



Blue Ribbon Equestrian Panel 2018 Report

Panel Members: Karen Aaron, Sue Anderson, Jim Beckmeyer, Nan Carnal,
Tim & Sue Crum, Lorna Dobrovolny, Kamy Goldfarb, Nan Meek, Susan Terrell

Finance Committee Liaison: Jim Stang | **GPC Liaison:** Michael Sullivan | **Board Liaison:** Jeffrey Connors

Tahoe Donner Management and Staff: Robb Etnyre, Krystal Rae Mecham,
Megan Rodman, Michael Salmon, Miguel Sloane, Jesse Strzok

**Presented by Blue Ribbon Equestrian Panel Chair Nan Meek to the Tahoe Donner Board of Directors
December 15, 2018**

MISSION

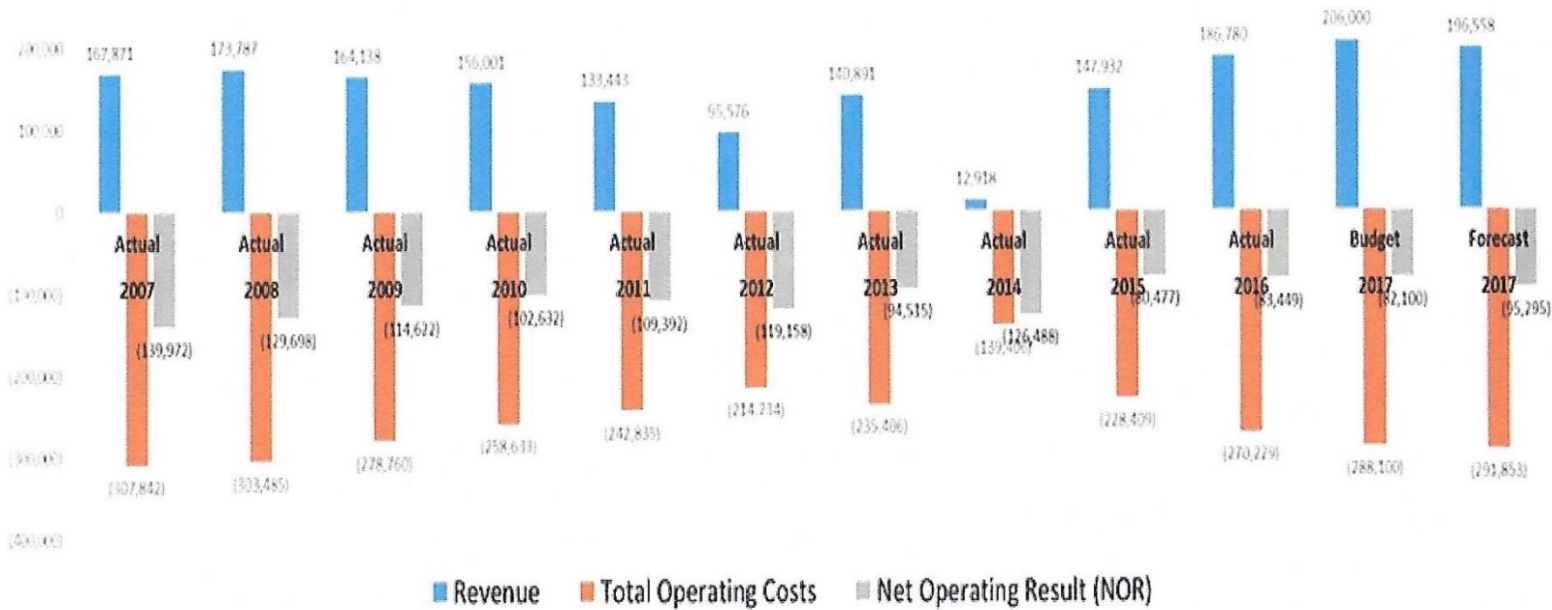
- Independently review all of the operating processes and procedures of the originally chartered Equestrian Amenity and to make recommendations to the Association Board of Directors after careful and thorough analysis including market review of competitive institutions.
- To seek avenues that will increase the level of revenue generated while keeping members as a first priority.
- To encourage greater participation in, and appreciation for, the Equestrian Amenity.
- To, if possible and feasible from a service quality perspective, explore avenues to reduce expenses by exploring alternative business models.
- To be well on the path to achieving a Net Operating Result (NOR) by the end of 2018 of at least \$0 and hopefully stronger.

