

## Developing a Fee-Fishing Enterprise: An Opportunity in Recreational Tourism

Fishing is increasing as a recreational pastime in the United States. The U.S. Fish and Wildlife Service estimated that 35.2 million anglers spent \$37.8 billion dollars in 1996. As the demand for public fishing opportunities increases, landowners might consider providing a quality fishing experience on private land. This fact sheet seeks to provide you, the prospective entrepreneur, with enough information to begin the business evaluation process—the first step in developing a fee-fishing enterprise.

While there are a variety of forms your final business operation could eventually take, every fee-fishing business provides the opportunity to catch “keeper-size” fish in a positive atmosphere. Before beginning an enterprise of this type, the prospective entrepreneur will want to consider all aspects of the following: 1) water resource quantity and quality; 2) location; 3) availability of fish; 4) time requirements; 5) cost of operation; 6) marketing; 7) impact on other farm operations; 8) fee schedules; 9) permits and regula-



tions; 10) liability and insurance; 11) hours of operation; and 12) site rules.

## Water Resource

Starting with a readily accessible, well-constructed pond will greatly simplify the cost-effectiveness of developing a fee-fishing enterprise. New pond construction is expensive and can become complicated due to difficulties in meeting permit requirements and finding an appropriate site. If your property has all the other requirements, but lacks the pond, contact your nearest Natural Resource Conservation Service (NRCS) office for information on pond construction.

Ponds of less than half an acre in size are unlikely to be good candidates for a fee-fishing enterprise. The pond must have ample water available from either flowing surface waters, such as a stream or creek, or from one or more springs. A reliable, year-round source of water is imperative for good fish health and a successful business operation. A continuous source of water is necessary to dilute waste products from the fish and to replenish water lost to evaporation and ground seepage.

While a sufficient quantity of water is essential, the quality of the water is equally important. Water quality for fish culture is assessed using the following measures: 1) dissolved oxygen; 2) pH; 3) temperature; 4) alkalinity; 5) nitrogen compounds; 6) sodium; and 7) chlorine. Every fish species has an ideal range for each of the above. The quality of your water will determine the type of fish you are able to stock for customers. While dissolved oxygen, alkalinity, and pH can be readily adjusted, the nearer your source water to ideal, the easier your management tasks. Contact your county Cooperative Extension office for information on how to obtain water quality testing. Determining your present levels is important in site assessment; monitoring these levels is a constant job.

Contamination from parasites brought into the pond by surface waters is a common problem in areas with livestock and can require fencing and water management structures, such as gravity or siphon-fed watering troughs, to correct. In general, springs present much less of a problem with parasite introduction; however, both surface and spring

water supplies can become contaminated with a variety of pollutants from many sources. Pay careful attention to your fish at feeding times; observe their behavior and other attributes, such as skin color and condition and eye condition. These measures can help you avoid problems.

## Location

Site location is as important in fee fishing as it is in every other business that caters to the public. Most successful fee-fishing businesses are located within 30 to 50 miles of a major population center. The proximity of other tourist attractions or other recreational opportunities can also be a factor in determining the suitability of the site. Many of these businesses will increase the flow of traffic past your door, thus increasing your potential for business. A location near other fee-fishing businesses is chancy unless there is sufficient clientele from which to draw.

Your pond should be in a natural looking setting that is well screened from traffic and other distractions. Good parking with easy access is a necessity as today's consumer has very high expectations. Remember that you are in the recreational business—catering to your clients' wants is a requirement for return customers.

## Fish Types and Sources

In Maryland, most fee-fishing pond stock is rainbow trout or largemouth bass, bluegill, and catfish. Bass and catfish ponds will more easily tolerate fluctuations in water quality and warm summer temperatures than a trout pond. Trout have fairly narrow water quality tolerances and require much lower temperatures for good health and fishing activity. Generally, ponds must be fed by strong spring flows to be suitable for year-round trout facilities.

It is likely that your site and water source will determine the actual location of the pond. Sometimes, even a site with sufficient water and what appears to be a good location might not work if the soil has insufficient clay to hold the water after pond construction. Special clay materials can be spread on the bottom of a pond to stop leakage; howev-

er, these remedies are quite expensive and might not be cost-effective.

