

Stewart Lake State Park Business Plan

(Sample)

Stewart Lake State Park Business Plan (Sample)

Submitted to:

Department of Natural Resources
Division of Parks and Recreation
Office of the Director

Prepared for the Director by:

Stewart Lake State Park Superintendent

and

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Division of State Parks and Recreation

Acronyms and Abbreviations

CY	calendar year
hp	horsepower
IRR	internal rate of return
NPV	net present value
OHV	off-highway vehicle
PV	present value
ROI	return on investment
RV	recreational vehicle

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Attachment A	Examples of project evaluations CD/DVD with business plan template
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Executive Summary/Introduction

The purpose of the business plan is to assist park management and staff at Stewart Lake State Park in making decisions regarding the management, operation, and development of park resources. This plan focuses on the financial impacts of management decisions. Information from this document will be used to inform State park management and State legislators of financial impacts at Stewart Lake State Park.

Mission, Vision, Values, and Objectives

The mission, vision, values, and objectives of Stewart Lake State Park are as follows:

Mission

Enhance the quality of life through outdoor recreation, leisure, and educational experiences.

Vision

Provide quality outdoor recreational experiences through camping, boating, fishing, biking, hiking, and off-highway vehicle (OHV) trails.

Values

Value meeting customer needs; innovation; clean and well-maintained facilities; preservation of natural surroundings and resources; affordable, safe, and accessible recreational activities.

Objectives

1. Increase overnight camping revenue (number of visitors and nights stayed)
2. Increase day-use revenues and visitation
3. Increase fishing activities and revenues

Park Description and Strengths, Weaknesses, Opportunities, and Threats

Description

Stewart Lake State Park was established in 1972, 2 years after the Bureau of Reclamation (Reclamation) built the reservoir as part of the Strawberry-Duchesne River Project. The reservoir is located off of Highway 40, next to the city of Duchesne (population 5,000), 1½ hours east of Salt Lake City and 6 hours from Denver, Colorado. Highway 40 is a main corridor from Denver to Salt Lake City. The reservoir has over 23 miles of sandy shoreline and rests at approximately 5700 feet above sea level. Many of its formations and geologic features are similar to Lake Powell, but with a shorter “warm season” limiting peak visitation to the summer months (late June – early September).

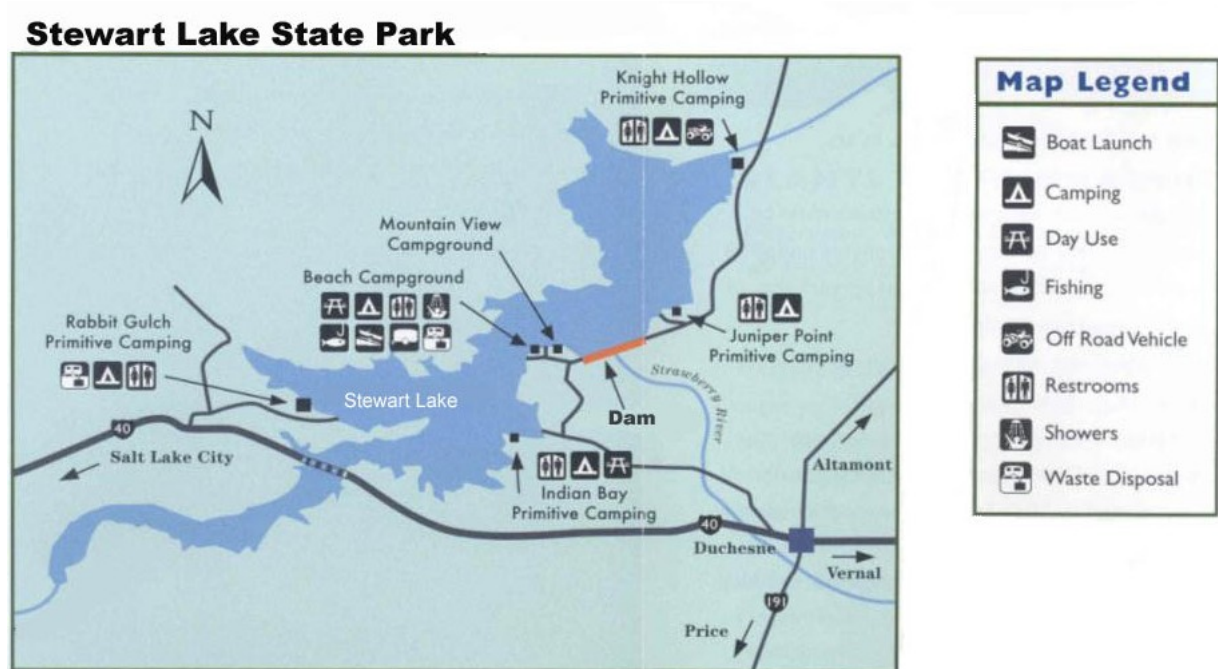


Figure 1.—Map of Stewart Lake State Park.

