

2021 BUDGET REVIEW

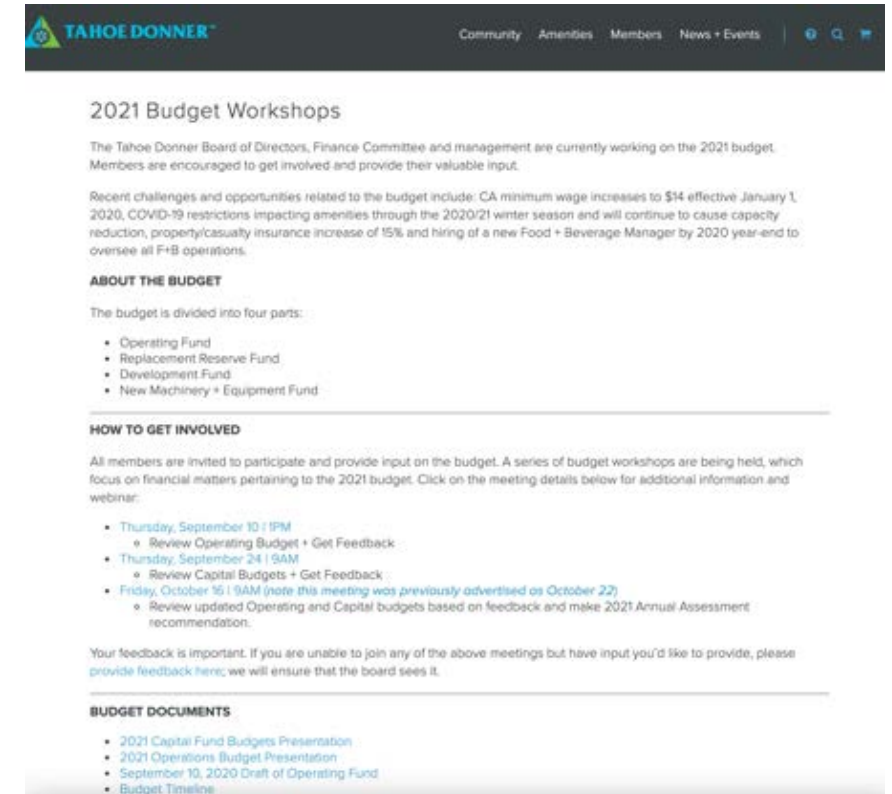
OCTOBER 23, 2020



BUDGET OUTREACH SINCE THE LAST MEETING

- **Dedicated Member Email**
 - Total of 23,406 emails opened by members
 - Total of 1,083 total clicks for more information
- **Weekly Tuesday Emails:** top row tile
 - 10 consecutive Tuesday emails
- **2021 Budget Webpage:** 648 page views
- **Budget Feedback Form:** 41 responses

Data as of 10/20/20



RECOMMENDED ACTION

By Motion, Adopt Resolution 2020-5 Tahoe Donner Association
2021 Budget

Recommendation: TOTAL: \$2,241 | +8.5%, \$176 from 2020

- Operating Fund: \$996 | +9.5%, \$86
- Replacement Reserve Fund: \$801 | +4%, \$31
- New Machinery Fund: \$0 | -\$30
- Development Fund: \$444 | +25%, \$89



CHANGES FROM THE LAST WORKSHOP

- **Operating Fund**
 - Minor adjustments to Pizza on the Hill and Marina with net-zero impact
- **Development Fund**
 - Trail Development Addition \$75,000
 - Connection from Glacier Way to Hawks Peak above Skislope Way (west side)
- **Replacement Reserve Fund Chart**



