

LODGE AT DOWNHILL SKI BOARD PRESENTATION BUSINESS PLAN AND CONCEPTUAL DESIGN

May 28, 2021



Agenda

- The Board of Directors will receive a presentation from PROs consultants and consider moving forward on the 30% design phase for the Lodge at Downhill Ski

Pro Forma Review



Ski Lodge Assumptions

Ski Lodge: Assumptions

- Baseline operation derived from actual performance from FY19
 - Existing Facility = 15,838 sf
 - Full operation from historical data
 - Limited public access based on capacity = 594
 - Owner / guest access only
 - 2019 P&L report -
 - Participation data from 2019 = 47,093 skier visits
 - This is in line with 5-year average
 - 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: Assumptions

- Assessed two replacement facility layouts:
 - Replacement Lodge 1 = 22,000 sf
 - Unlimited access
 - Limited public access based on capacity = 450
 - Replacement Lodge 2 = 26,000 sf
 - Unlimited access
 - Limited public access based on capacity = 960

Space Allocation and Cost Estimates

Tahoe Donner On-Mountain Lodge: Hypothetical Program Illustration

Updated: May 21, 2021

Primary Program Elements	Recommendation	Associated Area	Existing	22,000 SF Building	26,000 SF Building	Ideal	Notes
Rental	1000 Pair	4,400	2,640	4,100	4,100	4,100	Fixed Requirement based on existing equipment
Flexible/Camp/Kids Programs	200-250 kids	1,400-1,600	1,060	1,400	1,600	1,600	Major Program User at Tahoe Donner
Food and Beverage Space	300 Seats	4,500	2,150 142 seats	1,950 130 seats	4,000 266 seats	4,000 266 seats	Drop from 266 indoor seats to 130 seats vs. recommendation
Servery and Kitchen	300 Seats	4,500	1,504	3,600	4,500	4,500	Larger kitchen allow service for outdoor seating
Restrooms	Based on 1000 CCC	2,000	995	1,400	1,600	2,000	Fixed Sizes
Guest Services/Administration/Ski School Lockers, Loading, etc.	By Department	6,500	4,794	4,050	5,380	5,920	Fixed Requirements, offices, etc.
Efficiency Factor (circulation/walls/MEP etc.)	25% smaller building /22% larger building	Varies	2,695	5500	5720	5880	Efficiency decreases with smaller building due to fixed sizes of stairs, elevators, loading, etc.
Total			15838	22,000	26,900	28,000 plus/minus	

Estimated Building Capacity

450 capacity

960 capacity

1000 capacity

Ballpark Construction Cost Estimates (excluding escalation & contingencies)

\$17,400,000

\$18,800,000

\$19,400,000

Ski Lodge: Assumptions

- Dining Capacity
 - Existing Facility = 300 seats (150 indoor/150 outdoor)
 - Replacement Lodge 1 = 280 seats (130 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
 - Same volume of lessons, but larger proportion of all day lessons

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 / Satellite TV Service)
 - Fixed utility costs from operations outside of lodge = \$133,355
- Staffing levels for replacement lodges expected to remain consistent with existing operation
- Model incorporates growth rate of 3% annually for revenues and expenses

Ski Lodge: Existing

	Existing Lodge (15,838 sf)		
	Unlimited Access	Limited Capacity (594)	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)
Operational Cost Recovery	155%	131%	78%
Net Benefit per Owner	\$259.56	\$128.84	(\$86.46)
Member Contribution to Capital Replacement / Reserve	\$1,000,000	\$1,000,000	\$1,000,000
Net Result incl. Capital	\$680,130	(\$166,003)	(\$1,562,014)
Cost Recovery incl. Capital - Lodge Only	117%	96%	55%
Net Benefit per Owner	\$105.07	(\$25.65)	(\$241.31)

- Current benefit per owner of \$105.07 likely not sustainable
- Total benefit per owner reduced by \$130.72 with controlled public access limited by capacity
- 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 Capacity (450)	Unlimited Access	Limited Capacity (950)
Revenues				
Direct Access to Space	\$1,993,586	\$1,431,066	\$2,007,926	\$1,899,349
Food & Beverage	\$474,757	\$329,783	\$647,103	\$608,574
Retail Product	\$148,266	\$105,394	\$148,266	\$138,061
Lessons and Rentals	\$2,106,802	\$1,437,719	\$2,303,283	\$2,144,021
Other Revenue	\$125,221	\$88,969	\$130,119	\$127,658
Total Revenue	\$4,848,633	\$3,392,931	\$5,236,697	\$4,917,663
Expenditures				
Cost of Goods Sold	\$193,641	\$135,611	\$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	\$3,047,514	\$2,869,773	\$3,111,678	\$3,096,801
Net Operating Result	\$1,801,119	\$523,158	\$2,125,019	\$1,820,862
Operational Cost Recovery	159%	118%	168%	159%
Net Benefit per Owner	\$278.25	\$80.82	\$328.29	\$281.30
Member Contribution to Capital Replacement / Reserve	\$1,112,473	\$1,112,473	\$1,154,516	\$1,154,516
Net Result incl. Capital	\$688,646	(\$589,315)	\$970,503	\$666,346
Cost Recovery incl. Capital - Lodge Only	117%	85%	123%	116%
Net Benefit per Owner	\$106.39	(\$91.04)	\$149.93	\$102.94

