



DRAFT 2026 OPERATING FUND BUDGET

August 29, 2025





AGENDA + PROCESS

1. Outcomes for Today
2. Annual Budget Development Process and Timeline Overview
3. Progress To Date
4. 2026 Budget Development Process and Methodology
5. Amenity Access Rule Implementation Year 2, Draft 2026 Amenity Access Operating Plan and Fee Changes
6. Draft 2026 Operating Fund Budget Review + Discussion
7. Board Feedback Summary and Additional Information Requests
8. Next Budget Session



OUTCOMES FOR TODAY'S WORKSHOP

- Review and confirm common understanding of budget drivers and assumptions associated with the initial Draft 2026 Operating Fund Budget
- Understanding of the Amenity Access Rule Implementation Year 2, Draft 2026 Operating Plan, including fees and changes
- Develop board feedback and guidance on
 - Amenity Access Rule Implementation Year 2, Draft 2026 Operating Plan, including fees and changes
 - Identify areas of refinement and/or alternatives
 - Identify any additional information or analysis requests

FUTURE MEETINGS WILL COVER:

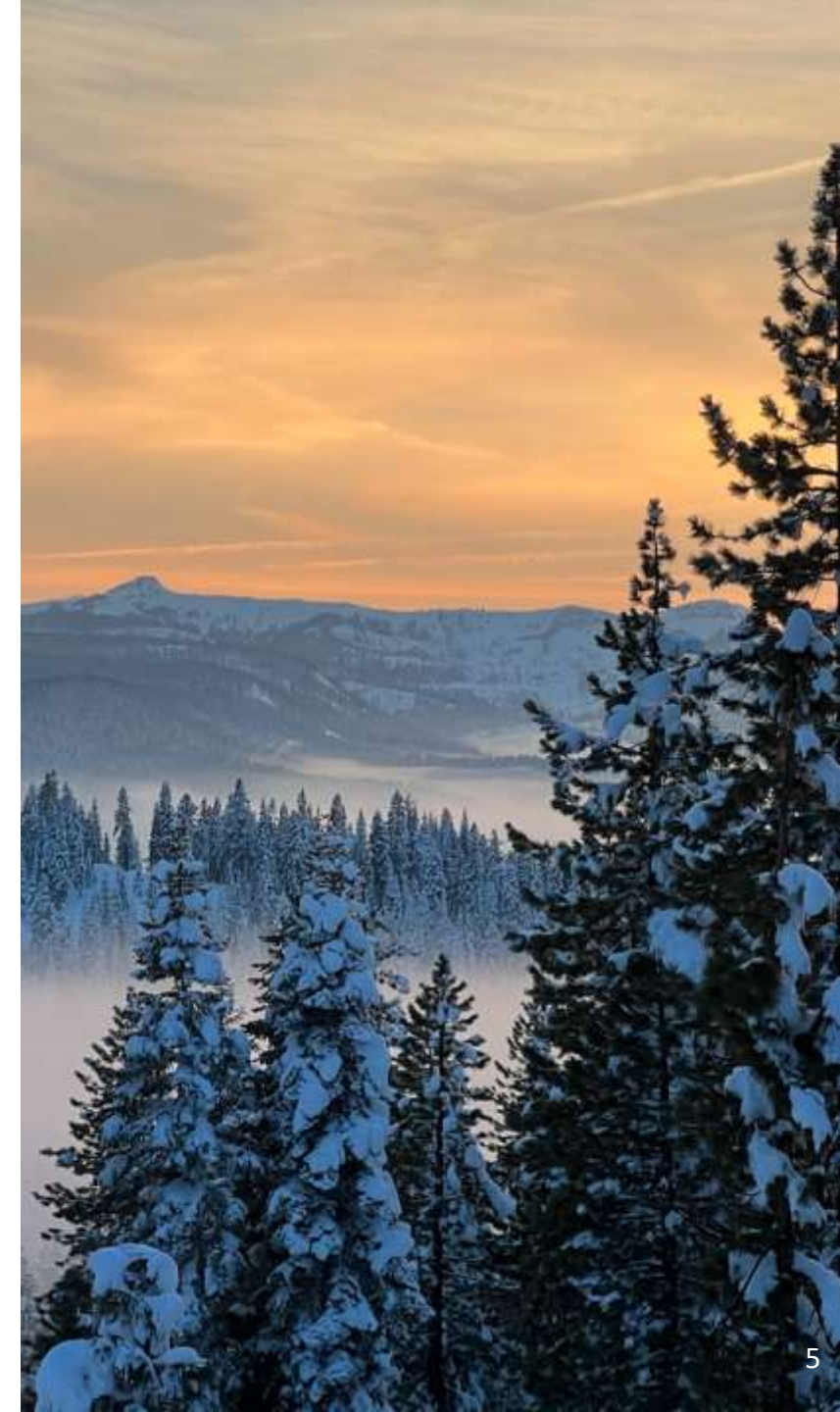
- Capital Fund Budgets Drafts
 - Repair and Replacement Fund
 - Long Life Fund
 - New Capital Projects Fund
 - New Equipment Fund
- Total Annual Assessment Recommendation

2026 BUDGET TIMELINE

STAKEHOLDER GROUPS	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
Staff	Leadership team – Strategic Budget Drivers	Budget kickoff meetings	Budget development activities	Budget development activities	Budget refinement	Budget refinement until adoption + Budget Report	Budget Report & AA invoices postmarked 11/15
Finance Committee		Working group	Working group + 7/25 Reg BOD Mtg	Working group + FC+ Session #1 invite	Working group + FC+ Session #2 invite	Session #3 invite	Post budget wrap-up wDOFA
Long-Range Planning Committee			7/10 10-YR & 20-YR Capital Plans Discussion	Session #1 invite	Session #2 invite	Session #3 invite	Post budget wrap-up wDOCPF
Trails + Open Space Committee			TOS Budget discussions	Budget discussion if needed Session #1 invite	Session #2 invite	Session #3 invite	Post budget wrap-up wDOLM
Board of Directors	5/23 Reg BOD Mtg Strategic Drivers	Complete Capital and Financial Policies Update Initiative	7/25 Reg BOD Mtg 10-YR & 20-YR Capital Plans Discussion	8/29 Reg BOD Mtg Session #1 Draft Op Fund Budget	9/26 Reg BOD mtg Session #2 Draft Cap Funds + Op Fund (Consolidated)	10/14 Special BOD Mtg Session #3 Consolidated + Budget Approval If needed, Session #4 no later than October 17	Review updated capital and financial policies (Nov or Dec)

