



Parking in P1 Townhall

September 11, 2023

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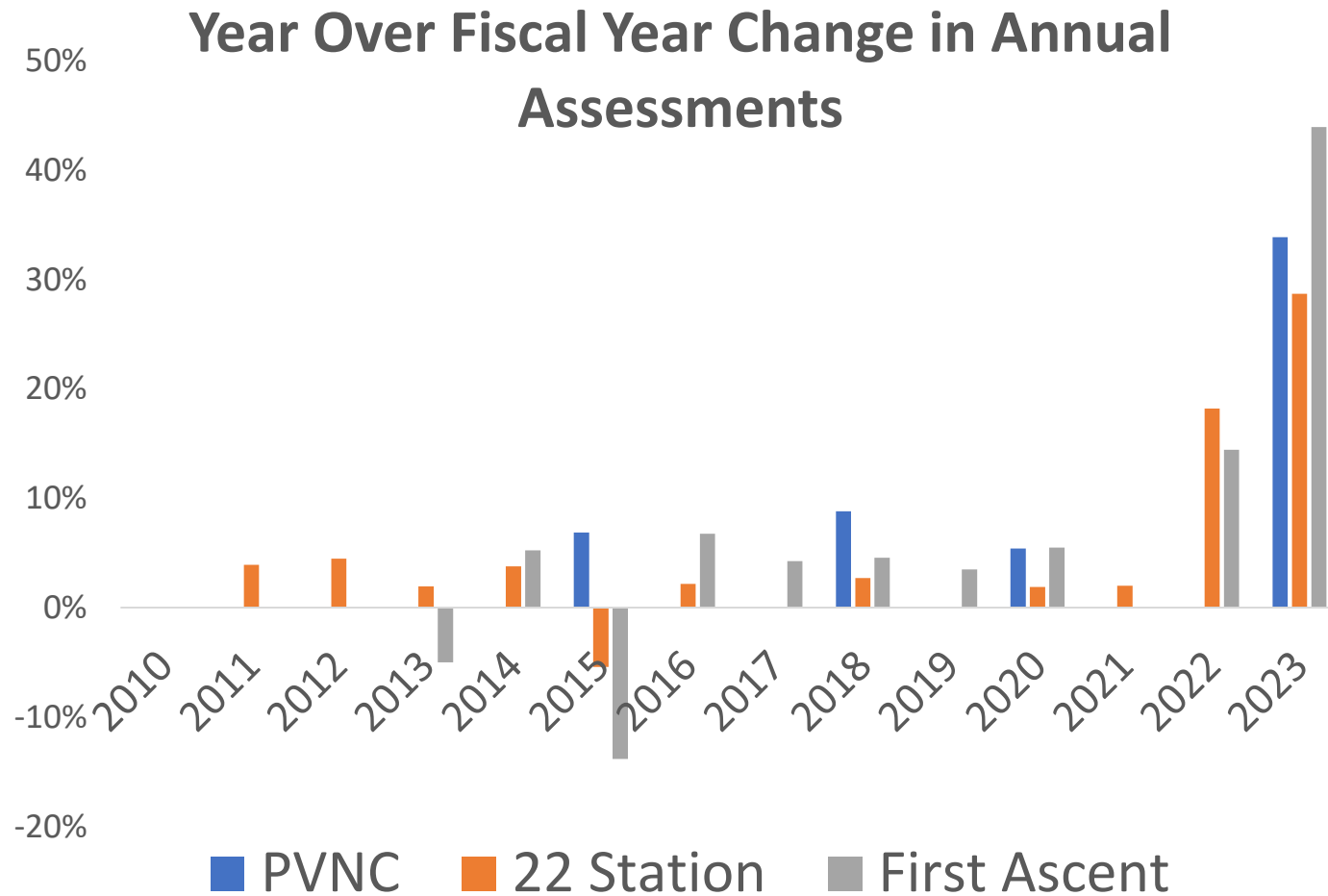
This document is meant to be reviewed with the accompanying oral commentary. Without the accompanying oral commentary, readers may not obtain a complete understanding of material in this document.

Introduction

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- 22 Station and PVNC are considering plans to change parking operations to generate revenue from 3rd parties to offset expenses/lower assessments.
- Purpose of Town Hall
 - Inform Owners of Parking Plans under Consideration
 - Exchange of Owner Viewpoints
- Town Hall Meeting Protocols
 - During presentations no interruptions
 - Everybody except presenter will be muted.
 - Submit questions online at www.22station.com/townhall-parking/
 - During Open Forum:
 - Only one speaker at a time; all others will be muted.
 - To speak, “raise hand”, be recognized, and unmuted
 - Speaking time will be limited to 3 minutes.
 - After all Owners who wish to comment have spoken, an Owner can be recognized to speak again.

