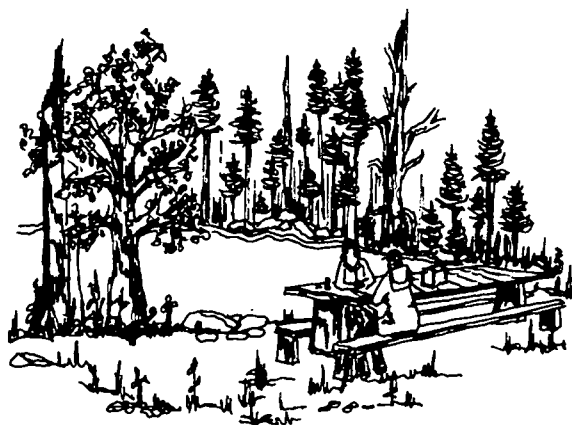


File Copy



COMMERCIAL CAMPGROUNDS on the OREGON COAST: characteristics and financial status

Stephen Reiling
Herbert Stoevener



OREGON STATE UNIVERSITY
SEA GRANT COLLEGE PROGRAM
Publication no. ORESU-T-77-002

AGRICULTURAL EXPERIMENT
STATION
Circular of Information 659

MARCH 1977



**COMMERCIAL
CAMPGROUNDS**
on the
OREGON COAST:
characteristics
and financial status

**Stephen Reiling
Herbert Stoevener**

**OREGON STATE UNIVERSITY
SEA GRANT COLLEGE PROGRAM**
Publication no. ORESU-T-77-002



**AGRICULTURAL EXPERIMENT
STATION**
Circular of Information 659

MARCH 1977

authors

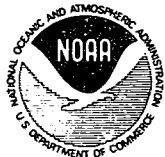
STEPHEN D. REILING is an assistant Professor of Agricultural Economics and Agri-business at Louisiana State University. He received his Ph.D. from Oregon State University in Agricultural and Resource Economics.

HERBERT STOEVENER is a Professor of Agricultural and Resource Economics at Oregon State University. He received his Ph.D. in Agricultural Economics from the University of Illinois.

acknowledgment

The authors are indebted to the campground owners and operators who provided the data for this study. Gene Magee, Executive Director of The Oregon Coast Association was very helpful. M. H. Becker, G.E. Blanch, and R.C. Youmans of the Department of Agricultural and Resource Economics at Oregon State University made many helpful suggestions in reviewing a draft of this report. Of course, none of these individuals share responsibility for any remaining inadequacies in this report.

This work was supported financially by the Oregon Agricultural Experiment Station and by the Oregon State University Sea Grant College Program, supported by NOAA Office of Sea Grant, Department of Commerce, under Grant No. 04-6-158-44004. The U.S. Government is authorized to produce and distribute reprints of this report for governmental purposes.



The Oregon State University Sea Grant College Program is supported cooperatively by the National Oceanic and Atmospheric Administration, U.S. Department of Commerce, by the State of Oregon, and by participating local governments and private industry.

The OSU Sea Grant College Program attempts to foster discussion of important marine issues by publishing reports, sometimes dealing with controversial material. A balanced presentation is always attempted. When specific views are presented, they are those of the authors, not of the Sea Grant College Program, which does not take stands on issues.

ordering publications

Copies of this and other Sea Grant publications are available from:

Sea Grant Communications
Oregon State University
Corvallis, OR 97331

Please include author, title and publication number. Some publications carry a charge to help defray printing expenses. The charge, if any, appears after the publication number. Please make checks payable to Oregon State University.

contents

Summary and implications	5
Introduction	6
Procedures	7
Characteristics of the industry	7
Commercial campground fee structure	9
Cost and revenue data	10
Market value and depreciation	11
Financial status of campgrounds	12

SUMMARY AND IMPLICATIONS

Some of the more significant findings relating to the Oregon coastal private campground industry are summarized below:

1. The industry is larger than was anticipated. About 4,800 campsites are provided by 92 commercial campgrounds. Private campgrounds provide more than half the total campsites along the Oregon Coast.
2. About 45 percent of the campgrounds have been in operation for more than 10 years, indicating substantial maturity in the industry.
3. Campgrounds are not the primary source of family income for most campground owners.
4. Almost half the campground/recreational vehicle (CG/RV) parks are operated in conjunction with other businesses such as motels, cabins, marinas, resorts and trailer parks.
5. Private campgrounds offer the camper a different environment than that offered at public campgrounds. Natural features are de-emphasized and the density of campsites per acre is about twice as great as in publicly provided campgrounds.
6. The fee structure in the private sector is about the same as the fee schedule used at state-operated campgrounds.
7. The monetary rate of return earned by the owners' resources is low, indicating that future growth in the industry may be difficult to achieve.

