

Budget Board Meeting 8/24/2018



# TAHOE DONNER ASSOCIATION 2019 BUDGET - 1<sup>ST</sup> WORKSHOP

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BOARD MEETING 8/24/2018

PREPARED BY MICHAEL SALMON, DIRECTOR OF FINANCE AND ACCOUNTING, AUGUST 20, 2018



## 2 2019 BUDGET – AGENDA TODAY

- Budget Oversight and Governance

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- Annual Assessment
  - Strategic Planning Guidance
  - Growth over Time
- Operating Fund – 2018 Transfer to Capital
- 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

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  - 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

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4.
  - 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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## 2019 Budget Strategic Planning Guidance

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- 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

## 6 2019 BUDGET - BOARD STRATEGIC PLANNING GUIDANCE

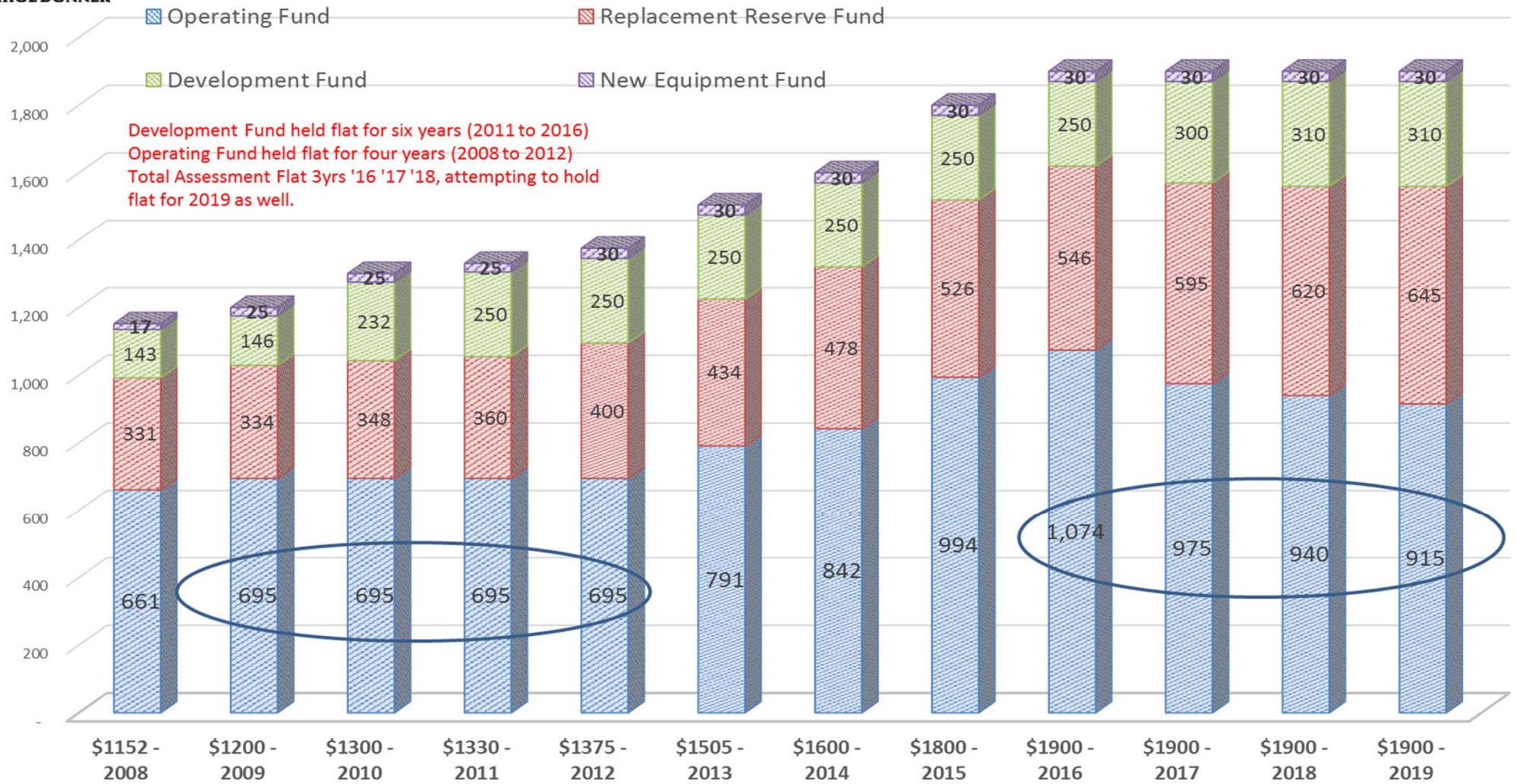
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- Aggressively address Peak Periods overcrowding of all facilities, primarily via pricing
- Improve financial performance across all amenities to improve net results
- Calculate and Report Allocated Overhead
- Factor new STR compliance/monitor initiative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