The park provides for a variety of experiences with six campgrounds and open “boat camping” on many of its shores. Table 1 summarizes the park facilities and services currently available at the park.

Table 1.—Stewart Lake State Park facilities and services

Feature/service	Description
Mountain View Campground	30 developed campsites for recreational vehicles, tent trailers, or other campers looking for full hookups. Showers and flush toilets are provided.
Beach Campground	Designated for “tent campers” and is located on the water’s edge near the main entrance and boat launch. Showers and flush toilets are provided.
Indian Bay Campground	A primitive campground that allows boaters to park their vehicles and boats at the water’s edge. Vault toilets and community water sources are all that are provided.
Rabbit Gulch	A primitive campground remotely located on the west side of the reservoir. This is a popular spot for boaters who can park their vehicles next to their boats right on the water. Vault toilets and community water sources are all that are provided.
Knight Hollow Campground	A primitive campground designated for OHV users. The campground is located remotely from the main entrance/campground at the northeast end of the reservoir. Vault toilets and community water sources are all that are provided.
Juniper Point Campground	A primitive but very secluded campground up on a cliff overlooking the reservoir. Campsites are dispersed among pinyon and juniper pine trees, with only vault toilets and community water.
OHV trails	Currently, OHV trails are limited to approximately 15 acres within the park, but talks with the county and other State agencies are taking place to connect the park’s trails to an extensive trail system nearby.
Biking/hiking trails	There are many spectacular views along the reservoir, but limited hiking and biking trails. Staff is currently working with the city of Duchesne to link the trail to downtown.
Boat camping – shoreline	Because of its vast “sandy” shoreline, boat camping has become very popular with boaters along the Wasatch Front. Stewart Lake State Park is seen by staff as having the potential to become a “short seasoned” Lake Powell.
Fishing	Stewart Lake State Park is known as a premiere location for walleye fishing, with professional tournaments being held there every year. Ice fishing is also becoming more popular.
Boating activities	Wake boarding, water skiing, pleasure boating, and wave runners are very popular during the summer months.
Overnight group-use area	Accommodates up to 50 people and includes a pavilion, barbecue grills, and vault toilets.
Amenities	Showers, restrooms, waste disposal, picnic tables (day use), boat launching.

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Stewart Lake State Park is staffed by full-time, seasonal, and volunteer employees. Table 2 outlines the park’s staffing plan.

Table 2.—Personnel plan

Position	Primary duties	Period (CY07) ¹	Period (CY08)	Period (CY09)
Park Manager \$58,000	<ul style="list-style-type: none"> Oversees all operations Budgeting and purchasing Financial reporting Law enforcement Boating patrol and emergency response Facility maintenance 	Jan-Dec	Jan-Dec	Jan-Dec
Park/Waterway Supervisor \$45,000	<ul style="list-style-type: none"> Assists Park Manager with administrative duties Law enforcement Boating patrol and emergency response Facility maintenance 	Jan-Dec	Jan-Dec	Jan-Dec
Park Ranger \$42,000	<ul style="list-style-type: none"> Law enforcement Boating patrol and emergency response Facility maintenance 	Jan-Dec	Jan-Dec	Jan-Dec
Deputy Park Ranger \$25,000	<ul style="list-style-type: none"> Law Enforcement Boating patrol and emergency response 	Jan-Dec	Jan-Dec	Jan-Dec
Camp Host	This is a volunteer position. Duties include collecting camping fees and maintaining campgrounds, day-use areas, and restrooms.	May-Sep	May-Sep	May-Sep
Park Ranger Aide \$12,000	Full-time seasonal who primarily helps with park maintenance and manning the entrance station.	Apr-Oct	Apr-Oct	Apr-Oct
Park Ranger Aide \$12,000	Planned to be used to help maintain increased use of Knight Hollow (OHV users) and Rabbit Gulch depending on available funding and trail development.		Apr-Oct	Apr-Oct
Park Ranger Aide \$12,000	An additional seasonal to help maintain expanded campgrounds and facilities. Will be funded with revenue collections.			Apr-Oct

¹ CY = calendar year.

