

# *Managing a Fee-Recreation Enterprise on Private Lands*

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## Some 55% of Oregon's land surface is

publicly owned and provides significant opportunities to the recreating public. Until relatively recently, most private landowners have not thought about or become involved in providing recreation opportunities. Landowners, and the public, tend to think of private lands as producing agricultural or timber-based commodities, not services of one kind or another.

However, private landowners can offer a number of high quality recreation services, including hunting. Oregon landowners are increasingly becoming aware of the income possibilities from recreation when resources are well managed.

The information presented in this publication is organized into four different but interrelated parts. Part 1 was designed to assist people who either are thinking about fee-based recreation or who have recently gotten involved in fee-based recreation. Hunting enterprises are the primary examples we use of fee-based recreation.

If you're already operating a fee-based recreation enterprise and you're satisfied that it fits your personality as well as economic considerations, Part 1 may be less important for you to read.

Parts 2, 3, and 4 will likely be of interest since they address legal liability and insurance, marketing opportunities, and various management strategies that you might consider using.

We don't address habitat management considerations for any of the game species, even though these are very important subjects. To obtain this kind of information, we suggest you consult with biologists of the Oregon Department of Fish and Wildlife, or a qualified wildlife habitat management consultant, and that you check out some of the references we've recommended on page 12.

This publication is intended to inform and educate landowners and other interested persons about the advantages and disadvantages of fee-recreation enterprises. The text and examples provide evidence of what has been done and what may be applicable to the needs of some Oregon landowners and hunters.

This publication should not be construed as promoting the practice of fee hunting on all ownerships. Participating in fee hunting, either as a hunter or landowner, is an individual decision, and one best made with full knowledge of the types of information this and other educational materials provide.

# *Managing a Fee-Recreation Enterprise on Private Lands*

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## **Part 1** **Starting the enterprise**

In Oregon today, many private landowners are starting various kinds of resource-based recreation enterprises. This trend seems to be increasing, especially for enterprises based on hunting.

Private landowners have the right to restrict access to their property. This is a well-known and accepted right. They also have the right to charge a fee for access to their property in exchange for agreed-on activities. One such activity in Oregon is known as fee hunting.

Simply put, it means a property owner (either directly or through an agent) can charge a fee to individuals to enter on that property for the purpose of harvesting game mammals and birds that by law are owned by the public at large.

Part 1 contains information and ideas designed to assist people who are thinking about a resource-based recreation business on their own land. Although we emphasize hunting enterprises as legally permitted under Oregon statutes, the process we suggest should be useful for other recreation enterprises as well.

### ***Identifying alternatives, benefits, and management strategies***

Fee hunting, fee fishing, and other fee-recreation enterprises can become an integral part of your farm, forest, or ranch management plan. Before you proceed with a fee-recreation enterprise, you should consider a number of things.

A fee-recreation enterprise, like other income-producing ventures, requires capital, time, planning, and management. A fee-recreation enterprise will be successful only if you blend these components wisely. The level of effort this requires will depend on the size of your operation, the management method you select, the depth of service you offer, and the specific fee-recreation program you adopt.

Worksheet 1 (page 13) may be helpful if you're starting (or have recently started) a fee-recreation enterprise. In the process of answering the questions, you'll become aware of the various aspects involved in a fee-recreation operation and will, therefore, be able to clarify your own concerns and attitudes on the subject.

It should help you make an informed decision on fee recreation and lay the groundwork for future management decisions. You can apply this procedure to other fee-recreation activities with some additional modification.

Before trying to answer the question, "Should I do it?" the first step is to examine your options. Review the lists in worksheet 1 and rank your top five choices under alternatives, benefits, and management strategies from most to least important.

### ***Assessing your ability to manage***

You've gathered numerous facts, and you've had to make some assumptions about starting a fee-recreation enterprise. Now you need to ask yourself some very important questions about your own attitudes and values. To help you through the process of self-assessment, worksheet 2 offers a list of questions.

To each one, you respond in two different ways—how you feel (and maybe also how someone else thinks you feel), and how important the question is to the success of your business.

We're presenting worksheet 2 twice. On page 14, we've filled it in with a hypothetical example, to give you an idea how the process works. The blank worksheet 2 (page 15) is for you to fill in.

Scores between 25 and 60 generally indicate good management attitudes. Our example reached a weak affirmative score of +15. Whether this is high enough to risk launching a fee-hunting enterprise is obviously up to the individual. But we certainly could question how successful that enterprise might be with a +15 score.

Here's how the process works:

1. Assign a 0 to 5 rating to all questions in the "Business importance" column. We suggest that you look through the entire list, pick out the three most important questions to your business and assign 5's. Then pick out the three least important and assign 0's. Review the others separately and assign values of 2, 3, or 4.
2. Answer each question in the "Your response" column: +1 for yes, -1 for no, and 0 for maybe. We recommend (although the process will work without it) that you ask a close friend or family member to answer each question in the "Friend response" column. This response should be your friend's perception of your personal attitudes and how you come across in a business situation.
3. To get the "Weighted response," just multiply the number in the "Business importance" column by the number in the "Your response" column. Add the weighted values; your total possible weighted score will range from -83 to +83.
4. For the "Friend weighted response," multiply the number in the "Friend response" column by the number in the "Business Importance" column; add the weighted values. You might find that a friend or family member's perception of how you'll react to a question differs from the way you feel about it.

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## ***Evaluating feasibility***

Now visualize how this arrangement could affect your present operation. Worksheet 3 (page 16) is designed to determine the feasibility of the new arrangement. Some questions may not be answerable until you have more information. The publications in "For further reading" may help.

## ***Planning to set your price***

We'll cover setting your price in Part 4 (page 11). Right now, as part of your decision making, consider the two primary methods used to place a price tag on your hunting opportunities.

The first method is simply to sum up all your costs associated with the hunting enterprise, including a reasonable profit, and then calculate a price necessary for you to break even.

The second method is to compare your resources (for example, numbers and size of animals) and offered services with your competition to determine a current and fair market value. You should make specific comparisons of similar enterprises locally and only broad comparisons with operations in other parts of the State or country.

You can see that the first method calls for some real thinking. The items in worksheet 4 (inside back cover) may be important in helping you use this method to decide on fees to charge for access and/or services. They're not listed in any particular order of importance, but you should consider each item separately.

Three general areas are categorized: quality of experience you expect people to receive; services that you can offer people; characteristics of clientele sources and accessibility.

Subjectively rate each item high, medium, low, or does not apply. By going through this procedure, you should be able to characterize what resources and services you have to offer. It won't add up to any estimated price to charge, but you may be able to get a good sense of how you stack up against the competition and thus come up with an estimated price.

## ***Making the decision***

Review the alternatives (worksheet 1) that you identified for your specific operation. If you have changed any alternatives or want to examine a different set, answer the questions again to make sure new options have not affected the score.

Now that you have answered all the questions and arrived at a final score, think about all the aspects involved in this type of operation. Use the resulting score as a base in the decision making process. Remember, the score only represents a summary of all the things you can imagine about your business. However, it does not apply a score to intangible factors.

Reconsider your family plans, tax status, estate planning, or other factors to make sure they had enough influence in the decision making process.

## **Your decision**

- ☐ Yes (which options).
- ☐ Yes, I'll try it for a short term.
- ☐ No.
- ☐ I need more information (see "For further reading," page 12).

# **Part 2**

## **Legal considerations**

Fee hunting or other fee-based recreation enterprises can clearly be recognized as a potential source of income for landowners in Oregon. However, before you embark upon a fee-hunting or fee-recreation enterprise, you need to consider a number of basic legal issues.

Our purpose is to raise these legal considerations—not to provide legal advice for developing a fee-hunting or other fee-recreational enterprise. Consult with an attorney for specific legal advice.

## ***Landowner liability***

Liability should be one of your major concerns when you enter into a fee-hunting or fee-recreation enterprise. In general, if you decide to impose a fee for hunting or any other recreational activity conducted on your land, then you're exposed to greater liabilities for injury.

