

PHASE 4, WORKSHOP #3 AMENITY ACCESS POLICY UPDATE | PHASE 4

June 19, 2024

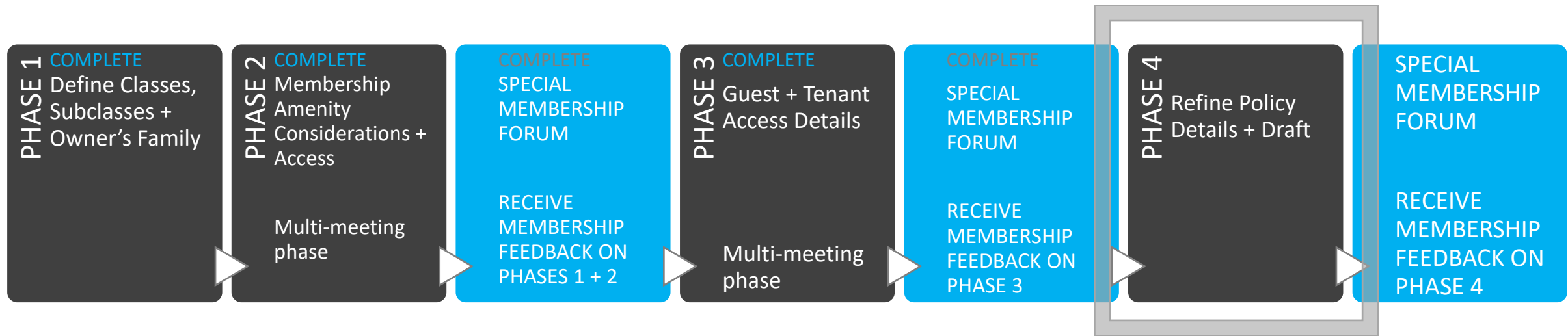


AGENDA + PROCESS

1. Review last workshop discussion
 - a. Review of endgame outcome
 - b. Review of the implementation plan
2. Financial implications
 - a. Discuss financial models
 - b. Staff Recommendation
3. Other board requested follow-up
4. Member comments
5. Staff response
6. Next steps

TODAY'S FOCUS – MULTI-PHASE APPROACH

Today's discussion will continue to focus on phase 4 of the process, working on details, specifically clarifying Board direction for a policy draft on several topics

