

Report and Recommendation
Concerning Ranch House Improvements

Submitted by the Long-Range Planning Committee
December 30, 2023

We are pleased to recommend a plan for Ranch House improvements to the Board for approval and submission to the community for a special assessment vote. The plan meets the needs and concerns for the Ranch House that have been expressed by the community through the planning process. And it does so in a cost-effective way. The plan provides for upgrades and enhancements of the Ranch House facilities that can and should be completed in concert with major maintenance projects slated in the reserve study. If implemented, the end result will be a better configured, updated Ranch House facility and pool and tennis area. The enhancements we recommend will enable the facility to work better for the wide and varied interests of our homeowners for years to come.

As the board is well aware, the Long-Range Planning committee has been researching, surveying, and discussing Ranch House improvements for the past three years. The Ranch House has been our focus for two reasons. First, it is the central hub of the RVR community's shared activities. Second, the building and the surrounding facilities are overdue for updating as well as major maintenance. It has been over 25 years since the Ranch House was built by the initial RVR developer. It needs remodeling and updating to meet the growth in demand and changes in expectations that have come with RVR's maturation into a fully developed community.

We have studied the facilities, assessed their condition, looked at usage data and RVR growth projections. We have considered comparable facilities and trends for such facilities in other planned communities. We have also carefully looked at how major maintenance items planned for in the reserve studies can be complementary to the proposed enhancements. We have conducted three separate surveys of the community and considered those results as well as input from the Board's 2023 annual survey. We have held numerous town halls to present our ideas and get the community feedback to them. We have utilized the design expertise of professional master planners as well as that of architects residing in RVR, and we have consulted with local builders for costing estimates.

Last August we presented a preliminary plan and cost estimate to the community and asked for feedback. We then revised the plan to be responsive to that feedback. These revisions have led to the plan now attached. It still provides for the key upgrades supported by the community, but it does so at a significantly lower cost. The plan presented in August was projected to cost \$6,500 per homeowner. This revised plan is projected to cost \$1000 less per homeowner or \$5,500. We have confirmed this updated cost estimate with two local builders. However, the funding plan continues to carry 15% line-item contingencies as well as an overall cost escalation allowance.

The Improvement Plan

Drawings, renderings, and other details of the recommended plan can be found in Attachment 1 to this report. Here are some of the key features:

1. East Side Addition - A 400 sq. foot addition on the east side of the Ranch House will allow for cost-effective construction of two new ADA-compliant restrooms, two new ADA-compliant family changing rooms and outdoor showers and storage cubbies for pool users. Positioning the new restrooms in this area will make them more accessible to tennis players and reduce traffic in the locker rooms. The family changing rooms will provide parents with young children with private changing space regardless of gender and also reduce traffic in the locker rooms. This addition, which generally fits under the existing canopy roof on the east end of the building, will also have space to allow the accounting office to be relocated with the rest of the administration offices. That move will allow the existing accounting office, an old spa therapy room near the locker rooms, to be repurposed as flex space for meetings, workouts, storage, or other potential future uses.

2. Expand Existing Mailroom Instead of New Build - In the preliminary plan presented in August, 900 sq. feet of new construction on the north side of the Ranch House was proposed for a new mailroom, with a plan to incorporate the old mail room into the administrative space. That new construction carried a hefty price tag of nearly \$1 million. And while there has been consistent feedback that the mailroom needs improvement, the results of last fall's survey did not support such a major expenditure for that. So, in consultation with the local postal authorities and local architects, the committee developed a more cost-effective solution which expands the existing mailroom. The expansion will allow for more efficient mailboxes that accommodate a magazine without folding, for additional parcel lockers and for all of the boxes to be at least 18" off the floor. This makes the mail room USPS and ADA compliant. As with the east addition, this expansion generally fits under the existing roof and structure on the north side of the building, again allowing for more efficient construction.

3. Expand Bike Parking – Partly because of the mailroom expansion but also because the current bike parking area is not large enough, the recommended plan includes adding more bike parking along the north side of the Ranch House. Early on the committee also looked at expanding the parking lot due to increased usage; however, we decided against that. The current parking lot is sufficient for daily use activities and, when large events like the holiday party are held, additional cars can park along River Valley Ranch Road.

4. Improve Bar and Food Service Area – In the preliminary plan presented in August, the proposal was to expand the bar into the great room and create an outdoor service area as part of that expansion. The expansion is needed to accommodate food service and storage as well as to simply allow for more seating at the bar. While the community does

support improvement of this area and a related improvement in the food service, the feedback showed concern for losing great room space to that expansion. Again, with the volunteer assistance of architects residing here at RVR, the committee developed a better alternative. The recommended plan still expands the bar service area but not into the great room. Instead, the bar is brought further out into the foyer area to make space for a center work island. And the current rear of the bar becomes an outside-facing counter area with a large window. That opens up the bar and foyer to the south toward Mount Sopris and brings in light. It also allows for a 10-foot-long exterior counter to be added, giving better access from the pool area.

5. Better Food Preparation and Storage - Other problems with the current bar area are limited storage below the counters and the rear counter is packed with service and refrigeration equipment. The net effect is an unsightly, cramped feel to the very first area people see when they enter the Ranch House. By building two new restrooms on the east end of the building, the current restroom near the entryway can be repurposed for food preparation and storage, with the plumbing already in place. This will enable staff to keep the new bar area focused on service versus preparation. Also, it works well to have this “back of house” area near the front desk since staff often works both food service and reception.
6. Locker Room Renovation – While some funds are in the reserve study to maintain the locker rooms, the recommended plan adds additional funds to allow for full renovation. That renovation will include new lockers with a better locking system, retiling of the steam room, shower and bathroom areas, new flooring, new floor to ceiling bathroom stalls, increased ventilation, under counter mounted sinks and new sink and shower fixtures.

