



2025 BUDGET WORKSHOP NO.1 OPERATING FUND

August 29, 2024



AGENDA + PROCESS

1. Outcomes for Today
2. Governance, Budget Development Process, and Timeline Overview
3. Progress to Date
4. Baseline Information – Operations
5. Draft 2025 Operating Fund Budget Review and Discussion
6. Member's Equity and Operating Fund Contingency Reserve Balance YTD
7. Next Workshop



OUTCOMES FOR TODAY'S WORKSHOP

- Develop a common understanding of budget drivers and assumptions associated with the initial Draft 2025 Operating Fund Budget
- Identify areas of refinement and/or alternatives in conjunction with board feedback and guidance

FUTURE MEETINGS WILL COVER:

- Replacement Reserve Fund Capital Budget
- Development Capital Budget
- New Equipment Fund Capital Budget
- Total Annual Assessment Recommendation

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.

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

BUDGET PLANNING + DEVELOPMENT FRAMEWORK

Strategic Plan (Board Guidance)

Mission

Vision

Values

Annual Strategic Objectives

Operating Budget / Capital Budget (Management)

Annual Operations

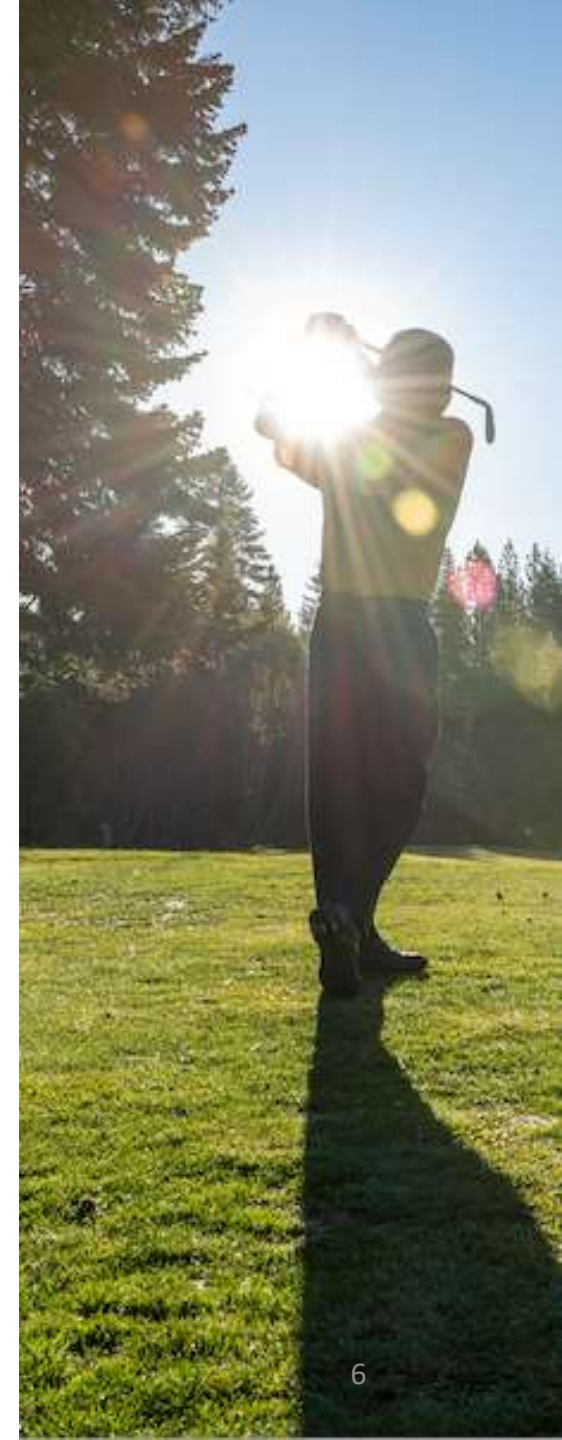
Service Levels – Expenses – Rates – Revenue - Expectations

Capital Budgets

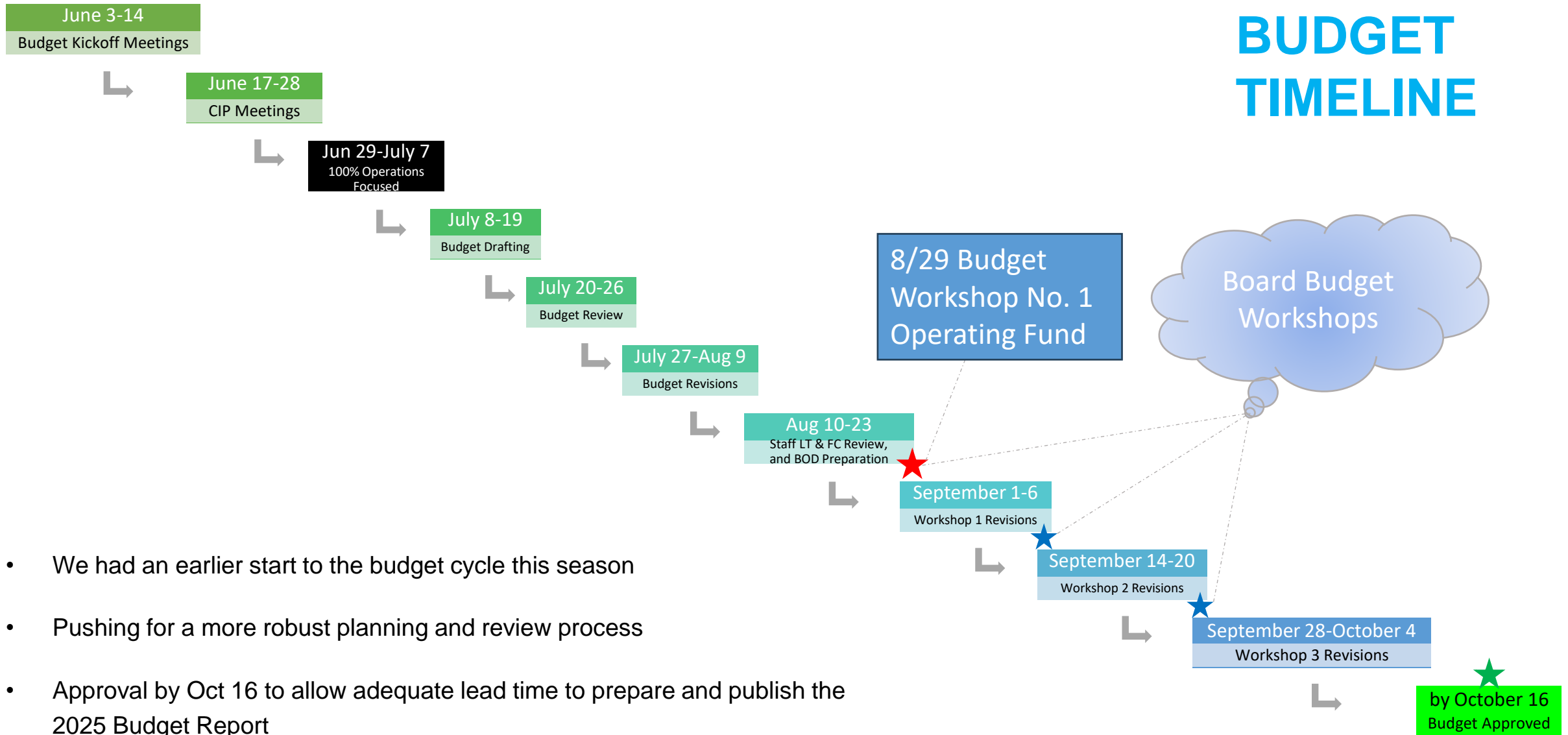
Replacement Reserve Fund, Development Fund, New Equipment Fund, and possible new fund

