



TAHOE DONNERSM

2017 Custom Compensation Survey

Members' Working Session

Prepared for *Tahoe Donner Association* by:

Romanoff Consulting



I. SURVEY OVERVIEW



Objectives

The purpose of this meeting is to work with TDA members, the Board and senior leaders to:

- Create criteria for survey participation
- Define categories of organizations to include in the survey
- Identify initial list of organizations which satisfy these criteria
- Determine who at TDA has personal contacts with leaders at any of these organizations

Background

Romanoff Consulting recently completed Phase I of an executive compensation study for TDA. Findings were based on the following published compensation surveys available in the public domain:

- 2016 GuideStar Nonprofit Compensation Report
- 2015 Northern California Fair Pay Survey for Nonprofits
- 2013 Community Association Manager Compensation Survey

Since none of these surveys were found satisfactory, the TDA Board authorized Romanoff Consulting to conduct a custom survey to determine pay practices among a select group of comparable organizations.

I. SURVEY OVERVIEW



Participation Criteria

We anticipate criteria will include:

- Organization Size (Revenues, # employees)
- Geographic Location
- Industry Sector
- Mission
- Complexity
- For-Profit vs. Not-for-Profit
- Services Provided
- Number of Visitors

We will define categories of organizations TDA wishes to include such as:

- Home Owners' Associations (HOAs)
 - Attractions (ski resorts, country clubs, etc.)
 - Municipalities
 - Large local employers (in Truckee & Reno)
 - Public entities (counties, school districts, park & recreations districts, etc.)
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I. SURVEY OVERVIEW



Survey Prospects

Once participant criteria are established, we will create a list of prospects which meet these criteria. We need at least 10 to 15 final participants to create a valid survey. Because not all invited organizations will participate, we typically invite twice as many as we need. Therefore, we must identify 20 to 40 prospects (at least five per category).

NOTE: Because TDA is so unique, we are likely to create an eclectic list of prospects. This may make it difficult to attract participants since they may not consider the survey results useful to them. If that occurs, we may not be able to attract a sufficient number of participants to produce a valid survey.

I. SURVEY OVERVIEW



Survey Benchmark Jobs

During this phase, we will identify the list of jobs to be surveyed. At a minimum, we will include the following nine executive positions:

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

I. SURVEY OVERVIEW

Compensation Elements

We anticipate surveying the following elements:

- Base salary
- Annual Bonus
- Total Cash Compensation
- Deferred Compensation
- Benefits
- Perquisites
- Salary Administration Practices

I. SURVEY OVERVIEW



Capsule Job Descriptions

We will create capsule job descriptions for each benchmark job included in the survey. These brief descriptions must be specific enough to reflect TDA's unique job content but generic enough to permit other organizations to match their jobs to survey benchmarks. This is a delicate process which normally begins with content from your current position descriptions. This content is then edited by us and confirmed by TDA to ensure accuracy and relevance.

Survey Questionnaire

As was pointed out during a recent Board meeting, it is essential to build a thorough questionnaire. This requires careful up-front thought to ensure we collect everything we need. Once questionnaires go out, it is difficult to gather missing information later. We will develop the questionnaire and submit it to TDA for review and comment. Once you are confident it includes all the information you require, we will begin contacting prospects.

NOTE: We typically wait until the questionnaire is finalized before contacting prospects to avoid lengthy delays – it is best to send the questionnaire immediately after a company agrees to participate.

I. SURVEY OVERVIEW



Prospecting

We will contact organizations identified and request their participation. Our typical success rate is 50% to 60%. That is, roughly half, or slightly more than half of the organizations we contact usually agree to participate. This percentage improves when TDA members and leaders leverage personal relationships with selected prospects to jump-start the conversation. The primary inducement for organizations to participate is the opportunity to receive free results. For this survey, the success rate may be lower since we are uncertain how many participants will find the data useful.

Data Collection & Analysis

We will gather the data, build the database, and analyze the information. A large part of this effort involves following-up with prospects to encourage them to submit their data.

