

2024 BUDGET REVIEW

SEPTEMBER 14, 2023



OBJECTIVES FOR TODAY'S WORKSHOP

- Develop a common understanding of budget drivers and assumptions associated with the proposed Operating Fund budget numbers
- Identify areas of further focus in conjunction with committee input and board guidance

TODAY'S FOCUS: OPERATIONS ONLY

WHAT IS NOT IN TODAY'S MEETING

- REPLACEMENT RESERVE FUND CAPITAL BUDGET
- DEVELOPMENT FUND CAPITAL BUDGET
- NEW EQUIPMENT FUND CAPITAL BUDGET
- TOTAL ANNUAL ASSESSMENT RECOMMENDATION



WHAT IS IN THE OPERATING BUDGET

AMENITIES

- Trails
- Beach Club Marina
- Beach Club F&B_(new)
- 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 & Employee Housing
- Accounting
- MIS (IT)
- Architectural Standards
- Communication
- Administration
- General

CURRENT YEAR BUDGET UPDATE



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2023 OPERATIONS BUDGET RECAP

- **General Tourism:** Visitation to Tahoe Donner and the region was impacted by cooler and rainy weather in May and June
- **Downhill Ski:** Strong winter financial results have subsidized summer amenities adversely impacted by lower visitation due to weather through June
- **Golf Operations:** Delayed opening due to snow. Reduced green fees offered until course was in better condition. \$290k unfavorable to budget and \$342k behind 2022 as of August YTD
- **Beach Club Marina:** August YTD revenue to budget favorable by approx. \$12k, despite reduced visitation May and June. Strong results July and on budget for August
- **Recreation Fee:** The 2-person/4+-person Rec Fee option and including fitness classes has proven popular, exceeding budgeted revenue by \$252,000 to date





2023 OPERATIONS BUDGET RECAP CONTINUED

- **The Lodge Restaurant & Pub:** Hiring cooks has been challenging and has resulted in unexpected overtime
- **ASO:** Both FTYR positions filled in August, resulting in labor savings Jan-Jul
- **Finance/Accounting:** Financial Analyst position filled in May, labor savings Jan-Apr
- **Forestry:** Delay in Defensible Space projects due to excessive snowpack, anticipating to spend full-year budget by year-end
- **Day Camps:** Revenue \$25,000 greater than budget due to anticipated ski lodge closure

2024 BUDGET



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2024 REVENUE ASSUMPTIONS

- Increased Recreation Fee rates, while Daily Access Fees remain flat
- Proposed intro of surge pricing for unaccompanied guests during peak times (not for members)
- Projected increase in golf revenue versus Forecast 2023
- Downhill skier visits projected similar to Budget 2023
- Ski lodge closure in December 2024 to impact revenues (45% reduction in December 2024)
- XC snowmaking to drive increased early-season visitation and revenues



2024 STAFFING ASSUMPTIONS

STAFFING

- Inflation-driven increases in payroll costs to remain competitive and to retain the best employees
- Full impact of multi-year compensation study for all levels of staff to be absorbed in 2024 (staggered implementation complete)
- Local ski resorts continue to widely promote “most positions starting at \$20 per hour”
- Anticipating ~78 J-1 international employees this winter, enabling growth and stability in group lessons, youth ski/race programs and F&B

CHANGES MADE TO OFFSET WAGE INCREASES

- Eliminated full-time purchasing position
- Limited seasonal wages and hours
- Reorganization opportunities under review

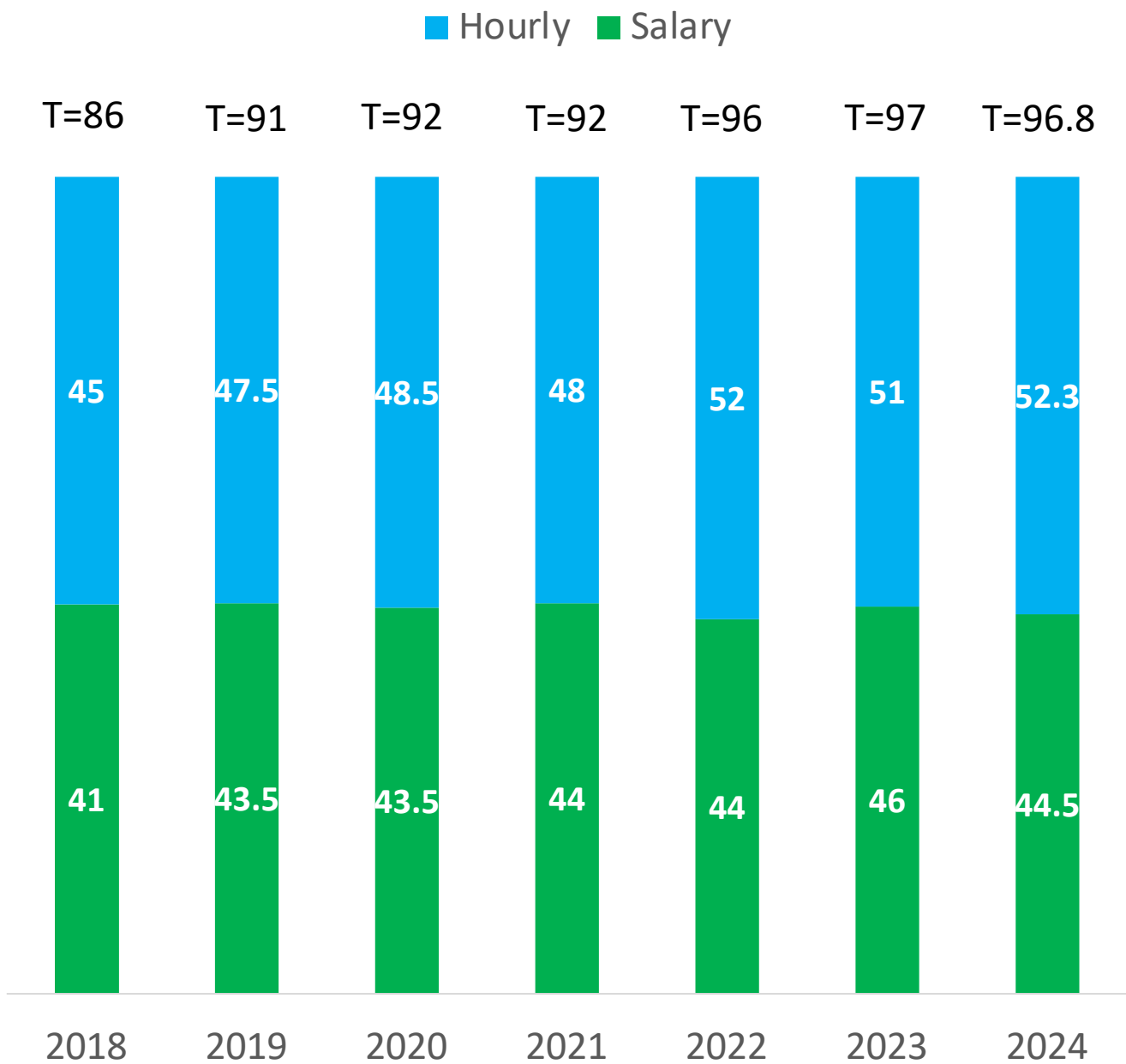
2023 vs 2024 STAFFING COMPARISON

Key Takeaways

- Salaried staffing FTE reduction of 1.5, however salary increases drive an increase in expense of 7%
- Hourly FTE increase by 1.3, hourly pay rates attributing to an 8% increase for Budget 2024 versus Forecast 2023
- Seasonal staffing: Increased hours budgeted compared to 2023 Forecast due to the delayed opening at Golf in 2023, not anticipating a similar occurrence in 2024