A cost breakdown for the plan is at page 7 of Attachment 1. The total cost estimate is \$3,047,000, including a \$463,000 cost escalation allowance. This estimate was compiled with input from our professional planner, local architects, and local contractors. It assumes the work would be done during 2025 and 2026, with the remainder of 2024 required for design and permitting work.

Given the construction market of the Roaring Fork Valley and the fact the timing of the project extends into 2026, we believe an 18% cost escalation allowance is warranted. It would best to avoid an additional special assessment because of higher construction costs. Any funds not needed for the project would remain in the reserve account for future reserve needs and take pressure off the need to increase reserve dues.

The committee certainly considered a much broader range of options for this plan. Those options included an expanded pool deck, a free-standing outdoor bar, a free-standing mail pavilion, a larger parking lot, expanded fitness facilities, pickleball courts and even a sauna. However, through the process of prioritizing needs, keeping costs at a tolerable level, and

keeping the community's expressed interests at the forefront, we believe the plan as submitted is the right one for RVR.

Project Funding

Last fall's survey sought input about how to pay for the project. Even with the higher price tag of \$6,500 per homeowner, sixty-two percent (62%) of respondents said they were satisfied with the proposed funding plan and 14% were neutral. This means over three-fourths of the respondents were either satisfied with or did not oppose the funding plan. Given that the per homeowner cost has now been brought down by \$1000 without any reduction in the improvements provided, the committee believes there will be ample support in the community to fund the project.

The committee believes this level of expenditure for improvements to the common facilities after 25 years is both reasonable and necessary. Little money has been spent on the Ranch House since it was built. Yes, routine maintenance and repairs have been performed; but, just like a 25-year-old home, the time comes when something more is needed. The Ranch House is an extension of the value of each home in RVR. If it is worn out, dated, and not functioning well, that negatively affects values. If the facility is refreshed, updated and well-used, that positively affects values. More importantly, the single strongest sentiment expressed throughout all of our surveying is that RVR homeowners place a high value on the diverse and vibrant community we share. It is important that the Ranch House is a place where people really enjoy gathering with their friends and neighbors. It should be a welcoming place for everyone, for everything from pool and tennis days to lectures and wine-tastings and even just to drop by for a cup of coffee or to grab the mail. Relative to the value of homes throughout RVR, investing \$5,500 per homeowner to bring the Ranch House back up to par is a more than prudent level of expenditure.

Survey respondents showed a clear preference for funding the project with a special assessment versus having RVRMA take out a long-term loan. Of the 196 respondents, over 80% preferred a special assessment to a loan. And the committee agrees with that position.

Specifically, our recommendation is that a special assessment of \$5,500 be made, to be scheduled for two equal payments of \$2,750. The first payment would be due on July 1, 2024, and the second payment would be due a year later on July 1, 2025. This approach spreads the burden on homeowners over time. It also fits with when the major expenses of the project will be incurred. The design and permitting work are not nearly as costly as the actual construction.

Page 10 of Attachment 1 contains a year-by-year analysis of how the income from the special assessments and the expenditures of the project are contemplated. The proceeds from the assessment are shown in yellow and the expenses are shown in pink.

If the board approves this plan and the corresponding special assessment, then the next step is a homeowner vote on the special assessment. We suggest conducting that vote in February, March, and April so that if it passes, the July 1, 2024, assessment can be implemented.

Reserve Work to Be Done Along with the Project

The capital reserve account of RVRMA holds funds for major maintenance of all the facilities operated by the HOA. This includes many items at the Ranch House. All along, the committee has expected that Ranch House improvements and upgrades would be implemented in a way that made for efficient expenditure of Ranch House-related reserve funds. For example, the reserve study allocates \$202,730 for replacement of the roof of the Ranch House. The recommended project includes some work to expand the roof area. It would best to coordinate replacement of the current roof with that expansion. Similarly, the reserve study allocates \$452,500 for replacement of the pool deck. (There are many areas of dilapidated concrete visible now.) The replacement of the pool deck will yield the best long-term result if it is done in concert with the plan for new outdoor showers, family restrooms, cubbies, and outdoor service at the bar.

On page 10 of Attachment 1, significant reserve expenses that we recommend doing in conjunction with the plan are shown in blue. In addition to the pool deck and roof replacement, these include resurfacing the pool and spas, replacement of the maintenance shed and window replacement. The resulting reserve balance from year to year is shown on the schedule. The reserve balance will stay comfortably above \$2 million even after completion of all of this reserve work and the recommended improvements.

We anticipate that most of these reserve items will be rolled into the same design and construction contracts as the improvements recommended by the committee. That will make the work more efficient and less disruptive, and it will make the overall outcome more successful.

Conclusion

It has been a pleasure for the committee members to serve their community through this long-range planning process. The process has been constructive and has led to a good, responsible plan for improving the Ranch House and making it work well to meet the needs and expectations of RVR homeowners for a long time to come. If the special assessment is approved by the homeowners and the project becomes a reality, River Valley Ranch will have a wonderfully upgraded, well-thought-out common facility that all can enjoy.