I. SURVEY OVERVIEW



Report Generation

During this phase, we will generate two versions of the final report:

- **TDA Edition** – This report compares TDA’s pay practices to the survey database of all participants except TDA. This avoids TDA comparing to itself. The TDA report includes exhibits not offered to other participants. Data in this report is presented in a manner which carefully protects the confidentiality of all participants.
- **Participant Edition** – This report is provided free of charge to all participants as an inducement to participate in the survey. It is considerably less detailed than the TDA edition but includes all relevant information. Data in this report is presented in a manner which carefully protects the confidentiality of all participants.

I. SURVEY OVERVIEW



Timing

The table below summarizes the timeline for completing the custom market survey:

STEP	ESTIMATED COMPLETION
Establish Criteria & Select Prospects	May
Develop Capsule Descriptions & Questionnaire	June
Contact Prospects & Distribute Questionnaires	July
Data Submission Deadline	August
Analyze Data	September
Publish Reports	October
Recommend New TDA Executive Salary Ranges	November
Recommend Other Changes ¹ to TDA Exec Pay Program	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

¹ E.G., annual incentives, deferred compensation, benefits and perquisites.

II. DESCRIPTION OF TDA



Key Dimensions

Established in 1971, Tahoe Donner Association (TDA) is a recreational homeowner community located in Truckee, California, five miles from Donner Lake, and 15 miles from Lake Tahoe. TDA is both a California Mutual Benefit Corporation and a Federal IRS 501c4 Social Welfare Organization.

DIMENSION	TDA
TOTAL MEMBERS	25,000
TOTAL LOTS	6,473
-- Single Family	5,791 (4,938 developed)
-- Multi-Family	127 (114 developed)
-- Undeveloped	555
FULL-TIME RESIDENTS	16%
PART-TIME RESIDENTS	84%
TOTAL ANNUAL REVENUE	\$23,228,000
-- Annual Assessment Revenue	\$11,000,000
-- Gross Operating Revenue	\$12,229,000
2017 CAPITAL EXPENDITURES	\$4,400,000
OPERATING & CAPITAL RESERVES	\$8,000,000
ANNUAL FOOD & BEVERAGE REVENUES	\$3,050,000
AVERAGE ANNUAL HOME TURN-OVER	250
TOTAL LAND HOLDINGS	7,678 acres
-- Conservation/Recreational Open Space	4,600 acres
-- Developed Amenities	1,300 acres
HIKING TRAILS	60 miles
CROSS-COUNTRY SKI TRAILS	100 kilometers
ANNUAL DOWNHILL SKI VISITS	40,000 to 50,000
TOTAL ANNUAL VISITS (Members, Guest, Public)	500,000
FULL-TIME EMPLOYEES	91
TOTAL SEASONAL EMPLOYEES	800
SEASONAL FTES	400
TOTAL ANNUAL SALARY BUDGET	\$8,800,000

II. DESCRIPTION OF TDA



Services, Activities & Amenities

Under TDA's business model, all services, activities and amenities are available to members (and some exclusively to members). Others are open to member guests and the public on a fee-for-service basis. Below is a list of TDA activities and amenities:

Downhill Ski Area	Hiking Trails	Youth Day Camps
Cross-Country Ski Area	Tennis Center	Bocce Ball Courts
18-Hole Golf Course	Swimming Pools (3)	Playground
Snow Play Area	Beach Club	Archery
Equestrian Center ¹	Restaurants (3)	Horseshoes
Mountain Biking	Lakefront Marina ²	Volleyball
Camp Ground (45 sites)	Fitness Center	Saunas, Steam Rooms & Spas
Fitness Classes	Driving Range	Summer Concerts
Weddings	Special Events	Day Care

¹ Pony rides, trail rides, private lessons, animal boarding (for up to 55 horses) and special events.

² Kayaking, pedal boats, stand-up paddleboards, sailing and windsurfing.