	2023 Budget	2023 Forecast	2024 Proposed Budget	Budget 2024 v 2023 F/cast Variance		Budget 2024 v 2023 Budget Variance	
				\$	%	\$	%
Salaries	\$5,220,169	\$5,437,912	\$5,818,652	\$380,740	7%	\$598,483	11%
Hourly Wages	\$7,243,807	\$7,308,286	\$7,860,204	\$551,918	8%	\$616,397	9%
Burden	\$3,205,169	\$3,318,029	\$3,652,379	\$334,350	10%	\$447,210	14%
Total	\$15,669,145	\$16,064,227	\$17,331,235	\$1,267,008	8%	\$1,662,090	11%
Salaried FTE	46	46	44.5	-1.5	-3%	-1.5	-3%
Hourly FTE	51	51	52.3	1.3	3%	1.3	3%

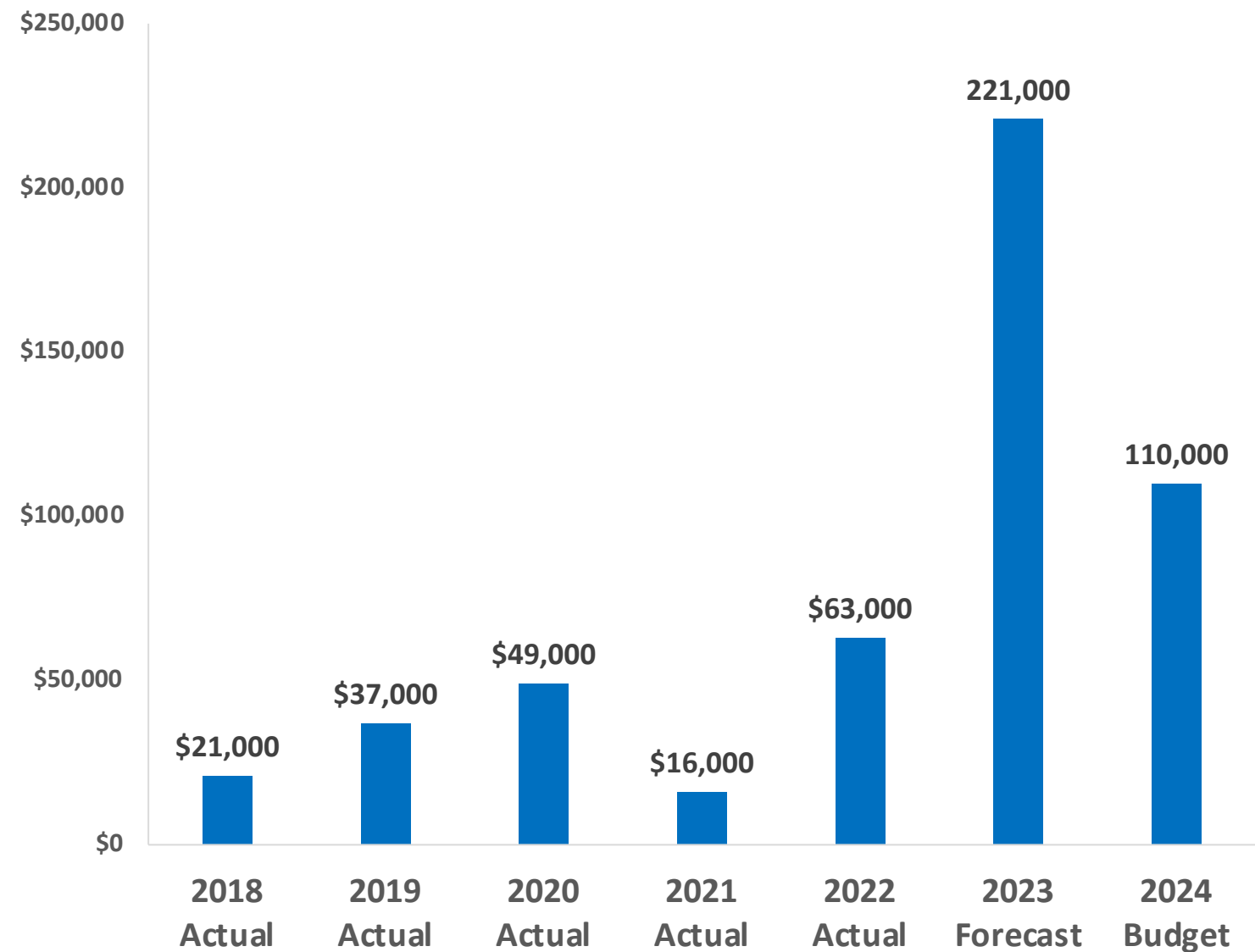
FULL-TIME REGULAR (BENEFITED) HISTORY 2018-2024



HIGHLIGHTS

- Total FTR flat from prior year
- Variability year-to-year between salary and hourly totals adjusting to Association needs
- Changes in F+B operations resulting in total FTR swing (4-/+); reduction and add-back between 2020-2022

NET WORKFORCE HOUSING COST 2018–2024



KEY DRIVERS

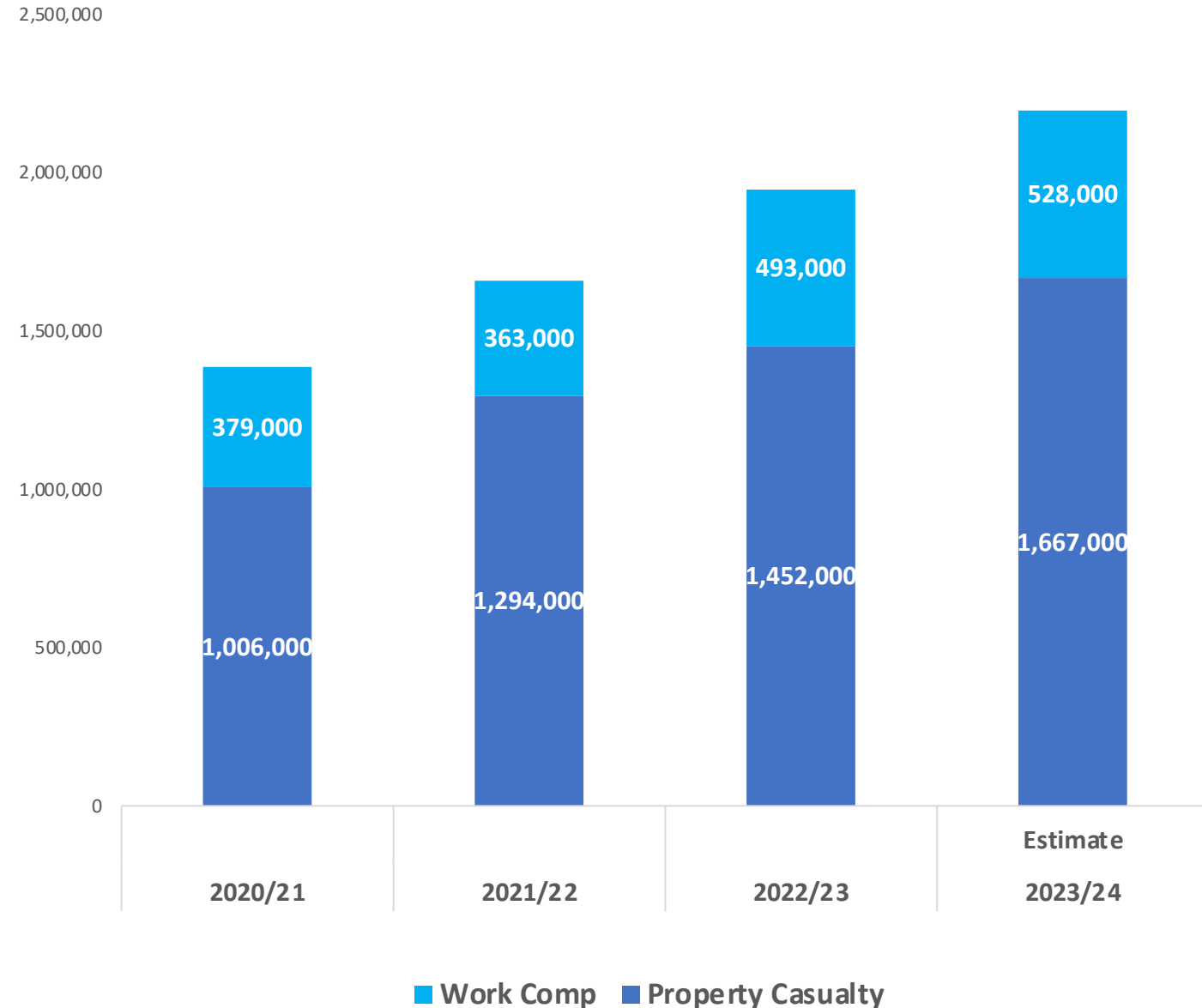
- 2023 requirement to obtain 9-12 month leases to ensure housing availability in the winter season
- Budget correction for renting additional homes to cover winter hiring
- Less than anticipated summer J1's in 2023 due to turnover
- Monthly rental rates increasing from \$1,750 to \$4,250 over the past 5 years
- Increase in utility costs
- 2024 reflects less 12-month leases (more seasonal) and more longer-term tenants