Member Feedback; Finance, Long-Range Planning and Trails and Open Space Committee Review – Board of Directors Review

2025 Annual Assessment (Owners)



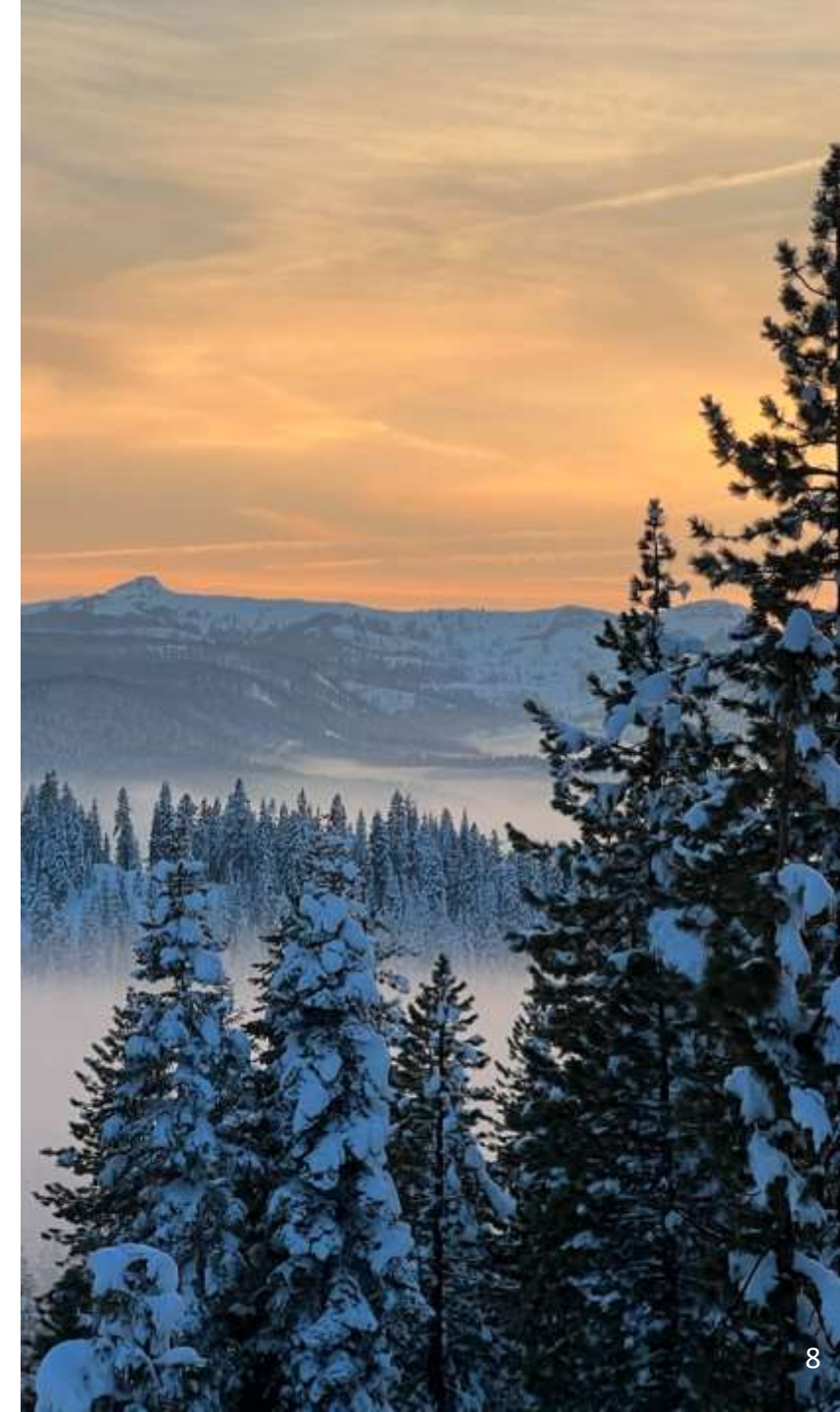
2025 DRAFT BUDGET TIMELINE



- We had an earlier start to the budget cycle this season
- 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

PROGRESS TO DATE

- ✓ Strategic guidance session with Board (6/19)
- ✓ Management planning and review sessions (June, July, August)
- ✓ Finance Budget Working Group – Initial Working Draft Operating Budget review sessions (July & Aug)
- ✓ Finance Committee – Initial Working Draft Operating Budget review session (8/21)
- ✓ Winter Season Pass Rates – reviewed 8/23 Reg BOD mtg
- ✓ Board Draft Operating Budget Review (today)



WHAT IS IN THE OPERATING FUND BUDGET

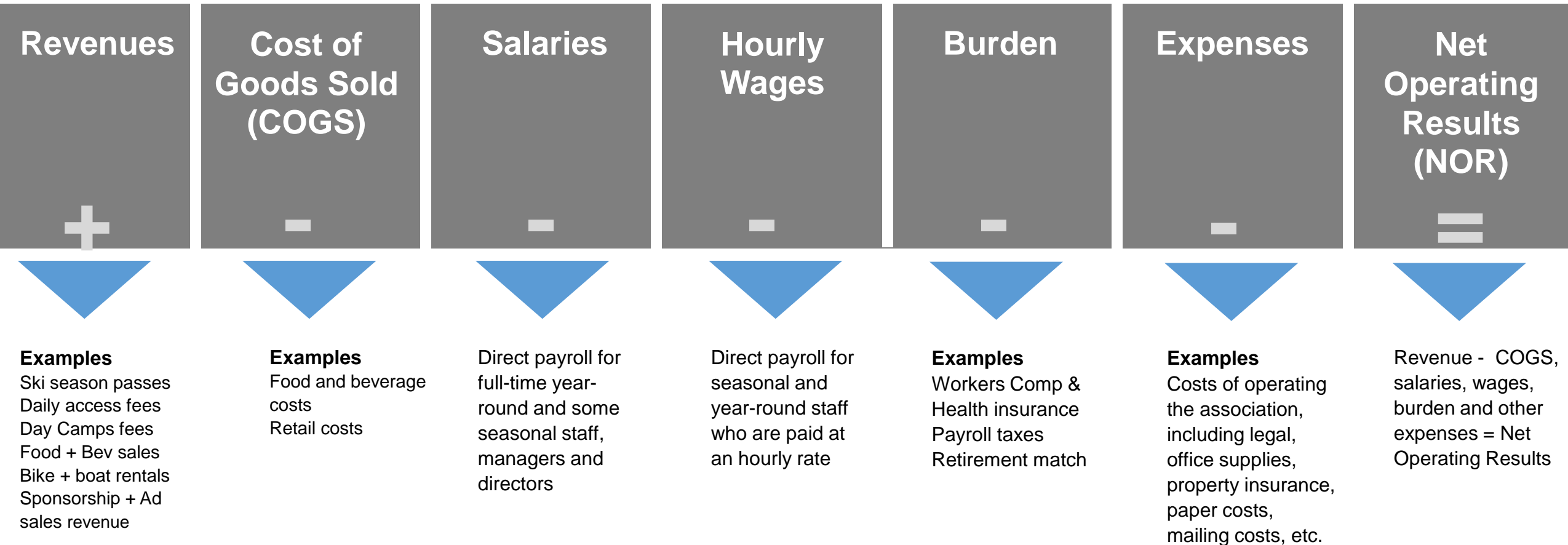
AMENITIES

- Trails
- Beach Club Marina
- Beach Club F&B
- 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
- HR & Workforce Housing
- Risk *(new for 2025)*
- Accounting
- MIS (IT)
- Architectural Standards
- Communication
- Administration
- General

WHAT MAKES UP THE OPERATING FUND?



