

**December 1 Amendment
Sycamore Cabin**

A Proposal to Increase a Rental Fee
Under the Forest Service Arizona Cabin Rental
“Rooms With a View” Program

The following modifications to the proposal have been made since it was considered by the REA Work Group at the November 1, 2006 meeting.

Add to Public Involvement: Comments from renters as recorded in the guest register at the cabin are complimentary of the rental opportunity and the recreation experience gained by staying at the cabin. While not recorded at this cabin, a typical comment recently found in a register at a similar cabin on the Prescott National Forest reads “...”a BIG THANKS to the Forest Service for a lovely retreat & a Big Hug & Kisses to Mother Nature for recharging our batteries.” [9/30/06 by Melinda]. Forest Service cabin rentals, statewide, have been well-received by the public since the inception of the Rooms With a View program. Some comments also recognize and appreciate that rental monies allow the Forest Service to maintain a historical building.

Add to Justification for increased fee, #2: A recent internet search of commercial cabin rentals in the Prescott and Flagstaff area showed that rental rates for range between \$130 to \$175 per night, plus a per stay cleaning fee ranging from \$40 to \$75. These rates are for cabins with similar sleeping capacity (2 to 8 persons), but generally with more modern amenities such as satellite TV.

Add Financial Details: projected annual revenue and expenses are estimated as follows:

Revenue <u>1/</u>		
Rental collections - 150 nights @ \$125/night		\$18,750
10 nights @ \$150/night		\$ 1,500
Total revenue		\$20,250
Expenses		
Recreation Solution management (65% of collections) <u>2/</u>		\$13,160
Operation & maintenance not covered by Recreation Solutions <u>3/</u>		\$ 5,000
Administrative oversight (2 day per year @ \$250/day)		\$ 500
Total expenses		<\$18,660>

Net available annually to accrue for cyclical maintenance and improvements 4/ \$1,590

Footnotes to Financial Details –

1/ Estimates for occupancy and rental revenue are based on the latest utilization data of 154 nights per year and an upward trend at this facility. This estimate uses 160 nights of

occupancy, 10 of which are at the rate of \$150/night when renters also have an RV at the cabin site.

2/ Recreation Solutions is a Forest Service enterprise team under work agreement to manage Sycamore Cabin. Recreation Solutions has successfully managed four cabins on the Prescott and Coconino National Forests over the past four years. Payment for management is based on a percentage of rental fees, providing incentive to increase the use at each rental facility through marketing and customer service. Specific services provided by Recreation Solutions include: publishing handout and Web page information pages; setting up the cabin in the national reservation system; making pre-use contact after reservations are made; being the local contact for user problems; interior cleaning; trash pick up; landscape maintenance; replacing worn furnishings or appliances; making minor repairs to plumbing and hardware; pumping septic tanks and toilet vaults; and paying utility bills. In addition, since team members from Recreation Solutions are Forest Service employees, they provide a Forest Service presence at the site which is reassuring to renters.

3/ Operation and maintenance by Prescott National Forest that is “landlord” in nature, more extensive than maintenance performed by Recreation Solutions. Examples are replacement of a window, repairing a roof leak or servicing the air conditioning unit. The amount shown here is an increase of 15% above the average of these types of O&M expenses over the last 5 years.

4/ Ideally, some amount of revenue accrues annually to be used for major projects, such as maintenance that is needed on a five year or longer cycle (painting, new roofing, etc.) or to make improvements (upgrading the bathroom, renovating the barn, rebuilding corrals).

Social/Economic Impacts: Providing Sycamore Cabin to the public has several benefits. There is a benefit in that a historic building in a unique forest setting is available to the public for a recreation experience. Judging from comments recorded at other historic building rentals, the public appreciates that rental proceeds make operation and maintenance possible so that a significant structure does not deteriorate from neglect.

No Action Alternative: No Action in the case of this proposal would mean keeping the rental rate at \$100 per night, the current rate. The effects of this would be to hold the amount available for operation, maintenance and improvements at a level gained by an increase in the number of nights the cabin is rented annually. This increase is not likely to keep pace with the rise in labor, material and vendor costs for O&M. Less funds are likely to accrue for cyclical maintenance and to undertake improvement projects.