

Pro Forma Review



Project Timeline Review

- Review of Existing Data and Past Studies
- Community Input
 - Stakeholder interviews and focus groups
 - Online survey
- Market Research
- Development of Building Program and Evaluation of Alternatives
- Pro Forma Development
- Business Plan Report

Ski Lodge Assumptions

Ski Lodge: Assumptions

- Assessed three different facility layouts:
 - Existing Facility = 15,838 sf
 - Full operation from historical data
 - Limited public access based on Comfortable Carrying Capacity (CCC) for peak days
 - Owner / guest access only
 - Replacement Lodge 1 = 22,000 sf
 - Unlimited access
 - Limited public access based on CCC
 - Replacement Lodge 2 = 26,000 sf
 - Unlimited access
 - Limited public access based on CCC
- Baseline operation derived from actual performance from FY19
 - 2019 P&L report
 - Participation data from 2019
 - Total HOA owners = 6,473
- Operational assumptions and forecasting based on both practical and theoretical knowledge as the consultants worked closely with TD staff to develop

Ski Lodge: CCC Assumptions

- Original CCC per facility:
 - Existing Lodge (15,838 sf) = 475 CCC
 - Replacement Lodge 1 (22,000 sf) = 660 CCC
 - Replacement Lodge 2 (26,000 sf) = 760 CCC
 - Additional 25% overflow buffer on CCC for high-traffic days
 - Replacement Lodge 1 = 825 CCC
 - Replacement Lodge 2 = 960 CCC
- Original methodology was utilized as a starting point for pro forma; however, BSA has a different methodology for CCC

Space Allocation and Cost Estimates

Tahoe Donner On-Mountain Lodge: Hypothetical Program Illustration

Updated: April 22, 2021

Primary Program Elements	Recommendation	Associated Area	22,000 SF Building	26,000 SF Building	Notes
Rental	1,000 Pair	4,400	4,100	4,100	fixed requirement based on existing equipment
Flexible/Camp/Kids Programs	200-250 Kids	1,400-1,600	1,400	1,600	Major Program User at Tahoe Donner
Food & Beverage Space	300 Seats	4,500	1,550	4,000	drop from 266 indoor seats to 100 seats vs. recommendation
Servery and Kitchen	300 Seats	4,500	4,000	4,500	Larger kitchen allow service for outdoor seating
Restrooms	Based on 1,000 CCC	2,000	1,400	1,600	Fixed Sizes
Guest Services/Administration/Ski School Lockers, Loading, etc.	By Department	6,500	4,050	4,480	Fixed Requirements, offices, etc.
Efficiency Factor	25% smaller building /22% larger building	Varies	5,500	5,720	Efficiency decreases with smaller building due to fixed sizes of stairs, elevators, loading, etc.
Total			22,000	26,000	

Ballpark Cost Estimates

\$17,400,000

\$18,800,000

Ski Lodge: Assumptions

- Dining Capacity
 - Existing Facility = 300 seats (150 indoor/150 outdoor)
 - Replacement Lodge 1 = 250 seats (100 indoor/150 outdoor)
 - Replacement Lodge 2 = 416 seats (266 indoor/150 outdoor)
 - Additional Daily Yield on F&B Accounting for Length of Stay
 - Replacement Lodge 1 = 3%
 - Replacement Lodge 2 = 15%
- Children's Group Lesson Conversion Rate for Replacement Lodge 2
 - All-day to half-day lesson ratio from 50/50 to 80/20

Ski Lodge: Assumptions

- Cost of Goods Sold
 - F&B = 26%
 - Retail = 46%
- Utilities
 - Lodge variable costs = \$3.69/sf (Electric, Gas, Water, Sewer, Disposal)
 - Variable cost savings for LEED design in expanded lodges = 40%
 - Both expanded lodge variable costs = \$2.22/sf
 - Lodge fixed costs = \$6,109 (Telephone, Cable / Sattelite TV Service)
 - Fixed utility costs from operations outside of lodge = \$133,355