Stewart Lake State Park has identified several “partners” or other organizations with a mutual interest in the park’s operation and success. Table 3 specifies existing and potential partners and their roles in the operation and improvement of the park.

Table 3.—Stewart Lake State Park partners

Partner	Potential or existing role
Reclamation	<ul style="list-style-type: none"> • Governing agency • Planning and design • Funding participant for new development
National Guard	<ul style="list-style-type: none"> • Horizontal work - building roads, boat storage, etc. • “Vertical” work (i.e., electrical, plumbing) on bathrooms and other structures being renovated or constructed
City of Duchesne	<ul style="list-style-type: none"> • Partially fund and build walking/biking trail from downtown to park trails
County of Duchesne	<ul style="list-style-type: none"> • Work with landowners and other agencies to connect Stewart Lake State Park OHV trails with other trail systems
Local OHV associations	<ul style="list-style-type: none"> • Work with county and park staff to connect Stewart Lake State Park OHV trails with other trail systems
Friends of Stewart Lake State Park	<ul style="list-style-type: none"> • Perform fundraising for specific projects • Lobby elected officials for critical issues and funding

Strengths, Weaknesses, Opportunities, and Threats

Table 4 lists the current strengths and weaknesses of Stewart Lake State Park as well as potential opportunities and threats to its operations.

Table 4.—Strengths, weaknesses, opportunities, and threats

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Large water surface area. 2. 23+ miles of sandy shoreline. 3. Variety of camping experiences (primitive, developed, beach, OHV, etc.). 4. Within 2-hour drive Wasatch Front. 5. Scenic views and geologic formations. 6. Close proximity to city. 7. Located off main highway between Denver and Salt Lake City. 	<ol style="list-style-type: none"> 1. Short “warm season” – June through September. 2. Aging facilities. 3. Undersized developed campgrounds. Too small for newer recreational vehicles. 4. Lacking adequate hookups for recreational vehicles. 5. Limited OHV and hiking/biking trails. 6. Lack of on-site boat storage. 7. Limited staff to cover large area. Enforcement and collections issues. 8. No protected docks/marina. 9. No on-site fuel stations.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Growing recreational vehicle market in spite of gas prices. 2. More retirees traveling. 3. Growing interest in non-motorized sports. 4. Partners (Reclamation, city, county, National Guard, etc.) with vested interest in developing park trails and facilities. 5. Potential “Friends” group. 6. Higher gas prices. Incentive for in-State travelers along Wasatch Front to travel closer to home. May pickup part of Lake Powell market. 	<ol style="list-style-type: none"> 1. Lack of funding for new facilities and maintenance (materials and labor). 2. Utility costs. 3. Keeping up with inflation and rising construction costs. 4. State funding – unpredictability. 5. Higher gas prices. Out-of-State travelers not as likely to travel to the State.

Summary

Stewart Lake’s competitive edge is its large water surface area with 23+ miles of shoreline within 2 hours of a major population area. The area needs to accommodate a broad range of recreation opportunities to attract users with different expectations. The mix of uses, associated facilities, and management capabilities have to be financially sound.

Market Analysis

Stewart Lake State Park’s primary customers are boaters from the Wasatch Front area and anglers throughout the State and neighboring States. Current demand is primarily for improved access and regress for boats and improved facilities (hookups, docks, camping, etc.).

Demographics

The makeup of the population that recreates at Stewart Lake State Park is identified in table 5.

Table 5.—Summary of demographic information

Demographic	Local	State	National	International
Population	1,932,967	2,550,063	296,410,404	6,451,392,455
Average age	28.4	28.5	36.4	26.9
Income	\$74,078	\$47,934	\$46,242	N/A
Male	50.1%	50.1%	49%	50.4%
Female	49.9%	49.9%	51%	49.6%

User Characteristics

The Division of Parks and Recreation has identified the following users or target markets currently served by the park’s facilities and programs in table 6.