## Time Requirements

Every new operation requires time to become successful. Time is needed initially to set up the pond, locate sources of supply, determine a market strategy, and for other aspects of planning a business. Along with your hours of operation, long-term pond and fish maintenance must be considered. You will want to monitor specific water quality parameters such as dissolved oxygen twice daily and the other levels weekly or semi-weekly. Unless your business is constantly busy and your turnover extremely high, some feeding of the fish will be necessary. Fish feed naturally at sunup and sundown.

Most fee-fishing operators do not grow fish from egg to adult and must buy stock from fish farms. Restocking is a constant chore in the busy fishing season. Many operators construct their own fish-hauling tank to increase their flexibility in getting fish when they

need them. Always remember to allow yourself a liberal amount of time for the most important part of your business—marketing your operation. (See below.)

## Cost of Operation

You will need to carefully examine the actual cost of running your fee-fishing business to determine if the enterprise is feasible and sustainable. The two financial tools commonly used are the enterprise budget and the cash flow analysis. The enterprise budget is the simplest type of enterprise analysis. You simply add up all of your costs of operation for a given period (typically 1 entire year or a season of operation) and compare this figure to potential sales.

Costs will usually be of two types—*variable costs* that take place each year and *overhead or fixed costs* such as buildings, equipment, signs, roads, long-term improvements and other costs, which can be expensed over the number of years of their useful life. Variable costs such as purchasing fish, labor, or rent-





ing a portable toilet can be put directly into an enterprise budget. However, overhead costs, such as constructing a \$2,000 shed, may be spread out over 5 years or more, so only 20 percent of the cost, or \$400 ( $\$2,000 \times 0.20$ ), would be included in the annual enterprise budget. This allows an easy method to assess potential profitability in one simple enterprise budget. If the final number indicates a profit, you should go to the next step and prepare a cash flow analysis.

Table 1 provides an example of a simple fee-fishing operation and highlights differences between annual and overhead costs. This layout can be used with any computer spreadsheet program, such as Excel, Quattro Pro, or Lotus. For more information on developing an enterprise budget, ask for a copy of "Enterprise Budgets in Farm Management Decision Making" (Fact Sheet 545) from your Maryland Cooperative Extension county office.

The cash flow analysis breaks a business down into monthly or yearly increments to assess when additional capital is required for expenses and when revenues can be expected. Lack of adequate cash flow is one of the greatest problems with small businesses. For most small enterprises, a monthly cash flow analysis may not be necessary. For more information on cash flow analysis, ask for a copy of "Assessing and Improving Your Farm Cash Flow" (Fact Sheet 541) from your Maryland Cooperative Extension county office.

## Typical costs involved with a fee-fishing enterprise that should be considered in an enterprise budget

Variable expenses each year:

- *Pond management*—cost of equipment to do testing.
- *Landscape maintenance*—cutting grass, killing weeds, planting flowers, etc.
- *Sanitary facility*—if rented on a monthly or annual basis. Maintenance costs.
- *Fish*—usually purchased on a regular basis to assure customer success and satisfaction.
- *Fish food*—quantity discounts might be available if purchased at the right time.
- *Bait*—keep ample supply in good condition.

Table 1. Annual enterprise budget for a fee-fishing operation in the Mid-Atlantic area with the following assumptions: 1-acre pond; within 50 miles of a large population area; spring-fed pond with high quality water; fish are not fed; operation part of an existing fruit operation; good location with a country setting; most customers do not keep the fish they catch.

- *Ice for resale*—purchase and storing.
- *Sodas and other items for resale to customers.*
- *Labor expenses*—part-time help for weekends or when family members are not available.
- *Advertising costs*—county or state tourism office or web site.
- *Insurance*—is it adequate and when are payments due?
- *Permits and licenses*—when are these due and will sufficient cash be available?

Overhead expenses:

- *Sales area*—construction and maintenance of a shed.
- *Sanitary facility*—if a permanent structure, consider an overhead expense.
- *Landscape improvement*—flower beds, erosion control, etc.
- *Sign*—design and construction of permanent sign(s).
- *Hardscapes*—construction and maintenance of parking lots and floating docks.
- *Fishing tackle for rent*—purchase and maintain equipment.