There are a number of ways to reduce this liability exposure, such as:

1. knowing the statutes and other laws that apply to fee recreation,
2. having a formal fee-recreation property use agreement,
3. having adequate liability insurance that covers fee-recreation activities,
4. incorporating the business,
5. selecting the clients that use your property, and
6. showing all clients around the property and explaining all known potential hazards.

## **Extent of liability**

The extent of your liability toward a person who enters the property and who has the potential of being hurt depends on the status of that person. Oregon statutes define a visitor as a trespasser, a licensee, or an invitee.

The status of the visitor determines the amount of care or duty that you as landowner must use to protect the visitor and the extent of liability you are exposed to if you don't provide the required care. As new cases are brought before the courts, the general trend has been to increase the landowner's liability.

**Trespassers.** A trespasser is defined as one who enters the property of another without any legal authority, or an



expressed and/or implied invitation. Trespassers enter the property for their own purposes and not for the performance of any obligation to the landowner. Trespass in Oregon may be classed as intentional, reckless, negligent, or without fault.

Since the trespasser has no authority to enter the property, the landowner has no duty to warn about dangerous conditions or activities that are present on the property. Exceptions are where significant numbers of trespassers are known to frequent the area or where young children are involved.

The law also requires that the landowner refrain from willfully, wantonly, or recklessly injuring the trespasser. Willful conduct is an act performed by a person with designed purpose or intent to do wrong or cause injury. Wanton conduct is an act performed with the realization of imminent danger and a reckless disregard or indifference to human safety.

In general, the landowner is not liable for injuries to trespassers caused by the landowner's failure to exercise reasonable care to put the land in a safe condition for them, except as noted in the preceding paragraph.

**Licensees.** A licensee is defined as one who enters the property of another by virtue of either the expressed or implied consent of the landowner or by operation of law. A licensee is not a trespasser. Licensees enter the property by consent for their own purposes and not in the performance of any obligation to the landowner.

You have no duty to warn or correct natural conditions that exist on the property, but you must do so for dangerous conditions and activities. The law also requires that the owner must refrain from willfully, wantonly, or recklessly injuring the licensee.

The licensee classification is especially important with respect to the use of land for recreational purposes. Recreationists using the land with permission, but without a fee imposed, would probably be considered licensees in Oregon.

Under this classification, Oregon statutes provide considerable protection to landowners by limiting their liability. One point of the law that is not clear (as of the date of this publication, it hasn't been tested in court) is the landowner's liability protection if some individuals are charged a fee while others are not.

In general, the landowner is not liable for injuries to licensees caused by the landowner's failure to exercise reasonable care to put the land in a safe condition for them; but the landowner must disclose concealed dangerous conditions or activities that the landowner knows about.

**Invitees.** An invitee is defined as one who enters or remains on the property of another at the expressed or implied invitation of the owner for the benefit of the invitor, or for the mutual benefit and advantage of both invitor and invitee. Whether a person is an invitee depends on the purpose or nature of the business that brings the person to the property.

A recreationist using the land with permission, with a fee imposed, for the benefit of the landowner or to the mutual benefit of both parties, would probably be considered an invitee in Oregon.

The distinction between an invitee and a licensee is an important one because the amount of care or duty a landowner owes an invitee is much higher. The law continues

to require that the owner must refrain from willfully, wantonly, or recklessly injuring the invitee.

Additionally, the owner's obligation for an invitee may include inspecting property, warning, removing dangerous conditions, or curtailing dangerous activities, depending on the specific situation.

Under Oregon law, the landowner is subject to liability only for harm sustained while the invitee is on the land and within the scope of the invitation. An invitee will cease to have invitee status if he or she remains on the property for an unreasonably long time after the purpose of the invitation has been accomplished.

Whether at the expiration of this time, the person becomes a trespasser or licensee depends on the owner's consent to remain on the land. Likewise, an invitee has that status only with respect to the portion of the land to which the invitation was extended. The same is true of a licensee.

In general, the landowner's liability obligations are the highest under an invitee situation, less with a licensee, and even less with a trespasser.

### **Fee-recreation property use agreements**

A second way to decrease the exposure of liability in a fee-hunting or fee-recreation enterprise is with some type of formal property use agreement. You should consider having some type of formal agreement before allowing individuals or groups to participate in fee-recreation activities on your land. A formal agreement will, in the end, protect your interests as well as the fee recreationist's.

Since each landowner's situation is different, the agreement should be designed to fit both landowner's and recreationist's needs and requirements. If you're entering into a fee-hunting or other recreational agreement for the first time, a limited-duration lease would probably be the most satisfactory arrangement. This method helps you to gain experience necessary to adjust future agreements to best fit the situation.

**Agreement provisions.** The provisions outlined on page 4 should not be considered a legal guide to fee-recreation property use agreements. They're a collection of commonsense ideas from current literature and from landowners who have developed fee-recreation enterprises. Different provisions will apply to different situations.

Examine these provisions with your attorney, who can provide other necessary parts of a lease and help you choose and phrase those aspects of the fee-recreation enterprise that best fit your needs.

As a landowner, you'll undoubtedly have other provisions for your particular situation; a number of these provisions may not apply. Remember that a lease is a legal and binding document. Under Oregon law, the terms of a lease or any other contract between the lessor and lessee govern contract liability between the two unless they violate the U.S. or a State constitution, a statute, or public policy.

There is a delicate balance between flexibility and legal definition in formal agreements. You, your fee recreationist, and your attorney should try to find that delicate mixture for your situation.

While a contract can significantly lower your liability, no agreement can cover all situations. You should also incorporate other landowner protection (such as insurance) into any fee-recreation scheme.

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## Examples of agreement provisions

**Type of agreement.** First, the document should identify the specific type of property use agreement (a lease, a license, or another type of contract). A license defines the terms under which a person or group may go upon the land of another, usually for the benefit of the entering party. A license does not convey an interest in the land. A lease defines the terms under which a person or group may go upon the land of another, usually for the benefit of the owner or for the mutual benefit of both parties. A lease generally conveys the right to exclusive possession of the land to the lessee for a definite period of time.

**Names of parties.** Every party member who is affected by the agreement should be identified by name and address (the landowner identified as lessor and the individual, group, or association is identified as lessee).

**Length of lease or term of occupancy.** Use exact language as to the beginning and ending dates of the agreement (day, week, month, season, or year).

**Description of tract.** Give a clear description of the size and boundaries of the land covered by the agreement, including areas off limits to users and safety zones around houses, barns, and pastures. All persons named in the agreement should inspect the property, especially if structures or other hazardous areas are involved. The agreement should include a map of the property showing these and any other hazards that exist on the property.

**Statement of purpose.** This is a clear and exact description of the uses permitted under the agreement. The purpose can be one of many activities (for example, exclusive hunting and fishing rights on the specified tract of land).

**Description of facilities and services provided.** Include a description of all the facilities and services provided for the particular recreational activity (food, lodging, guides, transportation, or others).

**Assignment or sublease of rights.** Will the lessee be permitted to assign or sublet the leased rights?

**Who is to hunt?** Specify the persons in the hunting party (list the names of hunting party members and potential guests).

**What is to be hunted?** A description of the species hunted.

**State law compliance.** The user agrees to comply with all applicable State laws while on the landowner's property.

**Wildlife management.** Specify the species, sex, and numbers of animals subject to hunting, within the limits set forth by State and Federal laws. You may want to require the lessee to record, report, and/or show the game for an accounting of species, sex, and numbers of wildlife harvested.

**Rights reserved.** These are any special provisions you want to make (for example, reserving yourself and your immediate family the right to hunt and fish on the property).

**Registration.** In order to know when the property is being used, you may wish to require all users to check in and check out at a specified location, or perhaps notify you in writing or phoning before entering the property. This is especially useful in keeping hunting groups in different areas.

**Limits of authority.** Set limits to the lessee's authority to act as lessor, either in financial transactions, improvements to the property, or patrolling.

