

## **PROPOSAL / SPANISH FLAT RESORT [4]**



### **Spanish Flat Resort / Area**

The area of Spanish Flat Resort runs from Capell Creek to Spanish Flat Village with nearly four miles of shoreline, only two miles of which is currently developed for public use. The resort is the first major public use area and launching site along the Knoxville Road. The entrance of the resort is wooded as it leads down to the day use area. Current development includes launching, day use, picnic area, camping, marina with fuel, dock rentals and boat rentals, the retail complex includes a store and deli, rental cabins and yurts, long term travel trailer sites and boat garages.

### **Spanish Flat Resort / Proposed Improvements**

#### **Phase I**

##### **Initial Improvements**

- Long-term sites would be retained. This is necessary to insure year round income. All sites however would meet the new minimum standards within the first year.
- Meet health and safety standards
- All site improvements will comply with resort standards and motif
- All roads would meet the ROP standards
- Handicap access to at least one dock
- Remove long term sites in the 440-450 base floodplain
- All sites on sewer system
- The resort would offer a rental service and reservation network where a site could be placed in a rental pool whenever the owner would not be using it. This is similar to the rental use of condominiums seen in resort areas. It would in effect convert long-term sites to short term usage. Because the site owner would receive the actual rental, there would be constant incentives to keep up and improve the unit.

## **Phase II**

### **Marketing / Increased Public Use**

Powerboats would continue be the major users during the high season. Marketing would increase off-season uses of fishing, boating, cabin rentals and the conference center.

### **Marina Improvements**

The Marina would be updated and the services expanded with:

- All new covered docks
- New launch ramp / wider and longer
- Limited meal service in Marina
- New Marina building
- New gas pumps and fuel dock

### **Day Use Area**

The day use area would be expanded and improved. It would feature a pool splash area, increased picnic area and volleyball court.

### **Boat Storage**

Build a completely new boathouse and launch system on the private property lands off Spanish Flat Loop Road. We propose a tiered boathouse with system to place the boats in the water on demand. Access would be by card lock system.

### **Camping**

Improve the camping facilities so that all lakeside sites could accommodate RVs. In addition new facilities for camping and RV sites would be built around the conference center in the area north of the Marina, features of these sites would include picnic tables, and hook-ups for water, electric and cable/TV. Sewer service would be provided to all RV sites. Seven new bathrooms would be spread throughout the Resort.

### **Store and Common Facilities**

The Resort store would be completely redone with a new building. A new restaurant would feature a lake view and patio. New bathrooms and shower facilities would be included in the structure. All bathrooms would be new throughout the Resort.

### **Fire Protection**

Spanish Flat Water District would provide water to serve the Resort for fire protection, and the Resort would provide standpipes approximately every 1,000 feet throughout the Resort.

### **Spanish Flat Zoning Changes**

The owners of Spanish Flat Resort also own approximately 225 private land acres on both sides of Knoxville Road. About half of this land is above the Spanish Flat Village on the west side of the highway. The other half adjoins the government land on the east side of the road.

At present, the land is zoned agricultural watershed and is under utilized. If the zoning were changed to permit the development, day use spaces could be significantly increased, and affordable housing could be constructed.

Spanish Flat owners propose a plan for the acreage. The land on the west side would be developed for single family use, 25% of the units would be reserved for affordable housing. The land on the east side of Knoxville Road would be incorporated into Spanish Flat Resort. There would be a separate entrance off of Loop Road. Expansion of the resort would be contiguous to the unused resort government land north of the marina. On the combined lands developments would include a conference center, dry boat storage, RV sites and camping spaces. The dry boat storage facility would be a card lock facility with a separate entrance off of Loop Road and access the lake through the back end of Spanish Flat Resort Marina.

Although the conference center, new boat storage, RV and camping facilities would be on private and government land, it would be proposed that the owners would pay a fair franchise fee on the entire operation.

## **Spanish Flat Resort / Appraisal**

West Coast Mobile Home Parks, Inc.

Richard Delaney

March 14, 2005

Dear Spanish Flat Partners:

As requested, I have estimated the market value of Spanish Flat Resort. I have reviewed the operating statements and related documents. I have visited competitive projects and their operations and am knowledgeable in the business. My twenty-five years as a real estate broker have focused on the purchase and sale of all kinds of mobile home parks. Details of this experience are summarized in the enclosed sheet.

The unique problem in appraising Spanish Flat is the rental revenues, and hence values set at artificially low rates. These must be adjusted to obtain a true market value.

Based upon my work and experience, it is my opinion that the value of the resort is between \$10,000,000 and \$13,000,000 with the most likely value \$12,000,000.