The economic study of camping facilities on the Oregon Coast indicates that policies used in the public sector have a direct impact on the private campground industry. For example, the fee schedule used at state campgrounds is an important determinant of the private campground fee structure. The study also explains some of the other charac-

teristics of the industry. Given the low rate of return to resources employed in the private campground sector, that sector cannot provide facilities comparable to those provided by the public sector and continue to charge comparable fees. Hence, the observed differences between public and private campgrounds can be partially explained by economic factors. It is less expensive to construct and operate the type of facilities provided by the private campgrounds.

On the other hand, public policies are not the only source of problems facing the private sector. Other factors affect the economic well-being of the private campground industry. An example is the length of the camping season along the Oregon Coast. While most private campgrounds are open all year, most camping business occurs between June and September, with July and August being the busiest period. The seasonality of camping partially explains why campgrounds are often operated in conjunction with other businesses as well as why the revenue generated by the camping facilities is small.

The attitudes and preferences of campers can also affect private campground operations. The abundance of publicly controlled land in the west and the traditionally low user fee associated with the use of public outdoor recreational facilities have nourished the notion that outdoor recreation and use of associated facilities are a "free" good. Especially in Oregon, campers may have become accustomed to the high capital intensity and structural quality of state campgrounds. Other things being equal, some people may prefer the higher cost type of camping experience provided by these public facilities. But another important segment of the camping public may prefer the special mix of services which can only be provided at private campgrounds. This suggests that the public and private sectors should work together and coordinate their activities to meet the needs of the camping public so that the recreation and tourism industry of Oregon can continue to grow and make its contribution to the economy of the coastal area and to the state in general.

INTRODUCTION

Camping is a popular recreational activity on the Oregon Coast. In fact, camping facilities are the most popular form of overnight lodging used by non-resident coastal visitors during the summer. Three factors contribute to the popularity of the

Oregon Coast for camping activities. First, U.S. Highway 101 is a popular tourist route and travelers utilize the coastal overnight accommodations of campgrounds while traveling. Other people utilize the camping facilities to avail themselves of the many coastal activities, such as ocean fishing, clamming, crabbing and beachcombing. Finally, some campers who wish to relax and enjoy the camping experience itself also patronize coastal campgrounds.

The public sector (federal, state and local levels of government) traditionally has been the major supplier of overnight camping facilities or campgrounds in Oregon. For example, the U.S. Forest Service and the Oregon State Parks and Recreation Branch operate a total of 33 campgrounds and about 3,825 campsites on the Oregon Coast. However, the private sector, or the commercial¹ campground and recreational vehicle park industry, also plays an important role in the provision of overnight facilities. In fact, the private sector now provides more coastal campsites than the public.

The expanding role of the commercial campground industry is helpful in that it relieves the pressure on public agencies for constructing additional facilities to keep pace with the demand for campsites. But questions concerning the relationship between the two sectors are important as the coastal area looks to the future. For example, are the facilities provided by the two sectors competitive or complementary? Does the public sector pricing policy, which traditionally has resulted in a relatively low user fee, hamper campground development in the private sector? Can the private sector provide comparable facilities at comparable prices? If not, how has the private campground/recreational vehicle park (CG/RV) industry adjusted to the situation? An economic study of public and commercial campgrounds on the Oregon Coast was conducted to obtain information needed to answer questions of this nature. This publication reports the findings about the private

¹"Commercial" and "private" are used interchangeably in this publication to refer to campgrounds provided by the private sector. The authors prefer the term "commercial" because it more clearly signifies that the facilities are operated to make a profit and that they are for public use. "Private" campgrounds operated by clubs and organizations for the exclusive use of their members are not included in the study.

sector.² Specifically, the objectives are:

1. To report general characteristics of the private campground industry on the Oregon Coast;
2. To present basic cost and revenue data for selected private campgrounds as an indication of the economic condition of firms in the industry.