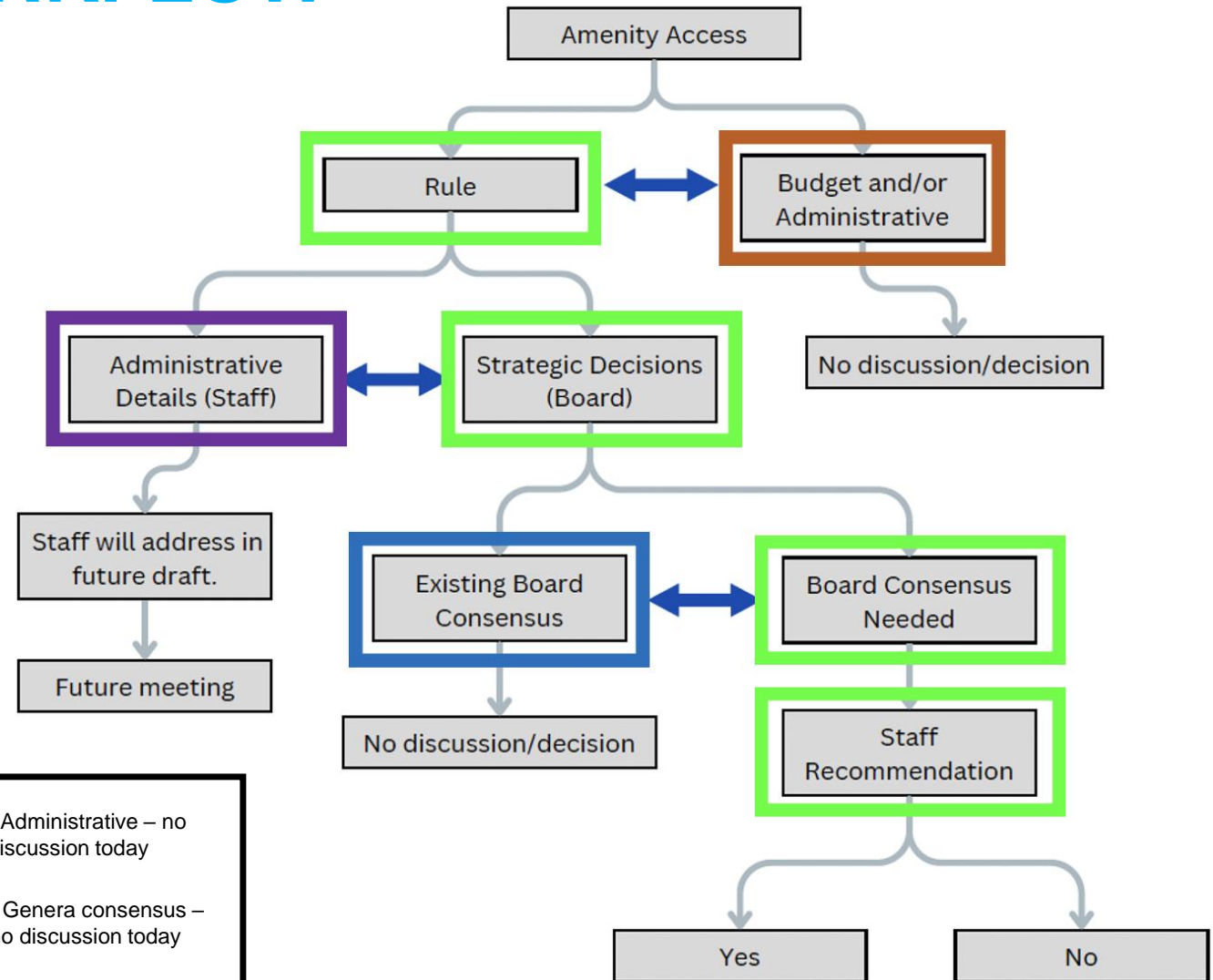






MAY 31 WORKSHOP REVIEW

Slides 5 – 13 are repeat slides from 5/31/24



WORKFLOW



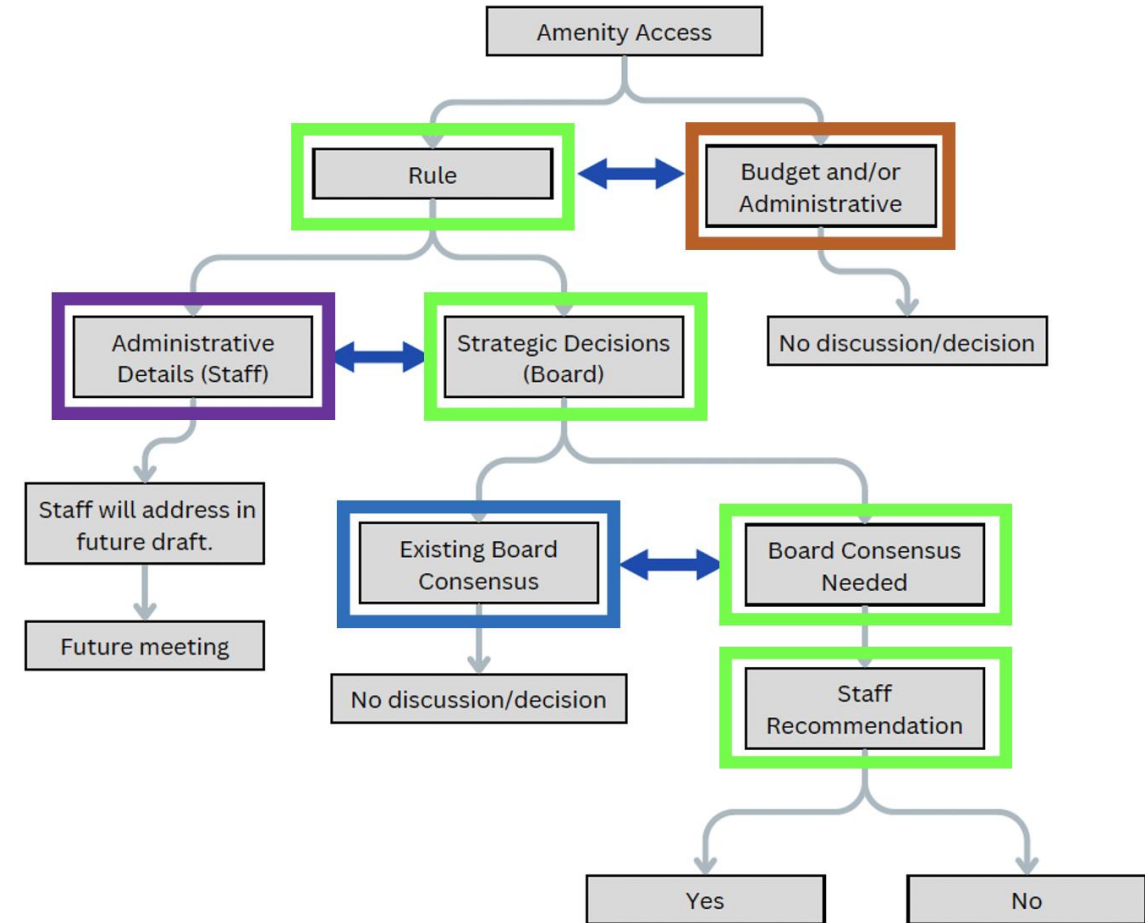
-  - Administrative – no discussion today
-  - General consensus – no discussion today
-  - Budget item – no discussion today
-  - Today's discussion items