ESTIMATED PROPERTY CASUALTY + WORKERS COMP INSURANCE

2023-2024 RENEWAL

ESTIMATED TOTAL: \$2.2M

- \$1.67M Property Casualty
- \$528k Workers Comp
- \$340 per property Operating Fund assessment
- \$48.50 per property of Annual Assessment increase related to the above two insurance increases

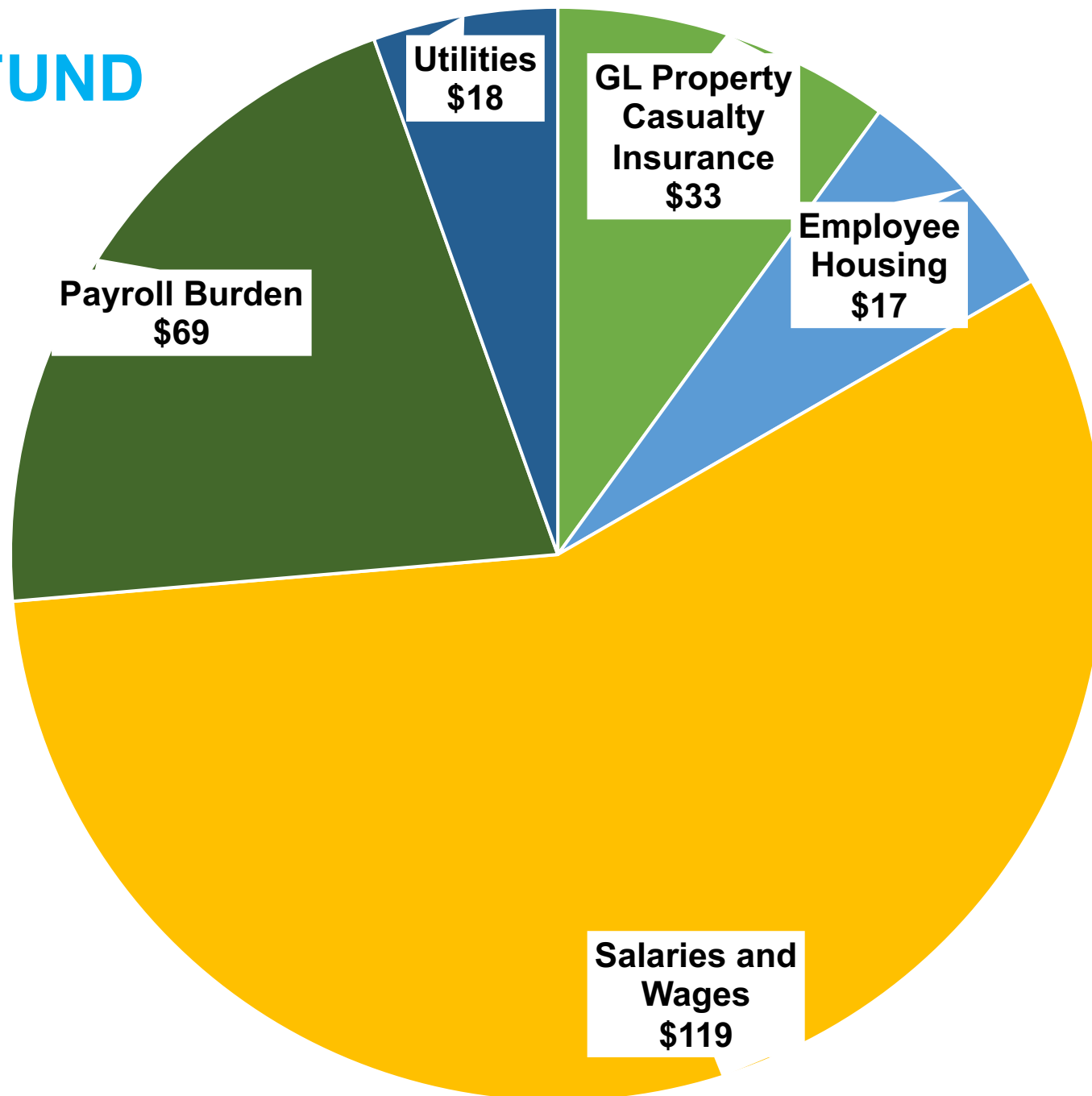




ADDITIONAL 2024 OPERATIONS EXPENSE CHANGES

- Estimated 15% or \$214,000+ increase (\$33 per property) in property and casualty insurance premiums (quotes still forthcoming) compared to 2023
- 7% increase in medical insurance premiums
- Leveraging vendors to gain better pricing and service
- High fuel and utility costs remain, although increases are expected to be more in line with more normalized inflation compared to 2022 and 2023 inflation rates, supply chain issues and associated cost

**OPERATING FUND
EXPENSE
INCREASES
2023 vs 2024
BUDGET PER
PROPERTY**



- Insurance
- Employee Housing
- Salaries and Wages
- Payroll Burden
- Utilities

ASSUMPTION BY DEPARTMENTS



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DOWNHILL SKI ASSUMPTIONS

ASSUMING

- Continued strong skier visitation from January through March 2024
- Similar international staffing levels allow for continued group/private lesson capacity as seen YTD 2023
- Season pass pricing ~6% increase from fall 2022 to fall 2023
- Downhill Ski Lodge projection to be under construction in December 2024
 - December will see reductions in skier visits, food and beverage, ski school and rentals; estimated December revenue reduction ~ \$380,000

EXPENSE ASSUMPTIONS

- Wage pressure to be able to attract and retain staff
- CA State minimum wage increase to \$16 per hour, wage compression challenges
- Increase in insurance of ~15%
- Increase in fuel and utility costs of 8%
- Employee housing revenues and expenses reallocated to HR





CROSS COUNTRY SKI ASSUMPTIONS

ASSUMING

- Stronger skier visitation numbers compared to 2022/2023 season, expecting fewer adverse weather days
- Snowmaking to ensure early season snowpack
- Continued programs and lessons while delivering the high quality of service expected from our members
- Season pass increases of 6% from fall 2022 to fall 2023