The general information relating to the size and economic condition of the private campground industry and to the type of facilities provided should enhance the planning and coordination of the provision of campgrounds for the coastal recreation market. In addition, the data presented should be useful to individuals considering buying or developing a campground. Prospective operators can use the information to gauge the economic circumstances which they are likely to encounter.

Those already in the industry face another problem. Like owners of many other small businesses, campground operators often lack an adequate record keeping system. The organization of the data in this report may suggest ways for operators to organize their financial records. They also can compare their records with the costs and returns reported here to obtain an indication of their financial status relative to the firms included in this study.

PROCEDURES

For the purposes of this study, a "campground" is defined as an operation conducted to provide facilities and space for people using recreational equipment for temporary overnight shelter. Recreational vehicle parks as well as the standard type of campgrounds provided by the public sector were included in the study. Mobile home parks were excluded unless they contained a section specifically designed for overnight camping use. In addition, campgrounds with fewer than 10 campsites were excluded. A total of 92 commercial campgrounds along the Oregon Coast were identified and operators of 41 randomly selected CG/RV parks were personally interviewed to obtain the desired data. Information obtained from the operators is presented below to describe the industry.

² A forthcoming report presents cost and revenue data for the public sector and discusses interrelationships between the public and private sectors.

CHARACTERISTICS OF THE INDUSTRY

Size, Maturity and Ownership Patterns

The industry is quite large in terms of the number of firms in the industry. A total of 92 private CG/RV parks were in operation in 1974. These firms were located along the full length of the Oregon coastline. On the average, the sampled private campgrounds contained 53 campsites. Campground size varied considerably - from eight³ to 200 campsites. Almost 50 percent of the campgrounds had fewer than 40 campsites, six had at least 100 sites. There were 2,177 campsites in the 41 sampled campgrounds. This suggests that the 92 private campgrounds contained more than 4,800 sites, or about 1,000 more than the U.S. Forest Service and the Oregon State Parks and Recreation Branch provide in the coastal zone. This illustrates the importance of the private industry in providing overnight facilities for campers.

Nineteen of the 41 CG/RV parks were operated in conjunction with other types of business enterprises. Grocery stores, cabins, motels, marinas and mobile home parks were the most common types of businesses operated in conjunction with the campgrounds. These businesses were often complementary to the operation of a campground in that one economically enhances the other. Both types of businesses often were oriented toward the tourist and recreation trade and one enterprise may attract customers for the other.

Most of the commercial CG/RV parks were family enterprises. Thirty-four of the 41 firms interviewed were sole proprietorship businesses; four others were partnerships and three were corporations. Thirty-four of the firms were operated by the owner's family and seven were operated by hired managers. However, only 14 (34 percent) of the campgrounds provided 50 percent or more of the gross income of the owner. Very few of the owners relied on the campground for their only source of income.

The commercial campground industry on the Oregon Coast is not a recent phenomenon. Fifteen of the sampled firms had been in operation for more than 15 years; almost 45 percent of the sampled firms had been in operation for more than 10 years. Another 46 percent of the campgrounds were opened between 1966 and 1971, indicating that this

³ Although an attempt was made to exclude campgrounds with fewer than 10 campsites, one campground with eight sites was in the sample.

was a period of major growth in the industry. On the other hand, 17 of the current owners/managers had operated their respective parks for a period of three years or less and 29 had operated their parks for less than six years. Thus, while about half of the sampled campgrounds have been in operation for more than 10 years, 70 per cent of the current owners or managers had operated their respective parks for less than six years. This suggests there is a high rate of ownership or management turnover in the industry.

Physical Characteristics and Services

Almost 50 per cent of the campsites provided by the private sector had full hookups for sewer, water and electricity. In contrast, less than 10 per cent of the sites were specifically designed to accommodate tents, although another 20 per cent of the sites could accommodate either tent campers or recreational vehicle campers. In general, the private campgrounds are designed to meet the needs of recreational vehicle campers.

The density of campsites in private campgrounds is greater than the density of sites in publicly provided facilities. The average number of campsites per acre for the commercial campgrounds was 9.3, almost twice the density of five campsites per acre for the public sector facilities. One commercial campground had an average of 35 sites per acre and nine had at least 15 sites per acre. On the other hand, four campgrounds had an average of fewer than five sites per acre.