PROGRESS TO DATE

- ✓ Strategic budget drivers accepted by Board (6/29)
- ✓ Management planning and review sessions (June, July, August)
- ✓ Finance Committee Budget Working Group – Initial Working Draft Operating Budget review at weekly sessions (July & Aug)
- ✓ Finance Committee –Consolidated Working Draft Operating Budget review (8/21)
- ✓ Board 2026 Operating Budget Draft Review (today)



2026 BUDGET DEVELOPMENT PROCESS + METHODOLOGY



MANAGEMENT 2026 BUDGET PROCESS

IMPROVEMENT FOCUS AREAS

Strengthen budget transparency and member understanding

- Committee involvement and collaboration: Finance, Trails and Open Space, and Long-Range Planning
 - **Finance Committee strengthened role and engagement to rigorously review the draft budget, conduct critical inquiry into underlying assumptions, take part and collaborate with staff in substantive dialogue on fiscal challenges and opportunities, and align with long-term fiscal goals**
- Member education and outreach

Increase and focus on member benefits

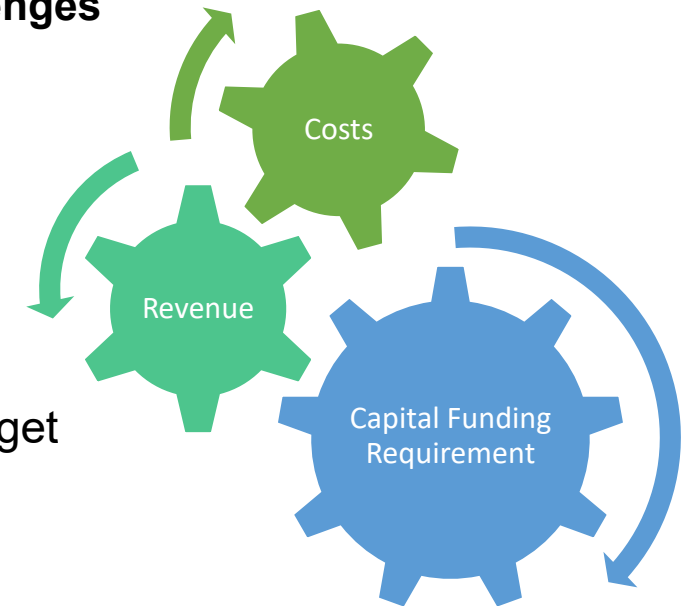
- Address member feedback on declining member value
- Create and retain member value

Planning improvement

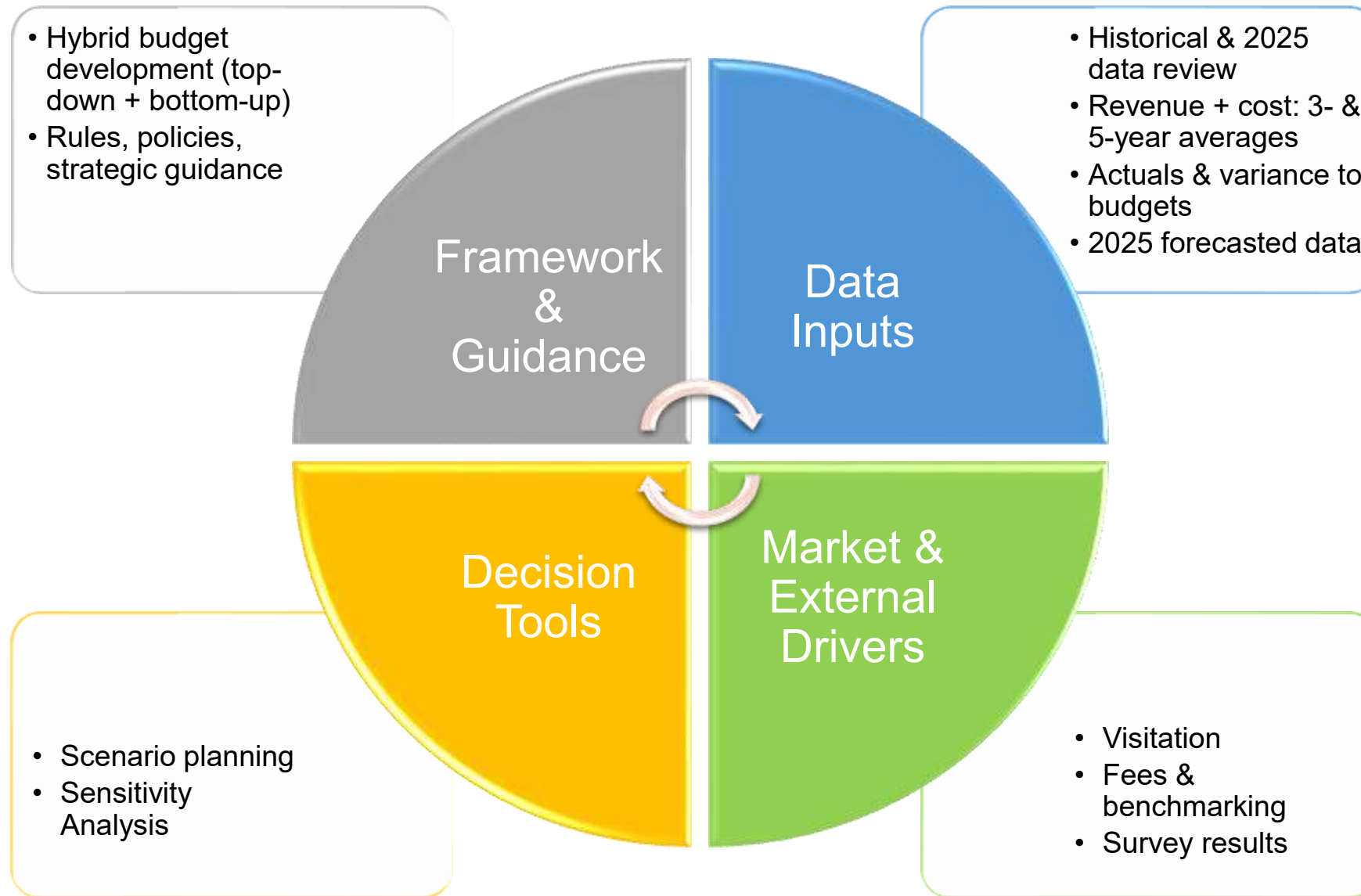
- Initiate strategic budget drivers discussion and guidance in advance of budget development
- Begin 2026 and long-range capital improvement discussion earlier