# ANNUAL ASSESSMENT PER OWNER - 2019 8/24/18 DRAFT





## 8 2018 BUDGET KEYNOTES

2016 ASSESSMENT: \$1,900  
2017 ASSESSMENT: \$1,900  
2018 ASSESSMENT: \$1,900  
**THREE YEARS, NO CHANGE.**

**\$270 RECREATION FEE**  
NO CHANGE, 3RD YEAR IN A  
ROW AT \$270

**\$12.5 MILLION**  
TOTAL OPERATING REVENUES

### ASSESSMENT GROWTH RATES

COMPOUNDED ANNUAL GROWTH RATES TO 2018

	5 YEAR	10 YEAR	20 YEAR
Operating	3.5%	3.6%	4.3%
Capital	6.1%	6.9%	7.9%
Combined Total	4.8%	5.1%	5.8%

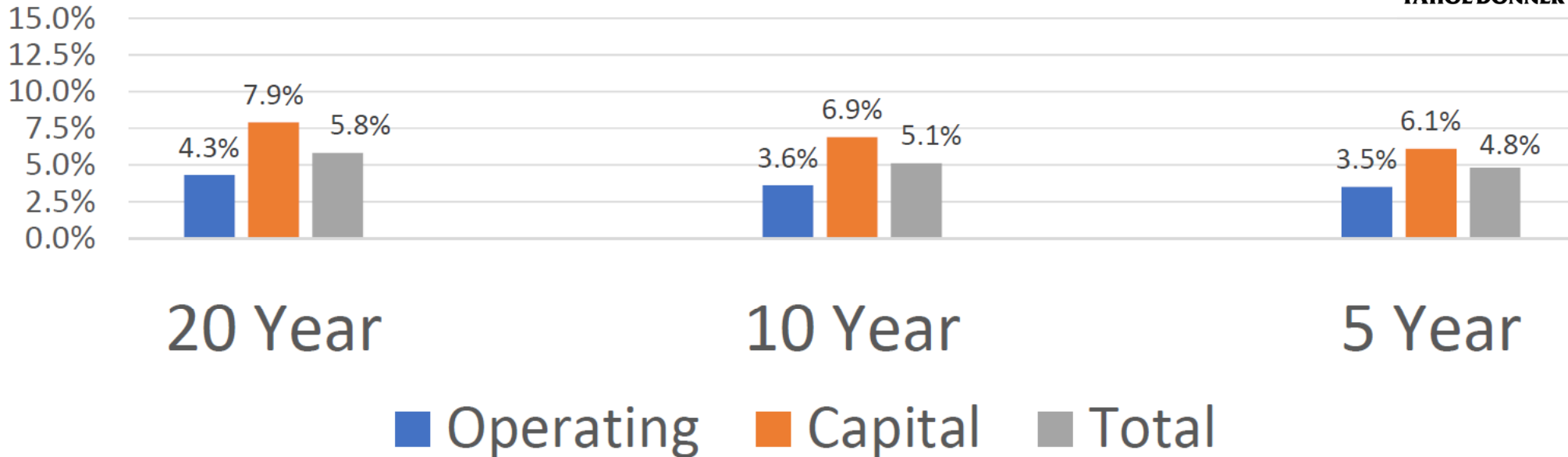


## Annual Assessment Growth Rate - by Fund type and Total

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1998 - 2008 - 2013 to 2018 Budget

Compounded Annual Growth Rate



### Annual Assessment Notes:

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

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

Over the past 20 years (1997 to 2017, the association's replacement reserve fund balance has improved by over \$8 million, addressing past underfunding and an aging infrastrucure of this now 47 year old association.

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

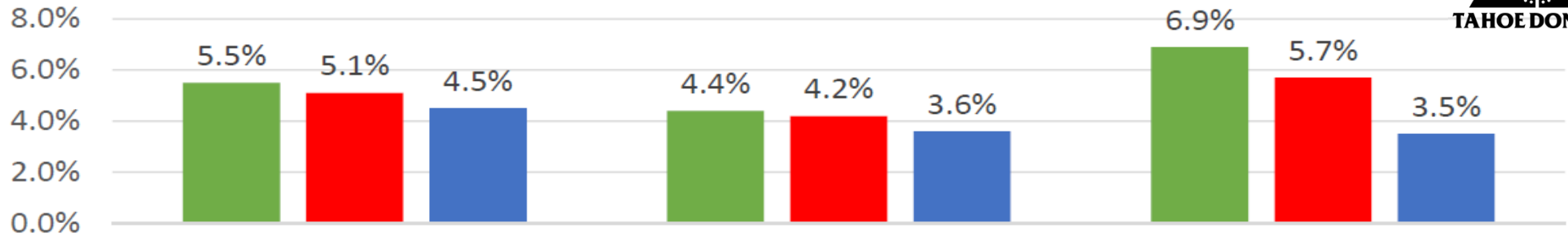
Operating AA / Capital AA ratio: 1998 66%/34% 2008 57%/43% 2013 53%/47% 2018 49%/51%

Over the past 20 years (1998 to 2018), the operating portion of assessment has decreasead from 66% to 49%, a 26% decrease.

## Operating Fund Growth Rate - by Component

1998 - 2008 - 2013 to 2018 Budget

Compounded Annual Growth Rate



20 Year

10 Year

5 Year

■ Operating Revenue    
 ■ Operating Costs    
 ■ Net Operating Result Loss

Operating Costs to Operating Revenues ratio:    1998 159%    2008 153%    2013 157%    2018 149%

Notable Amenity facilities growth over time include:

CA Min Wage 5yr has increased from \$8.00 to \$11.00 in 2018, a 6.6% CAGR  
 - **Increases 9.1% to \$12.00 on 1/1/2019**

- The Lodge built in 2005
- Trout Creek Recreation Center - built in 1994, expanded 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)

# 2019 BUDGET – REPLACEMENT RESERVE FUND

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	2018 Budget	2019 Budget 8.24/2018 draft	2019 Budget Scenario 1
Operating Fund Transfer IN <i>if made in 2018</i>		-	600,000
Beginning Balance (A) \$	10,006,000	8,450,000	9,050,000
2018 Beg Bal includes \$1.5 million 2017 transfer in (in anticipation of Snowbird Lift acceleration) of Snowbird Lift acceleration)			
Current Replacement Cost	50,870,162	53,164,729	53,164,729
Fully Funded study value (B)	30,846,974	32,005,059	32,005,059
ratio to CRC	61%	60%	60%
Percent Funded (A/B)	32.4%	26.4%	28.6%
Resolution 2013-3, Replacement Reserve Fund - policy establishes a % funded minimum of 25%			Trx 500,000 - 28.0% Trx 700,000 - 28.6%

Policy Link

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.