Sincerely,

Richard Delaney

## **Spanish Flat Resort / Valuation Notes**

- Note 1:** The resort is running a 16% vacancy. This is the first vacancy in over 20 years. The vacancy is due to uncertainty about the lake future. We have adjusted the revenue to the historical average.
- Note 2:** Camping rates are controlled to artificially low rates. We have adjusted revenues to what would be considered market.
- Note 3:** Berthing is currently controlled and behind the market by 15%. We have adjusted therefore we increased the revenue to market.
- Note 4:** Cabin rates are controlled and at least 25% below market. Cabin revenues were increased to market.
- Note 5:** Launching rates are controlled and at least 25% below market. We have adjusted these rates to market.
- Note 6:** Day use rates are at least 20% below market. We have adjusted the revenue to market. The Bureau of Reclamation sets most of the usage rates at the Resort. Recent increases have not even kept up with cost increases. We believe that this is a conscious effort to depress the resort value upon termination of the lease. It results in artificially low income and must be adjusted.

## Spanish Flat Resort / Facilities Current to ROP

Spanish Flat							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 440-450	0	0			0		
Mobile Homes 450-455	0	0			0		
Mobile Homes >455	16	0	0%	-100%	0	0%	-100%
TT dry 440-450	0	0			0		
TT dry 450-455	101	0	0%	-100%	0	0%	-100%
TT dry >455	0	0			0		
Travel Trailer (TT) Sewer >455	0	176			225		
TT sewer 450-455	75	0	0%	-100%	0	0%	-100%
TT sewer 440-450	6	0	0%	-100%	0	0%	-100%
Total Long Term Sites	198	176	89%	-11%	225	114%	14%
Permittee Vacation Rental	0	0			0		
Exclusive Use Sites	198	176	89%	-11%	225	114%	14%
Mobile Home Guests	198	176	89%	-11%	225	114%	14%
Hotel/Motel (Rooms)	0	0			0		
Rental Mobile Homes 1Bd	0	0			0		
Rental Mobile Homes 2Bd	0	0			0		
Rental Mobile Homes 3Bd	0	0			0		
Vacation Rental 1Bd	0	0			0		
Vacation Rental 2Bd	0	0			0		
Vacation Rental 3Bd	0	0			0		
Cabins/Cottages	16	100	625%	525%	100	625%	525%
RV Sites	15	100	667%	567%	100	667%	567%
Tent Site	105	150	143%	43%	150	143%	43%
Houseboats	0	0			0		
Group Camping	0	0			0		
Group Camping Capacity	0	0			0		
Total Short Term Overnight Sites	136	350	257%	157%	350	257%	157%
Picnic Area (non-campsite) #	0	0			1		
Picnic Area Capacity	0	0			100		
Launch/Day Use Parking	50	100	200%	100%	100	200%	100%
Total Short Term Day Use Sites	50	100	200%	100%	200	400%	300%
Total Short Term	186	450	242%	142%	550	296%	196%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Auto Fuel Facility (public)	0	0			0		
Courtesy Docks Capacity	24	24	100%	0%	24	100%	0%
Docks	177	200	113%	13%	200	113%	13%
Moorage	0	0			0		
Houseboat/OOV Docks	0	0			0		
Ramps	1	2	200%	100%	2	200%	100%
Ramp Lanes	12	12	100%	0%	12	100%	0%
Pontoon Boat Rental	0	0			10		
Ski Boat Rental	0	0			6		
Fishing Boat Rental	15	25	167%	67%	25	167%	67%
Personal Watercraft Rental	0	0			10		
Other Boat Rentals	0	0			0		
Dry Storage	0	0			0		
Boat Garages	19	19	100%	0%	100	526%	426%
Restaurant	0	1			1		
Snack Bar/Café	1	2	200%	100%	2	200%	100%
Store	1	1	100%	0%	1	100%	0%
Portable Store	0	0			0		
Mobile Food	0	1			1		
Slalom Course	0	0			0		
Water Ski Center	0	0			0		
Spa Facility	0	0			0		
Meeting Rooms	0	0			0		
Splash Zone	0	0			0		
Wading Pool	0	0			1		
Swimming Pool	0	0			0		
Fresh Water Pool	0	0			0		
Playground	0	0			0		
Sport Court or Green	0	0			1		
Indoor Activity Center	0	0			1		
Amphitheater	0	0			0		
Enclosed Dog Park	0	1			1		
Second Entrance [Emergency]	0	0			0		
Second Entrance Public Access	0	0			0		
Teen Sports Area	0	1			1		
Arcade	1	1	100%	0%	1	100%	0%
Ice Cream Parlor	0	0			0		
Tennis	0	0			0		
Hand Ball	0	0			0		
Available Land USBR	110	60	55%	-45%	60	55%	-45%
Available Land Private	225	225	100%	0%	225	100%	0%