

SOCIO ECONOMIC OPPORTUNITY STUDY FOR THE VALEMOUNT AREA

Prepared for:
Village of Valemount British Columbia

March 2004

Prepared by:

Brent Harley and Associates
The Resort Planning Group

In Association With:

Western Management Consultants

TABLE OF CONTENTS

1.0 INTRODUCTION	1
2.0 VALEMOUNT AND AREA DEMOGRAPHICS	2
2.1 POPULATION	3
2.2 LABOUR FORCE	3
2.3 EARNINGS	4
2.4 UNEMPLOYMENT	4
2.5 HOUSEHOLD CHARACTERISTICS	5
3.0 VALEMOUNT GROWTH PROSPECTS	5
3.1 FORESTRY	5
3.2 RESIDENTIAL GROWTH THROUGH AMENITY MIGRATION	7
3.3 TOURISM	8
3.4 RESORT DEVELOPMENT.....	11
3.5 OTHER ECONOMIC PROSPECTS.....	13
3.6 CONCLUSION	14
4.0 CANOE MOUNTAIN RESORT DEVELOPMENT	15
4.1 CAPITAL INVESTMENT	1
4.2 RESORT CONSTRUCTION LABOUR FORCE	2
4.3 HOUSING CONSTRUCTION.....	3
4.4 ANTICIPATED IMPACT.....	6
4.5 TOTAL POPULATION INCREASE.....	8
4.6 VISITATION	9
4.7 CANOE MOUNTAIN VISITATION/POPULATION IMPACT	10
4.8 CONCLUSION	11
5.0 TOURISM MARKET SEGMENTS AND TRENDS	11
5.1 DEMOGRAPHIC TRENDS.....	12
5.1.1 <i>Total Population Trends</i>	12
5.1.2 <i>Demographic Shifts</i>	12
5.1.3 <i>Implications</i>	13
5.2 ECONOMIC PROSPECTS.....	14
5.2.1 <i>Implications</i>	14
5.3 OUTDOOR INTEREST SEGMENTS	15
5.3.1 <i>Outdoor Adventure</i>	15
5.3.1.1 <i>Soft Adventure Markets</i>	15
5.3.1.2 <i>Hard Adventure Markets</i>	16
5.4 HERITAGE INTEREST SEGMENTS	16
5.5 TOURING MARKETS.....	17
5.5.1 <i>Recreational Vehicles</i>	18
5.5.2 <i>Fly/Drive</i>	19
5.5.3 <i>Motorcoaches</i>	20

5.5.4	<i>Van Touring</i>	20
5.5.5	<i>Touring</i>	20
5.6	SNOWMOBILING SEGMENT	21
5.7	HELI AND SNOWCAT SKIING	23
5.8	LIFT ACCESSED DOWNHILL SKIING	25
6.0	DESTINATION COMPETITIVENESS ASSESSMENT	27
6.1	COMPETITIVE SUPPLY	27
6.2	RELATIVE POSITION OF VALEMOUNT	31
6.3	DESTINATION COMPETITIVENESS AND PLANNING	31
6.4	COMPETITIVE POSITION	32
7.0	SWOT ANALYSIS	32
7.1	VISION AND LEADERSHIP.....	33
7.1.1	<i>Strengths</i>	33
7.1.2	<i>Weaknesses</i>	34
7.1.3	<i>Opportunities</i>	35
7.1.4	<i>Threats</i>	36
7.1.5	<i>Summary</i>	37
7.2	NATURAL ENVIRONMENT.....	37
7.2.1	<i>Strengths</i>	37
7.2.2	<i>Weaknesses</i>	38
7.2.3	<i>Opportunities</i>	39
7.2.4	<i>Threats</i>	40
7.2.5	<i>Summary</i>	40
7.3	QUALITY OF LIFE	40
7.3.1	<i>Strengths</i>	40
7.3.2	<i>Weaknesses</i>	41
7.3.3	<i>Opportunities</i>	41
7.3.4	<i>Threats</i>	41
7.3.5	<i>Summary</i>	42
7.4	ECONOMIC DEVELOPMENT	42
7.4.1	<i>Strengths</i>	42
7.4.2	<i>Weaknesses</i>	44
7.4.3	<i>Opportunities</i>	45
7.4.4	<i>Threats</i>	45
7.4.5	<i>Summary</i>	46
8.0	CONCLUSIONS	47

