



Tahoe Donner Association 2018 Budget

Board Meeting 10/28/2017

Prepared by Michael Salmon, Director of Finance and Accounting, October 24, 2017

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2018 Budget -

\$1900 Annual Assessment – 3rd year in a row !!!



- *consistent with Board guidance*

Strong revenue growth and favorable workers compensation insurance cost renewal allowed us to absorb cost pressures across the association (CA minimum wage up 5%, insurance up 10%, Health Insurance up 7%, and highly competitive labor market), address ASO service levels, and increase capital funding levels.

2018 Budget - changes since 10/19/2017 draft

\$ NOR Impact - Favorable (Unfavorable)

1	44,000	Private Amenities - Guest on Guest Card - move pricing change from \$10 to \$12
2	30,000	Golf - Pricing changes assumption increase from 1% to 4% overall (~5% on GreensFees-pass/pack/daily)
3	5,000	Golf - Golf maintenance payroll reduced after detailed review of 3yr avg
4	25,000	IT - expense reduction based on additional detailed review
5	20,000	XC - \$10k refined estimate of net impact of pricing changes recommended and \$10k Payroll Direct lower
6	30,000	DHSki - Ski School payroll refinement of baseline % of revenue, realize greater efficiencies
7	15,000	The Lodge - \$5,000 capital impact savings, \$10,000 efficiencies gain on S&W % Rev
8	10,000	Equestrian - BRP, conservative outcomes expectation Revenue growth another 5% (price/vol)
9	5,000	Alder Creek Café - payroll adjustment based on detailed review
10	9,000	Summer F&B - payroll refinement post-review \$4,000 and \$5,000 Pricing Driver 2%
11	(10,000)	Marketing - add contingency for surveys, consulting, other general potential needs
12	20,000	Burden Change Impact, on all of above with Payroll change
13	60,000	Health Insurance - Lower ACA impact estimate from 91 total full time to 86
14	(40,000)	Admin - increase Incentive Compensation %funded from 30% to 40% due to reduced conservatism in budget
15	4,000	Misc minor other adjustments/roundings
	\$ 227,000	Total, Operating Fund changes
	35	Per Owner6473
	\$ (162,000)	Increase Replacement Reserve AA Contribution \$25 or 4.2%
	\$ (65,000)	Increase Development Fund AA Contribution \$10 or 3.3%
	\$ -	Net Total Annual Assessment Change, \$0 or 0%



Changes based primarily
on Board and Finance
Committee review and
feedback 10/19/2017

2018 Budget – Agenda today



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- Budget Oversight and Governance
- Annual Assessment
 - Strategic Planning Guidance
 - Growth over Time
- Replacement Reserve Fund
- Development Fund
- New Machinery and Equipment Fund
- Operating Fund
 - Overview of Operating Fund Budget draft
 - Budgeted Full-Time, Part-Time, Seasonal Staffing
 - Net Operating Results (NOR) by Department
 - User Fee and Rate Changes
- Next Steps

Budget oversight



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■ 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

Budget Board Meeting 10/19/2017

Governance



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- 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).

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2018 Budget Strategic Planning Guidance

- G03 link <http://www.tahoedonner.com/wp-content/uploads/2017/02/Item-C-G03-2018-Strategic-Planning-Guidance.pdf>
- **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

2018 Budget - Board strategic Planning Guidance

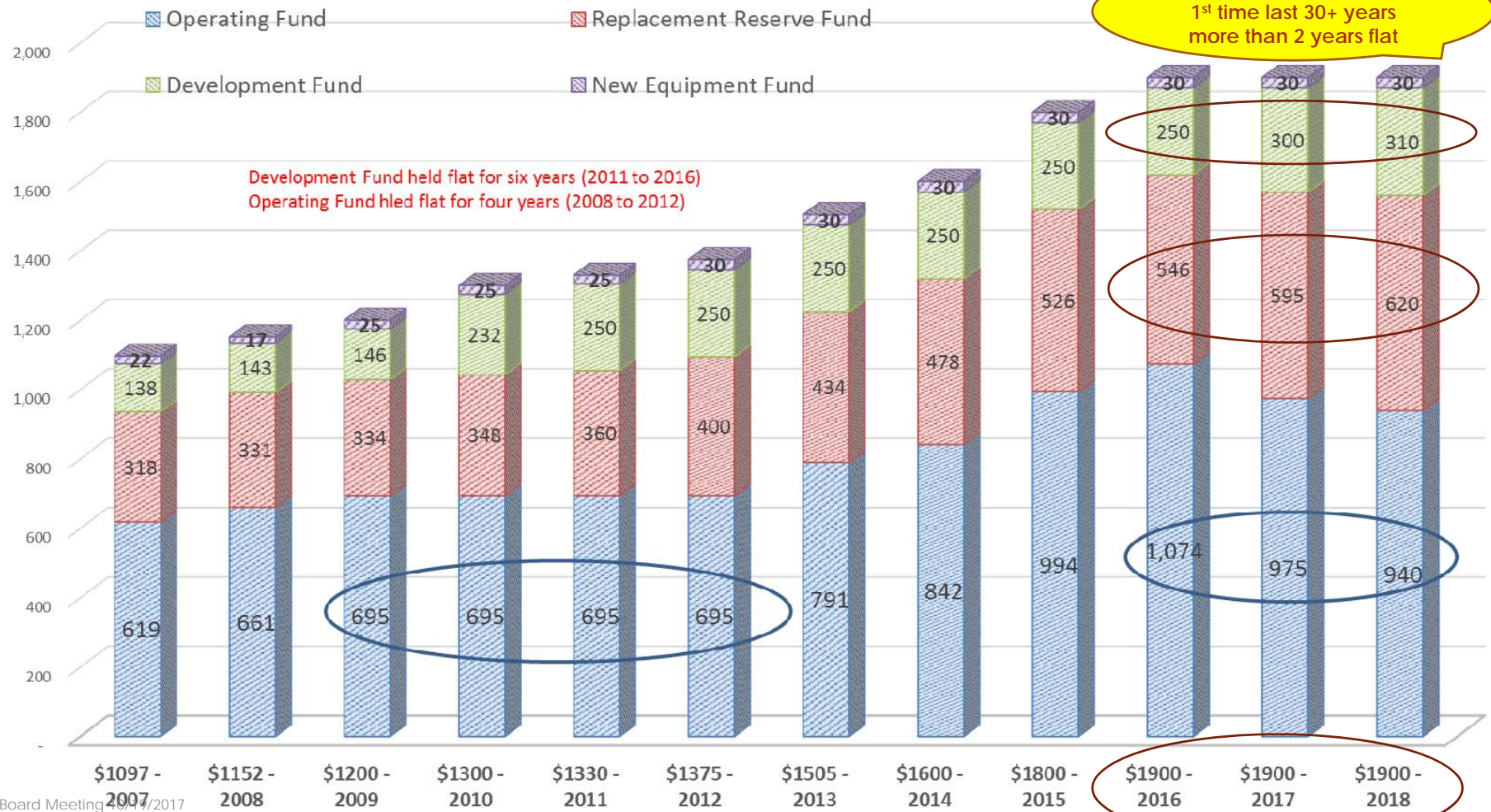
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1. In December 2017, as part of 2018 Budget Assumptions:
 - a. Transfer Operating Funds of \$_____ to Replacement Reserve Fund
 - b. Transfer Operating Funds of \$_____ to Development Fund
 - c. Hold in Operating Fund \$_____ Current plan no further transfer in 2017, review mid-2018
2. No increase in 2018 Annual Assessment (AA), which may require more aggressive revenue assumptions and or cost control service level impacts
3. With ~25% Funded Reserve, hold Replacement Reserve portion of AA At 32%
4. Strategic plan priorities reviewed, refined, validated
5. Development Fund values time over increasing funding level
6. Identify Replacement Reserve major improvement plans for Board validation and consider delaying reserve projects longer than normally scheduled
7. Review, may change for 2018: Transfer Fee, Recreation Fee, or Daily Guest \$8
(no change in Member \$6 daily entry fee) Guest card guest to \$10 in draft
8. Public Amenities – target Public prices for greater increases, minimize Member prices increases where practical
9. Private Amenities – minimize Member price increases where practical