**Indemnity by user.** Here, the user agrees to "indemnify and hold harmless the landowner from any claims made by the user

or third parties arising from the use of the land." This means the user would not sue or otherwise attempt to make claims against the owner for recreation privileges.

**Special provisions.** The agreement may include a provision regarding special "use of the land." Examples are:

1. trespass enforcement;
2. in-kind services provided by the user (fence construction, general maintenance, wildlife crop plantings);
3. the construction of, location, and ownership of campsites, club buildings, or lodges (also provisions for ownership at the termination of the agreement);
4. restrictions or preference on user's supplemental planting of crops for game enhancement;
5. limitations of 4-wheel drive vehicles;
6. limitations of the number of campers or overnight recreational vehicles;
7. access restrictions to certain areas;
8. use of campfires or cooking fires; and
9. miscellaneous items, such as garbage, sanitation, and firewood cutting.

**Waiver of liability.** As an additional protection to you as an owner, you may want to incorporate principles of firearms safety, to require the successful completion of hunter safety classes, and to prohibit hunting under the influence of alcohol or drugs as conditions of the agreement.

**Acknowledgment and assumption of risk.** It may be helpful to describe the nature of the property (wildland with barbed-wired fences, logs, poison ivy, wild animals, livestock, uneven terrain, etc.) and the activity (hunting, fishing, etc.), then have the lessee accept the risks such activities can have.

**Insurance.** With this provision, the user agrees to carry liability insurance and to name you in the policy as an insured. In addition, you can require proof of insurance by having the insurance company send a copy of the policy as well as cancellation and other notices of change directly to you.

**Conditions for cancellation, renegotiation, or renewal.** This is a list of conditions necessary in the case either party wishes to terminate, renegotiate, or renew an agreement for various reasons.

**Arbitrating differences.** This arrangement may reduce the probability of disagreements occurring. Some agreements specify that the landowner is the final authority in resolving disagreements.

**Miscellaneous.** Other sections or provisions may include improvements, defaults, guest policy, gates and fences, and others as needed.

**Payment.** Specify rate to be paid, how payment is to be made, where, and when—and provisions for failure to pay.

**Damage deposit.** This covers damages the lessee does to the property but does not repair. The deposit will be returned to the lessee if damages do not occur.

**Signatures.** Finally, complete the agreement with the printed name and address of each member of the recreational group, followed by their signatures and the date of each person's signing.

## Liability insurance

Adequate liability insurance is another way to decrease your exposure to risk in a fee-hunting or fee-recreation enterprise. If you allow fee hunting or fee-recreation activities on your land, it's imperative that you have adequate liability insurance to cover such activities.

Farmers and ranchers often believe that the standard farm and ranch liability policy will cover recreational activities conducted on their land. However, this usually depends on the company and the provisions of the policy.

Because of an increasing number of judgments against insurance companies, many companies may not provide coverage for an operation where all or part of the enterprise pertains to fee recreation. Talk to your insurance agent about the availability of such coverage.

Liability insurance coverage for a fee recreation activity is generally written in \$100,000, \$300,000, \$500,000, and \$1,000,000 packages. The current industry standards for liability coverage of a fee-hunting enterprise range from \$500,000 to \$1,000,000 for one-time occurrences.

As a rule, you should maintain enough liability insurance coverage to protect personal assets as much as economically possible. Additionally, if you plan to hire a hunting or fishing guide for your operation, Oregon statutes require the guide to have minimum liability coverage of \$300,000.

Premium rates for liability coverage vary among insurance companies, based on the exposure of risk for a particular fee-recreation operation. The rates are affected by the portion of the enterprise devoted to recreation and the number of recreational activities associated with the operation.

These two factors, along with your managerial capability as operator, appear to be significant in determining the insurance premiums for various recreational activities.

After an insurer determines that your fee-recreation enterprise is an acceptable risk for liability insurance coverage, your actual cost for the coverage may be assessed at a set fee, or it may be assessed on a percentage of the expected gross income from the enterprise.

The actual form of the liability insurance may be a rider on the standard farm and ranch liability policy, or it may be a separate policy, depending on your insurance carrier.

In general, liability insurance for fee-recreation enterprises may or may not be hard to obtain. First, talk to your insurance agent about the availability of such coverage. If it's unavailable, hard to obtain, or too expensive, ask your agent for the names of other insurance carriers that handle this type of special liability coverage. Analyze their coverage to get the best coverage at the lowest cost.

## Incorporating the enterprise

Incorporating a recreational business may be one way to ease the burden of liability. A corporation is considered a "legal person" created under the State corporation laws, and this legal procedure generally limits the liability to the corporate assets.

In theory, an individual is not liable for any assets other than those he or she has invested in the corporation. However, the corporate owners should be careful to satisfy all the legal requirements of establishing and maintaining such a business arrangement.

## Reducing liability exposure

Another way to reduce your liability exposure in a fee-recreation enterprise is to select the clients who'll use the land. You could do this through an informal interview process. Knowing the attitudes of the recreationists will help you select people you consider acceptable risks.

A final way to help reduce liability exposure is to conduct property tours: Show clients the areas they can use in the recreation activity, and point out any known dangerous activities or conditions that occur on the property.

## Tax considerations

There are a number of tax questions that you should consider before you launch a fee-recreation enterprise.

### Income taxes

**Business income taxes.** Business income generated in a fee-hunting or fee-recreation enterprise can be classified as received by either an individual or partnership business or a corporation.

A legal exception to corporation status is the S corporation, which is taxed similar to a partnership arrangement.

When we compare the individual/business and corporation classifications, we note that business income taxes under individual/partnership and under the S corporation exception are becoming more attractive than regular corporation business taxes.

A major benefit of incorporating a business is the limited liability—not so in an individual or partnership arrangement. With a corporate status, there are two arrangements, a standard and an S corporation. The difference is that although both include limited liability, with an S corporation, business income and losses are taxed to the individual shareholders and not to the corporation as with a standard corporation arrangement.

In addition, you have the option of incorporating only a portion of the property, thereby having the benefits of both business classifications. You should consider these options carefully.

If you decide to rent or lease the property for a fee-recreation enterprise, you'll need to consider the following business income tax options. If you rent or lease the property and do not actively engage in the management of the business, you can offset any losses from the fee-recreation business only against other passive types of income.

If you're an individual, partner, or shareholder in an S corporation, if you own at least 10% interest in the business, and if you participate in management decisions, you can deduct up to \$25,000 against ordinary types of income if your adjusted gross income doesn't exceed \$100,000. The depreciation of rental or lease property changes from 19 years to 27.5 or 31.5 years.

## Property taxes

**Personal property taxes.** Personal property taxes may be affected by a fee-hunting or fee-recreation enterprise. They're determined on the value of the personal property, not on the income you earn from it. Improvements to the personal property as a result of a fee-recreation business can add to the value even where you derive no income.

**Real property taxes.** Real property taxes may also be affected by a fee-hunting or a fee-recreation enterprise. They're determined by the value of the real property, not the income you earn from it. Improvements to the property as a result of a fee-recreation enterprise can add value to the property even where you derive no income.

**Real property taxes under a Farm Use Assessment.** The special use assessment provided by Oregon Revised Statutes (ORS) Sec. 308.345 pertains to three categories of land:

1. farmland located in a qualifying exclusive farm use zone (EFU);
2. farmland not within an exclusive farm use zone (Non-EFU) that is specially assessed because the owner's application for the special assessment is approved, and
3. forest land that is specially assessed because the owner chose to have the land valued under ORS 308.345 pursuant to ORS 321.349.

Under a farm use assessment, the land is valued on a particular farm use and not on the current market value of the land. The particular operations for which a farm use can be assessed includes a wide variety of agricultural, livestock, horticultural, and aquacultural practices as defined in ORS 215.203.

ORS 308.370 states that a farm use assessment will not be affected by hunting, fishing, camping, or other recreational use of the land, if the recreational use or possession of the land does not interfere with the use of the farmland.