Fresh look at budget with new leadership and strategic organizational shifts

- Evaluate the Amenity Access Rule change financial impacts
- Evaluate and refine human resource allocation
- Strengthen EQ, Golf, F&B financial performance
- New opportunities for revenue enhancement and cost efficiencies



OPERATING FUND BUDGET DEVELOPMENT METHODOLOGY



ANNUAL STRATEGIC OBJECTIVES

- **2025 Annual Strategic Objectives**
 - Amenity Access Improvement
 - Amenity Access Rule Change Implementation Plan and Communication Campaign
 - Member Value + Strengthening Community
 - Member Relations + Engagement
 - Land Management Planning + Stewardship
 - Land Management Plan Update
 - Fire Safety + Forest Health Rules Update
 - Organizational Development
 - Organizational + People Development
 - Good Governance
 - Capital and Financial Policies Update
- **2026 Annual Strategic Objectives – Draft in progress**



2026 STRATEGIC BUDGET DRIVERS

PRIORITY ONE LIST

DESCRIPTION	FOCUS AREA
All (4) Member ID Cards in Annual Assessment	Member Value & Benefits
Programmatic and operational program changes for improved financial performance and service levels	Service Levels
Downhill Ski Lodge Coming Online	Revenue
Modest revenue growth	Revenue
Employee Health Benefits: Employer & Employee %Contribution stays the same	Employer Reputation and Competitiveness*
Implementation plan relating to the Cap & Fin Policies Update	Capital Funding
Replacement Reserve Fund address % funded minimum 10% increase	Capital Funding
Development Fund minimum 4% increase	Capital Funding
New Equipment Fund \$50/per property	Capital Funding

PRIORITY TWO LIST

DESCRIPTION	FOCUS AREA
Menu of Member Value Vouchers(s) with Annual Assessment	Member Value & Benefits
Merit is budgeted effectively	Employer Reputation and Competitiveness*

PRIORITY THREE LIST

DESCRIPTION	FOCUS AREA
Member Food Discount @ Public Venues	Member Value & Benefits
Performance recognition programs are budgeted effectively	Employer Reputation and Competitiveness*

KEY TAKEAWAYS

2026 Operating Fund 8/22/25
Draft includes Priority 1

Still working on Priority 2 and 3 with some consideration in the draft budget, but it may be unrealistic if the target remains to keep the Annual Assessment below double digits

2026 DRAFT BASELINE ASSUMPTIONS OPERATING FUND

TOPIC	8/22 DRAFT ASSUMPTION	WHY
Economic Inflation Factors	The initial baseline assumption was a minimum 3% increase	<p>Economic inflation is volatile due to uncertainty; insurance renewal indicators have not settled with national and LA fire impacts</p> <p>Utilizing CPI (1.5), utility rate increase projections + actual (min 6.5%), vendors rate increase notices and surcharges</p>
Financial Performance Improvement	<p>Priority focus continues for food and beverage, equestrian, golf</p> <p>Cautious revenue assumptions; revenue growth opportunities and cost efficiencies will result in modest improvement; continue the good work of 2025 efforts</p>	<p>Driving for improved financial and operational performance while maintaining member services</p> <p>Cautious revenue budgeting due to weather impacts impacting 3 and 5 yr avg; utilizing improved technology and metrics for estimating costs, labor, and revenue</p>
Operational Improvements	<p>Anticipate member private amenity usage will grow</p> <p>Services and programming refinement leading to sustainable pricing and operating results</p>	<p>Amenity Access Rule Implementation Plan continues</p> <p>Equestrian program vision furthered in the budget</p> <p>New era for food and beverage: improved menu, pricing, quality</p>
Downhill Ski Lodge Completed	Estimated Net Operating Result positive impact \$2M+	<p>Expected Downhill Ski Lodge opening for 25/26 season and all services available</p> <p>Downhill Ski and Day Camps return to regular operations</p>

AMENITY ACCESS RULE CHANGE IMPLEMENTATION PLAN YEAR 2 + DRAFT 2026 OPERATING PLAN AND FEE CHANGES



AMENITY ACCESS RULE IMPLEMENTATION PLAN - YEAR 2

KEY ELEMENTS

The Implementation Plan is a three-year plan to implement the rule fully. Key elements of year two include:

- Member Daily Access fees and the Recreation Fee end on January 1, 2026
- Each property will be granted either 2 or 4 Member Photo ID Cards for eligible family members with the payment of the assessment
- Up to 6 extra cards may be activated per property for an annual fee for eligible family members
 - All valid Member Photo ID card holders shall be entitled to Private Amenity access without the requirement of a daily access fee or an additional annual access pass.
- Adjust the annual Operating Plan as warranted to avoid overburdening the Private Amenities while prioritizing, promoting, and protecting member use and enjoyment

Staff's recommendation regarding these key elements includes:

- **Up to 4 Member Photo ID cards can be granted per property with the payment of the annual assessment (Implementation Plan)**
- **Guest and STR Daily Access fees are slightly increased (Operating Plan)**
- **Amenity Access Rule related processing fees are increased (Operating Plan)**
- **Reservations and Access restrictions are implemented at Trout Creek and the Beach Club Marina during the July 4th holiday week (Operating Plan)**

The initial draft of the 2026 Operating Plan is included in the board meeting materials

IMPLEMENTATION PLAN - YEAR 2

CARDS AVAILABLE PER PROPERTY – 2 OR 4

The current budget presentation includes the staff's recommendation of completing this element of the Implementation Plan and **providing up to 4 Member Photo ID Cards per property** upon payment of the annual assessment