Annual Assessment per owner

- 2018 Budget Draft 10/28/2017



CPI-U 10yr CAGR
1.7% US
2.5% SF/Ok/SJ

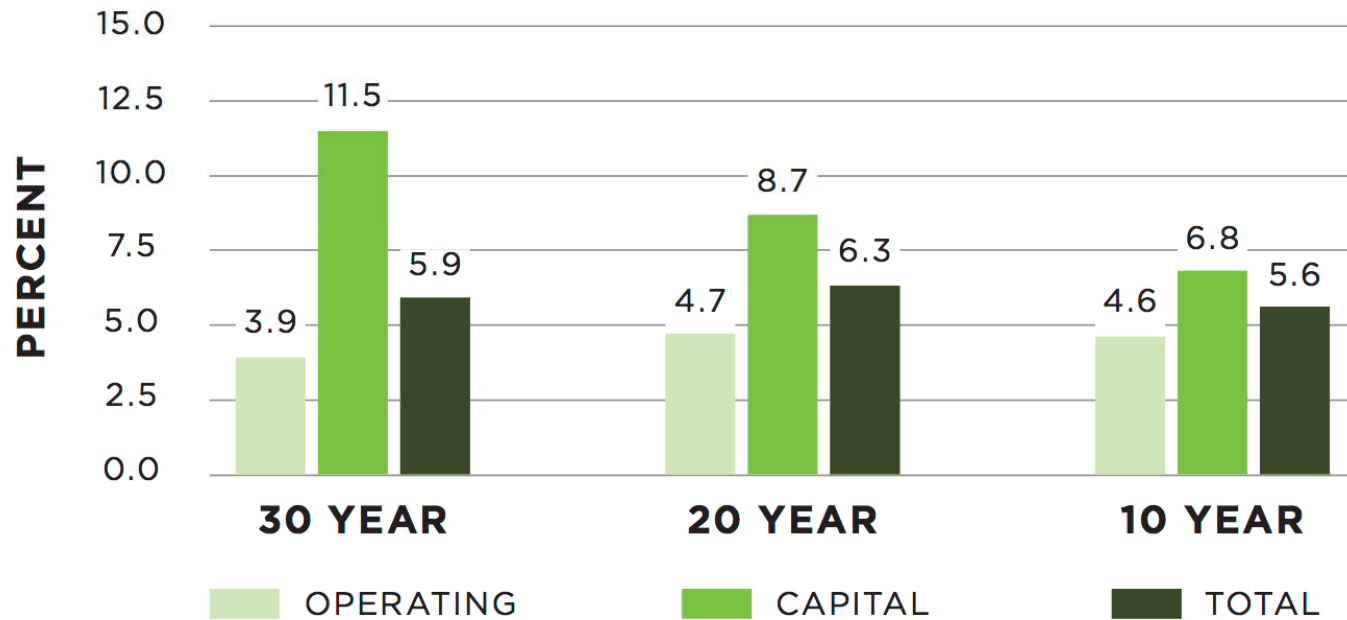
CPI-U 20yr CAGR
2.1% US



ANNUAL ASSESSMENT GROWTH RATE BY FUND TYPE AND TOTAL

1987 - 1997 - 2007 - 2017 BUDGET

COMPOUNDED ANNUAL GROWTH RATE

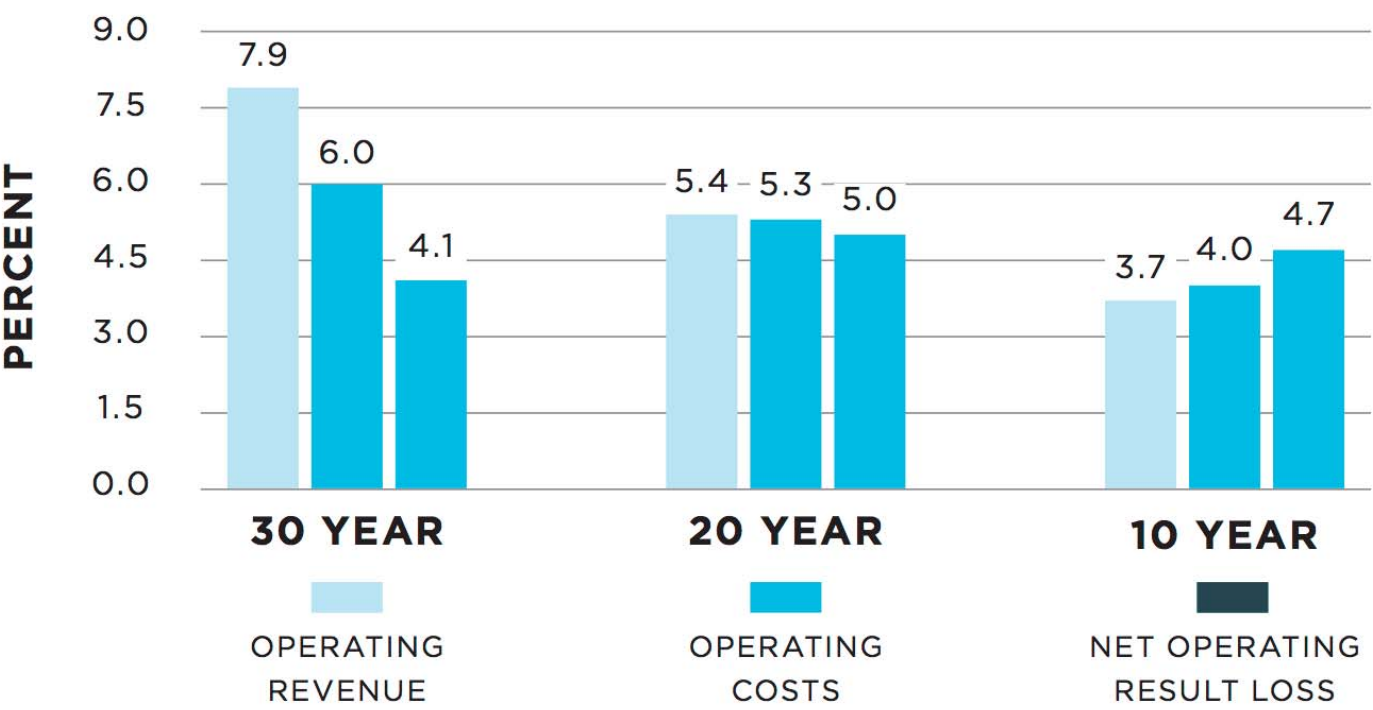


ANNUAL ASSESSMENT NOTES

- In 2017, the \$1,900 total annual assessment was the same as 2016.
- From 2009 to 2012 (four consecutive years), the operating portion of annual assessment was held flat at \$695.
- Over the past 20 years (1996 to 2016), the association's replacement reserve fund balance has improved by over \$6 million, addressing past underfunding and an aging infrastructure of this now 45 year old association.

OPERATING FUND GROWTH RATE BY COMPONENT

1987 - 1997 - 2007 - 2017 BUDGET COMPOUNDED ANNUAL GROWTH RATE



NOTABLE AMENITY FACILITIES GROWTH

- The Lodge Restaurant & Pub built in 2005
- Trout Creek Recreation Center built in 1994, expanded in 2005
- Alder Creek Adventure Center built in 2015
- Euer Valley, Trails, Bikeworks
- Cross Country Skiing added
- Concerts changed from outsourced to in-house production
- Number of Improved Lots has increased (fewer vacant lots now)

OPERATING COSTS TO OPERATING REVENUE

1987	266%	1997	162%	2007	152%	2017	157%
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Annual Assessment per owner

Compounded Annual Growth Rates (CAGR)

CPI-U 5yr CAGR
1.2% US
2.7% SF/Ok/SJ

	5 Year <i>2012>2017</i>	Operating Fund, net 7.0%:
<u>Total AA</u>	<u>6.7%</u>	<u>Revenue 3.5%</u> <u>Costs 4.7%</u>
Operating	7.0%	Cogs 5.8%
Reserve	8.3%	Expenses 2.1%
Development	3.7%	Payroll Direct 4.7%
New Equipment	0.0%	Payroll Burden 8.8%
<i>the 3 Capital Funds</i>	<i>6.4%</i>	<u>CA min wage 5.6%</u> Ca sick pay, FED ACA Alder Creek Café Snowmaking Drought

Annual Assessment per owner

Compounded Annual Growth Rates (CAGR)



