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MINNESOTA
PRIVATE
CAMPGROUNDS
1985 ASSESSMENT

A Study
Conducted By

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Margery
MacLachlan
and
Tammy Johnson

Edited By
Jane Seybolt

Tourism Management and Development Center
School of Business and Economics
Duluth, MN 55812

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Thomas J. Wood

Director

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MINNESOTA PRIVATE CAMPGROUNDS

INTRODUCTION

The Tourism Management and Development Center has operated Indian Point Campground for the City of Duluth for the past four years. Students, under the direction of Center staff, operate and manage the campground as a private business. During each year the student grounds manager and the student business manager compile data from the visitors to determine visitor characteristics, activities while in Duluth, expenditures, and opinions concerning campground management. An assessment of the year, both financial and managerial, is made in the fall following the summer's operation. Other student interns work on visitor analysis as well and reports are furnished to the campground industry periodically.

With this background, the Tourism Center discussed with the Minnesota Association of Campground Owners (MACO) the need to examine the status of the private campground industry in Minnesota. Utilizing a similar survey conducted in Wisconsin in 1985, (see Appendix B), the Center and MACO agreed on the types of information that were necessary to describe the Minnesota campground industry in terms of ownership, size, amenities, and financial conditions.

STUDY APPROACH

The Minnesota Campground survey was patterned after the Wisconsin survey conducted by the Wisconsin Recreation Resources Center, University of Wisconsin, Madison, 1985. After considerable deliberation, the Wisconsin questionnaire was modified substantially to meet Minnesota's needs.

A mailing list of Minnesota campgrounds was developed by the Tourism Center's information specialist with help from student interns. The mailing list included MACO membership, the campgrounds listed in the Office of Tourism Campground Directory, listings in area and regional tourism promotional organizations and area telephone books. Excluded were state park and state forest campgrounds, U.S. Forest Service, U.S. Army Corps of Engineers and the National Park Service Campgrounds. Some municipal and county owned campgrounds were included in the survey.

On November 20, 1986, the survey questionnaire was mailed to 378 campgrounds. Three weeks later, a postcard was sent to encourage a greater response. The total number of responses received was 101, or a return rate of 27 percent. This low response rate is indicative of the difficulty of developing reliable data on the private campground.

Moreover, of the 101 useful questionnaires received, 37 were campgrounds in public ownership reducing the usable private campground responses to 64.

Analysis of the usable questionnaires was accomplished using the Statistical Package for the Social Sciences for the statistical handling of the data. The statistical method was appropriate for general campground descriptive information. However, many campground owners did not complete the financial data in depth.

Financial data treatment included analyzing the relative size of the reporting campgrounds. Composite averages were developed for total revenues and expenditures based on size. Due to variations in reporting and in sources of

revenue, only averages by campground size and item were compiled reflecting all sources.

Care has to be taken in the interpretation of specific line items of revenue sources and expenditures as they reflect all aspects. Only a campground that had all sources and all forms of expenditures can truly be comparative in line item analysis. Individual composites by line item may approximate different operations.

The following data analysis represents only the responses from the private campground owners. Because there were a significant number of public (municipal and county) campground responses received, a separate report on public campgrounds has been compiled to avoid confusion.

1985 ASSESSMENT

OWNERSHIP AND MANAGEMENT

Ownership. Almost all persons completing the survey questionnaire were owners of the campground and of these owners, 7.8 percent employed a manager. A total of only 14 percent of the campgrounds was managed by someone other than the owner. Data showed that the private campground industry in Minnesota is primarily owned by a family and operated as a small business.

Form of Ownership. The most common form of ownership among private campgrounds was sole proprietorship (68.8 percent) and the least common type of ownership was a limited partnership (1.5 percent). (see Table 1.)

Table 1. Form of Ownership

<u>Form</u>	<u>Percent</u>	<u>Number of Cases</u>
Subchapter S	7.8	5
Corporation	7.8	5
Limited Partnership	1.5	1
Partnership	14.1	9
Sole Proprietorship	<u>68.8</u>	<u>44</u>
	100.0	64

Campground Employees. The average number of people employed by private campgrounds in Minnesota amounted to 2.5 full-time and 2.67 part-time during the regular season. The typical campground operation is one male and one female employee during the regular season, with very few of the campgrounds keeping any employees in the off season. (see Table 2.) These employees are predominately the campground owners and their families.

