



Case Study

Cabins at Lake Guntersville SP in Alabama



Cabins purchased and installed by RRM at Lake Guntersville SP

Summary: Recreation Resource Management (RRM) funded and installed 10 cabins within the existing campground and provides cleaning, maintenance, and customer service functions for the cabins in exchange for a 12-year cabin revenue share agreement.

About RRM: RRM is a leading private operator of over 150 public recreation areas, particularly campgrounds but also day use areas, stores, and marinas. RRM has been operating for over 30 years, and we have partnered with over a dozen agencies including the National Park Service, the US Forest Service, and California State Parks.

Case Background: Lake Guntersville State Park is a popular lake-front campground and day use area near Guntersville, AL. Alabama State Parks (ASP) has been in partnership with RRM since 2016 when RRM reopened Roland Cooper SP after ASP had to close it due to budget shortfalls. At Roland Cooper, among hundreds of thousands of dollars of capital investment to refurbish the park, RRM installed a

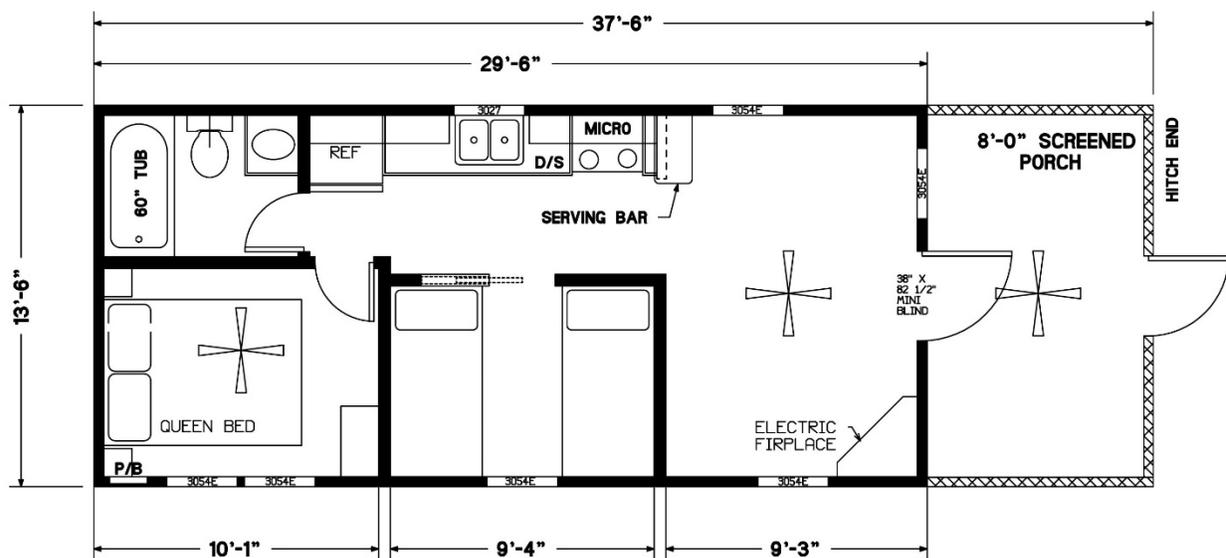
number of cabins. Seeing the immediate positive response to these cabins in the visitor community, ASP asked RRM to make a proposal for addition of cabins at several parks, including Lake Guntersville.

Agency Goals: In looking for proposals, ASP had several goals and restrictions:

- First and foremost, ASP wanted to add a very popular amenity to its parks that it could not afford to themselves.
- ASP required that the campsites that were converted to cabins had to generate more revenue for the park than they did as campsites.
- ASP could provide utilities to the cabins but could not separately meter them, so any concession fee negotiated would have to cover estimated utility costs as well
- ASP engineers would have approval of all designs, finishes, and colors.

RRM Proposal:

- RRM would procure and install 10 deluxe cabins on mutually agreed sites throughout the campground.
- Cabins would be deluxe models with two bedrooms (one with a double bed, one with four bunk beds), a kitchen, a den, a bathroom and air conditioning. One of the ten cabins to be ADA accessible.
- Cabins were carefully placed to avoid removing trees and to utilize the old camping spur for parking.
- Each cabin was factory-built to high standards with full insulation and climate control (heating and air conditioning).
- Each site has a screened porch, a barbecue, and a fire ring.
- The total capital investment by RRM was just under \$400,000.



Lake Guntersville Cabin Layout



Example cabin interior

Contractual Terms:

- RRM oversees and pays for all installation and construction, with plans approved by ASP
- RRM collects all revenue from cabins and pays ASP \$25 per occupied night plus 15% of revenues net of lodging taxes over \$25 a night (\$25 was the then-current one-night camping rate and structuring our payments in this way assured CSP management that they would be making more per visitor stay than before the contract)
- RRM provides all operation and maintenance. ASP provides one camp site for an RRM on-site host to occupy. RRM pays ASP rent for this site at published long-term camping rates.
- Contract length of 12 years. Cabins become ASP property at end of contract.

Results: Cabins are in high demand and are loved by visitors. They have only been in service for six months but already they are very popular.

- This flagship park gained a popular new visitor amenity – Visitors love the cabins
- Less than 6 months after their opening, the cabins are already averaging 45% occupancy and rising.
- We project \$40,000 in concession payments to ASP in the first year, well more than could have ever been earned from the original 10 camp sites.
- Cumulatively over the life of the contract we expect our concession payments plus investment in the park to be over \$1 million.

Possible Options/ Alternatives: The CSP project is one example of cabin use, but the program can be tailored to the specific needs and restrictions of your park and visitors

- These cabins were deluxe models with multiple amenities, but we have similar programs with other agencies that feature less elaborate cabins, even primitive ones with no utilities (See our McArthur-Burney Falls State Park case study).
- We can accommodate a wide range of contract lengths (though longer contracts allow us to make more investment and higher revenue-share payments).
- We can divide operating roles with our partnering agencies in many ways. For example, in this case we are using our own proprietary reservation system but in other projects we have worked with the agency's existing system (e.g. in California State Parks and all of our US Forest Service contracts)
- This installation was in a campground, but other options could include: a day use or picnic area, a traditional city park, a trailhead, or virtually any unused recreation land.

The Ultimate Endorsement: We take advantage of this service in our own campgrounds. RRM's original and still its largest business is the turnkey operation of about 150 public campgrounds and day use areas under concession contract. In most cases, these contracts do not allow for any development. But for the dozen or so campground locations we operate where we have the flexibility to add facilities, this sort of cabin project is usually the first expansion or improvement we undertake. Other private campground operators like KOA have spent the majority of their capital spending over the last 10 years or so on cabins. This is easily the number one most popular new campground amenity among visitors.

To Learn More: Visit our web site at park-cabins.com to learn more about our ability to install cabin cabins at no cost, or see all our operations at our public information and reservations site camprrm.com. You may contact Warren Meyer at warren@camprrm.com or 602-569-2333 to learn more or schedule a visit.