In Recent Years, Increases in Annual Association Assessments Have Spiked with Expenses



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Associations Seek to Reduce or Slow Growth of Assessments

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- Focus on Operating Expense Management
 - Lower consumption – gas
 - Negotiate harder with suppliers - gas, Wi-Fi, legal
 - More efficient administration – banking
 - Correct Allocation of Expenses
 - Garage vs. Common Area– Elevators, Insurance
 - Common Area vs. Owner Unit – Deductible with Damage Events, Maintenance
- Lowering Expenses is Challenging with Headwinds
 - Most expenses are non-discretionary
 - Single supplier for utilities – electricity, gas, water, and sewer
 - Effective July 1, 2023 for the next 18 months, Liberty Electric announced and raised tariffs 40% which increases 22 Station annual electricity expense by roughly \$140,000. Further increases are possible.
 - Supply constraints – insurance
 - Inflationary expectations and pressures of vendors
- Revenue Opportunities from Non-Owners to Defray Expenses – primarily PVNC
 - Village events which PVNC facilitates -- \$208,000 for FY 2023
 - Civic Fee -- \$634,000 for FY 2023
 - 2% of Revenue from Those Who Pay to Stay in the Village -- \$250,000
 - 1.5% of Retail and Food & Beverage Revenue Earned in the Village -- \$384,000

Parking Spaces in P1 Are A PVNC Revenue Opportunity

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- PVNC owns and controls the parking spaces in P1. PVNC has considerable discretion as long as a Residential Unit Owner has a single space to park and does NOT pay for that space. As provided in the 22 Station and PVNC CC&R's:
 - “Each Residential Site shall have the right to use one (1) unassigned parking space within all of the Upper Parking Units.”
 - “However, No Owner or its Guest may park a vehicle or otherwise use any parking space when the Owner or its Guest is not staying in the Owner's Unit.”
 - “Owners of Commercial Units and their Guests may **not** use the Upper Parking Units for parking except that **excess** parking spaces may be allocated by the Neighbourhood Company for use by the Commercial Units on the condition that such use does not deprive the Owner of any Residential Site from use of one (1) parking space ”
 - “An Owner, other than an Owner of a Lower Parking Unit, shall not sell, lease or otherwise convey all or any part of the parking rights it has by virtue of its ownership of a Unit or membership in the Association or in the Neighbourhood Company, and any attempted sale, lease, or other conveyance shall be void.”
- Non-Owners who pay to stay overnight in the Village have been parking in P1 with no direct payment to PVNC for parking. This represents a consumer surplus opportunity

A RESIDENTIAL OWNER WILL HAVE ACCESS AND NOT PAY TO PARK IN ONE UNASSIGNED PARKING SPACE WHILE OCCUPYING HIS/HER UNIT

PVNC Can Provide and Realize Consumer Value From Non-Owner Village Visitors Who Pay and Stay Overnight and Also Park in P1

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North Tahoe Hotels	Indoor/ Outdoor	Self Parking	Valet
Hyatt Everline	Outdoor	\$25	\$65*
Hyatt at Incline	Outdoor	\$29	\$50*
Ritz Carlton	Indoor		\$60*
Northstar Lodge	Outdoor	\$25	`
Village at Palisades Tahoe P2 Level	Indoor	\$35 (Owners)	

* Excludes gratuities

The PVNC Parking Revenue Potential is Considerable -- \$0.5 million - \$1 million annually

A RESIDENTIAL OWNER WILL HAVE ACCESS AND NOT PAY TO PARK IN ONE UNASSIGNED PARKING SPACE WHILE OCCUPYING HIS/HER UNIT **DRAFT**

P1 Parking Revenue Model																		
Units	160																	
Pricing:	Winter	\$50	Winter Peak	\$65	Spring & Summer	\$20	Shoulder	\$10										
		July	August	Sept	October	Nov	Dec	Dec	Jan	Jan	Feb	Feb	March	March	April	May	June	Total
							Peak	Peak	Peak	Peak								
Units		160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	
Owner Non Use		65%	65%	85%	85%	85%	65%	65%	65%	65%	65%	65%	65%	65%	70%	80%	70%	
Occupancy		45%	45%	25%	15%	30%	90%	95%	90%	90%	90%	90%	80%	80%	80%	20%	20%	
Vehicle Use		90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	
Days		31	31	30	31	30	16	15	19	12	19	9	23	8	30	31	30	
Price		\$ 20	\$ 20	\$ 10	\$ 10	\$ 10	\$ 50	\$ 65	\$ 50	\$ 65	\$ 50	\$ 65	\$ 50	\$ 65	\$ 20	\$ 10	\$ 20	
Revenue		\$26,114	\$26,114	\$ 9,180	\$ 5,692	\$11,016	\$ 67,392	\$86,697	\$ 80,028	\$ 65,707	\$ 80,028	\$ 49,280	\$ 86,112	\$ 38,938	\$ 48,384	\$ 7,142	\$12,096	\$ 699,921

