to allow for member personal finance planning and a more disciplined approach to Tahoe Donners 3 year financial planning process in a more formal manner. Develop as an outgrowth a 3 year financial plan that will display expected spending over the next three years in all of the key funds. Tie this into the expected cash flows within the funds so as to give all members insights into what the membership fees for Tahoe Donner might look like for the 2020 – 2022 period

Key Components of Project:

1) As many of us can appreciate, the CPI comes in various flavors and the first question to be answered is what CPI is applicable to the Truckee Tahoe area. It is the Boards expectation that the Finance Committee members assigned to this project will recommend a price index that will be applicable to our ongoing activities. For example a recent report by City Ratings indicated the following for the Truckee area:

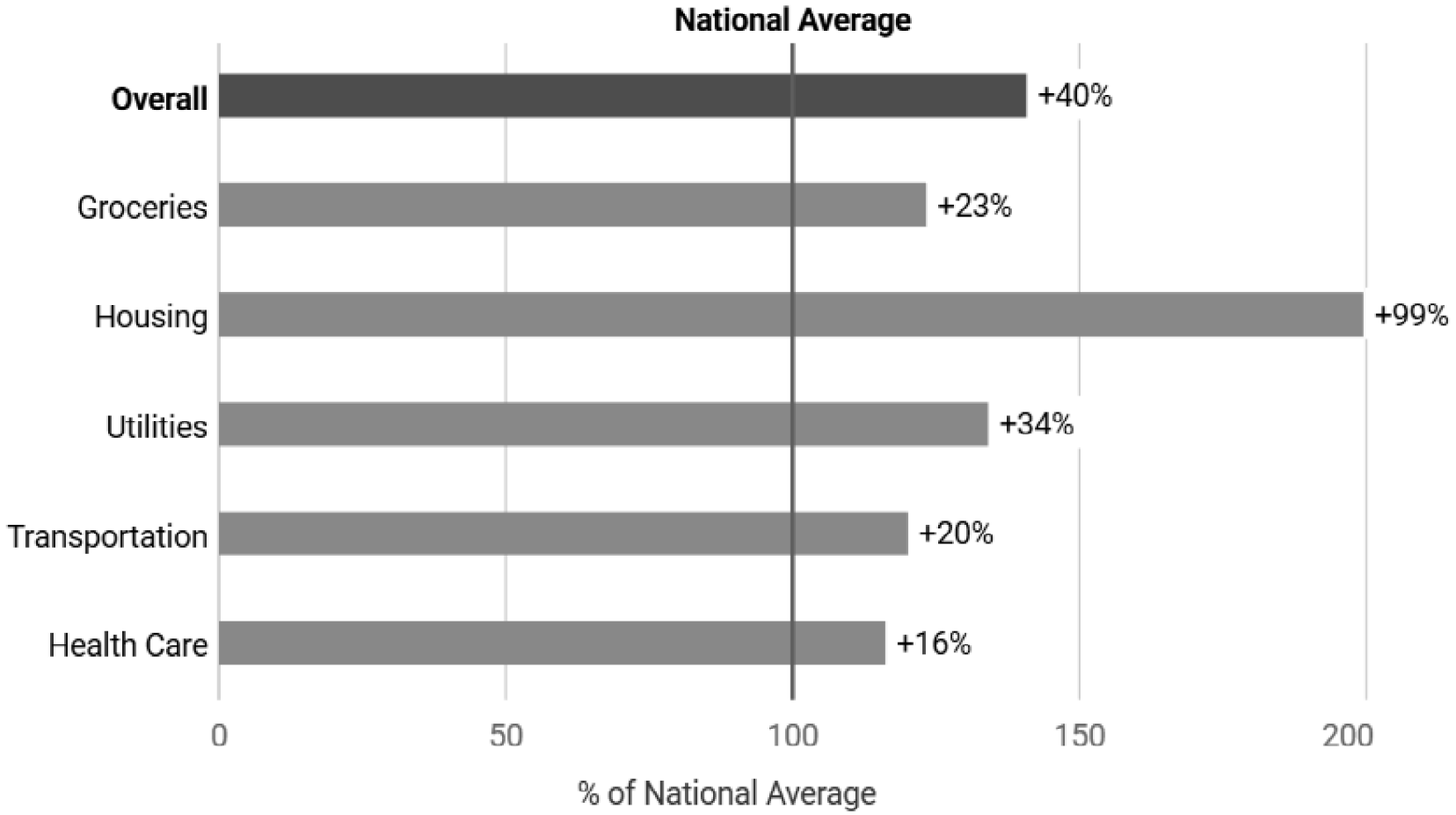
The cost of living in Truckee, California (CA) is lower than the average cost of living in the state of California and lower than the nationwide city average. The average annual pay in Truckee is $43,275.00, which is $19,689.00 lower than the salary average in California and lower than the U.S. average yearly wages by $10,346.00.The CPI calculation is based on a statistical model that takes into account some of the major personal consumption categories such as healthcare, transportation, housing, education and food, in addition to the average Truckee annual salary, sales tax rates and the regional consumer price index. This material comes from CityRating.com an informational website that utilizes data from sources like the United States Department of Labor and Education, and demographic data from the US Census Bureau.