Ski Lodge: Existing

	Existing Lodge (15,838 sf)		
	Unlimited Access	Limited on CCC (475)	No Public
Revenues			
Direct Access to Space	\$1,993,586	\$1,528,977	\$1,035,354
Food & Beverage	\$486,767	\$376,228	\$223,913
Retail Product	\$148,266	\$114,596	\$68,202
Lessons and Rentals	\$1,992,835	\$1,471,091	\$597,930
Other Revenue	\$125,221	\$72,084	\$12,275
Total Revenue	\$4,746,675	\$3,562,977	\$1,937,674
Expenditures			
Cost of Goods Sold	\$196,821	\$152,125	\$90,538
Payroll	\$2,008,676	\$1,807,808	\$1,707,375
Staff Expense	\$175,814	\$135,814	\$105,814
Utilities	\$197,950	\$197,950	\$197,950
Supplies and Maintenance	\$163,698	\$144,054	\$139,143
Administrative and Other	\$323,586	\$291,227	\$258,869
Total Expense	\$3,066,545	\$2,728,979	\$2,499,688
Net Operating Result	\$1,680,130	\$833,997	(\$562,014)
Cost Recovery	155%	131%	78%
Net Benefit per Owner	\$259.56	\$128.84	(\$86.46)
Capital Replacement / Reserve Fund	\$403,534	\$403,534	\$403,534
Net Result incl. Capital	\$1,276,596	\$430,463	(\$965,548)
Cost Recovery incl. Capital	137%	114%	67%
Net Benefit per Owner	\$197.22	\$66.50	(\$149.17)

- Current benefit per owner of \$197.22 likely not sustainable
- Total benefit per owner reduced by \$130.72 with controlled public access limited by CCC
- Net impact to individual owners for removing public access entirely is **(\$346.38)**

Ski Lodge: Replacement

	Replacement Lodge 1 (22K sf)		Replacement Lodge 2 (26K sf)	
	Unlimited Access	Limited on CCC (660)	Unlimited Access	Limited on CCC (760)
Revenues				
Direct Access to Space	\$1,993,586	\$1,695,781	\$2,007,926	\$1,899,349
Food & Beverage	\$444,915	\$384,073	\$647,103	\$608,574
Retail Product	\$148,266	\$130,274	\$148,266	\$138,061
Lessons and Rentals	\$2,167,070	\$1,886,274	\$2,363,551	\$2,204,288
Other Revenue	\$125,221	\$93,447	\$130,119	\$127,658
Total Revenue	\$4,879,057	\$4,189,848	\$5,296,965	\$4,977,930
Expenditures				
Cost of Goods Sold	\$185,740	\$161,386	\$239,273	\$224,396
Payroll	\$2,008,676	\$1,928,329	\$2,008,676	\$2,008,676
Staff Expense	\$175,814	\$160,814	\$175,814	\$175,814
Utilities	\$182,099	\$182,099	\$190,961	\$190,961
Supplies and Maintenance	\$163,698	\$155,513	\$160,424	\$160,424
Administrative and Other	\$323,586	\$307,407	\$336,529	\$336,529
Total Expense	\$3,039,612	\$2,895,547	\$3,111,678	\$3,096,801
Net Operating Result	\$1,839,445	\$1,294,301	\$2,185,287	\$1,881,130
Cost Recovery	161%	145%	170%	161%
Net Benefit per Owner	\$284.17	\$199.95	\$337.60	\$290.61
Capital Replacement / Reserve Fund	\$456,846	\$456,846	\$491,454	\$491,454
Net Result incl. Capital	\$1,382,599	\$837,455	\$1,693,833	\$1,389,676
Cost Recovery incl. Capital	140%	125%	147%	139%
Net Benefit per Owner	\$213.59	\$129.38	\$261.68	\$214.69

- Benefit increase per owner for limited access on CCC vs. existing facility:
 - 22K sf = \$62.88/yr
 - 26K sf = \$148.19/yr
- Benefit increase per owner for unlimited access vs. existing facility:
 - 22K sf = \$16.38/yr
 - 26K sf = \$64.46/yr

Potential Off-Season Options

- Three key off-season elements were assessed for a potential redesign:
 - Event Space
 - Mountain Bike Park
 - Adventure Park
- Enhance user experience and membership enjoyment while optimizing the site for year-round use



Event Space Assumptions

Event Space: General Assumptions

- The Event Space expects to be a program-driven space with peak usage in the off-season June 15-Sept 30.
- Total operational hours will be on an as-needed basis based on program times and/or set reservations
- Differential pricing was incorporated for peak (Fri-Sat) and non-peak (Sun-Thur) times for events and rentals
- The event space is most appropriate for Replacement Lodge 2 (26K sf)

Event Space: Programming Assumptions

- Revenue generating program offerings include:
 - Weddings
 - Member events (Reunions, Corporate Retreats, etc)
 - Meeting rooms / group rentals
 - Recreation program classes
 - Summer day camps
 - Themed special events for youth and adults / live music events
- Key assumptions from existing event venue at The Lodge
 - Peak season event revenue = \$600K
 - Approximately 35-40 events per year; 90% weddings
 - Average wedding price = \$20K
 - Food cost ~26-28% of revenue; labor cost ~23-25% of revenue
- 2019 actuals for Summer Camps were used in developing the pro forma; assuming new site can support 75% of previous level for camps