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	\$3,282,695	\$(925,355)
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	\$3,046,586	\$(298,214)
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	\$12,993,391	\$(1,146,609)
COGS	\$(1,613,000)	\$(1,554,428)	\$(1,476,000)	\$(845,406)	\$(1,260,142)	\$(215,857)
Gross Margin	\$12,602,000	\$13,141,089	\$12,664,000	\$8,231,508	\$11,733,248	\$(903,752)
Payroll	\$(13,050,000)	\$(12,729,963)	\$(12,905,000)	\$(10,066,778)	\$(12,509,027)	\$(395,973)
Operating Expenses	\$(5,445,000)	\$(5,479,525)	\$(5,846,000)	\$(4,374,256)	\$(5,865,050)	\$19,049
Net Operating Revenue	\$(5,893,000)	\$(5,068,399)	\$(6,087,000)	\$(6,209,526)	\$(6,640,828)	\$(553,828)
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)	\$(6,443,828)	\$(553,828)

Operating Cost Per Property \$996

Increase to Operating Fund \$86

MAJOR 2021 OPERATING FUND BUDGET DRIVERS

- **Minimum Wage Increase:** From \$13 to \$14/hour, approximately \$200,000 impact, No J-1 employees creating a competitive market
 - Approximately \$31 per homeowner
- **Property and Casualty Insurance:** \$327,000 increase, market-driven
 - Approximately \$50 per homeowner

Accounts for an increase of \$81 of the \$86 increase to the Operating Fund



30-YEAR CASH FLOW/CAPITAL BUDGET SUMMARY

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%	12,000,000	36,965,955	32.46%	199,368	5,183,578	801	211,444	(6,200,587)	11,194,435
1/1/2022	4.00%	11,194,435	38,011,925	29.45%	207,343	5,390,922	833	198,122	(6,244,760)	10,538,718
1/1/2023	4.00%	10,538,718	38,291,205	27.52%	215,637	5,606,558	866	180,302	(7,085,997)	9,239,581
1/1/2024	4.00%	9,239,581	37,635,852	24.55%	224,262	5,830,821	901	189,271	(3,737,080)	11,522,593
1/1/2025	4.00%	11,522,593	40,117,585	28.72%	233,233	6,064,054	937	204,168	(6,917,067)	10,873,747
1/1/2026	4.00%	10,873,747	39,334,664	27.64%	242,562	6,306,616	974	212,052	(5,004,999)	12,387,416
1/1/2027	4.00%	12,387,416	40,738,666	30.41%	252,265	6,558,880	1,013	235,492	(5,736,809)	13,444,979
1/1/2028	4.00%	13,444,979	41,487,709	32.41%	262,355	6,821,236	1,054	250,419	(6,491,728)	14,024,905
1/1/2029	4.00%	14,024,905	41,637,320	33.68%	272,849	7,094,085	1,096	265,280	(6,309,059)	15,075,212
1/1/2030	4.00%	15,075,212	42,178,662	35.74%	283,763	7,377,848	1,140	269,489	(8,236,009)	14,486,540
1/1/2031	4.00%	14,486,540	41,034,281	35.30%	295,114	7,672,962	1,185	282,304	(5,960,809)	16,480,997
1/1/2032	4.00%	16,480,997	42,180,328	39.07%	306,918	7,979,881	1,233	329,803	(5,093,753)	19,696,928
1/1/2033	4.00%	19,696,928	44,360,682	44.40%	319,195	8,299,076	1,282	379,312	(6,463,386)	21,911,931
1/1/2034	4.00%	21,911,931	45,187,304	48.49%	331,963	8,631,039	1,333	430,119	(5,702,802)	25,270,287
1/1/2035	4.00%	25,270,287	47,023,035	53.74%	345,242	8,976,281	1,387	500,117	(5,156,344)	29,590,340
1/1/2036	4.00%	29,590,340	49,504,547	59.77%	359,051	9,335,332	1,442	585,035	(4,925,273)	34,585,434
1/1/2037	4.00%	34,585,434	52,298,085	66.13%	373,413	9,708,745	1,500	645,748	(8,689,624)	36,250,303
1/1/2038	4.00%	36,250,303	51,433,037	70.48%	388,350	10,097,095	1,560	684,845	(8,158,025)	38,874,217
1/1/2039	4.00%	38,874,217	51,467,652	75.53%	403,884	10,500,979	1,622	752,619	(6,442,986)	43,684,829
1/1/2040	4.00%	43,684,829	53,259,384	82.02%	420,039	10,921,018	1,687	847,871	(6,130,810)	49,322,908
1/1/2041	4.00%	49,322,908	55,565,218	88.77%	436,841	11,357,859	1,755	936,283	(8,233,833)	53,383,216
1/1/2042	4.00%	53,383,216	55,706,910	95.83%	454,314	11,812,173	1,825	1,007,667	(9,049,636)	57,153,419
1/1/2043	4.00%	57,153,419	55,493,996	102.99%	472,487	12,284,660	1,898	1,074,490	(9,799,096)	60,713,473
1/1/2044	4.00%	60,713,473	54,690,469	111.01%	491,386	12,776,046	1,974	1,180,375	(5,901,384)	68,768,510
1/1/2045	4.00%	68,768,510	57,813,868	118.95%	511,042	13,287,088	2,053	1,287,273	(10,903,170)	72,439,701
1/1/2046	4.00%	72,439,701	56,511,451	128.19%	531,484	13,818,572	2,135	1,370,590	(9,720,772)	77,908,091
1/1/2047	4.00%	77,908,091	56,401,733	138.13%	552,743	14,371,314	2,220	1,502,812	(6,838,368)	86,943,849
1/1/2048	4.00%	86,943,849	59,316,151	146.58%	574,853	14,946,167	2,309	1,651,095	(9,367,045)	94,174,066
1/1/2049	4.00%	94,174,066	59,665,937	157.84%	597,847	15,544,014	2,401	1,798,092	(8,447,355)	103,068,817
1/1/2050	4.00%	103,068,817	61,365,423	167.96%	621,761	16,165,774	2,497	1,955,908	(9,704,670)	111,485,830
Hughes Reserves and Asset Management, LLC 10/21/2020										