- Keeps the number of Member Photo ID cards included in the assessment consistent with the membership's prior experience
 - Avoids confusion and simplifies messaging
- Allows up to 10 total Member Photo ID cards per property through the additional card(s) option
- The assessment impact is offset by finishing the Downhill Ski Lodge and bringing the revenue back above post-construction levels

2025 Rec Fee Budget vs 2026 Downhill NOR	
2025 Budget - Member Daily Access Fee Rev	~ \$ 72,800
2025 Budget - Recreation Fee Rev	~ \$ 1,724,000
Total \$ to Assessment	\$ 1,796,800
Per Property	\$ 277.58
2026 Draft Downhill NOR - B to B variance	\$ 1,723,000
Per Property	\$ (266.18)



PRIVATE AMENITY ACCESS REVENUE

RECREATION FEE

- The Rec Fee has been a revenue driver for the Association
 - Historically, 50-60% of the properties purchased the Rec Fee, approx.
 - 2025 YTD – 26% 2-person Rec Fee, 33% 4-person Rec Fee
- This will now be incorporated into the annual assessment in line with governing documents, with the cost increase being largely offset by the return of revenue due with the Downhill Ski Lodge completion

OPERATING PLAN

As is required by the updated Amenity Access Rule, staff will publish an,

“Amenity Access Operating Plan...detailing the fees, conditions and restrictions applicable to implementing, administering and managing the rule generally;...to the various categories and subcategories of Private Amenity users defined in this rule.”

Any restrictions deemed appropriate by staff to be included in the operating plan will have an assessment impact related to reduced daily access revenue

AMENITY ACCESS - OPERATING PLAN FEES DRAFT

PRIVATE AMENITIES - DAILY ACCESS FEES

Fee Products	2024 Rate	2025 Rate	2026 Rate	Variance
Personal Guest Daily Access – per person 7+	\$15/\$20	\$15	\$16	\$1
Personal Guest Daily Access – per person 3 - 6	FREE	\$5	\$5	\$0
STR Tenant – per person 7+	\$20	\$24	\$26	\$1
STR Tenant – per person 3 - 6	FREE	\$10	\$10	\$0
Infants 0 - 2 (All User Categories)	FREE	FREE	FREE	FREE

Pricing logic

- Modest change recommendation address cost increases to operate the Private Amenities
- Estimated revenue increase of \$28,000 (estimate includes no STR access restrictions)

AMENITY ACCESS - OPERATING PLAN FEES DRAFT

PRIVATE AMENITIES – ADMINISTRATIVE/EXTRA CARD FEES

Fee Products	2025 Rate	2026 Rate	Variance
Member Photo ID Card Reassignment (Feb-Dec)	\$25	\$25	\$0
Member Photo ID Card Exception Process	\$25	\$40	\$15
Residential Tenant Owner Relinquish Process	\$75	\$90	\$15
STR ID Card Administration	\$75	\$90	\$15
Extra Card 7+	\$155	\$175	\$20
Extra Card 0-6	FREE	FREE	FREE

Pricing logic

- All admin fees adjusted based on the actual time spent and the increase in staffing expense YoY on each service
 - Residential Tenant Owner Relinquish and Exception processes require more staff time than other amenity access administrative services
 - 20% increase in direct hourly payroll in Member Services for implementation administrative assistance, ~\$39k
 - Estimated revenue increase of \$14,500 to offset increased staffing expense
- Extra card fee increase to adjust for the added value of obtaining a Member Photo ID card in 2026
 - Estimated revenue increase of \$24,000

AMENITY ACCESS - OPERATING PLAN

RESTRICTION RECOMMENDATION AND REVENUE IMPACT

While the 2026 Operating Plan is still a draft version. Staff ran various blackout scenarios to reach the following recommendation:

- STR Tenant access is blacked out from July 1-5 in 2026
- Reservation access to the Beach Club Marina and Trout Creek Recreation Center
 - This allows for Member and Guest priority at the Private Amenities during the busiest holiday period
 - Members will have a priority reservation window

2026 STR Tenant Access Restriction Forecast	Variance	Per Property	Estimated Capacity Opportunity
No operating plan restrictions	NA	NA	0
July 1-5, 2026, STR blackout	-\$ 7,500	\$ 1.16	440

PRIVATE AMENITY UTILIZATION

HISTORICAL AND FORECASTED UTILIZATION

Member, Guest and STR Tenant Visitation					Thru Aug 15	Forecast	Forecast
	2021	2022	2023	2024	2025	2025	2026
Northwoods Pool	5,596	2,937	3,264	3,577	2,314	2,900	3,200
Tennis Center	14,381	14,073	16,492	20,927	13,252	20,900	21,000
Trout Creek Rec Center	97,675	123,669	133,732	152,068	110,639	169,000	190,000
Beach Club Marina	39,930	35,367	26,462	44,276	37,482	44,500	46,700
Total	157,852	176,046	179,950	220,848	163,687	237,800	260,700

Forecast

- ~15% increase in utilization of Trout Creek Recreation Center in 2026
- ~5% increase in utilization of the Beach Club Marina in 2026
 - Parking limits participation during the peak summer months
- Tennis remains flat for 2026 as reservations are already in place, and there may be an impact from the court improvement project
- ~10% increase in utilization at Northwoods Pool to 2025 forecast (2025 forecast includes anticipated utilization this fall due to the TC pool project)



