

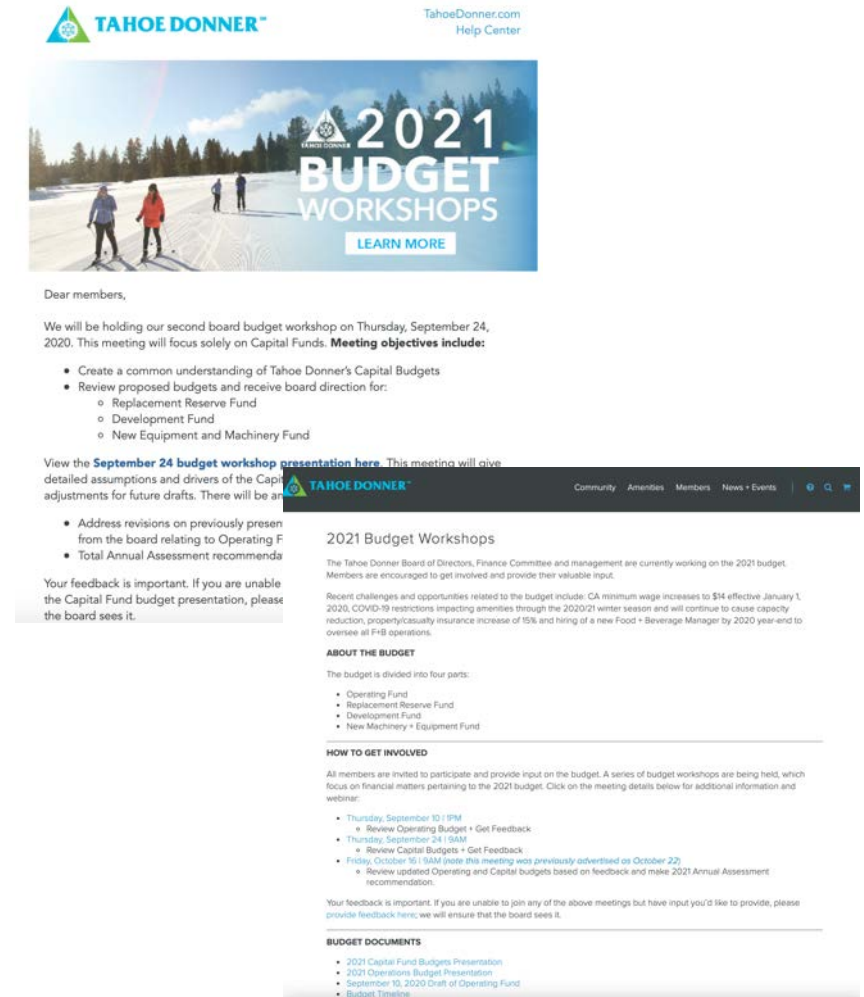
2021 BUDGET REVIEW

OCTOBER 16, 2020



2021 BUDGET MEMBER OUTREACH

- **Open Budget Workshops:** 9/10, 9/24, 10/16
- **Dedicated Member Emails:** Sent 2-3 days prior to each meeting with the objectives of each meeting, ways to participate and links to supporting documents
- **Weekly Tuesday Emails:** Included meetings from August 18 onward
- **2021 Budget Webpage:** Created and integrated into web navigation
- **Budget Feedback Form:** Created and integrated into the 2021 Budget Webpage



2021 BUDGET MEMBER OUTREACH

- **2021 Budget Story:** Published in October *TD News*
- **Message from the GM:** 10/7 email and in October *TD News*
- **Twitter:** Posted budget workshop reminders
- **Budget Timeline Graphic:** Featured in September *TD News* with meeting dates

Besides the published budget timeline in *TD News*, every single communication method listed was new this year and built on the goal to be transparent, timely and creating an easy way to give feedback.



BUDGET UPDATE: KEY DRIVERS + HOW TO GIVE FEEDBACK

At a glance, Tahoe Donner boasts 6,473 property owners, 25,000 members, 7,300 acres and 29 departments. With 84 full-time, year-round employees and 870 part-time and seasonal employees, the Tahoe Donner Board of Directors, Finance Committee and Management have begun working on the 2021 budget.

Amenity progress highlights that came out of the 2020 Replacement Reserve Fund include:

- Golf Course Tee and Fairway Repair + Replacement: **\$2.2M**
- Trout Creek Recreation Center Expansion: **\$825,000**
- ADA Upgrades at Facilities (approximate combined budget from years 1 + 2): **\$800,000**
- Nature Loop Repair + Replacement: **\$683,935**

To date, 2 meetings have been held concerning the 2021 budget. The September 10 meeting focused on the operating budget, and the September 24 meeting focused on the capital budgets. The final meeting is scheduled for October 16, where staff will return with updated budgets based on board, Finance Committee, General Plan Committee and member feedback. In this final discussion, a recommendation on the 2021 Annual Assessment will be made. Your input is important. We encourage all members to be active participants as planning for the 2021 Operations Budget continues.

RECENT CHALLENGES

Especially with the COVID-19 pandemic and its influences both in the short and long term, impacts and revenue changes have been carefully considered in the planning for 2021. Challenges and opportunities occurring thus far in 2020 related to the budget include:

- Tahoe Donner Cross Country Ski Center and Downhill Ski Resort closing early, meaning lost revenue
- Closure of all amenities – some into July
- The closures and cancellations of revenue drivers, such as day camps, concerts and fitness passes
- Reduced service level at many amenities and restaurants

During these challenges, the staff and board of directors acted quickly to make significant cost reductions, mostly in labor through furloughs and reduced hours. Those decisions and sacrifices allowed the association to make up for significant revenue reductions due to capacity limitation, reduction in services and closures.

2021 BUDGET ASSUMPTIONS

2021 will continue to present operational challenges, both as a result of COVID-19 and the general need to reevaluate all operations. Throughout this budget process, key assumptions include:

- COVID-19 will persist through the 2020/21 ski season (and potentially beyond)
- Staffing will be competitive and challenging without J-1 employees and with the California minimum wage increase to \$14
- Expanded attention will be given to the Forestry Department, defensible space and open space management

PROJECTS

Projects and replacements with a budget of over \$100,000 slated to occur within 2021 include:

- ADA Improvements
- Trout Creek Recreation Center Parking Lot
- Golf Carts Replacement
- Shuttle Buses
- Accounting Software Replacement
- Snowblower Replacement
- South Euer Valley Road Improvement
- Snowmaking at Cross Country + Snowplay
- Alder Creek Adventure Center Trailhead + Trail Restoration
- Downhill Ski Resort Lodge Planning

HOW TO GET INVOLVED

All members are invited to participate and provide input on the budget. The final budget workshop will be held on Friday, October 16 at 9AM. Please note: This meeting was previously advertised as October 22. This workshop will review all budgets and the recommendation for the 2021 Annual Assessment.

Your feedback is important. If you are unable to join the October 16 meeting but still have input you'd like to provide, please fill out the Tahoe Donner Budget Input Form found at tahoedonner.com/2021-budget-workshops.

If you missed a past budget workshop and wish to view any recorded meeting, agenda or document, visit the "Board Meeting Documents" page found at tahoedonner.com/board-meetings.

ABOUT THE BUDGET

The budget is divided into four parts:

- Operating Fund
- Replacement Reserve Fund
- Development Fund
- New Machinery + Equipment Fund

To learn more about the 2021 Tahoe Donner Operational Budget, visit tahoedonner.com/2021-budget-workshops.

TAHOE DONNER NEWS | 27



TAHOE DONNER™

TODAY'S OBJECTIVES

- Review Updated Operating Fund Budget + Recommendation
- Review Updated Replacement Reserve Fund Budget + Recommendation
- Review Updated New Machinery + Equipment Fund Budget + Recommendation
- Review Updated Development Fund Budget + Scenarios
- Review Total Annual Assessment Scenarios

5 MAJOR GOALS OF THE 2021 BUDGET

- Address the underfunded Development Fund for future replacement of aging facilities
 - Examples:
 - Northwoods Clubhouse
 - Trail improvements
 - Downhill Ski Resort Lodge
 - Tennis Center
- Refine key operations for efficiency creating a more predictable budget process for Operations
- Manage COVID-19 impacts
- Snowmaking projects at XC and Snowplay to create more predictable revenue moving forward
- Adopt Strategic Plan
- Create a comprehensive Capital Plan
- Address Trails + Open Space Master Plan