BUDGETARY ITEMS

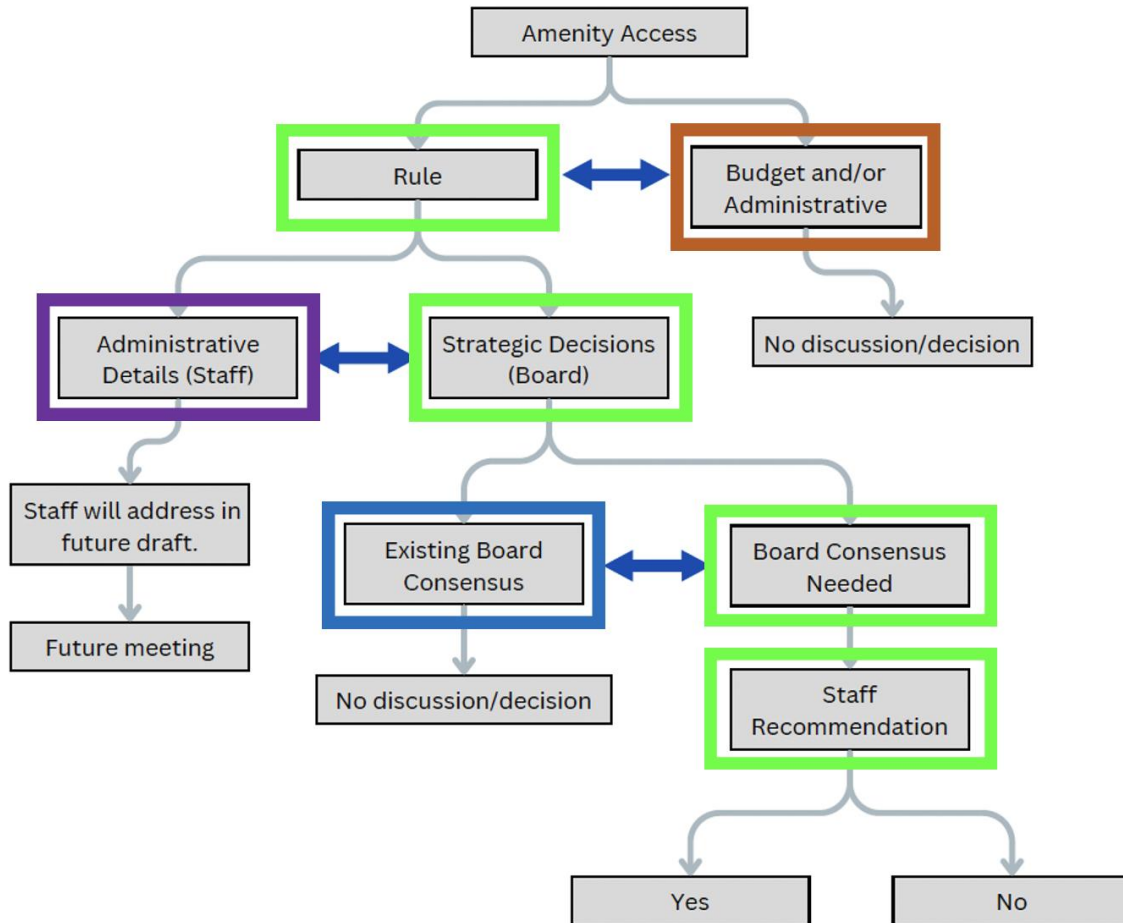
Throughout the process, board members indicated a desire for items that are related to amenity access, but should not be included in a rule such as:

- Some level of personal guest access per property included with payment of the assessment
- Personal guest access packs that offer a discount for committing to more volume
- Changes to the fee structure related to accompanied and unaccompanied personal guests

These items are budget-related and will be memorialized annually through the budget process with plenty of opportunity for discussion at that time. We will table this discussion today.



ADMINISTRATIVE ITEMS



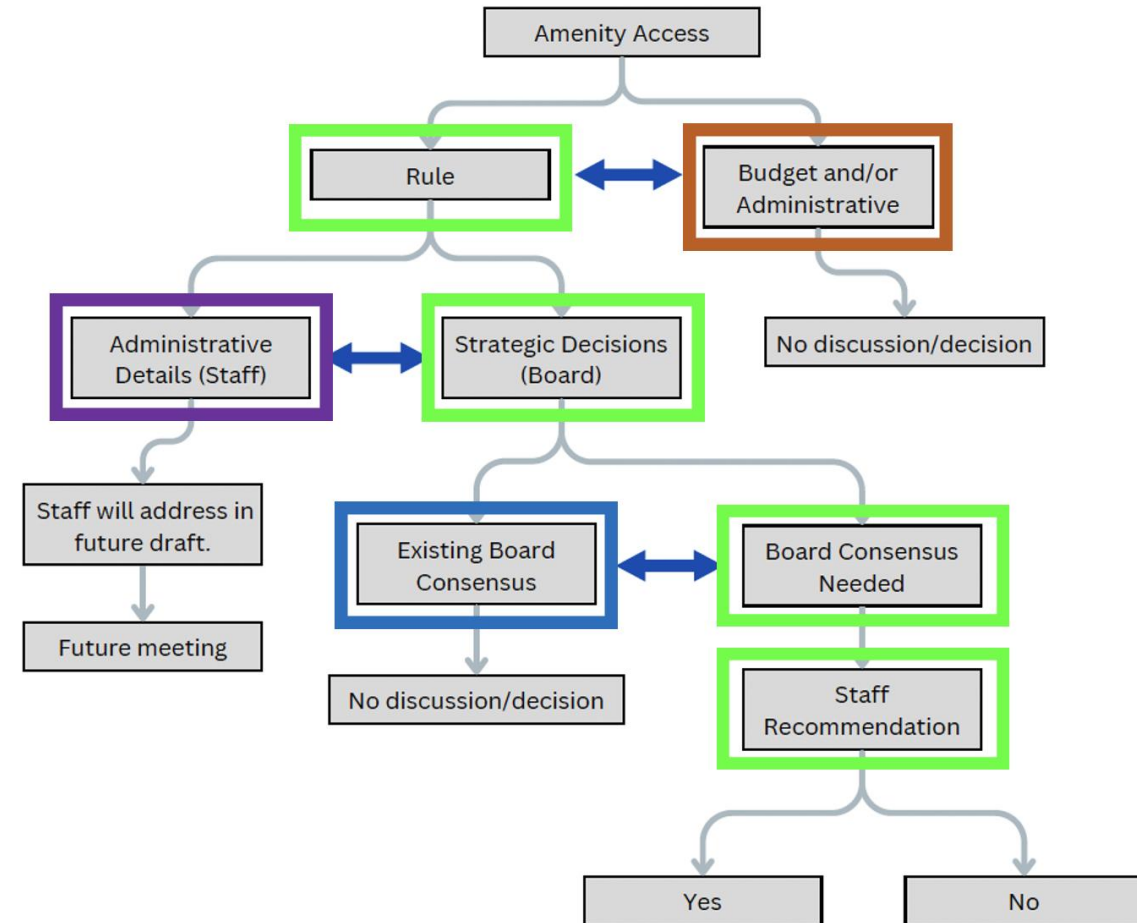
The policy draft includes several items that were not specifically discussed in a workshop but are largely administrative and will likely be similar to the current policy. These items include:

- How the Association will handle
 - Corporations
 - Trusts
 - Partnerships
- Foreign exchange students
- Replacement card process
- Attendants of disabled owners

GENERAL CONSENSUS ITEMS

Much of the working draft policy includes items where there was general consensus from the Board

- Definitions of user groups
- Up to ten (10) maximum member photo ID cards per property for owners and their family
- Any individual, age three (3) and older, will need a valid member photo ID card to be eligible for member benefits
- Exception process to obtain a member photo ID card if there is a unique familial circumstance
- Guest access limits with exception process if the limit needs to be exceeded
- Unaccompanied guest access through a pre-registration system
- Tenant access for all tenant sub-categories using tenant ID cards
 - Owner still able to relinquish access rights to long-term tenants
- Moving the access pass product calendar to sync with our assessment/fiscal/calendar year



MAY 31 RECOMMENDATION

Concerning how the private amenity direct operating costs are funded, staff has considered the desired outcomes of this policy update, the input from the Board, the membership, and internal processes to service the membership.

Staff recommends an endgame result that provides access to the private amenities for all member photo ID card holders without the requirement of a daily access fee or an additional annual access pass.

The path to this result is through an implementation plan that has been drafted to provide an opportunity to review data, modify operations, and advance to the endgame goal over time, to learn as we go to make the transition successful.

POLICY UPDATE DESIRED OUTCOMES

- Promote member value
- Promote a sense of community among members
- Protect the amenities, environment and membership
- Foster member enjoyment and use
- Simplify the policy for ease of understanding and administration
- Support a long-term sustainable and equitable pricing system
- Clarify user categories



DRAFT IMPLEMENTATION PLAN - OBJECTIVES

The implementation plan presents a transition to an inclusive private amenity access model over several years. The objectives of this phased approach are to:

- Develop and implement a financial transition plan to smooth budgetary and assessment changes associated with this rule change.
- Develop and implement management processes and practices to ensure that the private amenities do not become overburdened by this rule change.



DRAFT IMPLEMENTATION PLAN - DETAILS

Year 1 – 2025

Included access for two (2) member photo ID cards per property

- Additional private amenity access passes are available for purchase per member who has a member photo ID card
- If no additional access pass is purchased for an individual member photo ID cardholder, a daily access fee will be charged to enter a private amenity

Implement tenant access plan

- Short-term tenant card development
- Access subject to operating plan restrictions
- Seasonal tenant access based on short-term tenant access
- Long-term tenant card development
 - Single family, long-term tenants **residing** in the owner's home with owner relinquishment

Implement the personal guest registration process

- Unaccompanied personal guests

Implement an operating plan that includes access restrictions for non-member user category to prevent facility overburdening

DRAFT IMPLEMENTATION PLAN - DETAILS

Year 2 – 2026

Consider increasing the number of member photo ID cards that include access beyond two (2), if data analysis relative to the budget development timeline suggests it may be viable/appropriate to do so

- Adjust the operating plan and non-member access restrictions as necessary to protect the member experience and minimize facility overburdening

Year 3 – 2027

Consider increasing the number of member photo ID cards that include access to at least six (6), if data analysis of years one and two suggests it may be viable/appropriate to do so

- Adjust the operating plan and non-member access restrictions as necessary to protect the member experience and minimize facility overburdening





DRAFT IMPLEMENTATION PLAN - DETAILS

Year 4 – 2028

Consider increasing the number of member photo ID cards that include access to at least eight (8), if data analysis for the first years of the new rule suggests it may be viable/appropriate to do so