1.0 INTRODUCTION

Valemount has been a significant gateway to British Columbia, continuously adapting to the social and economic trends of the times. From the 1800's to present day, Valemount has accommodated a diverse array of interests from the fur trading and gold rush travellers to railroads, foresters, ranchers and tourists. The Valemount area provides scenic beauty and natural resources together with reliable transportation routes, a passionate community and unparalleled outdoor recreation.

Valemount is a unique and committed community that for the past decade has been positioning themselves for economic development opportunities. The Village of Valemount has developed a community based economic development strategy, an investors guide to development and preliminary assessments and feasibility studies for a hot springs resort, a community ski hill, a sight seeing tram and a satellite college campus. Concurrent with the Village's initiatives, other levels of government have also spearheaded planning initiatives in the Valemount area including the Robson Valley Land and Resource Management Plan (LRMP), Regional District Official Community Plan and the Robson Valley Crown Land Plan.

In 2001, the Village of Valemount, the Ministry of Sustainable Resource Management, Land and Water BC and the Regional District of Fraser Fort George recognized that the studies and planning were not coordinated. To ensure a coordinated approach, each jurisdiction agreed to partner and prepare the Valemount and Area Integrated Land Use Development Plan (VAILUDP). The VAILUDP will provide an integrated strategic planning process that examines growth and related issues, analyzing their potential impacts on land and resource management while providing recommendations to the partners on land and resource management. In addition to the studies and plans undertaken by each agency to date, the VAILUDP will also include the information contained within additional studies and planning sessions notably:

- Land Use and Socio-Economic Analysis Report;
- Mid & Backcountry Tourism Land Use Analysis Report;
- Forest Health and Fire Management Plan;
- Valemount Resort Communities Workshop;
- Valemount and Area Industrial Adjustment Survey and Community Tourism Survey (UNBC);
- Visual Landscape Management Options;
- Forest Resource Analysis Report;
- Ministry of Sustainable Resource Management Environmental Technical Report; and
- Winter Conflict Recreation Conflict Resolution Process.

Brent Harley and Associates has been retained as lead consultant to provide the Socio-Economic and Land Use Analysis Study and Report. The consulting deliverables for

this component include a socio-economic report, a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, a community vision and an implementation strategy. The strategy will consider further land use and governance matters including a new Crown Land Map.

In preparing the socio-economic trends and the status of the SWOT analysis, it was recognized that to be more meaningful and effective the two deliverables should be consolidated in this single report “Socio-Economic Opportunity Study for the Valemount Area”. This study is a key component in preparation of future and subsequent deliverables of the community vision, implementation strategy and land use plans.

In the Socio-Economic Opportunity Study considers the social, economic and development trends of the region and identifies future issues and challenges that could affect this “blended economy” community. In particular the consulting team has drawn on their professional expertise in examining and incorporating information contained in existing studies, reports, plans and resources. The report considers the impacts of change for Valemount, growth prospects, the impact of the Canoe Mountain Development, tourism market segments and trends, destination competitiveness assessment, and a SWOT analysis.

This report takes a long-range view of the potential to position Valemount for the markets of greatest opportunity for the community. Furthermore in accordance with the terms of reference for the VAILUDP, this report in particular addresses four key elements:

1. The most probable population and economic growth and development trends, by major sector, in the area for the next twenty years.
2. Implications of the development of the major resort proposed for the study area.
3. Major issues faced by rapidly growing tourism-oriented communities.
4. Valemount and area’s status in regard to leadership and vision, natural environment, quality of life, and economy.

The consulting team combined their professional experience with material provided by the Village and regional governments; secondary sources from governments; personal interviews with development proponents, and municipal, regional and provincial government officials; and other direct sources of information (from our libraries and the web).