DRAFT 2025 OPERATING FUND BUDGET

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



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

TOPIC	6/19 INITIAL ASSUMPTION	8/29 WORKING DRAFT ASSUMPTIONS	WHY
Economic Inflation Factors	The initial baseline assumption was a minimum 4% increase	Economic inflation factors clearer; insurance renewals occurring and locking in rates	Utilizing CPI, utility rate increase notices, forecasts from vendors
Operational Changes	No big changes aside from Downhill Ski Lodge Temp Ops, and the outcome of the Amenity Access Policy Update rule change	In addition to 6/19 initial assumptions, adding changes to F&B operating plans	Driving for improved financial and operational performance while not impacting member services
Downhill Ski Temp Ops	Estimated Net Operating Result impact \$1M+	Draft Net Operating Result impact \$1.6M	Conservative approach to visitation and revenue expectations utilizing COVID winter skier visitation, reviewing temp operating space real-time, scheduling tools and analysis
Financial Performance Improvement	Deep dive: food and beverage, equestrian, golf Evaluation of programs and pricing strategies; No aggressive revenue assumptions; revenue growth opportunities and cost efficiencies will result in modest improvement	Continues 6/19 initial assumptions, added NOR target of flat to 10% better	Driving for improved financial and operational performance while not impacting member services

COSTS

KEY COST DRIVERS OPERATING FUND

SUMMARY

Key drivers for increase in COSTS, Draft Budget '25 to Budget '24

(\$231,083) Payroll Expense increase 2%

(\$292,346) Payroll Burden increase 8%

\$3,526 Cost of Goods Sold decrease less than 1%

(\$159,467) Estimated Property and Casualty insurance increase 9%

(\$333,198) Forestry Defensible Space costs increase 34%

\$6,129 Workforce Housing decrease 4%

\$1,275 Downhill Ski Ops decrease less than 1%

(\$260,563) Other Operating Expenses increase 5%

NOTES:

See slides 17 and 19

KEY COST DRIVERS OPERATING FUND

COST	8/29 WORKING DRAFT BUDGET - OP FUND ASSUMPTIONS		WHY
<p>PAYROLL</p> <p>(\$231,083) Payroll Direct increase 2%</p> <p>(\$292,346) Payroll Burden increase 8%</p>	<p>Payroll Expenses represent approximately 64% of the Op Fund expenses</p> <p>Fine-tuning and some reduction in seasonal labor hours for all departments</p> <p>Specific initiatives: Increase to seasonal hours and payroll for initiatives like Forestry and Member Services</p> <p>Reduction of employment offers from ~78 to ~53 due to Downhill Ski Temp Ops</p> <p>No increase in Full-Time Year-Round (FTYR) positions except for ACA and other Federal regs. impacting benefit offerings for eligible employees</p>	<p>Minimum wage increase: CA Dept of Labor increased the minimum wage from \$16 to \$16.50 (3.1%); Nov ballot initiative for \$18 minimum wage by 1/1/26 = assuming for \$17 (6.25%) minimum wage 1/1/25</p> <p>Competing with Tahoe/Truckee Resort Impacts = \$20 Minimum Wage</p> <p>3% Merit increase budgeted (prior years @ 4%)</p> <p>Full-time Year-Round Incentive Program is budgeted at 40% of total</p> <p>Burden: payroll taxes, workers comp insurance (estimated @ 5% increase, renewal 9/30), health insurance benefits moderate Net 4.2% rate increase (employee participation in the salary savings plan/401k and Roth 401k and health benefits)</p>	<p>Regulatory changes increase TDA Payroll Expenses</p> <p>Employee retention, recruitment and recognition strategy for competitive wages and benefits ensure an excellent employee workplace</p> <p>Health benefits were negotiated for Net 4.2% increase over the prior year; increased participation due to ACA and other regulatory req.</p> <p>Workers Compensation insurance premium costs are managed through a successful risk program, keeping an excellent Experience Mod rate (112) mitigating premium expense YoY</p>

KEY COST DRIVERS OPERATING FUND cont.

COST	8/29 WORKING DRAFT BUDGET - OP FUND ASSUMPTIONS		WHY
Cost of Goods (COGS) \$3,526 decrease less than 1%	COGS increase relative to revenue Department targets vetted and set for 2025	Targets: Food + Beverage 31% Retail (% depending on industry)	Benchmark and analysis completed to ensure COGS are inline with industry standards and TDA targets
Property and Casualty Insurance Estimated (\$159,457) increase 9%	Property and Casualty insurance lines covering TDA assets and business risk	Estimated (\$159,457) increase 9% + brokers fee (estimated flat YoY)	9/30/2024 Renewal in progress; Market-driven base rates with continued large increases in Property YoY although less than prior years; TDA low loss and excellent risk program help to receive discounts during renewal
Forestry (333,198) increase 34%	Continued accelerated Forestry defensible space work increasing total acreage and trees removed YoY	Grant revenue + Replacement Reserve funds (RRF) = to increase in operating expense	TDA received multiple fuels reduction (aka defensible space) grant awards for years 2024-2026 for TDA open space; additional RRF Common Area defensible space
Downhill Ski Temp Ops (\$1.6M) decrease in NOR	Estimated decrease in expenses to flat	Draft Net Operating Result impact \$1.6M	Sump cost to opening the doors; still positive NOR and benefit to Annual Assessment impact and member enjoyment
Other Costs (\$260,563) increase 5%	Other Operating Expenses include Workforce Housing, utilities, fuel, etc.	Estimated certain Op Ex to increase above 5%, but striving for flat YoY	Receiving utility and vendor rate increase notices, slight decrease in inflation %; cost savings efficiencies