## Marketing

Marketing your new business requires great care and planning to succeed. You must answer the question "**How can I bring customers to my operation and keep them coming back?**" Most fee-fishing operations build their customer base from word-of-mouth, and this should be your goal. Therefore, once you have taken care of planning an attractive, comfortable place to fish, it is time to plan how to get customers in for a first visit. Standard advertising through newspapers, magazines, radio, and television is usually expensive and typically is not cost-effective for fee-fishing operations.

**Table 1. Fee-Fishing Annual Enterprise Budget**

Item	Unit	Quantity	Price	Total	Your Farm
<b>Gross Income</b>					
Daily fishing fee	Person	1,500	5.00	\$7,500.00	
Fish kept charge (10% of total fisherman)	Fish	150	5.00	750.00	
Bait sales	Dozen	450	2.00	900.00	
Pole rental	Unit/day	100	2.50	250.00	
Soda	Each	500	0.50	250.00	
Hot dogs	Each	250	1.00	250.00	
Chips	Each	250	0.50	125.00	
<b>Total gross income</b>				<b>\$10,025.00</b>	
<b>Variable Costs</b>					
Catfish	Pound	800	1.00	\$800.00	
Trout	Fish	350	2.20	\$770.00	
Portable toilet	Month	7	70.00	\$490.00	
Electricity	Month	7	10.00	\$70.00	
Web site ad	Year	1	150.00	\$150.00	
Advertising	Month	7	139.00	\$973.00	
Insurance	Year	1	500.00	\$500.00	
Permit	Permit	1	25.00	\$25.00	
Labor (10% commission on ) revenues taken in when working	Commission	0.1	1,000.00	\$100.00	
Bait	Dozen	450	1.00	\$450.00	
Sodas	Each	500	0.25	\$125.00	
Hot dogs	Each	250	0.50	\$125.00	
Chips	Each	250	0.25	\$63.00	
Mowing	Each	10	10.00	\$100.00	
Flowers, herbicides, miscellaneous	Year	1	100.00	\$100.00	
<b>Total variable costs listed above</b>				<b>\$4,840.50</b>	
<b>Fixed/Overhead Costs</b>					
Building (10-yr life)		2,500	10%	\$250.00	
Landscape improvement (5-yr life)		400	20%	\$80.00	
Gravel (5-yr life)		250	20%	\$50.00	
Sign (5-yr life)		150	20%	\$30.00	
Fishing poles (5-yr life)		80	20%	\$16.00	
Water testing equipment (5-yr. life)		150	20%	\$30.00	
Used refrigerator (5-yr. life)		100	20%	\$20.00	
<b>Total fixed costs listed above</b>				<b>\$456.00</b>	
Total variable and fixed costs listed above				\$5,296.50	
Net income over variable costs listed above				\$5,184.50	
Net income over variable & fixed costs listed above				\$4,728.50	

Another option that requires less cost and can be more effective is to contact your county and state tourism agencies. Often they have listings in their many publications that are inexpensive or free. Many local and state tourism offices are developing web sites and small operators can get good exposure for a reasonable price.

Develop a business card or flyer to display at local outdoor stores or wherever fishermen gather. Try to get these cards displayed at restaurants, motels, and local tourism information offices.

Many local papers are always looking for stories on local businesses and might send a reporter to visit your business and write a story. A more assertive marketing tactic would be to organize a fishing tournament. Send a press release to area newspapers inviting them to cover the event.

Pricing policies and fees is another important aspect of marketing. Plan your policies and fees carefully. Begin developing a mailing list from the day you open to contact customers regarding changes in hours, new policies, fees, new attractions, and related information. You might even provide your favorite seafood recipes as part of a mailing.

## **Impact on Other Farm Operations**

Every new operation affects other farm operations even if it just demands more of your time. Be sure you carefully consider how a fee-fishing business will fit into your overall farm plan. With a pond full of expensive fish you do not want to spray pesticides indiscriminately or be limited in taking care of other important crops. Spray drift, noise, and other factors can affect both your present farming operation and the fee-fishing enterprise.

A fee-fishing operation brings people to your property and allows you the opportunity to market other products and services. Consider bait sales and tackle rental as well as beverage and sandwich sales. These can help improve your profits and increase your clients' overall enjoyment of their fishing experience. You might be able to sell fruits and vegetables grown on your farm, or other products and services, such as locally made crafts or ice, to your fishing customers.