30-YEAR CASH FLOW/CAPITAL BUDGET SUMMARY UPDATES FROM LAST MEETING

- Updated report with 2020 Annual Assessment contribution to Replacement Reserve Fund
- Refined beginning balance from audit of pending 2020 project closeouts and 2020 COVID-19 deferred/delayed projects
- Adjusted inflation rate to be consistent with Development Fund and closer to Bay Area Consumer Pricing Index



2021 DEVELOPMENT FUND CHALLENGE

As we consider the Development Fund, it is important to note the association is coming up on its 50th anniversary in 2021. 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.

TAHOE DONNER STRATEGIC PLAN SURVEY RESULTS

Refine a long-term financial plan for capital improvements, preventative maintenance and infrastructure replacement.

Rated “extremely important” or “very important” by 76% of members

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	Lodge Replacement	\$1,000,000	\$1,500,000	\$10,000,000	\$4,000,000		
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 Utilities					\$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	\$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)	\$2,625,000	\$1,725,000	\$10,425,000	\$4,290,000	\$1,450,000	\$22,000,000
	Payroll + Allocated Overhead	\$311,000	\$311,000	\$311,000	\$311,000	\$311,000	
	Expenditures Total	\$2,936,000	\$2,036,000	\$10,736,000	\$4,601,000	\$1,761,000	\$22,000,000
	Inflation Factor	\$58,720	\$82,254	\$214,720	\$92,020	\$35,220	
	Total Including Inflation	\$2,994,720	\$2,118,254	\$10,950,720	\$4,693,020	\$1,796,220	\$22,000,000