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## 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



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## 2019 BUDGET – REPLACEMENT RESERVE FUND

### Resolution 2013-3, Replacement Reserve Fund Minimum Balance Test

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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>	
Forecasted Balance 12/31/2018	\$ 8,450,000	<i>above policy Minimum</i>
Forecasted Balance 12/31/2019, per 2019 Budget Draft	\$ 7,655,331	<i>above policy Minimum</i>

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





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# 2019 BUDGET – REPLACEMENT RESERVE FUND

	2018 Budget	2018 Forecast	2019 Budget 8/24/2018 draft
(F) Beginning Balance	\$ 10,006,000	\$ 10,238,311	\$ 8,450,000
Assessment Contribution	4,013,000 \$620/o	4,013,000 \$620/o	4,175,000 \$645/o
Operating Fund Transfer IN	-	-	
Expenditures	(6,354,000)	(6,005,311)	(5,115,000) ←
Disposal of Assets proceeds	30,000	30,000	30,000
Interest Income/BDExp/Taxes	131,000	174,000	115,000
Budget YE Balance	\$ 7,826,000	\$ 8,450,000	\$ 7,655,000

**\$5.1 Million Spend includes:**  
 \$600,000 Golf Course remodel  
 \$890,000 Trout remodel  
 \$3.6m all other  
 Discussion----does not include  
 Forestry chipper and chipper truck  
 ~\$120,000 TL; need to add to RRF or  
 or bolster NEF

(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 - DEVELOPMENT FUND

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

2019 Assessment Contribution ( @ \$310 / owner) 2,007,000

- Operating Fund Transfer IN in 2018 - <discuss

## 2018 Expenditures (forecast, as of mid-August 2018):

Downhill Ski - Daylodge/SkierServices/Lifts, Planning	75,000
Trout Creek Recreation Facility, Remodel	250,000
Equestrian campus improvements, phase 3	200,000
Trails, new trail(s) per trails master plan	20,000
Snowmaking, permit deposit refund	(6,617)
Association Master Plan	5,856
DHSKi Eagle Rock shrouding and chairlift relocation	90,000
Land Acquisition, Other Projects, Cost Allocation, Contingency	265,375
TL Spend	<u>899,614</u>

Interest Income/BDExp/Taxes, NET 55,600

Forecast 12/31/2018 Balance \$ 4,916,000



See next page for 2019 Budget

# 2019 BUDGET - DEVELOPMENT FUND

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Forecast 12/31/2018 Balance \$ 4,916,000

2019 Assessment Contribution ( @ \$310 / owner) 2,007,000

*no change from 2018 per 8/24/2018 draft for 2019 B*

additonal Operating Fund Transfer IN TBD -

### 2019 Expenditures:

Trails, new trail(s) per trails master plan	50,000
Trout Creek Recreation Facility, Remodel - DF portion	470,000
Downhill Ski - Daylodge/SkierServices/Lifts, soft costs	200,000
Downhill Ski - regrading mile run, soft costs	50,000
Snowmaking - DHSki phase 2	600,000
Snowmaking - Cross Country Ski	100,000
Snowmaking - Snowplay	100,000
Feasibility Studies for Priority 1 projects	50,000
Land Acquisition, Other Projects, Cost Allocation, Contingency, Ir	289,000
TL Spend	<u>1,909,000</u>

in'19 no mailboxes

in'19 no ee housing

in'19 no w arming hut yurts

in'19 no glacier w ay improv.

Interest Income/BDExp/Taxes, NET 75,000

Budget 12/31/2019 Ending Balance \$ 5,089,000

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



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# 2019 BUDGET – NEW EQUIPMENT FUND

2019 Budget draft 8/24/2018

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Forecast 12/31/2018 Balance	\$	<u>54,000</u>	
2019 Assessment Contribution		194,000	
<b>2019 Expenditures:</b>			
Currently identified items		174,000	<i>next page</i>
Contingency		<u>40,000</u>	
TL Spend		<u>214,000</u>	
Investment Income/net of income taxes		3,000	
Budget 12/31/2019 Balance	\$	<u><u>37,000</u></u>	

# 2019 BUDGET – NEW EQUIPMENT FUND – 2019 SPEND

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## 2019 NEF Expenditures

Draft 2018-08-17

Component	Dept			Notes
HVAC for Mezzanine	010	nwch	\$ 30,000.00	<i>Deferred to 2019</i>
Bear Boxes	100	campground	\$ 8,000.00	<i>Deferred to 2019</i>
Rolling Canoe Racks	145	recreation	\$ 3,000.00	<i>Deferred to 2019</i>
Cellphone Booster - The Lodge	025	the lodge	\$ 30,000.00	did ACAC in 2018
Pickleball windscreen	090	tennis	\$ 2,000.00	<i>Deferred to 2019</i>
Banquet - Sound Buffering Walls	128	the lodge	\$ 20,000.00	
4x4 S/S Attachments - Cross Country	051	XCSki	\$ 15,000.00	
New Gate - Crabtree - 7C's	051	Trails	\$ 5,000.00	<i>Deferred to 2019</i>
Toro Workman (1 New)	080	Equine	\$ 31,000.00	
Additional Pavers in Grotto	128	the lodge	\$ 10,000.00	
Trail Counters	051	Trails	\$ 5,000.00	
Bobcat Trailer with Skis	110	XCSki	\$ 15,000.00	<i>rough estimate</i>
Contingency			\$ 40,000.00	<i>\$55k in B'18</i>
			\$ 214,000.00	

Discuss - Forestry chipper and chipper box truck





# OPERATING FUND – MEMBERS EQUITY SURPLUS

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- 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 ~\$1,430,000 by \$721,000
  - Options –
    - Make no transfers in 2018, hold in Operating Fund, Review mid-2019
    - IN 2018, transfer \$600,000 to Replacement Reserve Fund and \$100,000 to Development Fund
    - Other \_\_\_\_\_