II. DESCRIPTION OF TDA



Services, Activities & Amenities (*cont.*)

TDA is experiencing a rising population of younger and more affluent residents. This has dramatically increased demand for upscale amenities, top-notch customer service, and highly-trained responsive staff. This, coupled with an ever more complex regulatory environment and increased demand for a limited supply of qualified talent in the small but highly competitive Tahoe/Truckee labor market, is making it increasingly difficult for TDA to operate effectively.

When determining appropriate and competitive executive compensation levels, it is important to remember TDA is not merely a traditional Home Owners Association (HOA), but a large-scale resort community with many attributes of a small municipality. However, even when viewed simply as an HOA, Tahoe Donner is 5 to 10 times larger than other similar local communities like:

- Martis Camp
- Lahontan
- Schaffer's Mill
- Gray's Crossing
- Old Greenwood
- Northstar

Another recent development challenging TDA is the burgeoning short-term rental market like Airbnb and VRBO. TDA's layout and ownership structure is highly conducive to these options which boost occupancy with a corresponding increase in demand on services, activities and amenities.

II. DESCRIPTION OF TDA



Financial Challenges

TDA's amenity package makes the community highly attractive and contributes significantly to property values. Each TDA parcel has a 2017 annual assessment of \$1,900 which is low compared to comparable organizations considering the breadth of services and amenities offered. There is always pressure from some members not to increase annual assessments. Since the organization seeks no outside funding and is debt free, TDA leadership is constantly challenged to find new and creative ways to fund operations and provide a surplus to support maintenance, expansion, and upgrades. TDA operates under an annual budget approved by the Board of Directors which includes the following funds:

- Operating Fund -- Day-to-day operations and maintenance
- Reserve Replacement Fund – Replace large items which have reached the end of their useful life
- New Machinery & Equipment Fund – New machinery, equipment and technology
- Development Fund -- Facility and infrastructure enhancements and improvements

In any given year, some amenities generate a surplus, while others operate at a loss. Operating results often fluctuate between negative to positive based upon weather and other factors.

II. DESCRIPTION OF TDA



Board Structure

TDA has a five-member unpaid Board with staggered three-year terms resulting in no more than two Board slots coming up for election each year. Board members devote approximately 20-30 hours per month to Board activities. There are six standing Board Committees comprised of members and staffed by TDA executives and managers. These committees develop policy and make recommendations to the Board. Below is a list of standing Board committees:

- Covenants Committee
- Architectural Standards Committee
- Finance Committee
- General Plan Committee
- Elections Committee
- Giving Fund Committee

Each of these committees meet at least monthly (except for the Election Committee which is only active during election months). Many committees have subcommittees which meet every other week. Each committee has a principal senior team liaison, and often multiple supporting staff members. It is not uncommon for TDA executives to attend over 100 Board and committee meetings per year, many of which can last two to four hours. This is considerably more demanding than most other organizations.

II. DESCRIPTION OF TDA



Governmental Partnerships

The Tahoe Donner community is serviced by a wide variety of governmental and non-governmental entities. In addition, there are numerous community service non-profits (e.g., land trust, community foundation, service clubs) which engage and interact with the association on regular basis. Regulatory entities include:

Tahoe Forest Hospital District	Nevada County Sheriff
Truckee Tahoe Sanitation Agency	Nevada County Environmental Health
Truckee Tahoe Unified School District	Lahontan Regional Water Quality Control Board
Truckee Donner Public Utility District	Calif Div of Occup Safety & Health (Cal/OSHA)
Truckee Donner Recreation & Park District	Cal/OSHA Department of Industrial Relations
Truckee Fire Protection District	California Dept of Alcoholic Beverage Control
Truckee Sanitary District	California Department Fish & Wildlife
Truckee Tahoe Airport District	Calif Labor & Workforce Development Agency
Truckee Police Department	CAL/OSHA Dept of Industrial Relations – Amusement Ride & Tramway Unit
Town of Truckee	U.S. Forest Service Range District
Nevada County	Army Corp of Engineers

II. DESCRIPTION OF TDA



Staffing Challenges

TDA is the second largest Truckee employer after *Tahoe Forest Hospital*. The organization has 91 full-time employees and 300-400 seasonal employees – most of whom turn-over every six months as the organization switches from winter to summer operations. Virtually all employees must be sourced from within the Reno/Tahoe market which is relatively small and highly competitive. They must also be trained, background-checked, enrolled in the payroll system, tracked, scheduled, and housed.

