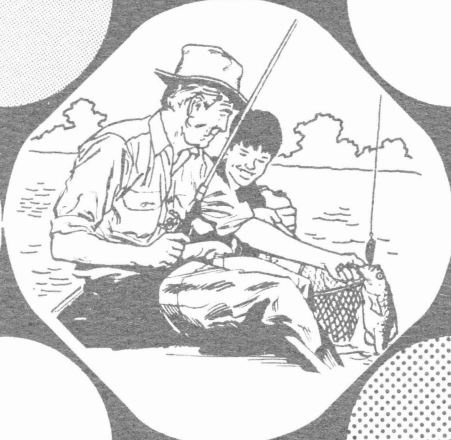


COMMERCIAL RECREATION ON PRIVATE LANDS SOME BASIC CONSIDERATIONS



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The past decade has seen a tremendously increased interest by the public in outdoor recreation activities in Texas. This has created a demand for outdoor recreation opportunities over and above what public agencies can provide. With about 97 percent of the land in private ownership, there is an opportunity for commercial recreation development of private lands.

Outdoor recreation to most people means rest, relaxation, exercise and change of pace. Thus, there is a wide range of possibilities for development of recreational enterprises by farmers and ranchers in many areas of the state. When commercial recreation enterprises are developed on farms and ranches, they must be viewed as a business. For such ventures to be successful, sound management principles need to be applied.

A farmer or rancher interested in a recreation venture should first carefully evaluate all aspects of the recreation business before developing his land resources. The following discussion brings out some considerations which may be helpful in this process.

Individual Attitude and Managerial Ability

The personal attitude and managerial ability of the individual landowner or operator may be among the most important factors in the entire operation. The commercial recreation operator and his family must enjoy meeting and helping people and working with them. In many cases, the kind of personality an operator has and the service he gives to his customers may mean the difference between success and failure. As in any service enterprise, the customer must be satisfied or he cannot be expected to return. A general rule to be followed is "Be interested in the guest, give him his money's worth—and then a little more."

The potential operator should be a combination of a successful farmer or rancher, businessman and sportsman. Possession of successful experience cannot be overemphasized. The person who has been successful in other business ventures is also much more likely to be successful in a commercial recreation enterprise.

The operator should also realize that the recreation enterprise will compete with his farming or ranching operation, and that the larger the operation the greater the competition. Selling recreation is a quite different activity than most farmers or ranchers are used to since it requires that the operator sell a service and deal with customers directly.



Recreational operations normally require long hours, especially on weekends and holidays when most people have the opportunity to engage in outdoor recreation. The availability and cost of hiring additional labor during the operating season is also a point to be considered. Family members may be recruited to help with the operation; however, they should be fully aware of what is involved and what is expected of them.

The potential commercial operator should be completely familiar with the type of recreational facility he plans to develop. He should also be interested in the types of operation and the kind of people who engage in it.

A good approach for an operator to take before developing his own enterprise would be to visit several successful operations to learn what facilities and services are required. For instance, if he is considering a campground, he will find that some campers prefer a primitive site but most prefer modern conveniences such as flush toilets, hot and cold running water, electric lights and convenience hookups for motor homes, campers and pickups. Although combinations of enterprises usually require greater managerial and operational ability, they do provide some diversification and may lengthen the recreational season.



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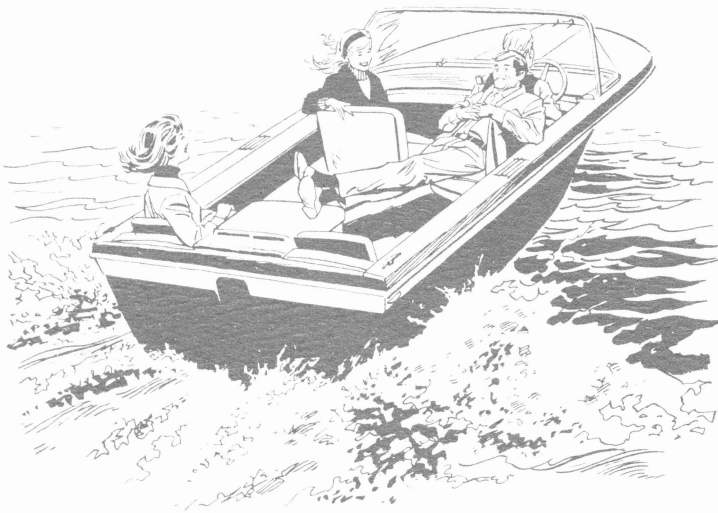
Physical Resources Available

Most kinds of rural outdoor recreation are heavily dependent upon the quality and quantity of natural resources available. For this reason, not all rural land is suited for recreational development.

Generally the land should be of sufficient acreage to support sustained use without major damage and to justify the capital investment in facilities.

Landowners should survey their natural resources in terms of scenery, wildlife, rivers, streams, lakes, historic sites and unusual characteristics. Based upon the results of this survey, the landowner should determine which recreational enterprises are best suited to the potentials and limitations of his resource base.

Water has a powerful attraction for recreational visitors. More than 60 percent of people using recreational facilities in the United States prefer water-based activities over all others. This percentage is probably even higher in Texas. The quality and quantity of water resources available should be considered seriously in determining the type of recreational facilities to be developed.



Trees, shrubs and other cover provide natural beauty, as well as shade and privacy to recreation users. This vegetation also provides food and cover for many wildlife species. On the other hand, beautiful trees and scenery are no assurance that there is an abundance of wildlife for hunting or photography.

