

# PHASE 4, WORKSHOP #4 AMENITY ACCESS RULE CHANGE

July 26, 2024

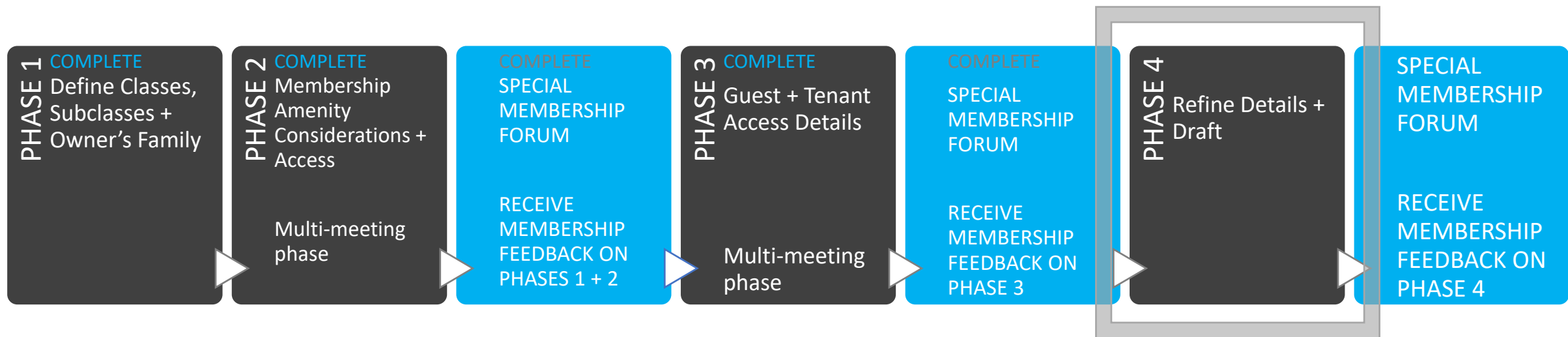


# AGENDA + PROCESS

1. Review last workshop discussion
2. Introduce significant changes to the draft rule since the last workshop
  - a. Outcomes
  - b. Changes to the draft rule and associated implementation plan
3. Discuss the financial implications
  - a. Discuss financial models
  - b. Staff Recommendation
4. Member comments
5. 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 rule draft on several topics





# REVIEW – JUNE 19, 2024

At the June 19 workshop:

- Staff reviewed the May workshop discussion including:
  - Budgetary items to be addressed through the budget process
  - Administrative items that would be incorporated into the draft update
  - General consensus items previously discussed throughout the process
  - The desired endgame outcome of an all-inclusive amenity access model
- Staff introduced financial model options with a recommendation of a model with which to move forward
- The Board of Directors requested further modeling

# CHANGES TO THE DRAFT SINCE THE JUNE WORKSHOP

## CHANGE SUMMARY

A brief summary of the most significant changes include:

- A change to the desired rule update outcomes
- Changes to the endgame outcome of an all-inclusive model with all member photo ID cards to include private amenity access
- Additional definitions to clarify the tenant user category
- New financial models to reflect the above changes
- An updated recommendation to move the process forward to the next member forum
- Changes to the new rule implementation plan

*A full inventory of the changes to the draft rule is in the appendix*



# CHANGE - AMENITY ACCESS RULE UPDATE OUTCOMES

- Outcomes were developed in the winter of 2022 with the Amenity Access Update Working Group through reviews of the C&Rs, Bylaws, Covenants Rules and Resolutions and presented to the Board on February 25, 2022, March 25, 2022, November 18, 2022, and again in April 2023 where they were approved by consensus
- During the April 2024 workshop, “Promote member value” was added as an outcome by consensus of the Board
- Staff is suggesting another edit to the list of desired outcomes to include “funding and” in the sixth listed outcome below

- 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 **funding and** pricing system

- Clarify user categories

Better aligns rule update outcomes to Article IX, Section 3(c) of the C&Rs.