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Table 6.—Stewart Lake State Park

Customer	Description	Activities/Characteristics
Water users		
Power boaters	Watercraft with 50-horsepower (hp) or greater engines.	Water skiing, wake boarding, tubing, fishing, pleasure riding—primarily day use on weekends. Tend to have more disposable income. Average investment in equipment is \$30,000.
Small boaters	Motorized boats (under 50 hp).	Primarily fisherman—both day users (throughout the week) and overnighters (mostly weekends).
Personal watercraft users	Motorized watercraft such as wave runners and jet skis.	Pleasure riding, tubing, skiing—day users and campers, primarily on weekends.
Non-motorized boaters	Including sailboats, canoes, and kayaks.	Sailing, canoeing, kayaking—day users.
Dedicated anglers	Individuals with high investment in fishing gear/equipment and high frequency of outings.	Pleasure fishing and tournament fishing of all styles—primarily day use throughout week, year round.
Casual anglers	Individuals with low to moderate investment in gear and equipment.	Pleasure fishing—primarily day use throughout week.
Recreational users		
Comfort campers	Individuals, couples, and families that like the outdoors but do not wish to camp and who do not own or rent a recreational vehicle. They prefer cabins, yurts, or lodges.	Golfing, hiking, biking, skiing, OHV users, boaters. Above-average disposable income. Require bed, electricity, shower, and flushing toilet at a minimum.
Recreational vehicle campers	Couples, families who want hookups and more services.	Camping, campfire programs—overnight during both the week and weekend. Tend to stay longer in one area. Often bring boats and/or OHVs or other “toys.”
Campers	Couples, families, individuals wanting a more primitive experience.	Tent camping, hiking, biking, swimming, fishing, boating, campfire programs—primarily weekends. Camping on water’s edge popular.
Group users	Family reunions/activities, church groups, corporations, and clubs/associations.	Camping, OHV, boating, fishing, socializing—overnight, primarily weekends. Minimum requirements are shade (pavilion), tables, cooking facilities (e.g., BBQ grills).
Trail users		
OHV	Individuals, families, clubs—novice to expert riders.	Statewide OHV trail system, OHV education classes —primarily weekends, both day use and overnight.
Mountain biking	Individuals, families, clubs—novice to expert riders.	Campers often bring bicycles (mountain bike style primarily) as a secondary form of recreation—primarily weekends.
Sport or special events/tournaments	Local, State, and national organizations.	Fishing tournaments are already occurring. Real potential for water ski or wake board tournaments.

Market Trends

General trends in outdoor recreation are as follows:

- Greater awareness of value of leisure – overall increased demand for leisure activities.
- Expectation of recreation facilities – more “comfort” oriented.
- Preference for individual or informal activities is increasing. People are looking for “experiences.”
- Participation by older adults in active recreation and sport has increased.
- Average age of outdoor recreation participant is increasing (baby boomers).
- Number of minority participants is increasing (most notably the Hispanic community).

Table 7 identifies more specific trends in the State by activity as applicable to Stewart Lake State Park.

Market Needs/Demands

The following needs and demands have been identified by park staff based on visitor feedback, trend analysis, and community comments for Stewart Lake State Park.

1. More, larger campsites/hookups for recreational vehicles (RVs)
2. Larger or additional boat ramp
3. Additional fish-cleaning stations (improve existing)
4. Added roads and “turn-around” for boat launching
5. Expanded parking for boats and day users
6. Protected docks (breakwater wall/marina)
7. Improve/expand bathrooms and showers

Table 7.—Stewart Lake State Park market trends

Activity	Trend
Boaters	<ul style="list-style-type: none"> • Boat registrations in the State are relatively flat – no growth • Nationally, 69 million recreational boating participants • Boats operated most often in State: <ul style="list-style-type: none"> Open motorboat – 34.6% Personal watercraft – 21.3% Canoe – 12.5% Cabin motorboat – 6.8% Inflatable – 6.2% Kayak – 4.8% • Boat activities (top five): <ul style="list-style-type: none"> Cruising using engine – 46.9% Water skiing, wake boarding, or tubing – 42.6% Recreational fishing – 42.0% Swimming or diving off boat – 33.5% Paddling – 24.7% • Wake boarding and other water toys overtaking water ski industry
Anglers	<ul style="list-style-type: none"> • 50 to 55 percent of boaters use for fishing • Increase in number of State fishing licenses • Average 14 outings per year (nationally) • Participation dropping nationally • Decreasing in popularity for ages 20 and under • 80% are Caucasian • Cross-over activities include camping, biking, hiking • Fishing is the most popular physical activity on a camping trip
Campers	<ul style="list-style-type: none"> • 45 million adults camp at least once a year • Car camping declining • Demand for “hookups” increasing • The typical RV owner is age 49, married, owns a home, and has an annual household income of \$68,000 • Camping in national parks decreasing • One in 12 households owns an RV • Baby boomers (ages 55 to 64) have the highest ownership rates, and 1 in 10 households in this age group own at least one RV • Baby boomers and children desire more amenities and comfortable accommodations • In the next 2 years, campers are most interested in visiting the west (52%) and south (32%)
Motorized vehicles – summer	<ul style="list-style-type: none"> • Participation is stable nationally • OHV registrations in State are increasing • Participation by Hispanics and African-Americans is increasing • Number of outings is increasing
Non-motorized trail users –	<ul style="list-style-type: none"> • Number of mountain biking participants has remained fairly steady

