

City of Dryden Sustainable Waterfront Development Plan

FINAL REPORT

MAY 2010



ACKNOWLEDGEMENTS



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Appendices:

- I Project Details
- II Servicing Strategy
- III Environmental Checklist
- IV July 2009 Workshop Summary
- V Open House #1 Summary
- VI Open House #2 Summary

Bound Separately:

- Background Report - August 2009
- Outdoor Education Centre Report - February 2010
- Geotechnical Investigation Report - March 2010
- Topographic Survey - March 2010

Other Resources

Visit the Dryden Development Corporation and City web sites for additional background information:

- <http://exploredryden.ca/>
- Tourism Market Analysis
- Dryden Tourism Development Strategy
- Sustainable Waterfront Development Plan
- March 2010 Sustainable Waterfront Development Plan
- Open House Presentation
- February 2010 & September 2009 Sustainable Waterfront Development Plan Updates
- <http://dryden.ca/>
- Community Improvement Plan
- Community Strategic Plan 2007-2010

EXECUTIVE SUMMARY

THE OPPORTUNITY

The City of Dryden has an opportunity to develop a significant parcel of waterfront property on the shores of Wabigoon Lake. A total of over 38 acres has been identified for consideration. This parcel includes private lands, protected wetlands, undeveloped municipal lands and surplus Crown lands. The motivations for this project are many: unrealized opportunity, housing demands, changing demographics, economic dominance of a single industry, tourism development, community amenity & quality of life, and confronting the issues of “sustainable community”.

PROJECT OBJECTIVES

“The purpose of this project is to provide clear and relevant direction to the Dryden Development Corporation as to the ingredients necessary to achieve a viable and sustainable waterfront development. The City of Dryden Framework Plan (2008) together with the Dryden Tourism Market Analysis and Tourism Strategic Plan (2009), are intended to provide the starting point for this assessment. The project will consider all of the factors that will contribute to this development, including community objectives, design and engineering criteria, financial criteria and partnership opportunities.”

Development of the waterfront is seen as a major cornerstone of the Dryden Economic Development Strategy (2008). Successful development will enhance economic and employment prospects, as well as significantly enhance the quality of life for citizens and visitors. Quality of life and economic development are inextricably linked as they relate to nature based and experiential based tourism. The authenticity that is derived from development that is true to the nature and culture of local citizens is what is attractive to tourists and the economic opportunity that is derived from tourism creates the

opportunity for employment and retention. Community participants in the planning process understood this link and it became a foundation for the strategy.

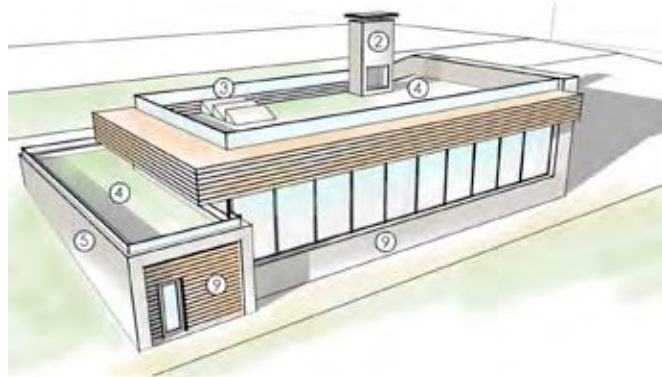
PLANNING STRATEGY

The Dryden Sustainable Waterfront Development Plan provides a strategy to address these objectives that is based on extensive community input, creative design, and principles of community development that are founded on growing and evolving a sustainable development over time. The plan also addresses considerations related to the servicing and development of the project area, assessment of the financial and partnership requirements needed to achieve a viable development, and consideration of the organizational structure that could foster, coordinate, and stimulate development over a long time frame.

The plan is based on a number of spatial and programmatic decisions that were identified through the community engagement process including:

- A strong interest in two narratives: children & education and mixed-use development;
- Establishment of an outdoor education centre and waterfront promenade as the initial catalysts, including improved access to Laura Howe Marsh;
- Need for an eating establishment at the waterfront;
- Need for residential development, established on the Ministry of Natural Resources site, with increased buffering between development and existing housing;
- Sustainable initiatives should be sought throughout the design and development of the site; and
- Education and interpretation to be located to the West of Van Horne Avenue; mixed-use development to be located to the East.





THE PLAN

Dryden is building an entirely new spatial, economic, and public amenity sector. The proposed strategy is to match development phasing to many interrelated factors including land availability, building critical mass of use to support the various levels of investment, supporting private investment through partnerships, incubation and building interest, and participation through active programming. The proposed development will take considerable time to reach its fruition. This is considered an asset to the development, as it provides the opportunity to develop in increments, to test results and to constantly re-evaluate opportunities.

The development plan proposes a collection of components that have been selected through community engagement, previous studies and professional judgment. These have been vetted by an initial assessment of potential viability to determine to what extent these initiatives can sustain themselves under conservative assumptions. The proposed sizes, mix, and interactions between components appear to make sense to develop a vibrant waterfront. Development components include many initiatives in each of 3 levels of development.

Level 1 Development: Public infrastructure and public access with zero to limited revenues;

Level 2 Development: Public services for local, passing through traffic, or existing destination travelers with little revenue generation; and

Level 3 Development: Destination attraction being identified as a destination attraction/location with revenue generation.

Public investment, public/private partnerships and private, for profit investment are all components of successful development.

Land assembly

Development contemplates land assembly arrangements with four private property owners as well as with the Ministry of Natural Resources (MNR). The private property owners may wish to participate directly in development or may wish to sell their holdings to the development corporation. It is expected that MNR, through the Ontario Realty Corporation, will make the surplus MNR property available to the City at a reasonable cost, based on current assessed values. This property has no waterfront access and should be assessed as such. These arrangements will be negotiated as implementation proceeds.



Sustainable Waterfront Development Plan

Component List

Level 1 Development

Internal Roads
 Water & Wastewater
 Van Horne Streetscape
 Shoreline Development
 Site Preparation and Development
 Public Parking
 Boat Launch / Ice Road
 Laura Howe Marsh Enhancements
 Trails
 Festival Park

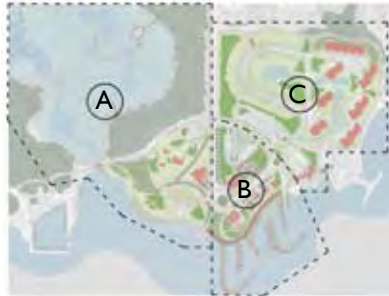
Level 2 Development

Outdoor Education Centre (OEC)
 Restaurant
 Marina
 Museum

Level 3 Development

Hotel & Spa
 Mixed Use
 OEC Expansion
 Residences

PLANNING ZONES



Zone Map

A. Discovery Zone

Primarily Community Infrastructure

1. Outdoor Education Centre
2. Laura Howe Marsh Trail
3. Marsh Enhancements
4. Festival Park (Amphitheatre & Promenade)
5. Museum
6. Lake Access - non-motorized

B. Commercial Zone

Significant Community Infrastructure to Support Private Sector Investment

1. Boutique Hotel
2. Restaurant/Cafe
3. Mixed-Use Development
4. Boat Launch
5. Trailer Parking
6. Marina
7. Ice Road Access
8. Shoreline Promenade

C. Living Zone

Minimum Additional Community Infrastructure to Support Private Sector Investment

1. RV Seasonal Lots
2. Condominium / Medium Density Housing
3. Stormwater Management
4. Trails

LAND USE ZONES

Development is contemplated to occur in three land use zones. These zones recognize existing land ownership conditions and a logical distribution of uses within the phasing concept. The Discovery Zone uses land currently owned or under lease to the City of Dryden. This zone is the proposed location for community amenities and outdoor attractions. It is also the preferred location for the Outdoor Education Centre, which is envisioned as the linchpin to the entire development concept. Its location as the hub of community and visitor amenities is critical to the success of all of these initiatives.

The Commercial Zone includes a small, unused portion of the MNR property as well as several private waterfront properties, the largest of which is the Nature's Inn property. The Commercial Zone includes the proposed mixed use, restaurant, marine facilities, spa and commercial

accommodations. It also includes an existing B&B operation which can grow and evolve within the development. Financial viability considers the ability of these commercial uses to support land assembly.

The Residential Zone is located entirely on the existing MNR property. This zone includes development of permanent housing in the form of medium density development, as well as a seasonal recreation vehicle park for visitors. The RV park is envisioned as an interim use which may exist for a considerable period of time until market conditions warrant more permanent development. As the development matures and evolves the residential zone may become desirable for permanent recreation property type ownership in addition to local housing, although The City of Dryden would need to study housing gaps prior to that shift.

SUSTAINABILITY

Sustainability – “the ability to meet our needs without compromising the ability of future generations to meet theirs” – has become a catchphrase throughout the world. In Dryden this concept centres on the physical environment as it relates to both natural functions and to the culture of the community itself. Sustainability includes consideration of environmental, social and economic functions acted in balance.

Sustainability in Dryden means not growing too fast; it means using time as a tool. Small-scale, incremental growth ensures that only warranted infrastructure is put in place. The Dryden Waterfront will be sustainable in that it will grow with time, reflecting the wants and needs of Dryden's current and future residents and avail itself of emerging technologies and opportunities. The development plan embeds sustainability in its development proposals, as well as in the public process with which it is created.

PHASING

The plan contemplates a strategy of phased development. This document suggests four phases as a starting point. Actual phasing will evolve based on financing and market conditions. It is intended that waterfront management use the plan as a tool to direct and fit opportunities and to update the plan regularly based on actual performance.

Phasing strategy initiatives are interdependent. Some examples include:

- Outdoor Education Centre needs the marsh development, parking, infrastructure, waterfront improvements etc. to all come together;
- It probably doesn't make sense to build the boutique hotel without

the spa and restaurant available;

- Marina needs some connection with the RV park and/or perhaps the yacht club to sustain active operations;
- Condos need the critical mass of activities to create a “life style” attraction to the area; and
- Doing a good job and creating success in the early phases will be critical to create the momentum necessary to attract the later phases of development.

The specific objectives of each phase are as follows:

Phase 1

Objective: Gain a foothold and begin to attract use. Prepare the site for long-term ambitions.

- Establish basic public amenities and venue for outdoor education programming;
- Establish basic municipal services;
- Basic outdoor education facility for community, visitor and school use; and
- Land assembly and enhancement.

Phase 2

Objective: Grow phase one activities; base on experiences and opportunity to expand attraction and utilization.

- Expand public amenities including marine access;
- Expand and commercialize outdoor education programming;
- Nurture waterfront restaurant and commercial development; and
- Expand infrastructure for future development.



Phase 1



Phase 2

IMPLEMENTATION

INVESTMENT SUMMARY

	PHASE 1	PHASE 2	PHASE 3	PHASE 4	TOTAL
PUBLIC INVESTMENT	\$3,519,000	\$6,365,000	\$2,262,900	\$1,050,000	\$13,188,000
P3 INVESTMENT	\$1,444,000	\$1,779,500	\$517,200	\$4,439,500	\$8,200,400
PRIVATE INVESTMENT	\$0	\$5,748,000	\$1,805,000	\$24,132,000	\$31,684,000
TOTAL	\$4,963,000	\$13,903,200	\$4,585,000	\$29,621,500	\$53,073,000



Phase 3



Phase 4

Phase 3

Objective: Increase commercial utilization in outdoor education and other destination attractions. Support expanded use with additional public amenities and programming.

- Nurture development of destination attraction such as a spa or experimental tourism packages such as geo-caching, etc.;
- Relocate municipal museum to site to provide a complimentary attraction;
- Incorporate visitor information into museum;
- Continue to expand and develop outdoor education as a tourist attraction in addition to its role as a local service; and
- Consider market conditions and timeliness of offering development sites for sustainable market housing oriented to local or distant markets – or consider interim use as seasonal RV accommodation.

Phase 4

Objective: Expand private sector offering in response to market conditions.

- Additional commercial development;
- Additional market housing or RV development; and
- Additional tourist/visitor accommodation.

CONCLUSIONS

Within a short period of time, the City of Dryden intends to create a waterfront development with a mix of components at a level and quality to excite local residents and attract visitors. While the components of the waterfront are intended to be individually successful, it is the synergies between the components that generate the critical mass of activity that is most important.

Successful implementation of the waterfront development plan is expected to:

- Maximize the financial, social, and economic returns for local residents;
- Generate a critical mass of activity that attracts tourism visitors, ultimately leading to Dryden becoming a visitor and retirement destination of choice;
- Act as a catalyst for further development in the City; and
- Establish Dryden as a showcase for sustainability.

With the development occurring over four phases, there is a recognition that time will be required in order for the concept to fully evolve. Further, success and momentum will need to be achieved in each phase in order to support the development of subsequent phases. Time will also be required to position the waterfront as a destination with all future users, including local and regional residents, and tourists. Accordingly, the development of messaging and the implementation of marketing programs will need to be aligned with the development phases. It will also be critical for the marketing programs to be integrated with the overall Dryden Tourism Development Strategy and Implementation Plan. Based on the organizational structure and governance model described in the

plan, the Dryden Marketing Association will also need to be involved.