In general, these figures indicate that the majority of the private campgrounds are quite different from the public sector campgrounds. While the latter utilize natural vegetation to separate campsites and to provide privacy, the vegetation has been removed in many of the CG/RV parks to achieve greater intensity of use and privacy must be provided by the camping equipment. Only a few of the CG/RV parks attempt to provide a natural environment for campers.

Commercial campgrounds contain a variety of services and facilities for the campground user. These are summarized in Table 1. All except two of the CG/RV parks had flush toilets and hot shower facilities and at least half the campgrounds also provided laundry facilities, propane or gasoline sales, and access to the beach, a lake or stream. Other common facilities include sanitary dump stations, playgrounds, boating facilities, boat rentals and campstores.

Attractions

In the opinion of campground operators, coastal activities such as fishing, crabbing and beach activities were the major activities that attract campers to the coast. However, private operators believed that cleanliness, friendliness and quietness were the most important characteristics that attracted campers to a specific campground.

Occupancy Rates

One of the most important factors that determine the economic success of a campground is the occupancy rate or level of use. Unfortunately, operators had difficulty in determining the occupancy rate for different days and months of the year because most of them did not maintain this type of records. In many cases, the occupancy rate estimates were not consistent with other information related to the level of use of the campgrounds. Nevertheless, some general conclusions can be drawn from the survey information.⁴

Occupancy rate data were obtained from 35 campgrounds. These data clearly indicate that the 1974 peak season for the coastal campgrounds extended from June through September. A few campgrounds had relatively high occupancy rates during April, May and October also. Two-thirds of the firms achieved 100 per cent occupancy rates on summer holiday weekends and about 50 per cent of them were full on other weekends in July and August. Occupancy rates for weekdays in July and August were slightly lower. However, they were generally higher than the occupancy rates reported for weekends in April, May and October.

The coastal campgrounds conducted very little business from November through March. Twenty-five of the firms had weekend occupancy rates of less than 25 per cent during the period and weekday use levels were even lower. Only four campgrounds reported occupancy rates of more than 50 per cent on weekends during these off-season months. Two facilities achieved that level of use during the week.

The use data illustrate one of the major problems of the coastal campground industry. The short camping season limits the revenue-producing potential of the industry because a large part of the existing capacity is not

⁴Occupancy rates during 1974 were lower than normal because of gasoline shortages.

Facility or Service Provided	CG/RV Parks Providing the Service or Facility	
	Number	Per cent
Hiking Trails	8	19.5
Horseback Riding	3	7.3
Swimming Pool	1	2.4
Laundry Facilities	25	61.0
Lake, Stream or Beach Access	24	58.5
Playground	16	39.0
Central Sanitary Dump Station	20	48.8
Hot Shower Facilities	39	95.1
Flush Toilets	39	95.1
Boating Facilities (docks, launching facilities)	15	36.6
Recreation Hall	8	19.5
Boat Rentals	9	22.0
Camp Store	15	36.6
Propane or Gasoline Sales	21	51.2

Table 1. Services and Facilities Provided by the 41 Private Campground/Recreational Vehicle Parks Interviewed

used during winter months. It is also difficult for operators to justify expansion of the campgrounds to accommodate more summer campers because the facilities would not produce revenue during other seasons of the year.

COMMERCIAL CAMPGROUND FEE STRUCTURE

The fee structure at the commercial CG/RV parks is similar to that used at state facilities.⁵ The daily fee for a tent site ranged from \$2 to \$3.50; the most common fee charged was \$3, comparable to the

⁵During the summer of 1974 the fee schedule at state campgrounds was one dollar per night for primitive sites, \$2 per night for unimproved sites, \$3 for improved sites (which include water and electricity at the site and access to hot shower facilities) and \$4 for trailer sites (which include sewer disposal hookups at the site) in addition to the other services mentioned above. The fee for all types of sites was increased by \$1 prior to the 1976 camping season. The daily user fee at U.S. Forest Service facilities was \$2. However, hot water and shower facilities are not provided.

fee charged for state campsites with similar services. The fee schedule for trailer sites with full hookups ranged from \$3 to \$6, with most campgrounds charging \$4 per day. Those sites that were priced at \$6 provided the special advantage of being adjacent to the beach. Nine campgrounds rented trailer sites for less than \$4 a day while only two rented sites for more than \$4.