summer	<ul style="list-style-type: none"> • 60 million adults bike at least once a year • Walking continues to be most popular outdoor activity
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8. Expand “sandy” beach area for day users
9. Fuel station for boats
10. Improved bathrooms/showers at Knight Hollow and Indian Bay
11. More “accessible” water; expand culinary water system
12. Connect OHV trails to system outside of park
13. Improve OHV trails inside park
14. Develop group site for Knight Hollow (OHV users)
15. Add paved and non-paved trails for hiking and biking; link to city of Duchesne
16. Emphasize partnership with local businesses for food, rentals, and supplies—no concessionaire
17. Develop comfort camping facilities (i.e., yurts, cabins)

Financial Analysis

Strategies, Work Plan, and Milestones Summary

Table 8 lists the park’s strategies, work plans, and milestones and assigns them to an individual responsible for overseeing the coordination and funding target dates for calendar years 2008 through 2010.

Financial Improvements

The division staff evaluates potential projects, programs, events, etc., using return on investment (ROI) (the ratio of **money** gained or lost on an **investment** relative to the amount of money invested) and payback period as its methods to measure the acceptability of each project. For long-term capital projects, internal rate of return (IRR) (the annualized effective compounded return rate which can be earned on the invested capital, i.e., the **yield** on the investment) and/or net present value (NPV) measures the excess or shortfall of cash flows, in **present value** (PV) terms, once financing charges are met. By definition, NPV = present value of net cash flows methods are used. As a standard of acceptability, project ROI must meet or exceed the current State Treasurer’s

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money market fund. Capital project IRR uses a hurdle rate of 3 percent and payback period of 30 years, or the estimated life of the structure/facility, whichever is less.

Table 8.—Strategies, work plans, and milestones

Capital improvement strategy	Work plan	Milestones (target date)	Assigned to	Funding
Develop and construct key facilities	Renovate the Mountain View complex with 12 full hookup camp units, expanded boat ramp and expanded boat parking, boat storage for 30 boats, 4 enclosed pavilions, 21 new park cabins, 2 acres of beach development, and 4 restrooms with showers	08/2008	Park Manager; Reclamation Rep.; Project Manager, Division of Facilities and Construction Management (DFCM); and National Guard volunteers	Reclamation/State matching funds Coast Guard fund Boating fund OHV fund Capital budget
	Renovate Indian Bay, Rabbit Gulch, Juniper Point, Knight Hollow, and Strawberry River above and below with 150 rural camp units, 21 rural picnic units, 1 group area, and 3 rural developed boat ramps and parking	08/2009	Park Manager; Reclamation Rep.; Project Manager, DFCM; and National Guard volunteers	
Marketing strategy	Work plan	Milestones (target date)	Assigned to	Funding
Division sponsored advertising/promotions	Radio advertising	10/2008-05/2009	Marketing Team, Park Manager	Park budget
	Television advertising	01/2009-04/2009	Marketing Team, Park Manager	Marketing budget
	Theater advertising	08/2008-05/2009	Marketing Team, Park Manager	County Tourism Board
	Newspaper advertising	08/2008-05/2009	Marketing Team, Park Manager	
	Brochures	10/2008-05/2009	Marketing Team, Park Manager	
Special event strategy	Work plan	Milestones (target date)	Assigned to	Funding
Enter into agreement for a fishing derby at Stewart Lake	Establish partnership with agencies, clubs, associations, and promoters	06/2008-04/2009	Park Manager, Marketing Team	Private sponsors
	Schedule tournament days	06/2008	Promoter	Marketing budget
Enter into agreement for half triathlon based at Stewart Lake	Advertise tournament	01/2009-04/2009	Marketing Team, fishing associations, and tourism	County Tourism Board
	Establish partnership with agencies, clubs, associations, and promoters	06/2008-06/2009	Park Manager, Marketing Team	
	Schedule tournament days	06/2008	Promoter	
	Advertise tournament	01/2009-06/2009	Marketing Team, Triathlon Groups, and tourism	

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It should be noted, however, that certain projects may be accepted even if the minimum criteria are not met based on such factors such as environmental justice, safety, resource protection, heritage preservation, or division objectives.