	5 Year 2013>2018	10 Year 2008>2018	15 Year 2003>2018	20 Year 1998>2018
Total AA	4.8%	5.1%	4.8%	5.8%
Operating	3.5%	3.6%	2.6%	4.3%
Reserve	7.4%	6.5%	7.2%	7.6%
Development	4.4%	8.0%	12.9%	9.2%
New Equipment	0.0%	5.8%	1.5%	0.9%
<i>the 3 Capital Funds</i>	6.1%	6.9%	8.2%	7.9%

CPI-U 5yr CAGR
1.3% US
2.7% SF/Ok/SJ

CPI-U 10yr CAGR
1.7% US
2.5% SF/Ok/SJ

CPI-U 15yr CAGR
2.1% US
2.4% SF/Ok/SJ

CPI-U 20yr CAGR
2.1% US

Talking Points:

Looking long term, under-funding of reserves and more operations
Looking near term, drought impacts and regulatory cost pressures

2018 Budget – Replacement Reserve Fund



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2017 Budget

2018 Budget

Operating Fund Transfer IN

-

Beginning Balance (A) \$ 7,500,000

10,006,000

2018 Beg Bal includes \$1.5 million 2017 transfer in (in anticipation of Snowbird Lift acceleration)

Current Replacement Cost 48,102,748

50,870,162

Fully Funded study value (B)
ratio to CRC 58%

30,846,974
61%

Percent Funded (A/B) 26.7%

32.4%

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 Budget, a comprehensive update was performed.

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Scenario A

Year	Percent Change	Beginning Balance	Fully Funded	Percent Funded	Dollar Change
1/1/2018	0.00%	10,005,737	30,846,974	32.44%	-
1/1/2019	0.00%	7,662,713	30,109,646	25.45%	-
1/1/2020	0.00%	8,094,535	32,005,107	25.29%	-
1/1/2021	0.00%	7,835,867	33,060,738	23.70%	-
1/1/2022	0.00%	7,395,762	34,000,760	21.75%	-
1/1/2023	0.00%	6,371,407	34,560,054	18.44%	-
1/1/2024	0.00%	5,608,283	35,909,798	15.62%	-
1/1/2025	0.00%	5,128,001	36,795,923	13.94%	-
1/1/2026	0.00%	1,447,457	35,064,963	4.13%	-
1/1/2027	0.00%	530,014	36,486,462	1.45%	-

Scenario B –PROPOSED BUDGET 2018 Reserve Plan

Year	Percent Change	Beginning Balance	Fully Funded	Percent Funded	Dollar Change
1/1/2018	4.20%	10,005,737	30,846,974	32.44%	161,784
1/1/2019	4.00%	7,826,109	30,109,788	25.99%	160,551
1/1/2020	4.00%	8,586,486	32,011,644	26.82%	166,973
1/1/2021	4.00%	8,826,929	33,067,197	26.69%	173,652
1/1/2022	4.00%	9,069,038	34,007,141	26.67%	180,598
1/1/2023	4.00%	8,920,324	34,566,357	25.81%	187,822
1/1/2024	4.00%	9,237,064	35,921,904	25.71%	195,335
1/1/2025	4.00%	10,072,840	36,807,728	27.37%	203,149
1/1/2026	4.00%	7,892,528	35,068,233	22.51%	211,275
1/1/2027	4.00%	8,704,976	36,487,419	23.86%	219,726

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.



32% for 2018 Budget

Refer to Replacement Reserve Fund Policy 2013-3 [here](#)

Refer to 2018 Budget Replacement Reserve Study and documents sections G05 and G06

2018 Budget – Replacement Reserve Fund



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Resolution 2013-3, Replacement Reserve Fund Minimum Balance Test

Total Property & Equipment	\$ 74,227,626	*
Less Land and Land improvements	<u>(9,239,805)</u>	*
Net Replc Reserve Assets policy test amount	64,987,821	
policy test %	10%	
Policy minimum balance in Repl Reserve Fund	<u>\$ 6,498,782</u>	
Forecasted Balance 12/31/2017	\$ 10,006,000	<i>above policy Minimum</i>
Forecasted Balance 12/31/2018, per 2018 Budget Draft	\$ 7,742,000	<i>above policy Minimum</i>

*per Audit Report 12/31/2016, footnote 4.

2018 Budget – Replacement Reserve Fund



	2017 Budget	2017 Forecast	2018 Budget
(F) Beginning Balance	\$ 7,500,000	\$ 7,903,233	\$ 10,006,000
Assessment Contribution	3,852,000	3,852,000	4,013,000
Operating Fund Transfer IN	-	1,500,000	
Operating Fund Transfer IN	-	-	-
Expenditures	(3,701,000)	(3,385,233)	(6,354,000)
Disposal of Assets proceeds	30,000	30,000	30,000
Interest Income/BDExp/Taxes	41,000	106,000	131,000
Budget YE Balance	\$ 7,722,000	\$ 10,006,000	\$ 7,826,000

(F) the beginning balance is Forecasted in fall of preceding year during budget cycle.

For the 2017 Forecast, the actual beginning balance is used.

For 2017 Budget, a full reserve study (including physical inspections) was completed (every 3 years), not just an update.
For 2018 Budget, an update was performed.

2018 Budget - Development Fund



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Actual 12/31/2016 Balance \$ 499,052

2018 Assessment Contribution (@ \$300 / owner) 1,942,000

Operating Fund Transfer IN in 2017 1,800,000

2017 Expenditures (forecast, as of late Sept 2017):

Downhill Ski - Daylodge/SkierServices/Lifts, Planning	50,000
Trout Creek Recreation Facility, Remodel - soft DFportion	85,000
Cross Country trash enclosure bldg	95,000
Trails, new trail(s) per trails master plan	67,000
Open Space - Glacier Way Trailhead, planning	
Association Master Plan	45,000
Backup power generators, soft costs incurred	14,000
Land Acquisition, Other Projects, Cost Allocation, Contingency	288,052
TL Spend	<u>644,052</u>

Interest Income/BDExp/Taxes, NET 3,000

Forecast 12/31/2017 Balance \$ 3,600,000

See next page for 2018 Budget

2018 Budget - Development Fund



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(includes \$1.8 Million 2017 transfer in) Forecast 12/31/2017 Balance \$ 3,600,000

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

an increase of \$10 DFAA, +\$65,000 revenue

additonal Operating Fund Transfer IN TBD	-
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2018 Expenditures:

Mailbox Clusters, planning	25,000
Employee Housing, planning	10,000
Association Wide - Member Surveys	25,000
Downhill Ski - Daylodge/SkierServices/Lifts, Planning	200,000
Trout Creek Recreation Facility, Remodel - soft/hard DFportion	500,000
Equestrian, final phases	200,000
Trails, new trail(s) per trails master plan	20,000
Open Space - Glacier Way Trailhead, planning	-
Open Space - two warming huts (yurts or other)	-
Feasibility Studies for Priority 1 projects	150,000
Land Acquisition, Other Projects, Cost Allocation, Contingency, Ir	278,000
TL Spend	<u>1,408,000</u>

Interest Income/BDExp/Taxes, NET 66,000

Budget 12/31/2018 Balance \$ 4,265,000

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

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2018 Budget – New Equipment Fund



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2018 Budget draft 10/28/2017

Forecast 12/31/2017 Balance	\$	<u>64,000</u>	
2018 Assessment Contribution		194,000	
2018 Expenditures:			
Currently identified items		173,000	<i>next page</i>
Contingency		<u>40,000</u>	
TL Spend		<u>213,000</u>	
Investment Income/net of income taxes		2,000	
Budget 12/31/2018 Balance	\$	<u>47,000</u>	