- Adjust the operating plan and non-member access restrictions as necessary to protect the member experience and minimize facility overburdening

Year 5 – 2029

Opportunity to extend the timeline to transition to an inclusive model given data or experience requires a longer transition

- A minimum of all ten (10) member photo ID cards available to a property to include access to the private amenities by January 2029
- Ideally this has already occurred, but the timeline allows for flexibility to apply what has been learned and adjust the operating plan as necessary to protect the member experience and minimize facility overburdening

FINANCIAL IMPLICATIONS DISCUSSION

TODAY'S FOCUS

The analysis presented today is intended to illustrate the potential implications of the amenity access policy update on the Annual Assessment given the stated assumptions



OBJECTIVE AND BASELINE ASSUMPTIONS

OBJECTIVES

- Align Private Amenity funding to C&R Article 4, Section 3(c) **(See Appendix)**
- Use member survey feedback for guidance
- Consider various models:
 - Status quo
 - STR involvement:
 - Excluded
 - Card access (w/daily use fees)
 - Card access (inclusive of fees)
- Present to the Board and make staff recommendations for 2025

| | |
|-------------------------------|--------------------|
| Total Annual Ops Costs | \$2,398,727 |
| Trout Creek | \$ 1,220,289 |
| Aquatics | \$ 384,733 |
| Tennis | \$ 450,058 |
| Marina | \$ 343,647 |
| Properties | 6,473 |
| Per Property | \$ 370.57 |

ASSUMPTIONS

- 5-year plan to include private amenity access, in the assessment, for each owner's "family" member (max of 10/property)
 - Year 1 (2025) = 2 amenity cards
 - Year 2 (2026) = 4 amenity cards
 - Year 3 (2027) = 6 amenity cards
 - Year 4 (2028) = 8 amenity cards
 - Year 5 (2029) = 10 amenity cards
- Existing extra card purchases remain status quo
- 3 Visitor Tiers (Owner, Personal Guest, Short-Term Tenant)
- 4% annual inflation rate

| | |
|-----------------------------------|-----|
| Active STRs registered in Truckee | 799 |
| Expected % of participation | 60% |
| Expected % of participation | 470 |

INPUTS

- OPEX to cover:
 - ~\$2.5m/year = \$370.57/property
- STR Property Participation:
 - ~470 (799 reg w/ 60% buy-in)
- Daily Access Fee reduced to
 - Member \$5,
 - Personal Guest \$10
 - Short-term Tenant \$20
- STR Pricing
 - Premium Price (survey feedback)
 - Different Tiers

| | CURRENT | | MODELS | |
|------------------------------|-----------|------------|-----------|------------|
| | CURRENT | | MODELS | |
| Drop-In | Daily Fee | Multiplier | Daily Fee | Multiplier |
| Owner | \$ 12 | 1 | \$ 5 | 1 |
| Personal Guest | \$ 15 | 1.3 | \$ 10 | 2.0 |
| STR Tenant (incl. access) | \$ 20 | 1.7 | \$ 20 | 4.0 |

GLOSSARY OF MODEL TERMS

For the following slides, the presentation of the models, there are several terms to define:

User Categories:

- **Owner** – Any person in which title to a residential parcel within the subdivision is vested at 15% or greater as shown by a recorded grant deed on file with the Office of the Nevada County Recorder, making them eligible to obtain a member photo ID card
- **Personal Guest** – Any individual who has a non-tenant relationship with an owner, seeking access to the amenities with an owner's permission
- **Short-Term Tenant** – A subclass of the tenant user category that includes any individual who occupies an owner's property in exchange for payment of rent, monetary or not, for a period of 30 days or less (STR)

STR Card with Daily Access Fee – A card allowing a single STR tenant to access the private amenities if they pay a Daily Use Fee. Each card is good for a single individual.

STR Card with Amenity Access included – A card allowing a single STR tenant to access the private amenities with no additional Daily Use Fee (the access privilege is included in the purchase of this card). Each card is good for a single individual.

DRAFT STR TENANT ACCESS PLAN

Year 1 of the draft rule implementation plan includes implementing the short-term tenant access plan. As an integral part of the financial models that follow, the provision of the initial draft rule is included to provide context to this revenue source.

1. ACCESS

- a. With Board approval, management may implement an operating plan that includes peak-period pricing, access blackout dates, or another limitation mechanism for the tenant user category or sub-category to prioritize member utilization of the private amenities.

2. SHORT-TERM TENANTS

- a. Short-term tenants can access the private amenities through the short-term tenant ID card.
 - i. Each property shall be entitled to up to six (6) short-term tenant ID card(s) that must be provided by the owner to their tenants for access to the private amenities.
 - 1. One (1) short-term tenant ID card will allow the holder access to a private amenity for one (1) person for the corresponding per person daily access fee and subject to the operating plan as outlined in D.1.a.
 - ii. Short-term tenant ID cards are available from the Member Services office for a per card annual fee.