BOARD FEEDBACK – AMENITY ACCESS RULE IMPLEMENTATION PLAN YEAR 2

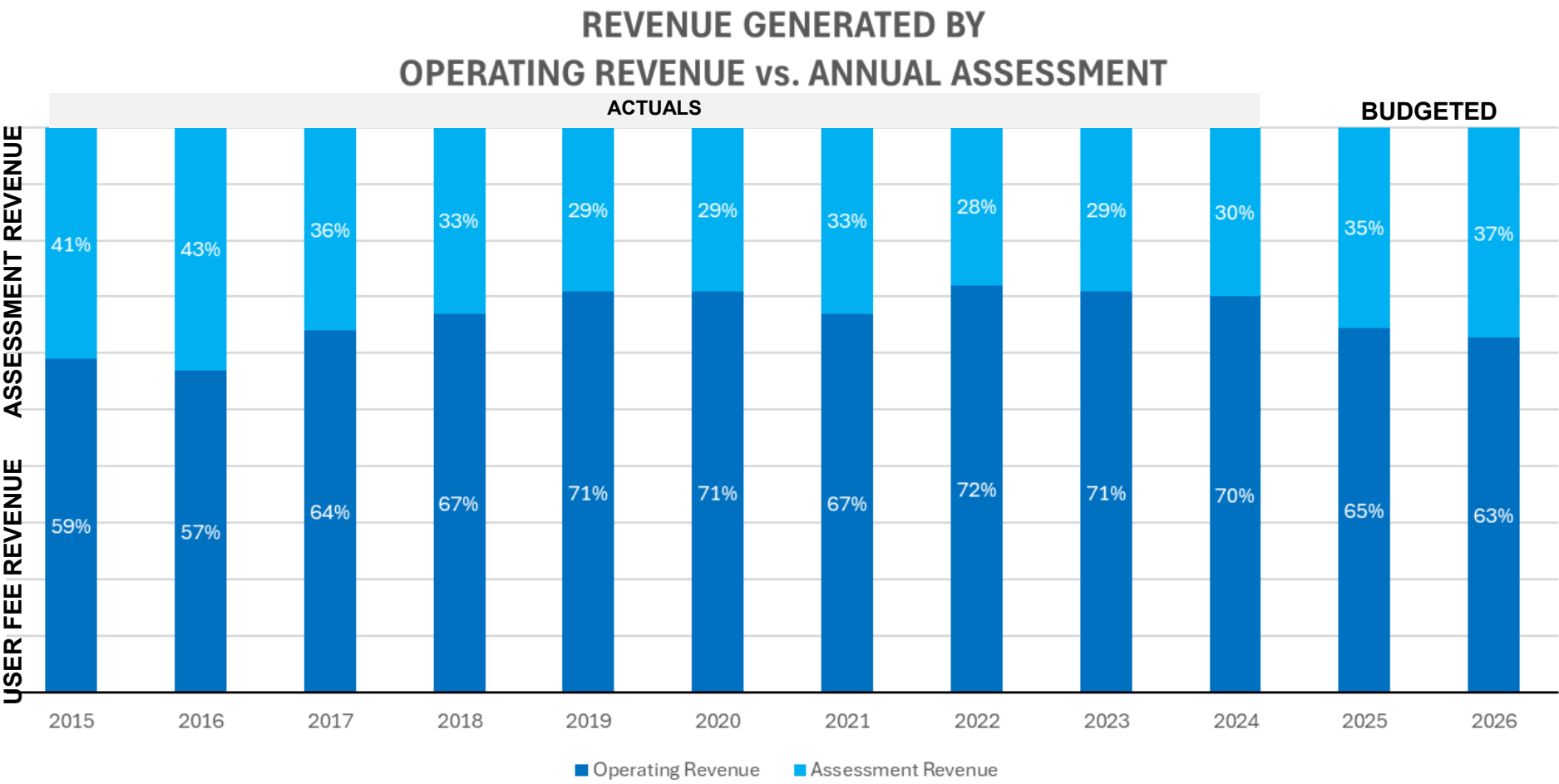
Below are the items the board may provide feedback or guidance on:

1. Implementation Plan – Year 2
2. The 2026 Amenity Access Operating Plan
 - a) Discussion on the overall crowd control, given the estimated member usage increase
 - b) Administrative fees
 - c) Daily access fees
 - d) Access restrictions
3. Identify areas of refinement and/or alternatives
4. Identify any additional information or analysis requests

DRAFT 2026 OPERATING FUND BUDGET REVENUE



OPERATING FUND UPDATE – HISTORICAL REVENUE GENERATED BY USERS vs ANNUAL ASSESSMENT



Key Takeaway:
Average is 66%/34%, with a target of 70%/30%.

* 2025: DHS Lodge construction led to Temp Winter Ops

* 2026: Private Amenity access inclusion in the Annual Assessment

KEY REVENUE DRIVERS OPERATING FUND

SUMMARY

Key revenue drivers for the 2026 Draft Budget

- \$2.5M Revenue increase from Consolidated Downhill Ski Ops due to the ski lodge completion, which is a \$1.7M NOR increase YoY
- \$1.8M Revenue decrease from elimination of member use fees at private amenities largely offset by the increase in Downhill Ski revenue
- \$120k Golf Course Revenue increase due to technology enhancement, improving course booking
** Golf's YoY revenue increase will be fluidly adjusted throughout the budget process as we continue to capture data from this first year of implementation*
- \$118k Revenue increase at Alder Creek Cafe with return to hot food offerings and increased operating hours
- \$68k Revenue increase in Day Camps from additional camp offerings to meet existing waitlist demand

PUBLIC AMENITY UTILIZATION

HISTORICAL AND FORECASTED UTILIZATION

Member, Guest and Public Visitation					Thru Aug 15	Forecast	Forecast
	2021	2022	2023	2024	2025	2025	2026
Downhill Ski	37,147	48,293	40,791	38,164	24,969	30,760	42,600
XC Ski	43,205	49,096	39,821	43,704	35,523	44,100	44,200
Golf	19,007	18,006	14,174	14,923	13,252	18,665	18,100
Total	99,359	115,395	94,786	96,791	73,774	93,525	104,900

2026 Forecast

- ~ +39% increase in Skier visits at Downhill in 2026 vs the 2025 Forecast
 - The re-opening of the large is expected to drive significant skier visits
- XC Skier visits in 2026 flat to the 2025 Forecast
 - XC Skier visits have trended with a slight YoY decline for the past couple of years since the last large price increase
- ~ +11% increase in Golf Rounds in 2026 vs the 2025 Budget
 - Golf rounds have grown nicely this year with the new reservation system, and we anticipate further growth (not as large YoY) in 2026

DRAFT 2026 OPERATING FUND BUDGET COSTS





KEY COST DRIVERS OPERATING FUND

SUMMARY

Key drivers for increase in COSTS, Draft Budget '26 to Budget '25

- \$1.3M: Payroll Expense increase 9%
- \$553k: Payroll Burden increase 14%
- \$207k: Cost of Goods Sold increase 13%
- \$265k: Estimated Property and Casualty insurance increase 15%
 - **** Critical cost that remains uncertain until renewal at the end of September***
- \$110k: Trout Creek Operating Expense increase from increased visitations 21%
- \$72k: Property Rental (office space) increase in Administration 100%