2018 Budget – New Equipment Fund – 2018 Spend



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Preliminary 2018 NEF		2018 NEF Totals	\$ 213,000		
10/20/2017		Project Count	17		
Component		Location	Type	Est. 2017 BUDGET	
HVAC for Mezzanine	1	Administration	C	\$ 25,000	NEF
Bear Boxes	1	Campground	C	\$ 8,000	NEF
Rolling Canoe Racks	1	Day Camps	C	\$ 3,000	NEF
Bollards and Chains (Lots 1 and 4)	1	DHSKI	C	\$ 8,000	NEF
Driving Range Mats - Lower Tier	1	Golf Ops	C	\$ 4,600	NEF
Artificial Turf - Complete along fence to parking lot	1	Marina	C	\$ 15,000	NEF
Cellphone Booster - Alder Creek	1	MIS	C	\$ 27,000	NEF
Quick Service Digital Menu Signage (Alder Creek & DHSKI	1	MIS	C	\$ 7,000	NEF
Pickleball windscreen	1	Tennis	C	\$ 2,000	NEF
Water Fountain/Bottle Filler/Utility Sink	1	Tennis	C	\$ 3,000	NEF
Banquet - Sound Buffering Walls	1	The Lodge	C	\$ 5,000	NEF
VHF Handheld Radios - 6	1	Trails	C	\$ 5,000	NEF
4x4 S/S Work Utility Vehicle - Summer/Winter Maint	1	Trails	C	\$ 15,000	NEF
4x4 S/S Attachments for Summer/Winter Maintenance	1	Trails	C	\$ 15,000	NEF
Phone App - Summer Trail Map	1	Trails	C	\$ 5,000	NEF
New Gate - Crabtree/ 7 C's	1	Trails	C	\$ 5,000	NEF
Marco Polo Grill Sunsetter Shade Cover	1	Trout Creek	C	\$ 5,000	NEF
Contingency				\$ 55,400	NEF
2018 NMEF Totals	17			\$ 213,000	

Operating Fund – Members equity surplus



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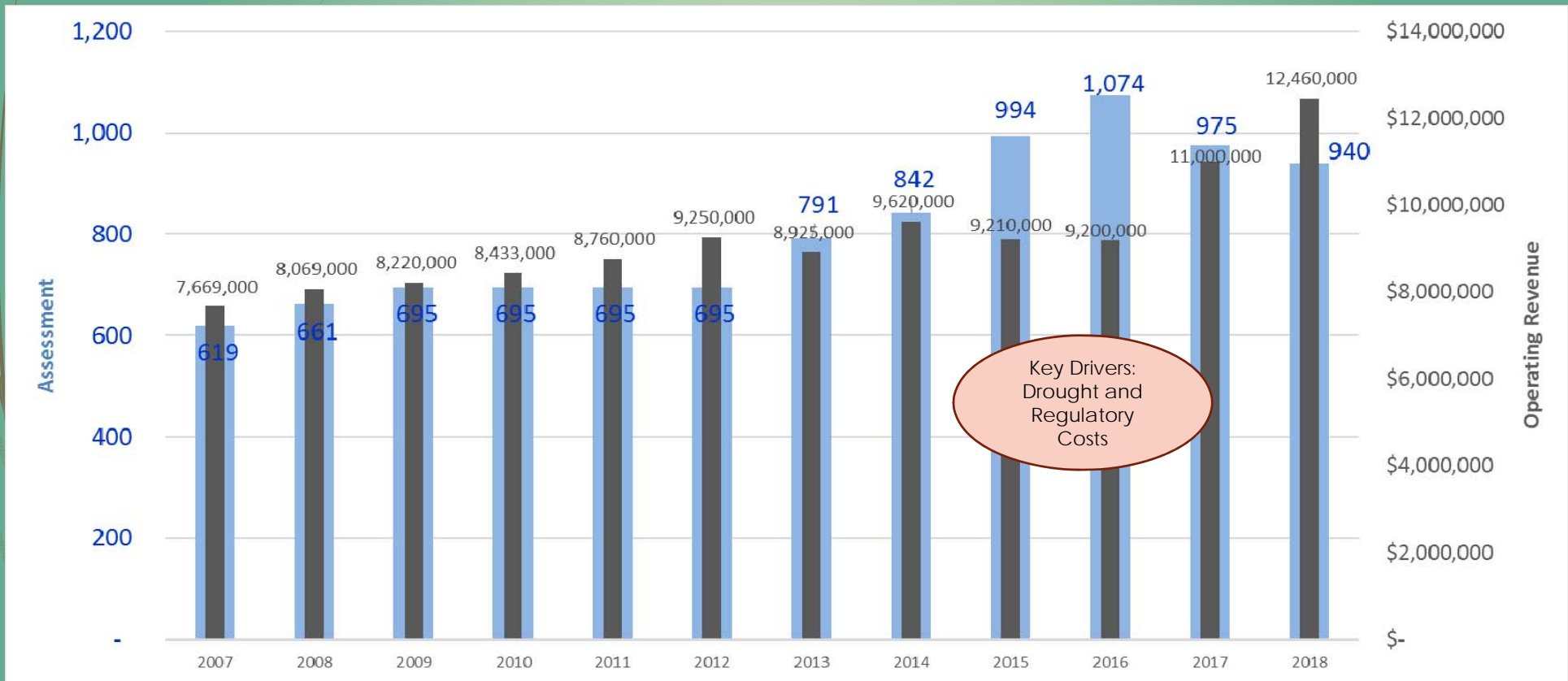
- Surplus drivers: loss recovery success and record Summer 2015, December 2015 record results, and record revenues every month of 2016. And Strong winter 16/17 *Cannot count revenue twice.*
- Transfers made in 2017 - \$3.3 Million
 - \$1,500,000 to Replacement Reserve Fund (snowbird lift accelerated to 2018)
 - \$1,800,000 to Development Fund (savings for DHSki building replacement)
- Currently YTD August NOR is favorable \$1 million
- Which places ME balance at \$2.1 million
- Minimum \$500,000 balance, per policy
- Currently ME is above target 10% of Revenues or \$1,236,000 by \$860,000
- Options –
 - Make no additional transfers in 2017, hold in Operating Fund, Review mid-2018
 - Task the Finance Committee with policy update to consider 10% of Revenues the minimum balance (2013-4 Operating Fund policy will be 5 years old in 2018, so 5-yr rotation cycle in sync)
 - Other _____



Operating Fund - Methodology

- Top Down and Bottom Up Drivers
- Strategic Planning Guidance
- Normalization starting point, 3-Year Average adjusted for known Baseline changes
- Drivers for 2018 (change drivers impacting Revenue and Costs, by Department)
 - Pricing changes – revenues and costs
 - Capital impacts -
 - Merit impacts – isolate this driver, capped
 - Strategic
 - Regulatory
 - Other