Because of its diverse array of services, amenities and activities, many TDA employees must perform multiple duties. It is not uncommon for the same person to drive a vehicle, work with children, operate heavy equipment, transport guests, operate ski-lifts, take care of live animals, or prepare food at various times of the year. This is true not only for lower-level employees, but also for managers and executives who are frequently called on to serve wherever needed.

II. DESCRIPTION OF TDA



Staffing Challenges (*cont.*)

Not only is TDA operating a four-season resort, but unlike a traditional workplace where staff are expected to meet the demands of a traditional 9 a.m. to 5 p.m., Monday through Friday schedule, TDA employees regularly work weekends, holidays, and late into the night preparing for the next day's activities. This puts employees at high risk for burn-out and impedes normal work-life balance.

Much is expected from TDA employees and most of them respond out of a deep commitment to the organization and a sense of responsibility to members and guests. Given the highly complex nature of TDA's staffing challenges and the transitory nature of its workforce, employee problems frequently arise. These place heavy demands on TDA's three-person Human Resources team.

II. DESCRIPTION OF TDA



Operating Challenges

Serving as an executive in an organization as diverse and complex as TDA brings many challenges. Below is a list of some of these challenges:

- Operating a business which switches service-offerings and amenities every six months
- Housing hundreds of seasonal employees
- Providing high quality experiences for tens of thousands of visitors in a vast array of activities and amenities
- Minimizing risk and promoting safety in numerous inherently risky and dangerous activities
- Operating effectively under all weather conditions
- Maintaining consistent quality with a constantly changing, minimum-wage workforce
- Securing qualified staff in a highly competitive job market located in a small rural area
- Managing operations, properties and land-holdings distributed over 10 square miles
- Dealing with unanticipated situations which could arise at any time

II. DESCRIPTION OF TDA



Developmental Challenges

TDA is a 45-year-old community with:

- Aging infrastructure
- Increasingly more affluent members
- Members constantly seeking a more fulfilling family experience
- Members who understand how quality amenities increase property value

These realities challenge the organization to constantly upgrade, improve and expand. In recent years, TDA has invested over \$25 million in major infrastructure improvement. Plans are underway for other multi-million enhancements. Achieving this not only requires sophisticated budget planning (TDA seeks no outside funding), but also extensive project management and coordination with numerous interest groups and outside entities.

II. DESCRIPTION OF TDA



Land Management Challenges

Stewardship of TDA's 5,000 acres of natural resources (forests, creeks, wildlife habitats, trails, open space, recreational uses, preservation, sustainability, water quality, drainage, soils, etc.) is a constant challenge. The organization is committed to preserving, protecting, enhancing and maintaining its extensive land assets. This requires responding to inquiries; researching, addressing, and resolving issues; and communicating with, collaborating and responding to its 25,000 members.

II. DESCRIPTION OF TDA



Technological Challenges

Operating an organization as diverse as TDA presents significant technological challenges. This has resulted in a wide-array of hardware, software and support solutions including:

- Financial tracking and reporting
- Connecting numerous remote locations
- Ski resort applications
- Point of sale applications
- Food & beverage applications
- Billing applications
- Tiered pricing
- Tiered access
- On-line store
- Disaster recovery
- Data mining
- Business intelligence

While many of the applications, systems and equipment that TDA uses start as off-the-shelf products, each must undergo extensive customization to function effectively in such a diverse environment. TDA realizes its ability to provide members with high-quality amenities that are accessible, reliable and properly priced, with a limited staff, the organization must constantly seek ways to use technology efficiently and cost-effectively.