2) Given the applicable CPI index to the Truckee/Tahoe Region the task force will look at current CPI expectations for the 3 year period 2020 through 2022 as well as incorporate Tahoe Donners forecasted spending. Using these numbers as the current best available the Committee will apply these growth rates to the 2019 budget and develop a forecasted growth of Tahoe Donners expenses using CPI and CPI plus/ minus 1 percent. Thus a base expense level will have been developed. Given the above assumptions the Committee would then look to develop the parameters of an financial plan that management needs to consider beginning with the 2020 budget process for the Associations overall financial plan.

3) The task force of the Finance Committee would also specifically look at the growth of expenses in various larger associations within California that may be applicable to Tahoe Donner including Northstar and Sugar Bowl and articulate how Tahoe Donner compares in all of its key areas and outline specific differences. Given the nature of a HOA these numbers should be available.

4)Given the above and as part of the 2020 budget process a three year plan would be put together in conjunction with Staff and the General Manager as part of the 2020 budget. This overall 3 year plan would be updated annually during the budget process.

Cost of Living in Truckee, California by Expense Category



Livability	Amenities	Cost of Living	Crime	Employment	Housing	Schools	Weather
70	A+	F	A+	C+	D	B-	F

Truckee Cost Of Living Index

Index	Truckee	California	National
Cost of living index	144	138	100

Index	Truckee	California	National
Goods & Services index	113	110	100
Groceries index	100	115	100
Health care index	110	109	100
Housing index	232	196	100
Transportation index	113	125	100
Utilities index	85	114	100

In the event that the cost of living data was unavailable for this city, estimates based upon nearby cities were used. Each cost of living index is based on a national average of 100. If the amount is below 100, it is lower than the national average. If the amount is above 100, it is higher than the national average.

Displayed above is a general overview of the Truckee, CA cost of living index. The overall cost of living index in Truckee, CA is 144, which is 4% higher than the California average and 44% higher than the national average. The cost of living index is created from the following categories: goods/services (33%), groceries (13%), health care (5%), housing (30%), transportation (9%) and utilities (10%). As you can see, goods/services and housing make up the majority of the overall cost of living index. Everyday goods and services can be a good indicator

COST OF LIVING	Truckee	California	USA
Overall	165.8	168.6	100
Grocery	103.7	107.2	100
Health	99.4	92.8	100
Housing	311.3	293.1	100
Median Home Cost	$582,100	$548,100	$216,200
Utilities	111.5	102.4	100
Transportation	88.8	146.5	100
Miscellaneous	112.9	103.7	100

Tahoe Donner Association
Annual Assessment - Growth Scenario
3/28/2019

DRAFT SCENARIO for DISCUSSION PURPOSES ONLY

2014 to 2019 5yr CAGR	FUND		current year 2019	change		Scenario - Next Five Years 2020	change		2021	change		2022	change		2023	change		2024	2019 to 2024 5yr CAGR
0.9%	**OPF**	A	880	26	*3%*	906	27	*3%*	933	28	*3%*	961	28	*3%*	989	30	*3%*	1019	3.0%
8.5%	**RRF**	B	720	29	*4%*	749	30	*4%*	779	31	*4%*	810	32	*4%*	842	34	*4%*	876	4.0%
6.0%	**DVF**	C	335	20	*6%*	355	20	*6%*	375	20	*5%*	395	-60	*0%*	335	0	*0%*	335	0.0%
0.0%	**NEF**	D	30	0	*0%*	30	0	*0%*	30	0	*0%*	30	0	*0%*	30	0	*0%*	30	0.0%
4.2%	**AA Total**	E	1965	75	*3.8%*	2040	77	*3.8%*	2117	79	*3.7%*	2196	0	*0.0%*	2196	64	*2.9%*	2260	2.8%

Operating Fund (OPF)	A	Conservative growth estimated 3%/yr. $1.00 increase in CA Min Wage next 3yrs (2020/2021/2022) law in place will pressure this. Recession potentially impact.
Replacement Reserve Fund (RRF)	B	4% growth each year, consistent with Reserve Funding plan BOD approved October 2018. (G05, page 6 and Page 5 of 2019 Budget Report).
Development Fund (DVF)	C	Growth near term, then back to 2019 level, consistent with current draft of Capital Funds Projection.
New Equipment Fund (NEF)	D	Flat at $30/year sustainable.
Annual Assessment (AA) Total	E	Scenario presents an overall 5yr CAGR future of 2.8%

10yr CAGR (2009 to 2019)

2.4%	**OPF**
8.0%	**RRF**
8.7%	**DVF**
1.8%	**NEF**
5.1%	**AA Total**

BLS.CPI-All Urban Consumers - San Francisco-Oakland-Hayward, CA

Feb-09	222.166	2.7%	10yr CAGR CPI
Feb-14	248.615	3.2%	5yr CAGR CPI
Feb-18	281.308	3.5%	1yr CAGR CPI
Feb-19	291.227		

CPI info somewhat relevant to Opearting Fund., much less relevant to capital needs of aging infrastucure and membership needs of the Assocation.