*See appendix for details*

# CHANGE - ENDGAME RECOMMENDATION

At the May 31 and June 19 workshops, staff recommended 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.

Considering the discussion around the number of potential cards that could be in circulation and the financial impact of this recommendation to the assessment, staff has modified the endgame result to *include up to **four** member photo ID cards with private amenity access in the assessment, with an option to purchased up to 6 additional cards per property for an annual fee.*

The financial implication of this change will be detailed later in this presentation.

## 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 funding and pricing system
- Clarify user categories



# CHANGE – IMPLEMENTATION PLAN

At the June 19 workshops, staff recommended an implementation plan that spanned 5 years with the following objectives:

- 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

**With the proposed change to the endgame result, staff recognizes the opportunity to shorten the implementation plan while still achieving the objectives identified in the previous workshop.**



# CHANGE – TENANT DEFINITIONS + ACCESS

Added to the updated draft is the umbrella of RESIDENT TENANT, which includes the subcategories of LONG-TERM TENANT and SEASONAL TENANT. The definitions section of the updated rule now includes the following:

- **RESIDENT TENANT:** A subcategory of Tenant that includes both Seasonal Tenants and Long-Term Tenants. Tenants shall be considered to be residing at the Owner's improved Residential Parcel, and therefore Resident Tenants, if their tenancy of the Owner's Residential Parcel is equal to or in excess of 31 consecutive days.
  - **LONG-TERM TENANT:** A subcategory of Resident Tenant that includes any individual who leases an Owner's Residential Parcel in exchange for payment of rent, monetary or not, for a period of 9 consecutive months or longer. Long-term tenant relationships must be validated with official documentation.
  - **SEASONAL TENANT:** A subcategory of Resident Tenant that includes anyone who leases an Owner's Residential Parcel in exchange for payment of rent, monetary or not, for 31 consecutive days to less than nine consecutive (9) months. Seasonal Tenant relationships must be validated with official documentation.

This addition was included to align the user categories to both our C & Rs and the legal difference between a resident and transient occupant. An adjustment to the previous recommendation of access opportunities for a Seasonal Tenant accompanies this change in the updated rule draft.



# CHANGE – FINANCIAL MODELS

Staff will present an updated model specific to the Board request from the last workshop as well as an additional model that reflects the changes highlighted above.



# FINANCIAL IMPLICATIONS DISCUSSION

# TODAY'S FOCUS

The analysis presented today is intended to illustrate the potential financial implications of the amenity access rule change on the Annual Assessment given the stated assumptions. Models detail:

- Board direction from the last workshop
- The financial implications of the draft rule and implementation plan changes since the last workshop



# MODEL 1 – BOARD DIRECTION FROM THE PREVIOUS WORKSHOP

## DIRECTION

- Provide an all-inclusive model for all member photo ID cards (up to ten) that lowers the STR card fee

## MODEL ASSUMPTIONS

- Low start pricing phase in
  - Projected Downhill Ski Lodge revenue shortfall and assessment impact
- Additional member photo ID card purchases will continue per plan during the implementation period
- All Tenant Cards are available for an annual fee to cover administrative costs
  - Year 1 = \$50/card (then 4% inflation)
- Tenant Cards for STRs are transferable and still require Daily Access Fee
  - Est. 75% participation at four cards per property
  - Limit of six per property
- Non-Member Daily Access and other revenue increases with inflation (modeled at 5% below the 2024 Budget to start)
- Recreation Fee and additional card fees are flat to 2024, but no longer prorated