Event Space: Staffing Assumptions

- A total of two (2) full-time staff at half salary, with benefits, are projected for the lodge summer uses:
 - One (1) Lodge Planner half-time salary
 - One (1) Program manager half-time salary
- Part-time staff will be utilized for:
 - Customer service coordination and permitting
 - Seasonal camps supervisor and camp counselors
 - Building maintenance staff
 - Facility rental staff
 - Shuttle drivers
 - Bartenders
 - Food service staff
- Recreation programs will utilize contract instructors at 60/40 split

Event Space: Revenue Model

- Modeling assumes conservative base year, ramping up by 20% annually in first few years
- 25 weddings in first year (20 peak, 5 non-peak)
 - Peak: Fri-Sat; \$5,000 rental fee; average \$15,000 catering spend
 - Non-peak: Sun-Thur; \$3,500 rental fee; average \$10,000 catering spend
- 2 member events in first year
 - \$2,000 rental fee; average \$1,500 catering spend
- 48 meeting room rentals
 - Peak: Fri-Sat; \$250 rental fee; average 1 per week
 - Non-peak: Sun-Thur; \$200 rental fee; average 1 per week
- 6 Community Events
 - In-house, free events
- Day Camps
 - Assumes new facility can support 75% of existing volume from 2019 (appx \$186,000 in revenue)
- Recreation Programs
 - \$160 for 4-week sessions; 24 offerings per year; average of 8 participants

Bike Park Assumptions

Bike Park: General Assumptions

- The Mountain Bike Park expects to be a program-driven space in the off-season
- Opening Memorial Day and closing early October; total operating days of 100
 - Open weekends only (3 days) prior to late June / early July and after Labor Day
- Goal is to build on the DSR brand as the “best place to begin” through experiences designed for novice to intermediate riders
- Pricing includes differential rates for members / guests and public
- Annual upkeep for the Mountain Bike Park is estimated at \$150,000 a year
- This amenity has tremendous upside for its off-season potential and is complementary to the existing ski hill operation and target market

Bike Park: Staffing Assumptions

- A total of three (3) full-time staff at half salary, with benefits, are projected for the lodge summer uses:
 - One (1) Lodge Manager half-time salary
 - One (1) Bike Park Program manager half-time salary
 - One (1) Bike Park Mountain Manager for grooming the hill every day half-time salary.
- Part-time staff will be utilized for:
 - Customer service coordination and program development
 - Seasonal mountain bike camps supervisor and instructors (10)
 - Maintenance staff
 - Rental shop attendants / lift operators / mechanics
 - Shuttle drivers
 - Bartenders / Food service staff
- Bike Park programs are expected to be provided by local contract instructors at a 60/40 split, all of which could be shifted to staff personnel if management deems staff instructors as more effective for operations.

Bike Park: Programming Assumptions

- Programming and rentals are based on similar provider rates from comparable mountain bike parks in the region
- Revenue generating program offerings include:
 - Daily passes
 - Season passes
 - Mountain bike instruction, lessons and clinics
 - Mountain bike rentals
 - Bike repairs
 - Summer mountain bike day camps
 - Themed mountain bike special events for youth
 - Food services

Bike Park: Revenue Model

- Daily Passes
 - Member / guest: \$35 for all-day access; average of 50 per day
 - Public: \$50 for all-day access; average of 50 per day
- Season Passes
 - Member / guest: \$150 for season-long access; 300 per season
 - Public: \$250 for season-long access; 300 per season
- Bike Rentals
 - \$100 rental fee; average 20 per day
- Lessons
 - \$300 includes all-day park pass and private lesson; average 12 lessons per month
- Clinics
 - \$100 per participant for single-day clinic; 6 offerings per season; average of 20 participants
- Bike Camp
 - \$350 for weeklong session; 6 weeks per year; average of 20 participants per week
- Bike Repairs
 - Average of \$300 in repairs per day

Adventure Park Assumptions

Adventure Park: General Assumptions

- The Adventure Park expects to be a program-driven space with peak usage in the off-season June 1- October 31
- Total capital investment for the proposed Adventure Park is based on land lease over 20 years, which includes all soft and hard costs
- It is recommended to establish a private operator that will provide revenues in the form of a land lease and a percentage of gross; this will allow Tahoe Donner to provide a unique, high-quality experience without the provision of significant resources and specialized training
 - Revenues stem from the Adventure Park land lease at 15% of land value, revenue sharing at 5% of gross receipts, and food service