The similarity between the fee schedules used by the two sectors is the result of pricing methods used by the private sector. For example, 15 operators indicated that they determined their fees strictly on the basis of the fees charged at state campgrounds. Twelve others said that the public sector fee structure was one of three factors considered in setting fees. Other factors considered were the fees charges at other private facilities and the cost of providing services. Higher costs for electricity, paper towels and other items have forced some operators to raise their rates or to consider raising them.

There is little doubt that most operators set their fees only after considering the fee structure used at public campgrounds.

One would expect that comparable fees are necessary for the private sector to be competitive. However, in further questioning, 23 of the operators indicated that a 25 per cent unilateral increase in the fees in their respective parks would not result in a decrease in the volume of their business. This indicates that the majority of operators believes that charging a fee higher than that charged in the public sector would not affect their business. The contradiction between this response and the heavy reliance of the public fee schedule to determine private fee schedules may have been caused by the way in which the questions were worded.

COST AND REVENUE DATA

Because of the high cost associated with collecting detailed data, cost and revenue information could not be obtained for all 41 campgrounds. Instead, 15 owner/operators

the second survey are shown in Table 2. In general, the smaller campgrounds were more diversified in that they provided a wider variety of facilities and services.

Cost and revenue data are presented below for firms in each size category. The reader should be careful in interpreting the data because of the small number of firms interviewed in each size category. The cost and revenue figures presented do not necessarily represent a "typical" campground in each size category. Since costs and revenues varied tremendously among campgrounds within and across size categories, the averages reported below may not accurately reflect the cost and revenue structure of any one campground. It is especially important not to attach great significance to differences in individual numbers reported for the three size categories of campgrounds. The main reason for reporting the numbers by size category is to illustrate how various

	Size Group		
	Small	Medium	Large
Number of firms in first survey	19	15	7
Number of firms in the cost and revenue survey	6	5	4
Average number of campsites per campground for firms in the cost and revenue survey	25.7	48.8	109.2
Number of firms in cost and revenue survey that provided:			
(a) Marina	2	1	0
(b) Laundry	2	1	2
(c) Propane/gasoline sales	5	4	2
(d) Firewood	1	0	2
(e) Campstore	2	1	1

Table 2. Characteristics of 15 Sampled Campgrounds Where Cost Data were Collected

were interviewed a second time to obtain this information. Campgrounds in three size categories were surveyed. Six small (less than 40 sites) campgrounds, five medium (40 to 80 sites) campgrounds and four large (more than 80 sites) were surveyed in the second sample. Some characteristics of the campgrounds included in

components of revenues and costs affect the financial outcome of campground operation. The figures in the following tables are presented only to provide a general indication of the magnitude of the costs and revenues associated with the operation of a private campground.

Revenue Data

Table 3 indicates that over the 15 campgrounds total revenue per campground averaged \$18,889. As one might expect, average total revenue per campground was greatest for the largest size group and lowest for the smallest campgrounds. Average total revenue for the medium size group was only slightly larger than for the small group in spite of the fact that the medium group had almost twice as many campsites per campground as the average in the small group. Because of the relatively small number of campgrounds studied we must caution again not to attach undue significance to the differences among group averages.

Table 3 also indicates that generally revenue from site rental fees is by far the most important source of campground income. There are, however, some individual differences, and for certain campgrounds revenues generated by stores or marinas are very important. To some extent these differences are reflected in the group averages; the medium size group had a somewhat lower dependence on site rental fees (77.58 per cent) as a source of revenue than did the other two size categories.

Cost Data

The cost data obtained in the second survey are summarized for each size category in Table 4. The data illustrate the variability among groups of campgrounds of the costs associated with different items. For example, the cost of hired labor ranged from an average of \$40 per campground for the medium group to more than \$6,000 per campground for the large category. Only one of the medium CG/RV parks utilized hired labor whereas three of the four large campgrounds used hired labor to operate the facilities. Hence, much of the variation in cash outlays between size groups is dependent upon whether hired or family labor was used to operate the campgrounds.

The reader is also reminded that large variations within size groups also exist. For example, the small campgrounds spent an average \$1,186 for labor. However, four of the campgrounds did not hire any labor. Most of the labor costs were incurred by one campground which was operated by a hired manager. Therefore, the average values reported in the tables should not be considered "typical" of the costs incurred by all campgrounds in the size group.