However, ORS 308.390 states that if there is a change in the farming activity for any reason that could include activities of a fee-recreation enterprise (for example, a partial reduction of land directly involved in the farming practice or a complete halt of the farming practice), the farm use assessment will be disqualified on that portion of land directly involved in the nonfarming activity.

If a change occurs in the farming practice, the landowner must notify the county assessor's office about such changes on or before January 1 of each new year.

Under Oregon statutes, if the land is disqualified from a farm use assessment, property taxes are reassessed and additional tax penalties imposed. The property taxes are assessed on the current fair market value of the land from the point of disqualification. Approximate tax increases could be 3 to 4 times for farm and agricultural land, 10 times for rangeland, and 4 to 6 times for timberland.

The additional tax penalties are assessed at a rate of fair market value multiplied by a 5- or 10-year period. The multiplication rate depends on the zoning classification.

If the property is zoned as non-exclusive farm use (Non-EFU) or if the property is zoned exclusive farm use (EFU) and located inside an urban growth area, penalties are assessed at 5 years.

If the property is zoned exclusive farm use and outside the urban growth area, the penalties are assessed at 10 years.

Penalties can only be assessed for the time period involving the original farm use assessment to a maximum of 5 or 10 years, depending on classification.

Tax penalties imposed by the State are in the form of a property lien. As stipulated under the law, the landowner must pay the new tax rate but doesn't have to pay the tax penalties if the land can be returned to the original farm use. The lien on the property will, however, remain in force until such time as the land returns to a farm use and/or other land reclassification options or requirements are met.

*Remember:* Oregon Revised Statutes, administrative rules, and the interpretation by which they affect land classifications can change. Other land use and zoning laws may also apply to a given situation. Consult with your attorney and county assessor's office about your specific situation.

## Conclusions

Fee recreation is an optional source of income that you can derive from the use of your property. Proper planning and development of the recreational enterprise is essential in order to minimize your liability exposure and increase in taxes. Consult with an attorney, accountant, insurance agent, and county assessor's office for assistance when you plan and set up a fee recreation enterprise.

# Part 3

## Management strategies

You may be one of many landowners who are developing an interest in tapping the recreational potential of your property for additional income. Your property could present opportunities for fee-based enterprises such as hunting, fishing, camping, nature appreciation, or some other recreational activity.

As a landowner, managing the business should be one of your major concerns. The type of management strategy you employ in your fee-hunting or fee-recreation enterprise can mean the success or failure of your operation. Our purpose is to present information about the various types of management opportunities and the types of property-use agreements available to a landowner who's thinking about a fee-hunting or fee-recreation enterprise.

Part 2 covered some of the legal aspects of leases and corporations. Part 3 explores how these and other methods work out as management strategies.



# Types and forms of management

## Single owner/operator

This arrangement is generally based on the family-type business structure, although it may be in the form of a small family corporation, family partnership, or a single individual owner.

The significance of this type of operation is that the owner operates the hunting enterprise. Variations of this arrangement may be that the owner leases some adjacent property to put with the deeded land for a larger, contiguous management unit. The owner in this situation continues to retain direct management control of the land and the resource.

## Multiple ownership

In this type of management, several landowners collaborate in a kind of loose confederation. For the purpose of the recreation business, the parties could form a partnership, a corporation, an association, or a cooperative. Responsibilities for managing the recreation resource may be shared or delegated to one individual within the group of owners and/or the employees of the operation. This arrangement also has the options of leasing additional adjacent property with continued, direct management control.

## Cooperative

This is simply a particular form of multiple ownership, based upon the principles of a cooperative whereby groups of individual landowners join together as one unit for the common purpose of managing and marketing the recreational resource. In a cooperative, the management unit may be one block of property, or it may be several discontinuous blocks of property. Management of a cooperative unit is generally by a manager hired by the board of directors or other governing body.

In a cooperative, landowners should be fully informed of all the phases and options of this approach. They should place special emphasis on the organizational structure, defining objectives, and management and marketing strategies for the recreation resource. They should have written contracts for a complete understanding of how the operation will function and the responsibilities of each member.

Cooperatives have these advantages:

1. Small landowners have the ability to obtain the management and marketing advantages of a large landowner operation but still retain the rights of an individual.
2. Large blocks of managed land may make various fee-recreation activities more desirable.
3. Cooperative landowners may have more available resources to commit to a recreational program, allowing them to manage actively for wildlife over large areas and develop other recreational services to a level not immediately possible for an individual landowner.

One example where a cooperative agreement is useful is where migratory species feed on one property and are hunted on another. With a cooperative agreement, the income from access to some partners' lands during the hunting season is shared with partners whose land helps feed and maintain the game animal supply in the nonhunting season.

In general, landowner cooperative units can vary in size, number of participating landowners, and organizational structure, depending on the desires and objectives of the members.

## Consultant

In this type of management, the landowner, owners, or partners (as described above) hire a professional recreational consultant to manage the recreational resource. The consultant's job is to make management decisions about the recreational resource and the activities associated with that resource.

The consultant may be employed on a full-time or part-time basis, depending on the objectives and goals of the recreation activity and on the resource management requirements.

## Lease

In this type, the landowner, owners, or partners lease out the right of exclusive possession of the land for a definite period of time and for a specific recreational activity. Specifically, the landowner transfers the management responsibilities to someone else.

The basic provisions of a lease agreement should include the exact recreational rights and services being leased, names of the parties involved, a description of the tract being leased, length of lease term, transfer of liability considerations, terms of payment, and party signatures. (See the list of suggested provisions on page 4.)

It's important in this type of arrangement to specify who makes the improvements and who gets the benefits. Several variations could exist whereby a landowner could invest in operational improvements and then try to get more income from the lessee. Or a lessee could invest in operational improvements and take the risk and benefits of charging a higher fee to the client.

In a lease situation, you have the option of leasing the land to an individual, a group, or an association. There are six types of individuals, groups, and associations for which a lease agreement could be written:

**Individual hunter.** This is exactly as stated. The individual hunter leases the property for his or her exclusive recreation use. This type is generally for a short period of time.

**Friends and neighbors.** This is exactly as stated. In this type of arrangement, you might find it hardest to enforce lease provisions. The lease is generally written for a short period of time.

**Guide service.** A guide or guide service leases the property with the intentions of organizing and conducting recreational activities with clientele of their choice. This arrangement is generally for a specified period of time, which may range from a full hunting season to only a portion of the season.

**Local sports club.** The property is leased to a local sports club for the exclusive recreation rights of club members. The lease period will depend on the goals and objectives of the club members. The lease may be for a short period of time (as in a specified game-hunting season or multiple-hunting seasons), or it may include year-round wildlife enhancement and management practices and/or other nonhunting recreational activities. In this situation, the landowner generally knows the club members.

**Sports organization.** The major difference between this arrangement and a local sports club lease is the size of the organization and the fact that club members may or may not be from the local community. With a larger organization, the goals and objectives may promote a greater influence on wildlife enhancement and management as well as other recreational activities. Leasing arrangements are generally for a longer time period because of a vested interest in the recreational activity and the property.

**Recreation broker.** The landowner leases the property to a broker, who then subleases the property rights to individuals or sports clubs. The length of the lease arrangements will vary with the goals and objectives of the broker, but they generally cover extended periods of time.

## ***Types of property-use agreements***

Lease agreements can generally be classified into three types. Table 1 summarizes the advantages and disadvantages of each type.

### **Day hunting lease**

In this type, access for hunting or other recreational activity is sold on a daily basis, and usually a fixed cost per day is assessed. The lease usually provides only the right of access, with no recreational services.

### **Limited-duration lease**

This type generally covers the entire legal hunting season on a specified game species or 1- or 2-week intervals within a hunting season. Recreational services may or may not be provided under this type of arrangement.

### **Year-round lease**

The landowner leases the property on a yearly basis, generally to one party of hunters, a sports organization, or a recreation broker. The lease provisions generally include all hunting privileges and may also include other yearly recreational privileges.