Adventure Park: Staffing Assumptions

- Adventure Park staff will be provided solely by the private operator
- The Adventure Park will incorporate some ski lodge staff based on “lean management” practices where human resources are only expended for the creation of value for the customer
 - Ski lodge dining room / bar staffing levels will be affected by the Adventure Park operation through ancillary food and beverage sales
 - Adventure Park will also require shuttle drivers and associated expenses

Adventure Park: Revenue Model

- Land Lease
 - 15% of land value over 20 years
 - Estimated value of \$800K/acre at 10 acres = \$8M
- Revenue Share
 - 5% of gross revenues
 - Estimated \$2M in revenue annually

Other Revenues

- Food & Beverage sales from off-season use estimated at \$229K
 - Bike Park = 15,952 visits at \$4.90 avg spend
 - Adventure Park = 12,000 visits at \$4.90 avg spend
 - Special Events / Misc Foot Traffic = 7,500 visits at \$12.24 avg spend
- Retail Sales from off-season use estimated at \$60K
 - Based on 27,952 visits at \$2.15 avg spend
 - Retail sales divided equally among 3 off-season features

Off-Season Pro Forma

Pro Forma Revenues and Expenditures

Tahoe Donner

Revenues	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Bike Park	\$827,800	\$869,190	\$912,650	\$949,155	\$987,122	\$1,016,735
Recreation Programs	\$216,509	\$227,335	\$238,701	\$248,250	\$258,179	\$265,925
Events / Catering	\$485,300	\$582,360	\$698,832	\$838,598	\$872,142	\$898,307
Food & Bev	\$228,765	\$240,203	\$252,213	\$262,302	\$272,794	\$280,978
Other	\$225,097	\$236,352	\$248,169	\$258,096	\$268,420	\$276,472
Total Revenue	\$1,983,471	\$2,155,439	\$2,350,565	\$2,556,401	\$2,658,657	\$2,738,417
Expenditures	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Personnel Services	\$911,771	\$974,830	\$1,044,537	\$1,113,153	\$1,157,679	\$1,192,410
Supplies / Routine Maintenance	\$410,028	\$444,297	\$483,032	\$523,499	\$544,439	\$560,773
Other Services and Charges	\$203,699	\$209,810	\$216,104	\$222,587	\$229,265	\$236,143
Capital Outlay	\$59,504	\$61,289	\$63,128	\$65,022	\$66,972	\$68,982
Total Expense	\$1,585,002	\$1,690,226	\$1,806,801	\$1,924,262	\$1,998,356	\$2,058,307
Net Operating Result	\$398,469	\$465,213	\$543,765	\$632,139	\$660,301	\$680,110
Total Cost Recovery	125%	128%	130%	133%	133%	133%
Net Benefit per Owner	\$61.56	\$71.87	\$84.01	\$97.66	\$102.01	\$105.07

- This represents the first 5 years of growth for all 3 off-season options
- Catering revenues expected to increase 20% annually as business builds
- By the sixth year, this combination of options could provide an additional benefit of \$139 / owner in the 26K sf building

Comparison of Off-Season Options

	Off-Season Options		
	Baseline: Event Space	Bike Park	Adventure Park
Revenues			
<i>Total Revenue</i>	\$813,642	\$955,997	\$213,832
Expenditures			
<i>Total Expense</i>	\$725,588	\$685,863	\$173,551
Net Operating Income	\$88,053	\$270,134	\$40,281
Cost Recovery	112%	139%	123%
Net Benefit per Owner	\$13.60	\$41.73	\$6.20
Capital Replacement / Reserve Fund			
Net Income incl. Capital	\$88,053	\$270,134	\$40,281
Cost Recovery incl. Capital	112%	139%	123%
Net Benefit per Owner	\$13.60	\$41.73	\$6.22

- This only compares the first year of operation, which has a combined benefit of \$61.56/owner
- Catering revenues ramp up significantly in subsequent years
- Event space is only an option in the largest floor plan, while both outdoor options could be added to any facility size