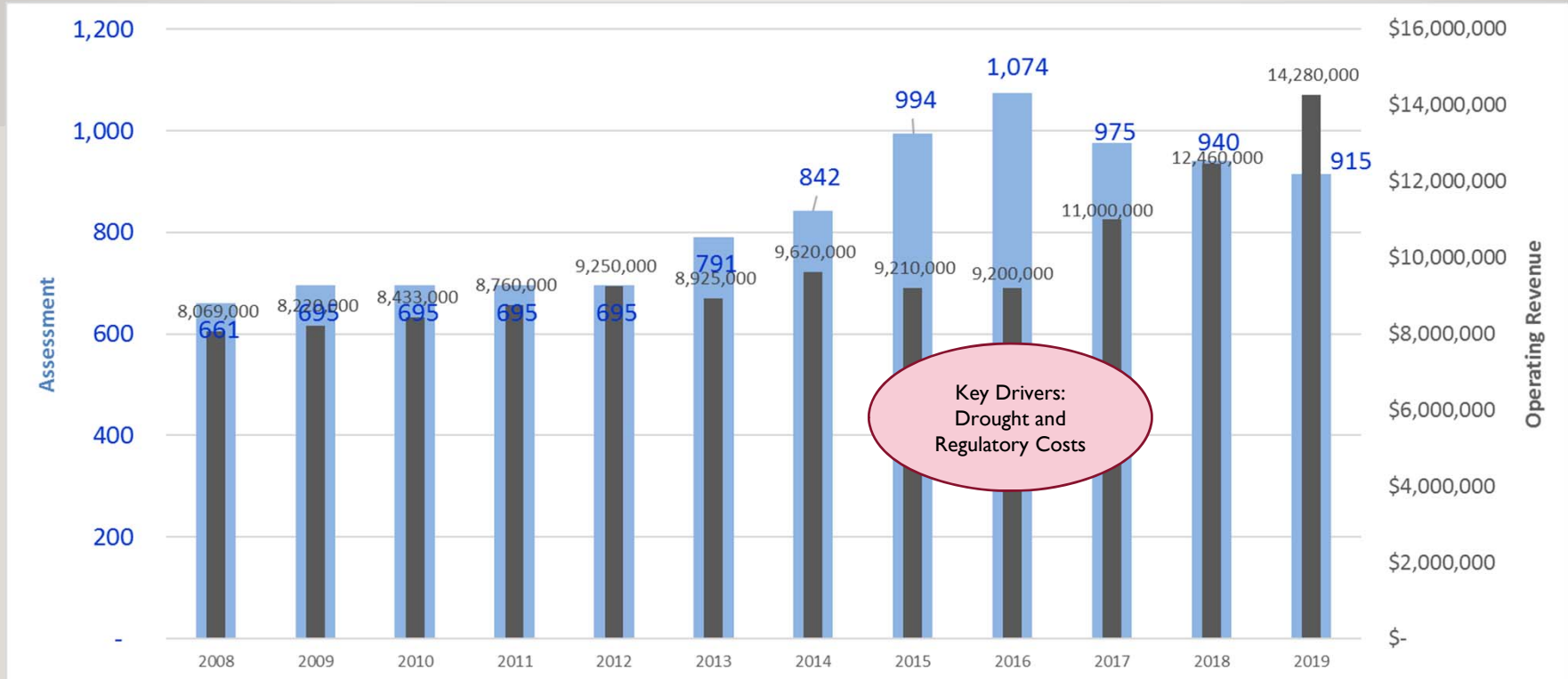
## 20 OPERATING FUND - METHODOLOGY

- 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



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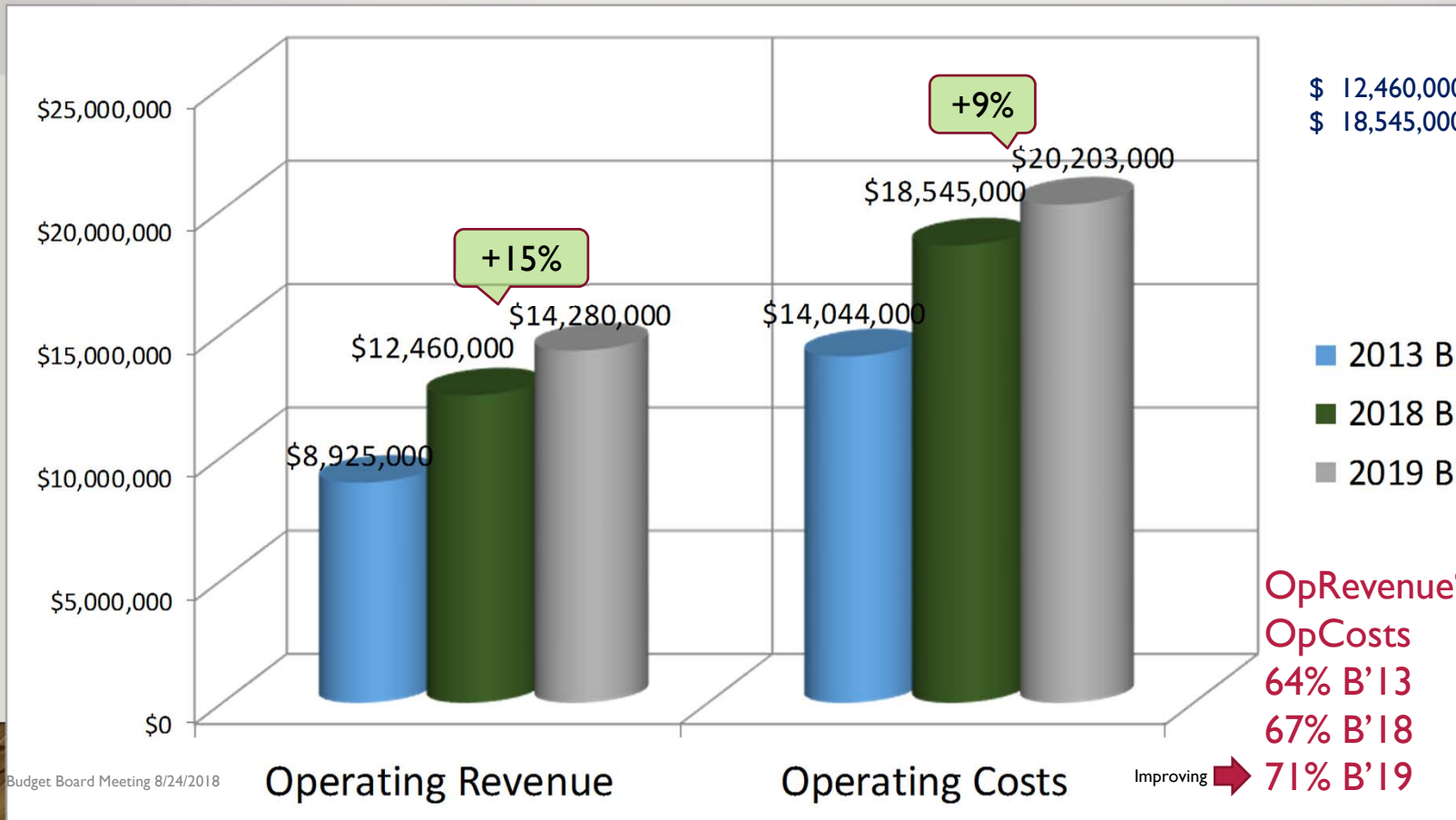
# OPERATING FUND