## ***How much to charge***

We'll cover setting your fee in Part 4. From a management viewpoint, remember that the costs of recreational opportunity will vary. There are no set figures established to determine the daily, seasonal, or yearly fees to charge in a leased operation.

Consider the recreational activity (hunting, fishing, etc.), the accessibility of the area, the services you provide, and the quality of the experience. Generally, start at a moderate fee and increase it as you make improvements and your or the operation's reputation grows.

Table 1.—Types of property leases for hunting, with advantages and disadvantages

| Type                   | Advantages   | Disadvantages  |
|------------------------|--|--|
| Day hunting lease      | <ol style="list-style-type: none"> <li>1. Generally yields higher average net returns per acre because of higher number of hunters per acre.</li> <li>2. Provides use for extra labor available during the hunting season.</li> <li>3. Guests can be invited to hunt without making any special arrangements with paying hunters.</li> <li>4. Allows for close control of harvests as a management tool.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Requires considerable time during the hunting season since the hunter generally gives short notice to hunt.</li> <li>2. Most expensive arrangement to the landowner in terms of management cost.</li> <li>3. Income is generally not known in advance.</li> <li>4. Requires greater contact with people on a daily, one-on-one basis.</li> </ol>   |
| Limited duration lease | <ol style="list-style-type: none"> <li>1. Requires less management in time and labor.</li> <li>2. Landowner generally knows hunters personally.</li> <li>3. Least expensive arrangement for landowner since contact is generally with one person or small group.</li> <li>4. Income is known in advance.</li> </ol>  | <ol style="list-style-type: none"> <li>1. On the average, yields the lowest net returns per acre.</li> <li>2. Tends to leave little flexibility for regulating wildlife populations.</li> <li>3. Generally offers no influence or incentive for care and protection of wildlife during the off-season.</li> <li>4. Generally requires special provisions and arrangements for landowner guest hunting.</li> </ol>  |
| Year-round lease       | <ol style="list-style-type: none"> <li>1. Landowner is generally removed from management responsibilities and is free to carry on usual activities.</li> <li>2. Hunting arrangements are generally provided by lessee.</li> <li>3. Depending on the arrangement, good hunter-landowner relationships may be established (not necessarily true with a broker lease arrangement).</li> <li>4. Lease arrangements may be for several years.</li> <li>5. Income is known.</li> </ol> | <ol style="list-style-type: none"> <li>1. Hunters or recreationists may be on land at undesirable times.</li> <li>2. Wildlife game species may be inadequately harvested.</li> <li>3. Landowner may not be aware of activities occurring on the property.</li> <li>4. Landowner may not have direct control over hunters once lease arrangement is signed.</li> <li>5. Landowner may be reluctant to increase lease price or change provisions of the agreement.</li> <li>6. May yield lower net returns than some other types of management options.</li> </ol> |

## Conclusions

The management strategy and property-use agreement you'll employ depend on your recreational management objectives and goals, and on your specific situation. It's important to review all your available options and choose those that best fit with your recreation resource requirements and management, and with the current operation.

# Part 4

## Marketing plans

Effective marketing is a key element in any business enterprise—success or failure of a business can hinge on it. Landowners who haven't had experience in marketing a service business often overlook its importance. Even the best-managed hunting operation can be unsuccessful if prospective clients are unaware of the enterprise.

As an owner, operator, or manager, you need to use methods of matching your products and services to the needs of prospective clients, thereby promoting your fee-hunting or fee-recreation business effectively.

The information in Part 4 should provide some insight into the importance of marketing, advertising, and public relations as they relate to a recreation business on private land. We've emphasized a fee-hunting enterprise, but the principles apply to other forms of fee-based recreation as well.

### What is marketing?

Marketing means many things to many people. As we define it here, marketing is simply determining what people want, planning and providing products and services to meet those wants, and selecting the most effective ways of reaching those who might pay for these products and services.

### Why is marketing important?

Marketing a fee-hunting enterprise can greatly enhance your opportunities for success. Farmers and ranchers often overlook marketing because the activity is directly influenced by consumer preferences, and there are many different sets of preferences when it comes to hunting.

Marketing is more complex and dynamic in a service-based business than in a commodity-based business. Proper marketing of a fee-hunting operation is critically important to financial success. Developing explicit marketing strategies may be necessary because of one or more of the following situations:

1. You're just getting started, and you have an uncertain client base.
2. You currently have too few clients.

3. You currently have too little diversity in the client base. For example, if all your clients work for the same company, that company's economic well-being would determine yours.
4. You currently don't cater to, or you don't have, the "right" clients. For example, too many of your hunters don't have a good land ethic or hunter ethic.
5. Your hunting enterprise is currently producing too little income. For example, your hunters may not be willing to pay enough for you to break even.
6. You're losing clients to competitors.
7. You have too little repeat business.

### Developing a marketing plan

Developing a marketing plan for a fee-hunting enterprise will help you focus attention on the important points of promoting this type of enterprise. Keep your plan simple; include the goals, objectives, and strategies for your particular operation.

Marketing goals for a fee-hunting enterprise generally include a description of the market segment or audience that you as landowner are trying to reach.

The marketing objectives of your plan deal with the specific target markets and levels of performance that you expect from the enterprise.

The marketing strategies describe how your specific target audience will be reached, who will do it, and what resources will be used to attract this market.

### Marketing strategies

When you develop a marketing strategy, the first thing you need to do is define the key factors that will successfully attract the types and numbers of clients you expect.

Second, evaluate your operation—how does it measure up on these factors?

Third, evaluate your competitors in a similar manner; compare your operation to theirs for each success factor.

Finally, pick out two or three factors that you feel are your strong points. Seek to develop them even more strongly in a written statement. Key success factors that you may need to consider include the following:

1. Quality of the hunting experience
  - success rate
  - exclusivity
  - solitude
  - facilities
  - access to the areas
2. Wildlife population potential
3. Managerial and client-based skills (for example, your ability to relate to hunters and show them a pleasant experience)
4. Location and layout of the operation
5. Your experience and reputation
6. Economies of size (for example, enough acreage to keep your per-hunter costs to a reasonable level)
7. Your promotional effectiveness (for example, the time and resources you can make available)
8. Price competitiveness
9. Growth potential of your business
10. Supplementary services you'll provide

## ***Trends in outdoor recreation***

Different clients seek different rewards in their fee-hunting experiences. These differences may seem subtle at first, but experience will show them to be quite important in establishing a market niche for your operation.

At the same time, knowing the general needs of the hunting population is also important because these determine the base for your operation to expand and diversify. Insight about the types of clients you can expect will have a direct bearing upon the type of marketing strategy you employ and (potentially) on the success of your business. In general, hunting clients are:

1. well-informed about what services are available,
2. older individuals,
3. conservative,
4. affluent or at least above average in disposable income,
5. time- and convenience-conscious,
6. independent people who emphasize self-fulfillment, and
7. limited in the time available for recreational activities.

## ***Advertising your enterprise***

The type and amount of advertising you use in a fee-hunting or other fee-based recreation enterprise will depend on the specifics of your operation. Advertising can range from a simple word-of-mouth referral to an intensive regional or national media campaign.

Advertising is your primary method for selling your unique business opportunities to the public. Keep your advertising neat, of high quality, and in good taste. A point to remember is that haphazard advertising can do more to harm your operation than help. Sloppy advertisements reflect badly on your business and can mean the difference between success and failure.

As a landowner, plan your advertising to attract the type of clients that you'd like to have on your property. Remember three basic points when you advertise your operation: the message, the media, and the target audience you're trying to reach.

### **The message**

The message contains the information that you as the landowner want to say about your operation: What type of hunting you're offering; the seasons of hunting; additional goods and services you offer; directions to the location of your operation; costs of the hunting experience; and how to make reservations.

Try to be original in your advertising. Keep your message simple. Always check dates, fees, addresses, and phone numbers for errors. Make certain the goods and services advertised are those that you can deliver.