The waterfront development will require special attention and resources to be implemented and operated successfully. The Dryden Development Corporation and City of Dryden Finance Department are seen to have the mandate and experience to champion this initiative. A distinct development unit for the waterfront is not expected to be required at this point. However, dedicated resources to this initiative within these groups may be required depending on the phase of development and the number of other initiatives being overseen by these units.

Sunset Country is world renowned for its lakes, wilderness, and rugged beauty; characteristics celebrated and embraced by communities in the region. Yet, within Sunset Country the proposed waterfront development is unique and distinct with a mix that includes: protected wetlands, sustainable development, access to nature through trail systems and water, outdoor education and recreation, historical education, commercial development, and a community of year round and seasonal residents.

1. INTRODUCTION

1.1 THE OPPORTUNITY

The City of Dryden has an opportunity to develop a significant parcel of waterfront property on the shores of Wabigoon Lake. A total of over 38 acres have been identified for consideration. This parcel includes private lands, protected wetlands, undeveloped municipal lands and surplus crown lands. The motivations for this project are many: unrealized opportunity, housing demands, changing demographics, economic dominance of a single industry, tourism development, community amenity and quality of life, and confronting the issues of “sustainable community”.

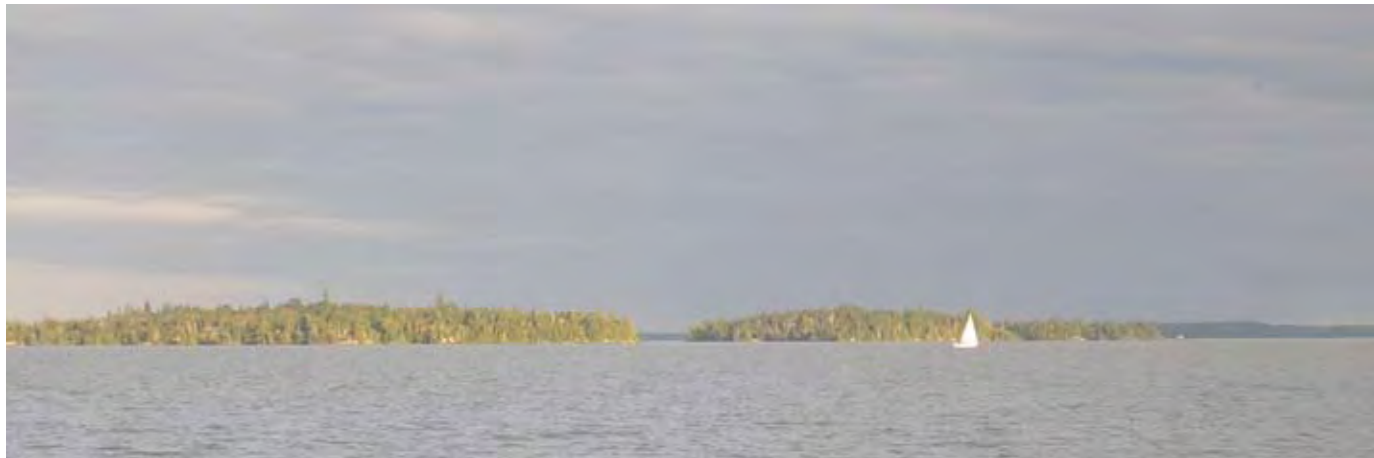
In the fall of 2007, the Community of Dryden engaged in a public process to establish a vision for the development of waterfront lands in the city. This process established a set of values and guiding principles as well as an initial development concept for the site. The City of Dryden Sustainable Waterfront Development Plan is summed up by the vision statement, adopted by Dryden City Council in February 2008.

This plan is a product of The City of Dryden and Dryden Development Corporation’s (DDC) vision and ambitions to utilize their waterfront as a major destination in NW Ontario. The DDC is now charged with the task of implementing this vision, adding flesh to the concepts, and providing a path for the community to benefit from the development of this site. The project’s scope is as follows:

“The purpose of this project is to provide clear and relevant direction to the Dryden Development Corporation as to the ingredients necessary to achieve a viable and sustainable waterfront development. The City of Dryden Framework Plan (2008) together with the Dryden Tourism Market Analysis and Tourism Strategic Plan (2009) are intended to provide the starting point for this assessment. The project will consider all of the factors that will contribute to this development including community objectives, design and engineering criteria, financial criteria and partnership opportunities.”

Vision Statement:

The Van Horne waterfront area will be the four-season destination for citizens, visitors and tourists. It is our wilderness in the city and our jumping-off point to access the wilderness of Wabigoon Lake and the surrounding boreal forest landscape. Development will celebrate the cultures, diversity, products and beauty of the boreal forest - the Great Canadian Experience. These values will be expressed in the design and construction of buildings, sites and infrastructure. Development will also incorporate the highest standards of sustainable design and will be a showcase for rural communities in Canada. (Approved by City of Dryden Council, February 2009)





July 2009 Workshop
Group Diagrams

1.2 PROCESS

The process involved technical considerations related to the servicing and development of the project area, assessment of the financial and partnership requirements to achieve a viable development, and consideration of the organization structure that could foster, coordinate and stimulate development over a long time frame.

A key element of this process was the determination of a possible/probable development program in the near and long-term time frames in keeping with development principles, values, and framework described in the previous plan. This information was considered in an integrated design workshop held in July 2009. Participants included the consultant team, the client team, invited specialists in tourism packaging and marketing, business development and development at the Forks in Winnipeg.

This workshop developed a number of key ideas which became the focus for this project :

- a strong interest in two narratives: children & education; and mixed use development
- establishment of an outdoor education centre and waterfront promenade as the initial catalysts
- improved access to Laura Howe Marsh
- need for an eating establishment
- sustainable initiatives should be sought throughout the design and development of the site
- increase the buffer between development and existing housing
- establish residential development on MNR site
- education and interpretation to be located to the West of VanHorne Avenue; mixed use development to be located to the East.

These development directions were fleshed out and presented to the citizens of Dryden at an open house in October 2009 where they were considered and endorsed (see Appendix VI). The concepts were then further developed and evaluated and are presented as a recommended course of action in this report. An open house was also held on March 1, 2010 at the completion of draft conclusions (see Appendix VI).

1.3 REPORT ORGANIZATION

The following report provides brief background information on the community and the site, a narrative of the development opportunities and a description of the strategy proposed to lever these opportunities into development that will address the principles, values, goals and objectives of Dryden. Section 5 of the report provides a description of the development components, capital cost estimates, and an evaluation of the initial feasibility of the individual business components and their collective impact. Section 6 provides recommendations for implementation.

Additional analytical and background information is included in several appendices and background reports which are bound separately.



2. THE LAND

2.1 LOCATION – CONTEXT

Dryden is an industrial and service centre located within an area that is renowned for its fishing, hunting, and outdoor recreation. The City prides itself on its small town feel with big city amenities, as well as its proximity to natural attractions. Branded as “The Wilderness City”, Dryden is centrally located in the NW Ontario region on the Trans-Canada Hwy #17, halfway between the City of Winnipeg, MB and the City of Thunder Bay, ON.

The city is easily accessible by road and air. The Dryden Regional Airport provides chartered as well as scheduled flights with connections to major airlines such as Air Canada and Westjet. The closest international airport is the Richardson International Airport in Winnipeg, MB, located approximately 350km west of Dryden. These travel means provide many options for users of the Dryden Waterfront to access the area from local, regional, national, or international locations.

Dryden is part of the Boreal Shield eco-zone, specifically in the Lake of the Woods eco-region. It is marked by warm summers and cold winters. Vegetation includes trembling aspen, paper birch, jack pine, white spruce, black spruce, balsam fir, some red and eastern white pine, and tamarack. The landforms are comprised of hummocky, broadly sloping uplands and lowlands. Bare rock outcrops are common. The extent of the wetlands is variable, being most extensive in the vicinity of Lake of the Woods. Treed bowl bogs and peat margin swamps are the predominant wetland forms. Characteristic wildlife includes moose, black bear, wolf, lynx, snowshoe hare, and woodchuck. Bird species include ruffed grouse, hooded merganser, pileated woodpecker, bald eagle, turkey vulture, herring gull, and waterfowl.

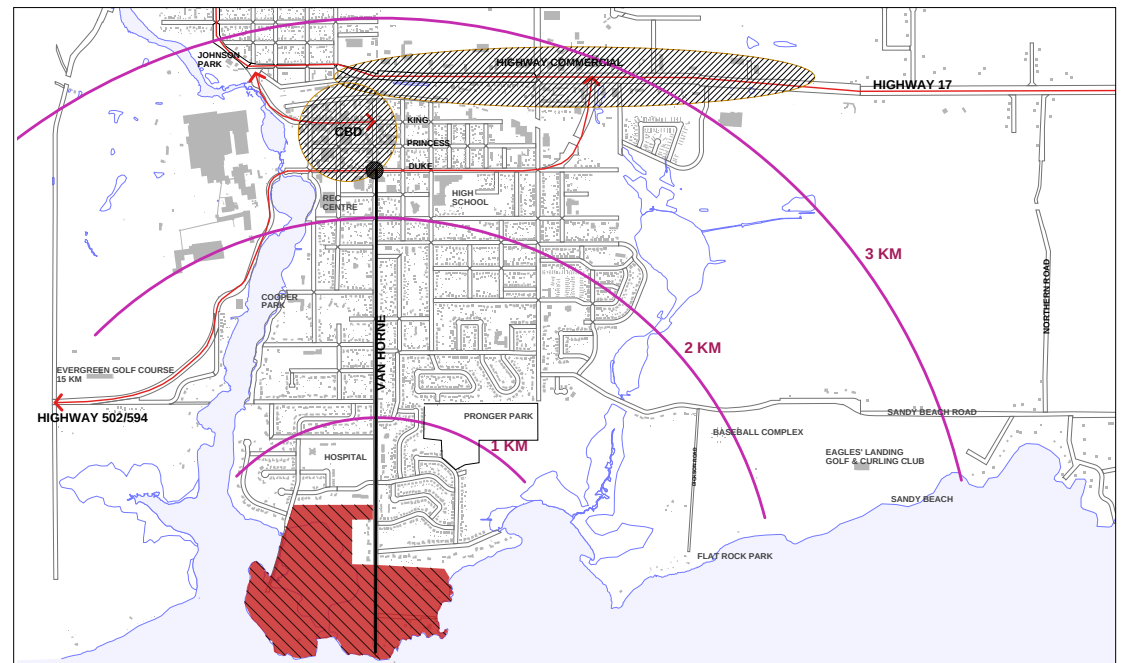
The landscape within and immediately surrounding Dryden is an anomaly in the boreal region. The area is a broad lacustrine plain that

supports a significant agricultural industry that is unique to the region. This landscape anomaly was in fact the reason for the creation of the community of Dryden, initially as an agricultural research facility. This same landscape attribute provided a large, relatively flat surface upon which to construct industrial infrastructure such as the pulp and paper mill and large airport, further strengthening Dryden's economic origins.

The City of Dryden is interested in the development of their waterfront lands adjacent to Wabigoon Lake within the City. While the area is removed from the Central Business District and the Trans-Canada Highway, it is Dryden's window on this major water body



Ecological Regions



Dryden City Map



The Study Area

and recreational/tourism amenity. The waterfront development area consists of approximately 38 acres of development lands adjacent to 56 acres of protected marsh lands to the North, open waters to the East and South, and 31 acres of privately owned waterfront lands owned by the Dryden Yacht Club, known as Partridge Island.

The 38 acres of developable lands consist of:

- 10.31 acres owned by The Corporation of the City of Dryden.
- 4.2 acres of existing waterfront marina and RV Park, known as Nature's Inn.
- 20.63 acres owned by the Ontario Realty Corporation (ORC) and currently leased to Ontario Ministry of Natural Resources (MNR). This property is surplus to the current needs of MNR who are prepared to relocate to a new area on the condition that replacement facilities are provided to them without cost.
- 1.07 acres owned by Pilot's Landing, with an existing Bed & Breakfast Inn and a seasonal customs float plane base.
- Approximately 2 acres consisting of four privately owned waterfront lots which run between the Nature's Inn and Pilot's Landing.

The 56 acres that comprise Laura Howe Marsh are owned by the Province of Ontario and are currently leased the City of Dryden for a period of 20 years concluding on August 31, 2029.

These property owners have expressed an interest in exploring the development potential of the total area. The Sustainable Waterfront Development Plan 2010 considers development potential in terms of the optimal mix of potential uses, the opportunities for landowners, and the role the City can play to foster private sector investment.

2.2 SITE ATTRIBUTES

Landscape and Vegetation

Laura Howe Marsh and Partridge Island consist primarily of boreal fen and forest. The adjacent city-owned lands have recently been disturbed and have limited vegetation. The eastern half of the site is generally grassed, with gentle, broad slopes down to the lake. A wooded area creates a buffer between the existing MNR buildings and the adjacent neighborhood. This area provides a natural connection between the waterfront development area and the existing residential area. The MNR property has a single tree row running along VanHorne Avenue, and also along the northern edge of the property. Throughout the summer months the MNR site has a variety of wildflowers. Nature's Inn Campground is primarily grassed with small grouping of trees, as are the four privately owned waterfront lots between the campground and Pilot's Landing.