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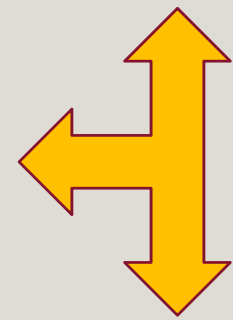
2019 Budget Draft 8/24/2018

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



$$\begin{aligned}
 & \$ 12,460,000 \times 3\% = \$ 374,000 \text{ rev} \\
 & \$ 18,545,000 \times 3\% = \$ 556,000 \text{ cost} \\
 & \qquad \qquad \qquad = \$ 182,000 \text{ net cost}
 \end{aligned}$$





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## OPERATING FUND - REVENUE

- \$ 12,779,000 Three Year simple average (2016 Actual, 2017 Actual, 2018 Forecast) (no drought yr without snowmaking)

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- 458,000 + 3.6% for past years pricing changes and net ther misc. adjustments for know trends/changes
- \$13,237,000 = Baseline for 2019 before Drivers [BL for Budget 2018 \$9,942,000 (1 drought year)]
- 676,000 Pricing changes 3.3% overall impact (notables DHSki, XCSki, Guest on Guest Card \$10)
- 84,000 Capital impacts (Downhill Ski snowbird chairlift \$75,000, Equestrian \$5,000, Bikeworks \$4,000)
- 266,000 Strategic impacts (all other, misc , \$5,000 Equestrian)
- 17,000 other impacts (misc)
- \$14,280,000 = Budget 2019 Operating Revenue 8/24/2018 draft

Pricing REVENUE Increases key drivers:  
 217,000 DHSki  
 154,000 RecFee/Daily MGU  
 55,000 XCSki  
 50,000 Lodge banquets – also see below  
 42,000 Golf 3.8%  
 28,000 Transfer Fee incr\$80 to \$475  
 25,000 Snowplay  
 23,000 Day Camps +10% via pricing  
 20,000 Alder Creek Café 6%  
 17,000 Pizza 3%  
 10,000 Equestrian – also see below

Strategic REVENUE Increases key drivers:  
 120,000 ASO reg fee STRs  
 80,000 Alder Creek Café banquet events  
 50,000 The Lodge dining and pub prices  
 10,000 Equestrian BRP placeholder





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## OPERATING FUND – PAYROLL DIRECT

- \$ 9,850,000 2018 Forecast
- 89,000 -adjust for baseline revenue & known changes/vacancies etc. by department
- \$ 9,939,000 = Baseline for 2019 before Drivers
- 279,000 Merit increases 3.0%, net overall 2.8%
- 70,000 Capital impacts
- 78,000 Strategic impacts
- 190,000 Regulatory impacts (CA MinWage impact, increasing \$1/9% from \$11.00 to \$12.00 1/1/2019, beyond Merit)
- \$ 10,556,000 = Budget 2019 Payroll Direct

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

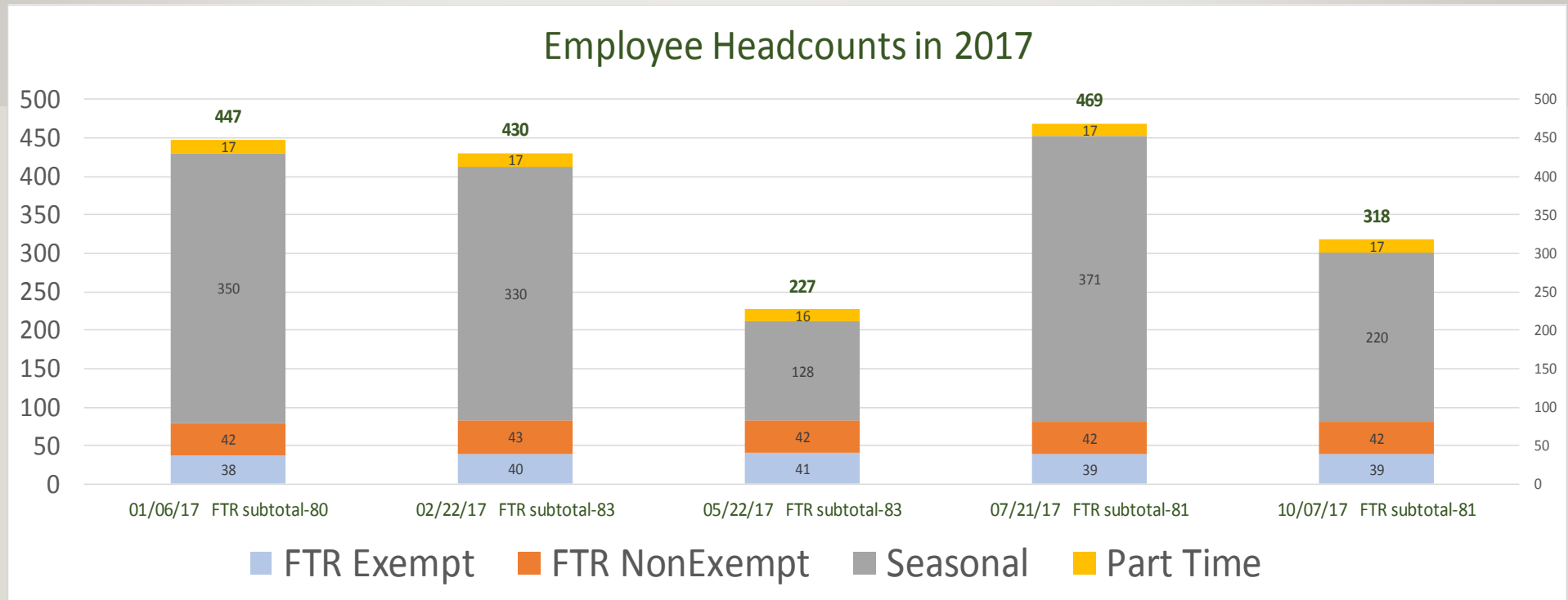
C 60,000 – Forestry – DefSpace coord  
S 42,000 – ASO - STR compliance  
S 46,000 – Forestry – add chipping crew  
S 16,000 – Alder Cr Café – Banquet driver  
S (30,000) – The Lodge – Efficiency target  
S (10,000) – DHSki School – efficiency target