ESTIMATED PROPERTY CASUALTY AND WORKERS COMP INSURANCE

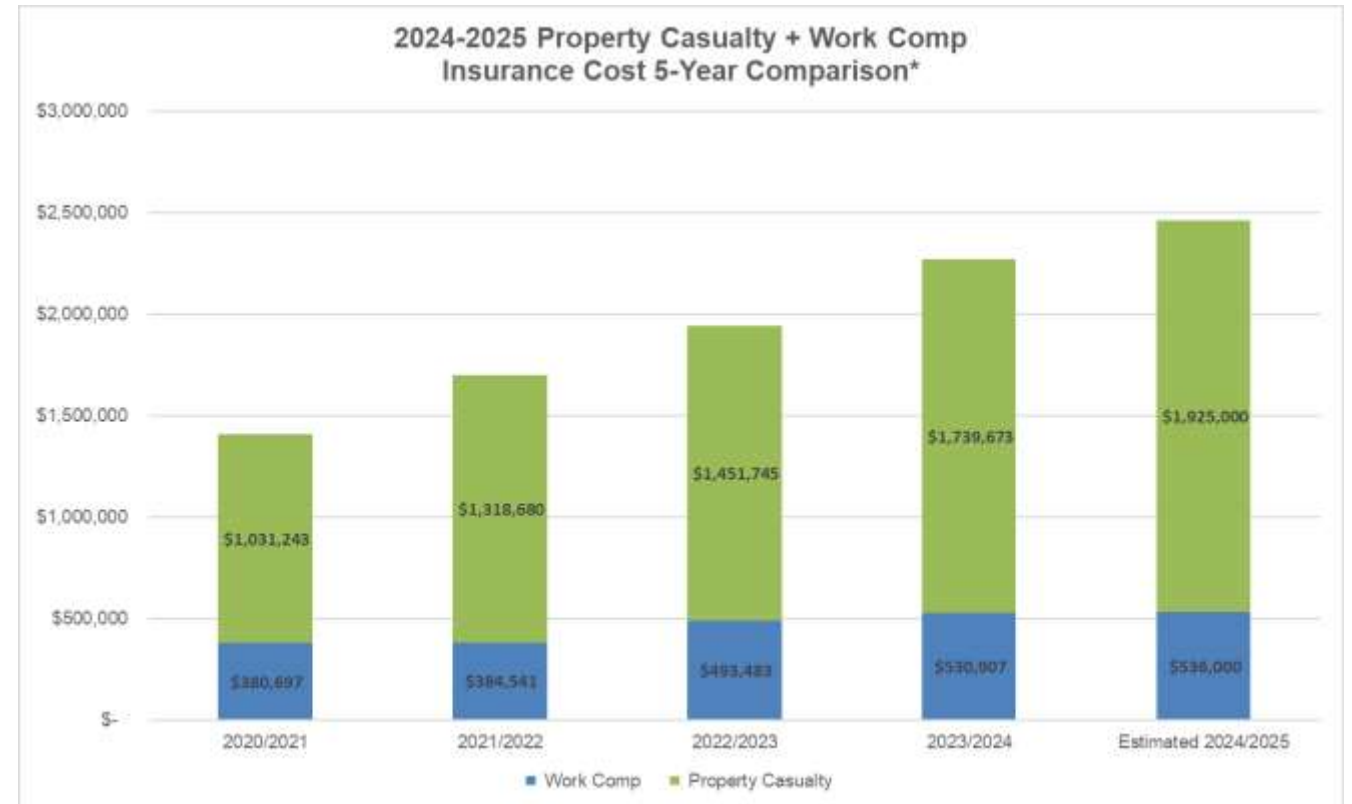
2024 – 2025 RENEWAL

TOTAL: \$2.5M

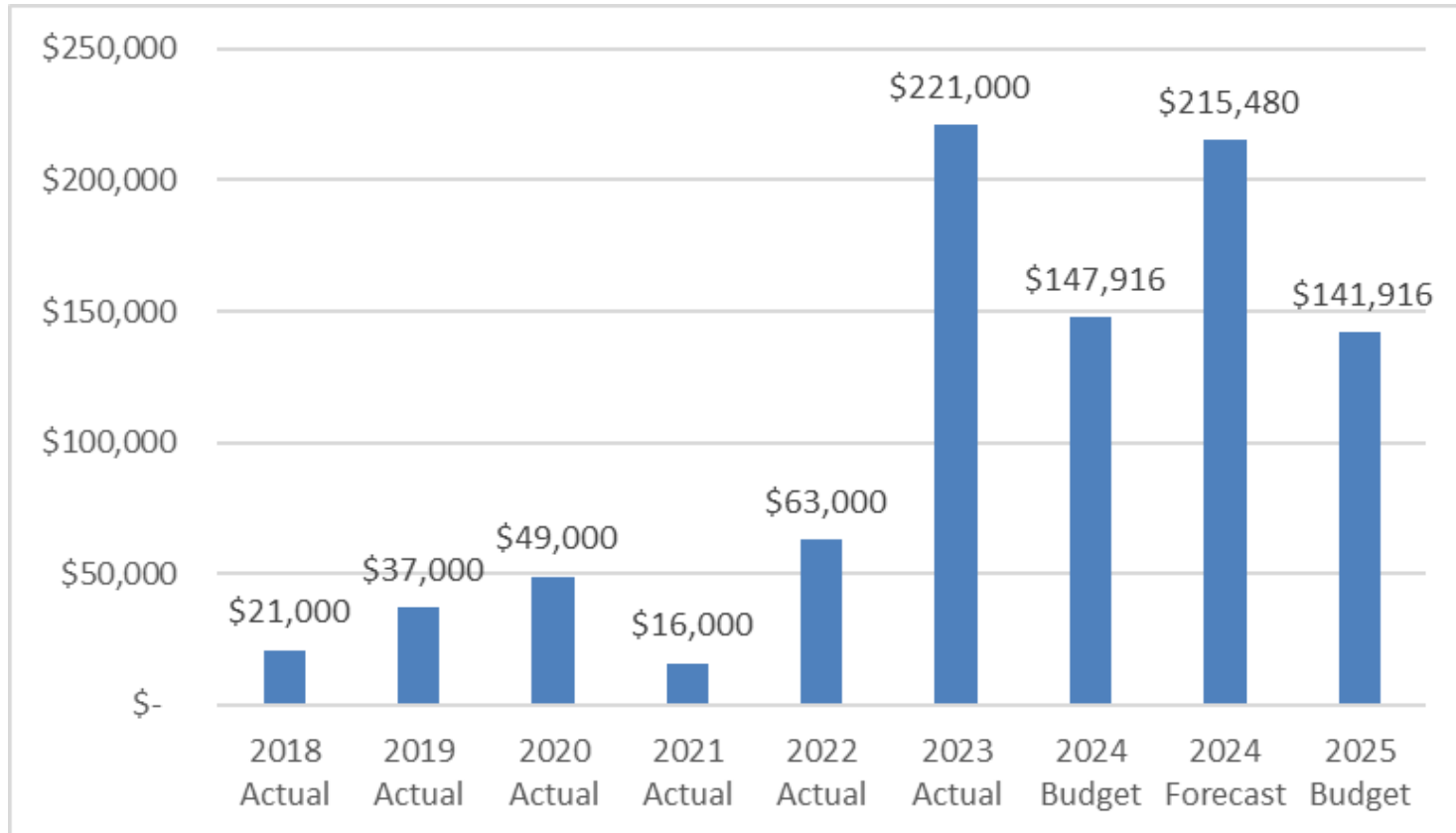
- \$1.9M Property Casualty
- \$536k Workers Comp
- \$52k Brokers Fees
- \$388/property Operating Fund assessment
- \$33/property of assessment increase related to insurance premium increases

NOTES:

Policies expire 9/30/2024. Figures included here are estimates based on broker indication of insurance market performance. The Board will review and consider approving 24/25 insurance policies at the end of September



NET WORKFORCE HOUSING COST 2018–2025



KEY DRIVERS

- 2023 and 2024 winter house count (12) for housing 84 employees (78 international and 6 domestic)
- More than anticipated summer J1's in 2024 due to increased need for cooks (24 vs 14)
- 2025 reflects a reduction in housing needs for 53 winter/24 summer; costs are still high
- Average monthly rental rates increased from \$1,750 to \$4,000 over the past 5 years (125% increase)
- Increase in utility and snow removal costs YoY