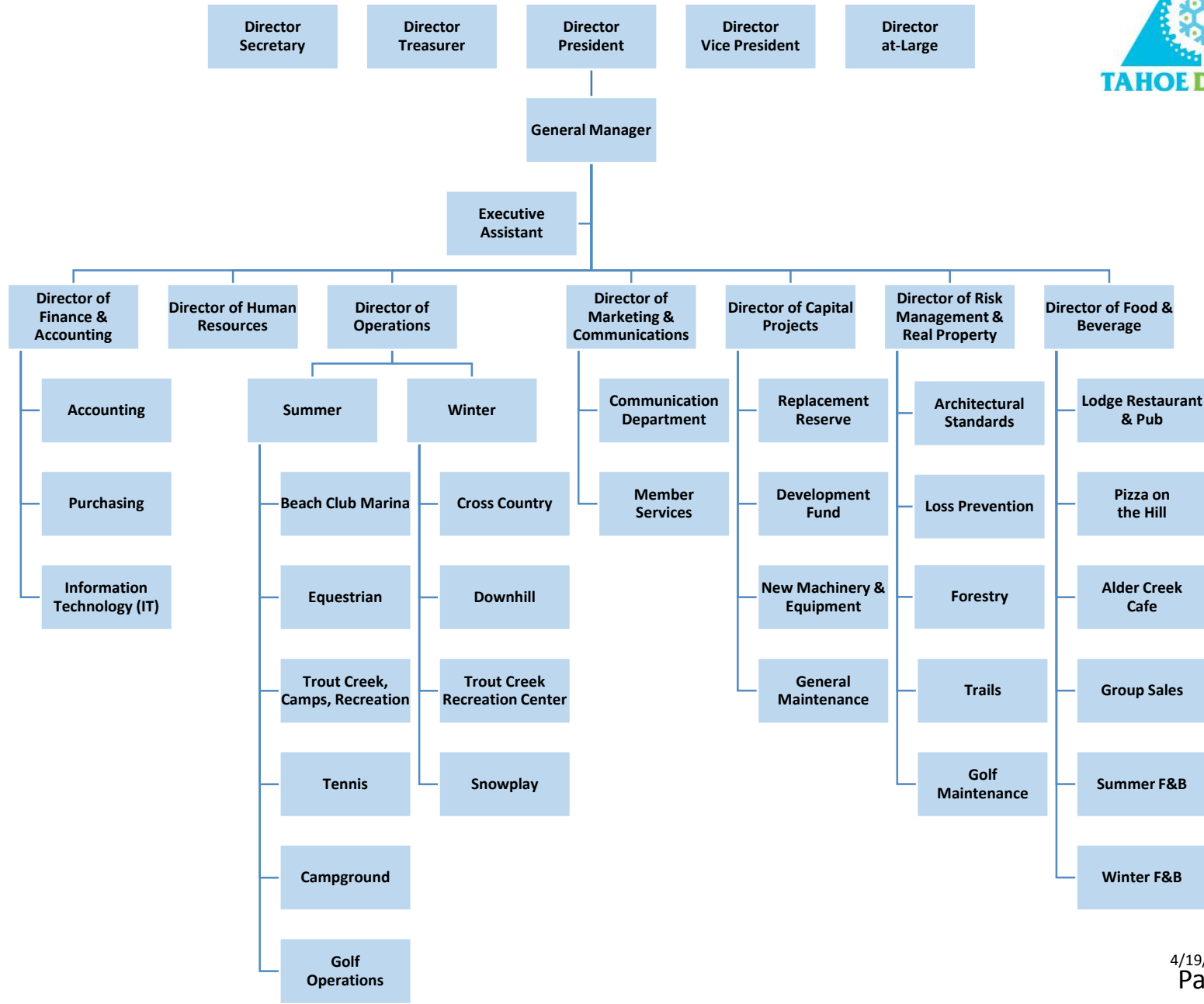
II. DESCRIPTION OF TDA



Risk Management Challenges

It is obvious how such a diverse array of indoor and outdoor recreational offerings in a remote mountain location exposes TDA members, guests and employees to a variety of risks. Minimizing risk (e.g., parking lot safety, ice and snowfall danger, water sports) is of paramount concern. A single failure can result in catastrophic personal or financial losses. Minimizing and controlling risk involves developing a general risk management strategy, establishing policies and procedures, monitoring and reporting outcomes, and training staff. TDA maintains numerous insurance policies including general liability, property, machine and boiler, auto, cyber, directors and officers, workers' compensation, excess & umbrella policies (and manages all claims arising from these policies). This requires regular reporting to the Board.