EXECUTIVE SUMMARY

- OPERATING PROCESSES & PROCEDURES
 - 2018 total operating expenses down 5% to \$300,790
- REVENUE
 - 2018 revenue up 16% to \$227,394
- PARTICIPATION & APPRECIATION
 - 2018 visits down 5% to 1,930
- ALTERNATIVE BUSINESS MODELS
 - 2018 worked with Equine Rescue Organization
- NOR IMPROVEMENT
 - 2018 NOR improved 19% to (\$73,396)

NOR IMPROVEMENT

- Blue Ribbon Equestrian Panel formed Oct. 2017
- NOR loss was 35% lower than 10 years prior
- 2017 NOR (\$90,337) – 2007 NOR (\$139,972)



NOR IMPROVEMENT

- First year results 2018 NOR (\$73,396)
 - Loss down 19% compared to 2017 NOR (\$90,337)
 - Loss down 48% compared to 2007 NOR (\$139,972)
- Budget 2019 NOR (\$65,000)
 - Loss down 11% compared to 2018 NOR (\$73,396)
 - Loss down 28% compared to 2017 NOR (\$90,337)
 - Loss down 54% compared to 2007 NOR (\$139,972)



NOR IMPROVEMENT

The Path to Zero NOR: A Projection

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Prior Year NOR	(90,337)	(73,396)	(58,396)	(45,396)	(33,396)	(23,396)	(15,396)	(9,396)	(4,396)
NOR Improvement*	16,941	15,000	13,000	12,000	10,000	8,000	6,000	5,000	5,000
Current Year NOR (1)	(73,396)	(58,396)	(45,396)	(33,396)	(23,396)	(15,396)	(9,396)	(4,396)	604
*NOR Improvement numbers are assumed, except for 2018.									

Current Year NOR (1)	(73,396)	(58,396)	(45,396)	(33,396)	(23,396)	(15,396)	(9,396)	(4,396)	604
Expenses*	(300,790)	(306,806)	(312,942)	(319,201)	(325,585)	(332,096)	(338,738)	(345,513)	(352,423)
Revenue Target (2)	227,394	248,410	267,546	285,805	302,189	316,700	329,342	341,117	353,027
*Assumption: Expenses held at 2% compound annual increase.									

Prior Year Revenue	196,272	227,394	248,410	267,546	285,805	302,189	316,700	329,342	341,117
Revenue Target (2)	227,394	248,410	267,546	285,805	302,189	316,700	329,342	341,117	353,027
Revenue growth	31,122	21,016	19,136	18,259	16,384	14,511	12,642	11,775	11,910
% Revenue growth	16%	8%	7%	6%	5%	5%	4%	3%	3%

NOR IMPROVEMENT

- Observations
 - This is only a projection ...
 - An 8-year path to Zero NOR will be an increasing challenge over time
 - Holding expenses to 2% compound annual increase may not be possible every year
 - Unexpected expenses, such as minimum wage, which impact this labor-intensive operation
 - Increases outside our control
 - Revenue increases provide the most opportunity for fulfilling expectations
 - Regular and reasonable price increases
 - Events
 - New product/service offerings
 - Increased marketing

ALTERNATIVE BUSINESS MODELS

- The root cause of our greatest business challenge:
 - Horses are animals, not sports equipment
- Alternative business models considered
 - Contractor vs TDA Herd
 - Risks: quality, safety, operational continuity
 - Herd Sharing
 - Risks to horses and operational continuity
 - Equine Rescue Organizations
 - Identified mutual benefit potential

ALTERNATIVE BUSINESS MODELS

- Equine Rescue Organizations & Tahoe Donner
 - Collaboration for mutual benefit
 - Operating efficiencies, increased awareness
- Potential benefits to Tahoe Donner
 - Source of good low-cost horses
 - Return horses at end of season
- Potential benefits to Equine Rescue Org
 - Horses get great care and good experiences at TD
 - Increase value of horses for horse adopters
 - TD may be source of potential adopters/donors
- Potential liabilities to Tahoe Donner
 - Concerns to be addressed by insurance carrier and legal counsel