- Net benefit per owner for limited access by capacity vs. existing facility:
 - 22K sf = **(\$65)/yr**
 - 26K sf = \$129/yr
- Net benefit per owner for unlimited access vs. existing facility:
 - 22K sf = \$1/yr
 - 26K sf = \$45/yr

Potential Off-Season Options

- Three off-season elements were assessed for potential off-season use:
 - Member Community Space
 - Mountain Bike Park
 - Adventure Park
 - **Elements based on member survey**
- These options do not drive the design of the Lodge; however, the 26,000 sf facility is the only one that can support large member community space activities
- Enhance user experience and membership enjoyment while optimizing the site for year-round use

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	\$852,634	\$878,213	\$904,559	\$931,696	\$959,647
Recreation Programs	\$216,509	\$223,005	\$229,695	\$236,586	\$243,683	\$250,994
Events / Catering	\$485,300	\$582,360	\$698,832	\$838,598	\$863,756	\$889,669
Food & Bev	\$228,765	\$235,628	\$242,697	\$249,977	\$257,477	\$265,201
Other	\$225,097	\$231,850	\$238,805	\$245,969	\$253,348	\$260,949
Total Revenue	\$1,983,471	\$2,125,476	\$2,288,241	\$2,475,690	\$2,549,961	\$2,626,460
Expenditures	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Personnel Services	\$911,771	\$958,924	\$1,011,452	\$1,070,308	\$1,102,417	\$1,135,490
Supplies / Routine Maintenance	\$410,028	\$437,932	\$469,793	\$506,354	\$521,545	\$537,191
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	\$1,667,955	\$1,760,477	\$1,864,272	\$1,920,200	\$1,977,806
Net Operating Result	\$398,469	\$457,521	\$527,764	\$611,419	\$629,761	\$648,654
Total Cost Recovery	125%	127%	130%	133%	133%	133%
Net Benefit per Owner	\$61.56	\$70.68	\$81.53	\$94.46	\$97.29	\$100.21

- 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 \$100 / 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	\$6.22

- 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
- Community 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 Full DHS Capital

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	\$1,000,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274
	Net Income incl. Capital	\$680,130	\$653,067	\$624,243	\$593,586	\$561,021	\$526,473
	Cost Recovery incl. Capital - Full DHS Ops	117%	116%	114%	113%	112%	111%
Net Benefit per Owner		\$105.07	\$100.89	\$96.44	\$91.70	\$86.67	\$81.33
Replacement Lodge 1 (22K SF) Unlimited	Total Revenue	\$4,848,633	\$4,994,092	\$5,143,914	\$5,298,232	\$5,457,179	\$5,620,894
	Total Expense	\$3,047,514	\$3,138,939	\$3,233,107	\$3,330,101	\$3,430,004	\$3,532,904
	Capital Replacement / Reserve Fund	\$1,112,476	\$1,145,850	\$1,180,226	\$1,215,633	\$1,252,102	\$1,289,665
	Net Income incl. Capital	\$688,643	\$709,302	\$730,581	\$752,499	\$775,074	\$798,326
	Cost Recovery incl. Capital - Full DHS Ops	117%	117%	117%	117%	117%	117%
Net Benefit per Owner		\$106.39	\$109.58	\$112.87	\$116.25	\$119.74	\$123.33
Replacement Lodge 2 (26K SF) Unlimited w/ Event Space	Total Revenue	\$6,050,339	\$6,314,350	\$6,602,782	\$6,919,667	\$7,127,257	\$7,341,074
	Total Expense	\$3,837,266	\$3,987,787	\$4,149,904	\$4,325,381	\$4,455,142	\$4,588,797
	Capital Replacement / Reserve Fund	\$1,154,516	\$1,189,151	\$1,224,826	\$1,261,571	\$1,299,418	\$1,338,400
	Net Income incl. Capital	\$1,058,557	\$1,137,412	\$1,228,052	\$1,332,715	\$1,372,696	\$1,413,877
	Cost Recovery incl. Capital - Full DHS Ops	121%	122%	123%	124%	124%	124%
Net Benefit per Owner		\$163.53	\$175.72	\$189.72	\$205.89	\$212.06	\$218.43
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 Community Space considered a viable option only in the largest facility
- By Year 6, the largest facility with all 3 off-season options could generate \$286 of annual benefit per owner, which is \$205 more than overexerting the existing building