## **Fee Schedules**

Prices vary widely among fee-fishing enterprises. The first step in determining your price schedule is to shop your competitors and check out their pricing and policies. Some operators charge a very low price to fish, but higher prices to keep each fish. Others charge slightly more, but include one keeper fish as part of the fee. In other areas, many customers do not want to keep the fish so your daily charge will have to be high enough to cover the cost to replace fish that might die after being caught and released. Do you offer senior citizen discounts? Do you offer season passes? Do you offer group rates? Many more questions will need to be considered in preparing a fee schedule.

It will be necessary to make some assumptions on pricing and fees, as well as potential numbers of customers. This data can then be added to your enterprise budget and cash flow analysis to determine what scenarios will produce a profit. Avoid making numerous changes in fees that will confuse or frustrate your customers.

## **Permits and Regulations**

Every business has to deal with permits and regulations to operate legally. In Maryland your first step should be to contact the Maryland Department of Agriculture (MDA), Aquaculture Section (410-841-5724) for guidance. You should also check with the Maryland Sales Tax Division and your local permit and zoning authorities. In other states, contact the comparable agencies.

## **Liability and Insurance**

You must have adequate commercial insurance when you run a business that charges people to come onto your property. Most standard farm policies will not cover such operations. However, riders on your existing policy may be available for a reasonable cost. Specialty companies are also available for this type of coverage.

Customers can find an incredible number of ways to hurt themselves and this will expose the operator to potential lawsuits. Find an insurance company that is willing to work with you and has some experience in farm liability or recreational enterprises. Your

insurance company representative might be able to make specific recommendations that will limit your exposure and decrease the potential for specific accidents.

It is best to practice **risk management** in any recreational enterprise. This means eliminating or minimizing potential hazards, such as poor walkways or slick areas. Consult with your lawyer or insurance agent regarding appropriate amounts of coverage; it could prove a worthwhile investment as well.

## Hours and Season(s) of Operation

You will want to carefully select your hours to attract the maximum number of customers and not inconvenience yourself by being open during extremely slow periods. Some operators may offer night fishing, but theft can be a problem and careful observation is necessary. Regardless of your hours, providing good lighting around the parking area, shed, and pond can help reduce theft and vandalism. Observing other fee-fishing enterprises is a good way to begin establishing your own schedule. The same holds true for your season of operation. After a short time in business you might want to adjust your schedule, but try to keep schedule changes to a minimum to avoid confusing your clientele.

## Site Rules

Every business must have rules and policies to provide the best experience to the most customers, encourage safety, and control liability exposure. Consider the ages of potential fishermen. At what age do you allow youth to fish without supervision? Do you allow boats in your pond? What kinds of bait and hooks are allowed? What is your policy regarding catch and release? As in the fee section, there is a myriad of variables to consider when preparing a policy statement.

## Getting Started

The best method to get started in the fee-fishing business is to contact each of the listings in the "Additional Information" section that follows. MDA has a listing of the fee-fishing businesses currently in operation for you to contact and visit. Both Maryland Sea Grant Extension and Maryland Cooperative

Extension can provide a wealth of reading materials on the subject as well as contacts for water quality analysis. Once you have studied other businesses and the reading materials, prepare a complete financial analysis and marketing plan, then carefully select an opening day and get started.

## Additional Information for Maryland Residents

(Residents from other states should contact comparable organizations.)

Maryland Department of Agriculture,  
Aquaculture Section  
50 Harry S. Truman Parkway  
Annapolis, MD 21401  
410-841-5724

Maryland Sea Grant Extension  
2218-B Symons Hall  
University of Maryland  
College Park, MD 20742  
301-405-1280

Contact your local Maryland Cooperative Extension office for more information or for the names of state or regional specialists. (*See the phone book blue pages under County Government, Maryland Cooperative Extension or University of Maryland.*)

Pond Construction and Engineering:  
Natural Resources Conservation Service  
(NRCS)  
(*See the phone book blue pages under United States Government, Agriculture Department. Look for your local NRCS field office.*)

## Video:

"Management of Recreational Fish Ponds,"  
Alabama Cooperative Extension Service,  
Auburn University, AL.

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