2.0 VALEMOUNT AND AREA DEMOGRAPHICS

There is a great deal of literature available on the present situation and economy of Valemount, some of it dating back a decade or more. The consultants have summarized those characteristics that are salient to the scope of this analysis in the following section.

2.1 POPULATION

- The population decreased from 1,303 in 1996 to 1,195 in 2001, a decline of 8.3%. It increased to 1,271 in 2002, adjusting for the census undercount estimated for Valemount.
- While the population is younger than the B.C. average, it is also aging. The median age provincially increased from 34.7 years to 38.8 years between 1991 and 2001, placing BC third highest among Canada's provinces in median age.

2.2 LABOUR FORCE

Understanding the labour force characteristics is important as we look at the potential of Valemount to sustain and support some of the proposed new projects.

- The Valemount labour force was estimated at 610 persons in 1996, with key labour force experience as follows:

TABLE 1: VALEMOUNT LABOUR FORCE BY INDUSTRY, 1996		
<i>Category</i>	<i>Number</i>	<i>Percent</i>
Total All Industries	610	100%
Logging and Forestry	80	13.1%
Manufacturing	90	14.8%
Construction	60	9.8%
Transportation/Communications	60	9.8%
Wholesale Trade	10	1.6%
Retail Trade	75	12.3%
Finance, Ins., Real Estate	15	2.5%
Business Services	0	0.0%
Government Services	30	4.9%
Educational Service	20	3.3%
Health and Social Service	20	3.3%
Accommodation, F&B	105	17.2%

The 2001 Census reorganized categories, and therefore they are no longer comparable. However, the total experienced labour force increased from 610 to 655 in this revised data set.

TABLE 2: VALEMOUNT OCCUPATION BY INDUSTRY, 2001			
	Total	Male	Female
Total - Experienced Labour Force ⁽⁴¹⁾	655	350	310
Agriculture and other resource-based industries	65	65	0
Manufacturing and construction industries	90	80	15
Wholesale and retail trade	100	35	65
Finance and real estate	0	0	0
Health and education	55	0	50
Business services	125	90	35
Other services	220	70	150

Census data indicates that there are 135 people in trade, transportation and equipment, and related occupations in Valemount, with a further 55 people occupied in primary industry (logging, forestry).

The data on employment reflects the role of Valemount as a highway service and tourism centre (with a high ratio of service employment), as a transportation point and as a logging and forestry community.

2.3 EARNINGS

- For those employed, average earnings lagged the B.C. average very significantly. For all persons with earnings working full year, full time, the Valemount combined male/female average was \$33,001, compared with a BC figure of \$44,307. The Valemount full time working male, at \$44,307 earned about 27% less than the B.C. average of \$50,191 for comparable work. For females, the Valemount earnings of \$24,263 were 32% below the comparable B.C. average of \$35,895. The average earnings for “all persons with earnings” in Valemount were \$21,245 in 2001, some 32.6% behind the B.C. average of \$31,544.
- Median income in Valemount (15 and over population), at \$16,033, was also well behind (27% behind) the B.C. average, and the “government transfer” earnings as a percentage of total income was 14.6% in 2001 as compared with a B.C. average of 11.8%.

2.4 UNEMPLOYMENT

- The labour force participation rate was 73.7%, ahead of BC’s 65.2% average and reflecting the younger population of Valemount.
- The unemployment rate in Valemount was 13.9% in 2001, compared with a BC average of 8.5%

2.5 HOUSEHOLD CHARACTERISTICS

- All private households numbered 480 in Valemount in 2001.
- Of all (480) private households, 110 were one person (23%), 150 were couples without children (31%), and 135 (28%) were couples with children.
- Of the 480 occupied dwellings identified in the 2001 Census, 395 (82%) were owned dwellings, while 80 (18%) were rented.

Valemount has functioned over time as a small, resource-based community located in a beautiful mountain valley at the confluence of three mountain basins. It has provided a service node for itinerant travelers who stop for fuel, food and sometimes overnight.