NOTES: See slides 26 and 27

KEY COST DRIVERS OPERATING FUND

COST	8/29 WORKING DRAFT BUDGET - OP FUND ASSUMPTIONS		WHY
PAYROLL \$1.3M Payroll Direct increase 9% \$447k Payroll Burden increase 11%	Payroll Expenses represent approximately 69% of the Op Fund expenses Downhill labor ramping up for Lodge re-opening Increased hours at the private amenities to support the increased visitations ACA and other Federal regs. requiring benefit offerings for eligible employees	Minimum wage increase: CA Dept of Labor increased the minimum wage from \$16.50 to \$16.90 (2.4%) Competing with Tahoe/Truckee resort and other employers' impacts = \$20 minimum wage 3-4% Merit increase budgeted (prior year @ 3%) Full-time Year-Round Incentive Program is budgeted at 50% of total Burden: payroll taxes, workers comp insurance (estimated @ 10% increase, renewal 9/30), health insurance benefits 8.5% rate increase (increasing employee participation in the salary savings plan/401k and Roth 401k and health benefits)	Regulatory changes increase TDA Payroll Expenses Employee retention, recruitment and recognition strategy for competitive wages and benefits ensure an excellent employee workplace Health benefits increased participation due to ACA and other regulatory requirement Workers Compensation insurance premium costs are managed through a successful risk program, keeping an excellent Experience Mod Rate (108) mitigating premium expense YoY

KEY COST DRIVERS OPERATING FUND cont.

COST	8/29 WORKING DRAFT BUDGET - OP FUND ASSUMPTIONS		WHY
Cost of Goods (COGS) \$199k increase 12%	COGS increase relative to revenue Department targets vetted and set for 2026	Targets: Food + Beverage 31% Retail (% depending on industry)	Benchmark and analysis being completed to ensure COGS are in line with industry standards and TDA targets
Property and Casualty Insurance Estimated \$265k increase 15%	Property and Casualty insurance lines covering TDA assets and business risk	Estimated \$265k increase 15% + brokers fee (estimated flat YoY). Assumes 12% increase for policy year +10% for Q4 (new policy year)	9/30/2025 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 helps to receive discounts during renewal
Trout Creek Operating Expenses \$100k increase 21%	Linens (\$56k) and Electricity (\$34k) increasing significantly with increased visitations	Linen alternatives are being explored (e.g., new vendor, internalize, etc.)	Towel usage has significantly increased alongside visitation. 2026 cost estimates is \$140k+ Utility rate increases are outside our control. Operations work toward mitigating costs through utility efficiency minded awareness and actions
Office Rental Expenses (Admin) \$72k increase 100%	Commercial space lease expense for relocating certain Administrative departments	Multi-commercial space locations are available in Tahoe Donner, creating an opportunity to address current and future needs	Existing need to relocate staff out of closet space and into more appropriate workspace at NWC. NWC and the Tennis Center redevelopment projects are two projects within the 3-7 year window. The NWC project would likely necessitate relocation of some or all of the staff for the duration of the project

DEPARTMENTAL BUDGET REVIEW



DEPARTMENT REVIEW OPERATING FUND

REVIEW AND DISCUSSION OUTLINE

HOA Departments

- High-level summary

Focus Amenities

- Downhill Ski
- Golf
- Food and Beverage
- Equestrian

Other Amenities and HOA Departments

- Excluding the four amenities above, the board may identify priority departments to review and discuss

*See Department PnL Summaries as part of meeting materials

NOTABLE CALLOUTS OF OPERATIONAL CHANGES IN DRAFT 2026 BUDGET

What's New?	What's Enhanced?	What's Downsized?	Changes from Feedback	Innovation
(4) Member ID Cards included in Assessment, private amenity access at no additional cost	Weekend entertainment, member activities, and new events at Downhill Ski Area	11 issues of Tahoe Donner News in 2026 to gain efficiencies, considering member feedback, and maximize on profitable months	F&B improvement continues: menu diversity, lower priced menu offerings	Version 2.0 Member Payment Portal
Returning, Alder Creek Cafe summer operational hours and hot menu offering return after a strategic pause	Increased community relations for additional community building events	The Lodge Restaurant & Pub "upstairs" goes back to 5 evenings with increased Pavilion evening service and created op. efficiencies	Creating more diverse events and programming for all ages	Ski area access with seamless RFID technology, enabling fast, contactless entry and streamlined guest exp., with using drop boxes
The Downhill Ski Lodge: return of all-day lessons with child specific dedicated space, improved F&B, rental and guest experience	The Lodge Pavilion expanded evening service for 3 days/wk during summer peak season; POTH 5 days/wk in shoulder season	Downsized TD horse herd from 23 to 11 YoY with EQ Center vision and operational refinement	Day Camp increased offerings due to existing waitlist and return of Downhill Ski space	Implementing 1)Toast @ F&B venues, 2)internal software enhancements creating efficiencies and risk mitigation

HOA DEPARTMENTS OPERATING FUND

TOPIC	DRAFT 2026 BUDGET KEY TAKEAWAYS	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 members
Revenue	<p>\$125k Grant Revenue for Forestry (\$55k less YoY)</p> <p>\$219,000 Workforce Housing Rent Revenue (\$41k less YoY with new J1 visa risk)</p> <p>Expecting a modest decrease Ad Sales Revenue for Communications and Community Standards for permit and other fees (with fewer publications)</p>	<p>Forestry grant awards allow TD to accelerate defensible space work in the open space. This creates forest resiliency and mitigates fire risk and hazard 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 uncontrollable cost drivers (e.g. utilities, insurance, etc.) or specific initiatives (e.g. office rent)</p> <p>Budget correction YoY for Other Costs, such as Claims Expense</p>	Focusing on gaining cost efficiencies but leaning into core HOA services like Forestry, Member Services, and Community Standards