Residential Unit Owner Economics

Potential PVNC Annual Net Parking Revenue	Current Annual PVNC Residential Regular Assessment	Potential Annual Reduction in Residential Regular Assessment*	Net Annual Residential Regular Assessment
\$300,000	\$4,264	\$1,034	\$3,230
\$400,000	\$4,264	\$1,379	\$2,885
\$500,000	\$4,264	\$1,724	\$2,540
\$600,000	\$4,264	\$2,069	\$2,195
\$700,000	\$4,264	\$2,414	\$1,850
\$800,000	\$4,264	\$2,759	\$1,505
\$900,000	\$4,264	\$3,103	\$1,161
\$1,000,000	\$4,264	\$3,448	\$816
\$1,100,000	\$4,264	\$3,793	\$471
\$1,200,000	\$4,264	\$4,138	\$126

***Note: Reduction Dependent Upon Residential Cost Center Expenses Less Than Budgeted in the Fiscal Year**

PVNC and 22 Station Have Been Considering Vendor Contracts To Implement a Parking System That Enables Payments to PVNC, Captures Consumer Surplus, Maintains Owner Use and Enjoyment, and Realizes Economic Benefits for Residential Owners

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Potential Parking System Designs for P1

- **A RESIDENTIAL OWNER WILL HAVE ACCESS AND NOT PAY TO PARK IN ONE UNASSIGNED PARKING SPACE WHILE OCCUPYING HIS/HER UNIT**
- Online Payment User Interface Integrated with Parking System DB
 - Those Who Pay to Stay Overnight in the Village Pay to Park Online
 - Links to Online Payment Made Available to Those Who Pay to Stay Overnight
 - Possibly Email with hotel reservation confirmation includes link and parking instructions
 - Signs in Lobby
- Entry Control
 - Existing Miwa Control System – East and West Garage Doors and East P1 Gate
 - Potentially, Vendor “Smart” Gates
 - East Side – Smart Terminals Added to Existing P1 Interior Entry and Exit Gates
 - West side – Installation of Smart Terminals and Interior Entry and Exit Gates

No Planned Changes in 22 Station Owners Use and Enjoyment of P1

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Current Use

No Changes

- Free, Unassigned Parking Space Available When Occupying Unit ✓
- Pass Through Two (2) Entry Gates to Enter ✓
- P1 Utilization and Congestion ✓
- Free, Unassigned Space Available For Friends and Family When Owner Not Occupying Unit ✓
- Second Space Available During Non-Peak Periods ✓
- Physical Hang Tags ✓

Palisades Hotel Operations May Have to Change For Hotel
Customer Experience

Parking System Economics

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- Revenue - PVNC as Owner of P1 Upper Parking Units Retains Revenue from Vehicles Parking in P1 for the Benefit of Residential Unit Owners
 - Upper Parking Units Are For the Benefit of Residential Unit Owners
 - PVNC Has a Residential Owner Financial Account Separate from Commercial Accounts.
 - 290 Residential Owners benefit equally from PVNC parking revenue
- Infrastructure Investments and Expenses in P1 and P2 are responsibility of FA and 22 Station in Buildings 1-3 and Buildings 4-5, respectively and at their discretion.
 - Expensed and paid from 22 Station and FA Garage Accounts
 - 22 Station and FA Levy PVNC and Palisades Equally per the CC&R's to fund the Garage Account
- PVNC may have some ongoing vendor (credit card and software license subscription as a percent of revenue) expenses
- Palisades may incur expenses (e.g. front desk, other labor) to assist PVNC in capacity management and revenue optimization and to maintain the Village at Palisades Tahoe Hotel Customer Experience

Palisades Tahoe Will Pay PVNC about \$450,000 in FY 2023-2024 to Park Its Hotel Customers in P1 **DRAFT**

- On September 5, 2023, PVNC, 22 Station, First Ascent, and Palisades signed an agreement for FY 2023-2024 that confers limited parking rights to Palisades. PVNC receives monthly payments based on occupancy. PVNC recognizes these payments as parking revenue
 - 290 Residential Unit Owners, and only the Residential Owners, will equally share the benefits of P1 parking revenue.
 - To the extent that Palisades raises Hotel rates at Palisades' sole discretion to capture parking value and recover parking expense, Owners who have revenue sharing agreements with Palisades may benefit. The parking agreement between the Associations and Palisades is separate and independent of Palisades' other agreements.
- For the period December 1, 2022 to May 31, 2023, and the month of June 2023, Palisades already paid PVNC \$148,000 and \$12,000, respectively, or a total of \$160,000 for parking in P1 during fiscal year 2022-2023.
 - Palisades Tahoe decided to raise the nightly rental resort fee that hotel guests pay and to include daily parking in the resort fee. Previously, parking was a “free” amenity.
 - PVNC recognized the \$160,000 as parking revenue. In FY2023, this revenue defrayed higher insurance expenses and was added to equity to apply to FY 2024.
- PVNC will not implement a parking system for FY 2023-2024. This fiscal year the status quo in P1 will continue with the exception that Palisades will write a check to PVNC each month for parking.

Town Hall Parking Owner Discussion

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- Discussion Topics
 - Current and Prospective Agreements with Palisades Tahoe
 - Parking System in P1 for FY 2024-2025
 - Revenue Objectives and Pricing Strategy (E.g., Dynamic Pricing)
- Protocol
 - Only one speaker at a time; all others will be muted.
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