**SCHEDULED
EXPENDITURES
INCLUDING 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.**

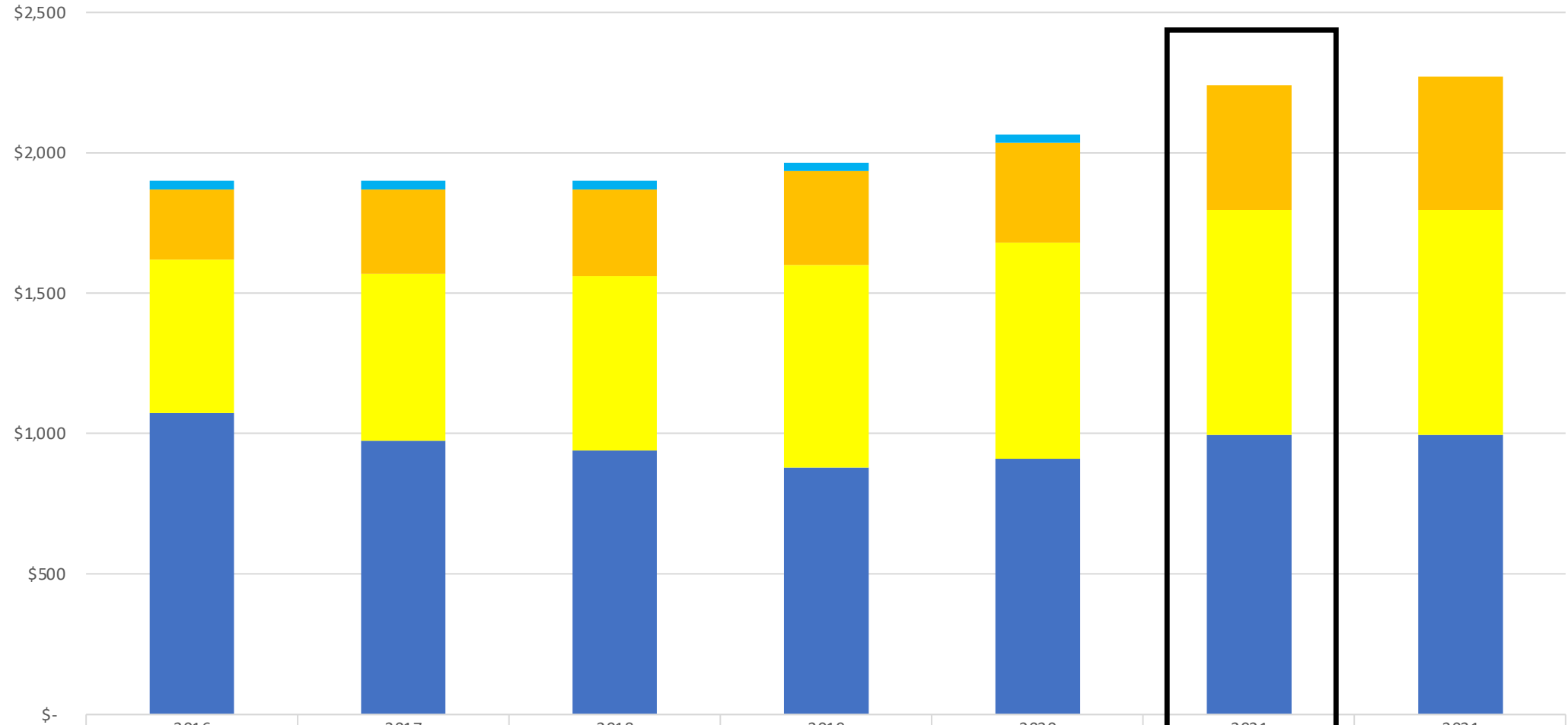
WHAT DOES A 25% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE:			25%		
	2021	2022	2023	2024	2025
Beginning Balance	\$ 8,273,666	\$ 8,226,202	\$ 9,772,551	\$ 2,957,099	\$ 3,616,979
Assessment	\$ 2,874,012	\$ 3,592,515	\$ 4,492,262	\$ 5,618,564	\$ 7,023,205
Interest Income	\$ 82,737	\$ 82,262	\$ 97,726	\$ 29,571	\$ 36,170
Bad Debt Expense	\$ (2,874)	\$ (3,593)	\$ (4,492)	\$ (5,619)	\$ (7,023)
Income Tax	\$ (6,619)	\$ (6,581)	\$ (7,818)	\$ (2,366)	\$ (2,894)
Expenditures	\$ (2,994,720)	\$ (2,118,254)	\$ (11,393,129)	\$ (4,980,270)	\$ (1,944,286)
Ending Balance	\$ 8,226,202	\$ 9,772,551	\$ 2,957,099	\$ 3,616,979	\$ 8,722,151
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 33.5% INCREASE TO THE DEVELOPMENT FUND LOOK LIKE OVER 5 YEARS?

