

2024 BUDGET ORIENTATION, KEY DRIVERS + ASSUMPTIONS

AUGUST 10, 2023



PHOTO: TOM LIPPERT

OVERVIEW

- Review of TDA's four funds
- Understanding the roles of the committees in the budget process, according to the charters and task lists
- Review budget assumptions and key drivers



ABOUT THE FOUR FUNDS



TAHOE DONNER FUND MAKEUP

Tahoe Donner has four different funds that make up the budget and ultimately drive the overall Annual Assessment

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

The following slides will provide an overview of each fund

WHAT IS IN THE OPERATING BUDGET

All operating revenues and expenses of the following departments:

AMENITIES

- Trails
- Beach Club Marina
- Equestrian
- Tennis
- Campground
- Cross Country Ski
- Golf Course
- The Lodge
- Restaurant & Pub
- Trout Creek Recreation Center
- Aquatics
- Recreation
- Bikeworks
- Day Camps
- Pizza on the Hill
- Alder Creek Cafe
- Summer F+B
- Downhill Ski Resort
- Snowplay
- Rec Fee Income

HOA SERVICES

- Facility Administration
- Maintenance
- Forestry
- Member Services
- Human Resources
- Accounting
- MIS (IT)
- Architectural Standards
- Communication
- Administration
- General

WHAT ARE IN THE CAPITAL FUNDS?

DEVELOPMENT

- Anticipated Capital Improvements
- Ex: New buildings, additions and infrastructure improvements

REPLACEMENT RESERVE

- Funds that plan for maintenance/repair, replacement and restoration of common area components and facilities
- Ex: Replacing windows, furniture and computers

NEW MACHINERY + EQUIPMENT

- Funding for new items that improve operational efficiency or additional member services
- Ex: Additional treadmill or new software

WHAT IS THE DEVELOPMENT FUND?

- Established to accumulate funds for large-scale projects
- Large-scale projects are identified through the 20-Year Capital Plan
- This includes building replacements, amenity expansions, additions, land acquisitions and infrastructure improvements

WHAT IS THE REPLACEMENT RESERVE FUND (RRF)?

- The fund is used to account for the financial resources designated for the repair, restoration, replacement or maintenance of major common area components of the association
 - Components must have a minimum threshold of \$2,000 in the aggregate
 - Components must have a useful life greater than 1 year and less than 30 years
- Board policy to maintain a minimum 25% funding level year to year
- A 30-year reserve funding and expenditure study is undertaken every three years and updated annually for the purpose of scheduling and analyzing funding needs
- TDA completed the 3-year update in preparation for the 2023 budget cycle





WHAT IS THE NEW MACHINERY AND EQUIPMENT FUND?

Used to acquire new items identified as necessary to be more efficient in operations, or to provide new services to the membership

2023 PURCHASES

- Commercial Umbrellas at the Lodge Pavilion
- Golf Tractor Front-End Loader Attachment
- Adding Zendesk Customer Service Software to Forestry
- e-Mountain Bikes for Bikeworks Rentals

WHAT IS THE ROLE OF COMMITTEE'S IN THE BUDGET PROCESS?

WHAT DOES THE COMMITTEE CHARTERS + TASK LISTS OUTLINE FOR INVOLVEMENT IN THE 2024 BUDGET PROCESS?

FINANCE COMMITTEE

CHARTER:

Purpose: The Finance Committee shall serve the Board and staff as a source of advice, feedback, assistance and expertise in all matters pertaining to the association's financial decision-making...

Capital Planning: Review the list of expected capital investments, their costs and the adequacy of the Association's ability to fund them.

2023 TASK LIST: Annual Budget: Support staff and the board in developing an annual budget. This support includes:

- i. *Providing annual budget advice and feedback to staff, especially regarding key budget driver assumptions.*
- ii. *Making annual budget recommendations to the board.*
- iii. *Following adoption of the annual budget, working with the staff to monitor actual results to the budget.*
(Statement above also included in the Committee Charter)

TRAILS + OPEN SPACE COMMITTEE

CHARTER: *Identifying, prioritizing, and recommending Capital Improvement Program projects pertaining to Tahoe Donner's land management, open space, and trail system. Supporting consistent and sufficient funding for the stewardship, maintenance and improvement of Tahoe Donner's land-holdings and trail system.*

2023 TASK LIST: Support sufficient funding for the stewardship, maintenance, and improvement of Tahoe Donner's land-holdings and trail system. This task includes but is not limited to participation in Tahoe Donner's annual budget workshop process. (TOS Charter - II.A.1)

LONG-RANGE PLANNING COMMITTEE

CHARTER: *Provide advice and feedback to ensure the Five-Year Strategic Plan, Annual Workplan, Capital Funds Projection, Capital Improvement Program projects, and other planning documents are developed and implemented consistently with the Association's objectives for long-range planning documents.*

2023 TALK LIST: Review and provide feedback on staff's current long-range planning documents in preparation for the 2024 budget process. These documents include:
a. 20-Year Capital Projects List
b. 5-Year Capital Funds Projection (CFP)

WHAT ARE THE KEY DRIVERS + ASSUMPTIONS FOR THE 2024 ANNUAL BUDGET?



2024 BUDGET KEY DRIVERS + ASSUMPTIONS

INSURANCE INCREASES

- Anticipating a 15% increase in General Liability Insurance
- Workers' Compensation impact due to a "mod rating" increase
- Health Insurance increase anticipated at 6%

OPERATING FUND

- Continued pressure to attract and retain staff
- Operating expenses, including utilities, remain high
- Revenues to better compensate for weather volatility
- Construction of the Downhill Ski Lodge will impact revenues and operating results in December 2024
- Planning for 7-9% of operating revenue generated by the Recreation Fee
- Ski season pass prices increase approximately 4-6% from 2022/23 season
- Continued focus on labor efficiency throughout the association
- Continued effort and investment in member value activities and social events/music

CAPITAL FUNDS

- Planning and continued savings for long-term capital investments and aging infrastructure
- Downhill Ski Lodge demolition and construction begins in 2024
- A variety of other projects including the Marina Deck Expansion, Maintenance Fuel Station and potentially the Glacier Way Parking Improvement project and more
- Review and update of 5-Year Capital Funding Plan and 20-Year Plan

Operating Fund Budget shall be in alignment with Resolution 2023-3 (Operating Fund Policy)

THANK YOU