EXPENSE ASSUMPTIONS

- Wage increases more in line with inflation but with the intent of remaining competitive in the ski industry
- Increase in insurance costs, ~15%
- Increase in fuel and utility costs of 8%
- Snowmaking-associated costs, including staff and fuel

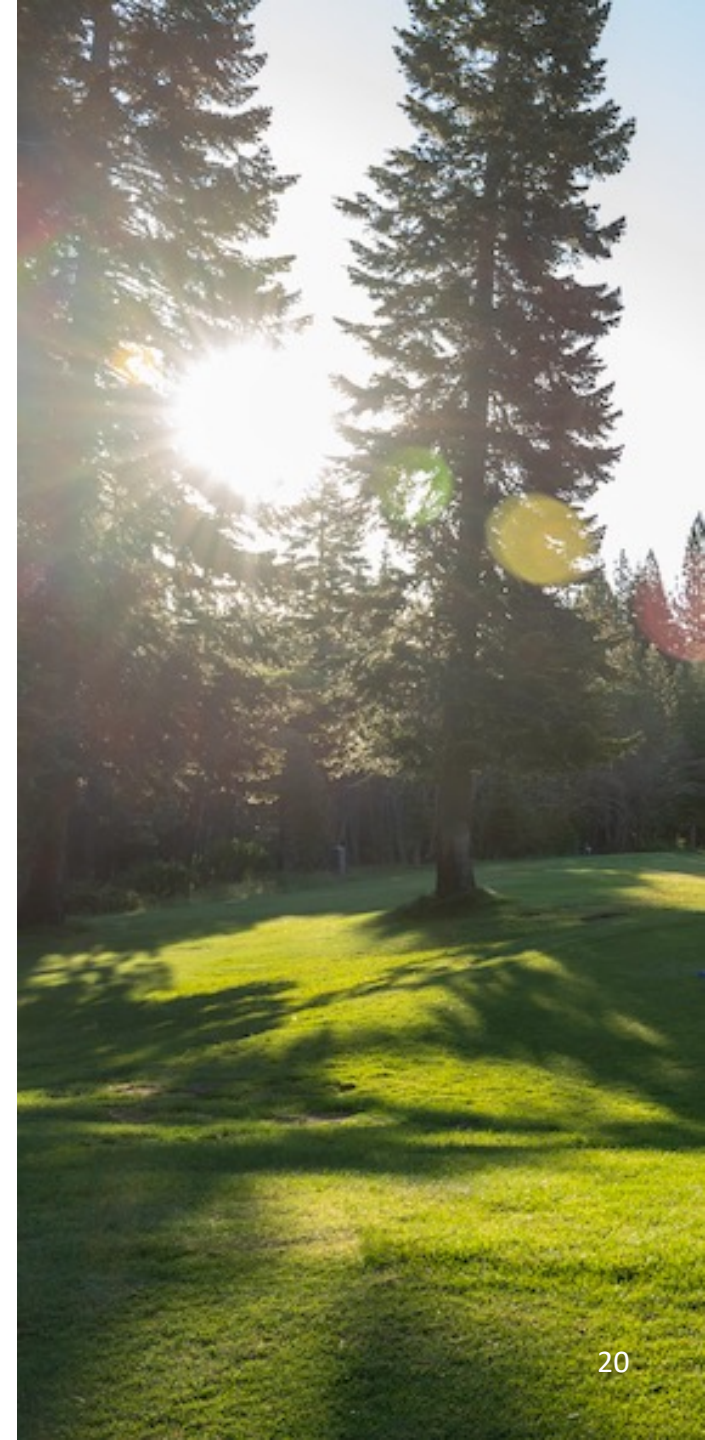
GOLF ASSUMPTIONS

ASSUMING

- Pursuing tournament and demo event revenues in early and late season
- Continued growth in golf shop retail revenues
- Continued momentum in lesson/clinic programs with head golf professional and experienced staff

EXPENSE ASSUMPTIONS

- Continued competition for local greenskeeper staff
- Seasonal FT position increased to 9 months from 6 months to help drive events, purchasing and retail opportunities
- Continued investment in turf health program, such investment can be seen with the quality of the course
- Inflation driven increases in fertilizer and other golf maintenance equipment costs



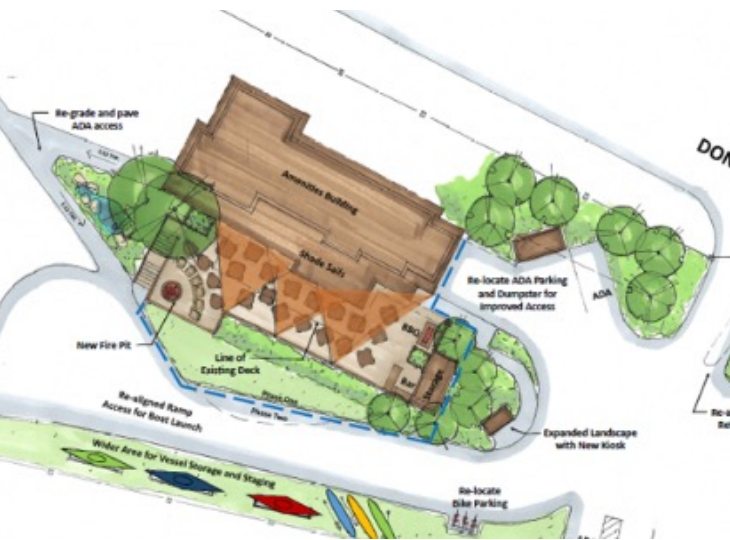
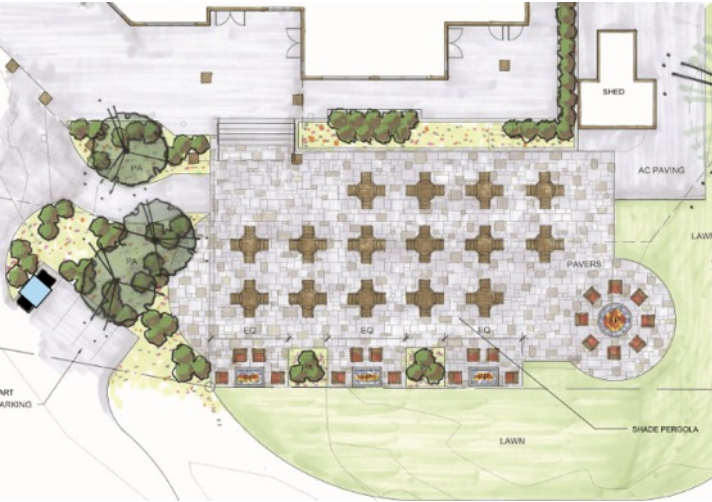
FOOD + BEVERAGE ASSUMPTIONS

ASSUMING

- The Lodge Restaurant & Pub and Pizza on the Hill: No change to operating hours and days for 2024
- Alder Creek Cafe: Full service during ski season and summer peak season, closed during shoulder periods
- Increased revenues with summer food and beverage operations at the new Pavilion and also with the anticipated completion of the Marina Deck Expansion
- December 2024 reduced revenue at Downhill Ski F+B due to ski lodge demolition

EXPENSE ASSUMPTIONS

- Reduction in cost of goods expense as seen in 2023 and anticipated to continue through 2024
- Expecting the J1 Culinary Internship Program to help alleviate overtime cost



FOOD AND BEVERAGE OPERATIONS + INITIATIVES

DRIVING REVENUES

- Continued member engagement initiatives such as edi-bol, bingo, live music and trivia have proven popular and effective in driving revenues
- Special event opportunities at The Pavilion, including family reunions, wedding dinners and TD club events
- Continuation and expansion of shoulder season special events such as the winemaker dinners and catering opportunities
- Promoting operations in shoulder season outside of TDA, such as utilizing Open Table to the public