ALTERNATIVE BUSINESS MODELS

- Recommendations
 - Equine Rescue Organizations
 - Explore feasibility of ongoing mutual benefits
 - For example:
 - Tahoe Donner
 - Acquire horses for the season
 - Promote them as adoptable
 - Return un-adopted horses at end of season
 - Equine Rescue Organization
 - Handle adoption arrangements
 - Naming: “Tahoe Donner Buddy” or “TD Buddy”
 - Distribute TDEC brochures to potential and adopters

PARTICIPATION

- “The Best Place for Family Fun with Horses”
 - Discovering horses
 - Learning new skills
 - Developing responsibility
 - Athletic, outdoor activity
 - Participation in events
 - Together time for multiple generations



PARTICIPATION

- Activities Ranked by 2018 Visits

ACTIVITY	2017	2018	CHANGE	%
Trail Rides	2,038	1,930	(108)	-5%
Boarding	1,410	1,050	(360)	-26%
Camps	370	545	175	47%
Events	235	333	98	42%
BBQ	170	102	(68)	-40%
Lessons	50	87	37	74%
Total Visits	4,273	4,047	(226)	-5%

PARTICIPATION

- A Wild Success: The 1st Wild West Fest
- Something for everyone: arena entertainment, kids activities, dinner and drinks, dancing to live music.
- Greater than expected attendance
 - Member participation and attendance
 - Equestrian community involved – wants to return
- Overwhelmingly positive feedback
 - BBQ requested next time
- Net revenue \$4,576



PARTICIPATION

- Recommendations
 - Increase Wild West Fest features and attendance
 - Promote Wild West Fest often and early
 - Promote TD as “The Best Place for Family Fun with Horses”
- Members
 - Increase promotion of TDEC and activities in TD media
 - Publish TDEC personal experience stories
 - Improve TDEC signage per Blue Ribbon Equestrian Panel report
- Public
 - Promote TDEC and WWF in regional equestrian media
 - Network with regional equestrian organizations

REVENUE

- Activities Ranked by 2018 Revenue

ACTIVITY	2017	2018	CHANGE	%
Trail Rides	\$102,032	\$102,239	\$207	0%
Camps	\$44,549	\$64,369	\$19,820	44%
Boarding	\$24,318	\$21,489	(\$2,829)	-12%
Events	\$12,996	\$18,467	\$5,471	42%
Retail	\$8,428	\$12,432	\$4,004	48%
Lessons	\$3,629	\$6,598	\$2,969	82%
Other	\$320	\$1,800	\$1,480	463%
Gross Revenue	\$196,272	\$227,394	\$31,122	16%

REVENUE

- Competitive Analysis Conclusions
 - Equestrian prices are driven by
 - Location – socioeconomic conditions, supply and demand
 - Quality level of accommodations and services
 - TD is unique
 - “Comparibles” are in short supply
 - None with exactly the same services, location and constraints
 - No exact “apples to apples” comparisons
 - Per Blue Ribbon Equestrian Panel report
 - The best pricing guide is TD experience, track record and good judgement ... Along with continuous evaluation

REVENUE

2019 Pricing - TD Herd Horses

	MEMBER	GUEST	PUBLIC
2019 Trail Ride - 1 hour	\$59	\$65	\$79
2018 Trail Ride - 1 hour	\$54	\$61	\$69
2019 increase in \$	\$5	\$4	\$10
2019 increase in %	9%	7%	14%

2019 Pony Ride - 30 minutes	\$29	\$39	\$49
2018 Pony Ride - 30 minutes	\$26	\$34	\$39
2019 increase in \$	\$3	\$5	\$10
2019 increase in %	12%	15%	26%

2019 Lesson - 1 hour	\$79	\$89	\$99
2018 Lesson - 1 hour	\$74	\$84	\$94
2019 increase in \$	\$5	\$5	\$5
2019 increase in %	7%	6%	5%

2019 Horse Camp - 3 hour	\$549	n/a	\$649
2018 Horse Camp - 3 hour	\$539	n/a	\$639
2019 increase in \$	\$10	n/a	\$10
2019 increase in %	2%	n/a	2%