### **The media**

The media are the methods by which the message is transmitted. Here are various media:

|                |   |
|----------------|---|
| Newspapers     | Local sporting good stores                                  |
| Magazines      | Local hunting or shooting clubs                             |
| Brochures      | Newsletters   |
| Billboards     | Direct mail   |
| Local referral | Telephone   |
| Radio          | Booking agents (specialized in hunting trips)               |
| Television     | Travel agents   |
| Video tapes    | Word-of-mouth, hunter to hunter (one of the most important) |
| Trade journals |   |
| Sport shows    |   |
| Sport articles |   |

Depending on the type of media, advertising generally requires repeated exposure to be successful. However, once your operation is underway and your reputation is known, advertising costs may decrease as repeat business and word-of-mouth referrals gain a foothold.

### **The target audience**

Target audiences are distinct groups or segments of clients that you expect to reach when you employ different marketing strategies. Groups of clients can be formed by any combination of the following characteristics:

1. Income level
2. Location
  - instate or out-of-state residents
  - urban or rural background
  - effective distance clients will travel
3. Age
4. Available time to spend in fee hunting
5. Hunting background
  - exposure to hunting and hunting conditions
  - shooting ability
  - possession of hunting equipment
6. Client preference (quality of hunting experience)
  - specialty vs. variety
  - purpose of hunt (trophy, meat, instruction)
  - level of active involvement in hunt (freelance vs. guided)
  - probability of "success"
  - party size and composition (family, friends)
  - hunter density level
  - travel time and mode of travel
  - willingness to pay
  - repeat potential
  - lodging desires
  - supplementary "recreation" (day or night)

A survey of hunters to determine how these groups break out and where they're located is probably beyond the means of most operations. However, you can get a feeling for group characteristics by questioning the hunters you encounter day by day and from your hunting clientele.

## ***Advertising costs***

As a landowner, operator, or manager, you should always decide carefully where and when to concentrate your money and time with a specific advertising message. The cost of advertising a fee-hunting enterprise will largely depend on the size and type of your operation, the media you select, and the number of times you repeat the advertisement.

For the first few years of your fee-hunting enterprise, you can expect advertising costs to be 7 to 10% of your total operational costs. It's important to keep good records about hunter responses to specific advertising campaigns so you can be more effective in your media presentations. As time and your reputation grow, your costs for advertising will be reduced.

## ***How to determine your price***

In Part 1, you used worksheet 4 (inside back cover) to sum up your costs and clarify your thinking about what's involved in setting your price. In Part 3, we included a few management observations on price-setting (page 8). Now we're ready to fit this important point into your marketing plan.

Determining the right price to charge in a fee-hunting operation can be difficult if you have no previous experience in the business. As one example, farmers or ranchers sometimes underestimate what the hunting experience and associated services are worth.

In general, when you decide what to charge for your hunting experience, it's best to start at a moderate fee and increase it as you make improvements and/or your reputation for a quality hunting experience grows. If you decide to raise your price at a later date, this can sometimes lead to hard feeling on the part of repeat clients.

At the other extreme is the farmer or rancher who tries to pay off the mortgage by charging excessive fees and frightens away prospective clients.

The costs associated with each recreational opportunity will vary, depending on the specifics of the operation. Unlike commodity markets, there are no market prices established for daily, seasonal, or yearly fees for a fee-hunting operation.

As a landowner, you'll want to consider the specific recreational activity, the accessibility of the area, the services you provide, the quality of the experience, and the level of demand for this experience.

Two primary methods help you set prices. One is simply to add up all your costs associated with the hunting enterprise, including a reasonable profit, and then calculate a price per hunter necessary for you to break even. You made a beginning with worksheet 4. Take a few minutes now to reread worksheet 4—would you make any changes?

A second method is to compare your resources and services with your competition and set fees similar to those you find in like operations. When you compare fees, it's important to determine the basis of comparison—per gun, per animal, a combination of the two, per season or year, or in a multiyear lease agreement.

When you determine fees, make specific comparisons of similar enterprises locally and broad comparisons with operations in other parts of the State or country.

There are various methods of selling your fee-hunting enterprise. They include selling the hunting experience on a flat rate, holding a lottery or auction, or taking written bids. If you're just starting a fee-hunting enterprise, a flat rate method of sale is recommended. Depending on your specific operational requirements and your property use agreement, you could employ the other methods mentioned.

## ***The importance of public relations***

Public relations is defined as the creation and maintenance of a favorable image. As a landowner, you should always be concerned with your business image. A favorable image about your fee-hunting enterprise can influence the degree to which people accept the "fee access" concept.

Your public relation goals may range from clients' satisfied hunting experiences, to acceptance of your hunting operation by neighboring landowners, to acceptance by the local community and the general public.

In a farming or ranching community, local customs and attitudes may have as much or more influence on your success or failure as any other part of the operation. If access to hunt has traditionally been free and you decide to charge a fee, former guests who are now unwilling to pay may create public sentiment against your operation and your neighbors.

It's always worth your effort to gain the cooperation of your neighboring farmers or ranchers, Oregon Department of Fish and Wildlife personnel, your sheriff, and others directly or indirectly associated with your fee-hunting operation. They can support your efforts to manage your land, not only for your benefit but also for the wildlife resource.

Lastly, strive for an understanding with both organized sports groups and with individual hunters. Although it's legal to charge people for access to private land for the purpose of hunting, we all must recognize that the wildlife resource belongs to the public at large, and its presence allows you this economic opportunity.

When you present this perspective, people unfamiliar with fee hunting should be likely to accept this mode of hunting.



## For further reading

- Bedell, Thomas E., and Ray Rasker, *Proceedings of the 1987 Pacific Northwest Range Management Short Course, "Developing Profitable Resource Based Recreation on Private Lands,"* Oregon State University Extension Service (Corvallis, 1987). 177 pp. Contains 28 presentations on business, social, wildlife habitat, and other management aspects of fee-hunting and other fee-recreation enterprises. Available for \$8.00 from Oregon State University, Dept. of Rangeland Resources, Corvallis, OR 97331.
- Henderson, Robert F., ed., *Guidelines for Increasing Wildlife on Farms and Ranches*, Great Plains Agricultural Council, Wildlife Resources Committee, Kansas State University Cooperative Extension Service, Manhattan (1984). Available for \$27.00 from Extension Wildlife Specialist, Call Hall, Kansas State University, Manhattan, KS 66506.
- Nelson, Gene, *Business Management in Agriculture: Strategic Planning for Financial Success*, Oregon State University Extension Service publication EM 8339 (Corvallis, 1987). Available from Agricultural Communications, Publication Orders, Administrative Services Bldg. 422, Oregon State University, Corvallis, OR 97331. Single copy \$1.00 plus 25¢ shipping and handling.
- Pineo, Doug, *Wildlife and Recreation Management on Private Lands: A Guide for Washington*, Washington Forest Protection Association, Olympia (1985). 90 pp. Contains 11 chapters on biological, business, and social management for fee-based hunting and fishing in both eastern and western Washington. Available for \$10.00 from Washington Forest Protection Assn., 711 Capital Way, Suite 608, Olympia, WA 98501.
- Rollins, Dale, ed., *Symposia Proceedings, Recreation on Rangelands: Promise, Problems, Projections, Society for Range Management* (1988). 81 pp. Contains 7 excellent presentations on various aspects of fee-based recreation on private land. Available for \$10.00 from Dept. of Range and Wildlife Management, Texas Tech Univ., Lubbock, TX 79409.
- State of Oregon, Wildlife and Commercial Fishing Codes* (1988). Available free from Oregon Dept. of Fish and Wildlife, P.O. Box 59, 506 SW Mill St., Portland, OR 97207.
- White, Ronald J., *Big Game Ranching in the United States*, Wild Sheep and Goat International (1986). 355 pp. Very comprehensive treatise; contains 15 chapters on various aspects of managing domestic and exotic species. Available from WSGI, Box 244, Mesilla, NM 88046; \$29.95 plus \$2.00 shipping.