OPERATING FUND



TAHOE DONNERSM

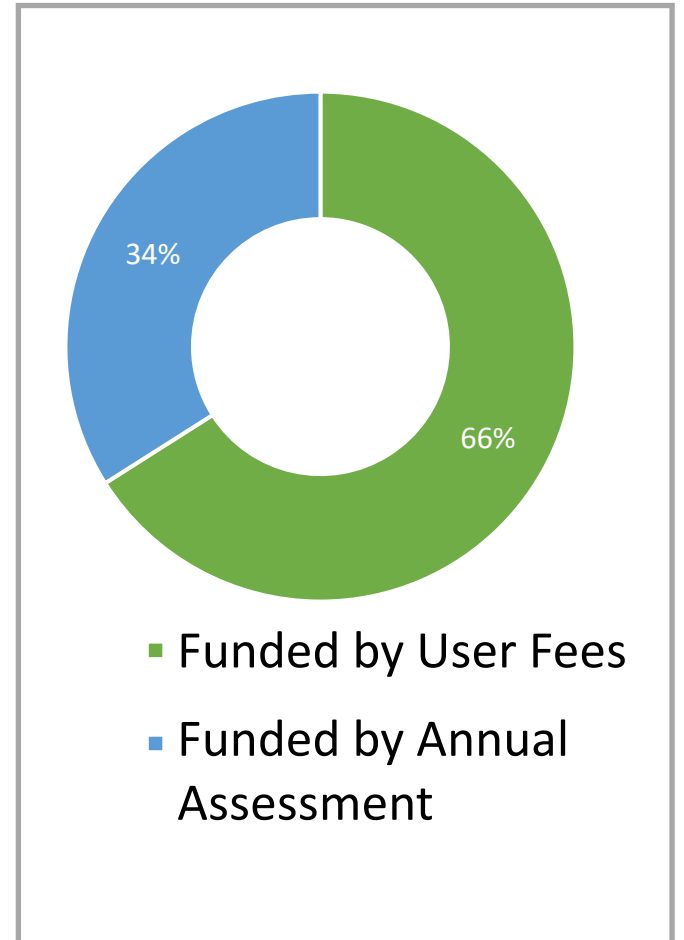
MAJOR 2021 OPS BUDGET DRIVERS

- **Minimum Wage Increase:** From \$13 to \$14/hour, approximately \$200,000 impact, No J-1 employees creating a competitive market
- **Property and Casualty Insurance:** \$327,000 increase, market-driven
- **COVID-19 Impacts to Revenue:** Reduction in guest volume and increase in expenses, budget assumes a transition back to “normal” mid-2021
- **Fire Safety Efforts:** Continued prioritization through funding in Forestry



REVENUE GENERATED BY USERS VS. ANNUAL ASSESSMENT

- **\$19,250,000:** The total revenue requirement for a balanced 2021 Operating Fund budget
- **\$12,750,000:** Operating revenues generated by user funds 66% of the requirement
- **\$6,500,000:** The necessary funding level for operations from the Annual Assessment is 34% of the requirement



2021 OPERATING FUND BUDGET UPDATE FROM LAST WORKSHOP

- **Property and Casualty Insurance:** \$327,000 increase, market-driven
- **Food + Beverage:** \$90,500 decrease, continuing to identify and implement cost-saving measures and efficiencies
- **Downhill Ski Ops:** Reduced F+B, cap peak skier days through lift ticket sales
- **Equestrian:** Moving towards lease program, boarding and limited pony rides



2021 FEES

A SUMMARY OF 2021 FEE RECOMMENDATIONS ARE AS FOLLOWS:

- **Annual Recreation Fee:** \$385, increase of \$35
- **Private Amenity Access Fees:** Hold flat to 2020
- All other fees remain flat to 2020 with the exception of:
 - Downhill private lessons – increase driven by COVID-19, benchmarking and demand forecast. Members will continue to receive a discount
 - Snowplay – slight decrease driven by time limits and reservation requirement due to COVID-19
 - Horse Lease – Increase in lease fee

Staff will complete a comprehensive fee study in 2021 for the 2022 budget process.

SUMMARY OPERATING FUND PROFIT + LOSS

| | 2019 Budget | 2019 Actual | 2020 Budget | 2020 Forecast | 2021 Budget | 2021 Budget vs. 2020 Budget |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------------|
| Rec Fee Income | \$1,110,000 | \$1,180,445 | \$1,270,000 | \$1,058,007 | \$1,400,000 | \$130,000 |
| Access Fees | \$4,188,800 | \$4,445,118 | \$3,942,150 | \$2,737,172 | \$4,116,034 | \$173,884 |
| Food & Beverage | \$4,593,800 | \$4,192,381 | \$4,208,050 | \$2,104,912 | \$3,039,395 | \$(1,168,655) |
| Retail | \$531,500 | \$601,026 | \$470,100 | \$326,468 | \$455,076 | \$(15,024) |
| Lessons & Rentals | \$2,976,800 | \$3,315,431 | \$3,344,800 | \$1,906,241 | \$3,035,586 | \$(309,214) |
| Other HOA Income | \$814,100 | \$961,116 | \$904,900 | \$944,114 | \$693,000 | \$(211,900) |
| Gross Income | \$14,215,000 | \$14,695,517 | \$14,140,000 | \$9,076,914 | \$12,739,091 | \$(1,400,909) |
| COGS | \$(1,613,000) | \$(1,554,428) | \$(1,476,000) | \$(845,406) | \$(1,161,647) | \$(314,353) |
| Gross Margin | \$12,602,000 | \$13,141,089 | \$12,664,000 | \$8,231,508 | \$11,577,443 | \$(1,086,557) |
| Payroll | \$(13,050,000) | \$(12,729,963) | \$(12,905,000) | \$(10,066,778) | \$(12,484,108) | \$420,892 |
| Operating Expenses | \$(5,445,000) | \$(5,479,525) | \$(5,846,000) | \$(4,374,256) | \$(5,733,810) | \$112,190 |
| Net Operating Revenue | \$(5,893,000) | \$(5,068,399) | \$(6,087,000) | \$(6,209,526) | \$(6,640,475) | \$(553,475) |
| Overhead Charged to Other Funds | \$197,000 | \$172,514 | \$197,000 | \$197,000 | \$197,000 | \$0 |
| Net Operating Revenue after Overhead Allocation | \$(5,696,000) | \$(4,895,855) | \$(5,890,000) | \$(6,012,526) | \$(6,443,475) | \$(553,475) |