Existing Buildings

There are currently five (5) service buildings located on the MNR site situated in the northeast quadrant of the study area. The buildings were reviewed on June 1, 2009 to evaluate the potential for adaptive reuse of the structures in the context of the City of Dryden Sustainable Waterfront Development Plan 2010 (refer to Background Report). In general, it was found that the majority of the buildings were unsuitable for adaptive reuse, with the possible exception of Building 4 (see image at right). Overall, it is felt that the cost of this evaluation/retrofit exercise would surpass the net value of the current structures. There may be opportunities to use these structures as interim storage facilities throughout the development of the overall site or as salvage. Either way, consideration should be given to deconstructing the buildings and recycling the building materials towards other future building projects on the site.

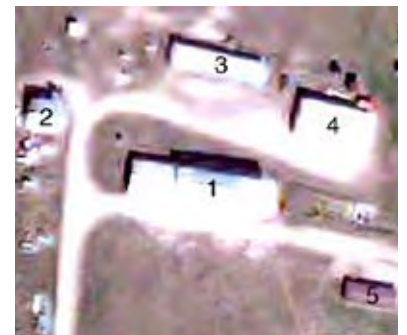
Additional buildings within the waterfront development site include: a small washroom building located at the terminus of Van Horne Avenue, one building within Nature's Inn Campground, two buildings and various sheds within the four privately owned waterfront lots, a Bed & Breakfast on the Pilot's Landing property, and the Yacht Club Clubhouse on Partridge Island.

Municipal Infrastructure

There is currently no municipal water distribution system or wastewater collection system in the Waterfront Development Area. The MNR site and individual properties are served by individual wells, pump out tanks, and septic fields.

The primary road to and within the site is Van Horne Avenue, which runs north from the lake approximately 3km to Duke Street (Hwy 594). Van Horne is a wide, straight, paved street that runs through residential side yards and frontages. The intersection at Duke Street provides linkage to the city's central business district, to Highway 594, and to the Trans-Canada highway. The existing pavement width offers opportunity to develop on-road bicycle and walking trails as well as other landscape and wayfinding and image enhancements. The intersection at Duke Street will likely require improvements to permit large RV turning movements.

The Laura Howe Marsh walking and cycling trail circumvents the marsh, primarily running through the forest. No other formalized trails exist on site. The Dryden Trail Plan does contemplate other trail linkages to and through the site.





Laura Howe Marsh (Refer to Background Report)

Laura Howe Marsh is a high quality, boreal wetland fen with an overgrown emergent zone. There is an excellent diversity of wetland plant species including wildflowers, native sedges and phragmites. Water quality is good, but invertebrate, insect and reptile populations are fairly low.

Threats to this environment include urban development, water levels being too stable, lack of knowledge/appreciation of wetland values and species, and soil erosion bank slumping at the mouth of Wabigoon River. There is some existing and good potential for additional natural history interpretive works. Management activities should focus on improving the diversity of habitats, increasing the number of wildlife species living there, and making the marsh more accessible to people for recreational and educational non-motorized access. Suggested management activities that would benefit the wetland include: water level control, managed burns, level ditching to open up the overgrown fen, aeration by windmill pumps, boardwalks for observation and education, and community involvement in planting local native plants.

2.3 WABIGOON LAKE

The waterfront development area is located along the north shore of Wabigoon Lake. Wabigoon is a shallow, warm water lake resulting in excellent fish productivity. The lake is considered one of the top fishing destinations in Ontario. Fish species commonly found in Wabigoon Lake are walleye, muskie, northern pike, perch and smallmouth bass.

The lake is also a significant winter amenity. Ice roads are accessed at the waterfront site and link numerous winter destinations including a rather large ice shack “village” on the area immediately south of the site.

There are currently limited boat launch opportunities around the city. Providing a proper boat launch at the waterfront site was a need that was commonly mentioned in consultations. As well, there are limited marina facilities in the city to provide convenient moorage to residents and visitors.



3. THE PEOPLE

3.1 DRYDEN DEMOGRAPHIC AND ECONOMIC CONTEXT

The Region

- Population of the Greater Dryden Area is 22,200 with a regional trading area of 35,000
 - Highway #502 provides an easy access, north-south link to the U.S. Midwest, and beyond
 - Approximately 6,000 vehicles travel through Dryden every day
 - A solid economic base in tourism, renewable energy and resource based sectors in the region's financial, accounting, real estate, healthcare and transportation hub
 - Approximately one-third of the population is between 25 and 44 years of age
 - Modern communications network
- (Source: Dryden Development Corporation, 2009)

The City of Dryden

- Dryden's census population is approximately 8,200
 - Median household income of \$64,237
 - The value of goods and services provided by Dryden businesses exceeds \$250,000,000 annually
 - Two-thirds of every dollar spent on goods and services in Dryden comes from non-residents
 - Manufacturing and retail trade sectors, as well as health care, accommodation and food services sectors employ the majority of the population
 - Major trucking companies and courier services, and supply warehousing are located in the community
- (Source: Dryden Development Corporation, 2009)

The demand for housing in Dryden has remained strong and is expected to continue. New demands are arising from their aging population, youth retention and the immigration of aboriginal youth from outlying areas. To date the City of Dryden has been reliant on the forestry industry as its main economic drive. With drastic changes now happening in the sector, Dryden finds itself in a position to diversify its economy. As of July 2009, Domtar Pulp & Paper Company still employed 380 workers.



Regional Context



3.2 TOURISM CONTEXT

The Dryden Region Tourism Market Analysis (2008) and the Dryden Tourism Development Strategy and Implementation Plan (2009) were created by McSweeney & Associates Management Consultants. The documents provide profiling of travelers by region and interest, as well as tourism outlooks and trends for Dryden and surrounding regions. These documents and their recommendations will help guide the development of Dryden's waterfront, making it an exciting, viable environment for both visitors and locals. The research recommends that the target tourism market the Dryden region should actively pursue includes: sports events and spectators, business travelers, active outdoor travelers, wildlife viewers, hikers, paddlers, cross-country skiers, anglers, hunters, and horseback riders. It also emphasizes that it is crucial to diversify the tourist experience of Dryden by offering various travel experiences. Experiences that are growing in popularity include wilderness survival, unspoiled nature, adventure tourism, extreme tourism, spas and retreats, agri-tourism, local wine and food tastings.

Possible tourism products in Dryden include:

- active living;
- cultural activities;
- winter tourism;
- network of trails and water routes; and
- guided adventure trips and tours

Attractions for in-transit travelers to Dryden should be dynamic, outdoor, easy to access, and visible from the highways. They should appeal to all ages and require minimal time or preparation. Potential active living opportunities to explore include: obstacle course, hiking trails, zip line, boat tours, greenhouse tours, rappelling wall, etc. Tourists who engage in outdoor activities also engage in cultural activities while on a trip. Currently, the Dryden area offers few experience-based or place-based cultural tourism products in spite of its richness in cultural assets. Potential cultural activity opportunities exist in: food and agriculture, mining, forestry, arts, and Ojibway First Nation culture. Dryden could extend their tourism to year round by offering winter tourism opportunities such as: winter wildlife viewing, snow kiting, ice skating, winter wilderness survival, tobogganing, trapping, and snowshoeing. Trail networks and water routes offer opportunities to develop a variety of guided tours and packages suited to different profiles of outdoor travelers with varying household incomes. Guided adventure trips and tours can vary greatly in theme (i.e. aboriginal culture, history, wildlife viewing, and autumn colors), mode of transportation (i.e. kayak, hiking, boat, walking, train, or a combination of), length (one-hour tours to ten-day treks), skill level and level of comfort (survival camping to luxury accommodation and meals, or a combination of both).

Key Tourism Markets include:

Kenora - Rainy River population +/- 85,000

Rest of Northern Ontario population +/- 750,000

Southern Manitoba population +/- 850,000

Northern Ontario market and air link to Sioux Lookout

Southern US & Southern Ontario

4. DEVELOPMENT OPPORTUNITIES

The Sustainable Waterfront planning process yielded the development focus for the plan, which is described in the Themes, Development Principles and the Development Program.

4.1 THEMES

Themes describe the overarching images that will give the waterfront its distinctive and location specific flavour.

- Wilderness in the City
- Sustainable Living in the North
- Lifelong Learning
- Linkages to Wabigoon Lake
- Dryden's Gathering Place and Must See Destination

4.2 DEVELOPMENT PRINCIPLES

Development principles provide guidance on how the proposed initiatives should be implemented.

- Public investment in land assembly and infrastructure development
- municipal services, site enhancements, and public amenities
- Entrepreneurial, institutional, and private sector opportunities
- Synergies between enterprise
- Appropriate level of public support to nurture private enterprise
- Relationship with regional lodge & accommodation industry
- Phasing and growth – implement, test, modify, implement

4.3 DEVELOPMENT PROGRAM

The development program provides concepts for physical land use that are considered in the plan.

- Smart growth principles (active transportation, density, and municipal services)
- Outdoor Education Centre (OEC)
- Laura Howe Marsh protection and enhancement
- Consolidate parking
- Municipal museum and interpretive centre
- Walkways and trails
- Bridge at causeway to complete connection of marsh to lake
- Bike and sidewalk connection to downtown
- Public park – events venue
- Non-motorized boat access
- Commercial services and retail sites focused on local products
- Commercial restaurant focused on local foods
- Commercial marina and marine services
- Winter village
- Visitor accommodation (boutique hotel)
- Support existing Yacht Club
- Support existing B&B
- Residential development or seasonal RV based on market conditions





4.4 TOURISM

The Dryden Tourism Development Strategy (March 2009) focuses attention on 3 target market segments.

The proposed development plan provides:

- Other things to see and do for “sports events” and “business travelers”;
- Centre of activity for “active outdoor travelers”; and
- Entrepreneurial, institutional, and private sector opportunities.

It could also contribute to the success of 17 of 26 of the recommendations of the Dryden Tourism Development Strategy.

Target Tourism Markets

It is recommended that the types of travelers that the Dryden region should actively pursue include:

- Sports events and spectators;
- Business and conference travelers;
- Active outdoor travelers;
- Wildlife viewers;
- Cross-country skiers and snowshoers;
- Wilderness activities (hikers, paddlers);
- Anglers;
- Hunters and foragers; and
- Horseback riders.

Emerging Tourism Markets and Experiences

While the hunting and fishing market is healthy and well in the Dryden region it is crucial to diversify the tourist experience of Dryden by offering various travel experiences. Experiences that are growing in popularity include:

- Wilderness survival;
- Unspoiled nature;
- Adventure tourism (which combines physical activity, culture and nature);
- Extreme tourism (an element of danger is involved);
- Place-based culture;
- Participatory historical experiences;
- Carnivals;
- Spas and retreats;
- Agri-tourism;
- Learning and enrichment travel;
- Aboriginal culture; and
- Local wine and food tastings.

Possible Tourism Products in Dryden

- Active Living (obstacle course, hiking trails, zip line, boat tours)
- Cultural Activities (cultural tourism of mining, fur trade, settlers history, forestry)
- Winter Tourism (winter wildlife viewing, snow kiting, ice climbing, winter wilderness survival, etc.)
- Network of Trails and Water Routes
- Guided Adventure Trips and Tours

4.5 SUSTAINABILITY FEATURES

Alternative Energy Opportunities

Various components on site could be sustainably built and powered by green energy, such as wind, geothermal, biomass, and solar.

Active Transport

Increased opportunities for active transport (such as biking, canoeing, kayaking, rollerblading, and cross-country skiing) have been included within the design of the site.

LEED Buildings and LEED Neighborhoods

- LEED (Leadership in Energy and Environmental Design) Buildings is a green building certification system; and
- LEED for Neighbourhood Development is a green neighborhood certification program that integrates the principles of smart growth, new urbanism, and green building into the first national program for neighborhood design.

Outdoor Education Centre

- Outdoor Education Centres create opportunities for real-life applications of learning (biology, geology, etc.); and
- Making the connection to the natural environment fosters responsibility, empathy and leadership.

Living Machines®

- Living machines mimic the behavior of a natural wetland using plants, snails, fish, bacteria, protozoa, etc;
- After a few days the result is clear, reusable water that does not require chemical treatment or high pumping energy; and
- Requires constant and consistent year-round flow. May be suitable for residential development in later phases.

Constructed Wetlands/Bioswales

- Constructed wetlands are a type of wastewater purification that mimic the function of natural wetlands;
- Constructed wetlands and bioswales help detain and treat storm and wastewater at 50-90% of conventional costs; and
- They can be built on a variety of scales.

Aquaculture

- Aquaculture is the practice of cultivating aquatic plants, algae, and animals for the purpose of creating food, fuel, fiber, and fertilizer; and
- Their aquatic systems can produce enough algae to support entire food chains.

Agriculture

- Community gardens are becoming increasingly popular as food prices rise; and
- Gardens can also serve a social function, bringing people of similar interests together.