In more recent years, the community has served a destination tourism market, primarily in the form of snowmobilers and to a lesser extent, heli/snowcat skiers that come to the community in the winter. The growth in the service sector employment in the community reflects this change in economic factors over time.

3.0 VALEMOUNT GROWTH PROSPECTS

Valemount has participated in a number of economic development studies, assessments and conferences over time. The potential significant growth prospects that can be inferred for the community from these disparate sources include forestry; amenity migration; tourism; resort development and other opportunities. These are summarized as follows.

3.1 FORESTRY

The Provincial government has introduced the Forest and Range Practices Act and the Working Forests land base by adopting a scientifically based, principled approach to environmental management and ensuring sustainability, accountability and responsibility in the Forest Sector. Furthermore, the Provincial government is committed to ensuring that Forestry remains BC's number one industry, and that the reformation of BC Forest Practices Code reinvigorates the heartland communities that depend on the industry as their primary economic engine.

These commitments involve reallocating timber rights to help diversify British Columbia's forest economy over time, increasing the number of tenure holders and expanding the variety of economic uses to which B.C.'s public forest lands are directed. The intent of which is to open up opportunities for new entrants with innovative ideas for forest management and/or processing. Importantly, many of these new tenured areas will be in the form of woodlots, community forests and First Nations operations.

Many of these area-based woodlots and community forests will be small- to medium-scale tenures typically operated by individuals, First Nations, or municipal or regional governments. This scale of operation is also frequently characterized by innovative approaches, often hire locally and ensure local management and development of forest resources. The Ministry of Forests believes that approach will create jobs and spin-off benefits for communities over the longer term and help reinvigorate the forest sector as a whole, and the BC heartland in particular. Expanding the volume of timber available to these small scale tenures will create more opportunities for small business and community-based economic development, thereby better allowing communities to diversify their forest economies. The Provincial Government has allocated 1.2 million cubic metres to take back volume from major licensees slated for such small tenures. This volume will be split between community forests and woodlots, there is not decision yet on the split ratios.

The potential for growth in the forestry sector based out of Valemount in the twenty-year horizons is considered by most authorities to be low. The annual cut has halved in recent years, and international trade issues and economies of scale in logging and forestry do not augur well for this long-time foundation of the Valemount economy.

The Robson Valley Timber Supply Area (TSA) is located within the Rocky Mountain Trench south of Prince George to Jasper National Park. It covers approximately 1.24 million hectares and includes the communities of McBride, Dunster, Valemount and Crescent Spur. The current allowable annual cut (AAC) for the Robson Valley TSA was set and will be the maintenance of 602,377 cubic metres per year of which 6000 cubic metres is a deciduous partition. It does not include 3,623 cubic metres allocated to woodlot licences. Woodlot licences, which are administered separately, are issued to local residents for small-scale forestry. It is therefore reasonable to anticipate the logging forestry sector will, at best, remain static in terms of employment and economic impact over the next 20 years. The long term forecast for this sector would not suggest that it would rebound in this region as the Robson Valley harvest level is projected to decline in the future. A timber supply analysis last year forecasted that the harvest level could be maintained for 10 years before declining by 10 per cent per decade over six decades.

The Robson Valley Land Resource and Management Plan indicates that within the next 20 years there will be at least one mill closure in the TSA. Currently almost 30% of the logs processed at the Valemount mill come from outside the TSA. The Valemount mill, operated by Slocan, has experienced both layoffs and temporary closures. It is believed that the Valemount area can mitigate employment impacts with timber imports, higher utilization of waste and problem forest types. In addition, initiatives through the Forest Renewal Program and the value added activities could further enhance the forestry presence in Valemount's economy. Valemount has also indicated a strong will to secure a Community Forest.

There is also an aspect of the logging/forestry sector that may complement the growing tourism economy and be of interest to visitors. Thus, while the traditional industrial activity may fade, its economic effect may be preserved in the form of interpretation, simulation and cottage industry development around this sector.