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

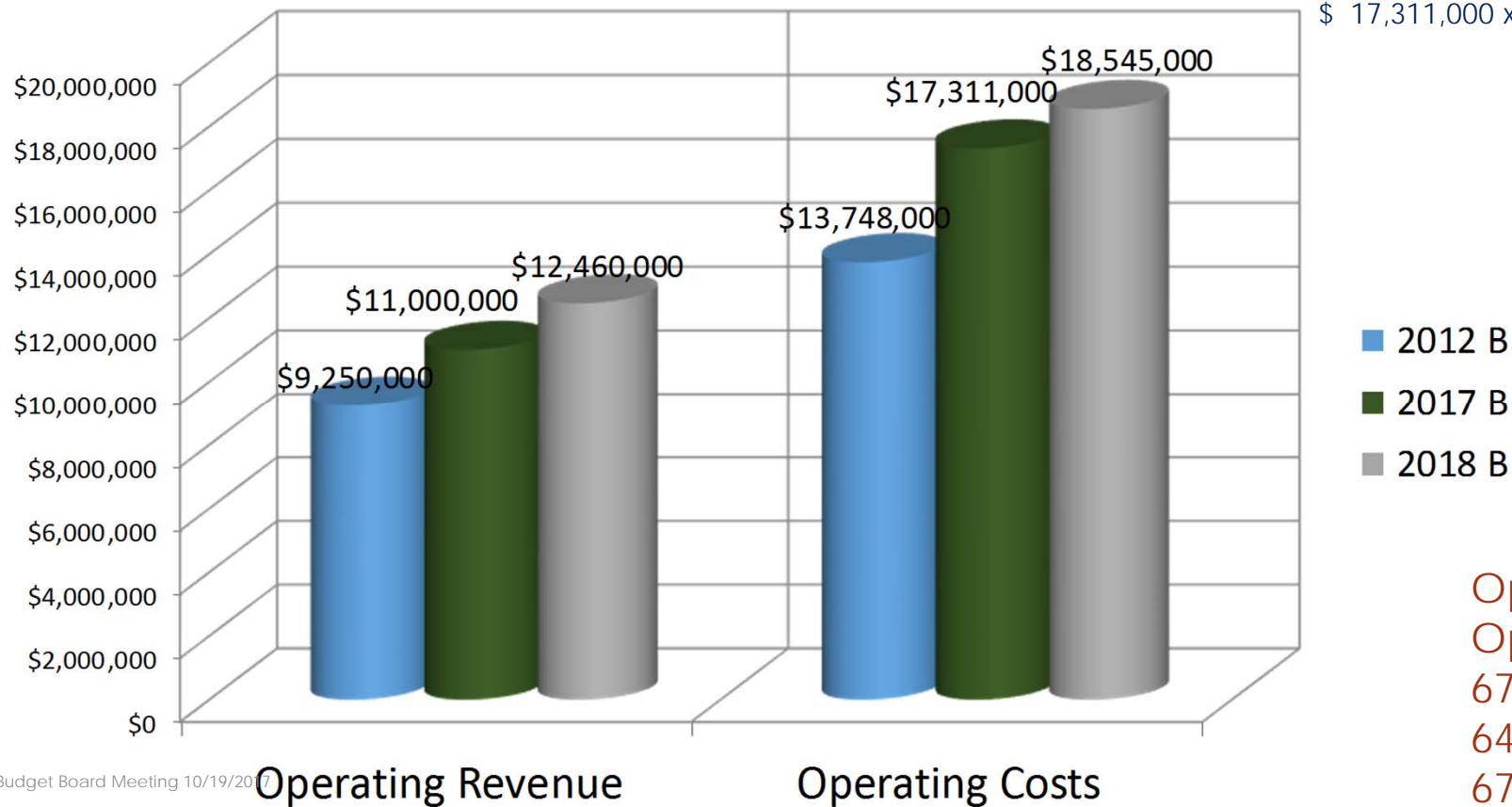


Operating FUND

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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



$\$11,000,000 \times 3\% = \$330,000$ rev
 $\$17,311,000 \times 3\% = \$519,000$ cost
\$ 189,000 net cost



OpRevenue%
OpCosts
67% B'12
64% B'17
67% B'18



Operating Fund - Revenue

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- \$ 11,473,000 Three Year simple average (2015 Actual, 2016 Actual, 2017 Forecast) (1 drought yr) *
- 254,000 + past years pricing changes impact of ~2.2% overall
- 104,000 + net other misc. adjustments for known trends/changes
- \$ 11,831,000 = Baseline for 2018 before Drivers [BL for Budget 2017 \$9,942,000 (2 drought years)]
- 483,000 Pricing changes 4.0% overall impact (notables DHSki, XCSki, Guest on Guest Card \$12, ASO Fees)
- 80,000 Capital impacts (Downhill Ski beyond Baseline for Snowmaking investment)
- 12,000 Capital impacts (all other, misc, \$5,000 Equestrian)
- 54,000 Strategic impacts (misc)
- \$12,460,000 = Budget 2018 Operating Revenue

*** Page 23 of G03- Strategic Planning Guidance**

- \$10,327,000 – 5yr Average (2013 to 2017F)
- \$11,484,000 – 3yr Average (2013 to 2017F)
- a \$1.2 million spread, using 5yr would net drive up OPF annual assessment \$100+

164,000	Pricing increases, DHSki \$164,000/6% avg
45,000	Pricing increases, XCSki \$45,000/5% avg
48,000	Price changes, Guest Fee on Guest Card \$8 to \$10, + \$2
77,000	Price changes, specific to F&B, addressing minimum wage impact
80,000	Downhill Ski, capital impacts snowmaking
15,000	Equestrian. 10k price incr 5% avg, \$5k capital impact/growth
18,000	Golf. \$11,000 price incr 1% avg, \$7k group biz off peak growth
10,000	Day Camps, price incre avg 4.5%



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Operating Fund – Payroll Direct

- \$ 9,283,000 2017 Forecast
- (189,000) -adjust for baseline revenue & known changes/vacancies etc. by department
- \$ 9,094,000 = Baseline for 2018 before Drivers
- 250,000 Merit increases 3.0%, net overall 2.8%
- 8,000 Capital impacts
- 146,000 Strategic impacts
- 178,000 Regulatory impacts (primarily CA MinWage impacts)
- \$ 9,676,000 = Budget 2018 Payroll Direct

Ref check,
3yr avg \$8,990,000 x 3% =
9,260,000 (greater than Baseline)

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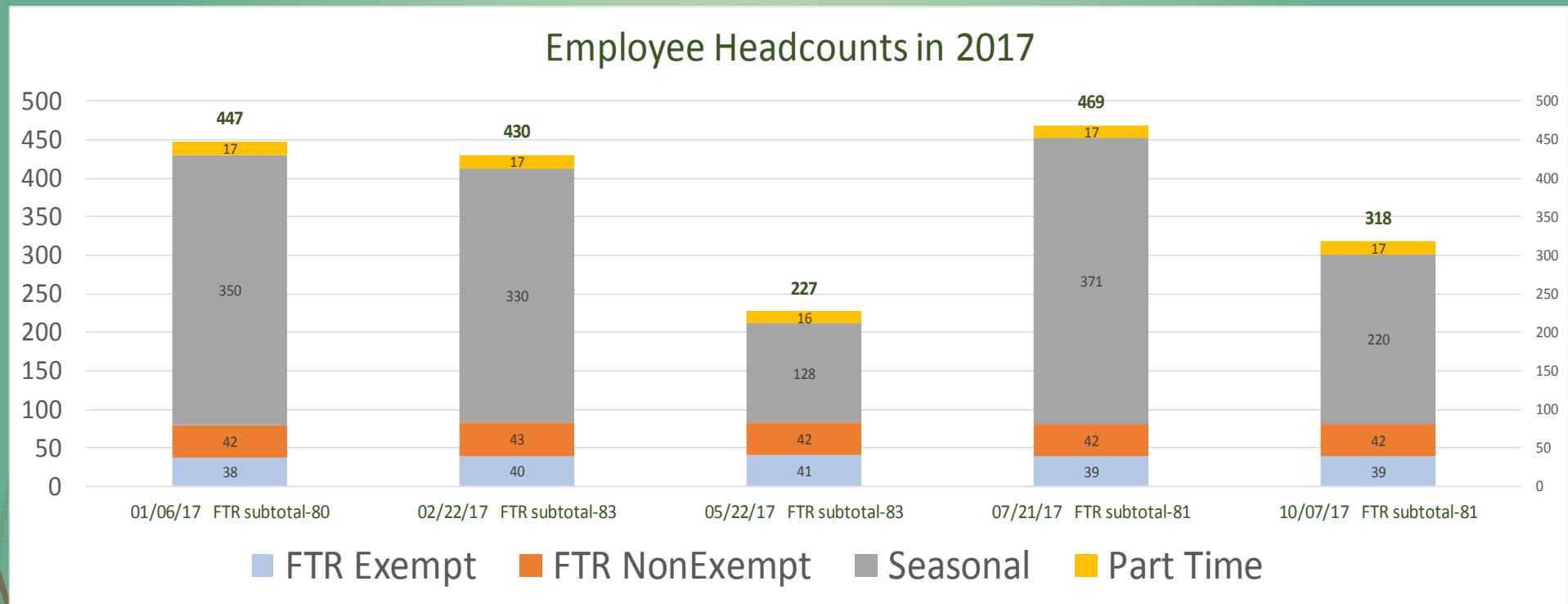
California Minimum Wage - Law in Effect

eff date	FROM	TO	Change	% Change
1/1/2007	6.75	7.50	0.75	11.1%
1/1/2008	7.50	8.00	0.50	6.7%
7/1/2014	8.00	9.00	1.00	12.5%
1/1/2016	9.00	10.00	1.00	11.1%
1/1/2017	10.00	10.50	0.50	5.0%
1/1/2018	10.50	11.00	0.50	4.8%
1/1/2019	11.00	12.00	1.00	9.1%
1/1/2020	12.00	13.00	1.00	8.3%
1/1/2021	13.00	14.00	1.00	7.7%
1/1/2021	14.00	15.00	1.00	7.1%



Operating Fund – Head Counts

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See next page for by department headcounts.