5. DEVELOPMENT STRATEGY



The Dryden Waterfront will change and grow with time, evolving into an exciting, multi-season destination for both visitors and locals. The Sustainable Waterfront Development Plan seeks to balance public open space with development, while preserving and enhancing existing natural systems. The plan illustrates proposed site organization and design features focused on increasing public interest and access to the waterfront. The Sustainable Waterfront Development Plan provides viable options for development of the waterfront lands that are compatible with the community (the People), in harmony with the character of the surrounding neighbourhood (the Place), and support the principles of sustainability. Wherever possible sustainable design elements are incorporated into the design components. For example, all buildings will be sited and oriented for maximum solar gain, green roof technologies may be used where applicable, and building materials will come from local sources if possible. The design concept of the majority of buildings will be inside/outside; essentially how to bring the outdoors inside, creating minimal differentiation between the two through thoughtful, sensitive design. Also, native vegetation will be used throughout the site, not only providing shade and aesthetics, but also a learning experience regarding the flora and fauna of the area.

The City of Dryden Sustainable Waterfront Development Plan will infuse the waterfront with activity and life throughout the seasons for both local residents and tourists. The Outdoor Education Centre would bring young people and parents to the waterfront to partake in multi-seasonal activities and courses offered. The exhibit spaces of the museum would function as a key attraction, providing an access point for tourists interested in local information and history. Festival Park will pull people to the waterfront to enjoy the gorgeous vistas, concerts, plays and other programmed activities in and

around the waterfront. The waterfront promenade will provide a major non-motorized linkage throughout the site, offering people active transport opportunities and proximity to the lakefront. Also available is waterfront dining, locally-run shops, a boutique hotel and spa. The restaurant, located with stunning views to the lake will offer local cuisine in a relaxed casual atmosphere. New retail and commercial uses complementary to those found in downtown Dryden will be developed in mixed-use buildings. The boutique hotel and spa, nestled within a treed area, will provide an opportunity for quiet and comfort. Residential opportunities both seasonal and permanent will add year round vitality and animation to the site.

The following information describes the proposed waterfront development as a series of phases that are designed to build the physical features of the site as well as the institutional capacity for the community to achieve sustainable social, economic and environmental development.



Sustainable Waterfront Development Plan

Component List

Level 1 Development

Internal Roads
 Water & Wastewater
 Van Horne Streetscape
 Shoreline Development
 Site Preparation and Development
 Public Parking
 Boat Launch / Ice Road
 Laura Howe Marsh Enhancements
 Trails
 Festival Park

Level 2 Development

Outdoor Education Centre (OEC)
 Restaurant
 Marina
 Museum

Level 3 Development

Hotel & Spa
 Mixed Use
 OEC Expansion
 Residences

5.1 LEVELS OF DEVELOPMENT

Development is expected to be on 3 levels:

Level 1 Infrastructure - Municipal:

- The City of Dryden is seen to lead the development with its infrastructure to encourage use of the development and support future development;
- Identify low hanging fruit/quick wins as possible; and
- These initiatives should encourage local use and access in order to generate site usage and interest.

Level 2 Local & Regional Attractions - Partnerships:

- These initiatives may be contingent on the development of infrastructure from Level 1;
- Initiatives may require a 'base level' of public use or access to the site;
- Usage is anticipated to be focused on local or regional traffic, such as the marina, yacht club and amphitheatre;
- Financing for these project components will include the use of public funds/private investment; and
- Private investment for these project components is perceived to be possible from local or regional sources.

Level 3 Destination Attractions - Private Sector:

- These initiatives are anticipated to be primarily private sector financed and operated;
- The market to support these initiatives will be primarily destination focused. This has to be earned; and
- Developments will require careful consideration to identify sustainable operating models that balance capacity, services, and amenities with revenue from local, regional, and seasonal tourist trade markets.

Assessment of Viability

The approach has been to conduct initial assessments of the viability and determine to what extent we believe these initiatives can sustain themselves with conservative assumptions.

The proposed sizes, mix, and interactions between the components appear to make sense to develop a vibrant waterfront. As the business components and markets become more fully developed and refined for each of the commercial components, it is believed that even greater opportunities will emerge to increase the attractiveness of the commercial components to private investment.

5.1 PLANNING ZONES



Zone Map

A Discovery Zone

Primarily Community Infrastructure

1. Outdoor Education Centre
2. Laura Howe Marsh Trail
3. Marsh Enhancements
4. Festival Park (Amphitheatre & Promenade)
5. Museum
6. Lake Access - non-motorized

B Commercial Zone

Significant Community Infrastructure to Support Private Sector Investment

1. Boutique Hotel
2. Restaurant/Cafe
3. Mixed-Use Development
4. Boat Launch
5. Trailer Parking
6. Marina
7. Ice Road Access
8. Shoreline Promenade

C Living Zone

Minimum Additional Community Infrastructure to Support Private Sector Investment

1. RV Seasonal Lots
2. Condominium / Medium Density
3. Stormwater Management
4. Trails

5.2 PHASING AND CAPITAL COSTS

The plan contemplates a strategy of phased development. This document suggests four phases as a starting point. Actual phasing will evolve based on financing and market conditions. It is intended that waterfront management use the plan as a tool to direct and fit opportunities and to update the plan regularly based on actual performance.

Phasing strategy initiatives are interdependent:

- OEC needs the Marsh development, parking, infrastructure, waterfront improvements etc. to all come together.
- It probably doesn't make sense to build the boutique hotel without the spa and restaurant available.
- Marina needs some connection with the RV park and/or maybe the yacht club to sustain active operations.
- Condos need the critical mass of activities to create a "life style" attraction to the area.

Doing a good job and creating success in the early phases will be critical to create the momentum necessary to attract the later phases of development.

PHASE 1



Components

Festival Park
 Outdoor Education Centre
 Marsh Enhancements
 Marsh Trails
 Van Horne Streetscaping

Development Strategy

Objective: Gain a foothold and begin to attract use. Prepare the site for long term ambitions.

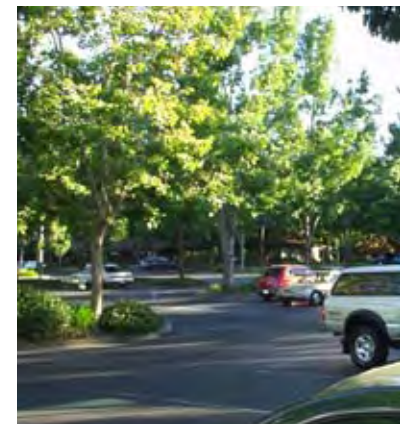
- Establish basic public amenities and venue for outdoor education programming;
- Establish basic municipal services;
- Basic outdoor education facility for community and school use; and
- Land assembly and enhancement.

Management and Governance Strategy

- Board of Directors responsible for redevelopment project (could be DDC);
- Operation of environmental education centre (by Kenora Patricia District School Board); and
- Project manager (contract) for implementation of phase one.

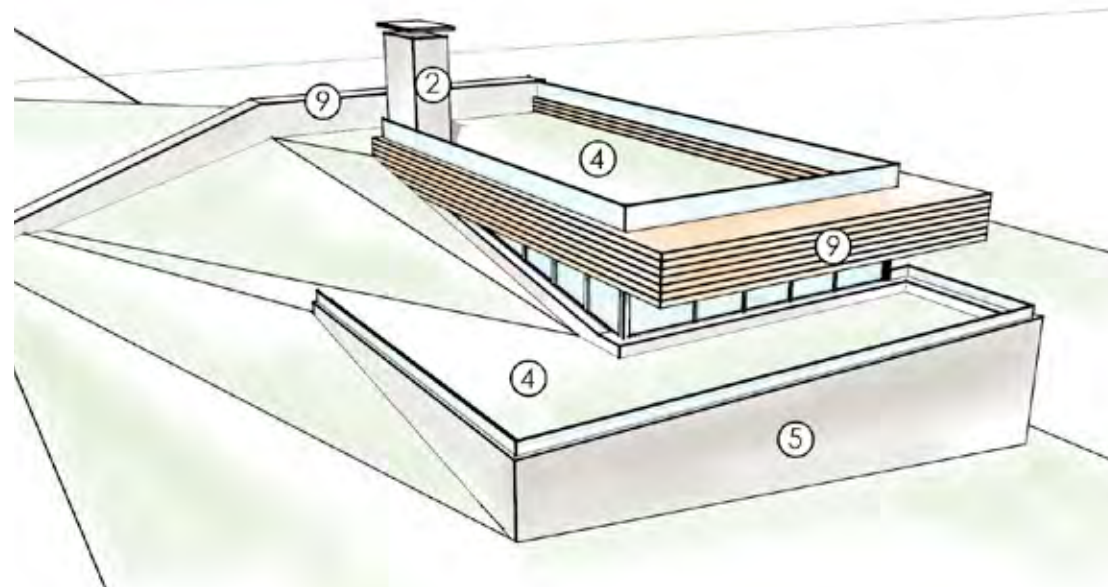
PHASE 1 CAPITAL COSTS

COMPONENT	MUNICIPAL INFRASTRUCTURE	MUNICIPAL AMENITIES	PARTNERSHIP	PRIVATE SECTOR
WATER & WASTEWATER	\$16,900			
VAN HORNE STREETScape		\$613,600		
PUBLIC PARKING		\$208,000		
BOAT LAUNCH/ ICE ROAD		\$606,000		
MARSH ENHANCEMENTS		\$455,000		
MARSH TRAILS		\$435,000		
FESTIVAL PARK		\$1,183,000		
OUTDOOR EDUCATION CENTRE			\$1,262,000	
MARINA			\$182,000	
TOTAL	\$16,900	\$3,502,000	\$1,444,000	



Sustainability Components

1. Geothermal Ground Source Heating
2. Wood Burning Stove
3. Photovoltaic Panels
4. Green Roof
5. High Performance Building Envelope
6. Reduce Building Water Consumption
7. Day Lighting Strategies
8. Recycled Materials
9. Local and Regional Materials
10. Natural Ventilation

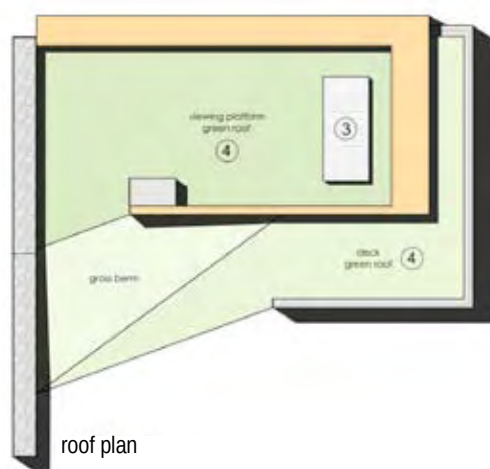


Community Objectives

There are a number of community objectives to address:

- Provide a purpose built venue for the delivery of outdoor and experiential education;
- Provide convenient access to the natural resources of Laura Howe Marsh and Wabigoon Lake;
- Facilitate the delivery of year round programming for local and regional residents;
- Facilitate the delivery of programs to the regions existing tourist community;
- Offer potential to develop a tourism destination based on experiential tourism;
- Create employment and leadership development opportunities for youth;
- Foster a love for the regions landscapes with youth to encourage long term retention; and
- Occupy and animate the waterfront as the anchor for future development.

Outdoor Education Centre



PHASE 2



Components

Municipal Services
 Hotel / Spa
 Restaurant
 Marina Expansion
 Waterfront Promenade

Development Strategy

Objective: Grow phase one activities based on experiences and opportunity to expand attraction and utilization.

- Expand public amenities including marine access;
- Expand and commercialize outdoor education programming;
- Nurture waterfront restaurant and commercial development; and
- Expand infrastructure for future development.

Management and Governance Strategy

- Board of Directors' role expands to operations of environmental education centre and land assembly (should no longer be DDC);
- Executive Director retained with mandate to expand environmental education centre; and
- Designated staff for marketing, communications, relationship development and programming public events.

PHASE 2 CAPITAL COSTS

COMPONENT	MUNICIPAL INFRASTRUCTURE	MUNICIPAL AMENITIES	PARTNERSHIP	PRIVATE SECTOR
ROADS	\$2,993,500			
WATER & SEWER	\$1,546,000			
SHORELINE DEVELOPMENT		\$1,675,000		
PUBLIC PARKING		\$142,000		
RESTAURANT			\$1,572,000	
MARINA			\$227,500	
HOTEL/SPA				\$4,722,000
MIXED USE				\$558,000
OEC EXPANSION				\$468,000
TOTAL	\$4,539,000	\$1,817,000	\$1,799,500	\$5,748,000



PHASE 3



Components

Commercial / Mixed use Expansion
 Seasonal RV lots
 Stormwater Management
 Expanded Trail System

Development Strategy

Objective: Increase commercial utilization in outdoor education and other destination attractions. Support expanded use with additional public amenities and programming.

- Nurture development of destination attraction such as a spa;
- Relocate museum to site to provide a complimentary attraction;
- Continue to expand and develop outdoor education as a tourist attraction in addition to its role as a local service; and
- Consider market conditions and timeliness of offering development sites for sustainable market housing oriented to local or distant markets - or consider interim use as seasonal RV accommodation.