REVENUE

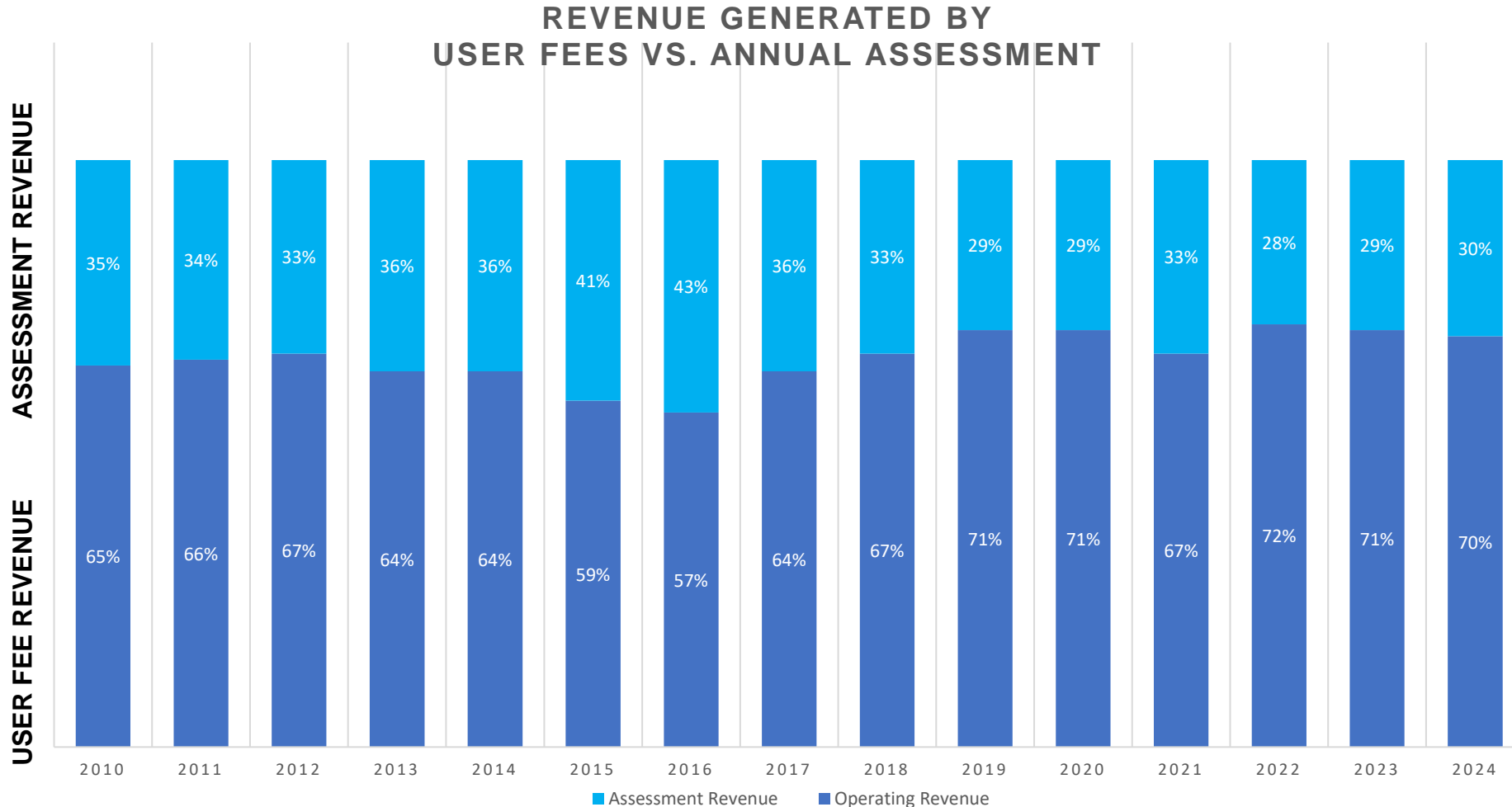
KEY REVENUE DRIVERS OPERATING FUND

SUMMARY

Key drivers for \$1.6M decrease in REVENUE, Draft Budget '25 to Budget '24

- (\$1.7M) Downhill Ski Ops Consolidated Revenue decrease due to temp ops
- Price increases targeting an overall average 3%
- Member value initiative and targets for Public to Member Discount %
- Operating Revenue vs Annual Assessment Revenue Mix
- 2025 Recreation Fee is for 12 months 1/1/25-12/31/225; the **2024 Recreation Fee was an 8-month equivalent of the annual Rec Fee** to shifting the annual Rec Fee period from 5/1-4/30 to the calendar year

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

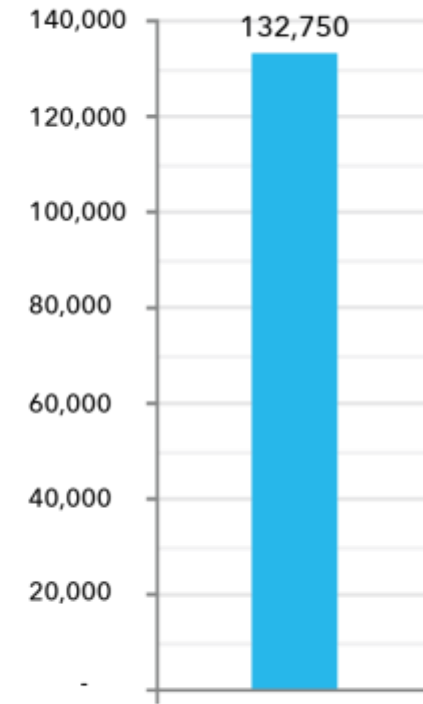
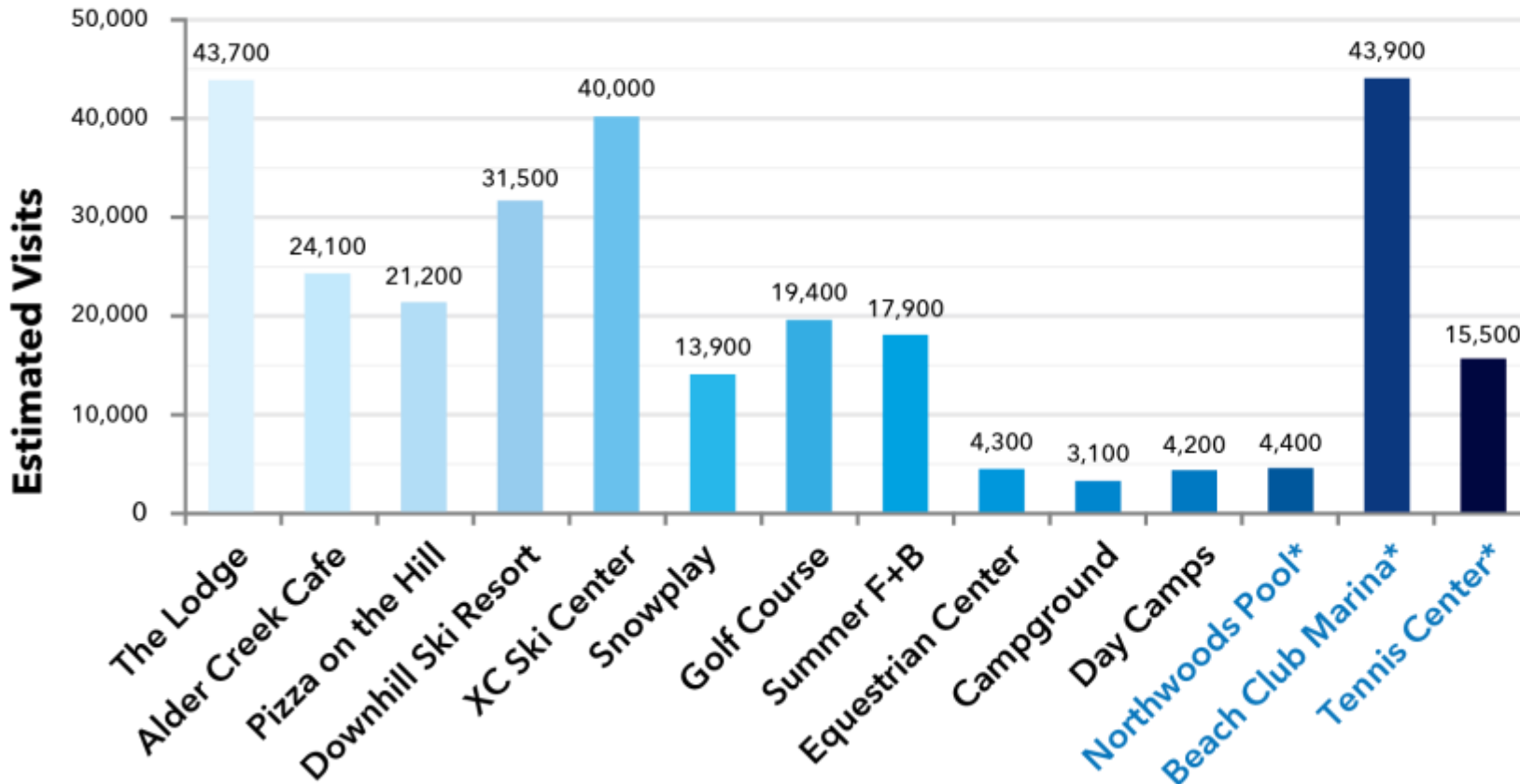


Key Takeaway:
 The ratio ranges from 57%/43% split (2016) to proposed 70%/30% in 2024.