OPERATING EFFICIENCIES

- Streamlined operations in shoulder seasons, including Alder Creek Cafe closure and Pizza on the Hill open 4-days a week
- J-1 Culinary Internship to assist with filling experienced cook positions and to help alleviate overtime cost
- Utilize TD Eats food trailer at Pizza on the Hill to reduce wait times and over-burdening the kitchen



REC FEE, DAILY ACCESS FEES + VISITATION



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2024/25 RECREATION AND DAILY ACCESS FEE ASSUMPTIONS

- Budget reflects Rec Fee revenue of \$1,655,000, an increase of \$75k over Forecast 2023
- No change to the current structure: 2-person / 4+-person
- Proposed rate for **2-person: \$310**, a \$15 or 5% increase
- Proposed rate for **4+-person: \$490**, a \$30 or 6.5% increase
- Proposed rate for **cards 5-8: \$175**, a \$10 or 6% increase
- Assumes similar sales volumes to 2023/24, but many variables can impact the actual revenues
- Also assumes **no increase in the Daily Access Fee** rates for members and guests, surge pricing for unaccompanied guests during peak times

PRIVATE AMENITY HISTORICAL VISITATION

	CONSOLIDATED PRIVATE AMENITY USAGE				
	2018	2019	2021	2022	2023 Thru Aug
Member w/Rec Fee Access	132,774	139,322	118,736	138,177	108,230
Member Daily Access (incl. all members 7+ and under 7)	7,602	6,138	8,339	7,286	4,915
Accompanied Guest Access (incl. under 7)	20,299	21,127	15,752	15,671	12,921
Unaccompanied Guest Access (Incl. under 7)	22,728	19,402	15,462	15,606	12,889
Employee Access	8,504	10,252	2,734	6,220	6,621
Total	191,907	196,241	161,023	182,960	145,576

* 2020 visitation not included because of COVID-19 closures. 2021 visitation impacted due to COVID-19 restrictions.

BUDGET 2024 NET OPERATING RESULTS



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VARIANCE BETWEEN 2024 AMENITY NET OPERATING RESULTS COMPARED TO 2023 FORECAST

- **DOWNHILL + XC SKI SEASON PASS:** 2023/24 ski season pass increases of 6% - 7%
- **CONSOLIDATED PRIVATE AMENITIES:** Improved NOR from Forecast 2023 assisted by strong Rec Fee revenue and daily surge pricing for unaccompanied guests (not members) during peak periods in 2024
- **DAY CAMPS:** Some reduction in day camp capacity due to ski lodge project; creative strategies to minimize reductions planned
- **BIKEWORKS:** Continue to build on eBike revenue momentum from 2023
- **F&B:** Increased skilled cooks through J-1 Culinary Internship program, alleviating overtime pressures

2024 AMENITY NET OPERATING RESULTS (NOR)

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecast	2024 Budget
Amenities								
Trails	-\$147,800	-\$198,470	-\$104,366	-\$174,405	-\$76,927	-\$263,813	-\$279,793	-\$305,408
Marina	\$245,431	\$264,637	\$211,320	\$306,776	\$173,912	\$232,333	\$203,555	\$225,576
Equestrian	-\$84,565	-\$160,776	-\$111,287	-\$156,956	-\$191,495	-\$139,107	-\$208,840	-\$204,305
Tennis	-\$21,149	-\$9,668	\$95,877	\$30,146	\$51,023	\$49,422	\$51,023	\$61,779
Campground	\$10,063	-\$22,478	\$34,877	\$20,151	-\$4,429	\$19,019	\$5,876	-\$6,934
Cross Country Ski Center	\$198,004	\$417,941	\$480,105	\$686,038	\$896,251	\$868,549	\$806,548	\$720,088
Golf Course Operations	-\$113,147	-\$656,363	-\$529,534	\$36,612	-\$235,839	-\$211,313	-\$384,132	-\$289,141
The Lodge / Summer F&B	-\$31,963	-\$491,191	-\$459,164	-\$650,170	-\$883,877	-\$657,069	-\$747,395	-\$586,216
Trout Creek/Aquatics/Rec/Day Camps	\$163,803	-\$75,820	-\$199,668	\$164,099	\$391,204	\$3,796	\$110,859	\$48,592
Bikeworks	\$1,319	-\$22,695	\$30,852	-\$17,116	-\$39,698	\$11,870	-\$20,937	-\$12,203
Pizza on the Hill	-\$74,431	-\$154,432	-\$18,571	-\$135,128	-\$172,364	-\$102,623	-\$139,101	-\$158,646
Alder Creek Café	-\$109,529	-\$68,501	-\$127,324	-\$111,779	-\$73,576	-\$45,359	-\$102,269	-\$81,327
Downhill Ski Consolidated	\$656,792	\$1,244,723	\$940,303	\$1,194,554	\$1,866,791	\$1,473,872	\$2,369,077	\$1,899,285
Snowplay	\$72,567	\$61,009	\$51,375	\$178,054	\$114,989	\$122,781	\$76,069	\$99,721
Total Amenity Departments	\$765,395	\$127,916	\$294,795	\$1,370,874	\$1,815,964	\$1,362,358	\$1,740,539	\$1,410,862



VARIANCE BETWEEN 2024 HOA SERVICES NET OPERATING RESULTS COMPARED TO 2023 FORECAST

- **GENERAL:** Association insurance premium increases (estimated)
- **HR:** Reallocation of employee housing revenues and cost from Summer F&B and Downhill Ski Operations
- **MEMBER SERVICES:** Allocation of a portion of the Director of Communications and Member Relations salary
- **ACCOUNTING:** Restructuring of the purchasing process within the association, effectively eliminating an FTE
- **ASO:** FTE vacancies in 2023 have been filled, full impact of hourly wage cost in 2024
- **IT:** Anticipated filling a position that was vacant for over 9 months in 2023

2024 HOA NET OPERATING RESULTS (NOR)

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecast	2024 Budget
Association Business								
General	-\$833,142	-\$2,440,976	-\$701,538	-\$575,259	-\$824,814	-\$880,725	-\$851,970	-\$910,537
Administration	-\$774,570	\$0	-\$248,311	-\$1,234,798	-\$1,264,141	-\$1,147,267	-\$1,185,281	-\$1,150,924
Communications	-\$493,807	\$0	-\$362,548	-\$488,835	-\$484,525	-\$619,032	-\$648,310	-\$713,078
ASO	-\$174,883	-\$327,499	-\$15,104	-\$122,077	-\$172,964	-\$253,382	-\$242,645	-\$304,860
MIS - Information Technology	-\$631,806	\$0	-\$602,876	-\$703,080	-\$807,189	-\$851,324	-\$838,711	-\$890,738
Accounting	-\$760,917	\$0	-\$684,189	-\$827,649	-\$934,087	-\$1,067,238	-\$1,090,822	-\$1,087,274
Human Resources	-\$373,965	\$0	-\$329,913	-\$458,119	-\$480,723	-\$539,670	-\$554,992	-\$724,290
Member Services	-\$212,291	\$0	-\$206,725	-\$300,589	-\$280,552	-\$365,575	-\$321,547	-\$409,998
Forestry	-\$876,645	-\$1,323,833	-\$1,442,346	-\$1,252,544	-\$1,526,866	-\$1,201,728	-\$1,226,931	-\$1,367,032
Maintenance	-\$736,144	\$1	-\$559,624	-\$616,237	-\$837,282	-\$740,264	-\$981,518	-\$1,087,708
Facility Administration	-\$328,751	\$0	-\$335,027	-\$388,168	-\$631,592	-\$590,886	-\$556,802	-\$593,943
Total Association Departments	-\$6,196,921	-\$4,092,307	-\$5,488,201	-\$6,967,355	-\$8,244,735	-\$8,257,091	-\$8,499,529	-\$9,240,382