# OPERATING FUND – HEAD COUNTS



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B18 Slide - TO UPDATE LATER



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 – FULL TIME REGULAR BENEFIT POSITIONS**

B'18 to B'19, an increase of two FTYR positions:

- Forestry – Defensible Space coordinator
- ASO – STR compliance coordinator

		"Budget Plan and Authorized" Full-Time Regular Positions [benefits]												
		Budget 2018			Budget 2019			B2B Change			Budget 2019 - w/Allocations			
Dept#	Dept Name	Exempt	Non-Exp	Total	Exempt	Non-Exp	Total	Exempt	NonE	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	2.00	5.00	7.00	-	-	-		2.00	5.00	7.0
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	5.00	10.50	-	-	-	(0.70)	4.80	5.00	9.8
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
	<b>Total</b>	<b>41.0</b>	<b>45.0</b>	<b>86.0</b>	<b>42.5</b>	<b>45.5</b>	<b>88.0</b>	<b>1.5</b>	<b>0.5</b>	<b>2.0</b>	<b>0.00</b>	<b>42.5</b>	<b>45.5</b>	<b>88.0</b>



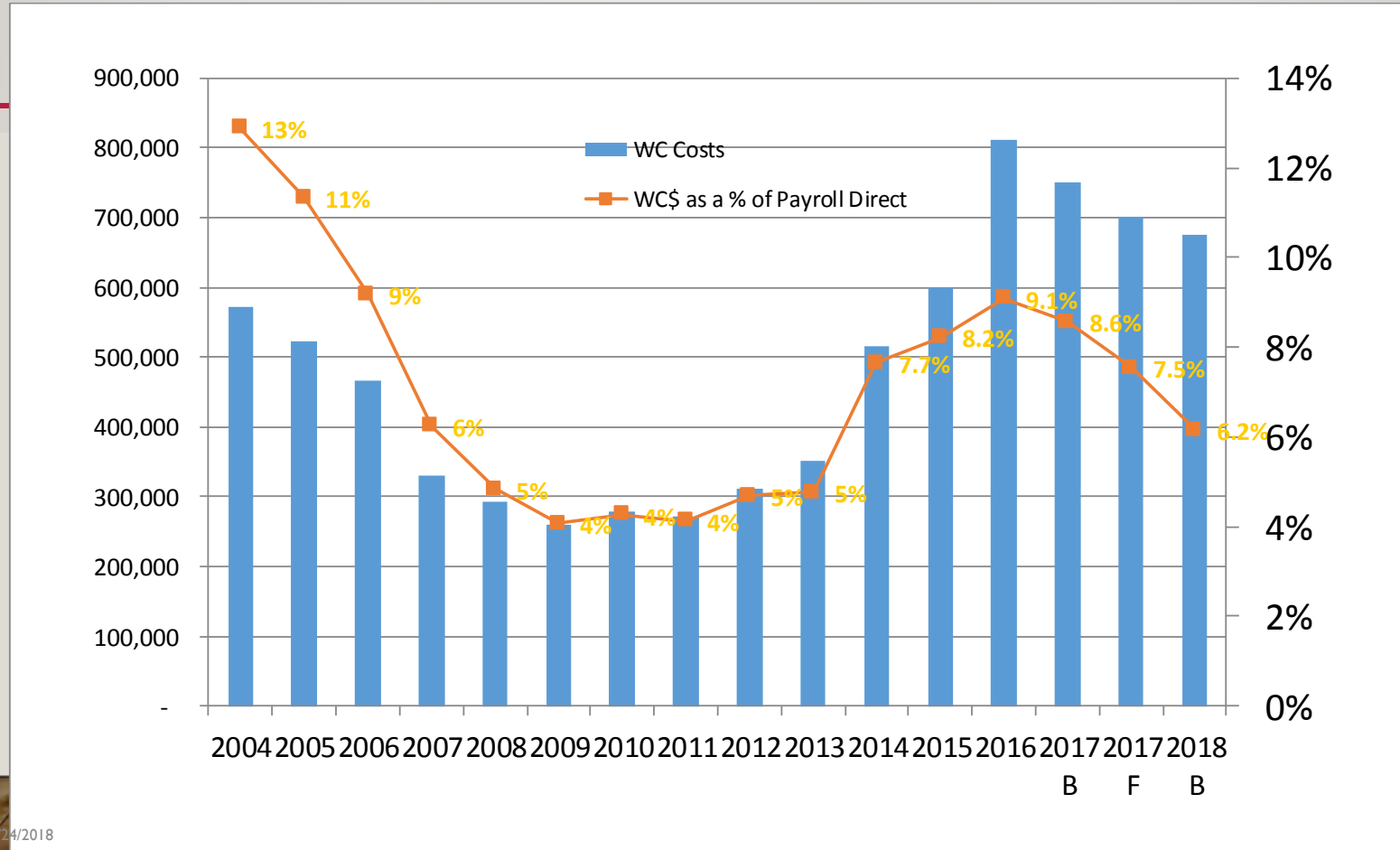
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# OPERATING FUND – PAYROLL BURDEN