CONSOLIDATED DOWNHILL SKI

\$2.1M Net Operating Result; +\$1.7M over Budget 2025

TOPIC	DRAFT 2025 BUDGET KEY TAKEAWAYS	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	29% visitation increase expected	Lodge re-opening and full operations returns ski visitations expectations to a normal level
Revenue	\$2.5M increase in revenue based on visitation and season pass sales assumptions, and increased yield expectations	Increased visitation assumptions and increased yield expectations are aligned to consultant and architect guidance, but on the conservative edge of the range they provided
Expenses	<p>\$624K increase in expenses with return to full operations (including Winter F&B)</p> <p>~70% of the Expense increase is payroll related.</p>	<p>Downhill Ski Lodge is on schedule to open on time for the 25/26 winter season</p> <p>There will; be additional training expenses for the new season with the new facility</p>



CONSOLIDATED GOLF

(\$392k) Net Operating Result; \$3k better to 2025 Budget

TOPIC	DRAFT 2026 BUDGET KEY TAKEAWAYS	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	Increased utilization driven by new booking system making all availability visible to everyone (members still have priority booking)	Members will continue to have priority access to tee times Continued high-quality level of service for programs and lessons
Revenue	\$60k increase in revenue from 2025 Budget (increase expected to grow as we continue to capture actual data from our first year with the new booking system)	Member green fee rates and season pass rates flat in this draft
Expenses	\$50k increase in expenses of which 60% is labor related – challenging local labor market	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	This has been a banner year with the new booking system, but starting conservatively with YoY revenue increase projections while golf gains additional actual data. We expect revenue projections to increase YoY as we get additional data before finalizing the budget





EQUESTRIAN

(\$185k) Net Operating Result; (\$2k) worse to 2025 Budget

TOPIC	DRAFT 2025 BUDGET KEY TAKEAWAYS	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Visitation	Flat to the 2025 season budget plan	Program offerings were adjusted late in the 2025 season before opening, which impacted participation. The total counts didn't change just the grouping. We expect earlier publicizing and continued program evolution will help meet the usage expectations/targets.
Revenue	Flat to the 2025 budget plan although current 2025 forecast totals are below budget	Flat visitation expectations will drive flat revenue expectations
Expenses	\$2k increase to total expense (all payroll)	Service levels to remain the same, staff expense will increase with inflation. Other operating expenses are being managed downward with the new herd size

CONSOLIDATED FOOD + BEVERAGE (F+B)*

(\$911k) Net Operating Result; -\$128k lower to 2025 Budget

TOPIC	DRAFT 2025 BUDGET KEY TAKEAWAYS	WHY / WHAT DOES THIS MEAN FOR MEMBERS?
Reporting/ Org Shift	<p>Marina F+B and Winter F+B are no longer included as they are bundled under Marina Consolidated and Downhill Consolidated respectively</p> <p>Summer F+B has been merged into The Lodge</p>	<p>Marina F+B and Winter F+B roll-ups are a return to previous years' reporting</p> <p>Summer F+B and The Lodge significant operating overlap with labor and COGs and share the same location</p>
Visitation	Increased visitations due to operational changes across the included locations	Continued high-quality level of service and focus on value-driven initiatives
Revenue	\$38k increase in revenue	<p>Lodge buyouts for events have increased</p> <p>Menu changes to increase lower cost options will decrease cover yields, but expects to also increase visitations and satisfaction</p>
Expenses	\$157k increase in expenses (heavily driven by payroll) with some increased operating hours	Hot food will return to the Alder Creek Cafe menu with greater consistency of offering

*For 2026, Consolidated F+B refers to The Lodge (incl. the Pavilion, Marco Polo Grill, Golf Carts)



FOOD + BEVERAGE OPERATIONS + INITIATIVES

THE LODGE

- Food service 7 days a week for peak periods: 2 weeks for winter holiday period, and 6 weeks late June – first week of August
 - Summer months: Pavilion evening food service 3 days/wk. With the Pavilion being open, upstairs is closed two nights; Restaurant & Pub return to 5 days per week
- Focus on getting more people back in the door with an approachable menu, and pricing that matches the brand, *“Your Neighborhood Bistro”*
- Growth of group/banquet event revenue with a refined and thoughtful approach

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
- Moves from 4 to 5 days open during shoulder seasons
- Popular event nights continue at POTH: movie night, Bingo, Corn Hole nights, etc

ALDER CREEK CAFÉ

- Return of hot food service during summer operations after a strategic pause; increased operating hours, particularly in the winter months
- Continuing closure during shoulder seasons



DEPARTMENT REVIEW OPERATING FUND

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



DRAFT 2026 CONSOLIDATED OPERATING FUND BUDGET

OPERATING FUND SUMMARY

Tahoe Donner Association
Operating Fund
2026 Budget

Consolidated

	2020	2021	2022	2023	2024	2025	2025	2026	2026 Bdg vs 2025 F/cast		2026 Bdg vs 2025 Budget	
	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Budget	Amount	Pctg	Amount	Pctg
Revenue	9,547,423	13,186,491	17,558,848	17,588,351	17,498,727	17,017,518	17,457,890	18,014,499	556,609	3%	996,981	6%
Cogs	(828,493)	(1,102,894)	(1,636,946)	(1,627,301)	(1,716,132)	(1,658,799)	(1,659,650)	(1,857,811)	(198,161)	12%	(199,012)	12%
Gross Margin	8,718,930	12,083,597	15,921,902	15,961,051	15,782,595	15,358,719	15,798,239	16,156,688	358,449	2%	797,969	5%
Payroll Direct-Salary	(2,892,512)	(4,531,278)	(5,010,574)	(5,403,540)	(5,683,144)	(5,957,571)	(6,322,407)	(6,559,690)	(237,283)	-4%	(602,120)	-10%
Payroll Direct-Hourly	(4,353,076)	(5,461,665)	(7,129,142)	(6,826,515)	(7,398,361)	(7,922,008)	(8,090,104)	(8,604,550)	(514,446)	-6%	(682,542)	-9%
Payroll Direct-Total	(7,245,588)	(9,992,942)	(12,139,716)	(12,230,055)	(13,081,504)	(13,879,579)	(14,412,511)	(15,164,240)	(751,730)	-5%	(1,284,662)	-9%
Payroll Burden	(1,862,447)	(2,440,373)	(3,070,108)	(3,263,280)	(3,567,816)	(3,992,137)	(4,031,441)	(4,439,434)	(407,993)	-10%	(447,297)	-11%
Payroll	(9,108,035)	(12,433,315)	(15,209,824)	(15,493,335)	(16,649,321)	(17,871,716)	(18,443,952)	(19,603,674)	(1,159,722)	-6%	(1,731,958)	-10%
Expenses	(5,073,090)	(5,803,527)	(7,411,329)	(7,702,624)	(5,314,485)	(7,989,116)	(6,987,115)	(8,561,006)	(1,573,891)	-23%	(571,890)	-7%
NORBO	(5,462,195)	(6,153,246)	(6,699,252)	(7,234,909)	(6,181,211)	(10,502,113)	(9,632,827)	(12,007,992)	(2,375,165)	-25%	(1,505,879)	-14%
Capital Expense Allocation	946,668	529,181	335,320	30,300	902,123	1,194,823	640,989	1,312,428	671,439	-105%	117,605	-10%
NOR	(4,515,527)	(5,624,065)	(6,363,932)	(7,204,609)	(5,279,088)	(9,307,290)	(8,991,838)	(10,695,564)	(1,703,726)	-19%	(1,388,274)	-15%
COGS %	-9%	-8%	-9%	-9%	-10%	-10%	-10%	-10%				
Payroll Direct %	-76%	-76%	-69%	-70%	-75%	-82%	-83%	-84%				
Payroll Burden % Payroll	-26%	-24%	-25%	-27%	-27%	-29%	-28%	-29%				