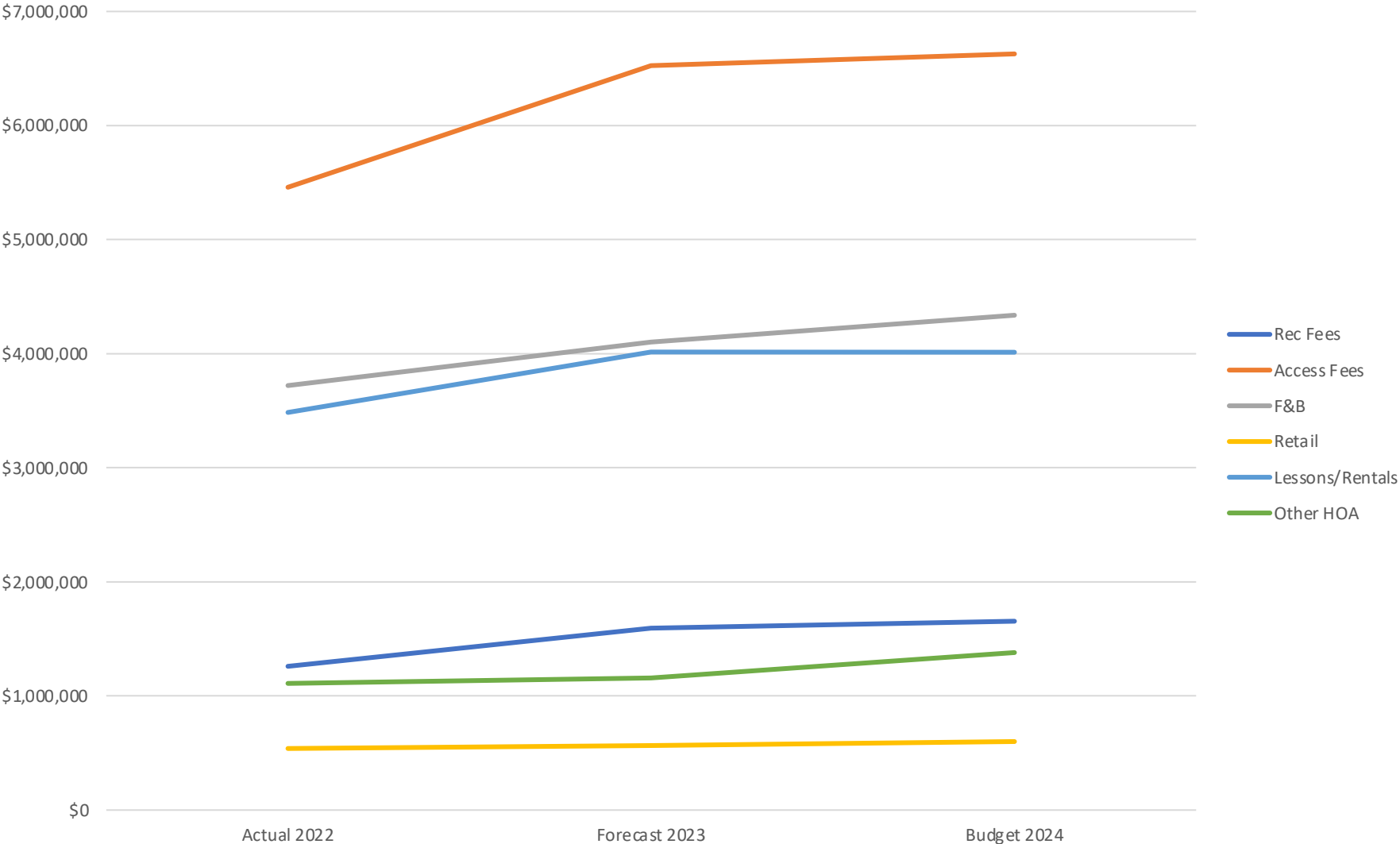
* 2019 included overhead allocation

2024 SUMMARY OPERATING FUND PROFIT + LOSS

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecast	2024 Budget	2024 Bud vs 2023 F/cast
Rec Fee Income	\$1,065,610	\$1,180,445	\$948,862	\$1,340,250	\$1,260,000	\$1,332,000	\$1,580,000	\$1,655,427	\$75,427
Access Fees	\$3,607,044	\$4,445,118	\$2,926,050	\$5,286,643	\$5,458,892	\$6,323,195	\$6,525,886	\$6,627,933	\$102,047
Food and Beverage	\$4,282,739	\$4,192,381	\$1,982,121	\$2,507,619	\$3,720,876	\$3,909,011	\$4,102,545	\$4,337,385	\$234,840
Retail	\$568,028	\$601,026	\$406,575	\$491,842	\$539,691	\$574,959	\$563,745	\$600,639	\$36,894
Lessons and Rentals	\$2,857,164	\$3,315,431	\$2,185,205	\$2,682,182	\$3,485,316	\$3,743,634	\$4,014,990	\$4,012,418	-\$2,571
Other Income	\$972,461	\$961,116	\$1,005,059	\$939,609	\$1,110,194	\$1,290,028	\$1,172,988	\$1,380,575	\$207,587
Total Gross Revenue	\$13,353,046	\$14,695,517	\$9,456,871	\$13,248,144	\$15,574,969	\$17,172,827	\$17,960,153	\$18,614,377	\$654,224
COGS	-\$1,573,523	-\$1,554,427	-\$826,433	-\$1,103,995	-\$1,427,265	-\$1,594,633	-\$1,675,707	-\$1,660,444	\$15,263
Gross Margin	\$11,779,523	\$13,141,090	\$8,630,438	\$12,144,150	\$14,147,704	\$15,578,194	\$16,284,446	\$16,953,933	\$669,487
Payroll	-\$12,141,808	-\$12,738,178	-\$9,000,731	-\$12,176,586	-\$14,028,325	-\$15,669,145	-\$16,064,227	-\$17,331,235	-\$1,267,008
Operating Expense	-\$5,072,241	-\$5,471,316	-\$5,020,385	-\$5,760,635	-\$6,561,052	-\$7,195,609	-\$7,312,610	-\$7,918,834	-\$606,224
Net Operating Revenue	-\$5,434,526	-\$5,068,404	-\$5,390,678	-\$5,793,072	-\$6,441,673	-\$7,286,560	-\$7,092,390	-\$8,296,136	-\$1,203,746
Overhead Charged to Other Funds	\$0	\$172,514	\$197,000	\$197,000	\$320,717	\$391,899	\$342,908	\$466,616	\$123,708
Net Operating Revenue after Overhead Allocati	-\$5,434,526	-\$4,895,890	-\$5,193,678	-\$5,596,072	-\$6,120,956	-\$6,894,661	-\$6,749,482	-\$7,829,520	-\$1,080,038
Per Property Assessment	\$840	\$756	\$802	\$865	\$946	\$1,065	\$1,043	\$1,210	
Assessment Increase (Decrease) v 2023								\$145	13.6%