3.2 RESIDENTIAL GROWTH THROUGH AMENITY MIGRATION

At recent conferences in Valemount, the characteristics of “amenity migration” were discussed at some length. For our purposes, an amenity migrant is a person who takes a primary residence in Valemount and spends a portion of their time in the community.

Amenity migrants move to communities based on the desirable landscapes, area amenities, services and other aspects of these communities. In a world of instant, global communications, these people can remain connected to their affairs and their families from these distant communities. As the baby boom of North America ages, there is an expectation that these “amenity migrants” will increase significantly. In the Western Canadian context, some of the residents in the Okanagan Valley, the Columbia Valley, and communities like Canmore, Fernie, Golden and Whistler are amenity migrants.

Valemount may grow through amenity migration over time. At present it competes with other locations that offer better accessibility to major services such as airports and urban centres with higher order services. It competes with destination communities that in a four season resort setting offer both mountain and lake access. It competes with communities that have developed and positioned for these migrants for many years. Valemount will need to compete with communities with unique historic or “themed” urban spaces, architecturally designed spaces, and available land for purchase.

Valemount has potential for this market in a number of ways. It offers a relatively “clean slate” in terms of development, specifically for these migrants. The potential to provide architecturally interesting spaces in Valemount, regional interpretation, resource industry showcase, historical activities, and appropriate services for these markets can be developed in the community over the long term. The challenge may be more in getting the process started in the short term than in keeping it growing once it has begun. Clearly there are many communities, however, in western Canada and in Western North America that are already well positioned for this market.

The Canoe Mountain residential development is anticipated to attract primarily weekend residents, being the “cottage” market from the Edmonton region and Northern Alberta. Some of the Edmonton owners may, in time, migrate to Canoe Mountain and Valemount. Properties will also be sold to people from around the world via the Internet and through brokers in foreign countries. In some countries in Europe it has become “*chic*” to own property overseas, and companies specializing in land sales in specific countries have set up in these origin markets. They provide community profiles, financial assessment, educational “seminars”, and opportunities to purchase. Most of these investors are looking for an income property that also offers the potential as a

personal “getaway”. While it is possible that a small number of the international owners may also migrate to Valemount, the more likely scenario is that they will rent their properties for much of the year, occupying them with friends or relatives for no more than a few months annually.

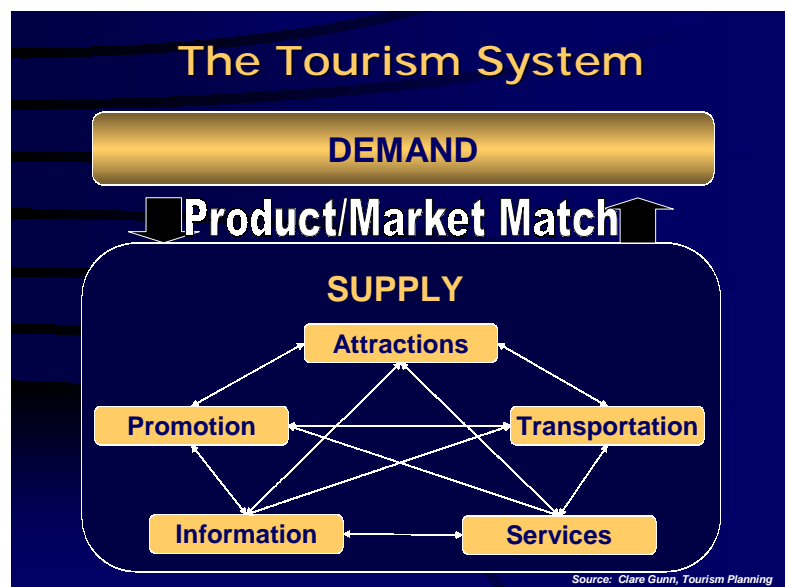
While “amenity migration” might form a small part of the Valemount growth scenario, over time, it is not anticipated to be a major factor for at least the next decade. This is likely attributed to the fact that Valemount is at a competitive disadvantage relative to other places due to its lack of scheduled air service, time-distance from major markets, and lack of attractions, services, information and transportation as identified in the product/market match chart. (Refer to Table 14).

