



United States  
Department of Agriculture

Forest Service

Shasta-Trinity  
National Recreation Area

14225 Holiday Road  
Redding, CA 96003  
(530) 275-1587  
(530) 242-5526 – TDD  
<http://fs.usda.gov/stnf>

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File Code: 2720

Date: October 1, 2010

Dear Permit Holder:

In September 2009, you were notified that the process of reviewing annual Recreation Occupancy Vessel (ROV) special use permit fees had begun. In an effort to objectively establish a fee reflecting the fair market value of this special use, the Forest Service contracted with an independent appraiser (Lance W. Dore, MAI, FRICS, Vice President – Client Services of PGP Valuation Inc. /Colliers International) to conduct a market survey. A meeting was held on October 24, 2009, to provide an opportunity for you and other interested parties to meet with the independent appraiser and learn how the value of your authorized use would be determined. The appraisal/survey is now completed and has been reviewed by our regional office.

Forest Service policy provides that the authorized officer is responsible for establishing a fee based on the market value of each use, and that the fee must be reviewed at least every five (5) years. Due to unforeseen circumstances, ROV fees have not been reviewed since 1998, over 10 years ago. The appraiser's newly completed appraisal/market survey now serves as the basis for the new fee determination.

The results of the appraisal indicate that the value of the authorized use is \$9,000 on Shasta Lake, and \$6,300 on Trinity Lake. The new fee will be based on five percent (5%) of the appraised market value to align with Forest Service policy as stated in FSH 2709.11, Chapter 30, Section 31.1, Item b. *"...Fees based on this method are determined by using a percentage of the appraised value. This percentage rate shall be not less than 5 percent unless a different rate is clearly supported by current market data. ...."* Additionally, the new fees will be indexed annually by the IDP-GNP index, as prescribed by policy.

- Permit holders on Shasta Lake currently pay \$248 per year. The new appraisal when implemented, will result in a fee of \$450 per year.
- Permit holders on Trinity Lake currently pay \$173 per year. The new appraisal when implemented will result in a fee of \$315 per year.

Enclosed is a summary of the appraisal review by Jeanie A. Kuta, Senior Review Appraiser, Region 5 Appraisal Team. Upon written request under the Freedom of Information Act, a copy of either the full appraisal or the complete appraisal review will be provided. If you would like a copy please direct your request to Kristy Cottini, District Ranger, 14225 Holiday Road, Redding, CA 96003. You will have 30 days from the date of this letter to review the appraisal.



We are providing you the opportunity to discuss the results of the appraisal with us and the appraiser at a meeting open to all ROV permit holders and any other interested citizens on **Saturday, October 23, 2010**. The meeting will be held from 10:00 a.m. to 12:00 noon at the Holiday Inn, 1900 Hilltop Drive in Redding. Please see the enclosed map for directions.

Questions regarding any of the information in this letter can be directed to Dawn Ashmun, Resource Specialist, at (530) 242-5507.

Sincerely,



KRISTY COTTINI

District Ranger

cc: Regional Forester

Enclosures: Appraisal Review Summary  
Directional Map

# APPRAISAL SUMMARY

## RECREATIONAL OCCUPANCY VESSEL USE SHASTA AND TRINITY LAKES

Prepared By

Jeanie A. Kuta, Senior Review Appraiser

Lance W. Dore, MAI and Lourdes M. Alamilla of PGP Valuation Inc. conducted an appraisal of the market value of Recreational Occupancy Vessel Use at Shasta and Trinity Lakes. The appraisal report is dated July 12, 2010 and documents a market value estimate of \$9,000 for ROV use at Shasta Lake and \$6,300 at Trinity Lake, as of January 20, 2010. These values will be used to derive new annual fee rates for ROV use at the two lakes. The following is a brief summary of the appraisal report.

**Purpose of Appraisal:** The purpose of the appraisal assignment was to estimate the *market use fee* of the typical Recreational Occupancy Vessel (ROV) permit at both Shasta and Trinity Lakes. If adequate market rental data was not found, the purpose of the assignment was also to estimate the *market value* of the typical ROV authorization. The intended use of the appraisal was to update the annual fees for ROV use at both Shasta and Trinity Lakes to reflect fair market value.