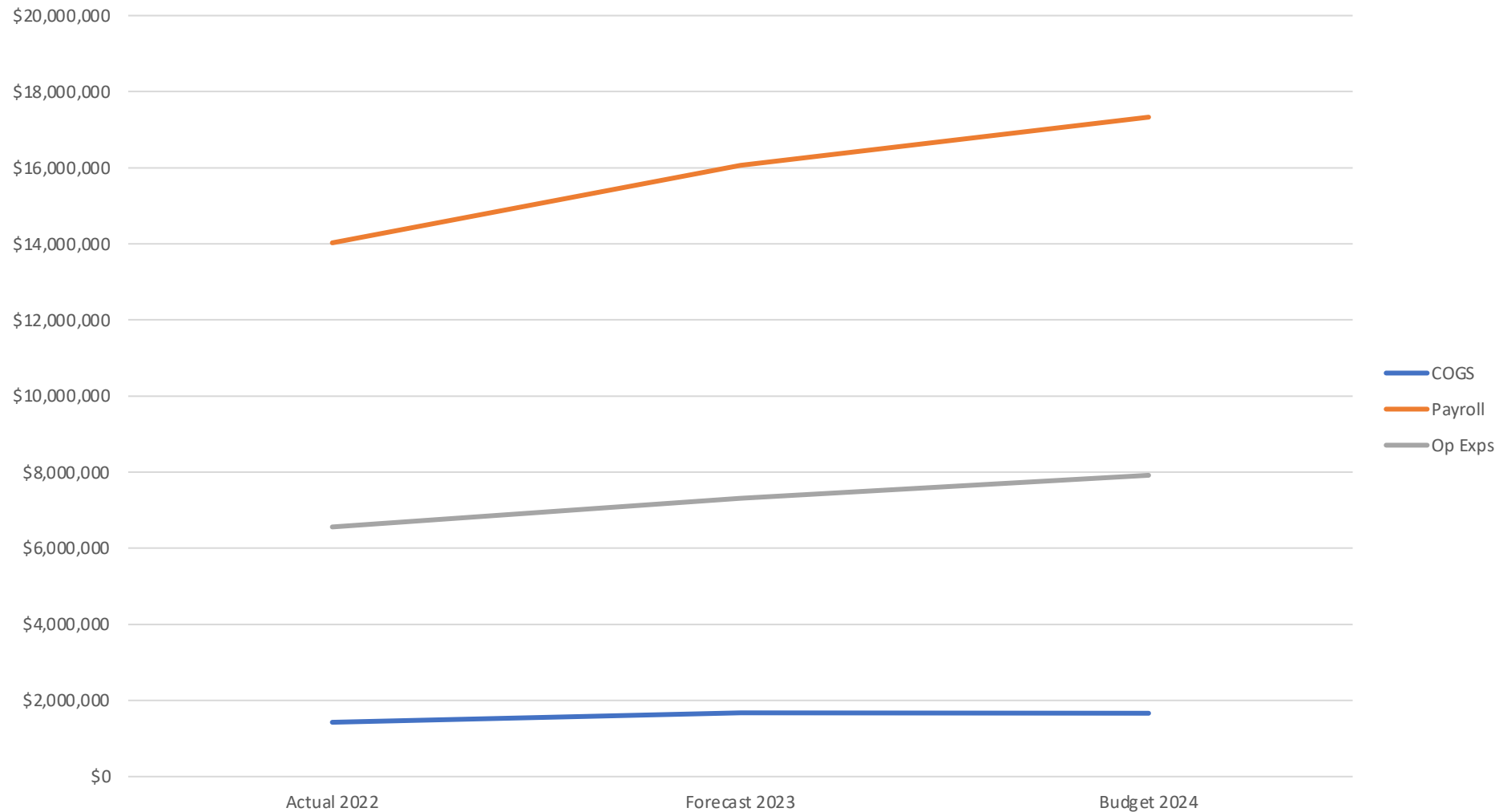
SUMMARY OPERATING FUND PROFIT + LOSS

REVENUE



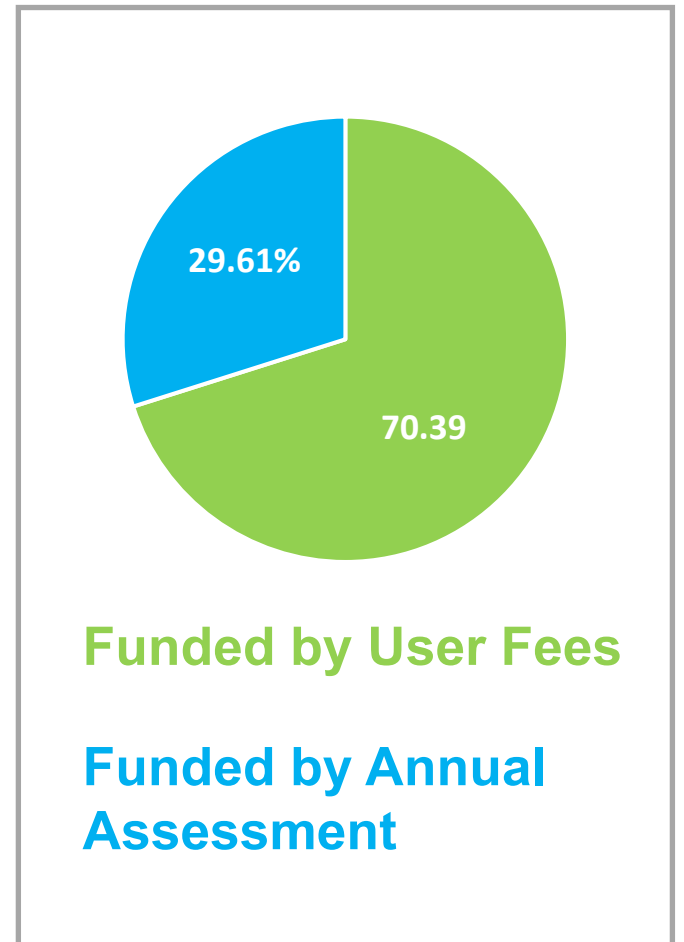
2024 SUMMARY OPERATING FUND PROFIT + LOSS