	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Forecast</b>	<b>2019 Budget</b>	
	\$ 936,449	\$ 989,858	\$ 1,060,000	\$ 1,042,000	\$ 1,161,000	
	811,101	774,092	595,000	555,000	685,000	< renewal TBD, used +15%
	589,506	697,265	940,000	852,000	990,000	< 7% premium incr + 2p
	144,395	140,232	205,000	176,000	215,000	< safe harbor plan mods
	<u>\$ 2,481,451</u>	<u>\$ 2,601,447</u>	<u>\$ 2,800,000</u>	<u>\$ 2,625,000</u>	<u>\$ 3,051,000</u>	
	 <u>\$ 8,930,137</u>	 <u>\$ 9,571,886</u>	 <u>\$ 9,676,000</u>	 <u>\$ 9,849,724</u>	 <u>\$ 10,556,200</u>	
	10.5%	10.3%	11.0%	10.6%	11.0%	
	9.1%	8.1%	6.1%	5.6%	6.5%	
	6.6%	7.3%	9.7%	8.6%	9.4%	
	1.6%	1.5%	2.1%	1.8%	2.0%	
	27.8%	27.2%	28.9%	26.7%	28.9%	

# OPERATING FUND – WORKERS COMPENSATION COSTS

WILL UPDATE POST-RENEWAL IN SEPT





# 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 – 91 employees, with current ACA calculations, ~21p qualify ACA
  - 2019B – 91 employees, with current ACA calculations, ~21p qualify ACA ----held at 91 despite adding two positions
- 2018 Budget
  - Assumed 82ee enrolled of 91ee Authorized (*90% enrollment rate*)
- 2018 Forecast
  - Averaging ~66ee enrolled (vacancies, turnover, turndowns, other) ---note, adding 2 positions in B19
  - YTD savings \$88,000/16% to Budget
- 2019 Budget
  - Assumes 81 participants,  $81/91 = 89\%$  enrollment rate
  - Known, Premium renewal increase 7% Medical; 0% Dental & ~2% Vision
  - No change in 75% Employer/ 25% Employee premiums cost split
  - Contingency is at a *medium level* for this volatile significant cost component for 2019B

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

Budget Board Meeting 8/24/2018



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Will update  
for  
September  
workshop

	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%	248,000 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%	614,000 13%
<b>Total Op Expenses</b>	<b>\$ 4,310,140 100%</b>	<b>\$ 4,295,000 100%</b>	<b>\$ 4,694,000 100%</b>	<b>\$ 4,581,000 100%</b>
2018 Budget variance	270,860	286,000	(113,000)	

- Key changes for Budget 2019 vs B'18
- + 50,000 Forestry – def space 8>6yr cycle progression
  - +50,000 ASO – str compliance costs
  - +45,000 cc fees on revenue change
  - +86,000 inflation 1.8% factor

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

6%

7%

-2%

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**OPERATING FUND – NOR BY DEPARTMENT**