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

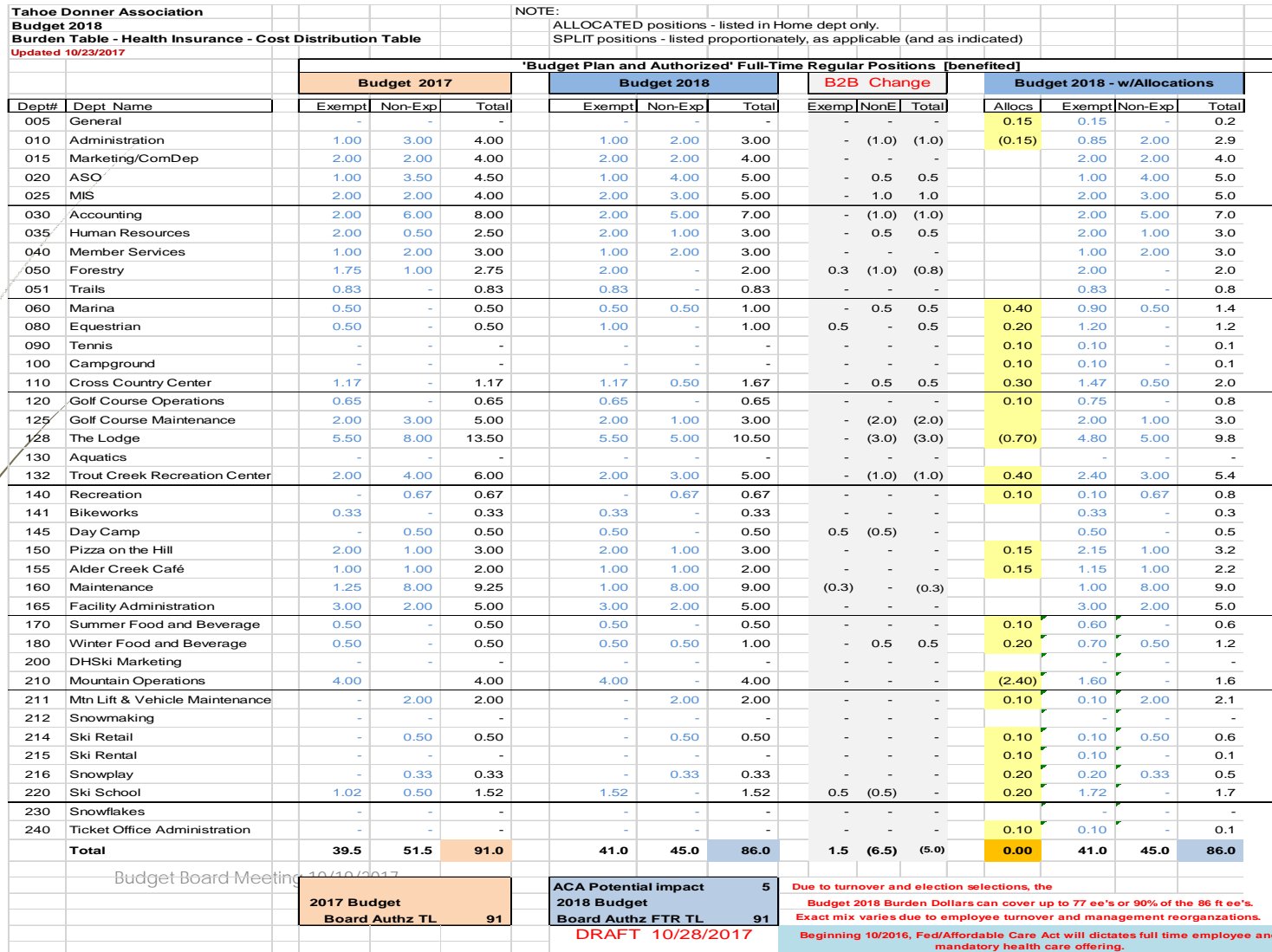
91 FTR authorized in Budget 2017

91 FTR proposed in Budget 2018

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

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

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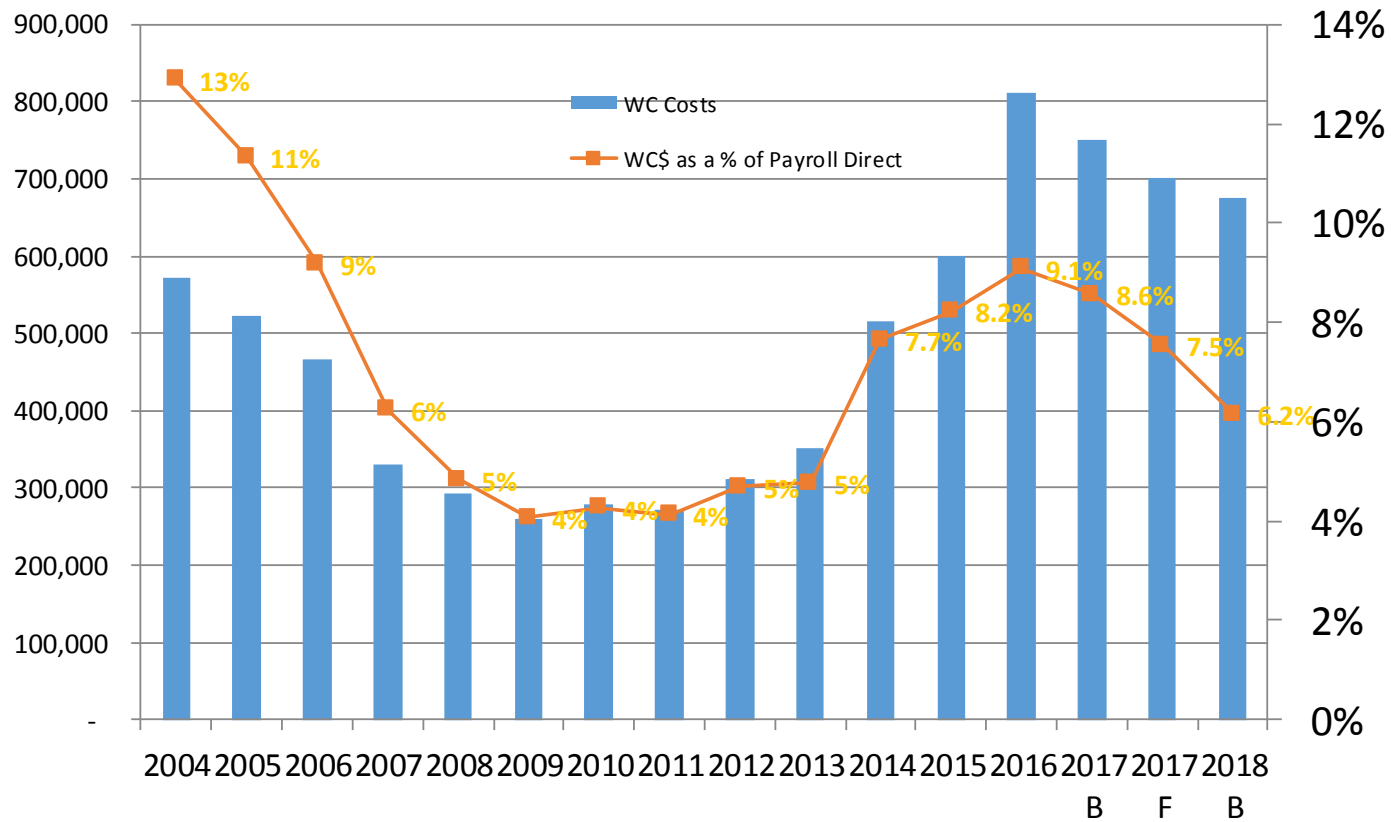


Operating Fund – Payroll Burden



	2015 Actual	2016 Actual	2017 Budget	2017 Forecast	2018 Budget	
Payroll Taxes	\$ 754,495	\$ 936,449	\$ 950,000	\$ 1,007,000	\$ 1,060,000	
Workers Comp	601,048	811,101	750,000	700,000	595,000	< favorable renewal
Health Insurance	533,972	589,506	1,050,000	900,000	940,000	< 7% premium incr
Retirement	149,544	144,395	150,000	145,000	205,000	< safe harbor plan mods
Total Pay Burden	\$ 2,039,059	\$ 2,481,451	\$ 2,900,000	\$ 2,752,000	\$ 2,800,000	
 Payroll Direct	 \$ 7,309,399	 \$ 8,930,137	 \$ 8,756,000	 \$ 9,282,989	 \$ 9,676,000	
PT%	10.3%	10.5%	10.8%	10.8%	11.0%	
WC%	8.2%	9.1%	8.6%	7.5%	6.1%	
HI%	7.3%	6.6%	12.0%	9.7%	9.7%	
RM%	2.0%	1.6%	1.7%	1.6%	2.1%	
TL PB%	27.9%	27.8%	33.1%	29.6%	28.9%	
 Operating Revenue	 8,681,085	 12,771,032	 11,000,000	 12,968,376	 12,460,000	
Payroll Direct % Rev	84%	70%	80%	72%	78%	