Table 2. Campground Employment

<u>Sex</u>	<u>Part-Time On-Season</u>	<u>Full-Time On-Season</u>	<u>Part-Time Off-Season</u>	<u>Full-Time Off-Season</u>
Female	1.19	1.00	.07	.08
Male	<u>1.48</u>	<u>1.50</u>	<u>.25</u>	<u>.20</u>
Total	2.67	2.50	.32	.28

Organizational Memberships. The majority of the respondents, over 50 percent, belonged to their local Chamber of Commerce. MACO was the next most common organization with 44 percent of the respondents indicating membership. (see Table 3.)

Table 3. Organizational Memberships

<u>Organization</u>	<u>Percent</u>
MACO	43.8
Franchise	9.4
Chamber of Commerce	51.6
Affiliations	4.7
Regional Tourism Association	29.7
Other	<u>17.2</u>
Total*	156.4

*total exceeds 100 percent due to multiple memberships.

FACILITY DESCRIPTION

Classification. The majority of survey respondents, 71.9 percent, classified their facility as a campground only. Another 14.1 percent classified their facility as a campground and resort, and the remaining facilities were classified as campgrounds offering food service.

Geography. Approximately 50 percent of the campgrounds are located in central Minnesota. Only 10 percent of the campgrounds are located in southern Minnesota, and the remaining 40 percent are located in the northern portion of the State.

Acreage. The average total acreage of the responding campgrounds is 32.7 acres. The average number of developed acres is 13.36.

Sites. The average campground consists of 65 units. The most common type of site available at the campgrounds is a site with water and electrical hookup, and the least prevalent type of site is a tent site. (see Table 4.)

Table 4. Types of Campground Sites

<u>Type of Site</u>	<u>Ave. Number of Sites per Campground*</u>
tent	11
water and electrical	40
water, electrical and sewer	22
overflow sites	16
seasonal sites	16

*Average number of sites by type reflects only those that have that type of site.

Amenities and Conveniences. A great number of the responding campgrounds have conveniences such as showers (84.4 percent) and flush toilets (82.8 percent), and many have recreational facilities such as playgrounds (71.9 percent). (see Table 5.)

Table 5. Amenities and Conveniences

<u>Amenity</u>	<u>Percent Offering Amenity</u>
flush toilets	82.8
pit toilets	39.1
showers	84.4
store	56.3
restaurant	9.4
indoor swimming pool	3.1
outdoor swimming pool	21.9
recreation hall	37.5
playground	71.9
hiking trails	40.6
boat launch	46.9
lake access	59.4
river access	20.3
pond access	4.7
ball fields	31.3

SEASON AND OCCUPANCY RATES

Occupancy Rate. The average occupancy rate in 1984 was 35.3 percent. In 1985, while down, the average occupancy rate remained nearly consistent at 34.8 percent. This rate is calculated on the total sites available for the entire season versus actual use.

The peak period of the week for responding campgrounds in 1985 was Friday through Sunday at 64.1 percent occupancy.

Rate Structure. The basic site rental fee for one night in 1985 rose by 26 percent. The rate for seasonal rental has risen steadily for the past two years by 26 percent from 1984 to 1985 and an estimated 2 percent from 1985 to 1986. In talking to campground owners at the March, 1986 MACO conference, Dr. Wood received the impression that many more plan to raise their rates in 1986 than the survey indicated. (see Table 6.)

Table 6. Average Site Rental Fees (Basic Unit)

	<u>ave. cost 1984</u>	<u>ave. cost 1985</u>	<u>est. cost 1986</u>
one night	\$ 7.71	\$ 9.72	\$ 9.83
one week	\$ 48.81	\$ 49.17	\$ 53.67
seasonal	\$381.53	\$418.88	\$455.44

Additional Charges and Discounts. The average additional charge for water and electric hookup was \$4.48, which is the highest additional cost. The lowest additional cost was for sewer hookup (\$.88). Discounts were commonly given for large groups of people camping together, senior citizens, and advance bookings.

REVENUE AND COSTS

In the following table, total revenue, total cost, and percent of net family income are averaged according to the number of sites per campground. The campgrounds in the one to 20 site category and the 51 to 100 category appear to have been operating at a deficit for 1985. (see Table 7.)