# Worksheet 1

## Fee recreation alternatives

### Hunting

- ☐ Big game (deer, elk, pronghorn, black bear, etc.)
- ☐ Small game (cottontail rabbits, squirrels, etc.)
- ☐ Upland birds (pheasant, quail, grouse, partridge, etc.)
- ☐ Waterfowl (ducks, geese)
- ☐ Fishing (fresh water, warm water, marine)
- ☐ Furbearer trapping (beaver, mink, muskrat, etc.)

### Other recreational activities

- ☐ Camping/picnicking
- ☐ Photographic safaris/painting
- ☐ Horseback riding
- ☐ Ranch work (roundup, haying, fencing)
- ☐ Bird watching
- ☐ Historical outings
- ☐ Boating/swimming
- ☐ Winter sports (cross-country skiing, snowmobiling, etc.)
- ☐ Rock collecting
- ☐ Hiking
- ☐ Other recreational sports or activities (family vacations, etc.)

### Services

- ☐ Wilderness experiences
- ☐ Guiding and outfitting
- ☐ Farm and ranch vacations
- ☐ Bed and breakfasts
- ☐ Rural experiences
- ☐ Other services

### Benefits

- ☐ Monetary returns
- ☐ Returns from "in kind" services (maintenance, patrolling, etc.)
- ☐ Better control of persons using land
- ☐ Social benefits (respect by neighbors, proper wildlife management)
- ☐ Advertising and public relations benefits
- ☐ Ethical and philosophical benefits

### Management strategies

- ☐ Management by myself
- ☐ Management by hired professional wildlife-recreation consultant
- ☐ Management by a cooperative or partnership arrangement
- ☐ Lease to an individual hunter or guide who will organize clients
- ☐ Lease to friends or relatives
- ☐ Lease property to a local hunting club
- ☐ Lease property to a large sportsman's organization
- ☐ Lease property to a recreational broker or outfitter
- ☐ Lease property to a corporation
- ☐ Trade property access for services, good will, or other benefits

These lists are designed to help you, as the landowner, think of the management possibilities in a fee-based recreation enterprise. You can add other questions specific to your operation and needs where necessary.

With respect to fee-based hunting, combine your answers on alternatives, benefits, and strategies into a verbal picture of the hunting arrangement you might prefer most. Write in your own words, below, a description of the operation as you imagine it.

### Your proposed hunting arrangement

# Worksheet 2

## Decision criteria for fee hunting

| Criterion   | Business importance | Your response | Friend response | Weighted response | Friend weighted response |
|---|---------------------|---------------|-----------------|-------------------|--------------------------|
| Do you enjoy working with people?   | 3                   | 0             | +1              | 0                 | +3                       |
| Are you willing to give up some of your independence?                       | 0                   | +1            | 0               | 0                 | 0                        |
| Do you presently have problems with hunters and fishermen?                  | 5                   | +1            | +1              | +5                | +5                       |
| Do you presently have property damage caused by hunters or fishermen?       | 2                   | +1            | +1              | +2                | +2                       |
| Do you anticipate a decrease in property damage as a result of fee hunting? | 2                   | +1            | +1              | +2                | +2                       |
| Do you enjoy the challenge of a different and new business?                 | 5                   | +1            | 0               | +5                |                          |
| Do you have employees who can insulate you from contact with hunters?       | 3                   | -1            | 0               | -3                | 0                        |
| Do you support hunting and fishing?   | 1                   | +1            | +1              | +1                | +1                       |
| Do you enjoy strangers using your land?                                     | 2                   | -1            | 0               | -2                | 0                        |
| Do you enjoy meeting people and making new friends?                         | 2                   | +1            | 0               | +2                | 0                        |
| Do your talents and abilities lend themselves to this type of enterprise?   | 3                   | -1            | -1              | -3                | -3                       |
| Do you feel that the operation will be financially worthwhile?              | 3                   | 0             | 0               | 0                 |                          |
| Is financial return your objective?   | 0                   | -1            | 0               | 0                 | 0                        |
| Will you be able to tolerate the interval between investment and return?    | 3                   | 0             | -1              | 0                 | -3                       |
| Have you identified a potential, dependable clientele?                      | 3                   | +1            | 0               | +3                | 0                        |
| Are there other benefits?   | 1                   | +1            | +1              | +1                | +1                       |
| Do nonmonetary benefits balance monetary costs?                             | 2                   | -1            | -1              | -2                | -2                       |
| Are the nonmonetary costs small?  | 3                   | -1            | -1              | -3                | -3                       |
| Do you feel there is a potential for growth of this enterprise?             | 5                   | 0             | 0               | 0                 | 0                        |
| Are there possible positive effects on other operations?                    | 4                   | 0             | 0               | 0                 |                          |
| Do your family, friends, employees, and neighbors favor the idea?           | 3                   | 0             | -1              | 0                 | -3                       |
| Do your accountant, attorney, and banker favor the idea?                    | 3                   | +1            | 0               | +3                | 0                        |
| Do you favor the idea?  | 4                   | +1            | 0               | +4                | 0                        |
| Is it compatible with your personal goals?                                  | 3                   | 0             | 0               | 0                 | 0                        |
| Total weighted response   |                     |               |                 | +15               | 0                        |

# Worksheet 2

## Decision criteria for fee hunting

| Criterion   | Business importance | Your response | Friend response | Weighted response | Friend weighted response |
|---|---------------------|---------------|-----------------|-------------------|--------------------------|
| Do you enjoy working with people?   | _____               | _____         | _____           | _____             | _____                    |
| Are you willing to give up some of your independence?                       | _____               | _____         | _____           | _____             | _____                    |
| Do you presently have problems with hunters and fishermen?                  | _____               | _____         | _____           | _____             | _____                    |
| Do you presently have property damage caused by hunters or fishermen?       | _____               | _____         | _____           | _____             | _____                    |
| Do you anticipate a decrease in property damage as a result of fee hunting? | _____               | _____         | _____           | _____             | _____                    |
| Do you enjoy the challenge of a different and new business?                 | _____               | _____         | _____           | _____             | _____                    |
| Do you have employees who can insulate you from contact with hunters?       | _____               | _____         | _____           | _____             | _____                    |
| Do you support hunting and fishing?   | _____               | _____         | _____           | _____             | _____                    |
| Do you enjoy strangers using your land?                                     | _____               | _____         | _____           | _____             | _____                    |
| Do you enjoy meeting people and making new friends?                         | _____               | _____         | _____           | _____             | _____                    |
| Do your talents and abilities lend themselves to this type of enterprise?   | _____               | _____         | _____           | _____             | _____                    |
| Do you feel that the operation will be financially worthwhile?              | _____               | _____         | _____           | _____             | _____                    |
| Is financial return your objective?   | _____               | _____         | _____           | _____             | _____                    |
| Will you be able to tolerate the interval between investment and return?    | _____               | _____         | _____           | _____             | _____                    |
| Have you identified a potential, dependable clientele?                      | _____               | _____         | _____           | _____             | _____                    |
| Are there other benefits?   | _____               | _____         | _____           | _____             | _____                    |
| Do nonmonetary benefits balance monetary costs?                             | _____               | _____         | _____           | _____             | _____                    |
| Are the nonmonetary costs small?  | _____               | _____         | _____           | _____             | _____                    |
| Do you feel there is a potential for growth of this enterprise?             | _____               | _____         | _____           | _____             | _____                    |
| Are there possible positive effects on other operations?                    | _____               | _____         | _____           | _____             | _____                    |
| Do your family, friends, employees, and neighbors favor the idea?           | _____               | _____         | _____           | _____             | _____                    |
| Do your accountant, attorney, and banker favor the idea?                    | _____               | _____         | _____           | _____             | _____                    |
| Do you favor the idea?  | _____               | _____         | _____           | _____             | _____                    |
| Is it compatible with your personal goals?                                  | _____               | _____         | _____           | _____             | _____                    |
| Total weighted response   |                     |               |                 | _____             | _____                    |