# MODEL 1 – BOARD DIRECTION FROM THE PREVIOUS WORKSHOP

Properties	6,473					Inflation	4%					
<b>Original proposal... Max 10 Cards with assessment ... Cards/Yr inclusive with assessment (2,4,6,8,10) ... "extra" cards via current model - rec fee</b>								Active STRs registered in Truckee	799			
								Expected % of participation	75%			
Assessment Allocation	\$	100.00	\$	205.00	\$	240.00	\$	255.00	\$	265.00		
YoY Assessment Change	\$	100.00	\$	105.00	\$	35.00	\$	15.00	\$	10.00		
	<i>Total Cards Included</i>											
		2	4	6	8	10						
<b>Revenue Stream</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>						
Rec Access Revenue covered by Assessment	\$	647,300	\$	1,326,965	\$	1,553,520	\$	1,650,615	\$	1,715,345		
Rec Fee Revenue	\$	1,015,014	\$	186,648	\$	38,861	\$	-	\$	-		
Tenant Card Admin Fees	\$	125,000	\$	130,000	\$	135,200	\$	140,608	\$	146,232		
Daily Access Revenue (Member)	\$	70,000	\$	35,000	\$	-	\$	-	\$	-		
Daily Access Revenue (Non-Member)	\$	463,000	\$	481,520	\$	500,781	\$	520,812	\$	541,645		
Other Revenue (Lessons, Rentals & Retail)	\$	482,000	\$	501,280	\$	521,331	\$	542,184	\$	563,872		
<b>Total</b>		<b>\$2,802,314</b>		<b>\$2,661,413</b>		<b>\$2,749,693</b>		<b>\$2,854,219</b>		<b>\$2,967,094</b>		
Total Annual Ops Costs	\$	2,398,727	\$	2,494,676	\$	2,594,463	\$	2,698,242	\$	2,806,171	\$	2,918,418
Trout Creek	\$	1,220,289	\$	1,269,101	\$	1,319,865	\$	1,372,659	\$	1,427,566	\$	1,484,668
Aquatics	\$	384,733	\$	400,122	\$	416,127	\$	432,772	\$	450,083	\$	468,087
Tennis	\$	450,058	\$	468,060	\$	486,783	\$	506,254	\$	526,504	\$	547,564
Marina	\$	343,647	\$	357,393	\$	371,689	\$	386,556	\$	402,018	\$	418,099
Variance (Shortfall / Surplus)	\$	<b>307,638</b>	\$	<b>66,950</b>	\$	<b>51,451</b>	\$	<b>48,048</b>	\$	<b>48,675</b>		

Tenant Cards		
<b>STRs</b>	# of cards per property	4
590	# of STR Properties	\$ 50 /card
<b>LTRs</b>	# of LTR Properties (relinquishing)	
140		

# MODEL 2 – CHANGES INCLUDED, THREE YEAR IMPLEMENTATION PLAN

## MODEL ASSUMPTIONS

- Includes all rule draft changes since the last workshop with a three-year implementation plan
  - Endgame result of up to four member photo ID cards to include access with the payment of the assessment
  - Year 1 – to accommodate other annual assessment pressures
    - Member amenity access is status quo with 2 and 4+ person Recreation Fee, a member daily access fee if not Recreation Fee is purchased and 4 additional cards available for purchase
      - Recreation Fee and additional card fee flat to 2024, but no longer prorated
    - Initiate tenant card changes as described in the updated rule
    - Initiate the personal guest registration process as described in the updated rule
  - Year 2 includes a minimum of two member photo ID cards in assessment, quantity to be determined during the budget process
  - Year 3 includes a minimum of four member photo ID cards in the assessment
  - Years 2 and 3 have an option to purchase up to six additional member photo ID cards annually
- Additional member photo ID card volume purchases will continue per plan
- All Tenant Cards are available for an annual fee to cover administrative costs
  - Year 1 = \$50/card (then 4% Inflation)
- Tenant Cards for STRs are transferable and still require Daily Access Fee
  - Est. 75% participation at four cards per property
  - Limit of six per property
- Tenant card admin fee, non-member daily access fees and other revenue increase with inflation in this model