**Property Characteristics:** Both Shasta and Trinity Lakes are located within the Whiskeytown-Shasta-Trinity National Recreation Area and are managed by the U.S. Forest Service. Shasta Lake is the third largest lake in California. It has a surface area of roughly 30,000 acres, a capacity of nearly 4.5 million acre feet, provides 365 miles of shoreline and has a maximum depth of 517 feet. At full pool, the lake's surface lies at 1,067 feet above sea level. Lake levels reached a 10 year low in October, 2009, but recovered significantly in early 2010. There are currently nine operating marinas at Shasta Lake. The Forest Service has 624 ROVs permitted on Shasta Lake.

Trinity Lake is one of the largest reservoirs in California. It has a capacity of close to 2.5 million acre feet of water, a surface area of 17,000 acres and 145 miles of shoreline. When full, the lakes surface is at an elevation of 2,370 feet above sea level. It has just two marinas that accommodate houseboats; Cedar Stock (Trinity Lake Resorts) and Trinity Alps. The Forest Service has 99 permitted ROVs on Trinity Lake.

**Appraisal Overview:** Forest Service Handbook 31.1-1.a specifies that comparable rentals from the private market shall be used to determine special use fees where there is a clearly established rental market for similar uses. Therefore, the appraisers were instructed to survey comparable lakes and reservoirs to determine if there are any that charge fees for the operation of privately owned houseboats. They surveyed more than 30 lakes in the western United States and found only one that charged a fee and also utilized a permit system. This was Don Pedro Reservoir in the Central Valley area of California. Lake Oroville also allows private houseboat use, but this is authorized by the purchase of an annual boat sticker which applies to all types of boats, not just house boats. Since this program is not specific to houseboats, it was not considered similar to that of the subject ROVs. Since only one comparable rental was identified, the data was considered to be insufficient to derive a reliable estimate of the market fee rate for ROVs.

Forest Service Manual 2721.22 goes on to state "In the absence of market rental data, calculate fees for privately owned and operated houseboats so that these fees equal or exceed the market rent for cabin sites in the adjacent or nearby area." However, the current instructions for ROV appraisals offer another alternative before resorting to the use of nearby cabin fees for ROVs. This methodology was used in the last ROV appraisal conducted in 1998 and was based on a survey of houseboat sales in which the amount paid for the boat and the amount paid for the fee were separated. This allowed the appraiser to analyze the *market value* of the authorization to operate ROVs for recreation use on the lakes. Though the Forest Service has copies of the Bills of Sale for all of the ROV sales on Shasta and Trinity Lakes, the appraisal instructions specified that the sales must still be confirmed with the buyer or seller. The appraisers utilized this option and through their analysis concluded a market value estimate for the opportunity to operate and maintain an ROV on Shasta Lake and Trinity Lakes.

### Summary of Analysis

**Market Rent.** Don Pedro Reservoir has a permit system authorizing the use of the lake for private houseboats that is very similar that used at Shasta and Trinity Lakes. They require permits for houseboats that are greater than 20 feet long and do not allow those longer than 56 feet on the lake. They limit the number of houseboat permits issued and they enforce similar rules and regulations regarding the use. Don Pedro Reservoir has a capacity of just over two million acre feet, a surface area of about 13,000 acres and about 160 miles of shoreline. There are two full service marinas and moorage fees range from \$224 to \$248 per month. Water and electricity are available on the docks. The permit fee is \$350 per year and a late fee of \$100 is imposed if the fee is not paid by February 1 of each year. A \$350 fee is charged for each change in ownership. ROV use at Don Pedro Lake was determined to be inferior overall to that at Shasta Lake because the lake is located a long distance from a major highway, it's in a more remote location, has fewer amenities (such as marinas), less appealing aesthetic attributes, and much less lake capacity and miles of shoreline. However, Don Pedro Reservoir was determined to be very similar to Trinity Lake in all areas but aesthetic attributes. This includes the size of the lake, the more remote location, distance to a major highway, and amenities. Since ROV use at Don Pedro is significantly inferior to that at Shasta Lake, this suggests that the market fee rate for Shasta Lake would be considerably more than \$350 per year charged at Don Pedro. Similarly the slightly superior quality of ROV use at Don Pedro as compared to Trinity Lake, suggest a market fee rate of slightly more than \$350 per year.

Though Lake Oroville was not considered comparable to the subjects, it is worth noting that it is smaller than both Shasta and Trinity Lakes, yet there is no limit on the number of houseboats allowed. It is also much further from a major highway, not in a forested area and you need to take a shuttle boat to the houseboat docks. Considering that the charge is \$75 for an annual boat sticker, \$90 for parking and another \$75 for each additional watercraft, the costs can easily add up to \$240 or more for a lake that is less desirable and has fewer amenities.