Operating Cost Per Property \$996

Increase to Operating Fund \$86

NET OPERATING RESULTS OF AMENITY DEPARTMENTS

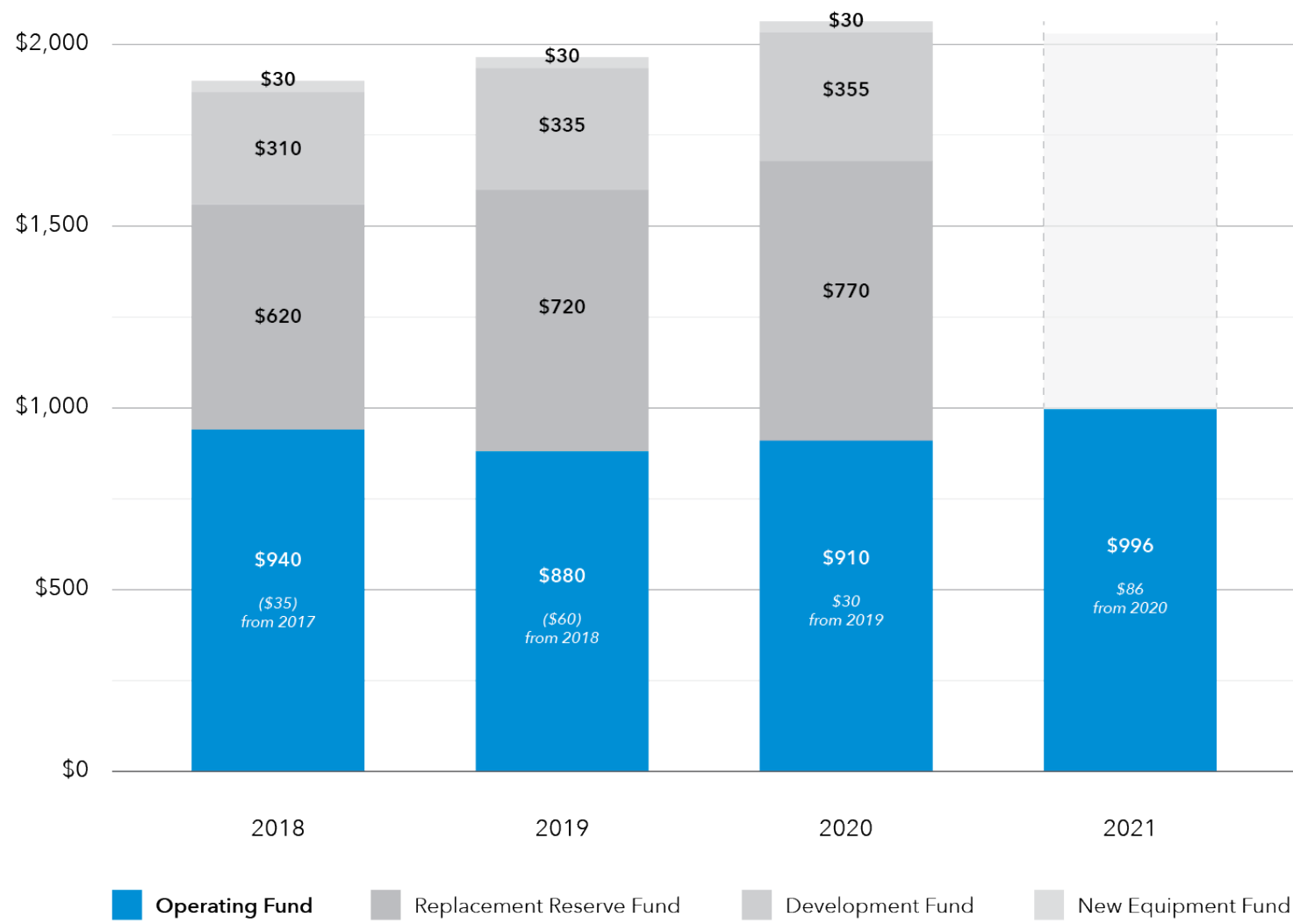
| | 2019 Budget | 2019 Actual | 2020 Budget | 2020 Forecast | 2021 Budget | 2021 Budget vs. 2020 Budget |
|--|------------------|--------------------|--------------------|--------------------|------------------|--------------------------------|
| Net Operating Income Before Rec Fee Income and Overhead Allocation | | | | | | |
| Amenities | | | | | | |
| Trails | \$(172,100) | \$(142,228) | \$(209,800) | \$(182,330) | \$(244,767) | \$(34,967) |
| Marina | \$101,100 | \$76,847 | \$108,200 | \$(40,288) | \$34,861 | \$(73,339) |
| Equestrian | \$(65,000) | \$(91,591) | \$(81,000) | \$(122,004) | \$(86,528) | \$(5,528) |
| Tennis | \$(133,200) | \$(64,909) | \$(82,100) | \$(29,792) | \$(62,305) | \$19,795 |
| Campground | \$(5,500) | \$9,897 | \$11,200 | \$16,375 | \$12,173 | \$973 |
| Cross Country Ski Center | \$197,700 | \$417,940 | \$235,700 | \$316,009 | \$401,833 | \$166,133 |
| Golf Course Operations | \$(104,400) | \$(524,174) | \$(524,700) | \$(430,580) | \$(180,198) | \$344,502 |
| The Lodge | \$(8,000) | \$(50,063) | \$(206,500) | \$(442,768) | \$(278,196) | \$(71,696) |
| Trout Creek/Aquatics/Recreation | \$(708,000) | \$(720,778) | \$(775,100) | \$(854,575) | \$(811,149) | \$(36,049) |
| Bikeworks | \$4,300 | \$7,049 | \$13,600 | \$34,829 | \$10,611 | \$(2,989) |
| Pizza on the Hill | \$(33,200) | \$(45,269) | \$1,000 | \$(10,208) | \$45,250 | \$44,250 |
| Alder Creek Cafe | \$(83,600) | \$(68,499) | \$(23,300) | \$(135,538) | \$(41,462) | \$(18,162) |
| Downhill Ski Consolidated | \$777,000 | \$1,701,507 | \$1,464,800 | \$651,535 | \$678,861 | \$(785,939) |
| Snowplay | \$91,100 | \$83,135 | \$94,000 | \$12,356 | \$100,330 | \$6,330 |
| Rec Fee Income | \$1,110,000 | \$1,180,445 | \$1,270,000 | \$1,058,007 | \$1,400,000 | \$130,000 |
| Total Amenity Departments | \$968,200 | \$1,769,309 | \$1,296,000 | \$(158,973) | \$979,315 | \$(316,685) |

NET OPERATING RESULTS OF ASSOCIATION DEPARTMENTS

| | 2019 Budget | 2019 Actual | 2020 Budget | 2020 Forecast | 2021 Budget | 2021 Budget vs. 2020 Budget |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------------|
| Net Operating Income Before Rec Fee Income and Overhead Allocation | | | | | | |
| Association Business | | | | | | |
| General | \$(1,060,600) | \$(1,072,730) | \$(943,000) | \$(807,515) | \$(761,333) | \$181,667 |
| Administration | \$(625,200) | \$(865,526) | \$(555,000) | \$(337,718) | \$(902,040) | \$(347,040) |
| Communications | \$(533,700) | \$(411,145) | \$(551,000) | \$(400,094) | \$(527,920) | \$23,080 |
| ASO | \$(241,600) | \$(214,540) | \$(323,000) | \$(139,788) | \$(315,607) | \$7,393 |
| MIS | \$(677,400) | \$(613,197) | \$(718,000) | \$(600,351) | \$(773,896) | \$(55,896) |
| Accounting | \$(815,200) | \$(834,388) | \$(946,000) | \$(742,370) | \$(893,012) | \$52,988 |
| Human Resources | \$(412,400) | \$(383,748) | \$(379,000) | \$(335,358) | \$(459,940) | \$(80,940) |
| Member Services | \$(250,500) | \$(223,448) | \$(252,000) | \$(164,558) | \$(233,358) | \$18,642 |
| Forestry | \$(1,079,100) | \$(1,153,899) | \$(1,545,000) | \$(1,520,893) | \$(1,540,472) | \$4,528 |
| Maintenance | \$(825,600) | \$(749,667) | \$(845,000) | \$(625,146) | \$(743,688) | \$101,312 |
| Facility Administration | \$(339,900) | \$(315,414) | \$(326,000) | \$(376,762) | \$(468,524) | \$(142,524) |
| Total Association Departments | \$(6,861,200) | \$(6,837,702) | \$(7,383,000) | \$(6,050,552) | \$(7,619,790) | \$(236,790) |

2021 OPERATIONS BUDGET RECOMMENDATION

PROPOSED INCREASE: \$86



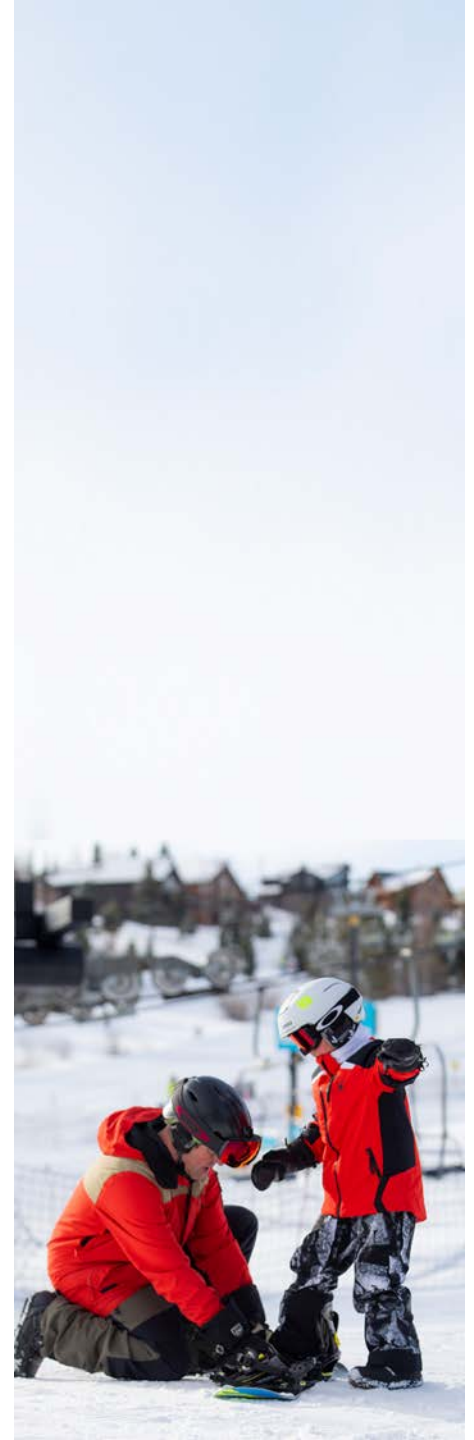
REPLACEMENT RESERVE FUND



TAHOE DONNERSM

WHAT IS THE REPLACEMENT RESERVE FUND (RRF)?