Ski Lodge: Assumptions

- Preliminary Construction Costs
 - Replacement Lodge 1 (22,000 sf) = \$20.5M
 - Replacement Lodge 2 (26,000 sf) = \$22.2M
 - **Cost difference in lodge options = \$1.7M**
 - Useful life of new facility = 40 years
 - Includes inflation of 4% per year to represent 2023 dollars

As conceptual design is completed, costs will be refined

Lifetime Benefit Analysis

Replacement Lodge Lifetime Benefit Analysis (Full DHS Operation Capital Expenses)	Replacement Lodge 1 (22K SF)	Replacement Lodge 2 (26K SF) Current Operation	Replacement Lodge 2 (26K SF) plus Event Space
Estimated new DSL building cost	\$ 20,498,904	\$ 22,180,622	\$ 22,180,622
Useful life of new DSL (years)	40	40	40
Years to recoup capital development costs	21.6	17.7	14.9
Remaining useful life of building after paid off	18.4	22.3	25.1
Estimated remaining NOR for life of building	\$ 31,425,638	\$ 50,996,550	\$ 69,434,758
Lifetime Benefit per owner	\$ 4,855	\$ 7,878	\$ 10,727

- Due to the increased revenue generation and marginal capital development costs, the largest lodge size (i.e. 26K SF) can be paid off up to 6.7 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

Development Fund – 5-Year Capital Funds Projection

2021 Update - Development Fund - Draft 5-Year Capital Funds Projection

	Project	2021	2022	2023	2024	2025
Association Wide	Mailboxes (has RR cont. start planning 2023, const. 2025)			50,000		1,500,000
Association Wide	Seasonal Workforce Employee Housing					75,000
Association Wide	EV Charging Stations	50,000				
ACAC	Snowmaking on select Nordic Trails (Phase 1)	1,039,286				
ACAC	Snowmelt North Parking Lot (2025 start planning)					50,000
Downhill Ski Resort	DHS Lodge 22.9M (additional \$3.5MM spend from RRF)	575,055	496,952	11,043,858	7,285,493	
Downhill Ski Resort	Snowmaking to Eagle Rock (design 2024 - Const. 2025)				75,000	550,000
Downhill Ski Resort	Regrade Mile Run to 8% minimum slope (final design 2025)					75,000
Forestry	Finish Upstairs Remodel for Office Space				37,500	250,000
Maintenance	Fuel Tank Replacement and Cover (will have RR cont.)					1,500,000
Northwoods	Major Remodel/replacement (start planning 2025)					100,000
The Lodge	Parking Lot Walkway (Tied to larger project with RR cont.)	50,000				
Trails and Open Space	Implement trail/trailhead projects in the TMP		75,000	75,000	200,000	250,000
Trails and Open Space	Glacier Way Parking Lot Expansion (will have RR cont.)			52,500		500,000
Trails and Open Space	ACAC Boardwalk and Trail Restoration (has RR cont.)	350,000				
TCRC	Snowmaking at Snowplay	200,000				
Association Wide	Feasibility Studies				50,000	50,000
Association Wide	Future Land Acquisition					400,000

Note: 2025 projects are place holders. Part of initiative #5 in 2021 Workplan is “10/Year capital improvement plan that prioritizes projects and includes preliminary budgets that are both fiscally responsible and attainable by Q3 2021”

Development Fund – 5-Year Capital Funds Projection

Five Year 25% Increase in the Development Fund Projection						
		2021	2022	2023	2024	2025
Estimated Annual Totals, exclude RRF, Inflation Factor, and direct/allocated overhead		2,264,341	571,952	11,221,358	7,647,993	5,300,000
	Direct and Allocated Overhead	300,000	300,000	300,000	300,000	300,000
	Expenditures Total	2,564,341	871,952	11,521,358	7,947,993	5,600,000
3.6%	Inflation Factor	92,000	63,000	1,244,000	1,145,000	1,008,000
	Total Including Inflation	2,656,341	934,952	12,765,358	9,092,993	6,608,000
1.0%	Interest Income	87,000	89,000	117,000	35,000	0
8.0%	Income Tax Expense	7,000	7,000	9,000	3,000	0
	Bad Debt Expense	7,000	7,000	7,000	7,000	7,000
Member Equity Transfer (Projected)						
20	<Years: Normalized Contributions >	444	555	693	867	1,083
6473	Annual Contribution	2,874,012	3,592,515	4,485,789	5,612,091	7,010,259
	Beginning	8,643,939	8,934,610	11,667,173	3,488,604	32,702
	Ending	8,934,610	11,667,173	3,488,604	32,702	427,961
		Yr 2021	Yr 2022	Yr 2023	Yr 2024	Yr 2025

QUESTIONS?