Work in progress subject to further review by staff, data has not been reviewed
by the Board

DRAFT OPERATING FUND ASSESSMENT CONTRIBUTION

USING STAFF'S CURRENT BUDGET ASSUMPTIONS, THE CURRENT DRAFT IMPACT ON THE OPERATING FUND PORTION OF THE ANNUAL ASSESSMENT IS A NET INCREASE OF \$215, FROM \$1,438 TO \$1,653 PER PROPERTY.

WHY THE DRAFT OPERATING FUND ASSESSMENT CONTRIBUTION INCREASE

- **Increased revenue from revitalized Downhill Ski largely pays for the elimination of member private amenity fees**
 - + \$2.5M (+\$386/property): Increased revenue from the new Downhill Ski Lodge
 - – \$1.8M (–\$278/property): Elimination of member use fees at private amenities
- **Higher costs to remain competitive as an employer**
 - + \$1.7M (+\$263/property): Higher payroll and benefits to remain competitive and maintain Tahoe Donner's reputation as an employer. This includes external cost pressures relating to Workers Comp and rising medical costs in CA
- **Increasing external costs**
 - + \$265K (+\$41/property): Higher liability/property insurance
 - + \$117K (+\$18/property): Increased utility costs
 - Ongoing Inflation: Rising costs across all operations

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



NEXT STEPS AND BOARD FEEDBACK

NEXT STEPS TO FINALIZE THE DRAFT 2026 OPERATING FUND BUDGET

TODAY

- Receive board feedback and guidance on the draft Operating Fund Budget

SEPTEMBER

- Continue working with department managers and the senior leadership team to find revenue opportunities and cost savings
- Continue collaborating with the Finance Committee on budget refinement
 - Department PnL Summary format: Discussion and recommendation for changes to format relating to operating and assessment revenue

END OF SEPTEMBER

- Receive Property and Casualty insurance renewal packet and board decision on 2025/26 renewal

BOARD FEEDBACK REVIE

Review the board feedback or guidance on:

1. Amenity Access Rule Implementation Plan – Year 2
2. The 2026 Amenity Access Operating Plan
 - a) Discussion on the overall crowd control, given the estimated member usage increase
 - b) Administrative fees
 - c) Daily access fees
 - d) Access restrictions
3. Identify areas of refinement and/or alternatives
4. Identify any additional information or analysis requests





NEXT BUDGET DISCUSSION

9/26/2025

CAPITAL FUND 2026 DRAFT BUDGETS

- New Capital Projects Fund
- New Equipment Fund
- Repair and Replacement Fund
- Long Life Fund
- Draft 2025 Annual Assessment

THANK YOU

REFERENCE MATERIAL

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 the Common Area 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

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

BOARD OF DIRECTORS OBLIGATIONS cont.

2025 - 11 OPERATING FUND POLICY EXCERPT

Through the Annual Budget Development Process, the Association shall develop an Operating Fund budget consistent with the following principles:

- Improve and promote the benefits, value, enjoyment, and experience derived from Tahoe Donner membership:
 - Provide for the consistent, high-quality operation of the Common Facilities and services, programs, and activities.
 - Ensure that the Common Facilities and services, programs, and activities are operated, managed, regulated, and priced to encourage Member use, enjoyment, benefits and value.
 - When developing annual Operating Fund budget revenue targets from sources other than the annual regular assessment, where the Board has “authorized to permit members of the public to use recreational Common Facilities,” include an amount of public patronage that will not overburden those facilities or otherwise materially impair or deter Member use and enjoyment.





BOARD OBLIGATIONS cont.

2025 - 11 OPERATING FUND POLICY EXCERPT continued

- Mitigate exposure to risk related to weather, economic conditions, and other external forces and conditions that are beyond the Association's control.
 - When developing the annual Operating Fund budget and determining the annual regular assessment contribution to the Operating Fund, the Association shall be risk averse in its projections of revenue from sources other than the annual regular assessment.
- Provide for the Association's general, administrative, service, and facility operational needs.
- Provide for competitive employee compensation in line with market conditions, including competitive and effective employee incentive and retention programs.
- Provide for any difference between the Association's operational Common Expenses and projected revenue from sources other than the annual regular assessment.

BUDGET PLANNING + DEVELOPMENT FRAMEWORK



WHAT IS IN THE OPERATING FUND BUDGET

AMENITIES

- Beach Club Marina
- Bikeworks
- Campground
- Cross Country Ski
- Day Camps
- Downhill Ski Resort
- Golf Course
- Equestrian
- Tennis
- Trails
- Trout Creek Recreation Center
- Recreation
- Snowplay
- Alder Creek Cafe
- The Lodge Restaurant & Pub (incl. summer F&B: golf + TC pool/Marco Polo food service)
- Pizza on the Hill

HOA SERVICES

- Accounting
- Administration
- Community Standards
- Communication
- Facility Administration
- Forestry
- General
- HR & Workforce Housing
- Maintenance
- Member Services
- MIS (IT)
- Risk

WHAT MAKES UP THE OPERATING FUND?