# Worksheet 3

## Is the project workable?

- \_\_\_ Is there a demand for this type of opportunity or service?
  - \_\_\_ What evidence exists?
  - \_\_\_ Who and how many?
  - \_\_\_ How will I attract them?
- \_\_\_ Will the timing of the work associated with a fee operation fit into my current schedule?
- \_\_\_ Is the hunting season long enough to pay for such an enterprise?
- \_\_\_ How many recreationists can I accommodate at any one time?
- \_\_\_ What species of wildlife are on my property that would be available for harvest?
  - \_\_\_ How much acreage produces this harvestable wildlife?
  - \_\_\_ Are the wildlife populations productive enough to sustain annual harvests?
  - \_\_\_ How can the available wildlife best be used?
  - \_\_\_ What is the quality of habitat for the wildlife species?
  - \_\_\_ What potential is there for habitat improvement?
- \_\_\_ Who hunts my property now?
- \_\_\_ Would they be willing to pay in return for certain benefits?
  - \_\_\_ How much?
  - \_\_\_ What benefits?
- \_\_\_ Is there a need for expert assistance to start or help manage the wildlife and the overall hunting operation?
- \_\_\_ What experts are available? (Extension Service, Soil Conservation Service, Oregon Department of Fish and Wildlife, private, others)
- \_\_\_ What are the costs associated with obtaining professional assistance or the education (knowledge) for this enterprise?
- \_\_\_ Is marketing and advertising the recreational enterprise something that needs to be done, or should be done?
  - \_\_\_ If so, what type of marketing strategy is needed in a fee-hunting enterprise?
  - \_\_\_ If so, what advertising media strategy should be employed in a fee-hunting enterprise?
  - \_\_\_ How much will advertising cost, including time away from other activities?
- \_\_\_ What legal liabilities are associated with a fee-hunting enterprise?
- \_\_\_ Is there a need for additional insurance coverage for a fee-hunting enterprise?
- \_\_\_ Are there tax laws and regulations that could affect my current operation if I should start a fee-hunting enterprise?
  - \_\_\_ Real estate?
  - \_\_\_ Personal property?
  - \_\_\_ Farm use assessment?
  - \_\_\_ Other?
- \_\_\_ How will my friends and neighbors look on this fee-hunting program?
- \_\_\_ Is there a need for public relations (other than with friends and neighbors) when starting or operating a fee-hunting enterprise?

### Associated costs

- \_\_\_ What *front-end* development costs will be associated with a fee-hunting enterprise?
  - \_\_\_ Hunter facilities (tents, campgrounds, cabins, lodges)
  - \_\_\_ Attorney fees
  - \_\_\_ Accountant fees
  - \_\_\_ Insurance premiums
  - \_\_\_ Office space
  - \_\_\_ Habitat improvement
  - \_\_\_ Roads, fence maintenance, etc.
  - \_\_\_ Other
- \_\_\_ Will cash flow require operating loans?
- \_\_\_ How much capital is required for this fee-hunting operation?
- \_\_\_ When during the year is the capital needed in relation to income payback?
- \_\_\_ Will I have to borrow money for capital investments?
- \_\_\_ What are the current interest rates?
- \_\_\_ Do I have an assured loan source?
- \_\_\_ Are there additional costs on my other operations as a result of the fee-hunting operation?
- \_\_\_ How much could I make with that capital if I invested it elsewhere? (*Note these two points:* 1. Potential investment income is a cost of the wildlife operation, so you must subtract it from the gross income for comparative purposes. 2. Assign a sizeable percentage of expected revenue for the first several years to risk and error as a cost factor.)
- \_\_\_ What cost value should I ascribe to my labor and my family's labor?
  - \_\_\_ Will there be employee costs over and above my ongoing enterprises?
- \_\_\_ What are the total financial costs?
- \_\_\_ What nonmonetary costs are associated with a fee-hunting enterprise?
  - \_\_\_ Loss of solitude
  - \_\_\_ Dealing with people on a regular basis
  - \_\_\_ Personal and family sacrifices
  - \_\_\_ Additional responsibilities

### Associated returns

- \_\_\_ What is the expected gross revenue (hunters  $\times$  charges assessed)?
- \_\_\_ Will there be a significant savings in other operations as a result of the fee-hunting operation (damage prevention, maintenance and construction costs paid by recreation program, etc.)?
- \_\_\_ What advantages will the hunter or recreationist provide me?
- \_\_\_ What is their dollar value compared to my present situation? (*Two comments:* 1. Net revenue equals gross revenue less total costs. 2. Divide annual net revenue by equity to obtain annual rate of return on capital.)
- \_\_\_ Are there intangible (noncash) benefits?
- \_\_\_ What are the total benefits?



# Worksheet 4

## Rating your recreation enterprise

| Quality of experience | High | Medium | Low | Doesn't apply |
|-----------------------|------|--------|-----|---------------|
|-----------------------|------|--------|-----|---------------|

### Hunting

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Size of operation  | _____ | _____ | _____ | _____ |
| Animal population numbers                                      | _____ | _____ | _____ | _____ |
| Size of animals  | _____ | _____ | _____ | _____ |
| Hunter success rate  | _____ | _____ | _____ | _____ |
| Time required for success                                      | _____ | _____ | _____ | _____ |
| Numbers of hunters/groups accommodated at one time             | _____ | _____ | _____ | _____ |
| Other hunting, fishing, or sport recreation-related activities | _____ | _____ | _____ | _____ |

### Other recreation

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Presence of other activities for nonhunters (spouse, children)         | _____ | _____ | _____ | _____ |
| Other recreation-based activities (bird watching, rock hounding, etc.) | _____ | _____ | _____ | _____ |
| Scenery and esthetics  | _____ | _____ | _____ | _____ |
| Surrounding tourist attractions  | _____ | _____ | _____ | _____ |
| Entertainment  | _____ | _____ | _____ | _____ |
| Wilderness opportunities   | _____ | _____ | _____ | _____ |

### Services offered

#### Hunting-related

|                                |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|
| Guides                         | _____ | _____ | _____ | _____ |
| Vehicles                       | _____ | _____ | _____ | _____ |
| Horses                         | _____ | _____ | _____ | _____ |
| Packing out                    | _____ | _____ | _____ | _____ |
| Butchering, wrapping, shipping | _____ | _____ | _____ | _____ |
| Guaranteed kill                | _____ | _____ | _____ | _____ |
| Guaranteed trophy              | _____ | _____ | _____ | _____ |
| Tournaments and prizes         | _____ | _____ | _____ | _____ |
| Taxidermy                      | _____ | _____ | _____ | _____ |

| Quality of experience | High | Medium | Low | Doesn't apply |
|-----------------------|------|--------|-----|---------------|
|-----------------------|------|--------|-----|---------------|

### Services offered (continued)

#### Clientele-related

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Distance to clientele center  | _____ | _____ | _____ | _____ |
| Transportation dependability:   |       |       |       |       |
| Air   | _____ | _____ | _____ | _____ |
| Surface   | _____ | _____ | _____ | _____ |
| Size of potential clientele group in relation to its distance from your operation | _____ | _____ | _____ | _____ |
| Distance from your competition  | _____ | _____ | _____ | _____ |
| Number of clients accommodated annually   | _____ | _____ | _____ | _____ |
| Estimated cost of clients' trip to your base of operation                         | _____ | _____ | _____ | _____ |

#### Other

|                               |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|
| Lodging                       | _____ | _____ | _____ | _____ |
| Camping                       | _____ | _____ | _____ | _____ |
| Recreation vehicle facilities | _____ | _____ | _____ | _____ |
| Food                          | _____ | _____ | _____ | _____ |
| Beverage                      | _____ | _____ | _____ | _____ |

Estimated price \$ \_\_\_\_\_ (your best guess at this point)

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Worksheets 1, 2, 3, and 4 were adapted from materials by Lee Fitzhugh, Extension wildlife specialist, University of California, Davis.

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