Management Organizational Chart 2017



III. WORKING SESSION



Participant Categories

CATEGORY
Home Owners' Associations (HOAs)
Attractions (ski resorts, country clubs, etc.)
Municipalities
Large local employers (in Truckee & Reno)
Public entities (counties, school districts, park & recreations districts, etc.)
Other (e.g., Companies in other areas)

III. WORKING SESSION



HOME OWNER'S ASSOCIATION (HOA)

DIMENSION	TDA	TARGET LEVEL
TOTAL MEMBERS	25,000	
TOTAL LOTS	6,473	
-- Single Family	5,791	
-- Multi-Family	127	
-- Undeveloped	555	
FULL-TIME RESIDENTS	16%	
PART-TIME RESIDENTS	84%	
ANNUAL ASSESSMENT REVENUES	\$11,000,000	
GROSS OPERATING REVENUES	\$12,228,000	
TOTAL REVENUES	\$23,228,000	
AVG ANNUAL CAPITAL EXPENDITURES	\$4,000,000	
OPERATING & CAPITAL RESERVES	\$8,000,000	
ANNUAL FOOD & BEVERAGE REVENUES	\$3,050,000	
FULL-TIME EMPLOYEES	91	
SEASONAL EMPLOYEES	800	

III. WORKING SESSION



ATTRACTIONS

(Ski Resorts,
Country Clubs,
etc.)

DIMENSION	TDA	TARGET LEVEL
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ANNUAL FOOD & BEVERAGE REVENUES	\$3,050,000	
TOTAL LAND HOLDINGS	250	
-- Conservation/Recreational Open Space	7,678 acres	
-- Developed Amenities	4,600 acres	
	1,300 acres	
HIKING TRAILS	60 miles	
CROSS-COUNTRY SKI TRAILS	100 kilometers	
ANNUAL DOWNHILL SKI VISITS	40,000 to 50,000	
FULL-TIME EMPLOYEES	91	
# SKI LIFTS		
TOTAL SKI TERRAIN (acres)		
SEASONAL EMPLOYEES	800	

III. WORKING SESSION



MUNICIPALITIES

DIMENSION	TDA	TARGET LEVEL
TOTAL RESIDENTS	25,000	
ANNUAL OPERATING BUDGET	\$23,000,000	
ANNUAL CAPITAL EXPENDITURES	\$4,000,000	
FULL-TIME EMPLOYEES	91	
SEASONAL EMPLOYEES	800	

III. WORKING SESSION



LARGE LOCAL EMPLOYERS

DIMENSION	TDA	TARGET LEVEL
TOTAL REVENUES	25,000	
FULL-TIME EMPLOYEES	91	
PART-TIME EMPLOYEES	800	

PUBLIC ENTITIES (counties, school districts, park & recreations districts, etc.)

DIMENSION	TDA	TARGET LEVEL
TOTAL RESIDENTS	25,000	
ANNUAL OPERATING BUDGET	\$23,000,000	
AVG ANNUAL CAPITAL EXPENDITURES	\$4,000,000	
FULL-TIME EMPLOYEES	91	
SEASONAL EMPLOYEES	800	

III. WORKING SESSION



Proposed Participants

HOAs	ATTRACTIONS	MUNICIPALITIES	LOCAL EMPLOYERS	PUBLIC ENTITIES	OTHER

Designated Contacts

HOAs	ATTRACTIONS	MUNICIPALITIES	LOCAL EMPLOYERS	PUBLIC ENTITIES	OTHER