Table 7. Average Campground Revenue and Costs by Size of Campground

<u>no. of units</u>	<u>total revenue</u>	<u>total costs</u>	<u>percent net family income*</u>
1 - 20	\$ 6624.90	\$ 88117.69	13.36
21 - 50	16182.10	13393.99	19.54
51 - 100	51327.16	56995.73	40.00
101 -	85314.42	84119.33	50.50

*Percent net family income varies with each operation in conjunction with other income sources or other business ventures. Apportionment of net income in relationship to tax accounting is difficult to achieve for many operators.

Revenue. The largest single source of revenue for the responding campgrounds is overnight site rental, accounting for 42.7 percent of the total revenue in the one to 20 site category, 29.7 percent in the 21 to 50 site category, 68.1 percent in the 51 to 100 site category, and 42.1 percent among campground with over 100 sites. The following table gives a breakdown of revenue sources, again according to campground size. (see Table 8.)

Table 8. Campground Revenue Source by Size of Campground*

<u>Revenue Source</u>	<u>1-20 units</u> (18)**	<u>21-50 units</u> (22)	<u>51-100 units</u> (11)	<u>101-units</u> (14)
overnight site rental	\$2827.78	\$4806.70	\$34970.75	\$35934.09
seasonal site rental	4457.14	3537.50	19473.05	27086.94
day-use receipts	20.00	35.00	300.00	1937.67
groceries	1000.00	973.50	10865.47	10575.57
beer off-sale	500.00	-----	-----	2390.75
wine/liquor off-sale	-----	-----	-----	-----
bar sales	3000.00	300.00	-----	2169.00
souvenirs/gifts	-----	2043.00	4725.96	4706.00
mini golf	-----	-----	-----	3166.67
marina	750.00	4608.20	11496.00	2122.33
bicycle rental	-----	-----	-----	137.00
other rental	-----	-----	-----	1023.67
game room	500.00	478.00	622.70	2578.53
wood	25.00	195.00	272.00	1172.21
ice	40.00	290.00	501.26	1077.77
restaurant	475.00	-----	-----	1704.50
laundry	155.00	105.00	210.13	677.20
sauna	150.00	-----	-----	-----
LP gas	230.00	9041.00	5160.00	1363.00

*Average revenues represent only the average of those campgrounds reporting revenue in those categories. A composite can be developed by size or category.

**Actual number of respondents in each category.

Costs. The following two tables break down campground costs according to campground size. Table 9 represents operational costs, and table 10 represents capital cost.

Table 9. Campground Operating Costs by Size of Campground

<u>Operating Costs</u>	<u>1-20 units</u>	<u>21-50 units</u>	<u>51-100 units</u>	<u>101-units</u>
payroll	\$ 200.00	\$1250.00	\$ 6672.00	\$7664.44
payroll taxes and benefits	-----	-----	1012.67	1616.75
owner's draw	1973.33	2978.50	-----	9084.52
supplies	807.50	156.68	905.05	6309.33
goods for resale	2300.00	2811.14	10793.67	15933.04
dues and subscriptions	140.00	202.67	357.05	364.10
maintenance/repairs	488.99	1108.02	2925.32	4774.09
garbage disposal	174.20	190.75	398.00	706.71
vehicle expense	352.89	466.80	1989.25	2430.36
telephone	306.00	525.33	851.44	852.59
utilities	1021.64	1214.54	5301.24	8319.14
outside services	250.00	84.00	1480.00	677.47
advertising	210.71	326.38	1349.63	4284.70
licenses and permits	103.94	59.05	292.00	569.67
interest from operation loans	700.00	925.00	1750.00	563.00

*Actual number of respondents in each category.

Except for minor differences, operating costs reflected size of campground. Some anomalies occur due to unusual reporting in certain items. In terms of labor, owner's draw reflects the small business operated as a family enterprise. Outside of labor, utility costs are a good indicator of campground activity.