**Market Value.** Seven sales of house boats and ROV permits were confirmed with the buyers or sellers. The price allocated to the cost of the permits ranged from \$5,000 to \$17,000. In order to help determine where in this range the most reasonable indication of the market value of the permit lies, the appraisers considered a variety of additional information. They surveyed all of the local houseboat brokers and obtained additional permit sale information from them. The brokers also provided their opinions regarding the cost of the permits in the current market and this suggested a range of \$7,000 to \$20,000 for the permit value. The appraisers concluded that the middle of this range was the most reasonable indication of value from this data source. They also looked at the historical range of permit values

reflected in the Bills of Sale that permit holders provided to the Forest Service. Historically, the average price of the permit listed in the Bills of Sale ranged from \$8,214 to \$20,000. Considering this information and the current down market for houseboats, they believe the historical data suggests a current ROV permit value near \$10,000. Since the Don Pedro Reservoir rental comparable provided the most direct comparison to the subject houseboat use, the appraisers converted the \$350 fee to an indicator of market by dividing it by 5%, the minimum percentage used to derive a special use fee from market value. This suggests a market value significantly above \$7,000 for Shasta Lake and slightly above \$7,000 for Trinity Lake.

The appraisers acknowledged that the highest prices paid for the permits were likely tied to the sale of the most expensive boats. Therefore, they eliminated the highest value from the confirmed sale market analysis, and the range was revised to \$5,000 to \$10,000. Since all but one of the confirmed houseboat sales were for Shasta Lake, the data was initially used to derive an opinion of value for just the Shasta Lake ROV permits.

In summary, a final range of \$5,000 to \$10,000 for the Shasta Lake ROV permit value was derived from the market analysis of confirmed sales of ROV permits. In addition, the Don Pedro Reservoir rental comparison suggested a value above \$7,000; a review of historic permit prices suggested a value near \$10,000; and the broker survey indicated a value near \$13,200. Based on the data and analysis presented the appraiser concluded a value of \$9,000 for the Shasta Lake ROV permit.

Since the appraisers were only able to confirm one ROV permit sale at Trinity Lake, they analyzed the differences between the two lakes in order to estimate what effect these have on the value of the permits. Shasta Lake was considered to be superior to Trinity Lake because it has several more marinas and better services; has good access provided by Interstate 5; is nearly double the size of Trinity Lake, has more than double the miles of shoreline; and it is close to the city of Redding which is a full service community. The appraisers compared the average price of houseboat rental rates at the two lakes and concluded that those at Trinity Lake are roughly 30% less than those at Shasta. They also estimated what the difference in the fee attributable to location, access, size of lake and services would be and this also suggested a permit fee of about 30% less for Trinity Lake. Based on this analysis, they concluded a value of \$6,300 for the ROV permit at Trinity Lake.

**Reconciliation of the Approaches to Value:** The market rent analysis did not include enough data to support a reliable indication of the market fee rate for ROV use. Therefore, the sales comparison approach was used to estimate the market value of the ROV use. Based on their analysis, the appraisers' opinion of market value for Recreational Occupancy Vessel use is as follows:

Shasta Lake - \$9,000

Trinity Lake - \$6,300



**FROM NORTH:** Take I-5 south to Redding. Take exit 678A to merge onto CA-44 toward Lassen National Park. Take exit 2C for Hilltop Drive. Turn left at Hilltop Drive. Arrive at 1900 Hilltop Drive (Holiday Inn).

**FROM SOUTH:** Take I-5 north to Redding. Take exit 678 for CA-44 E toward Lassen National Park. Follow signs for Hilltop Drive. Turn right at Hilltop Drive. Arrive at 1900 Hilltop Drive (Holiday Inn).

**FROM EAST:** Take CA-44 west to Redding. Take exit 3A for Dana Drive toward Hilltop Drive. Turn left at Dana Drive. Take the 1<sup>st</sup> left onto Churn Creek Road. Turn right toward Hilltop Drive. Turn left at Hilltop Drive. Arrive at 1900 Hilltop Drive (Holiday Inn).

**FROM WEST:** Take CA-299 east to Redding. Turn right at Market Street. Turn left at CA-44 E/Tehama Street (signs for I-5). Continue to follow CA-44 E. Take exit 2C for Hilltop Drive. Turn left at Hilltop Drive. Arrive at 1900 Hilltop Drive (Holiday Inn)