MODEL 1 *(Phased pricing; STR Card w/daily access fee)*

MODEL OBJECTIVES & ASSUMPTIONS

- Low start pricing phase in
 - Projected DSL Revenue shortfall and assessment impact
- Additional Amenity Access card purchases will continue per plan
 - Phasing out respective to Property allocation increases
- STR Cards are transferable cards
 - Year 1 = \$520/card (then 4% Inflation)
 - Still requires Daily Access Fee
 - Est. 60% participation & 3 cards per property
- Daily Access revenue flat 4-yr Avg (5% below '24 Budget)

| Phased in Pricing ... and ... STR cards for private amenity access with a daily fee | | | | | | | |
|---|------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assessment Allocation | | \$ 45.00 | \$ 113.00 | \$ 150.00 | \$ 200.00 | \$ 225.00 | |
| Total Cards Included | | 2 | 4 | 6 | 8 | 10 | |
| Revenue Stream | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | |
| Rec Access Revenue covered by Assessment | | \$ 291,285 | \$ 731,449 | \$ 970,950 | \$ 1,294,600 | \$ 1,456,425 | |
| Additional Access Cards Purchases | | \$ 861,224 | \$ 158,368 | \$ 32,973 | \$ 11,200 | \$ - | |
| STR Transferable Card Purchases | | \$ 733,200 | \$ 762,528 | \$ 793,029 | \$ 824,750 | \$ 857,740 | |
| Daily Access Revenue (Member) | | | | | | | |
| Daily Access Revenue (Non-Member) | | \$ 463,430 | \$ 463,430 | \$ 463,430 | \$ 463,430 | \$ 463,430 | |
| | | | | | | | |
| Total | | \$ 2,349,139 | \$ 2,115,775 | \$ 2,260,381 | \$ 2,593,980 | \$ 2,777,595 | |
| Forecasted Revenue (to Replace) | | \$ 2,177,957 | \$ 2,265,075 | \$ 2,355,678 | \$ 2,449,905 | \$ 2,547,902 | \$ 2,649,818 |
| '24 Rec Fee (Budget) | | \$ 1,610,627 | \$ 1,675,052 | \$ 1,742,054 | \$ 1,811,736 | \$ 1,884,206 | \$ 1,959,574 |
| '24 Use Fee (Budget) | | \$ 567,330 | \$ 590,023 | \$ 613,624 | \$ 638,169 | \$ 663,696 | \$ 690,244 |
| | | | | | | | |
| Forecasted Other Revenue (Lessons, Rental, Retail) | | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 | |
| Est Total Rev | | \$ 2,829,139 | \$ 2,595,775 | \$ 2,740,381 | \$ 3,073,980 | \$ 3,257,595 | |
| Total Annual Ops Costs | | \$ 2,398,727 | \$ 2,494,676 | \$ 2,594,463 | \$ 2,698,242 | \$ 2,806,171 | \$ 2,918,418 |
| Variance (Shortfall / Surplus) | | \$ 334,462 | \$ 1,311 | \$ 42,140 | \$ 267,809 | \$ 339,177 | |

BIG PICTURE

- Inclusion of Forecasted “Other Revenue” bridges the gap to cover Total Operating Costs
- Running very lean to breakeven

MODEL 2 (Phased pricing; STR Card Amenity Access included)

MODEL OBJECTIVES & ASSUMPTIONS

- Low start pricing phase in
 - Projected DSL Revenue shortfall and assessment impact
- Additional Amenity Access card purchases will continue per plan
 - Phasing out respective to Property allocation increases
- STR Cards are transferable access cards
 - Year 1 = \$1,300/card (then 4% Inflation)
 - Est. 60% participation & 3 cards per property
 - Limited total per property
- Projected 75% loss of Daily Access revenue
 - Most Daily Users would have access cards

| Phased in Pricing ... and ... STR cards include amenity access | | | | | | |
|--|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessment Allocation | | \$ 45.00 | \$ 113.00 | \$ 150.00 | \$ 200.00 | \$ 225.00 |
| Total Cards Included | | 2 | 4 | 6 | 8 | 10 |
| Revenue Stream | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Rec Access Revenue covered by Assessment | | \$ 291,285 | \$ 731,449 | \$ 970,950 | \$ 1,294,600 | \$ 1,456,425 |
| Additional Access Cards Purchases | | \$ 861,224 | \$ 158,368 | \$ 32,973 | \$ 11,200 | \$ - |
| STR Transferable Card Purchases | | \$ 1,833,000 | \$ 1,906,320 | \$ 1,982,573 | \$ 2,061,876 | \$ 2,144,351 |
| Daily Access Revenue (Member) | | | | | | |
| Daily Access Revenue (Non-Member) | | \$ 115,857 | \$ 115,857 | \$ 115,857 | \$ 115,857 | \$ 115,857 |
| | | | | | | |
| Total | | \$ 3,101,366 | \$ 2,911,994 | \$ 3,102,353 | \$ 3,483,533 | \$ 3,716,633 |
| Forecasted Revenue (to Replace) | \$ 2,177,957 | \$ 2,265,075 | \$ 2,355,678 | \$ 2,449,905 | \$ 2,547,902 | \$ 2,649,818 |
| '24 Rec Fee (Budget) | \$ 1,610,627 | \$ 1,675,052 | \$ 1,742,054 | \$ 1,811,736 | \$ 1,884,206 | \$ 1,959,574 |
| '24 Use Fee (Budget) | \$ 567,330 | \$ 590,023 | \$ 613,624 | \$ 638,169 | \$ 663,696 | \$ 690,244 |
| Forecasted Other Revenue (Lessons, Rental, Retail) | | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 |
| Est Total Rev | | \$ 3,581,366 | \$ 3,391,994 | \$ 3,582,353 | \$ 3,963,533 | \$ 4,196,633 |
| Total Annual Ops Costs | \$ 2,398,727 | \$ 2,494,676 | \$ 2,594,463 | \$ 2,698,242 | \$ 2,806,171 | \$ 2,918,418 |
| Variance (Shortfall / Surplus) | | \$ 1,086,690 | \$ 797,531 | \$ 884,111 | \$ 1,157,362 | \$ 1,278,215 |