Table 10. Capital Costs

<u>capital costs</u>	<u>1-20 units</u>	<u>21-50 units</u>	<u>51-100 units</u>	<u>100-units</u>
depreciation	\$2978.40	\$3519.67	\$16113.00	\$14805.00
rent	-----	-----	1200.00	250.00
real estate tax	637.32	697.11	2649.17	4094.45
debt service	5040.00	7461.67	16000.00	20459.97
insurance	403.83	614.14	3168.58	4638.32

Capital costs associated with purchase of land and fixed assets in buildings apparently consume most of the revenue generated by the operation. Building equity over time appears to be a major goal of operators, either for future resale or for retirement purposes.

CONCLUSION

Very little information exists on the status of the private campground industry in Minnesota. This report is the first of several planned examinations over the next few years. While our return rate of surveys was not extremely high, it was adequate to draw several conclusions important to understanding the campground industry in Minnesota. The study effort also gave us an opportunity to fine-tune subsequent surveys such as adjusting the time-of-year at which surveys are sent out; phrasing questions differently to obtain the desired information, and correcting obvious omissions. The following conclusions about the private campground industry in Minnesota were drawn from the data as presented and from comments received by Dr. Wood at the annual MACO conference in St. Cloud, Minnesota, on March 14, 1986 when preliminary data from the study were presented.

- The Minnesota private campground is basically a family operated small business in sole proprietorship.
- Ninety percent of Minnesota's private campground industry lies north of Minneapolis/St. Paul.
- The average campground consists of 65 sites.
- The private campground season in Minnesota opens the week before the fishing opener in May and closes after fall color season or when the frost arrives in October.
- Most private campgrounds (up to 80 percent) have lake or river access.
- Most private campgrounds (over 80 percent) have flush toilets and showers.
- Most private campgrounds are solely campgrounds (72 percent); 14 percent exist as part of a resort operation.
- Ten to 15 percent of the private campgrounds also have a restaurant as part of their total operation.
- Campground use is heavily oriented toward weekend business.

- The basic site rental fee is about \$9.75 for the site, plus \$4.50 for water and electricity or about \$14.25 for full hookup for a family of four.
- Profitability of campground operation is difficult to determine.
Campground income is not necessarily the primary source of income for campground owners. For those where campground income is their primary source of income, operators usually have to develop supplemental incomes during the off-season.
- Campground ownership and management appear to be as much a "life-style" as a means of employment for family income, in that although profit is low or nonexistent, owners may run a campground to enjoy the casual outdoor life, often near water.

1985 MINNESOTA CAMPGROUND SURVEY

I. DESCRIPTIVE INFORMATION

1. Are you the owner or manager?
 owner: if yes, do you have a manager?
 manager
2. Form of ownership
 subchapter S limited partnership
 corporation partnership
 public sole proprietor
 non-profit organization
3. Facility Description
 campground
 campground and resort
 campground and food service
 campground, resort and food service
4. Sites (number of individual campsites)
 tent only
 water and electrical hookups
 water, electric, and sewer hookups
 overflow sites
 total sites
5. Of the above sites, how many are rented on a seasonal basis?
6. Acreage
 total acres
 total developed acreage
7. Geographical location in Minnesota
 Northern
 Central
 Southern
8. Do you consider your campground:
 primarily transient
 primarily destination
9. Dates open _____
10. Which period of the week has most occupancy during peak season? _____
11. What was your 1984 occupancy rate? _____
1985? _____ (Do not include seasonal rentals)
occupancy rate = number of sites - seasonal sites x
number of days open in season : by total number of
sites rented during season
12. What attracts people to your campground? (special features, interstate highway, lake, trails, attractions in area, etc.) _____
13. Organizational memberships/relationships
 MACO
 Franchise
 Local Chamber of Commerce
 Affiliations (Coast to Coast, others)
 Regional Tourism Associations
 others (list) _____

This information is important to us in order to profile what campgrounds are doing in Minnesota.