Management and Governance Strategy

- Requirement for negotiation of land arrangements with developers and attracting developers; and
- Increased sophistication in programming and marketing.

PHASE 3 CAPITAL COSTS

COMPONENT	MUNICIPAL INFRASTRUCTURE	MUNICIPAL AMENITIES	PARTNERSHIP	PRIVATE SECTOR
ROADS	\$568,700			
WATER & SEWER	\$195,650			
SITE PREPARATION & STORMWATER		\$1,245,000		
TRAILS		\$253,500		
RV PARK			\$517,200	
MIXED USE				\$1,805,000
TOTAL	\$764,400	\$1,498,500	\$517,200	\$1,805,000



PHASE 4



Components

Museum

Condominium Housing

Expanded Commercial/ Mixed use Development

Development Strategy

Objective: Expand private sector offering in response to market conditions.

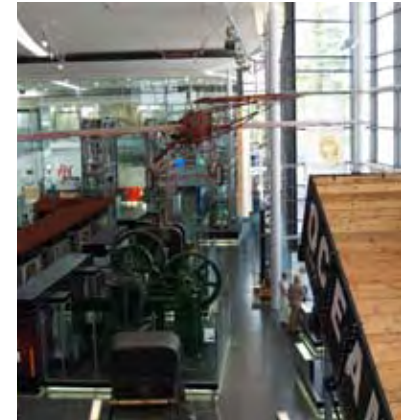
- Additional commercial development;
- Additional market housing or RV development; and
- Additional tourist/visitor accommodation.

Management and Governance Strategy

- Requirement for negotiation of land arrangements with developers and attracting developers; and
- Increased sophistication in programming and marketing.

PHASE 4 CAPITAL COSTS

COMPONENT	MUNICIPAL INFRASTRUCTURE	MUNICIPAL AMENITIES	PARTNERSHIP	PRIVATE SECTOR
WATER & SEWER	\$748,500			
PUBLIC PARKING		\$301,500		
MUSEUM			\$3,926,000	
MARINA EXPANSION			\$513,500	
MIXED USE				\$2,132,000
MEDIUM DENSITY RESIDENTIAL				\$22,000,000
TOTAL	\$748,500	\$301,500	\$4,439,500	\$24,132,000



5.3 FINANCIAL ASSESSMENT

Approach

The approach has been to conduct initial assessments of the viability and determine to what extent it is expected that these initiatives can sustain themselves with conservative assumptions. The sizes, mix and interactions between the identified components are perceived to support the development of a vibrant waterfront.

On this basis, it is expected that as the business components and markets become more fully developed and refined for each of the commercial components, it is hoped that even greater opportunities will emerge to increase the attractiveness of the commercial components to private investment.

Across all the initiatives the following analysis has addressed the issues that would need to exist for viable operations.

In some cases where cost of capital has been applied against a project a rate of 6.5% of the bankable amount or 6.5% of the total project, depending on what was appropriate, has been applied to assess a cost of capital. This is most relevant where it is likely major loans would be required to support the initiatives.

More in depth study and analysis will be required on a project by project basis to determine feasibility, which is assumed to be a prerequisite for business planning and subsequent development.

5.3.1 OUTDOOR EDUCATION CENTRE



An Outdoor Education Centre (OEC) has been identified as an element of the waterfront development plan and is envisioned to:

- Provide access to, celebrate, and promote the Laura Howe Marsh and Wabigoon Lake; and
- Support outdoor and experiential education and programming for district students, local residents, and visitors.

Through a study of 43 outdoor education centres, Hilderman Thomas Frank Cram (HTFC) identified three common models for operation: school board operated (47%); not-for-profit (37%); and for profit (16%). Notable observations of these three models of operations include:

- Most school board operated facilities operate only between September and June;
- Most not-for-profit and for profit facilities operate year round;
- Most not-for-profit and for profit facilities have accommodations available onsite;
- Sources of funds for school board operated facilities include funding from the school board, donations, user fees and facility rentals; and
- Sources of funds for not-for-profit facilities include users fees, donations, facility rentals, memberships, fundraising, and grants.

The Outdoor Education Centre proposed in the waterfront development plan is to be operated by the Keewatin Patricia District School Board (KPDSB). The school board has approximately 5,225 students and 24 schools in an operating area of 75,000 km, an area slightly larger than the Province of New Brunswick. While Dryden is centrally located in the district, some communities such as Red Lake, are still located over 200 km away. Such realities will impact the cost of accessing the facility. Furthermore, it is expected that the facility will be used on a day-use basis as there are no accommodations planned in the development. Accordingly, travel time to and from the facility will reduce the amount of onsite time students are able to spend. Programming will need to be flexible to accommodate students from varying distances within the district. These operating realities may present challenges to the amount the school board is able to use the facility.

Based on a scan of annual attendance figures from the 43 sites analyzed by HTFC only one not-for-profit learning centre had an annual attendance figure of less than 5,000 people. Estimated low, medium and high attendance ranges appear to be: 5,000 to 9,999 visitors; 10,000 – 19,000 visitors; and 20,000 visitors and above. The low range attendance figures would require 100% of students in the district to attend the centre each year. To the degree that these attendance figures are unrealistic to achieve, the school board may require support to operate the centre.

Many outdoor education centres develop grade specific programming designed around provincial curriculum for subjects such as art, science, drama, geography, and physical education. In line with development phasing and timing of the waterfront, it is anticipated that initial programming will be centred on promoting Wabigoon Lake and the Laura Howe Marsh. If all students from the district are to attend the centre each year, the school board may be required to invest in the development of curriculum-based programming for all grade levels.

Should the school board determine that it can not support the OEC on its own, a not-for-profit model may be achievable with the partnership of additional parties such as the City of Dryden, and the Northwest Catholic District School Board. The number of parties involved may create some complexities to the governance model, however a group funded facility may be more sustainable. A group funded facility is also anticipated to provide a higher return on assets in both financial and social terms. Use of the facility by additional groups provides the opportunity to increase visitor numbers and extend the length of operation of the facility. In this development scenario, a not-for-profit facility may be a more appropriate.

School programming would likely be the focus of activities between September and June. Other groups, such as the City of Dryden, could schedule programming during July and August or during the fall to spring when the facility is not in use for school programs. Such programming could be targeted at local residents, such as day camps and workshops, as well as at regional tourists, such as existing tourist camp visitors or those markets identified in the tourism development strategy.

Financial Viability

It is assumed that the capital costs for the facility will be provided by public sources or funding. A potential mix of operating revenues to support operations could include:

Table 1: Potential Revenue Sources for the Outdoor Education Centre

Revenue Source	%
School Board	20 – 33%
Fundraising / donations	20 – 33%
Programming / user fees	30%
Facility rentals	7%
Grants	10%
Total	100

The mix and percentage amongst categories will depend upon the participating organizations in the facility.

The OEC is proposed to be constructed in Phase One with an expansion in Phase Two. A possible approach to operations and development is described below:

Phase One

The development of the OEC in Phase One will create one of the first destinations and public amenities on the waterfront for residents and visitors to Dryden. Operation of the facility is anticipated to occur initially at a basic level, followed by a more active level of operations.

Basic Operations

The facility is anticipated to operate initially at a modest level with remote management and oversight from the KPDSB, the City of Dryden, and other involved parties. Full-time employees are not anticipated to be required during this period if services such as site and facility maintenance are provided in-kind by the KPDSB and the City of Dryden using existing departments and resources.

Programming is expected to initially support self-guided tours of the facility. The facility will also act as a stepping-off point to enable users to experience and access the marsh enhancements and trail systems.

The teaching and program space in the facility could allow student groups to use the facility in conjunction with existing school curriculum. The interior and exterior gathering spaces also allow the facility to be used from its opening for facility rentals.

Active Operations

An active level of operations is envisioned to include enhanced and sustainable programming. Full-time staff are anticipated to ultimately be required, particularly in a manager or executive director role. The transition from basic to active operations may be supported by using existing personnel and programs from the KPDSB and the City of Dryden. The development of programs for students across subjects and grade levels will also support the need and case for on-site personnel and enhanced services. Similarly, the degree to which the City of Dryden can use the facility for its recreational programs will support the transition from basic to active operations.

While initial programming is expected to be focused on school students and those potentially provided by the City of Dryden, it is expected that programming can be expanded for the local adult and tourist markets. In addition, there is an opportunity to develop programming targeted at the anglers and outdoor enthusiasts that frequent the lodges and tourist camps in the Dryden area each summer. Further, programming developed by the OEC appears possible for several of the target markets identified in the tourism development strategy including, active outdoor travellers, and wildlife viewers, active outdoor travelers, and business travelers who were identified to be eager consumers of tourism products.

Phase Two

Prior to the physical expansion of the OEC in Phase 2, it is recommended that active operations be achieved, including full-time staff and established programming. Established staff and programming will help support the successful operation of the larger facility. Further, experience gained from operating the Phase One facility will inform the physical needs of the Phase Two facility.

Considerations and Interdependencies

- The OEC is dependent upon the completion of required infrastructure, site servicing, trail systems, and parking.
- Establishment of the OEC will require commitment, at a minimum, from the KPDSB. Depending on their level of commitment, other parties, such as the City of Dryden, may be required to contribute financial or in-kind services in order to sustain annual operations.
- Operating at a basic level may be adequate for initial operations, however active operations with dedicated staff will be required to provide programming that will attract meaningful levels of students, local children, adults, and visitors and critical additional revenue streams.
- The OEC will be an 'anchor tenant' of the waterfront given its construction during the initial phase of development and its potential to serve local, regional, and tourism populations. Its ultimate impact will be dependant upon the level of programming it is able to provide.
- Building the OEC over two phases mitigates development risk. Establishing operations based on Phase One development will support the successful operation of the expanded facility in Phase Two. The phased development will also provide the opportunity to identify and clarify facility and programming needs that the expansion will need to support.
- There may be the opportunity to develop joint programming with the museum, which also develops programming and workshops for students and adults.
- There may be opportunities for operational efficiencies with the museum once it is located on the waterfront, for expenses such as maintenance, program staff and marketing.

Significance of the Opportunity

The OEC is the cornerstone for the development of animation and activity at the waterfront. This initiative will be the catalyst for the transformation of Dryden from a resource-based economy to one that includes tourism and nature based activities. The benefits of this initiative include leadership development and retention of youth, enhancing relationships with the regional tourism industry, as well as supporting school curriculum objectives.

5.3.2 MARINA



The existing marina on the waterfront, given its current level of development, provides some reassurance that a marina as part of the improved waterfront with increased attractiveness and activity would be viable. The marina will support local and visitor use of Wabigoon Lake and is perceived as a complementary component to the proposed Recreational Vehicle Park.

The marina development is proposed to occur over Phases One and Two. In Phase One, development will include building 40 dock slips and upgrading the existing Claybanks Marina building. Slips will be available for rent on a daily and seasonal basis, which will support use by local residents, as well as visitors. Daily and seasonal rates are estimated at \$10 and \$400 respectively, based on current market rates in Dryden.

The marina is expected to operate on a seasonal basis for about 120 days from approximately the May long weekend to the September long weekend.

Docking use is anticipated to be 70% seasonal and 30% daily use. Seasonal users are expected to be local residents as well as seasonal users of the RV Park. Occupancy of the daily use spots over the 120 day is expected to an average of 60% capacity, with a low of 10% in May and a high of 80% in July and August.

Potential revenue from this scenario is illustrated in the table below.

Table 2: Potential Revenues from Daily-Use and Seasonal Dock Rentals

	Rental Rate	May	June	July	August	September	Total
Daily slips docking	\$10 per day	168	1,800	2,976	2,976	168	8,088
Seasonal slips docking	\$400 per season	11,200	-	-	-	-	11,200
Totals		\$11,368	\$1,800	\$2,976	\$2,976	\$168	\$19,288

This usage mix would provide approximate revenues of \$11,200 from seasonal slips and \$8,088 in from daily-use slips. Accordingly, if the capital costs for the marina were provided it could generate \$19,288 per year.

If there is a cost of capital that is comprised of a return to equity holders and the interest on debt, the marina could support a 4% cost of capital within the context of estimated market rates. To achieve breakeven at a higher cost of capital, such as 7%, the marina would need to charge \$12 for daily parking and \$475 for monthly parking.

It is assumed that the 50 slip expansion of the marina will be based upon demand in excess of the initial 40 units. This phased approach mitigates the risk of over development.

Considerations and Interdependencies

- The marina will require the completion of the infrastructure, roads, parking, and boat ramp for operations.
- Seasonal renters are expected to include local residents and seasonal RV park users. To the degree that seasonal and daily users of the RV Park are required, the marina could be operating at a deficit until the completion of the RV Park in Phase 3. Continued operations of the existing RV park may mitigate the impact of the development timeline.
- On a cash flow basis, the dock rentals may be able to achieve a break-even scenario. However, they are not anticipated to contribute positive net revenues to the marina.

Significance of the Opportunity

Marina expansion and redevelopment will provide much needed service for residents and an opportunity to service visitors. It is an essential piece of infrastructure as part of the integrated strategy to attract visitation and to support related activities. Marina facilities can service both winter and open water seasons.