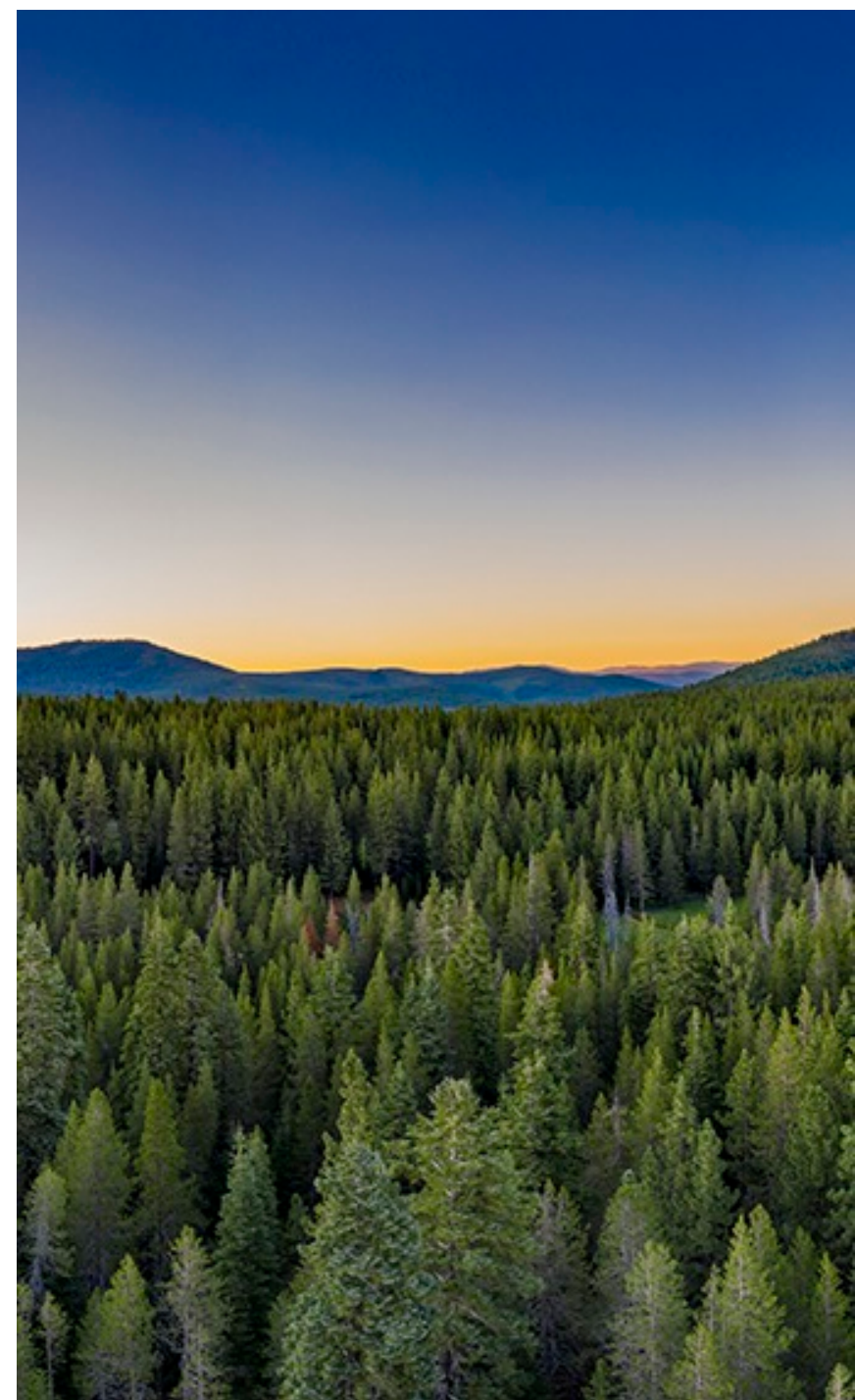
- Required by law, Civil Code §5550
- Used to account for the financial resources designated for the repair, restoration, replacement or maintenance of major common area components of the association
- Board policy to maintain minimum 25% funding level
- A 30-year reserve funding and expenditure plan is produced every 3 years and updated annually for the purpose of scheduling and analyzing funding needs; the last 3-year study was completed in 2019



2021 REPLACEMENT RESERVE FUND BUDGET UPDATE

Key 2021 Projects/Replacement

- ADA Improvements (Year 3): \$509,930
- Trout Creek Rec Center Parking Lot: \$392,193
- Golf Carts Replacement: \$268,654
- Shuttle Buses: \$233,139
- Accounting Software (Solomon) Replacement: \$151,844
- Holder Wheeled Snowblower Replacement: \$122,989
- South Euer Valley Road: \$122,343



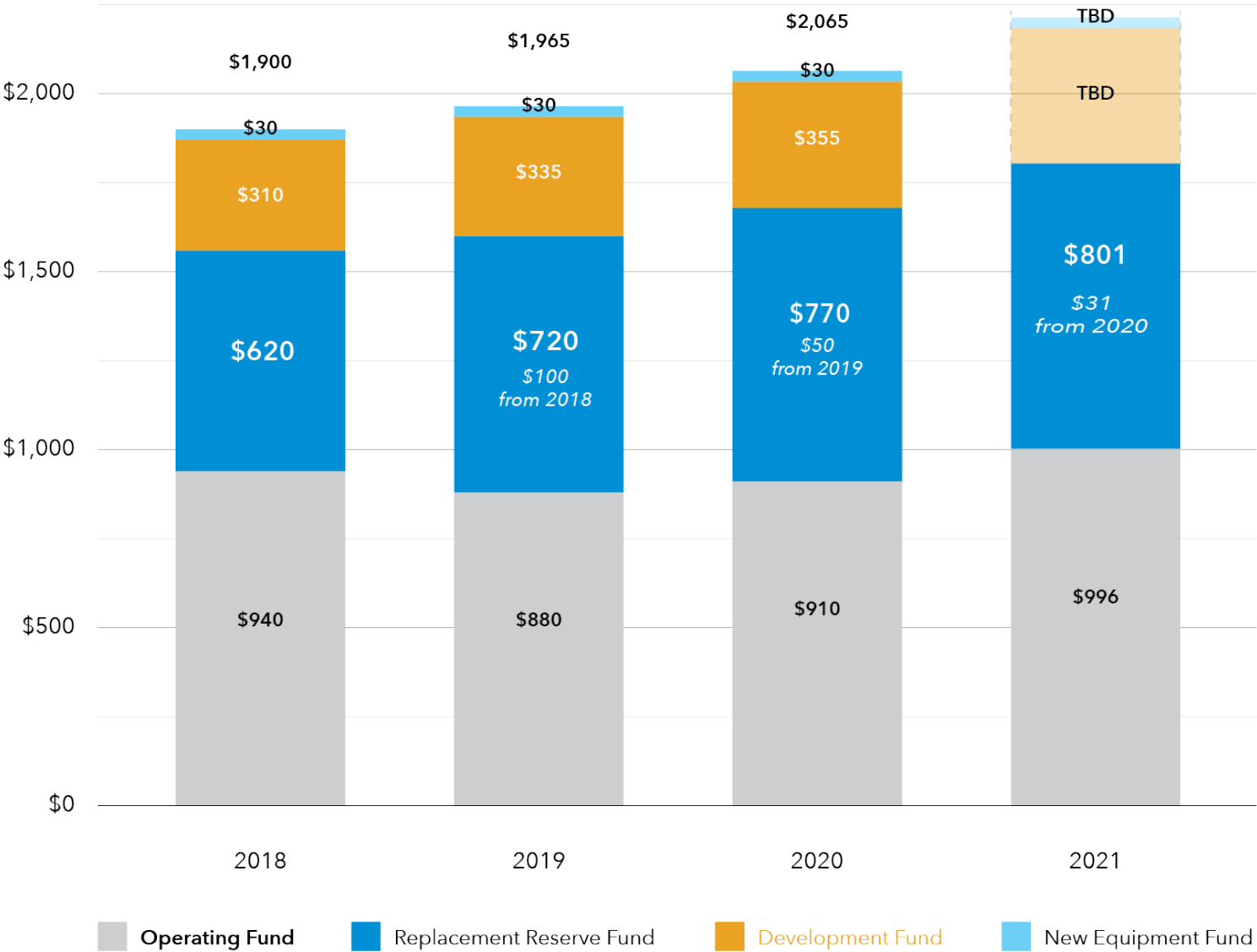
30-YEAR CASH FLOW/ CAPITAL BUDGET SUMMARY DRAFT