EXPENSES

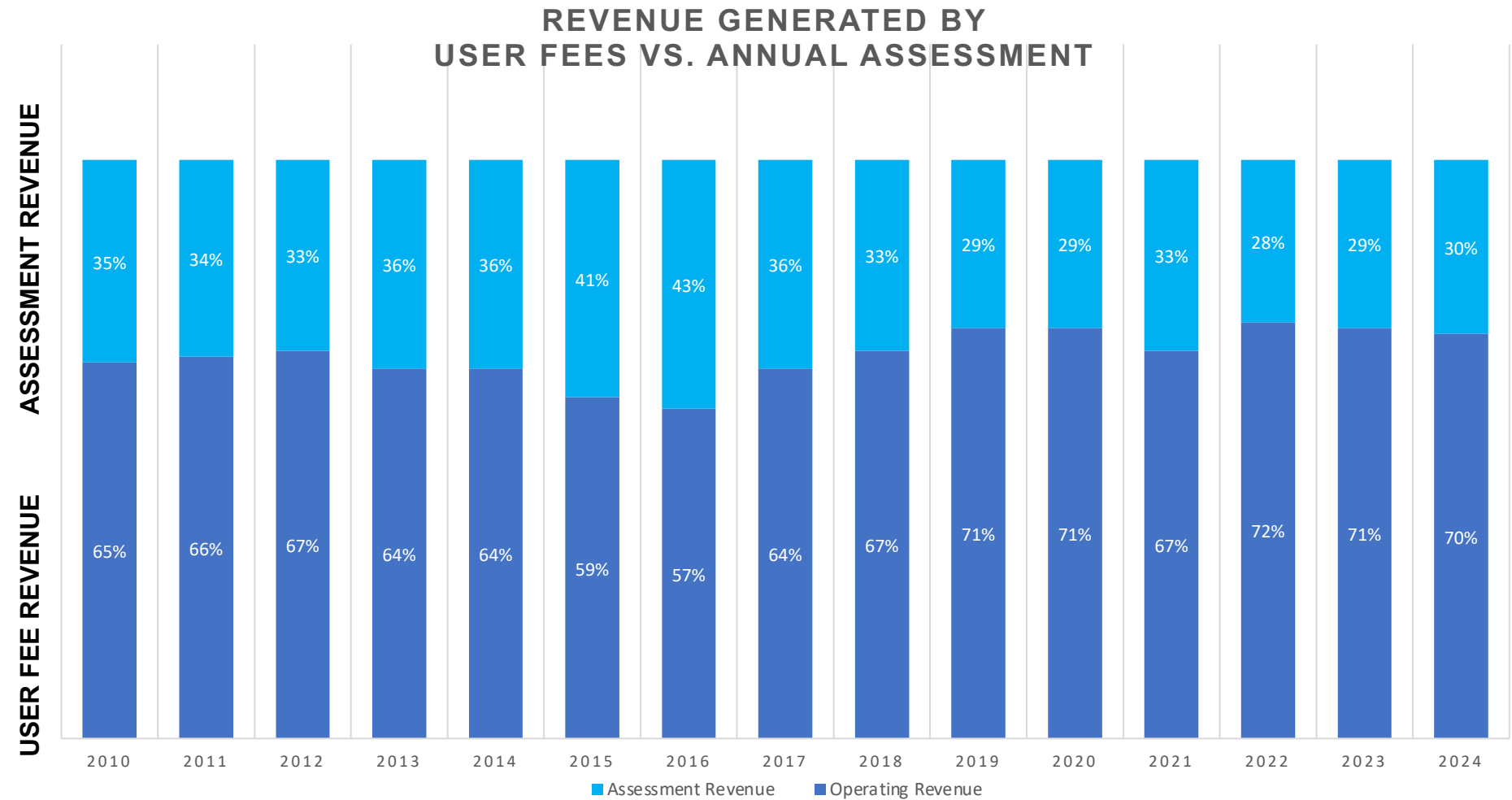


REVENUE GENERATED BY USERS VS. ANNUAL ASSESSMENT

- **\$26,443,897:** The total revenue requirement for a balanced 2024 Operating Fund budget
- **\$18,614,377:** Operating revenues generated by user fees; 70.39% of the requirement
- **\$7,829,520:** Annual Assessment-generated funding; 29.61% of the requirement



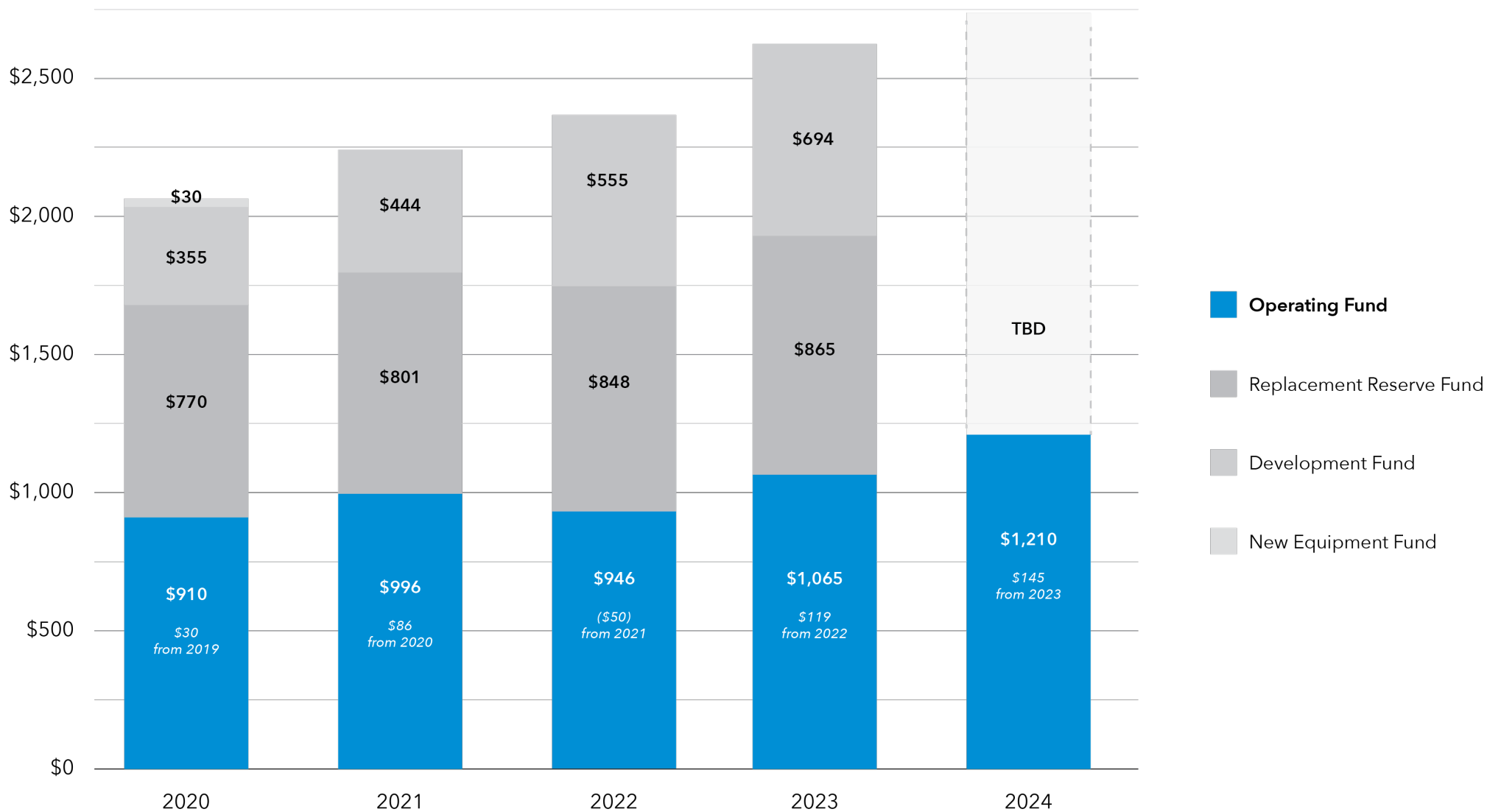
OPERATING FUND UPDATE – HISTORICAL REVENUE GENERATED BY USER VS ANNUAL ASSESSMENT



Key Takeaway:
The ratio ranges from 57%/43% split (2016) to proposed 70%/30% in 2024.

Average is 66%/34%

OPERATING PORTION OF THE ANNUAL ASSESSMENT – 4-YEAR DETAIL



OPERATING FUND ASSESSMENT CONTRIBUTION

USING STAFF'S CURRENT BUDGET ASSUMPTIONS, THE IMPACT TO THE OPERATING FUND PORTION OF THE ANNUAL ASSESSMENT IS A NET INCREASE OF \$145, FROM \$1,065 TO \$1,210 PER PROPERTY.

WHY AN INCREASE

- Downhill Ski Lodge construction impacting Day Camp revenues in summer and Downhill operations in December 2024
- Anticipated liability/property insurance increase of \$214,000 or \$33 increase per homeowner
- \$100k anticipated increase to workers comp insurance
- 7% increase to health insurance costs
- Employee housing cost increases
- Inflation impacts the cost to operate in all business lines and services
- Salary and wage rate increase of 4%

Numbers may change as staff work through the budget process or based on board direction

NEXT MEETING FOCUS

- **UPDATED OPERATING FUND BUDGET**
- **REPLACEMENT RESERVE FUND CAPITAL BUDGET**
- **DEVELOPMENT FUND CAPITAL BUDGET**
- **NEW EQUIPMENT FUND CAPITAL BUDGET**
- **TOTAL ANNUAL ASSESSMENT RECOMMENDATION**



QUESTIONS?

THANK YOU



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