5.3.3 RECREATIONAL VEHICLE (RV) PARK

The recreational vehicle (RV) park is anticipated to have 51 sites at a total capital cost of \$517,000. Area RV parks rent spaces out on a daily, weekly, monthly, and seasonal basis. They are recognized to be highly affected by seasonality, with revenue generation expected to occur within a 120 day period from approximately mid-May to mid-September. The existing trailer park on the waterfront is perceived to demonstrate a level of viability of the 'urban' RV park in Dryden, particularly given the current level of development. There are also other examples of urban RV parks in the region such as Anicinabe Park in Kenora.

The RV park scheduled to occur in Phase 3 of the waterfront development will be based upon the strong tourist trade Dryden currently experiences in the summer and enhanced by the components included in the waterfront development plan. Access to Wabigoon Lake via the boat launch and marina included in Phase 1 are perceived to be of particular importance to park users. Park users are also anticipated to generate seasonal and daily boat parking revenues for the marina. Development components proposed to occur in Phase 2, such as the established outdoor education centre, marina, shoreline development, restaurant, and spa are also all expected to increase the appeal of the park.

For the purposes of this study it is estimated that the park will achieve 65% occupancy and include a mix of seasonal, monthly, weekly, and daily users. This occupancy rate is in line with regional averages .

While this scenario will provide breakeven operations for the RV park, it will generate a low return on equity of 1.4%. A split of 50% debt and 50% equity and an interest rate of 6.5% has been assumed in this scenario.

It is anticipated that some operational efficiencies and cost sharing can be achieved between the marina and the RV park to share or reduce overall costs and increase profitability of the two operations. These could include shared maintenance service, staffing, and marketing expenses. Such efficiencies are likely required to produce returns required for an investor, which are typically 10% for such investments.

Table 3: Estimated Revenues and Expenses for a Recreational Vehicle Park

Revenue		Rental Rate	May	June	July	August	September	Total
Season users	\$	1,800	11	-	-	-	-	11
Monthly users		725	5	6	8	9	7	35
Weekly users		180	3	32	65	65	23	188
Daily users	\$	30	40	134	116	109	56	455
			<u>\$ 25,165</u>	<u>\$ 14,130</u>	<u>\$ 20,980</u>	<u>\$ 21,495</u>	<u>\$ 10,895</u>	<u>\$ 92,665</u>
Occupancy			40%	57%	73%	75%	66%	65%
Cost of Sales								
Purchases, materials, subcontracts, and direct labour						9.0% of Revenue		\$ 8,000
Gross Margin								<u>\$ 84,665</u>
Expenses								
Advertising and promotion						2.5% of Revenue		\$ 2,000
Amortization (half year rule assumed)						4.0% of Capital		\$ 10,000
Bank and credit card charges						2.0% of Revenue		\$ 2,000
Insurance						4.3% of Revenue		\$ 4,000
Miscellaneous						9.0% of Revenue		\$ 8,000
Professional fees						Fixed		\$ 5,000
Salaries and wages								
					FTE	Wage	Total	
Site manager					1	\$ 15,000	\$ 15,000	
Benefits						15%	2,250	
							<u>\$ 17,250</u>	\$ 17,250
Repairs and maintenance						8.0% of Revenue		\$ 7,000
Utilities						9.8% of Revenue		\$ 9,000
								<u>\$ 64,250</u>
Financing								
Capital Cost							\$ 518,000	
Assumed Debt to Equity Ratio						50%		
							<u>\$ 259,000</u>	
Interest rate						6.5%		
Annual interest payment							<u>\$ 16,835</u>	\$ 16,835
Total Cost								<u>\$ 81,085</u>
Net Earnings (before tax)								<u>\$ 3,580</u>
Return on equity								1.4%
Annual Cash Flow								
Net Earnings (before tax)							\$ 3,580	
Amortization							10,000	
Capital re-investment (@ 0.50% of capital)							(2,590)	
Principal payment on loan (assuming 15 year amortization)							(10,710)	
Net Cash Flow							<u>\$ 280</u>	

Considerations and Interdependencies

- The RV park will require the completion of infrastructure, streetscaping, parking, and marina for operations. The operation of the OEC, restaurant, spa, and completion of walking trails are not seen as critical, but will certainly enhance the offering to park users to an extent that they will likely affect the price structure and occupancy of the park.
- The operations, services, and ultimately success of the RV park and marina are interdependent. Park users are expected to rent dock space from the marina on a seasonal and daily basis and the facilities offered by the marina are expected to increase the marketability of the park. Efficiencies gained through shared services, management, and operations are anticipated to be required to support financial returns attractive to investors.
- While not the model proposed above, there are municipal owned RV parks in the region that are leased to operators by agreement. If, through further study, a RV park is determined to be feasible and a business case is developed and yet no private investor is found, the City could consider investing in the park. It could then either operate it as a municipal entity or lease it to an operator.

Significance of the Opportunity

The RV park is an important component of the integrated strategy to attract visitation and to support related activities. Seasonal residents will add animation to the site, utilize facilities and infrastructure when they are used less by local residents and support commercial activities including the marina, restaurant and mixed-use developments. OEC seasonal programming can also be a significant component to the RV park attractiveness. Short term rental sites in addition to the seasonal sites can support OEC programming as an accommodation option, as well as the spa.

5.3.4 MUSEUM



The Dryden & District Museum, dedicated to the promotion and preservation of local cultural and history, has over 10,000 artifacts, permanent and rotating displays, and a research library. The Board has expressed an interest to relocate to a larger facility, as the current 4,000 sq.ft. building is reducing the institutions ability to meet their current obligations under the Ministry of Culture’s Museum Standards and presenting challenges to long-term planning. Current space limitations require the museum to use a 2,000 sq. ft. off-site storage facility.

The addition of the museum to the waterfront area would contribute to the critical mass of development on the waterfront by creating another public destination. The proposed addition of a tourist information function to the museum further serves to attract visitation and to support museum operations.

The capital costs for the new 8,000 sq. ft. museum are detailed below.

Table 4: Estimated Museum Capital Costs

Item	Cost
Museum building	\$ 2,400,000
Exhibits	\$ 1,600,000
Site	\$ 400,000
Total	\$ 4,400,000

The \$4.4 million in capital for the museum is expected to be obtained through public sources or funding.

A key strength and benefit of including the museum in the development plan is that its history of operation, existing staff , and programming provides a level of certainty for future operations. The operation of the museum on the waterfront will provide immediate activity from staff and visitors. The museum currently attracts approximately 5,000 visitors per year. Many of the museums current programs and services are well-suited to contributing to the cultural ‘critical mass’ of the waterfront, such as: adult heritage, art and special interest workshops; school programs, including Ontario Curriculum-based programs and guided tours; and themed presentations and lectures.

However, the operations and programming are anticipated to increase commensurately with the larger facility. It is estimated that two additional positions will be needed in order to provide the services, programs and support the operations of the larger facility. Estimated wages of \$50,000 per position plus 15% for benefits result in approximately \$115,000 of additional personnel expenses. Utilities, insurance, maintenance, and other such expenses are also anticipated to

increase to support the operation of larger exhibition space and associated services. The operation of the new facility has the potential to double the existing operating budget to approximately \$195,000.

Locating the museum amongst complementary facilities such as the OEC and adjacent to commercial development may support increased visitor traffic to the museum. However, it should be noted that an increase in traffic is not anticipated to have a corresponding impact on overall revenues, as admissions revenue was projected to account for only 4% of museum revenues in 2009, as shown in Table 4.

Table 5: 2009 Budget of Museum Revenue

Revenue	2009 Budget	
	Amount	%
Provincial Museum Grant	\$ 20,715	50%
Employment Grants	\$ 3,500	8%
Memberships	\$ 6,000	15%
Admissions	\$ 1,500	4%
Misc Revenue	\$ 7,500	18%
Donations	\$ 2,000	5%
	\$ 41,215	100%

Accordingly, a 100% increase in admissions revenue would only result in a 3.6% increase in overall revenue. Currently, generated revenues account for 41% of overall revenues, while grants account for 59%. Overall, revenues account for 21% of the overall operating budget, with the balance of funding provided by the City. On average, museums receive approximately 60% of their operating budgets from one or more levels of government and donations, with the balance of operating revenue coming from earned revenues. The Dryden & District Museum is currently reviewing some of its revenue generating means, such as its membership program, in order to increase their contribution to operations. Overall, Canadian museums are working to diversify their revenue bases and expand audiences in order to achieve sustainable operations .

The larger facility could provide the museum with the means to become more of an attraction which would support its ability to generate additional revenue through increased fee for service programming and facility rental, and the operation of a gift shop. Increased donations and fundraising activities are also expected to be required. As a community owned facility, residents are recognised as the owners and primary users. Accordingly, programming is geared towards

groups, and residents of the area. However, tourism presents an opportunity to provide additional revenue and admission attraction by targeting existing tourist markets, such as area lodge and camp guests, as well as future tourism markets identified in the tourism development strategy.

In order to maintain the same proportion of revenues to operating expenses, museum generated revenues will need to increase from \$17,000 to approximately \$58,000 as current provincial grants are not expected to increase. Accordingly, depending on the ability of the museum to generate additional revenues, the City's contribution to the annual operating budget could increase from its current level of approximately \$154,000 to between \$308,000 and \$350,000.

Considerations and Interdependencies

- The museum would complement the educational aspect of the OEC. The coexistence of the two facilities in close proximity has the potential to:
 - Increase traffic to both operations;
 - Achieve operational efficiencies for expenses such as building and site maintenance;
 - Enable the coordination of programming for visitors and schools;
 - Support the development of joint programming; and
 - Provide potential for shared personnel resources.
- The museum is expected to be supported by, yet be independent of, the planned commercial development, which supports the museum's early implementation.
- Funding efforts for capital by the museum and OEC should be coordinated in the event they are requesting funds from the same programs or sources.

Significance of the Opportunity

Locating the museum at the waterfront adds significant synergies to the entire development. The addition of a visitor information facility to the museum only enhances this effect. The combined strength of the OEC and the museum is particularly powerful in terms of programming relationships, sharing resources, marketing and anchoring a constellation of interesting things to see and do for residents and visitors.



5.3.5 RESTAURANT

A waterfront restaurant would complement other elements and activities in the development plan such as the boutique hotel and spa, OEC, and mixed use commercial tenants. In addition to enhancing the overall mix of services available on the waterfront, a restaurant could be directly linked to the operations of the boutique hotel and OEC to provide food services.

Determining the 'right' size will be a key consideration for potential investors. Seasonality is a significant factor to the restaurant industry and many establishments are dependent on high summer revenues from tourist activity to sustain annual operations. Accordingly, successful restaurants in the region are reported to be of sizes that allow owners to maximize summer earnings and yet are small enough to sustain themselves over the winter months. Strategies to sustaining a business over the winter season can include: reducing hours or days of operation; re-pricing specials or specials appropriately; and engaging in supplementary services or products such as catering, take-out, or pre-packaged food sales.

It is becoming less common for restaurants to offer breakfast, lunch, and dinner service. It is more common now for restaurants to offer breakfast and lunch or lunch and dinner. These models provide more efficient operations by reducing staffing and limiting the range of dishes and foods to be prepared and inventoried.

A successful restaurant requires the right owner or operator, particularly in Sunset Country. Many residents of the region are attracted by the outdoors and lake activity. However, restaurant owners are required to work the hardest during the summer season in order to capture summer revenues. Accordingly, restaurant owners often do not have the time to enjoy many of the activities enjoyed by residents and tourists alike.

The restaurant is expected to be approximately 2,400 to 4,000 square feet and seat between 60 and 100 people. Capital costs for a restaurant of this size are estimated at between \$1,038,700 and \$1,547,000. It is expected that an appropriately sized restaurant for the waterfront will be between 60 and 100 seats and provide lunch and dinner service. Potential capacity for restaurants of these sizes are estimated in the following table.

Table 6: Estimated Capacity by Restaurant Size

		Restaurant Size	
		60 Seat	100 Seat
Lunch	Number of tables	15	25
	Average seats per table	4	4
	Average length / group / table	1.4 hours	1.4 hours
	Length of lunch hour	2 hours	2 hours
	Capacity	86 People	143 People
Supper	Number of tables	15	25
	Average seats per table	4	4
	Average length / group / table	1.5 hours	1.5 hours
	Length of supper hour	4 hours	4 hours
	Capacity	160 People	267 People

The 60 seat restaurant is estimated to seat a maximum of 86 people during lunch and 160 people during dinner, while the 100 seat restaurant may seat 143 during lunch and 267 during dinner.

Traffic for the restaurant is expected to peak in the summer months and be lowest between October and March. On an annual basis, a restaurant may operate at 50% of capacity over the course of the year. The following table describes the estimated revenues and operating expenses, based on industry averages, for a 60 seat and a 100 seat restaurant.