BIG PICTURE

- Projected Year 1 revenue surplus would offset 2025 projected DSL revenue shortfall
- Annual projected revenue surplus would help offset overall TDA Operating Losses
- Allows STR tenant private amenity visitation and covers additional expenses of increased usage

MODEL 3 (Static pricing; STR Card w/daily access fee)

MODEL OBJECTIVES & ASSUMPTIONS

- Assessment starts at the “all in” necessary price point (\$225)
 - No expected future increases (based on current model and visible horizon)
- Additional Amenity Access card purchases will continue per plan
 - Phasing out respective to Property allocation increases
- STR Cards are transferable cards
 - Year 1 = \$520/card (then 4% Inflation)
 - Still requires Daily Access Fee
 - Est. 60% participation & 3 cards per property
- Daily Access revenue flat 4-yr Avg (5% below '24 Budget)

| Static Pricing ... and ... STR card for private amenity access for a daily fee | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Assessment Allocation | | \$ 225.00 | \$ 225.00 | \$ 225.00 | \$ 225.00 | \$ 225.00 |
| Total Cards Included | | 2 | 4 | 6 | 8 | 10 |
| Revenue Stream | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Rec Access Revenue covered by Assessment | | \$ 1,456,425 | \$ 1,456,425 | \$ 1,456,425 | \$ 1,456,425 | \$ 1,456,425 |
| Additional Access Cards Purchases | | \$ 861,224 | \$ 158,368 | \$ 32,973 | \$ 11,200 | \$ - |
| STR Transferable Card Purchases | | \$ 733,200 | \$ 762,528 | \$ 793,029 | \$ 824,750 | \$ 857,740 |
| Daily Access Revenue (Member) | | | | | | |
| Daily Access Revenue (Non-Member) | | \$ 463,430 | \$ 463,430 | \$ 463,430 | \$ 463,430 | \$ 463,430 |
| | | | | | | |
| Total | | \$ 3,514,279 | \$ 2,840,751 | \$ 2,745,856 | \$ 2,755,805 | \$ 2,777,595 |
| Forecasted Revenue (to Replace) | \$ 2,177,957 | \$ 2,265,075 | \$ 2,355,678 | \$ 2,449,905 | \$ 2,547,902 | \$ 2,649,818 |
| '24 Rec Fee (Budget) | \$ 1,610,627 | \$ 1,675,052 | \$ 1,742,054 | \$ 1,811,736 | \$ 1,884,206 | \$ 1,959,574 |
| '24 Use Fee (Budget) | \$ 567,330 | \$ 590,023 | \$ 613,624 | \$ 638,169 | \$ 663,696 | \$ 690,244 |
| | | | | | | |
| Forecasted Other Revenue (Lessons, Rental, Retail) | | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 | \$ 480,000 |
| Est Total Rev | | \$ 3,994,279 | \$ 3,320,751 | \$ 3,225,856 | \$ 3,235,805 | \$ 3,257,595 |
| Total Annual Ops Costs | \$ 2,398,727 | \$ 2,494,676 | \$ 2,594,463 | \$ 2,698,242 | \$ 2,806,171 | \$ 2,918,418 |
| Variance (Shortfall / Surplus) | | \$ 1,499,602 | \$ 726,287 | \$ 527,615 | \$ 429,634 | \$ 339,177 |

BIG PICTURE

- Projected Year 1 revenue surplus would offset 2025 projected DSL revenue shortfall
- Ongoing projected revenue surpluses would help offset TDA's overall Operating Losses
- Model stabilizes towards the current operation's financial performance

SUMMARY SLIDE

Side-by-side comparison of:

Model 1 – Phased pricing in assessment, STR card with a daily access fee, per person annual pass (Rec Fee) for member photo ID cards 3-10

Model 2 – Phased pricing in assessment, STR card with access included, per person annual pass (Rec Fee) for member photo ID cards 3-10

Model 3 – Implementation plan end pricing in assessment year 1 (2025), STR card with a daily access fee, per person annual pass (Rec Fee) for cards 3-10

| Member Impact – Year One | Model | | |
|---------------------------------|-------|---------|-------|
| | 1 | 2 | 3 |
| Assessment Implication | \$45 | \$45 | \$225 |
| Annual Access Pass – per person | \$140 | \$140 | \$140 |
| STR Card Fee - per card | \$520 | \$1,300 | \$520 |
| Member Daily Access | \$5 | \$5 | \$5 |
| Personal Guest Daily Access | \$10 | \$10 | \$10 |
| STR Daily Access | \$20 | \$20 | \$20 |