Game animals in large numbers will attract hunters during the season, but will not provide a year-round income. The quantity of game in many cases will depend not only on the management practices of the individual but also on those of the entire area.

Unique or better-than-average resources, such as waterfalls, caves and outstanding fishing, will attract visitors from greater distances. However, these resources should be developed carefully, and their utilization planned to prevent abuse.

Location and Access

Location in relation to a large urban population center and favorable highway access is critical. A recreational development near a major highway that can be easily located by people unfamiliar with the area generally has a definite advantage over developments in out-of-the-way areas accessible only by poor roads.

Mass recreation is heavily influenced by the distance or the time people must travel to reach the recreation site. In most areas of Texas, weekend users will not travel more than 2 to 3 hours of driving time. For day use, a 1-hour drive is generally considered to be the maximum time users will spend traveling to a recreational facility. While people like to get to the recreational area as quickly as possible, the return trip is probably more important. Long, difficult drives home usually reduce the chances for frequent return visits.

In many areas, public recreational facilities that attract large numbers of visitors create a need for complementary commercial developments nearby. Public recreation complexes that offer a variety of activities tend to attract a greater number of visitors. Therefore, private operators may have an opportunity to sell services and facilities that are not available in the public areas.

Capital Position and Required Investment

In many cases, a landowner may want or need to develop his recreation facilities over an extended period of time. However, the plans for a fully developed operation should be made at the beginning and then altered as the need arises. This procedure allows the operator to estimate the total investment and the cost of each segment; also, the operator would not be forced to risk an excessive amount of capital at the beginning of a large operation. However, some capital must be risked, and the operator should realize this. That many recreational enterprises fail in the first 3 years is due largely to a lack of sufficient capital to see them through the initial years of the operation.

Recreational visitors are more easily attracted by better-than-average facilities and services. Therefore, investments should be made in modern, high-quality recreational facilities that will have a long life. Poorly constructed facilities without modern conveniences may become outdated and unattractive over an extended period of time. Costly overbuilding for limited demand also should be avoided, since there is sometimes a tendency to be overly optimistic about what types of enterprises will succeed.

The operator also should determine the available sources of credit and whether financing can be obtained for expansion. Severe credit restrictions could cause inefficient use of resources by constricting expansion to such a low level that it would be impossible to gain enough business volume to show a profit.

Marketing the Product

Before development begins, the operator should consider how the recreational crop is to be marketed. Charging a daily fee is satisfactory for some types of commercial recreation enterprises, but this practice usually consumes a larger portion of the operator's labor and management. However, daily charges usually produce more income than other arrangements, which helps to offset the costs of the additional hired labor and commercial advertising which might be necessary.

Another type of arrangement is the seasonal or annual lease system. In this case, the operator leases the recreational facilities to a selected number of individuals or families for a specified fee. The users are normally required to take care of the area and facilities. A written contract is usually required for this type of lease. This arrangement reduces the operator's labor, management and advertising costs. He also has the advantage of knowing the amount of income he will receive from the recreational facilities for the entire season or year.



A combination of fee arrangements, involving flexible or sliding scales for time or fees, allows the operator the advantage of several systems. Such arrangements sometimes permit the operator to make more profit than any single arrangement alone.

Liability Risks

Liability risks are an important consideration in all commercial recreation enterprises and should not be overlooked. The operator must realize that certain risks are incurred when a fee is charged to use the facilities or enter the premises. Regular farm liability insurance, in most cases, does not cover a farm or ranch recreational

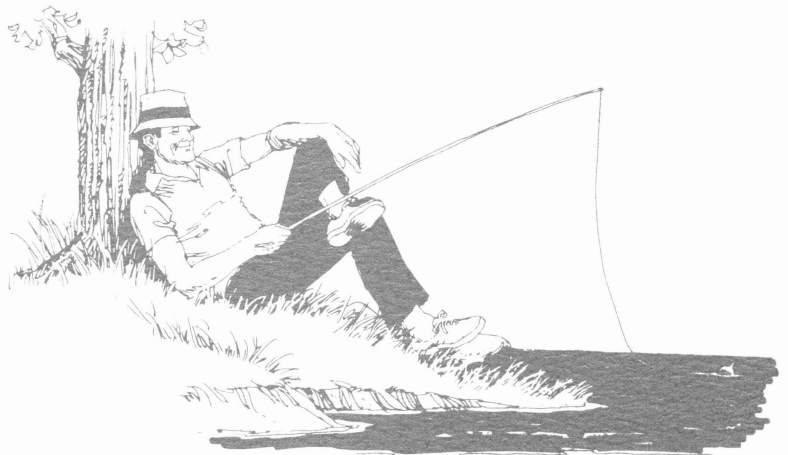


enterprise. Liability insurance on certain types of recreational operations is quite expensive and could cause the landowner to exclude them from his operations. In all cases, a reputable insurance agent and attorney should be consulted to provide information on adequate insurance coverage and how to determine procedures for limiting liability.

Community Attitude

The attitude of local community businessmen and residents is important in a rural recreational enterprise. A favorable attitude is essential to success, while an unfavorable community attitude can easily discourage visitors from using the area for recreation.

The recreation operator should seek the cooperation and support of the local Chamber of Commerce, civic groups and other interested parties or individuals. Their efforts can do much not only to present a desirable community image to visitors but also to help in explaining the potential economic and social benefits to be received by the local residents and the community as a whole.



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