Operating Fund – Workers Compensation Costs



Operating Fund – Group Health Insurance



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- 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, ~21p qualify ACA
 - 2018B – 86 employees, with current ACA calculations, ~16p qualify ACA
- 2017 Budget
 - Assumed 82ee enrolled of 91ee Authorized (*90% enrollment rate*)
- 2017 Forecast
 - Averaging ~60ee enrolled (vacancies, turnover, turndowns, other)
 - YTD savings \$215,000/36% to Budget
- 2018 Budget
 - Assumes 77 participants, $77/86 = 90\%$ enrollment rate
 - Known, Premium renewal increase 7% Medical; 8% Dental & 0% Vision
 - No change in 75% Employer/ 25% Employee premiums cost split
 - Contingency is at a *low-medium level* for this volatile significant cost component

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)

Operating Fund – Expenses



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	2016 Actual	2017 Budget	2017 Forecast	2018 Budget
Utilities	\$ 914,593 21%	\$ 950,230 22%	\$ 945,000 20%	\$ 995,000 22%
R&M Bldg/Grnds/Equip	515,406 12%	478,000 11%	600,000 13%	530,000 12%
Insurance (GL/PropCas)	401,718 9%	411,000 10%	415,000 9%	450,000 10%
Forestry Contract Work	285,932 7%	236,000 5%	245,000 5%	255,000 6%
Taxes, Property/Income	214,869 5%	242,000 6%	245,000 5%	250,000 5%
Staff Expenses	297,205 7%	284,000 7%	269,000 6%	285,000 6%
Credit Card Fees	259,149 6%	207,000 5%	267,000 6%	250,000 5%
Advertising	119,863 3%	127,000 3%	127,000 3%	135,000 3%
Janitorial Svcs/Supplies	174,792 4%	101,000 2%	101,000 2%	104,000 2%
Printing, TDNews/Brochure	142,235 3%	147,000 3%	162,000 3%	165,000 4%
License Fees Permits	117,076 3%	102,000 2%	107,000 2%	110,000 2%
Fuel & Oil	120,451 3%	139,000 3%	165,000 4%	145,000 3%
Linen Service	111,005 3%	103,000 2%	115,000 2%	105,000 2%
R&M Golf Course	52,462 1%	59,000 1%	59,000 1%	60,000 1%
Employee Housing	- 0%	136,000 3%	130,000 3%	130,000 3%
All Other	583,384 14%	572,770 13%	742,000 16%	580,000 13%
Total Op Expenses	\$ 4,310,140 100%	\$ 4,295,000 100%	\$ 4,694,000 100%	\$ 4,549,000 100%
2018 Budget variance	238,860 6%	254,000 6%	(145,000) -3%	

Rent Revenue of \$90,000
Rent Cost of \$130,000
Net Cost of \$40,000

Budget Board Meeting 10/19/2017

Operating Fund – NOR by Department

TAHOE DONNER ASSOCIATION		Draft 10/28/2017			Budget 2018	Operating Fund							
2018 Budget - Annual				Operating	NET	Budget 2018 per Property				NOR		Fav (Unfav)	
Budget Summary		Operating Revenue	Cost of Goods Sold	Gross Margin (GM)	Costs Total (OCT)	OPERATING RESULTS (NOR)	# Properties> GM / OCT /		6,473 NOR /		Budget 2017	NOR Change B 2 B B 2 B %	
Private Amenities													
Trout Creek Recreation Center		\$ 994,000	\$ (32,000)	\$ 962,000	\$ (916,300)	\$ 45,700	\$ 149	\$ (142)	\$ 7	-4	\$ (24,800)	\$ 70,500	284%
Beach Club Marina		686,000	(57,100)	628,900	(394,200)	234,700	97	(61)	36	##	242,700	(8,000)	-3%
Tennis Center		235,000	(38,200)	196,800	(174,600)	22,200	30	(27)	3	9	56,300	(34,100)	-61%
Aquatics		218,000	0	218,000	(279,400)	(61,400)	34	(43)	(9)	##	(75,600)	14,200	19%
Recreation Programs		175,000	(4,000)	171,000	(226,000)	(55,000)	26	(35)	(8)	-8	(51,700)	(3,300)	-6%
Day Camps		234,000	0	234,000	(204,200)	29,800	36	(32)	5	7	43,100	(13,300)	-31%
Total Private Amenities		2,542,000	(131,300)	2,410,700	(2,194,700)	216,000	372	(339)	33	##	190,000	26,000	14%
										0			
Public Amenities										0			
Downhill Ski Area		3,152,000	(178,800)	2,973,200	(2,502,200)	471,000	459	(387)	73	##	85,000	386,000	454%
Cross Country Ski Area		925,000	(54,000)	871,000	(744,000)	127,000	135	(115)	20	3	18,100	108,900	602%
Snowplay		269,000	(7,400)	261,600	(157,400)	104,200	40	(24)	16	2	13,900	90,300	650%
Equestrian		222,000	(5,000)	217,000	(304,000)	(87,000)	34	(47)	(13)	##	(82,100)	(4,900)	-6%
Campground		61,000	0	61,000	(70,900)	(9,900)	9	(11)	(2)	-2	(13,000)	3,100	24%
Trails		1,000	0	1,000	(148,600)	(147,600)	0	(23)	(23)	##	(148,600)	1,000	1%
Bikeworks		109,000	(39,000)	70,000	(68,800)	1,200	11	(11)	0	1	7,000	(5,800)	-83%
Golf		1,150,000	(61,000)	1,089,000	(1,187,000)	(98,000)	168	(183)	(15)	##	(144,800)	46,800	32%
Summer Food and Beverage		242,000	(74,000)	168,000	(311,800)	(143,800)	26	(48)	(22)	##	(125,500)	(18,300)	-15%
Alder Creek Café		313,000	(108,000)	205,000	(321,300)	(116,300)	32	(50)	(18)	##	(96,200)	(20,100)	-21%
The Lodge		2,300,000	(706,000)	1,594,000	(1,748,000)	(154,000)	246	(270)	(24)	##	(198,000)	44,000	22%
Pizza on the Hill		524,000	(155,500)	368,500	(426,300)	(57,800)	57	(66)	(9)	##	(65,800)	8,000	12%
Total Public Amenities		9,268,000	(1,388,700)	7,879,300	(7,990,300)	(111,000)	1,217	(1,234)	(17)	##	(750,000)	639,000	85%
										0			
Total Amenities		11,810,000	(1,520,000)	10,290,000	(10,185,000)	105,000	1,590	(1,573)	16	##	(560,000)	665,000	119%
										0			
Homeowners Association										0			
General		0	0	0	(847,800)	(847,800)	-	(131)	(131)	##	(791,300)	(56,500)	-7%
Marketing and Communications		213,000	0	213,000	(723,600)	(510,600)	33	(112)	(79)	##	(424,300)	(86,300)	-20%
Facility Administration		0	0	0	(330,300)	(330,300)	-	(51)	(51)	##	(257,500)	(72,800)	-28%
Administration		202,000	0	202,000	(754,900)	(552,900)	31	(117)	(85)	##	(551,400)	(1,500)	0%
MIS		0	0	0	(655,000)	(655,000)	-	(101)	(101)	##	(610,700)	(44,300)	-7%
Accounting		5,000	0	5,000	(797,400)	(792,400)	1	(123)	(122)	##	(771,000)	(21,400)	-3%
Human Resources		0	0	0	(382,200)	(382,200)	-	(59)	(59)	##	(320,000)	(62,200)	-19%
ASO		193,000	0	193,000	(420,600)	(227,600)	30	(65)	(35)	##	(159,900)	(67,700)	-42%
Member Services		32,000	0	32,000	(266,000)	(234,000)	5	(41)	(36)	##	(264,800)	30,800	12%
Forestry		5,000	0	5,000	(870,200)	(865,200)	1	(134)	(134)	##	(823,000)	(42,200)	-5%
Building Maintenance		0	0	0	(792,000)	(792,000)	-	(122)	(122)	##	(777,100)	(14,900)	-2%
Total Homeowners Association		650,000	0	650,000	(6,840,000)	(6,190,000)	100	(1,057)	(956)	##	(5,751,000)	(439,000)	-8%
										0			
TOTAL OPERATING FUND		\$ 12,460,000	\$ (1,520,000)	\$ 10,940,000	\$ (17,025,000)	\$ (6,085,000)	\$ 1,690	\$ (2,630)	\$ (940)	##	\$ (6,311,000)	\$ 226,000	4%



