



# 2025 Draft Budget Timeline and Strategic Guidance

June 19, 2024



# TODAY'S OBJECTIVES

- Discuss 2025 draft budget timeline
- Discuss baseline working assumptions
- The Board will provide feedback and guidance on draft timeline and strategic guidance

# BOARD OF DIRECTORS OBLIGATIONS

## **The duties of the Board include, among other things:**

- Duty to act as fiduciaries for the Association: duty of care, duty to act within the scope of the Board's authority, and duty of loyalty
- Duty to maintain, repair, and replace Common Areas and Common Facilities major components
- Duty to provide funding for the Association's Common Expenses
- Duty to conduct periodic reserve studies and establish reserve funding plan(s)
- Duty to identify the major components the Association is obligated to repair, replace, restore, or maintain as part of the reserve study

\*References: First Restated Bylaws and Declaration of Covenants and Restrictions of Tahoe Donner Association ("Bylaws" and "C&Rs"), California Civil Code





# BOARD OF DIRECTORS OBLIGATIONS cont.

- Establish the Annual Assessment (AA) and Budget
- AA and Budget must be communicated to members not less than 45 days and no more than 60 days prior to the start of the new year;
- Ensure all Assessment funds are used exclusively for
  - “(a) to promote the recreation, health, safety and welfare of the Owners and other residents within the Properties;
  - (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants and guests; and
  - (c) to provide for the repair, maintenance, replacement, protection and expansion of the Common Area and Common Facilities.” TDA C&Rs Article IV, Section 6.
- Maintain any other accounts it shall deem necessary to carry out its purpose, including reserve accounts for replacement improvements.