Table 7: Estimated Operating Revenues and Expenses for 60 and 100 Seat Restaurants

Revenue					
Lunch revenue					
Capacity			86 People		143 People
Actual % of capacity			50%		50%
Average revenue per person			\$ 14.00		\$ 14.00
Days per year			364 Days		364 Days
			<u>\$ 219,128</u>		<u>\$ 364,364</u>
Supper revenue					
Capacity			160 People		267 People
Actual % of capacity			45%		45%
Average revenue per person			\$ 20.00		\$ 20.00
Days per year			364 Days		364 Days
			<u>\$ 524,160</u>		<u>\$ 874,692</u>
Total			<u>\$ 743,288</u>		<u>\$ 1,239,056</u>
Cost of Sales					
Food purchases		36.3% of Revenue	\$ 270,000		\$ 450,000
Gross Margin			<u>\$ 473,288</u>		<u>\$ 789,056</u>
Expenses					
Advertising and promotion		2.3% of Revenue	\$ 17,000		\$ 28,000
Amortization		4.0% of Building	\$ 32,448		\$ 32,448
Bank charges		2.0% of Revenue	\$ 15,000		\$ 25,000
Insurance		0.7% of Revenue	\$ 5,000		\$ 9,000
Miscellaneous		7.7% of Revenue	\$ 57,000		\$ 95,000
Professional fees		Fixed	\$ 15,000		\$ 15,000
Salaries and wages					
	Wage	FTE	Total	FTE	Total
Head Cook	\$ 45,000	1	\$ 45,000	1.7	\$ 76,500
Cook Assistants/dishwashers	\$ 20,000	2.3	46,000	4	80,000
Manager	\$ 50,000	1	50,000	1.4	70,000
Waiter/Waitresses (4-6 tables per person)	\$ 22,000	3	66,000	5.5	121,000
			207,000		347,500
Benefits		15%	31,050		52,125
			<u>\$ 238,050</u>		<u>\$ 399,625</u>
			\$ 238,050		\$ 399,625
Repairs and maintenance		2.3% of Revenue	\$ 17,000		\$ 28,000
Utilities		3.3% of Revenue	\$ 25,000		\$ 41,000
Total Operating Expenses			<u>\$ 421,498</u>		<u>\$ 673,073</u>
Net from Operations			<u>\$ 51,790</u>		<u>\$ 115,983</u>

Estimated revenues from the 60 and 100 seat models are between approximately \$740,000 and \$1,240,00. This is in line with feedback provided by a regional restaurant owner, who estimated that a sustainable restaurant in the region would need to achieve approximately \$1,000,000 per year in sales. Based on industry-based expense estimates, both restaurant sizes appear to generate net revenues from operations.

It is anticipated that investors will want to see significant development of the waterfront and corresponding traffic and activity levels prior to investing in a restaurant. As the restaurant is proposed to be included in Phase 2 the volumes of patrons described in the scenarios above may not be achievable. Accordingly, it may be necessary for the City to take a lead role in establishing the restaurant.

In order to accelerate the development timeline, the City could kick-start activity by investing in a building and leasing it out to an owner operator, such as a chef or manager. This approach would reduce the time to market for a private investor by developing the facility for lease. The sale of the building eventually to a private party provides the City with an exit strategy. Based on the capital costs described above, the annual interest payment for the 60 seat and 100 seat restaurants are \$72,709 and \$110,565, whereby it is estimated that a 7% cost of capital includes a combination of return to equity holders and interest on debt. If the City were to provide or access the capital required for the restaurant, the net revenues from operations of the restaurant could be used to offset or cover the cost of capital. The 60 seat model is estimated to generate approximately \$52,000 from operations that could be used to offset the \$73,000 in interest charges each year. Under the 100 seat model, net from operations of approximately \$116,000 would more than cover the \$111,000 in interest each year. The achievement of activity levels on the waterfront that support a sustainable restaurant operation could enable the city to recoup the principal investment through the sale of the building.

Considerations and Interdependencies

- The restaurant will require the completion of infrastructure, streetscaping, parking, and shoreline development.
- The restaurant will require an established level of activity on the waterfront to support operations. Significant interdependencies are anticipated to exist between the restaurant and the boutique hotel and spa and the OEC, to the extent that operations from the OEC will generate direct sales. The restaurant and mixed commercial space are expected to be interdependent to a lesser degree.

Significance of the Opportunity

The restaurant is another key component of the integrated strategy for the waterfront. A restaurant is necessary to support activity on Wabigoon Lake both winter and summer as well as to support the hotel/spa development. The restaurant can also be a significant partner with the OEC both in providing food services and in providing culinary education on site. The opportunities to develop the local food products industry are as important as these internal synergies. The restaurant is envisioned to feature local products and to contribute to the development and marketing of distinctive local food products.



5.3.6 BOUTIQUE HOTEL AND SPA

The Boutique Hotel and Spa is envisioned to be a destination attraction for individuals looking for a getaway within the wilderness of north-western Ontario. A boutique hotel and spa is anticipated to cater to several of the target and geographical markets identified in the Dryden Tourism Development Strategy, including business and conference travelers; active outdoor travelers, such as cross country skiers and snowshoers; and near-market travelers (within 300 km) considering mini-getaways.

Boutique Hotel

The hotel is anticipated to have 18 rooms. Dryden is reported to have over 400 rooms available through hotels, motels, and bed and breakfasts. Accordingly, an 18-room boutique hotel will result in less than a 5% increase to local capacity. The average occupancy in the Kenora district is estimated at 65% based on regional hotel occupancy rates from 2006 and 2007. An average room rate of \$150 has been used based on comparable facilities. While felt to be a conservative rate for the proposed facility, it is significantly higher than the average daily room rate in the region in 2007 of \$89.17. However, given the location, services and amenities of the boutique hotel, it is not expected to compete on price. A facility that increases the range of accommodations within Dryden is also perceived to be beneficial to the local tourism industry overall and strengthen its ability to attract a wider range of travelers.

The following revenues and expenses have been estimated using the assumptions described on the next page.

Table 8: Estimated Revenues and Expenses for a Boutique Hotel

Revenue				
Room rentals				
Rooms		A		18
Days per year		B		365
Average Rate		C	\$	150
		A * B * C	\$	985,500
Assumed occupancy				65%
Gross Revenue			\$	640,575
Expenses				
Advertising and promotion		2.4% of Revenue	\$	15,000
Amortization		4.0% of Building	\$	93,600
Bank charges and credit card fees		2.0% of Revenue	\$	13,000
Insurance		1.7% of Revenue	\$	11,000
Miscellaneous		11.5% of Revenue	\$	74,000
Professional fees		Fixed	\$	10,000
Salaries and wages				
	FTE	Wage	Total	
Housekeeping	1.5	\$21,320	\$	31,980
Laundry	0	\$21,320		-
Manager	1.5	\$	50,000	75,000
Maintenance	1	\$	30,000	30,000
Reception	4.2	\$21,320		89,544
				226,524
Benefits		15%		33,979
			\$	260,503
Repairs and maintenance		3.8% of Revenue	\$	24,000
Utilities		5.2% of Revenue	\$	33,000
			\$	534,103
Financing				
Capital Cost		\$	2,698,000	
Assumed Debt to Equity Ratio			60%	
		\$	1,618,800	
Interest rate			6.5%	
Annual interest payment		\$	105,222	\$ 105,222
Total Cost			\$	639,325
Net Earnings (before tax)			\$	1,250
Return on equity				0.1%
Annual Cash Flow				
Net Earnings (before tax)			\$	1,250
Amortization				93,600
Capital re-investment (@ 0.50% of capital)				(13,490)
Principal payment on loan (assuming 15 year amortization)				(66,940)
Net Cash Flow			\$	14,420

Financing assumptions include 60% debt and 40% equity at a rate of 6.5% paid over 15 years. Under this scenario, the boutique hotel is demonstrated to provide greater than breakeven cashflow, however the return on equity is very low. For the purposes of exploring viability however, a boutique hotel appears to have merit.

The boutique hotel is expected to need to be unique and offer a very strong product offering in order to attract the required number of visitors to achieve break-even and desired return on investment. The tourism development strategy identifies the near market for Dryden to be within a 300 km radius. Thunder Bay and Winnipeg are the two largest markets closest to Dryden, however both of these cities are 350 km away. While not insurmountable, the distance is expected to present additional marketing challenges to attracting visitors from these markets. Thus, the boutique hotel is expected to need to develop a strong product offering and marketing program to overcome these distances.

The focus of tourism development by the City on their identified target markets is also expected to support the achievement of the 65% regional average accommodation occupancy for the boutique hotel.

Spa



The two most common types of spas in Canada are day spas and resort/hotel spas. While day spas represent the largest number of spas (75%), they account for only 64% of revenues as hotel/resort spas have higher earnings per location and thus represent a greater share of revenues. Tourism is a key component of the spa industry as approximately 1/3 of all spas in Canada are tourism-oriented and spas rely on tourists for 30% of all visits.

Users of a spa in Dryden are anticipated to include destination travellers, local residents, and other visitors. As described in the boutique hotel scenario, the spa is expected to need to offer a distinct experience to entice destination travelers from markets such as Winnipeg and Thunder Bay. These travellers are anticipated to spend approximately \$175 on spa treatments per visit. Patronage from local users and other visitors to Dryden are anticipated on a day-spa basis and expected to pay \$50 per visit. It is estimated that 40% of boutique hotel guests will use the spa, whereby the hotel achieves the 65% regional occupancy rate and maintains the regional party size of 1.9 people. Local use is estimated using the national estimate that 15% of the population are spa goers within the local population between 20 and 69 years of age. Other visitor traffic has been estimated at an average of two customers per day during the summer season of approximately the May long weekend to September long weekend.

The revenues and expenses associated with a spa under this scenario are presented in the following table.

Table 9: Estimated Revenues and Expenses of a Spa

Revenue					
Visits		Number of Visits	Average revenue per visit	Total	
	Local	780	\$50		\$39,000
	Other Visitors	250	\$50		12,500
	Hotel Guests	1700	\$175		297,500
					<u>\$349,000</u>
Expenses					
Advertising and promotion			2.8% of Revenue	\$	10,000
Amortization			4.0% of Building	\$	70,200
Bank charges			2.0% of Revenue	\$	7,000
Insurance			1.0% of Revenue	\$	3,000
Miscellaneous			15.4% of Revenue	\$	54,000
Professional fees			Fixed	\$	6,000
Salaries and wages					
	FTE	Wage	Total		
Message therapists	1.5	\$ 40,000	\$ 60,000		
Cosmetologist	1	\$ 30,000	30,000		
Spa manager	0.25	\$ 45,000	11,250		
Spa attendants	1.5	\$ 21,320	31,980		
			133,230		
Benefits		15%	19,985		
			<u>\$ 153,215</u>	\$	153,215
Repairs and maintenance			4.3% of Revenue	\$	15,000
Utilities			4.0% of Revenue	\$	14,000
Net from Operations				\$	<u>16,585.50</u>
Financing					
Capital Cost			\$ 2,023,500		
Assumed Debt to Equity Ratio			60%		
			<u>\$ 1,214,100</u>		
Interest rate			6.5%		
Interest payment			<u>\$ 78,917</u>	\$	78,917
Total Cost				\$	411,331
Net Earnings (before tax)				\$	(62,331)
<i>Return on equity</i>					-7.7%
Annual Cash Flow					
Net Earnings (before tax)				\$	(62,331)
Amortization					70,200
Capital re-investment (@ 0.50% of capital)					(10,118)
Principal payment on loan (assuming 15 year amortization)					(50,210)
Net Cash Flow				\$	(52,459)

Under this scenario, the spa is able to generate positive net earnings from operations of \$16,585, however it is not able to carry the cost of financing of \$62,331. Financing costs are assumed at 60% debt at a rate of 6.5%. Under the conditions above, the spa will need to generate \$425,000 to reduce capital costs to \$1,250,000 or some combination of the above. As part of the hotel, it is assumed that a less than full time manager will be needed for the spa. If the spa is to be viable, it is expected that other such efficiencies of operations between the hotel and spa will need to be identified.

Considerations and Interdependencies

- The hotel is dependent upon the restaurant to provide food services to its guests. Accordingly, the hotel is not anticipated to begin operation prior to the restaurant.
- There is a strong dependency between the operation of the boutique hotel and the spa based on shared visitors. Further, the two entities will likely need to co-exist to achieve efficient operations. Further, it is anticipated that an experienced operator will be needed to identify such operational efficiencies, develop the required marketing plan, and provide the experience required for such a facility to be successful.
- A destination hotel / spa will need to be unique enough to attract customers from slightly greater than 300 km. However, it will also need to be constructed at a cost with annual payments that do not exceed realistic net earnings from operation.
- There are not currently any known boutique hotels / spas between Dryden and Winnipeg. However, access to the Winnipeg market could be at risk if a boutique hotel / spa was to open in between Dryden and Winnipeg in a location such as Falcon Lake, West Hawk Lake or Kenora.
- The attractiveness of the region and level of activity of the waterfront will enhance the visitor traffic to the boutique hotel and spa, however the primary driver of traffic is expected to be the product and service offering. The availability of outdoor activities, shopping, and dining experiences will help 'round out' the travel experience, however they will not compensate for a 'less than' hotel and spa experience.