3.3 TOURISM

Long term forecasts by the World Tourism Organizations are for average annual growth in global tourism arrivals of 4.1% between 1995 and 2020. North American growth, while less than this figure because it is a mature market, is expected to average 3.9%. This assessment accounts for the changing global populations as well as the economic and geo political changes that are forecast to continue globally.

Regional estimates have shorter timelines. Best information available forecasts tourism growth in the 2% to 3.5% range annually to 2011.

Long range forecasts are based on many assumptions, the key one of which is always “stability”. Wars, terrorism, environmental disasters, political upheaval, a stronger Canadian dollar and changing relations between nations affect tourism dramatically. The Canadian Tourism Commission, Industry and Governments in Canada have worked frantically in the past few years to respond to what the recent Tourism Industry Association of Canada conference titled “The Perfect Storm”. The CTC speaker, Scott Meis referred to the eight “exogenous shocks” to destination tourism in Canada. These include 911, the Iraq war, Canada’s Iraq policy, two SARS outbreaks, Mad Cow, West Nile Virus, Power Blackouts, and exchange rate shifts. Each of these major shocks caused dramatic decreases in international tourism to Canada’s major destinations this past year. Thus, when stability of these “outside factors” is compromised, our tourism economy suffers dramatically. This



is because leisure tourism is a discretionary activity, and people have global destination choices.

Communities throughout North America are positioning to compete for tourism, as they move from traditional industries and discover the benefits of this sector. As they do so, they must consider the comparative advantages they offer the market and how best to match their product offerings to the demand available from these markets, as illustrated in this associated graphic.

In the following section we look at some of the key tourism market segments that are best matched to Valemount in the context of future market potential. Tourism information specific to Valemount markets is somewhat limited. This is common to a smaller community. The B.C. Visitor Study tracks information for the North Thompson, but this region includes the area from Kamloops north to Robson and Jasper along Highway 5. It is also becoming dated, tracking 1995/96 visits.

Some of the general information, coming from disparate sources, suggests the following pattern of visitation in and around Valemount.

- About 7,000 persons a day pass through Valemount in the summer months, with somewhat more southbound than northbound. About 350 people are in motorcoaches.
- Winter traffic is more like 4,000 persons a day. Most of the difference between Average Annual Daily Traffic (AADT) and the Average Summer Daily Traffic (ASDT) is normally attributed to leisure travel. In the case of Valemount, this implies that the summer “leisure tourist” figures are about 3,000 per day. For the 140 day “high season”, this would imply that about 420,000 leisure travelers pass by Valemount.
- Hotel records suggest that approximately 114,000 people overnight in Valemount hotels annually (2000 occupancy data, applied to the current 451 rooms).
- In winter, approximately 15,000 user days of snowmobiling bring room nights and revenue to Valemount.
- According to the BC Visitor Study, the “typical” visitor to this region:
 - Stays only 2.6 days, whether they are from outside or from within B.C.
 - Non-residents spend only \$35 per day in the region (B.C. residents spend \$46), or \$93 for their stay (Residents: \$108). This suggests that most non-residents are passing through the region, buying only gas and food.
 - The origin of overnight visitors to the North Thompson-Okanagan region in 1995/96 is summarized in the table following:

TABLE 3: PERCENTAGE BY ORIGIN OF OVERNIGHT VISITORS TO NORTH THOMPSON-OKANAGAN REGION, 1995/96	
<i>Origin of Visitor</i>	<i>Percentage</i>
<i>Non-Resident Visitors</i>	
<i>2,968,000 Total Visitors</i>	
Regional Canada	63%
Regional U.S.	9%
Long Haul Canada	8%
Long Haul U.S.	8%
Asia/Pacific	3%
Europe	8%
Other Overseas	1%
<i>B.C. Resident Visitors</i>	
<i>1,992,000 Total Visitors</i>	
GVRD	39%
Vancouver Island	12%
North	9%
South	40%

Source: B.C. Visitor Study: North Thompson-Okanagan Region.