# BUDGET PLANNING + DEVELOPMENT FRAMEWORK



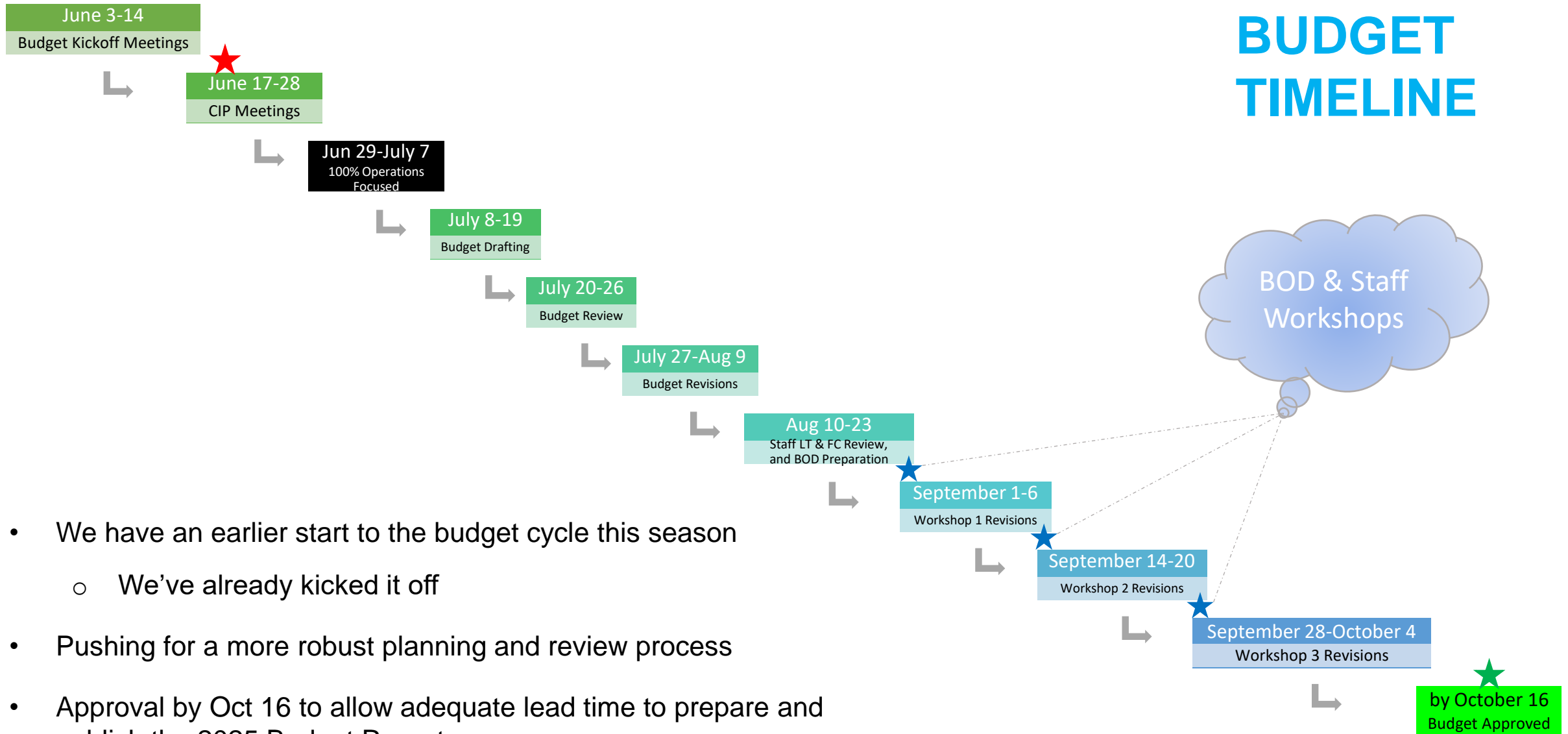
# MANAGEMENT 2025 BUDGET PROCESS

## IMPROVEMENT FOCUS AREAS

- Strengthen budget transparency and understanding
  - Committees' involvement and collaboration (Finance, Trails and Open Space, and Long-Range Planning)
  - Member education and input
- Increase and focus on member value
  - Address extensive feedback on rising costs for members
  - Creating and retaining member value
- Planning improvement
  - Begin planning and discussions earlier
  - Operational 3-year vision (year-to-year outlay)
    - Annual plan + 3-year vision
  - Capital Projects 20-year, 10-year, 5-year, 2025
- Fresh look at the budgets utilizing leadership change
  - Analysis of all operations to achieve efficiency across the organization
  - Address the loss of revenue for Downhill Ski temp ops; not necessarily a year for wants/desires; year of doing more with less
  - Reduce operating loss: EQ, Golf, F&B
  - Revenue enhancement and cost efficiencies addressed equally and creatively



# 2025 DRAFT BUDGET TIMELINE



- We have an earlier start to the budget cycle this season
  - We've already kicked it off
- Pushing for a more robust planning and review process
- Approval by Oct 16 to allow adequate lead time to prepare and publish the 2025 Budget Report



# BIG PICTURE INITIATIVES + PRESSURES

- 2024 Annual Strategic Objectives
  - Member Value
  - Capital Investment
  - Capital Fund Policies Update
  - Amenity Access Policy Update (Rule Change)
  - Stewardship and Fire Defensibility
  - Organizational Development
- 2025 Annual Strategic Objectives
  - Forthcoming draft during the budget planning process
- Economic and Regulatory Operating Assumptions





# 2025 DRAFT BASELINE ASSUMPTIONS

## OPERATING FUND

- Minimizing increase for the Operating Fund portion of the 2025 Annual Assessment (AA)
  - Initial assumption minimum 4% inflation factor
- No big changes aside from Downhill Ski Lodge Temp Ops, and the outcome of the Amenity Access Policy Update rule change
  - No aggressive revenue assumptions
  - Efficiencies gained and optimizing resource allocation
  - New ideas
- Deep dive: food and beverage, equestrian, golf
  - Evaluation of programs and pricing strategies; revenue growth opportunities and cost efficiencies

## OPERATING FUND CONTINGENCY RESERVE (OFCR)

- The initial draft budget will incrementally fund the OFCR per the 3 – 5-year transition plan established by policy

## CAPITAL FUNDS – as a starting point

- Initial estimated funding from the 2025 AA to the Development Fund is a 4% increase
- Initial estimated funding from the 2025 AA to the Replacement Reserve Fund is a 10% increase
- Initial estimated funding for the 2025 AA to the New Equipment Fund is \$50 per property



# BOARD GUIDANCE

The Board will provide feedback and guidance on the draft timeline and strategic guidance.

# QUESTIONS?

## THANK YOU



**TAHOE DONNER™**