Average is 66%/34%

VISITATION – ASSUMPTIONS

2025 Estimated Amenity Visitation Metrics



Trails
40,000-60,000
visits estimated
per summer

Trout Creek
Recreation Center*

PRIVATE AMENITY USAGE, ACCESS REVENUE + COST PER VISIT

CONSOLIDATED PRIVATE AMENITIES - Snowplay not included

	2019			2021			2022			2023			2024 - THRU JULY		
	Qty	Rev	Access Rev/Visit	Qty	Rev	Access Rev/Visit	Qty	Rev	Access Rev/Visit	Qty	Rev	Access Rev/Visit	Qty	Rev	Access Rev/Visit
Member w/Rec Fee Access	139,322	1,151,269	\$ 8.26	118,736	1,277,803	\$ 10.76	138,177	1,563,265	\$ 11.31	149,785	1,600,606	\$ 10.69	104,986	922,479	\$ 8.79
Member Daily Access (incl. all members 7+ and under 7)	6,138	47,396	\$ 7.72	8,339	70,185	\$ 8.42	7,286	66,021	\$ 9.06	6,149	70,430	\$ 11.45	4,136	44,420	\$ 10.74
Accompanied Guest Access (incl. under 7)	21,127	190,107	\$ 9.00	15,752	145,755	\$ 9.25	15,671	188,911	\$ 12.05	15,571	216,394	\$ 13.90	9,122	123,253	\$ 13.51
Unaccompanied Guest Access Incl. under 7)	19,402	291,079	\$ 15.00	15,462	239,603	\$ 15.50	15,606	254,992	\$ 16.34	15,027	284,251	\$ 18.92	10,515	204,462	\$ 19.44
Employee Access	10,252	-	\$ -	2,734	-	\$ -	6,220	-	\$ -	9,582	-	\$ -	7,325	-	\$ -
Total	196,241	\$ 1,679,851	\$ 8.56	161,023	\$ 1,733,346	\$ 10.76	182,960	\$ 2,073,189	\$ 11.33	196,113	\$ 2,171,681	\$ 11.07	136,085	\$ 1,294,614	\$ 9.51
Total Cost	\$ (1,759,518)			\$ (1,907,665)			\$ (2,236,285)			\$ (2,541,048)			\$ (1,664,145)		
Cost / Visit - Expense	\$ (8.97)			\$ (11.85)			\$ (12.22)			\$ (12.96)			\$ (12.23)		
Cost / Visit - incl. Access Rev	\$ (0.41)			\$ (1.08)			\$ (0.89)			\$ (1.88)			\$ (2.72)		

NOTES:

- 2020 excluded due to COVID
- 2021 highly impacted by COVID mitigation
- 2024 pacing to exceed 2023 by 10-12k visits
- 2023 saw record usage primarily by members with a paid rec fee
- Total visitation in 2024 is pacing ahead of 2023 mid-way through the year (forecasted to increase by 10-12K)

KEY REVENUE DRIVERS OPERATING FUND

PRIVATE AMENITIES - RECREATION FEE

Fee Products	23/24 Rate	2024 Prorated Rate (8-month)	2024 *Non-Prorated Rec Fee	2025 Rate	\$/% Change Non-Prorated 2024 to 2025 Rate
2-Person Recreation Fee (Annual)	\$295	\$250	\$312.50	\$305	\$-7.50 / -2.4%
4-Person Recreation Fee (Annual)	\$460	\$410	\$512.50	\$500	\$-12.50 / -2.3%
Additional Card Fee – for member cards #5-8	\$165	\$140	\$175	\$155	\$-20 / -11.4%

Pricing Logic:

- 12-month Recreation Fee for 2025 – start at 2024 Non-Prorated Recreation Fee*
- Balance between member value and increasing operating costs at private amenities
 - Current draft expense increase 2024 Budget to 2025 Budget - **\$133,690**
- Consider the access revenue per visit trend (slide 27) as private amenity utilization of Rec Fee users increases
- Current draft Recreation Fee just under 2024 non-prorated amounts

** In 2024, the Rec Fee was prorated at 80% because the 2024 Rec Fee expired after 8 months instead of the typical 12 months. These numbers represent the 2024 Rec Fee if it had not been prorated.*

KEY REVENUE DRIVERS OPERATING FUND

PRIVATE AMENITIES - DAILY ACCESS FEES

Fee Products	2023 Rate	2024 Rate	2025 Rate	\$/% Change 2024 to 2025
Member Daily Access – per person	\$12	\$12	\$12	\$0 / 0%
Accompanied Guest Daily Access – per person	\$15	\$15	\$15	\$ 0 / 0%
Unaccompanied Guest Daily Access – per person	\$20	\$20	\$20	\$0 / 0%
Children Under 7 (Members and Guests)	FREE	FREE	FREE	FREE

Pricing Logic:

- No change to the daily access fees for 2025 as staff implements
- Consider the access revenue per visit trend (slide 27)
 - Overall visitation increases
 - Daily access fee user volume has been flat for the last 2 years
 - No change to the daily access fees brings the access revenue per visit closer to prior years

DEPARTMENTAL BUDGET REVIEW

DEPARTMENT REVIEW OPERATING FUND

REVIEW AND DISCUSSION OUTLINE

HOA Departments

- High-level summary

Focus Amenities

- Downhill Ski
- Cross Country
- Golf
- Food and Beverage

Other Amenities and HOA Departments

- Excluding the four amenities above, the Board will identify priority departments to review and discuss

*See Department PnL Summaries as part of workshop materials



NOTABLE CALLOUTS OF OPERATIONAL CHANGES

2025 DRAFT OPERATING FUND BUDGET

What's New?	What's Enhanced?	What's Downsized?	Changes from Feedback	Innovation
Added peak season days/hours at The Lodge and Pizza On the Hill	Recreational programs, e.g., movie night, Wibit® at TC, and family and friend gathering activities	Alder Creek Café summer operating hours and menu offering	F&B improvement: menu diversity, menu prices	Accounts Payable Automation (internal efficiency)
Emergency preparedness enhancement and training: EpiPens at facilities	More community gatherings, e.g., Member Happy Hour	Efficiencies of closure at Member Services during shoulder season	Flat to minimal increase for winter ski pass prices	New member payment portal in support of (member facing)
Member Services/IT development of safe and secure digital options for validating member relationships	Accelerated and increased Forestry defensible space in open spaces and greenbelts	Downhill and Day Camp programs due to Downhill Ski Temp Ops until Nov '25	Equestrian camp hours expanded from half-day to all-day camp	Communications work to energize advertisement packages to drive additional sales