- The percentages refer to the percent of the origin group who spent at least one night in any region of B.C. and who visited the North Thompson-Okanagan region. The total visitors by origin number refer to day use and overnight visitors. Because overnight visitor volumes are not produced, the various ratios should be used with caution.
- B.C. Visitors were dominated equally by Thompson-Okanagan (40%) visitors and GVRD (40%) visitors. Both groups had very high visiting friends and relatives (VFR) responses to main trip purpose questions (44%)

Non-residents were for the most part (80%) bound for the Vancouver/Coast region. About 19% had a main destination in Thompson Okanagan. About 66% of residents who came to North Thompson-Okanagan were traveling here as a main purpose.

- Almost 90% of visitors were on leisure trips across all origin categories. Of these leisure visitors:
 - Canadian long haul (32%), U.S. (56%), and International (45%) guests cited “general sightseeing” as a main trip purpose. For regional Canadian markets this was the motivation for only 18%, and for B.C. residents it was under 7%.
 - "Outdoors/wilderness activities” was cited as a main trip purpose for 18% of Canadian regional visitors, mostly Albertans. This motivation was primary for only 12% of Canadian long haul, 24% of U.S., 21% of Europeans, 17% of visitors from south Thompson-Okanagan, and 33% of GVRD visitors.

- Between 23% and 28% of visitors came to the Wells Gray/Mt. Robson area of the north Thompson-Okanagan. Less than 7% of the B.C. resident market came to this area.
- The port of entry for overnight visitors was the Alberta/B.C. border for 93% of Canadian regional visitors (these are mostly Albertans in any case). About 56% of European visitors, 64 % of Canadian long haul, and 37% of U.S. visitors arrived through the Alberta port of entry.
- A high percentage of visitors were traveling alone or as two or more adults without children:
 - 80% of Canadian regional, and 83% of U.S. regional visitors.
 - 85% of Canadian long haul and 87% of U.S. long haul visitors.
 - 88% of European and 92% of Asia Pacific visitors.
 - 80% of B.C. residents.

The overall picture the B.C. visitor study and other data will support the experience in Valemount today:

- The market is largely a rubber tire “pass through” market of adults on leisure trips.
- The “wilderness/outdoor” component of the market, while important, is small as a percentage of total visits. The market from points south in B.C. is very small and highly focused on Visiting Friends and Relatives (VFR). The main leisure activity markets from outside the region are northern Albertans.

Essentially, Valemount is a “price taker” in economic terms. As a community it attempts to capture its share of the highway leisure business, and it has a small destination visitation component today. Most of this traffic is simply “passing through” Valemount on its way to other destinations. In such an environment it is very difficult to capture the visitor for more than a few minutes, and capturing them for hours is a bigger challenge. Adding to this challenge is the trend toward less “touring” visitors and more “destination” visits. The challenge for Valemount in the long term, then, is to position itself to increase the destination elements of its tourism offering. To accomplish this, powerful market ATTRACTORS – attractions, events, services, developed outdoor recreation, etc. – are needed in or near the community.

3.4 RESORT DEVELOPMENT

Four season resort development has been a target of the Valemount strategy for some years. Valemount was designated a ‘Gateway Community’ by the Provincial Government. As part of this process, the area’s potential was assessed, the Province let land areas out to bid, and a developer has now signed an agreement for a \$75 million resort development at the base of Canoe Mountain approximately 5 km south of the core area of Valemount. While other sections of this report are specifically dedicated to the development known as “Canoe Mountain”, this section looks more generally at resort development as a pattern of change.

Four season resort development has steadily increased in western Canada during the past two decades. These developments generally focus on the amenity values of a region – mountains, lakes, scenery – and focus very significantly on investment in the destination. Mountain resort developments, a subset of resort development, have focused on evolving year round visitation from mountain-based real estate “plays”.