Pro Forma – Full Summary

		Pro Forma Comparison Years 1-6					
		1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Existing Facility Unlimited	Total Revenue	\$4,746,675	\$4,841,609	\$4,938,441	\$5,037,209	\$5,137,954	\$5,240,713
	Total Expense	\$3,066,545	\$3,158,541	\$3,253,298	\$3,350,897	\$3,451,423	\$3,554,966
	Capital Replacement / Reserve Fund	\$403,534	\$415,640	\$428,109	\$440,952	\$454,181	\$467,807
	Net Income incl. Capital	\$1,276,596	\$1,267,427	\$1,257,034	\$1,245,360	\$1,232,349	\$1,217,940
	Cost Recovery incl. Capital	137%	135%	134%	133%	132%	130%
Net Benefit per Owner	\$197.22	\$195.80	\$194.20	\$192.39	\$190.38	\$188.16	
Expanded Lodge 1 (22K SF) Unlimited	Total Revenue	\$4,879,057	\$5,123,010	\$5,379,161	\$5,594,327	\$5,762,157	\$5,935,022
	Total Expense	\$3,039,612	\$3,130,801	\$3,224,725	\$3,321,466	\$3,421,110	\$3,523,744
	Capital Replacement / Reserve Fund	\$456,846	\$470,551	\$484,668	\$499,208	\$514,184	\$529,610
	Net Income incl. Capital	\$1,382,599	\$1,521,658	\$1,669,768	\$1,773,653	\$1,826,863	\$1,881,668
	Cost Recovery incl. Capital	140%	142%	145%	146%	146%	146%
Net Benefit per Owner	\$213.59	\$235.08	\$257.96	\$274.01	\$282.23	\$290.69	
Expanded Lodge 2 (26K SF) Unlimited w/ Event Space	Total Revenue	\$6,110,606	\$6,488,932	\$6,900,732	\$7,288,575	\$7,519,383	\$7,744,964
	Total Expense	\$3,837,266	\$3,996,036	\$4,167,062	\$4,347,601	\$4,486,357	\$4,620,948
	Capital Replacement / Reserve Fund	\$491,454	\$506,198	\$521,384	\$537,025	\$553,136	\$569,730
	Net Income incl. Capital	\$1,781,886	\$1,986,698	\$2,212,287	\$2,403,949	\$2,479,890	\$2,554,287
	Cost Recovery incl. Capital	141%	144%	147%	149%	149%	149%
Net Benefit per Owner	\$275.28	\$306.92	\$341.77	\$371.38	\$383.11	\$394.61	
Mountain Bike and Adventure Park Options	Total Revenue	\$1,169,829	\$1,228,321	\$1,289,737	\$1,341,326	\$1,394,979	\$1,436,829
	Total Expense	\$824,319	\$849,049	\$874,520	\$900,756	\$927,779	\$955,612
	Capital Replacement / Reserve Fund	\$35,095	\$36,148	\$37,232	\$38,349	\$39,500	\$40,685
	Net Income incl. Capital	\$310,415	\$343,124	\$377,984	\$402,221	\$427,701	\$440,532
	Cost Recovery incl. Capital	136%	139%	141%	143%	144%	144%
Net Benefit per Owner	\$47.96	\$53.01	\$58.39	\$62.14	\$66.07	\$68.06	

- The Event Space considered a viable option only in the largest facility
- By Year 6, the largest facility with all 3 off-season options could generate over \$500 of annual benefit per owner, which is \$300 more than overexerting the existing building

Ski Lodge: Assumptions

- Preliminary Construction Costs
 - Replacement Lodge 1 (22,000 sf) = \$17.4M
 - Replacement Lodge 2 (26,000 sf) = \$18.8M
 - Cost difference in lodge options = \$1.4M
 - Useful life of new facility = 40 years
- BSA working on refining construction costs
 - Expected that the incremental gain in square feet will reduce construction cost/sf

As conceptual design is completed, costs will be refined

Lifetime Benefit Analysis

Expanded Lodge Lifetime Benefit Analysis	Expanded Lodge 1 (22K SF)	Expanded Lodge 2 (26K SF) Current Operation	Expanded Lodge 2 (26K SF) plus Event Space
Estimated new DSL building cost	\$ 17,400,000	\$ 18,800,000	\$ 18,800,000
Useful life of new DSL (years)	40	40	40
Cashflows from NOR: Years 1-6	\$ 10,056,210	\$ 12,164,728	\$ 13,418,997
Annual cashflow from NOR: remaining useful life	\$ 1,881,668	\$ 2,266,359	\$ 2,554,287
Years to recoup capital development costs	9.9	8.9	8.1
Remaining useful life of building after paid off	30.1	31.1	31.9
Estimated remaining NOR for life of building	\$ 56,632,935	\$ 70,420,920	\$ 81,464,742
Lifetime Benefit per owner	\$ 8,749	\$ 10,879	\$ 12,585

- Due to the increased revenue generation and marginal capital development costs, the largest lodge size (i.e. 26K SF) can be paid off 1 to 1.8 years earlier than the 22K SF building, depending on the inclusion of off-season use.
- The lifetime benefit of the building and to the individual owner is also significantly higher in Expanded Lodge 2.

As conceptual design is completed, costs will be refined

QUESTIONS?