# MODEL 2 – CHANGES INCLUDED, THREE YEAR IMPLEMENTATION PLAN

Properties	6,473					Inflation	4%
<b>Model 2 ...no cards inclusive in Year 1, status quo, 8 max...Year 2, min 2, Year 3 min 4...6 "extra" cards after cards are inclusive</b>							
Annual Assessment Allocation	\$ -	\$ 100.00	\$ 215.00	\$ 225.00	\$ 235.00		
YoY Assessment Change	\$ -	\$ 100.00	\$ 115.00	\$ 10.00	\$ 10.00		
	<i>Total Cards Included</i>	<i>0</i>	<i>2</i>	<i>4</i>	<i>4</i>	<i>4</i>	
<b>Revenue Stream</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	
Rec Access Revenue covered by Assessment	\$ -	\$ 647,300	\$ 1,391,695	\$ 1,456,425	\$ 1,521,155		
Rec Fee (2025) and Extra Member ID Card Revenue	\$ 1,622,145	\$ 1,015,014	\$ 186,648	\$ 186,648	\$ 186,648		
Tenant Card Admin Fees	\$ 125,000	\$ 130,000	\$ 135,200	\$ 140,608	\$ 146,232		
Daily Access Revenue (Member)	\$ 70,000	\$ -	\$ -	\$ -	\$ -		
Daily Access Revenue (Non-Member)	\$ 463,000	\$ 481,520	\$ 500,781	\$ 520,812	\$ 541,645		
Other Revenue (Lessons, Rentals & Retail)	\$ 482,000	\$ 501,280	\$ 521,331	\$ 542,184	\$ 563,872		
<b>Total</b>		<b>\$2,762,145</b>	<b>\$2,775,114</b>	<b>\$2,735,655</b>	<b>\$2,846,677</b>	<b>\$2,959,552</b>	
Total Annual Ops Costs	\$ 2,398,727	\$ 2,494,676	\$ 2,594,463	\$ 2,698,242	\$ 2,806,171	\$ 2,918,418	
Trout Creek	\$ 1,220,289	\$ 1,269,101	\$ 1,319,865	\$ 1,372,659	\$ 1,427,566	\$ 1,484,668	
Aquatics	\$ 384,733	\$ 400,122	\$ 416,127	\$ 432,772	\$ 450,083	\$ 468,087	
Tennis	\$ 450,058	\$ 468,060	\$ 486,783	\$ 506,254	\$ 526,504	\$ 547,564	
Marina	\$ 343,647	\$ 357,393	\$ 371,689	\$ 386,556	\$ 402,018	\$ 418,099	
Variance (Shortfall / Surplus)		<b>\$ 267,469</b>	<b>\$ 180,651</b>	<b>\$ 37,413</b>	<b>\$ 40,506</b>	<b>\$ 41,133</b>	

Active STRs registered in Truckee	799
Expected % of participation	75%

Tenant Cards		
<b>STRs</b>	# of cards per property	4
590	# of STR Properties	\$ 50 /card
<b>LTRs</b>	# of LTR Properties (relinquishing)	
140		



# RECOMMENDATION

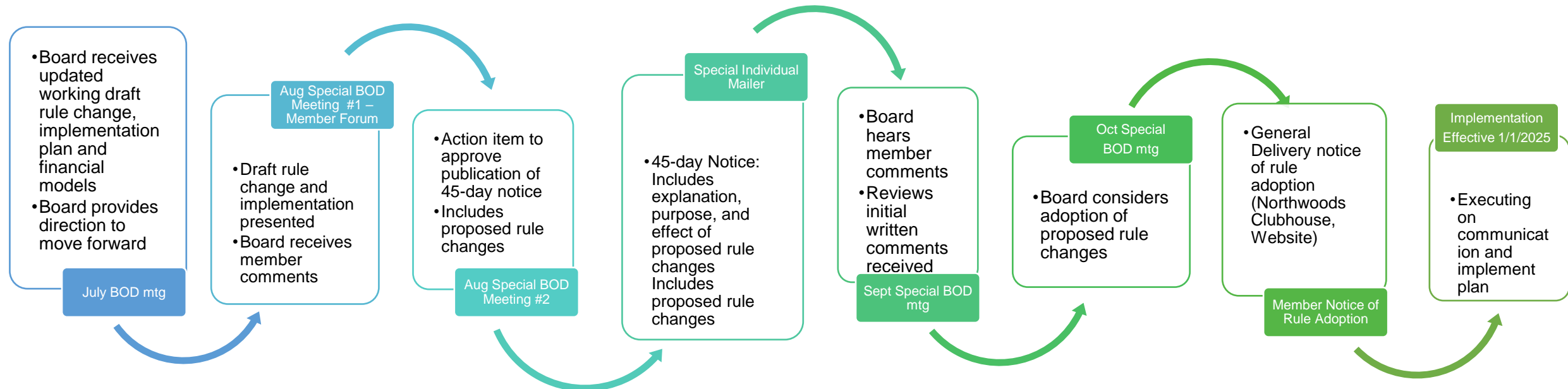
Staff's recommendation is to:

1. Move forward with the updated staff recommended rule change proposal and the Model 2 implementation plan, with an endgame result that provides access to the private amenities for up to four member photo ID card holders without the requirement of a Daily Access Fee or an additional annual access pass, and an option to purchase up to six additional member photo ID cards per residential parcel annually.
2. Refine and finalize staff's recommended amenity access rule change and the Model 2 implementation plan for presentation at a member forum tentatively scheduled for August 5, and for consideration for a board decision on a 45-day member notification and comment period tentatively scheduled for August 14.



# NEXT STEPS

The next step will be to present the draft rule change and implementation plan to the membership through a special member forum.



# THANK YOU

# APPENDIX

## AMENITY ACCESS RULE - CHANGE INVENTORY

**OVERALL** - Reorganized and edited for clarity

### **A. DEFINITIONS**

- Refined 80% definitions
- Added umbrella definitions, e.g. Resident Tenant, Amenity, Tahoe Donner Card
- Added other helpful definitions, e.g. Residential Parcel, Good Standing
- Added process definitions, e.g. Owner Relinquishment Process

### **B. GENERAL POLICY REGARDING AMENITY ACCESS**

- New section to replace Resolution 1998-4 with updated and expanded language

### **C. MEMBER PHOTO ID CARDS**

- Moved away from the 10 card included model to a staff recommended 4+6 card model
  - A synthesis that includes a basic level of “single-family” amenity access with the annual assessment, while also allowing owners to choose if their family requires more than 4 cards
- Refined Member Photo ID Card assignment protocols
- Defined Member Photo ID Card Exception Process

# APPENDIX

## AMENITY ACCESS RULE - CHANGE INVENTORY CONTINUED

### D. ADDITIONAL OWNERSHIP PROVISIONS

- Refined language for clarity

### E. PERSONAL GUESTS

- Edited for clarity
- Additional guidance details

### F. TENANTS

- Reclassified Seasonal Tenants as Resident Tenants, combining them with Long-Term Tenants to:
  - Simplify policy and implementation
  - Clarify verification requirements
  - Align more closely with C&Rs, which treat all tenants with leases in excess of 30 days as long-term tenants.
  - Aligns with legal distinction between transient occupant and resident
- Removed option for Resident Tenants to use the Short-Term Tenant Card
  - Resident Tenant properties would not meet the defined qualifications to obtain a Short-Term Tenant Card
  - Allowing all Tenants to use STR card would undermine data collection
  - Aligns with C&Rs more closely, which only gives delegation rights
    - Properties rented to Resident Tenants are presumably not being used by Owners, meaning delegation makes sense
  - Additional guidance details

# APPENDIX

## AMENITY ACCESS RULE - CHANGE INVENTORY CONTINUED

### **G. RESIDENT TENANT PHOTO ID CARDS**

- Additional guidance details
- Defined Owner Relinquishment Process

### **H. OFFICIAL DOCUMENTATION**

- New section to define official documentation requirements

### **I. GENERAL USE REGULATIONS AND RESTRICTIONS**

- Expanded catch-all section

### **J. PHASED IMPLEMENTATION PLAN**

- Refined the implementation plan
- Defined relationship between Phased Implementation Plan and Operating Plan

### **K. IMPLEMENTATION PLAN**

- Rewritten to reflect staff recommendation

# 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.