**BBQs (some with rides) priced at \$10- \$119, UP 5% to 20% in 2019.
Due to smallest volume/revenue, not detailed for this report.**

2019 Pricing - Privately Owned Horses

	MEMBER	GUEST	PUBLIC
2019 Boarding - 12x24 Monthly	\$439	n/a	\$589
2018 Boarding - 12x24 Monthly	\$429	n/a	\$579
2019 increase in \$	\$10	n/a	\$10
2019 increase in %	2%	n/a	2%

2019 Boarding - 12x12 Weekly	\$119	n/a	\$194
2018 Boarding - 12x12 Weekly	\$114	n/a	\$184
2019 increase in \$	\$5	n/a	\$10
2019 increase in %	4%	n/a	5%

2019 Boarding - 12x12 Daily	\$29	n/a	\$47
2018 Boarding - 12x12 Daily	\$27	n/a	\$44
2019 increase in \$	\$2	n/a	\$3
2019 increase in %	7%	n/a	7%

2019 Boarding - 12x24 Monthly*	\$599	n/a	\$759
2018 Boarding - 12x24 Monthly*	\$599	n/a	\$759
2019 increase in \$	\$0	n/a	\$0
2019 increase in %	0%	n/a	0%

*Significant unfilled capacity in 2018 so no price increase in 2019.

REVENUE

- Recommendations
 - Develop and promote new product offerings such as adult camps, and others
 - Enhance current product offerings such as trail rides with a naturalist
 - Create trail ride clinics and lectures
 - Raise prices as market permits
 - Increase Equestrian Club activities
 - Continue Staff's financial vigilance

OPERATIONS

- 2018 Operations Expense Challenges
 - Vet Services 155% up (\$10,857 vs \$4,250)
 - Disposal fees 44% up (\$13,103 vs \$9,122)
- 2018 Operations Expense Successes
 - Payroll 2% up (\$197,997 vs \$193,413)
 - Feed Hay Grain 0% flat (\$13,440 vs \$13,397)
 - Offsite Pasture 6% down (\$11,736 vs \$12,467)
 - 1st Wild West Fest net results 45% at \$4,576



OPERATIONS

- Recommendations
 - Trail rides: promote regionally
 - Camps: expand and promote
 - Boarding: promote regionally
 - Events: expand and promote
 - Retail: Wild West Fest event apparel & souvenirs
 - Lessons: add clinics (cowboy dressage, etc.)
 - Overall: add regional equestrian marketing



OPERATIONS

- Recommend: Regional equestrian marketing
 - Focus on California equestrian media
 - California Riding Magazine
 - Horseman's News
 - Online equestrian media
 - Buy reasonable advertising and/or advertorials
 - Provide and/or pitch articles for media content
 - First-person accounts of trail rides, camp experiences, summer boarding in the Sierras at Tahoe Donner, etc.
 - Provide TDEC brochures to STR owners/agencies

RECOMMENDATIONS RECAP

- Operations
 - Trail rides: promote regionally
 - Camps: expand and promote
 - Boarding: promote regionally
 - Events: expand and promote
 - Retail: Wild West Fest event apparel and souvenirs
 - Lessons: add clinics (cowboy dressage, etc.)
 - Marketing in California regional equestrian media
- Revenue
 - New product offerings
 - Enhance current product offerings such as trail rides with a naturalist
 - Create trail ride clinics and lectures
 - Raise prices as market allows
 - Increase Equestrian Club activities
 - Continue Staff's financial vigilance
- Participation
 - Increase Wild West Fest features and attendance
 - Promote Wild West Fest often and early
 - Promote TD as "The Best Place for Family Fun with Horses"
 - Increase promotion of TDEC and activities in TD media
 - Publish TDEC personal experience stories in regional equestrian media
 - Improve TDEC signage (see attached report)
 - Promote TDEC and WWF in regional equestrian media
 - Network with regional equestrian organizations
- Alternative Business Models
 - Explore feasibility of ongoing mutual benefits with Equine Rescue Organizations

Continuing NOR IMPROVEMENT depends on the success of these and other initiatives.