Utility costs also varied greatly among campgrounds. The costs of electricity, telephone, natural gas, propane, water, sewer, garbage and television cable are included in this category. While intensity of use of the campground influences utility costs, the most important factor is whether the campgrounds provided their own water, sewer and garbage collection services or relied on municipal sources of supply. Utility costs ranged from about \$200 to more than \$5,800 for the 15 campgrounds.

Total average operating costs per campground ranged from about \$5,400 for the medium group to more than \$19,000 for the large campgrounds. On a per campsite basis, the campgrounds in the small category had the highest costs and the medium campgrounds had the lowest costs. The 15 campgrounds had an average total operating cost per campsite of about \$158.

Total operating costs account for the variable costs associated with the operation of the campgrounds. However, there are also fixed costs that must be paid regardless of the campgrounds' level of operation. Therefore, property taxes and mortgage interest payments are also shown in Table 4. Property taxes averaged about \$1,600 per campground in 1974, or about \$29 per campsite. Mortgage interest payments averaged \$2,640 per campground. Some campgrounds were not mortgaged and did not pay any interest.⁶

Total cash costs, which is the sum of cash operating and fixed cash costs, are also shown in Table 4. As one would expect, the large campground group had the highest total cash costs per campground. However, the medium group had the lowest total cash costs, primarily because the campgrounds in the group used very little hired labor. On a per campsite basis, the small campgrounds had the highest total cash costs.

MARKET VALUE AND DEPRECIATION

Campground owners were also asked to estimate the 1974 market value of the campground and depreciation for their respective campgrounds. This information is reported in Table 5. Note that the small campgrounds had a higher average market value (\$88,881) than the medium campgrounds (\$76,500). This

⁶ Mortgages were the only types of loans on which the sampled campgrounds made interest payments.

Item	Size Group							
	Small (n=6)		Medium (n=5)		Large (n=4)		All (n=15)	
	Revenue	Per cent of total revenue ^a	Revenue	Per cent of total revenue ^a	Revenue	Per cent of total revenue ^a	Revenue	Per cent of total revenue ^a
Site rental fees	\$ 9,491	82.75	\$ 9,744	77.58	\$33,450	88.20	\$15,965	84.52
Marina	292	2.55	920	7.32	---	---	424	2.24
Laundry	327	2.85	100	0.80	1,601	4.22	591	3.13
Firewood	50	0.44	---	---	269	0.71	92	0.49
Propane/gasoline sales	759	6.62	508	4.04	255	0.67	541	2.86
Campstore	550	4.79	1,288	10.25	1,880	4.96	1,151	6.09
Other	---	---	---	---	470	1.24	125	0.66
Total revenue	\$11,470	100%	\$12,560	100%	\$37,925	100%	\$18,889	100%
Number of campsites	25.7		48.8		109.2		55.7	
Total revenue per campsite	\$446		\$257		\$347		\$339	

^aMay not sum to 100 because of rounding error.

Table 3. Revenue per Campground and per Campsite, by Size Category and Source, for 15 Selected Private Campgrounds on the Oregon Coast, 1974

Item	Cash Costs by Size Group							
	Small (n=6)		Medium (n=5)		Large (n=4)		All (n=15)	
	per Campground	per Campsite ^a	per Campground	per Campsite ^a	per Campground	per Campsite ^a	per Campground	per Campsite ^a
Paid labor ^b	\$1,186	\$ 46.22	\$ 40	\$ 0.82	\$ 6,027	\$ 55.17	\$ 2,095	\$ 37.64
Utilities	1,936	75.42	1,897	38.87	4,990	45.67	2,737	49.17
Vehicle	319	12.44	302	6.19	1,173	10.73	541	9.72
Insurance	508	19.78	386	7.90	925	8.47	578	10.39
Rental items	8	0.32	500	10.25	400	3.66	277	4.97
Store goods	394	15.34	368 ^c	7.53	1,778	16.27	754	13.55
Firewood	76	2.94	15	0.31	116	1.06	66	1.19
Office supplies	65	2.55	88	1.80	288	2.63	132	2.37
Cleaning and other supplies	115	4.48	346	7.08	550	5.03	308	5.53
Gravel	145	5.65	66	1.35	619	5.66	245	4.40
Advertising	278	10.85	381	7.81	750	6.86	438	7.88
Other costs	366	14.25	61	1.24	1,391	12.73	537	9.66
Licenses and permits	62	2.40	81	1.67	263	2.41	122	2.19
Total operating costs	\$5,458	\$212.62	\$4,531	\$ 92.82	\$19,270	\$176.36	\$ 8,830	\$158.64
Property taxes	\$1,127	\$ 43.92	\$1,072	\$ 21.96	\$ 2,953	\$ 27.03	\$ 1,596	\$ 28.67
Mortgage interest paid	\$1,006	\$ 39.19	\$1,250	\$ 25.61	\$ 6,829	\$ 62.51	\$ 2,640	\$ 47.43
Total fixed cash costs	\$2,133	\$ 83.10	\$2,322	\$ 47.59	\$ 9,782	\$ 89.54	\$ 4,236	\$ 76.09
Total cash costs	\$7,591	\$295.73	\$6,853	\$140.41	\$29,052	\$265.91	\$13,066	\$234.74