| Year | Annual Percent Change to Capital / Reserve Assessment | Capital / Reserve Account Beginning Balance | Expired Useful Life of Components Expressed in Dollars aka "Fully Funded" | Percent Ratio of Fully Funded Value to Capital / Reserve Balance | Annual Dollar Change to Capital / Reserve Assessments | Annual Member Capital / Reserve Assessment | Annual Avg. Capital / Reserve Assessment / Unit Interest | Estimated Interest, Net of Tax | Annual Expenditures | Ending Balance |
|----------|---|---|---|--|---|--|--|--------------------------------|---------------------|----------------|
| 1/1/2021 | 4.00% | 11,584,909 | 39,615,574 | 29.24% | 186,440 | 5,184,873 | 801 | 104,330 | (5,550,590) | 11,323,522 |
| 1/1/2022 | 4.00% | 11,323,522 | 41,508,376 | 27.28% | 193,898 | 5,392,268 | 833 | 215,330 | (6,322,991) | 10,608,129 |
| 1/1/2023 | 4.00% | 10,608,129 | 42,245,858 | 25.11% | 201,654 | 5,607,959 | 866 | 188,715 | (7,284,937) | 9,119,866 |
| 1/1/2024 | 4.00% | 9,119,866 | 41,917,105 | 21.76% | 209,720 | 5,832,277 | 901 | 187,940 | (3,872,434) | 11,267,649 |
| 1/1/2025 | 4.00% | 11,267,649 | 44,856,866 | 25.12% | 218,108 | 6,065,568 | 937 | 193,396 | (7,033,973) | 10,492,640 |
| 1/1/2026 | 4.00% | 10,492,640 | 44,709,302 | 23.47% | 226,833 | 6,308,191 | 975 | 190,015 | (5,288,825) | 11,702,020 |
| 1/1/2027 | 4.00% | 11,702,020 | 46,633,665 | 25.09% | 235,906 | 6,560,518 | 1014 | 199,422 | (6,099,882) | 12,362,079 |
| 1/1/2028 | 4.00% | 12,362,079 | 47,950,153 | 25.78% | 245,342 | 6,822,939 | 1054 | 198,525 | (6,908,919) | 12,474,624 |
| 1/1/2029 | 4.00% | 12,474,624 | 48,652,441 | 25.64% | 255,156 | 7,095,857 | 1096 | 195,490 | (6,831,032) | 12,934,939 |
| 1/1/2030 | 4.00% | 12,934,939 | 49,835,263 | 25.96% | 265,362 | 7,379,691 | 1140 | 177,734 | (9,023,361) | 11,469,003 |
| 1/1/2031 | 4.00% | 11,469,003 | 49,111,796 | 23.35% | 275,977 | 7,674,879 | 1186 | 167,853 | (6,480,957) | 12,830,777 |
| 1/1/2032 | 4.00% | 12,830,777 | 51,082,246 | 25.12% | 287,016 | 7,981,874 | 1233 | 193,428 | (5,712,635) | 15,293,444 |
| 1/1/2033 | 4.00% | 15,293,444 | 54,049,876 | 28.30% | 298,496 | 8,301,149 | 1282 | 217,936 | (7,233,621) | 16,578,908 |
| 1/1/2034 | 4.00% | 16,578,908 | 55,667,307 | 29.78% | 310,436 | 8,633,195 | 1334 | 242,052 | (6,413,179) | 19,040,975 |
| 1/1/2035 | 4.00% | 19,040,975 | 58,426,360 | 32.59% | 322,854 | 8,978,522 | 1387 | 283,761 | (6,002,882) | 22,300,377 |
| 1/1/2036 | 4.00% | 22,300,377 | 61,727,814 | 36.13% | 335,768 | 9,337,663 | 1443 | 339,216 | (5,661,079) | 26,316,177 |
| 1/1/2037 | 4.00% | 26,316,177 | 65,673,751 | 40.07% | 349,199 | 9,711,170 | 1500 | 364,346 | (10,095,039) | 26,296,654 |
| 1/1/2038 | 4.00% | 26,296,654 | 65,549,659 | 40.12% | 363,167 | 10,099,617 | 1560 | 359,412 | (9,691,396) | 27,064,287 |
| 1/1/2039 | 4.00% | 27,064,287 | 66,034,988 | 40.98% | 377,693 | 10,503,601 | 1623 | 383,434 | (7,678,783) | 30,272,539 |
| 1/1/2040 | 4.00% | 30,272,539 | 68,873,403 | 43.95% | 392,801 | 10,923,745 | 1688 | 435,813 | (7,427,468) | 34,204,630 |
| 1/1/2041 | 4.00% | 34,204,630 | 72,313,527 | 47.30% | 408,513 | 11,360,695 | 1755 | 476,013 | (9,908,763) | 36,132,575 |
| 1/1/2042 | 4.00% | 36,132,575 | 73,320,137 | 49.28% | 424,854 | 11,815,123 | 1825 | 491,014 | (11,080,236) | 37,358,476 |
| 1/1/2043 | 4.00% | 37,358,476 | 73,888,434 | 50.56% | 441,848 | 12,287,728 | 1898 | 493,548 | (12,160,638) | 37,979,114 |
| 1/1/2044 | 4.00% | 37,979,114 | 73,717,839 | 51.52% | 459,522 | 12,779,237 | 1974 | 538,004 | (7,429,932) | 43,866,423 |
| 1/1/2045 | 4.00% | 43,866,423 | 78,644,496 | 55.78% | 477,902 | 13,290,407 | 2053 | 576,534 | (13,831,030) | 43,902,333 |
| 1/1/2046 | 4.00% | 43,902,333 | 77,660,910 | 56.53% | 497,019 | 13,822,023 | 2135 | 579,542 | (12,342,975) | 45,960,923 |
| 1/1/2047 | 4.00% | 45,960,923 | 78,561,207 | 58.50% | 516,899 | 14,374,904 | 2221 | 636,959 | (8,936,983) | 52,035,803 |
| 1/1/2048 | 4.00% | 52,035,803 | 83,158,866 | 62.57% | 537,575 | 14,949,900 | 2310 | 706,833 | (12,158,340) | 55,534,196 |
| 1/1/2049 | 4.00% | 55,534,196 | 84,565,166 | 65.67% | 559,078 | 15,547,896 | 2402 | 769,457 | (10,961,283) | 60,890,266 |
| 1/1/2050 | 4.00% | 60,890,266 | 88,036,441 | 69.16% | 581,441 | 16,169,812 | 2498 | 836,409 | (12,953,751) | 64,942,735 |

2021 REPLACEMENT RESERVE FUND BUDGET

PROPOSED INCREASE: \$31

PER RESERVE STUDY ANNUAL INCREASE
OF 4% TO MEET 25% RESERVE POLICY



NEW MACHINERY + EQUIPMENT FUND



TAHOE DONNERSM

NEW MACHINERY + EQUIPMENT FUND 2021 HIGHLIGHTS

Represents \$30 of the proposed 2021 Annual Assessment

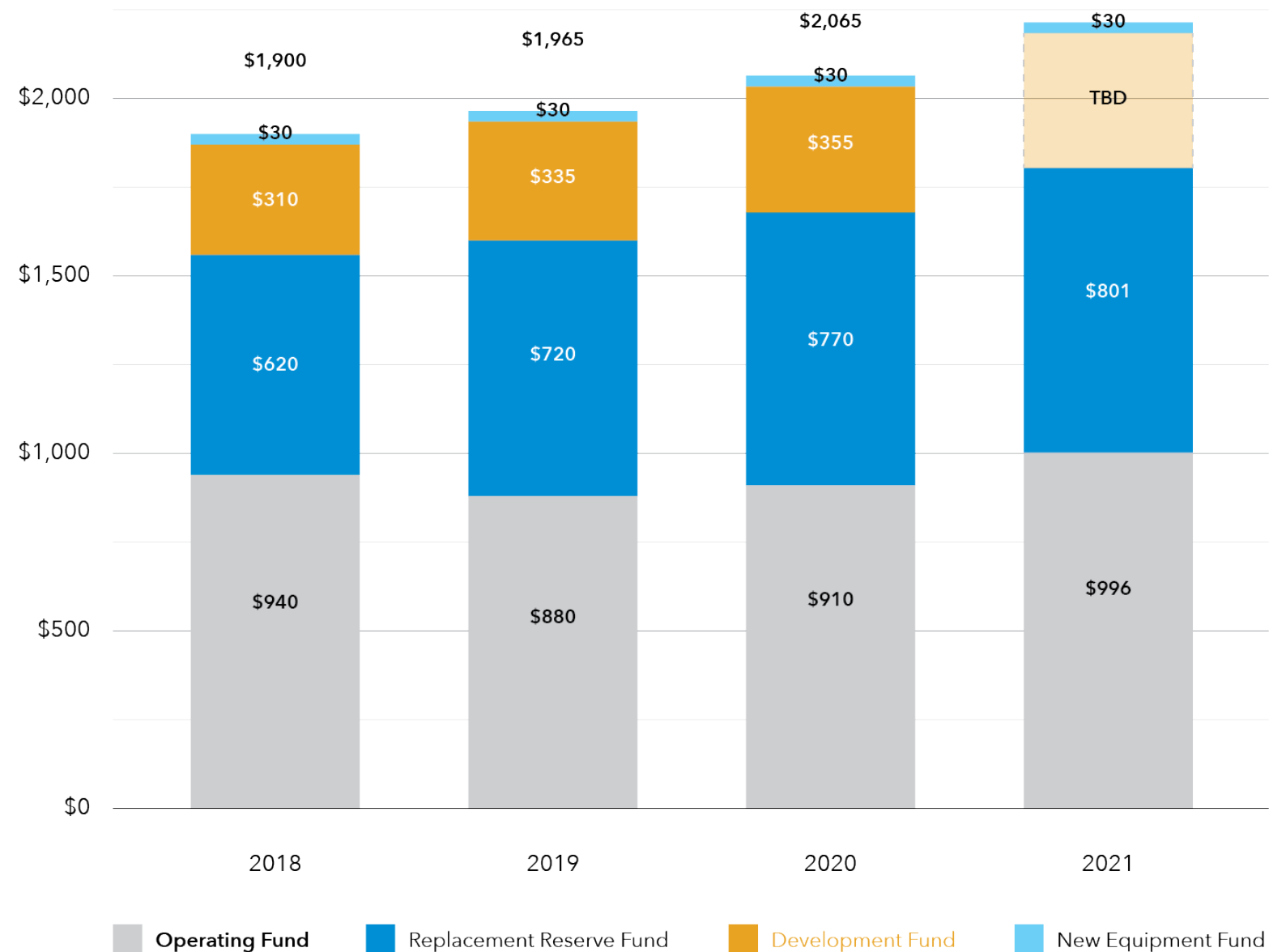
EXAMPLES OF RECENT NM+E FUND PURCHASES

- New Chipper
- New Computers
- New Software



2021 NEW MACHINERY + EQUIPMENT FUND BUDGET

PROPOSED INCREASE: NONE



DEVELOPMENT FUND



TAHOE DONNERSM

2021 DEVELOPMENT FUND CHALLENGE

As we consider the Development Fund, it is important to note the association is coming up on its 50th anniversary next year. The Downhill Ski Resort lodge, Northwoods Clubhouse and Tennis Center all opened at the inception of the association in 1971, aging over these 50 years and each nearing the end of their long and useful lives.