Attachment A contains the detailed summary of the different projects considered by division staff. Table 9 is a summary of the financial summary of the selected alternative, and table 10 is a financial summary comparison of the current and proposed plan.

Table 9.—Financial summary of proposed plan

Investment summary strategy description	Net cash flow (\$)	Initial investment (\$)	Payback ¹	ROI (%)	IRR (%)	NPV ² (\$)
Mountain View Alternative 2	\$239,160	\$4,666,000	20	5.13	3.04	\$145,000
Indian Bay	26,310	579,000	22	4.54	2.13	(50,000)
Rabbit Gulch	25,300	434,000	17	5.83	4.07	75,000
Juniper Point	16,450	278,000	17	5.92	4.19	53,000
Knight Hollow	10,825	194,000	18	5.58	3.71	24,000
Strawberry River Above	(165)	38,000	-230	-0.43	-0.43	(41,000)
Strawberry River Below	125	43,000	344	0.29	-11.65	(40,000)
Special events	2,950	3,000	1	98.33		—
Marketing	—	6,000	0	0.00	0.00	(6,000)
TOTAL	\$320,955	\$6,241,000	19			\$160,000

¹ Payback is in years.

² Based on a 30-year life (except for special events and marketing).

Assuming all the projects listed above are implemented, park staff estimates a net annual increase of \$403,200 in revenue over the current plan. Tables 10-12 summarize the financial differences between the current and proposed plan.

Success Monitoring

The performance measures in table 13 will be used to monitor and measure the success of the implementation of the above-mentioned strategies.

Table 10.—Comparison of current and proposed plan

Financial summary	Current plan (\$)	Proposed plan (\$)	Net difference (\$)
CAPITAL EXPENDITURES	\$4,859,000	\$6,235,000	\$1,376,000
OPERATING COSTS			
Total incremental labor	68,250	181,750	113,500
Operating supplies/maintenance	4,970	88,890	83,920
Utilities	10,425	23,725	13,300
Other costs	2,250	9,600	7,350
Overhead	17,200	60,800	43,600
Total incremental costs	103,095	364,765	261,670
REVENUE			
Total incremental revenue	282,520	685,720	403,200
INVESTMENT ANALYSIS			
Net cash flow	179,425	320,955	141,530
Initial investment	4,859,000	6,235,000	1,376,000
Payback (years)	27	19	
Net present value (NPV)	(1,305,000)	166,000	1,471,000
BREAK-EVEN ANALYSIS			
Break-even revenue	\$347,567	\$677,636	\$330,070

Table 11.—Summary of annual funding sources

Revenue type	Current (\$)	Proposed (\$)	Net effect (\$)
General funds	\$103,095	\$364,765	\$261,670
10% of total incremental revenue	28,252	68,572	40,320
Federal funds	0	0	0
Grants	0	0	0
Restricted funds (law enforcement)	86,300	86,300	0
Other funding sources	250	250	0
TOTAL REVENUES	\$217,897	\$519,887	\$301,990

Table 12.—Summary of annual expenses

Expense type	Current (\$)	Proposed (\$)	Net effect (\$)
Wages and benefits	\$183,052	\$336,872	\$153,820

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Operating supplies/maintenance	4,970	88,890	83,920
Utilities	10,425	23,725	13,300
Other costs (contractor/professional services)	2,250	9,600	7,350
Overhead	17,200	60,800	43,600
TOTAL EXPENSES	\$217,897	\$519,887	\$301,990

Table 13.—Performance measures

Goal	Action item	Measure description	Target score or range
Meet or exceed projected visitor use levels identified for camping, cabins, pavilions, boating, and day use	Promote new facilities as they are brought on line Grand opening campaigns	Match or exceed projected revenues	Maintain or exceed projected use for 3 years
Organize and hold a fishing derby	Establish partnership with agencies, clubs, associations, and promoters	Schedule and follow through on a fishing derby	Hold an event each year for 3 years
Organize and hold a half triathlon	Establish partnership with agencies, clubs, associations, and promoters	Schedule and follow through on a triathlon	Hold an event each year for 3 years

Attachment A

Examples of Project Evaluations