TAHOE DONNER ASSOCIATION		8/20/18 Draft			2019 Budget	Operating Fund 2019			NOR	Fav (Unfav)		
2019 Budget - Annual		Operating	Cost of	Gross	Operating	2019 Budget per Property			Budget	NOR Change		
Budget Summary		Revenue	Goods Sold	Margin (GM)	Costs	NET OPERATING RESULTS (NOR)	# Properties > 6,473			2018	B 2 B	B 2 B %
					Total (OCT)		GM/	OCT/	NOR/			
<b>Private Amenities</b>												
Trout Creek Recreation Center	\$ 1,094,000	\$ (30,000)	\$ 1,064,000	\$ (980,000)	\$ 84,000	\$ 164	\$ (151)	\$ 13	\$ 45,700	\$ 38,300	84%	
Beach Club Marina	750,000	(53,000)	697,000	(419,200)	277,800	108	(65)	43	234,700	43,100	18%	
Tennis Center	213,000	(32,900)	180,100	(184,100)	(4,000)	28	(28)	(1)	22,200	(26,200)	-118%	
Aquatics	241,000	0	241,000	(252,800)	(11,800)	37	(39)	(2)	(61,400)	49,600	81%	
Recreation Programms	180,000	(4,000)	176,000	(228,300)	(52,300)	27	(35)	(8)	(55,000)	2,700	5%	
Day Camps	258,000	0	258,000	(228,100)	29,900	40	(35)	5	29,800	100	0%	
<b>Total Private Amenities</b>	<b>2,736,000</b>	<b>(119,900)</b>	<b>2,616,100</b>	<b>(2,292,500)</b>	<b>323,600</b>	<b>404</b>	<b>(354)</b>	<b>50</b>	<b>216,000</b>	<b>107,600</b>	<b>50%</b>	
<b>Public Amenities</b>												
Downhill Ski Area	3,878,000	(201,900)	3,676,100	(2,934,800)	741,300	568	(453)	115	471,000	270,300	57%	
Cross Country Ski Area	1,043,000	(59,000)	984,000	(800,800)	183,200	152	(124)	28	127,000	56,200	44%	
Snowplay	282,000	(3,900)	278,100	(163,300)	114,800	43	(25)	18	104,200	10,600	10%	
Equestrian	255,000	(6,500)	248,500	(317,300)	(68,800)	38	(49)	(11)	(87,000)	18,200	21%	
Campground	70,000	0	70,000	(75,800)	(5,800)	11	(12)	(1)	(9,900)	4,100	41%	
Trails	1,000	0	1,000	(174,900)	(173,900)	0	(27)	(27)	(147,600)	(26,300)	-18%	
Bikeworks	120,000	(40,000)	80,000	(74,700)	5,300	12	(12)	1	1,200	4,100	342%	
Golf	1,160,000	(61,000)	1,099,000	(1,211,800)	(112,800)	170	(187)	(17)	(98,000)	(14,800)	-15%	
Summer Food and Beverage	270,000	(70,000)	200,000	(299,200)	(99,200)	31	(46)	(15)	(143,800)	44,600	31%	
Alder Creek Café	450,000	(144,000)	306,000	(393,500)	(87,500)	47	(61)	(14)	(116,300)	28,800	25%	
The Lodge	2,625,000	(735,000)	1,890,000	(1,830,600)	59,400	292	(283)	9	(154,000)	213,400	139%	
Pizza on the Hill	596,000	(163,500)	432,500	(482,200)	(49,700)	67	(74)	(8)	(57,800)	8,100	14%	
<b>Total Public Amenities</b>	<b>10,750,000</b>	<b>(1,484,800)</b>	<b>9,265,200</b>	<b>(8,758,900)</b>	<b>506,300</b>	<b>1,431</b>	<b>(1,353)</b>	<b>78</b>	<b>(111,000)</b>	<b>617,300</b>	<b>556%</b>	
<b>Total Amenities</b>	<b>13,486,000</b>	<b>(1,604,700)</b>	<b>11,881,300</b>	<b>(11,051,400)</b>	<b>829,900</b>	<b>1,836</b>	<b>(1,707)</b>	<b>128</b>	<b>105,000</b>	<b>724,900</b>	<b>690%</b>	
<b>Homeowners Association</b>												
General	0	0	0	(914,600)	(914,600)	-	(141)	(141)	(847,800)	(66,800)	-8%	
Communications	206,000	0	206,000	(760,200)	(554,200)	32	(117)	(86)	(510,600)	(43,600)	-9%	
Facility Administration	0	0	0	(347,500)	(347,500)	-	(54)	(54)	(330,300)	(17,200)	-5%	
Administration	238,000	0	238,000	(815,200)	(577,200)	37	(126)	(89)	(552,900)	(24,300)	-4%	
MIS	0	0	0	(684,900)	(684,900)	-	(106)	(106)	(655,000)	(29,900)	-5%	
Accounting	6,000	0	6,000	(833,700)	(827,700)	1	(129)	(128)	(792,400)	(35,300)	-4%	
Human Resources	0	0	0	(413,300)	(413,300)	-	(64)	(64)	(382,200)	(31,100)	-8%	
ASO	305,000	0	305,000	(537,600)	(232,600)	47	(83)	(36)	(227,600)	(5,000)	-2%	
Member Services	34,000	0	34,000	(289,100)	(255,100)	5	(45)	(39)	(234,000)	(21,100)	-9%	
Forestry	5,000	0	5,000	(1,110,900)	(1,105,900)	1	(172)	(171)	(865,200)	(240,700)	-28%	
Maintenance	0	0	0	(839,900)	(839,900)	-	(130)	(130)	(792,000)	(47,900)	-6%	
<b>Total Homeowners Association</b>	<b>794,000</b>	<b>0</b>	<b>794,000</b>	<b>(7,546,900)</b>	<b>(6,752,900)</b>	<b>123</b>	<b>(1,166)</b>	<b>(1,043)</b>	<b>(6,190,000)</b>	<b>(562,900)</b>	<b>-9%</b>	
<b>TOTAL OPERATING FUND</b>	<b>\$ 14,280,000</b>	<b>\$ (1,604,700)</b>	<b>\$ 12,675,300</b>	<b>\$ (18,598,300)</b>	<b>\$ (5,923,000)</b>	<b>\$ 1,958</b>	<b>\$ (2,873)</b>	<b>\$ (915)</b>	<b>\$ (6,085,000)</b>	<b>\$ 162,000</b>	<b>3%</b>	
						<b>\$ 162,000</b>	<b>change from \$940</b>	<b>\$ 25</b>	<b>2.7%</b>			



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Revenue - User Fees and Rates –

- G07.1 Main schedule
  - G07.2 recreation fee and daily entry access private amenities
  - G07.3 Downhill Ski 18/19 Season Peak/NonPeak pricing draft
- 

Other

- G08 09 10 – Operating Fund summary and detail schedules by dept
- G03.1 Strategic Guidance
- G03.2 Amenity Utilization by Unit/Lot information
- G03.3 Allocated Overhead
  
- G04 Development Fund
- G05 Replacement Reserve Fund schedules
- G06 Replacement Reserve Study by component, all 30 years
  
- G11 to G15 – reference materials



# METRICS COMPILATION –



## Tahoe Donner financials specific

- \$1900 annual assessment, flat for 4th consecutive years, 1<sup>st</sup> time in over 30 years
- \$ 158 per Month Annual Assessment (consistent with 2016 2017 and 2018)
  - \$76 per owner per month AA Operating portion (\$5.9 million) 48% --- 5 years ago – B'14 – 53%
  - \$82 per owner per month AA Capital portion (\$6.4 million) 52%
- \$ 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)**



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## 2019 BUDGET – BOARD APPROVAL (IN OCTOBER 2018)

- Operating Fund
    - Excess Members Equity Transfer(s), if any
- 
- 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.*

Next Workshop 9/14

Workshop 10/12 – ideally approved on this date 'ie Action Item'

Regular 10/27 – late in month, required by this date

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# 2019 BUDGET – NEXT STEPS

## - NEXT WORKSHOP FRIDAY SEPTEMBER 14, 2018

- Operating Fund
  - Workers Compensation renewal
  - Insurance renewal
  - Continued refinement of pricing models and elasticity
  - Review & refine costs – Payroll, Payroll Burden, Expenses
  - Board / FC/ GPC / other guidance refinement
- Capital Funds
  - Review and refine Reserve Study and 2019 Expenditure plan
  - Development fund review
  - Chipper and Chipper Truck
  - Board / FC/ GPC / other guidance refinement