These facilities will need to be addressed along with other potential Capital Projects in the future. Thus, much discussion has and will continue to be had as to what the best approach for funding these projects over time may be.

Over the next several months, staff will present a longer-range Capital Plan that will address these and other aging buildings and infrastructure once the Strategic Plan is adopted.

DEVELOPMENT FUND SCHEDULE

| LOCATION | PROJECT | 2021 | 2022 | 2023 | 2024 | 2025 | AFTER 2025 |
|------------------------|---|--------------------|------------------|------------------|------------------|--------------------|---------------------|
| Association Wide | Roof Structures Over Mailboxes | | | | | | \$1,500,000 |
| Association Wide | Fueling Stations for Equipment Top Shop | | | | \$40,000 | \$200,000 | |
| Association Wide | Seasonal Workforce Employee Housing | | | | | | \$5,000,000 |
| Association Wide | EV Charging Stations - Soft Costs - PUD Partnership | \$50,000 | \$50,000 | | | | |
| ACAC | Fueling Stations for Equipment | | \$50,000 | \$300,000 | | | \$1,500,000 |
| ACAC | Snowmaking on Select Nordic Trails | \$900,000 | | | | | |
| ACAC | Cookhouse at Euer Valley with Year-Round Restrooms | | | | | | \$500,000 |
| ACAC | Backup Generator with Additional Storage | | | | | | \$250,000 |
| ACAC | Snowmaking Phase 3 | | | | | | \$350,000 |
| Downhill Ski Resort | Snowmaking to Eagle Rock | | | | | | \$550,000 |
| Downhill Ski Resort | Regrade Mile Run to 8% Minimum Slope | | | | | | \$500,000 |
| Forestry | Finish Remodel Upstairs Offices | | | | | | \$250,000 |
| Forestry | Access From Ski Slope with Uilities | | | | | \$100,000 | \$1,000,000 |
| Maintenance | Fuel Tank Replacement and Cover | | | | | \$500,000 | |
| Northwoods Clubhouse | Major Remodel/Rebuild | | | | | | \$7,000,000 |
| Northwoods Clubhouse | Parking Capacity Expansion | | | | | | \$1,000,000 |
| The Lodge | Backup Generator | | | | | | \$250,000 |
| The Lodge | Replace Tent with New Special Event Space + Restrooms | | | | | | \$1,500,000 |
| The Lodge | Pavillion Family Gathering | | | | | | \$350,000 |
| Trails + Open Space | Implement Trail/Trailhead Projects in the TMP | | \$75,000 | \$75,000 | \$200,000 | \$250,000 | |
| Trails + Open Space | Glacier Way Parking Lot Expansion | | | | | \$350,000 | |
| Trails + Open Space | ACAC Boardwalk and Trail Restoration | \$350,000 | | | | | |
| Trout Creek Rec Center | Snowmaking at Snowplay | \$200,000 | | | | | |
| Trout Creek Rec Center | Parking Lot Expansion + Entrance Improvements | | | | | | \$500,000 |
| Association Wide | Feasibility Studies | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | |
| | Total Direct Costs (Before Inflation) | \$1,550,000 | \$225,000 | \$425,000 | \$290,000 | \$1,450,000 | \$22,000,000 |
| | Payroll + Allocated Overhead | \$311,000 | \$311,000 | \$311,000 | \$311,000 | \$311,000 | |
| | Expenditures Total | \$1,861,000 | \$536,000 | \$736,000 | \$601,000 | \$1,761,000 | \$22,000,000 |
| | Inflation Factor | \$37,220 | \$10,720 | \$14,720 | \$12,020 | \$35,220 | |
| | Total Including Inflation | \$1,898,220 | \$546,720 | \$750,720 | \$613,020 | \$1,796,220 | \$22,000,000 |

SCHEDULED
EXPENDITURES BEFORE
DOWNHILL SKI LODGE
REPLACEMENT.

AFTER 2025, PROJECTS
REQUIRE ADDITIONAL
VETTING BUT ARE
INCLUDED TO SHOW
POTENTIAL COSTS.

A 10-YEAR CAPITAL
PROJECT LIST WILL BE
PROVIDED FOR THE
NEXT BUDGET CYCLE.

DEVELOPMENT FUND SCENARIOS

At the board's direction, staff prepared a number of scenarios to increase the Development Fund portion of the Annual Assessment to address the funding shortfall related to Capital Projects.

- Numbers reflect:
 - Development Fund estimated expenses through 2025 as described in the previous slide
 - Land acquisition funding was removed
- Assessment increases beyond 2021 will require annual board approval

PROJECTED DEVELOPMENT FUND BALANCE WITH NO INCREASE

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 0% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 8,747,266 | \$ 10,565,788 | \$ 12,177,646 | \$ 13,934,841 |
| Assessment | \$ 2,298,000 | \$ 2,298,000 | \$ 2,298,000 | \$ 2,298,000 | \$ 2,298,000 |
| Interest Income | \$ 82,737 | \$ 87,473 | \$ 105,658 | \$ 121,776 | \$ 139,348 |
| Bad Debt Expense | \$ (2,298) | \$ (2,298) | \$ (2,298) | \$ (2,298) | \$ (2,298) |
| Income Tax | \$ (6,619) | \$ (6,998) | \$ (8,453) | \$ (9,742) | \$ (11,148) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 8,747,266 | \$ 10,565,788 | \$ 12,177,646 | \$ 13,934,841 | \$ 14,414,457 |
| | | | | | |
| Dev Fund Assessment | \$ 355.00 | \$ 355.00 | \$ 355.00 | \$ 355.00 | \$ 355.00 |
| \$ Increase | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 0% | | | | |

WHAT DOES A 10% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 10% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 8,979,976 | \$ 11,285,544 | \$ 13,666,989 | \$ 16,504,778 |
| Assessment | \$ 2,530,943 | \$ 2,783,390 | \$ 3,061,729 | \$ 3,365,960 | \$ 3,702,556 |
| Interest Income | \$ 82,737 | \$ 89,800 | \$ 112,855 | \$ 136,670 | \$ 165,048 |
| Bad Debt Expense | \$ (2,531) | \$ (2,783) | \$ (3,062) | \$ (3,366) | \$ (3,703) |
| Income Tax | \$ (6,619) | \$ (7,184) | \$ (9,028) | \$ (10,934) | \$ (13,204) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 8,979,976 | \$ 11,285,544 | \$ 13,666,989 | \$ 16,504,778 | \$ 18,411,189 |
| | | | | | |
| Dev Fund Assessment | \$ 391.00 | \$ 430.00 | \$ 473.00 | \$ 520.00 | \$ 572.00 |
| \$ Increase | \$ 36.00 | \$ 39.00 | \$ 43.00 | \$ 47.00 | \$ 52.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 10% | | | | |
| | | | | | |

WHAT DOES A 15% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 15% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,089,907 | \$ 11,648,681 | \$ 14,460,257 | \$ 17,951,997 |
| Assessment | \$ 2,640,984 | \$ 3,035,837 | \$ 3,488,947 | \$ 4,013,260 | \$ 4,615,249 |
| Interest Income | \$ 82,737 | \$ 90,899 | \$ 116,487 | \$ 144,603 | \$ 179,520 |
| Bad Debt Expense | \$ (2,641) | \$ (3,036) | \$ (3,489) | \$ (4,013) | \$ (4,615) |
| Income Tax | \$ (6,619) | \$ (7,272) | \$ (9,319) | \$ (11,568) | \$ (14,362) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,089,907 | \$ 11,648,681 | \$ 14,460,257 | \$ 17,951,997 | \$ 20,783,503 |
| | | | | | |
| Dev Fund Assessment | \$ 408.00 | \$ 469.00 | \$ 539.00 | \$ 620.00 | \$ 713.00 |
| \$ Increase | \$ 53.00 | \$ 61.00 | \$ 70.00 | \$ 81.00 | \$ 93.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 15% | | | | |

WHAT DOES A 20% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 20% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,206,304 | \$ 12,037,743 | \$ 15,331,422 | \$ 19,581,294 |
| Assessment | \$ 2,757,498 | \$ 3,307,703 | \$ 3,967,949 | \$ 4,764,128 | \$ 5,715,659 |
| Interest Income | \$ 82,737 | \$ 92,063 | \$ 120,377 | \$ 153,314 | \$ 195,813 |
| Bad Debt Expense | \$ (2,757) | \$ (3,308) | \$ (3,968) | \$ (4,764) | \$ (5,716) |
| Income Tax | \$ (6,619) | \$ (7,365) | \$ (9,630) | \$ (12,265) | \$ (15,665) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,206,304 | \$ 12,037,743 | \$ 15,331,422 | \$ 19,581,294 | \$ 23,527,099 |
| | | | | | |
| Dev Fund Assessment | \$ 426.00 | \$ 511.00 | \$ 613.00 | \$ 736.00 | \$ 883.00 |
| \$ Increase | \$ 71.00 | \$ 85.00 | \$ 102.00 | \$ 123.00 | \$ 147.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 20% | | | | |