^aColumn may not sum to totals due to rounding error.

^bFamily labor costs are not included.

^cThe costs of store goods for one campground are listed in the "utilities" row.

Table 4. Cash Costs per Campground and per Campsite, by Size Group, for 15 Private Campgrounds on the Oregon Coast, 1974

Item	Small (n=6)		Medium (n=5)		Large (n=4)		All (n=15)	
	per Campground	per Campsite	per Campground	per Campsite	per Campground	per Campsite	per Campground	per Campsite
Market Value of:								
A) Land	\$46,988	\$1,831	\$31,175	\$ 639	\$ 59,250	\$ 542	\$ 44,987	\$ 808
B) Improvements	30,995	1,208	38,175	782	162,000	1,483	68,323	1,227
C) Equipment	10,898	425	7,150	147	5,000	46	8,076	145
TOTAL	\$88,881	\$3,463	\$76,500	\$1,568	\$226,250	\$2,071	\$121,386	\$2,180
Interest on capital Invested ^a	\$ 7,110	\$ 277	\$ 6,120	\$ 125	\$ 18,100	\$ 166	\$ 9,711	\$ 174
Depreciation	\$ 1,774	\$ 69	\$ 2,358	\$ 48	\$ 6,822	\$ 62	\$ 3,315	\$ 60
TOTAL CAPITAL COSTS	\$ 8,884	\$ 346	\$ 8,478	\$ 173	\$ 24,922	\$ 228	\$ 12,679	\$ 227

^aAn interest rate of 8 per cent was used in these calculations.

Table 5. Capital Investments and Capital Costs per Campground and per Campsite, by Size Group, for 15 Selected Private Campgrounds on the Oregon Coast, 1974

is because of the higher market value of the land in the small campgrounds. Because of their location relative to population centers and bodies of water, land values were significantly higher in this group than those reported for the other campgrounds. Total market value per campsite ranged from \$1,568 for the medium size group to \$3,463 for the small size group. The average for all 15 campgrounds was \$2,180 per campsite.

The market value of the campgrounds is an estimate by the campground owner or operator of the price the campground owner would receive if he sold the facility. If he chose to sell the campground he could collect interest on the money he received. Therefore, by choosing to retain the campground, the owner is implying that the interest on his capital is a cost that will be paid by revenues generated by the campground operation. This interest cost is shown in Table 5. It was calculated by using an interest rate of 8 per cent. Interest on invested capital for the 15 campgrounds averaged \$174 per campsite or about \$9,700 per campground.

Depreciation represents the decrease in the value of capital items during the year. It is a fixed cost, similar to property taxes and interest on mortgages. However, it is not a cash cost. The owner does not have to cover depreciation out of his earnings each year if he chooses to let the value of capital improvements decline. Therefore, depreciation is listed in Table 5 and was not included with the other fixed costs of property taxes and interest on mortgages presented earlier in Table 4.

Estimates of depreciation for 1974 were provided by 6 of the 15 campground owners. Depreciation averaged 4.34 per cent of the 1974 value of capital improvements and equipment in those campgrounds. This figure was used to estimate depreciation for those campgrounds. This figure was used to estimate depreciation for those campgrounds for which estimates of depreciation could not be obtained in the survey. For the 15 campgrounds depreciation averaged \$60 per campsite.

FINANCIAL STATUS OF CAMPGROUNDS

A summary of the cash flows for the campgrounds in each size group is shown in Table 6. Since it was constructed from the cost and revenue data discussed above, the figures are subject to the same limitations discussed earlier.

