



Tahoe Donner Association
2017 Executive Compensation Study
-- Status Update --

*Presented to Board
April 22, 2017*

Romanoff Consulting



OBJECTIVES

- Determine how TDA executives are paid relative to executives in comparable organizations
- Determine how much TDA must pay to compete effectively for executive talent
- Recommend appropriate compensation levels to encourage high-performing executives to remain with TDA for the long-haul

COMPENSATION ELEMENTS

- Base salary
- Annual cash incentives
- Benefits and perquisites not included

PROJECT SCOPE

| TITLE |
|--|
| General Manager |
| Director Finance and Accounting |
| Director Capital Projects |
| Director Information Technology |
| Director Operations |
| Director Risk Management & Real Property |
| Director Human Resources |
| Director Food & Beverage |
| Director Marketing & Member Relations |

METHODOLOGY

Step 1 -- Document and Program Review

- Financial statements
- Business planning documents
- Executive employment agreements
- Compensation (base salary and bonus) plan documents
- Current salary administration guidelines
- Salary listings
- Most recent bonus payouts

METHODOLOGY

Step 2 -- Interviews

- Roles and responsibilities
- Observations, issues and concerns
- Ways to improve TDA's current executive pay program

METHODOLOGY

Step 3 – Compensation Philosophy

- Identifying survey databases to market price TDA jobs
- Establishing TDA's desired market position (e.g. median)
- Recommending structure of TDA salary ranges
- Determining incumbent's proper position in their range

METHODOLOGY

Step 4 – Market Data

TDA provided Romanoff Consulting with the following compensation surveys:

| Publisher | Survey Title |
|--|---|
| GuideStar USA | <i>2016 GuideStar Nonprofit Compensation Report</i> |
| Foundation for Community <u>Assoc</u> Research | <i>2013 Community Association Manager Compensation Survey</i> |
| Unknown | <i>2010 City Town Manager Compensation Survey</i> |
| Tahoe Donner Association | <i>List of Large Home Owners Associations</i> |

Romanoff Consulting provided TDA with the following compensation survey:

| Publisher | Survey Title |
|------------------------------------|---|
| Non-Profit Compensation Associates | <i>2015 Northern California Fair Pay for Nonprofits</i> |

SURVEY PROS & CONS

| SURVEY | PROS | CONS |
|--|--|--|
| 2016 GuideStar | <ul style="list-style-type: none"> • 96,000 organizations • Numerous sub-cuts • Massive quantity of data | <ul style="list-style-type: none"> • Few Comparable organizations • Only includes 8 jobs • No bonus information • Old data (from 2013 tax returns) |
| 2015 NorCal Fair Pay | <ul style="list-style-type: none"> • 547 organizations • 200 positions • Nor Cal only • Includes bonus information | <ul style="list-style-type: none"> • Numerous small organizations • None comparable to TDA • Insufficient data for most sub-cuts |
| 2013 Community Association | <ul style="list-style-type: none"> • Only HOAs • Includes bonus information | <ul style="list-style-type: none"> • Only HOAs • Includes one match (GM) • Numerous small organizations • 4 years old (aged) |
| 2010 City Town Manager Compensation Survey | NOT USED -- Survey outdated | |
| List of Large Home Owners Associations | NOT USED -- Unconfirmed anecdotal data | |

WHAT MAKES TDA UNIQUE?

- Diverse services, activities & amenities
- Complex financial challenges
- Number and frequency of Board and Board Committee meetings
- Extensive governmental partnerships
- Staffing a full-service winter/summer resort
- Dependency on volatile weather conditions
- Continuous maintenance and upgrades
- Extensive land-holdings
- Managing and controlling risk
- Technological complexity

OVERALL FINDINGS

- TDA is highly unique
- Most TDA executive jobs perform duties that are outside the scope of a typical HOA
- Many TDA executive positions have recently been created or expanded and have been paid within the constraints of the existing pay program
- Published compensation surveys do not include data from comparable organizations
- In order to draw any conclusions about the competitiveness of TDA executive pay, we need to improve the quality of our market data

Board Recommendation to Conduct a Custom Market Survey

- Define criteria for participation
- Hand-pick 15 to 20 comparable organizations
- Include the following pay elements:
 - Base salary
 - Annual Bonus
 - Total Cash Compensation
 - Deferred Compensation
 - Benefits
 - Perquisites
 - Salary Administration Practices
- Participants receive results for free in return for submitting data
- Data sent to and analyzed by Romanoff Consulting to protect confidentiality

Next Steps

- Define criteria for participation
- Create preliminary prospect list
- Explore the possibility of including additional non-executive jobs
- Review prospect list with:
 - TDA executives
 - Board of Directors
 - Members
- Finalize Prospect List (at next Board Meeting)

Timeline

| STEP | ESTIMATED COMPLETION |
|--|----------------------|
| Establish Criteria & Select Prospects | May |
| Develop Questionnaire | June |
| Contact Prospects & Distribute Questionnaires | July |
| Data Submission Deadline | August |
| Publish Reports | September |
| Analyze Data | October |
| Recommend New TDA Executive Salary Ranges | November |
| Final Board Approval of New TDA Exec Pay Program | December |
| Implement New TDA Executive Pay Program | January 2018 |
| Executive Salary Adjustments (if necessary) | January 2018 |

NOTE: The above timeline may be adjusted to accommodate summer vacation schedules.