WHAT DOES A 25% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 25% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,322,702 | \$ 12,439,739 | \$ 16,260,905 | \$ 21,372,909 |
| Assessment | \$ 2,874,012 | \$ 3,592,515 | \$ 4,492,262 | \$ 5,618,564 | \$ 7,023,205 |
| Interest Income | \$ 82,737 | \$ 93,227 | \$ 124,397 | \$ 162,609 | \$ 213,729 |
| Bad Debt Expense | \$ (2,874) | \$ (3,593) | \$ (4,492) | \$ (5,619) | \$ (7,023) |
| Income Tax | \$ (6,619) | \$ (7,458) | \$ (9,952) | \$ (13,009) | \$ (17,098) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,322,702 | \$ 12,439,739 | \$ 16,260,905 | \$ 21,372,909 | \$ 26,641,435 |
| | | | | | |
| Dev Fund Assessment | \$ 444.00 | \$ 555.00 | \$ 694.00 | \$ 868.00 | \$ 1,085.00 |
| \$ Increase | \$ 89.00 | \$ 111.00 | \$ 139.00 | \$ 174.00 | \$ 217.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 25% | | | | |
| | | | | | |

WHAT DOES A 30% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 30% | | | |
|---|----------------|---------------|---------------|---------------|----------------|--|
| | 2021 | 2022 | 2023 | 2024 | 2025 | |
| Beginning Balance | \$ 8,273,666 | \$ 9,439,099 | \$ 12,854,667 | \$ 17,242,239 | \$ 23,313,850 | |
| Assessment | \$ 2,990,526 | \$ 3,890,273 | \$ 5,055,413 | \$ 6,570,095 | \$ 8,544,360 | |
| Interest Income | \$ 82,737 | \$ 94,391 | \$ 128,547 | \$ 172,422 | \$ 233,139 | |
| Bad Debt Expense | \$ (2,991) | \$ (3,890) | \$ (5,055) | \$ (6,570) | \$ (8,544) | |
| Income Tax | \$ (6,619) | \$ (7,551) | \$ (10,284) | \$ (13,794) | \$ (18,651) | |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) | |
| Ending Balance | \$ 9,439,099 | \$ 12,854,667 | \$ 17,242,239 | \$ 23,313,850 | \$ 30,119,867 | |
| | | | | | | |
| Dev Fund Assessment | \$ 462.00 | \$ 601.00 | \$ 781.00 | \$ 1,015.00 | \$ 1,320.00 | |
| \$ Increase | \$ 107.00 | \$ 139.00 | \$ 180.00 | \$ 234.00 | \$ 305.00 | |
| | | | | | | |
| 2020 Assessment | \$ 355.00 | | | | | |
| Annual Increase Assumption | 30% | | | | | |

WHAT DOES A 35% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 35% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,549,030 | \$ 13,263,070 | \$ 18,249,319 | \$ 25,390,706 |
| Assessment | \$ 3,100,567 | \$ 4,188,031 | \$ 5,650,929 | \$ 7,631,667 | \$ 10,305,016 |
| Interest Income | \$ 82,737 | \$ 95,490 | \$ 132,631 | \$ 182,493 | \$ 253,907 |
| Bad Debt Expense | \$ (3,101) | \$ (4,188) | \$ (5,651) | \$ (7,632) | \$ (10,305) |
| Income Tax | \$ (6,619) | \$ (7,639) | \$ (10,610) | \$ (14,599) | \$ (20,313) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,549,030 | \$ 13,263,070 | \$ 18,249,319 | \$ 25,390,706 | \$ 33,974,726 |
| | | | | | |
| Dev Fund Assessment | \$ 479.00 | \$ 647.00 | \$ 873.00 | \$ 1,179.00 | \$ 1,592.00 |
| \$ Increase | \$ 124.00 | \$ 168.00 | \$ 226.00 | \$ 306.00 | \$ 413.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 35% | | | | |

WHAT DOES A 40% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 40% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,665,428 | \$ 13,697,398 | \$ 19,340,762 | \$ 27,688,498 |
| Assessment | \$ 3,217,081 | \$ 4,505,208 | \$ 6,304,702 | \$ 8,829,172 | \$ 12,363,430 |
| Interest Income | \$ 82,737 | \$ 96,654 | \$ 136,974 | \$ 193,408 | \$ 276,885 |
| Bad Debt Expense | \$ (3,217) | \$ (4,505) | \$ (6,305) | \$ (8,829) | \$ (12,363) |
| Income Tax | \$ (6,619) | \$ (7,732) | \$ (10,958) | \$ (15,473) | \$ (22,151) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,665,428 | \$ 13,697,398 | \$ 19,340,762 | \$ 27,688,498 | \$ 38,350,013 |
| | | | | | |
| Dev Fund Assessment | \$ 497.00 | \$ 696.00 | \$ 974.00 | \$ 1,364.00 | \$ 1,910.00 |
| \$ Increase | \$ 142.00 | \$ 199.00 | \$ 278.00 | \$ 390.00 | \$ 546.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 40% | | | | |

WHAT DOES A 45% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 45% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,781,825 | \$ 14,144,659 | \$ 20,496,990 | \$ 30,187,468 |
| Assessment | \$ 3,333,595 | \$ 4,835,331 | \$ 7,010,259 | \$ 10,162,610 | \$ 14,739,021 |
| Interest Income | \$ 82,737 | \$ 97,818 | \$ 141,447 | \$ 204,970 | \$ 301,875 |
| Bad Debt Expense | \$ (3,334) | \$ (4,835) | \$ (7,010) | \$ (10,163) | \$ (14,739) |
| Income Tax | \$ (6,619) | \$ (7,825) | \$ (11,316) | \$ (16,398) | \$ (24,150) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,781,825 | \$ 14,144,659 | \$ 20,496,990 | \$ 30,187,468 | \$ 43,245,188 |
| | | | | | |
| Dev Fund Assessment | \$ 515.00 | \$ 747.00 | \$ 1,083.00 | \$ 1,570.00 | \$ 2,277.00 |
| \$ Increase | \$ 160.00 | \$ 232.00 | \$ 336.00 | \$ 487.00 | \$ 707.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 45% | | | | |

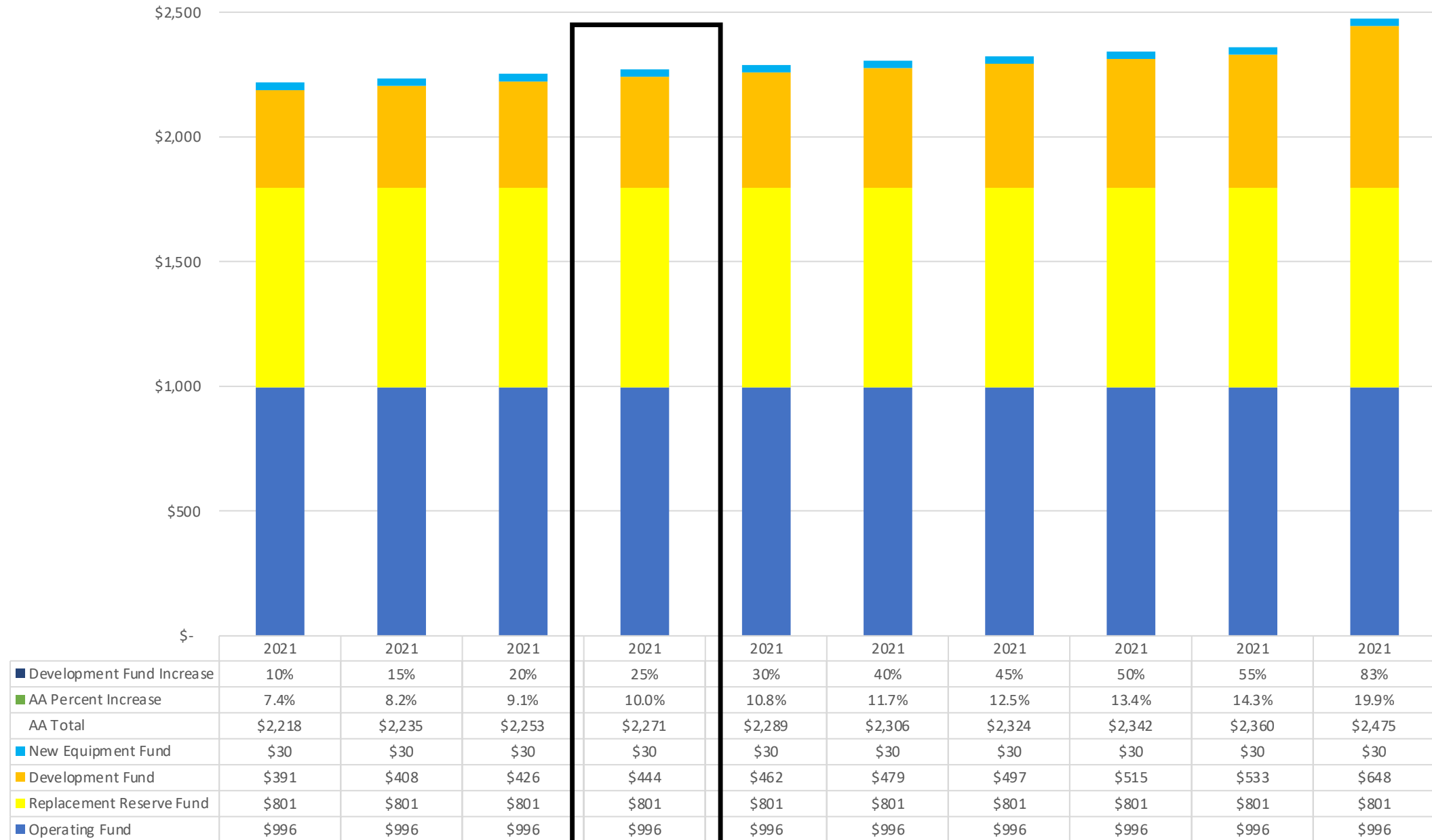
WHAT DOES A 50% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 50% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 9,898,223 | \$ 14,604,853 | \$ 21,718,001 | \$ 32,907,014 |
| Assessment | \$ 3,450,109 | \$ 5,178,400 | \$ 7,767,600 | \$ 11,651,400 | \$ 17,477,100 |
| Interest Income | \$ 82,737 | \$ 98,982 | \$ 146,049 | \$ 217,180 | \$ 329,070 |
| Bad Debt Expense | \$ (3,450) | \$ (5,178) | \$ (7,768) | \$ (11,651) | \$ (17,477) |
| Income Tax | \$ (6,619) | \$ (7,919) | \$ (11,684) | \$ (17,374) | \$ (26,326) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 9,898,223 | \$ 14,604,853 | \$ 21,718,001 | \$ 32,907,014 | \$ 48,725,095 |
| | | | | | |
| Dev Fund Assessment | \$ 533.00 | \$ 800.00 | \$ 1,200.00 | \$ 1,800.00 | \$ 2,700.00 |
| \$ Increase | \$ 178.00 | \$ 267.00 | \$ 400.00 | \$ 600.00 | \$ 900.00 |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 50% | | | | |