Significance of the Opportunity

The hotel and spa provide the major destination tourism values to the site. These initiatives will offer a distinctive tourism attraction to the site while benefiting and contributing to the other site elements. They are particularly well matched, in combination with the other site initiatives, to the community's strategy for tourism development.

5.3.7 CONDOMINIUM / MEDIUM DENSITY HOUSING



The Dryden housing market consists of approximately 3,500 units; housing prices are relatively low with an average owned-home value of \$171,993 compared to the national average of \$297,479. There are not currently any condominiums in Dryden, however some modern multifamily housing is available and was reported to move quickly when it became available on the market. These townhouses are 900 to 1,200 sq. ft. with basements and typically sell in the range of \$150,000 to \$185,000.

The real estate market in Dryden was reported to have been slow in the last few years, however the market is showing signs of recovery through a recent increase of activity. An improved economic outlook for the City with the potential opening of the Aspenware facility and from City-lead efforts to diversify the local economy were reported to be having a positive effects on the market.

A condominium development was perceived positively, particularly one in close proximity to the waterfront. Further, such a development was expected to appeal to the aging population in Dryden. The market price for condominiums in Dryden was estimated to be in the \$175,000 to \$200,000 range. A recent condominium development in Fort Frances was noted to have entered the market at a price point above \$200,000, however the resale price of these units is now under \$200,000.

Demand for condominium or medium density housing as part of the waterfront development is expected to be based on the attractiveness of the waterfront and desire of people to live there specifically. Housing in the development will not be based on price, given the relatively low cost of housing and real estate in Dryden, nor access to waterfront, given the availability of single detached waterfront properties available on Wabigoon and other area lakes.

The following table describes the characteristics costs of the two types of medium density housing included in the plan.

Table 10: Medium Density Housing Unit Characteristics and Costs

Building Type	Units	Sq. ft. per Unit	Cost per Unit
1 to 2 storey	40	1,500	\$250,000
3 to 4 storey	80	925	\$150,000

Based on the current market rates, breakeven for the 925 sq. ft. and 1,500 sq. ft. units is estimated at \$150,000 and \$250,000 respectively. However, to provide a minimum 7% return, the 925 sq. ft. units will need to sell upwards of \$161,000 and larger units will need to sell for greater than \$267,500. While the smaller units are within the estimated market range the larger units are considerably higher than suggested market rates.

Higher purchase prices may be possible if adequate demand from individuals that specifically desire condominium housing and more so those that also want to be in close proximity to the waterfront. However, in order to attract these non-residents to Dryden to invest in condominiums, there will need to be a critical mass of 'lifestyle' activities in the area.

Considerations and Interdependencies

- Successful implementation of the preceding phases of investment is expected to be needed.
- The condominium and medium density housing is appropriately scheduled in Phase 4 of the development plan as the marketability of housing is expected to be based upon the success of the preceding stages of development. Substantive activity and development of the waterfront is expected to be required to support medium density housing. This is expected to be particularly applicable to the ability to attract external residents to the region.
- If within market, there is potential demand for condominium housing from Dryden or regional residents. While housing is relatively inexpensive and waterfront properties are plentiful, there is an absence of condominium housing in the community.
- The strength of the local real estate market will have a significant impact on the viability of the housing development. Residents of the proposed development are anticipated to be older, and thus will be selling their homes in order to purchase waterfront housing. Accordingly, their ability to purchase new homes will be based on the ease and means by which they are able to dispose of their old properties.
- The ability to attract external residents to purchase condominiums will be based on the success of the waterfront development as well as the overall attractiveness of the Dryden area.
- Boat parking facilities at the marina, the trail system, the shoreline development, mixed use commercial, restaurant, outdoor recreational and cultural activities, and spa will enhance the waterfront lifestyle.

Significance of the Opportunity

The value of people living at the waterfront site is two fold. First, it adds to the animation of the site and secondly, it provides oversight to site activities. The market conditions necessary to sustain a housing development need further assessment. As such, the City of Dryden will undertake a market analysis to consider gaps and opportunities in the market.

5.3.8 MIXED USE COMMERCIAL



Dryden's commercial sector has undergone extensive development with the establishment of many large retailers along Highway 17. This development has resulted in the departure of several retailers from the downtown area either through closure or relocation to Highway 17. In consultation with a real estate professional it was noted that several of the downtown locations for lease are also for sale, which was perceived to suggest a lack of confidence in the downtown real estate market. Current market rates for commercial space were suggested to be \$12 psf triple net and less in the downtown area and \$12 - \$15 psf triple net on the highway.

The merits of further commercial development in yet a third area of the City were questioned for concern that it may exacerbate market conditions in the downtown or suffer the same fate. Retail on the waterfront intended for day-to-day local consumption was not recommended, citing that local retail traffic was sensitive to parking, walking, and convenience.

The commercial buildings proposed in the plan are estimated to be 1,200 to 1,500 sq. ft. and cost \$455,000 per unit, including contingencies. Eight units at a total cost of \$3,640,000 are proposed in Phase 3 totalling and an additional four units totalling \$1,820,000 are proposed in Phase 4. Total construction and development costs for Phase 3 are \$4,485,000. Using mix of 50% debt and 50% equity and in interest rate of 6.5%, it is estimated that the required rental rates for break-even after debt serving will be \$12.15 for 1,500 sq. ft. units and \$15.18 for 1,200 sq. ft. units. However, much higher rental rates, likely upwards of \$20 psf will be required in order to generate returns attractive to investors.

Rates for the mixed use commercial space on the waterfront will most likely be at or above the high-end of the rental rate range of the downtown and Highway 17 areas, as they will be based on new construction costs.

In order to attract developers, the City could invest in the land assembly and site development costs, which represent approximately 19% of Phase 3 capital costs. Similar to attracting a restaurant developer, this could potentially shorten the time to market for commercial real estate.

Considerations and Interdependencies

- Mixed use commercial space will require the completion of infrastructure, streetscape, parking, and shoreline development.
- The restaurant, boutique hotel, spa and commercial establishments are all perceived to be interdependent.
- While tourism traffic to the commercial establishments of the waterfront can be expected to be significant, local traffic will also be needed, particularly from fall through spring in order to sustain businesses.
- Based on higher expected rental rates and the characteristics of the location, waterfront-based retailers and service providers are not anticipated to compete directly with retailers located in the downtown or Highway 17 areas.
- Staging the mixed use commercial buildings over Phases 3 and 4 mitigates the risk of overbuilding and creating excess supply.
- Adjust the number of units to be constructed in Phase 3 according to market demand to mitigate risk of over development. The logistics of land assembly and economies of scale to site development may restrict the degree to which the number of units can be adjusted.

Significance of the Opportunity

The proposed mixed-use development at the waterfront is the final piece in creating an animated and interesting place. The opportunities envisioned include artisans and boutiques that offer goods and services directly relevant to the waterfront. The intent is that these developments do not compete with the downtown, but rather offer a distinctive flavour derived from the waterfront location and the other activities happening around them. As such, the DDC will undertake an analysis of the downtown to consider its future and market focus.

5.3.9 CONCLUSIONS - FINANCIAL ASSESSMENT

Within a short period of time, the City of Dryden intends to create a waterfront development with a mix of components at a level and quality to excite local residents and attract visitors. While the components of the waterfront are intended to be individually successful, it is the synergies between the components that generate the critical mass of activity that is most important.

Successful implementation of the waterfront development plan is expected to:

- Maximize the financial, social, and economic returns for local residents;
- Generate a critical mass of activity that attracts tourism visitors; ultimately leading to Dryden becoming a visitor and retirement destination of choice; and
- Act as a catalyst for further development in the City.

With the development occurring over four phases, there is a recognition that time will be required in order for the concept to fully evolve. Further, success and momentum will need to be achieved in each phase in order to support the development of subsequent phases. Time will also be required to position the waterfront as a destination with all future users, including local and regional residents, and tourists. Accordingly, the development of messaging and the implementation of marketing programs will need to be aligned with the development phases. It will also be critical for the marketing programs to be integrated with the overall Dryden Tourism Development Strategy and Implementation Plan. Based on the organizational structure and governance model described in the plan, the Dryden Marketing Association will also need to be involved.

The waterfront development will require special attention and resources to be implemented and operated successfully. The DDC and City of Dryden Finance Department are seen to have the mandate and experience to champion this initiative. A distinct development unit for the waterfront is not expected to be required at this point. However, dedicated resources to this initiative within these groups may be required depending on the phase of development and the number of other initiatives being overseen by these units.

Sunset Country is world renowned for its lakes, wilderness, and rugged beauty; characteristics celebrated and embraced by communities in the region. Yet, within Sunset Country the proposed waterfront development is unique and distinct with a mix that includes: protected wetlands, sustainable development, access to nature through trail systems and water, outdoor education and recreation, cultural offerings, historical education, commercial development, and a community of year round and seasonal residents.

6. IMPLEMENTATION STRATEGY

The Dryden Sustainable Waterfront Development Plan has been designed to create a meaningful contribution to the economy, the environment, and the quality of life in the City of Dryden. Its initiatives are synergistically related and are selected to provide a reasonable pathway for phased implementation. It is essential to the implementation that each phase of development be complete, attractive and suitable for the ranges of uses proposed. This commitment to phasing is an integral part of the plan and a key factor to its financial stability.

The plan contemplates a total build out with a value in excess of \$53,000,000 in 2010 dollars. Of this amount, approximately 25% will be direct public investment in site infrastructure, 15% some form of partnership investment between public and private sources and the

remaining 60% from direct private sector investment. The majority of public funds will be required to prepare the site for development and as such will occur at the early stages. The majority of private funds will follow in future phases, once public commitment to the site and the attractiveness of the site has been demonstrated.

As such, it is essential that the community begin with its part in the development process. The phasing strategy calls for an initial push to enhance activities and public amenity through such initiatives as the OEC, Festival Park, marsh and trail upgrading, and public boat launch/winter ice village access. These initiatives are designed to bring people to the site, build a culture of waterfront visitation and entrench the site as a destination for citizens and visitors. These projects were specifically selected because they do not require

INVESTMENT SUMMARY

	PHASE 1	PHASE 2	PHASE 3	PHASE 4	TOTAL
PUBLIC INVESTMENT	\$3,519,000	\$6,365,000	\$2,262,900	\$1,050,000	\$13,188,000
P3 INVESTMENT	\$1,444,000	\$1,779,500	\$517,200	\$4,439,500	\$8,200,400
PRIVATE INVESTMENT	\$0	\$5,748,000	\$1,805,000	\$24,132,000	\$31,684,000
TOTAL	\$4,963,000	\$13,903,200	\$4,585,000	\$29,621,500	\$53,073,000

significant investment in roads, sewer and water infrastructure. In this way initial investments will be seen and appreciated immediately. This initial investment of approximately \$5.0 million will seed all further work and investment by creating the start of a meaningful attraction, which in turn will grow the demand and the market for subsequent activities.

Implementation of this plan will require a concerted and consistent effort over a period of several years. In general each project within each phase will require project initiation, project development, operation and evaluation. These activities will likely overlap and will not likely happen in a predictable, orderly fashion. In anticipation of this dynamic process it is recommended that the DDC first consider and adopt the complete plan as its statement of intent and then begin a process of initiating the first projects, particularly the OEC which will require significant partnership development. Once funding and partnership arrangements are confirmed the DDC can then authorize implementation of that portion of work.

Other activities that should be initiated immediately include:

- adoption of the plan by the City of Dryden;
- developing funding;
- partnerships for the OEC and preparation of a joint business plan;
- acquisition of MNR site;
- discussions with private land owners on their interests and intent for participation in development; and
- commence park development and Laura Howe marsh trails upgrades as soon as possible and consider a boat launch as an early project to demonstrate activity on the site.

A number of related studies will be required as well to support certain aspects of waterfront and community development. These include:

- assessment of downtown Dryden commercial base and market objectives; and
- assessment of Dryden existing and future housing needs.

While these studies relate to future phases of the waterfront plan, these are issues that are of potentially great significance to Dryden today. The outcome of these studies will certainly affect planning of the waterfront in the future and may in fact alter the phasing concepts as a result of current or future need.

The conceptual schedule on the next page illustrates typical milestones and process objectives by phase. The individual projects that comprise each phase are illustrated as well in Table 12.

Table 11: Conceptual Schedule

	Phase 1	Phase 2	Phase 3	Phase 4
Project initiation: DDC approval land acquisitions / partnerships funding arrangements related studies				
Project implementation: business plan if necessary finalize funding pre-design and program verification design drawings tender & construction operational planning				
Facility operations				
Project evaluation				
Level One				
Municipal Infrastructure				
Internal Roads		*	*	*
Water & Wastewater		*	*	*
Municipal Amenities				
Van Horne streetscape	*			
Shoreline development		*		
Site preparation and development			*	
Public parking	*	*		*
Boat Launch / Ice Road	*			
Laura Howe Marsh enhancements	*			
Trails	*		*	
Festival Park	*			
Level Two				
Outdoor Education Centre	*			
Restaurant		*		
Manna				*
Museum				
RV Park			*	
Level Three				
Hotel & Spa		*		*
Mixed use		*	*	*
DEC Expansion		*		
Residences				*