PROJECTED DEVELOPMENT FUND BALANCE - ANNUAL INCREASE:			33.5%		
	2021	2022	2023	2024	2025
Beginning Balance	\$ 8,273,666	\$ 8,420,198	\$ 10,472,721	\$ 4,640,156	\$ 6,996,817
Assessment	\$ 3,068,202	\$ 4,097,409	\$ 5,469,685	\$ 7,301,544	\$ 9,748,338
Interest Income	\$ 82,737	\$ 84,202	\$ 104,727	\$ 46,402	\$ 69,968
Bad Debt Expense	\$ (3,068)	\$ (4,097)	\$ (5,470)	\$ (7,302)	\$ (9,748)
Income Tax	\$ (6,619)	\$ (6,736)	\$ (8,378)	\$ (3,712)	\$ (5,597)
Expenditures	\$ (2,994,720)	\$ (2,118,254)	\$ (11,393,129)	\$ (4,980,270)	\$ (1,944,286)
Ending Balance	\$ 8,420,198	\$ 10,472,721	\$ 4,640,156	\$ 6,996,817	\$ 14,855,491
Dev Fund Assessment	\$ 474.00	\$ 633.00	\$ 845.00	\$ 1,128.00	\$ 1,506.00
\$ Increase	\$ 119.00	\$ 159.00	\$ 212.00	\$ 283.00	\$ 378.00
2020 Assessment	\$ 355.00				
Annual Increase Assumption	33.5%				

ANNUAL ASSESSMENT HISTORY + 2021 SCENARIO



■ Development Fund Increase						25.0%	33.5%
■ AA Percent Increase		0.0%	0.0%	3.4%	5.1%	8.5%	10.0%
AA Total	\$1,900	\$1,900	\$1,900	\$1,965	\$2,065	\$2,241	\$2,271
■ New Equipment Fund	\$30	\$30	\$30	\$30	\$30	\$-	\$-
■ Development Fund	\$250	\$300	\$310	\$335	\$355	\$444	\$474
■ Replacement Reserve Fund	\$546	\$595	\$620	\$720	\$770	\$801	\$801
■ Operating Fund	\$1,074	\$975	\$940	\$880	\$910	\$996	\$996

TOTAL 2021 ANNUAL ASSESSMENT RECOMMENDATION

Recommendation: TOTAL: \$2,241 | +8.5%, \$176 from 2020

- Operating Fund: \$996 | +9.5%, \$86
- Replacement Reserve Fund: \$801 | +4%, \$31
- New Machinery Fund: \$0 | -\$30
- Development Fund: \$444 | +25%, \$89

Alternative: TOTAL: \$2,271 | +10%, \$206 from 2020

- Operating Fund: \$996 | +9.5%, \$86
- Replacement Reserve Fund: \$801 | +4%, \$31
- New Machinery Fund: \$0 | -\$30
- Development Fund: \$474, +33.5%, \$119

By motion, Adopt Resolution 2020-5 Tahoe Donner Association 2021 Budget

Recommendation: TOTAL: \$2,241 | +8.5%, \$176 from 2020

- Operating Fund: \$996 | +9.5%, \$86
- Replacement Reserve Fund: \$801 | +4%, \$31
- New Machinery Fund: \$0 | -\$30
- Development Fund: \$444 | +25%, \$89



TAHOE DONNERSM