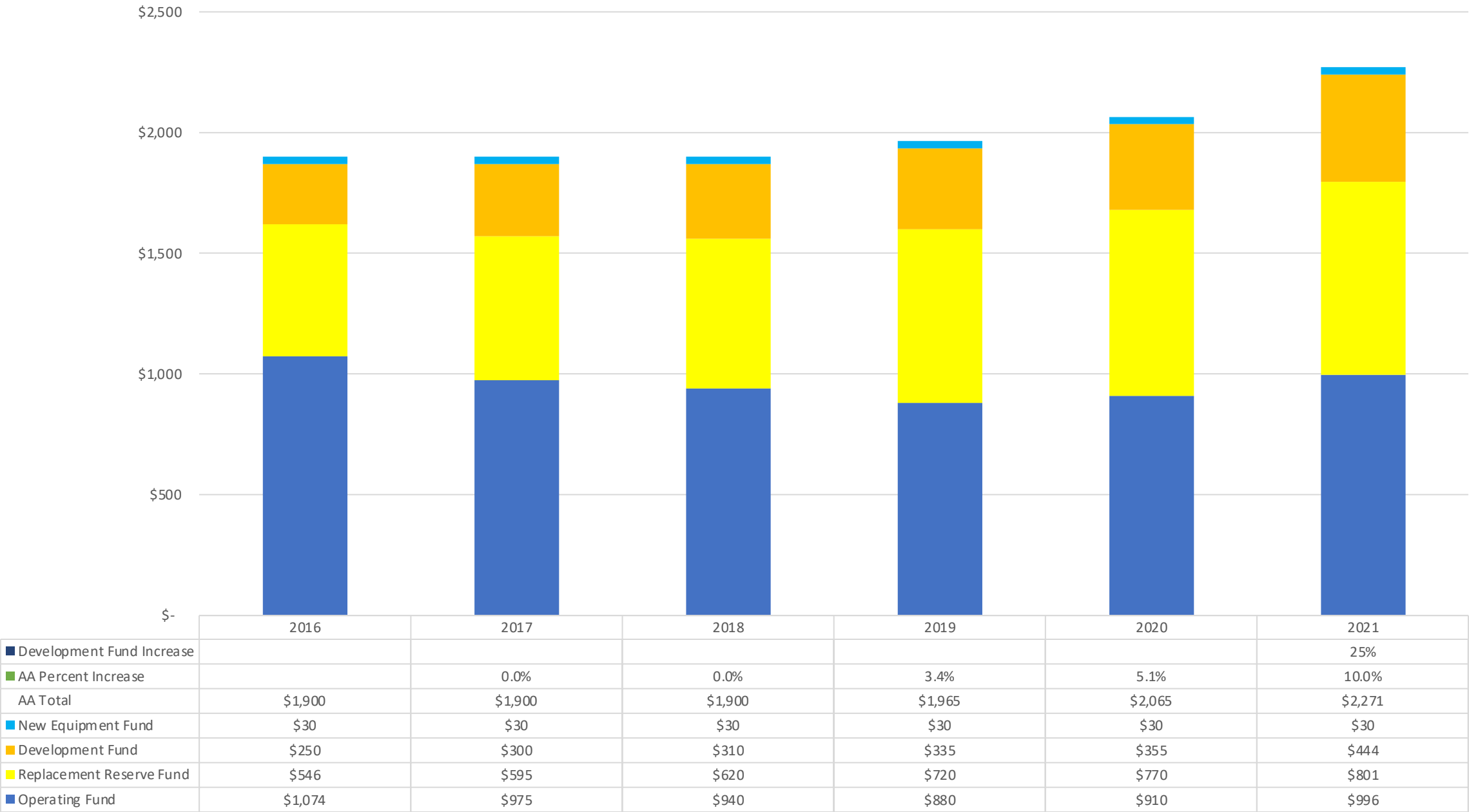
WHAT DOES A 83% INCREASE (MAXIMUM) TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

| PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE: | | | 0% | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Beginning Balance | \$ 8,273,666 | \$ 10,641,873 | \$ 14,372,434 | \$ 17,913,920 | \$ 21,618,496 |
| Assessment | \$ 4,194,504 | \$ 4,194,504 | \$ 4,194,504 | \$ 4,194,504 | \$ 4,194,504 |
| Interest Income | \$ 82,737 | \$ 106,419 | \$ 143,724 | \$ 179,139 | \$ 216,185 |
| Bad Debt Expense | \$ (4,195) | \$ (4,195) | \$ (4,195) | \$ (4,195) | \$ (4,195) |
| Income Tax | \$ (6,619) | \$ (8,513) | \$ (11,498) | \$ (14,331) | \$ (17,295) |
| Expenditures | \$ (1,898,220) | \$ (557,654) | \$ (781,049) | \$ (650,542) | \$ (1,944,286) |
| Ending Balance | \$ 10,641,873 | \$ 14,372,434 | \$ 17,913,920 | \$ 21,618,496 | \$ 24,063,410 |
| | | | | | |
| Dev Fund Assessment | \$ 648.00 | \$ 648.00 | \$ 648.00 | \$ 648.00 | \$ 648.00 |
| \$ Increase | \$ 293.00 | \$ - | \$ - | \$ - | \$ - |
| | | | | | |
| 2020 Assessment | \$ 355.00 | | | | |
| Annual Increase Assumption | 0% | | | | |

2021 ANNUAL ASSESSMENT SCENARIOS



ANNUAL ASSESSMENT HISTORY + 2021 SCENARIO



THE BOARD MAY WANT TO CONSIDER THE FOLLOWING OPTIONS:

- **OPTION 1: Increase the assessment by \$206, which includes:**
 - Operating Fund: \$996, +8.7%
 - Replacement Reserve Fund: \$801, +4%
 - **TOTAL: \$2,271, 10% increase**
 - New Machinery Fund: \$30, flat
 - Development Fund: \$444, +25%
- **OPTION 2: Increase the assessment by \$176, which includes:**
 - Operating Fund: \$996, +8.7%
 - Replacement Reserve Fund: \$801 , +4%
 - **TOTAL: \$2,241, 8.5% increase**
 - New Machinery Fund: \$0, reduced \$30
 - Development Fund: \$444, +25%

- 1. CONFIRM OPERATION ASSESSMENT
INCREASE TO \$996 (+ \$86)**
- 2. CONFIRM RRF AT \$801 (+ \$31)**
- 3. CONFIRM NM+E AT \$30 (NO INCREASE)**
- 4. PROVIDE DIRECTION ON DEVELOPMENT
FUND INCREASE**



NEXT STEPS

- Adopt the budget as presented with or without modification
- Provide direction to staff to return at a future meeting