RECOMMENDATION

Staff's recommendation is to:

1. Move forward with an endgame result that provides access to the private amenities for all member photo ID card holders without the requirement of a daily access fee or an additional annual access pass, and
2. Move forward with the transition plan presented herein with a fee plan as modeled in 1A, where the assessment implication is phased throughout the implementation plan

This recommendation:

- Allows a phased increase to the annual assessment tailored to the revenue requirements identified through the budget process and prior year experience
- Aligns with immediate assessment pressures related to Ski Lodge construction and capital assessment requirements
- Results in the smallest variances from the operating expense target throughout the implementation period
- Best match to the objectives of the implementation plan



RECOMMENDATION COMPARISON

Comparison of a typical family of four – one that chooses the current Recreation Fee and one that does not

| | Family of 4 w/ Rec Fee | Model 1 – Year 1 | Family of 4 w/o Rec Fee | Model 1 – Year 1 |
|--|---------------------------|---------------------|----------------------------|---------------------|
| Assessment Implication | \$0 | \$45 | \$0 | \$45 |
| Annual Access Pass – per person | \$128 | \$140 | \$0 | \$0 |
| <i>TOTAL for 4 members</i> | <i>\$512</i> | <i>\$325</i> | <i>\$0</i> | <i>\$45</i> |
| STR Card Fee - per card | NA | \$520 | NA | \$520 |
| Member Daily Access – per person | NA | \$5 | \$12 | \$5 |
| Accompanied Personal Guest Daily Access – per person | \$15 | \$10 | \$15 | \$10 |
| Unaccompanied Personal Guest Daily Access – per person | \$20 | \$10 | \$20 | \$10 |
| Short-Term Tenant Daily Access – per person | \$20 | \$20 | \$20 | \$20 |



OTHER MAY 31 FOLLOW UP

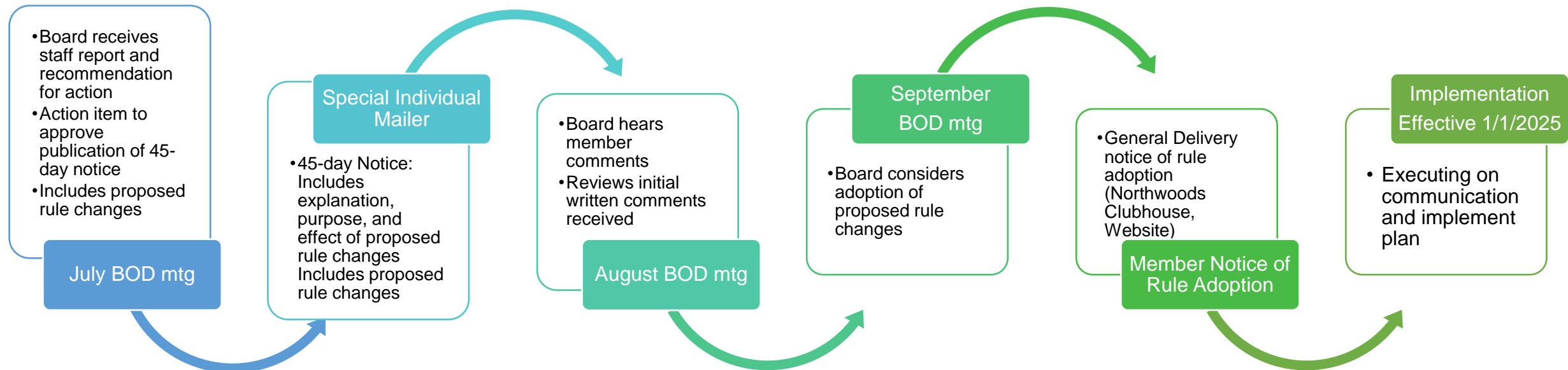
Question:

Can the Board adopt a rule with an implementation plan?

Yes, the Board can adopt the rule. The rule itself is a phased implementation.

NEXT STEPS

The next step will be to refine the initial draft policy to a level where it is ready to present to the membership through a Special Membership Forum



THANK YOU

APPENDIX

C & R sections

Article IX, Section 3(c)

Allocation of regular assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), shall be allocated among, assessed against, and charged to each Owner of Record according to the ratio of the number of Separate Interests within the Properties owned by the assessed Owner to the total number of Separate Interests subject to Assessment so that each Separate Interest bears an equal share of the total Regular Assessment.

Article I - Definitions

Section 9

“Common Expense” means any use of Common Funds authorized by Article 4 hereof and Article 4 of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area, Common Facilities, or Other Association Real Property, (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association, its property and its Board of Directors, (c) any amounts reasonably necessary to fund reserves for the maintenance, repair, expansion and replacement of the Common Areas and Common Facilities and Other Association Real Property, and for the non-payment of any Assessments, and (d) the use of such funds to defray the cost and expense incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 10

“Common Facilities” means (i) the recreation facilities located within the Common Area, ...and other facilities constructed or installed or to be constructed or installed, or currently located within the Common Area or the Other Association Real Property and owned or leased by the Association.