HOA DEPARTMENTS OPERATING FUND

TOPIC	DRAFT 2025 BUDGET ASSUMPTION	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Member Services	Continue core member services: Member Service, Community Standards (Design Review and Enforcement), Communication, Defensible Space and other Land Management, Administration	Continued high-quality level of service for members and visitors Continued focus on minimum standards and enforcement by maintaining professional, trained staff available to assist member
Revenue	<p>\$180k Grant Revenue for Forestry</p> <p>\$259,000 Workforce Housing Rent Revenue</p> <p>Expecting a modest adjustment in Ad Sales Revenue for Communications and Community Standards for permit and other fees</p>	<p>Forestry grant awards allow TD to accelerate defensible space work in the open space. This creates forest resiliency and mitigates fire risk to the community</p> <p>Subsidizing workforce housing ensures affordable housing options (as required) for international employees and critical-to-opening positions filled by domestic employees like ski patrol and cooks.</p> <p>As part of the member value initiative pricing is set to be conscious of inflation while also building efficiencies and covering costs</p>
Expenses	<p>Total Expense increase averaging 5% or better if possible. Departments outside of this target are related to specific initiatives like Forestry</p> <p>Budget correction YoY for Other Costs such as Annual Election and Claims Expense</p> <p>New Department 037 – Risk</p>	<p>Focusing on gaining cost efficiencies but leaning into core HOA services like Forestry, Member Services, and Community Standards</p> <p>New Dept 037 Risk: moves payroll and op costs associated with association-wide risk management program from Departments 010-Administration and 165-Facilities Administration into 037-Risk</p>

CONSOLIDATED DOWNHILL SKI

\$349K Net Operating Result; -\$1.6M over Budget 2024

TOPIC	DRAFT 2025 BUDGET ASSUMPTION	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	~30% reduction to visitation	Temp Ops will limit daily skier visitation which impacts service volumes and revenue – no ski lodge Continued high-quality level of service for programs and lessons
Revenue	\$2M reduction in revenue based on visitation and season pass sales assumptions Expecting a modest increase in Revenue for Dec '25	Temp Ops will limit daily skier visitation which impacts all service volumes and revenue – no winter F and B service until Dec 2025 The Downhill Ski Area contributes positively annually to the Annual Assessment. The average positive NOR is approximately \$1.8M or \$277 per property (2022 and 2023)
Expenses	\$350K reduction in expenses during Temp Ops, but still impacted by Payroll expense increases Normalizing expenses for Dec '25	Sunk cost for opening the ski hill, but still positive \$349K NOR (\$54 per property) Downhill Ski will be open and offering services with member priority focus for 24/25 winter season
Temp Ops	Treating like modified COVID impact Expecting opening for Dec 2025 (25/26 season) in new lodge facility	Without the lodge, staff has a temp ops plan for 24/25 season. Members and their guests will still be able to ski/board, take lessons, and enjoy rustic ski hill atmosphere out of their cars and temp facilities



CROSS COUNTRY SKI

\$745K Net Operating Result; Flat to Budget 2024

TOPIC	DRAFT 2025 BUDGET ASSUMPTION	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	Flat to the 2023/2024 season	Continued high-quality level of service for programs, grooming, and lessons
Revenue	\$33K reduction in revenue based on season pass sales assumptions, some offset for more daily users	2% increase to season pass rates, flat rates for daily trail passes
Expenses	\$32K reduction in expenses in the initial draft related mostly to staffing efficiencies XC Snowmaking expense based on actuals	Service levels to remain the same, staff expense will flex with skier visits if necessary XC Snowmaking expense based on actuals ensures minimum ops



CONSOLIDATED GOLF

(\$492K) Net Operating Result; -\$161K over Budget 2024

TOPIC	DRAFT 2025 BUDGET ASSUMPTION	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	Flat to the 2023 and 2024 seasons	Members will continue to have priority access to tee times Continued high-quality level of service for programs and lessons
Revenue	\$33K reduction in revenue based on '23 and '24 visitation and normalizing June expectations considering weather impacts	Member green fee rates and season pass rates flat in this draft
Expenses	\$161K increase in expenses of which 84% is labor related – challenging local labor market, additional Golf Operations resource of a shop manager	Continue with current resource commitment for course conditions and service levels
Other	Expenses will continue to be challenging for this operation, revenue growth is necessary to offset	Staff will develop options to address the need to grow revenues considering the 3 opportunities of tee times, price and conditions/service levels. Analysis is underway to develop recommendations for board consideration.



CONSOLIDATED FOOD + BEVERAGE

(\$819K) Net Operating Result; -\$83K over Budget 2024 (-\$84K for Winter F+B – Temp Ops)

TOPIC	DRAFT 2025 BUDGET ASSUMPTION	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	Increased visitation due to operational changes	All food venues will be open with modifications per plan Continued high-quality level of service and focus on value-driven initiatives
Revenue	\$306K decrease in revenue - \$359K from loss of revenue due to temp ops for Winter F and B Banquet revenue and new Chartered Club Event Menu Member BOGO budgeted and Dining for Schools	Increased activation events opportunities at The Pavilion, including Summer Edibol, music nights, family reunions, wedding dinners, and TD club events
Expenses	\$223K reduction in expenses COGS targets Reduction in 1 FTE from 12-month to 10-month Seasonal labor hours adjusted for operational changes and efficiency targets, temp ops for Winter F and B	Streamlined operations in shoulder seasons and reduced costs while still offering members an F&B option



FOOD AND BEVERAGE OPERATIONS + INITIATIVES

ALDER CREEK CAFÉ

- Reducing summer operations to lunch grab and go only; bar still open until 5
- Improves operating costs during slow summer months

MARINA GRILL

- Expand food service by 1 hour to serve until 5:30 p.m. and bar open until 6 pm
- Moving popular event nights to Marina: Summer Corn Hole nights

MARCO POLO GRILL

- Utilize TD Eats food trailer for special test case on peak weekends in July to reduce wait times and over-burdening the kitchen

WINTER F+B

- Concessionaire agreement for small food trailer service during Downhill Ski Temp Ops and shuttle service to Alder Creek Café for full winter menu offering



FOOD AND BEVERAGE OPERATIONS + INITIATIVES

THE LODGE

- Open 7 days a week for peak periods: 2 weeks for winter holiday period, and 6 weeks late June – first week of August
- Moving popular activation event nights to the Pavilion: Summer Edibol, music Fridays and Saturdays, trivia night
- During non-peak periods and slower visitation, some seating areas will be closed to keep labor efficiency targets

PIZZA ON THE HILL

- Open 7 days a week for peak periods: 2 weeks for winter holiday period, and 6 weeks late June – first week of August
- Moving popular event nights to POTH: summer Corn Hole nights, and possibly trivia or other game night



DEPARTMENT REVIEW OPERATING FUND

REVIEW AND DISCUSSION OUTLINE

HOA Departments

- High-level summary

Focus Amenities

- Downhill Ski
- Cross Country
- Golf
- Food and Beverage

Other Amenities and HOA Departments

- Excluding the four amenities above, the Board will identify priority departments to review and discuss

*See Department PnL Summaries as part of workshop materials



OPERATING FUND CONTINGENCY RESERVE



OPERATING FUND POLICY

OPERATION FUND CONTINGENCY RESERVE AMOUNT

In accordance with Operating Fund Policy 2023-3

“Beginning in the 2024 budget year, the minimum OFCR balance shall be increased incrementally over 3 to 5 years until it reaches the greater of \$2 million and 10% of the annual operating expenses, at the discretion of the Board.”

“The Board of Directors shall review the amount of the minimum and maximum OFCR balance annually during the budget process to ensure that the estimated operating fund balance will continue to be adequate for the needs specified above.”

Discussion: To what degree can the OFCR funding level be increased for 2025?
What is overall funding level guidance?