The net cash revenue figures in Table 6 represent the difference between total revenue and total cash costs. That is, operating costs and fixed cash costs have been deducted from total revenue. Therefore, net cash revenue, less the principal paid on mortgages, is the maximum amount of revenue that the owner can extract from the campground operation for family use. This revenue ranged from an average of \$3,879 to \$8,873 for the small and large campground size groups, respectively. However, on a per campsite basis, the small campground group had the highest net cash revenue.

On an individual campground basis, 14 of the 15 CG/RV parks had a positive net cash revenue in 1974. The other firm had a deficit of \$40. However, two other firms had a net cash revenue figure of less than \$1,000. This indicates that some campgrounds were only able to generate enough income to cover fixed and variable cash costs in 1974. Little revenue remained to pay for depreciation or to compensate the family for its labor, management and capital investment.

This low rate of return is illustrated in another manner. The returns to total capital and the operators' and family labor and management are shown in Table 6. These returns represent the difference between total revenue and the sum of operating costs, property taxes and depreciation. Therefore, the figures represent the total return that the owner and family received for their labor and management and all invested capital. These returns are very low, given the amount of capital invested and the amount of family labor devoted to the operation of campgrounds. The large campground group had the highest total return of \$8,880, but on a per campsite basis these returns were lowest for this group (\$81).

The low returns are illustrated even better by deducting interest on the capital investment. Following our earlier assumption, the capital invested in the campgrounds could be invested in other activities and earn a rate of return of eight per cent. Therefore, an interest rate or opportunity cost of eight per cent on the invested capital should be deducted from the total returns. When this is done, the returns to labor and management are negative. The negative returns ranged from \$1,521 for campgrounds in the medium group to \$9,240 for the large campgrounds. Furthermore, the returns to family and operators' labor and management would be negative for the average of all 15 campgrounds for any rate of return on in-

Item	Costs and Revenues by Size Group							
	Small (n=6)		Medium (n=5)		Large (n=4)		All (n=15)	
	per Campground	per Campsite	per Campground	per Campsite	per Campground	per Campsite	per Campground	per Campsite
Total revenue	\$11,470	\$447	\$12,560	\$257	\$37,925	\$345	\$18,889	\$339
Operating costs	5,458	213	4,531	93	19,270	176	8,830	159
Fixed Cash costs	2,133	83	2,322	48	9,782	90	4,236	76
Total cash costs	7,591	296	6,853	140	29,052	266	13,066	235
Net cash revenue	3,879	151	5,707	117	8,873	79	5,823	104
Depreciation	1,774	69	2,358	48	6,822	62	3,315	60
Returns to total capital, operators' and family labor and management ^a	3,111	121	4,599	94	8,880	81	5,148	92
Interest on total capital invested ^b	7,110	277	6,120	125	18,120	166	9,711	174
Returns to operators' and family labor and management	-3,999	-156	-1,521	-31	-9,240	-85	-4,563	-82

^a Mortgage interest paid by each group has been added to net cash revenue less depreciation.

^b Computed using an interest rate of 8 per cent times owners' or operators' estimates of value.

Table 6. Revenues and Costs per Campground and per Campsite, by Size Group, for 15 Selected Campgrounds on the Oregon Coast, 1974

vested capital of more than 4.2 per cent. This clearly illustrates the low economic rate of return which the average of these 15 campground owners and their families were able to obtain for their capital and labor. It should be remembered that these returns may have been lower in 1974 than normal because of the lower than normal occupancy rate during that year.

Of course, campground owners and their families may receive significant non-monetary returns from the campground because it provides an opportunity for them to engage in a certain life style. Operators indicated they enjoyed operating a campground, meeting campers and making new friendships. In addition, it should be recalled that campground revenue was not the major source of family income. Therefore, the campgrounds can, in many cases, be viewed as a source of supplemental income that uses underemployed family labor and other assets. Maximizing family monetary income probably is not the primary objective of most campground operators and the non-monetary rewards may be as important as monetary returns.

However, the low monetary returns are an important factor affecting expected growth of the industry. Campgrounds must be economically viable to attract new sources of capital and manpower. Unless there is a reasonable probability that campgrounds will be financially successful, commercial banks and other lenders will not be willing to provide capital. Private campgrounds are considered a risky venture by many lending institutions and this attitude will undoubtedly prevail until the economic condition of the private campground industry improves.