	annual
a. <u>revenue from</u>	<u>revenue</u>
over night site rental.....	_____
seasonal site rental.....	_____
day-use receipts.....	_____
receipts from campers guests.....	_____
groceries.....	_____
beer off-sale.....	_____
wine/liquor off-sale.....	_____
bar sales.....	_____
souvenirs/gifts.....	_____
mini golf.....	_____
marina (bait, motors, boats).....	_____
bicycle rental.....	_____
other rentals.....	_____
game room.....	_____
wood.....	_____
ice.....	_____
LP gas.....	_____
restaurant.....	_____
laundry.....	_____
storage.....	_____
other (list) _____	_____
_____	_____
_____	_____
Total revenue.....	_____
b. <u>Operating costs</u>	
_____ payroll	
_____ payroll taxes and benefits	
_____ owner's draw	
_____ supplies (garbage bags, toilet paper)	
_____ goods for resale	
_____ dues and subscriptions	
_____ maintenance/repairs	
_____ garbage disposal	
_____ vehicle expense	
_____ telephone	
_____ utilities	
_____ outside services (legal/accounting)	
_____ advertising	
_____ licenses and permits	
_____ interest from operating loans (short-term)	
_____ other expenses: _____	

Total operating costs.....	_____
<u>Capital costs</u>	
_____ depreciation	
_____ rent	
_____ real estate tax	
_____ debt service (yearly payments)	
_____ insurance	
Total capital costs.....	_____
Total costs.....	_____

III. OTHER INFORMATION

10. Member of associations

- _____ ACO
- _____ Chamber of Commerce
- _____ Tourism Region Association
- _____ franchise
- _____ County
- _____ other _____

11. _____ Dates open

12. During peak season, which period of week has best occupancy?

_____ weekdays

_____ weekends

13. What attracts people to your campground? (_____ , interstate highway, lake, etc.) _____

IV. EMPLOYMENT

14. Other employment of owner(s)? (full time = 40 hours)

	<u>season</u>		<u>off season</u>	
	<u>part time</u>	<u>full time</u>	<u>part time</u>	<u>full time</u>
male	_____	_____	_____	_____
female	_____	_____	_____	_____

15. Percent of family net income derived from operation of campground? _____

16. What did owner do before purchasing this campground?

MALE _____

FEMALE _____

V. FINANCIAL INFORMATION

17. Rates for family of five; 2 adults, 1 child 12-17, 1 child 7-12, and 1 child 6 or under for a campsite with electricity, water and sewer?

<u>1984</u>	<u>1985</u>		<u>1985</u>
_____	_____	overnight	_____ charge for water and
_____	_____	week	electricity if priced
_____	_____	seasonal	separately
			_____ sewer
			_____ overnight
			_____ charge for guests of campers
			_____ charge for day users

18. Discounts for: _____

19. When was the last time that you raised your rates? _____

20. Revenue and Cost of Goods Sold?

<u>Revenue from</u>	<u>C.O.G.S.</u>	<u>% Markup</u>	<u>Comments</u>
overnight site rental.....	_____	_____	
seasonal site rental.....	_____	_____	
day guest receipts.....	_____	_____	
receipts from campers guests	_____	_____	
cottage rental.....	_____	_____	
groceries.....	_____	_____	
taxable items.....	_____	_____	
beer (retail).....	_____	_____	
wine/liquor.....	_____	_____	
souvenirs/gifts.....	_____	_____	
mini golf.....	_____	_____	
marina (bait, fishing, tackle, boats, motors).....	_____	_____	
Equipment Rental			
bicycles.....	_____	_____	
boats/motors.....	_____	_____	
other _____ (specify)	_____	_____	
TOTAL equipment rental.....	_____	_____	
game room.....	_____	_____	
vending.....	_____	_____	
wood and ice.....	_____	_____	
bottled gas.....	_____	_____	
restaurant.....	_____	_____	
bar.....	_____	_____	
laundry.....	_____	_____	
storage.....	_____	_____	
coin operated showers.....	_____	_____	
other _____ (specify)	_____	_____	
_____	_____	_____	
Total revenue/cost of goods	_____	_____	

21. Operating Costs?

Operating Costs

payroll..... _____
owners draw..... _____
payroll taxes & benefits.. _____
supplies..... _____
dues & subscriptions..... _____
maintenance/repairs..... _____
garbage disposal..... _____
vehicle expense..... _____
telephone..... _____
utilities..... _____
outside services
(legal/accounting)..... _____
advertising..... _____
licenses & permits..... _____
interest from operating
loans (short-term)..... _____
other expenses..... _____

Includes: _____

Occupational Costs

depreciation..... _____
rent..... _____
real estate tax..... _____
personal property tax..... _____
debt service
(yearly payment) _____
amount of loan outstanding _____
at what interest rate..... _____
insurance..... _____