STATEMENT OF FINANCIAL POSITION BY FUND

Name	Development Fund	Operating Fund	Replacement Reserve Fund	New Machinery and Equipment	Property Fund	Total
Cash - Operating	0	2,846,737	0	0	0	2,846,737
Cash - Investment	19,993,741	4,062,497	22,980,101	108,106	0	47,144,445
Inventory	0	417,709	0	0	0	417,709
Member Receivables, Net	0	74,598	0	0	0	74,598
Other Receivables	119,500	68,345	42,488	0	0	230,333
Prepaid Expenses	0	780,357	39,304	0	0	819,662
Due From (To) Other Funds	(486,721)	2,385,232	(1,854,782)	(43,728)	0	0
Property and Equipment	0	0	0	0	49,414,090	49,414,090
Total Assets	19,626,520	10,635,476	21,207,112	64,377	49,414,090	100,947,574
Accounts Payable	0	672,804	0	0	0	672,804
Accrued Liabilities	3,498	1,657,842	12,498	0	0	1,673,838
Deferred Revenue, Assessment	0	7,718,272	0	0	0	7,718,272
Deferred Revenue, Recreation Fee	0	655,665	0	0	0	655,665
Deferred Revenue, Other	0	936,417	0	0	0	936,417
Deposits	0	449,880	0	0	0	449,880
Total Liabilities	3,498	12,090,880	12,498	0	0	12,106,876
Members Equity	16,259,307	15,857	17,928,483	(13,972)	47,145,271	81,334,945
Operating Fund Contingency Reserve	0	2,000,000	0	0	0	2,000,000
Net Income	3,363,715	(3,471,261)	3,266,131	78,349	2,268,819	5,505,753
Total Liabilities and Equity	19,626,520	10,635,476	21,207,112	64,377	49,414,090	100,947,574

CONSOLIDATED 2025 DRAFT OPERATING FUND BUDGET

OPERATING FUND SUMMARY

	2019	2020	2021	2022	2023	2024	2024	2025	2025 Bdg vs 2024 F/cast		2025 Bdg vs 2024 Budget	
	Actual	Actual	Actual	Actual	Actual	Budget	F/cast	Budget	Amount	Pctg	Amount	Pctg
Revenue	14,695,518	9,457,414	13,248,143	17,571,060	17,605,695	18,513,278	17,970,047	16,842,251	(1,127,796)	-6%	(1,671,028)	-9%
Cogs	(1,554,427)	(826,433)	(1,104,059)	(1,637,023)	(1,630,176)	(1,663,104)	(1,592,986)	(1,659,579)	(66,592)	4%	3,526	0%
Gross Margin	13,141,091	8,630,981	12,144,083	15,934,037	15,975,519	16,850,174	16,377,061	15,182,672	(1,194,389)	-7%	(1,667,502)	-10%
Payroll Direct-Salary	(4,074,800)	(2,845,420)	(4,565,767)	(5,013,840)	(5,408,712)	(5,791,849)	(5,416,947)	(5,957,570)	(540,623)	-10%	(165,722)	-3%
Payroll Direct-Hourly	(6,212,676)	(4,322,779)	(5,475,347)	(7,156,148)	(6,820,910)	(7,827,788)	(7,498,182)	(7,942,604)	(444,422)	-6%	(114,816)	-1%
Payroll Direct-Total	(10,287,476)	(7,168,199)	(10,041,114)	(12,169,988)	(12,229,622)	(13,619,637)	(12,915,129)	(13,900,174)	(985,045)	-8%	(280,538)	-2%
Payroll Burden	(2,450,702)	(1,832,532)	(2,466,603)	(3,071,942)	(3,260,955)	(3,631,726)	(3,503,256)	(3,924,072)	(420,817)	-12%	(292,346)	-8%
Payroll	(12,738,178)	(9,000,731)	(12,507,717)	(15,241,930)	(15,490,577)	(17,251,363)	(16,418,385)	(17,824,247)	(1,405,862)	-9%	(572,884)	-3%
Expenses	(5,471,316)	(5,020,385)	(5,835,283)	(7,425,897)	(7,708,575)	(7,889,423)	(7,306,597)	(8,149,985)	(843,388)	-12%	(260,563)	-3%
NORBO	(5,068,403)	(5,390,135)	(6,198,916)	(6,733,790)	(7,223,633)	(8,290,612)	(7,347,921)	(10,791,560)	(3,443,639)	-47%	(2,500,948)	-30%
Capital Expense Allocation	354,342	946,668	529,181	335,320	30,300	559,976	445,986	1,194,823	748,837	-168%	634,847	-113%
NOR	(4,714,061)	(4,443,467)	(5,669,735)	(6,398,470)	(7,193,333)	(7,730,636)	(6,901,935)	(9,596,737)	(2,694,802)	-39%	(1,866,101)	-24%
COGS %	-11%	-9%	-8%	-9%	-9%	-9%	-9%	-10%				
Payroll Direct %	-70%	-76%	-76%	-69%	-69%	-74%	-72%	-83%				
Payroll Burden % Payroll	-24%	-26%	-25%	-25%	-27%	-27%	-27%	-28%				

OPERATING FUND ASSESSMENT CONTRIBUTION DRAFT

USING STAFF'S CURRENT BUDGET ASSUMPTIONS, THE CURRENT **DRAFT** IMPACT ON THE OPERATING FUND PORTION OF THE ANNUAL ASSESSMENT IS A NET INCREASE OF \$297, FROM \$1,186 TO \$1,483 PER PROPERTY.

WHY AN INCREASE

- (\$1.7M / \$268 per property) Downhill Ski Lodge construction impacting Downhill Ski revenues through November 2025 when the new lodge is anticipated to be substantially complete
- (\$213,609 / \$33 per property) Estimated liability/property insurance increase
- Inflation impacts the cost of operating in all business lines and services
- Full-time, year-round salary and wage rate merit increase of 3%
- 12% increase in payroll burden
- To offset increases, major efforts made in cost efficiencies and revenue adjustments

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

CONSIDERATIONS TO OFFSET DOWNHILL SKI TEMP OPS - 1 YEAR BRIDGE

Discussion: To what degree can we bridge the gap for 2025 for the loss of Downhill Ski Revenue during the winter of 24/25? What is our target Operating Fund Assessment?

Considerations:

- Further refinement of Operating Budgets to reduce impact
 - Revenue projection refinement
 - Staff reductions
 - Reduction of the budgeted portion of the incentive program
 - Reduce other services
- Utilization of a portion of the Operating Contingency Fund Reserve
- Consider reducing the funding % increase in Capital Funds, e.g., do not fund the New Equipment Fund for 2025

NEXT STEPS AND BOARD FEEDBACK

NEXT STEPS TO FINALIZE THE DRAFT 2025 OPERATING FUND BUDGET

Today

- Receive Board feedback and guidance on the Draft Operating Fund Budget

September

- Continue working with department managers and senior leadership team to find revenue opportunities and cost savings
- Continue collaborating with the Finance Committee on budget refinement

End of September

- Receive Property and Casualty insurance renewal packet and Board decision on 2024-2025 renewal



BOARD FEEDBACK

Staff is seeking Board feedback and guidance on:

1. Specific departments and/or areas for further review
2. Recreation Fee and Daily Access Fees rates
3. Considerations to offset the Downhill Ski Lodge Temp Ops – 1 Year Bridge
4. Operating Fund Contingency Reserve funding
5. Operating Fund portion of the Annual Assessment





NEXT WORKSHOP 9/12/2024

CAPITAL FUND 2025 DRAFT BUDGETS

- Development Fund
- Replacement Reserve Fund
- New Equipment Fund
- Draft 2025 Annual Assessment

THANK YOU