Operating Fund – Revenue Costs NOR - by Department

TAHOE DONNER ASSOCIATION			
2018 Budget - Annual			
Budget Summary	Operating	REV Incr (Decr)	
	Revenue	Revenue Change	
	B 2 B \$	B 2 B %	
Private Amenities			
Trout Creek Recreation Center	\$ 994,000	88,000	10%
Beach Club Marina	686,000	55,000	9%
Tennis Center	235,000	(22,000)	-9%
Aquatics	218,000	(32,000)	-13%
Recreation Programs	175,000	-	0%
Day Camps	234,000	(9,000)	-4%
Total Private Amenities	2,542,000	80,000	3%
Public Amenities			
Downhill Ski Area	3,152,000	765,000	32%
Cross Country Ski Area	925,000	225,000	32%
Snowplay	269,000	94,000	54%
Equestrian	222,000	16,000	8%
Campground	61,000	4,000	7%
Trails	1,000	-	0%
Bikeworks	109,000	14,000	15%
Golf	1,150,000	(20,000)	-2%
Summer Food and Beverage	242,000	(24,000)	-9%
Alder Creek Café	313,000	103,000	49%
The Lodge	2,300,000	106,000	5%
Pizza on the Hill	524,000	48,000	10%
Total Public Amenities	9,268,000	1,331,000	17%
Total Amenities	11,810,000	1,411,000	14%
Homeowners Association			
General	0	-	
Marketing and Communications	213,000	10,000	5%
Facility Administration	0	-	
Administration	202,000	12,000	6%
MIS	0	-	
Accounting	5,000	2,000	67%
Human Resources	0	-	
ASO	193,000	25,000	15%
Member Services	32,000	-	0%
Forestry	5,000	-	0%
Building Maintenance	0	-	
Total Homeowners Association	650,000	49,000	8%
TOTAL OPERATING FUND	\$ 12,460,000	\$ 1,460,000	13%

Cogs, Payroll Direct, Payroll Burden, and Expenses	TOC Incr (Decr)	
	Revenue Change	
TL Operating Costs (TOC)	B 2 B \$	B 2 B %
\$ 948,300	17,500	2%
451,300	63,000	16%
212,800	12,100	6%
279,400	(46,200)	-14%
230,000	3,300	1%
204,200	4,300	2%
2,326,000	54,000	2%
2,681,000	379,000	16%
798,000	116,100	17%
164,800	3,700	2%
309,000	20,900	7%
70,900	900	1%
148,600	(1,000)	-1%
107,800	19,800	23%
1,248,000	(66,800)	-5%
385,800	(5,700)	-1%
429,300	123,100	40%
2,454,000	62,000	3%
581,800	40,000	7%
9,379,000	692,000	8%
11,705,000	746,000	7%
847,800	56,500	7%
723,600	96,300	15%
330,300	72,800	28%
754,900	13,500	2%
655,000	44,300	7%
797,400	23,400	3%
382,200	62,200	19%
420,600	92,700	28%
266,000	(30,800)	-10%
870,200	42,200	5%
792,000	14,900	2%
6,840,000	488,000	8%
\$ 18,545,000	\$ 1,234,000	7%

Net			
Operating	NOR Incr (Decr)		
Result	Revenue Change		
(N O R)	B 2 B \$	B 2 B %	
\$ 45,700	70,500	284%	Private Amenities
234,700	(8,000)	-3%	Trout Creek Recreati
22,200	(34,100)	-61%	Beach Club Marina
(61,400)	14,200	19%	Tennis Center
(55,000)	(3,300)	-6%	Aquatics
29,800	(13,300)	-31%	Recreation Programs
216,000	26,000	14%	Day Camps
			Total Private Amenit
471,000	386,000	454%	Public Amenities
127,000	108,900	602%	Downhill Ski Area
104,200	90,300	650%	Cross Country Ski Ar
(87,000)	(4,900)	-6%	Snowplay
(9,900)	3,100	24%	Equestrian
(147,600)	1,000	1%	Campground
1,200	(5,800)	-83%	Trails
(98,000)	46,800	32%	Bikeworks
(143,800)	(18,300)	-15%	Golf
(116,300)	(20,100)	-21%	Summer Food and Beve
(154,000)	44,000	22%	Alder Creek Café
(57,800)	8,000	12%	The Lodge
(111,000)	639,000	85%	Pizza on the Hill
			Total Public Ameniti
105,000	665,000	119%	Total Amenities
(847,800)	(56,500)	-7%	Homeowners Associati
(510,600)	(86,300)	-20%	General
(330,300)	(72,800)	-28%	Marketing and Commun
(552,900)	(1,500)	-0%	Facility Administrat
(655,000)	(44,300)	-7%	Administration
(792,400)	(21,400)	-3%	MIS
(382,200)	(62,200)	-19%	Accounting
(227,600)	(67,700)	-42%	Human Resources
(234,000)	30,800	12%	ASO
(865,200)	(42,200)	-5%	Member Services
(792,000)	(14,900)	-2%	Forestry
(6,190,000)	(439,000)	-8%	Building Maintenance
			Total Homeowners Ass
\$ (6,085,000)	226,000	4%	TOTAL OPERATING FUND



Operating Fund – Revenue - User Fees and Rates



Refer to section G07



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Annual Assessment per owner



3rd Year in a Row
at \$1900
1st time last 30
years more than 2
years flat

Budget by Fund

	2014	2015	2016	2017	2018	2017 to 2018 Change	
						Amount	Pctg
Total AA	\$ 1,600 100%	\$ 1,800 100%	\$ 1,900 100%	\$ 1,900 100%	\$ 1,900 100%	\$ -	0.0%
Operating	842 53%	994 53%	1,074 55%	975 51%	940 49%	(35)	-3.6%
Reserve	478 30%	526 30%	546 29%	595 31%	620 33%	25	4.2%
Development	250 16%	250 16%	250 14%	300 16%	310 16%	10	3.3%
New Equipment	30 2%	30 2%	30 2%	30 2%	30 2%	-	0.0%



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Annual Assessment Revenue Amounts



Budget by Fund

		2014	2015	2016	2017	2018	2017 to 2018 Change	
		6472	6472	6472	6473	6473	Amount	Pctg
# units		6472	6472	6472	6473	6473		
Total AA		\$ 10,356,000	\$ 11,650,000	\$ 12,297,000	\$ 12,299,000	\$ 12,299,000	\$ -	0.0%
Operating	B	5,450,000	6,433,000	6,951,000	6,311,000	6,085,000	(226,000)	-3.6%
Reserve		3,094,000	3,405,000	3,534,000	3,852,000	4,013,000	161,000	4.2%
Development		1,618,000	1,618,000	1,618,000	1,942,000	2,007,000	65,000	3.3%
New Equipment		194,000	194,000	194,000	194,000	194,000	-	0.0%
Operating Revenue	A	\$ 9,620,000	\$ 9,210,000	\$ 9,200,000	\$ 11,000,000	\$ 12,460,000	\$ 1,460,000	13.3%
A to B ratio		1.77	1.43	1.32	1.74	2.05	0.30	17.5%

Reference metric: $\$100,000 / 6473 = \15.45



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Metrics Compilation –



Tahoe Donner financials specific

- \$1900 annual assessment, flat for 3 consecutive years, 1st time in over 30 years
- \$ 158 per Month Annual Assessment (consistent with 2016 and 2017)
 - \$78 per owner per month AA Operating portion (\$6.085 million)
 - \$80 per owner per month AA Capital portion (\$6.214 million)
- \$ 5.63 per Month Rec Fee per person with four persons - *no change in \$270 rec fee*
- \$ 6 Member private amenity access fee, per entry, if not on rec fee
- \$ 8 Guest with Member, private amenity access fee, per entry
- \$ 12 Guest on Guest Card (without Member present), private amenity access fee, per entry **NEW**

2018 Budget – Board APPROVAL (on October 28, 2017)



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➤ Operating Fund

- Excess Members Equity Transfer(s). If any, beyond the \$3.3 million in June 2017
- 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 10/7 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.*