Key characteristics of successful mountain resorts include:

- Scenic amenities – relatively “pristine” environments.
- Anchor attractions that generate visitor volume – skiing for example.
- Complementary summer attractions that generate volume – water contact is a primary draw. Golf alone will not achieve the destination unless there are many courses (hundreds, for example in Palm Springs or Myrtle Beach)
- The development plate of a resort must be fee simple; the recreation land can be leased over long terms.
- Sufficient scale of resort – one developer suggests that 1,000 warm rooms be required to sustain the 150,000 square feet of retail that will make a resort desirable. Otherwise it will be a “cottage” development.
- Proximity to an international airport with scheduled service – this is critical to succeed on a global basis. Suggested time-distance is 1.5 to 2.0 hours from an airport, so that most visitors can get to the resort in one day.
- Location near major population centres. Vancouver is the only centre that qualifies as “major” in Western Canada.
- A marketable mix of real estate and rooms – hotels, motels, vacation properties, fractional ownership, upscale homes, and others.
- Supportive provincial governments, providing land at value, basic services, and municipal integration. Governments are Partners in development.
- Seasonality is the major challenge for a resort – attractions and events in at least summer and winter are required.

Many resort development areas in Western Canada compete for recreational investment dollars:

- Sun Peaks (Kamloops);
- Big White (Kelowna);
- Silver Star (Vernon);
- Apex (Penticton)
- The Okanagan Valley (Vernon to Penticton)
- Fernie;
- Kimberly;
- Kicking Horse (Golden);
- Fairmont Hot Springs (Fairmont)
- Panorama (Invermere);
- Columbia Valley (Cranbrook to Radium); and

- Canmore.

In addition to these committed resorts new investment are proposed or approved at:

- Mount McKenzie (Revelstoke);
- Cougar Rock – near eastern entrance of Jasper National Park.
- Jumbo Glacier Alpine Resort (Invermere)

Resort development offers significant potential for the mountain region of Western Canada. Many resort expansions have been announced in recent years, and Valemount comes to this process rather late. It is also at a competitive disadvantage due to access and distance-to-market considerations as compared to virtually all the resorts and resort communities listed above. Absorption of the existing and planned supply in other resorts needs to be considered, as it will be a factor in the absorption of Canoe Mountain real estate and any other development that may be considered at Valemount. Whether Valemount can compete effectively with the regional supply, and over what period of time, will be considered in later sections of this report.

3.5 OTHER ECONOMIC PROSPECTS

The following outlines other possible non-traditional economic prospects that may have potential for economic growth in Valemount.

"Knowledge Workers" have been identified as one of the possible source markets for economic growth in Valemount. These workers are footloose, independent "contractors" who can live anywhere and do their businesses electronically. In an increasingly wireless world they can operate from any location

While the image may resonate for many, the reality is that very, very few of these workers locate in remote areas. They are identified because they are both unique and their stories are somewhat compelling for the 80% or so of the population who alternatively live in urban settings.

These people also locate within a reasonable time-distance of urban centres, and particularly airports. As knowledge workers, they are able to spend much of their time in more remote settings. However, most of them require some kind of face-to-face contact, and to this end they locate within striking distance of an airport. Part of the growth in Canmore, Kelowna, the Gulf Islands, and in smaller "lifestyle" communities around virtually all major urban agglomerations in North America can be explained by this phenomenon.

The attraction of "high technology" companies that are essentially footloose is a subsidiary consideration. Many smaller communities in spectacular settings are positioning to attract knowledge-based companies. They plan to develop the lifestyle amenities these workers seek, along with the interconnectedness that modern communications technologies will permit. While some of these communities will

succeed, it will be due to their connections with University knowledge centres, and their locations relative to urban agglomerations such as those described in Florida's Rise of the Creative Class. The "special economic zone" between Dallas and Fort Worth might be one example of such a community. It's advantages, however, are based on proximity to international air services, and a multibillion dollar investment in infrastructure.

The "mining industry" may also have some potential in the Valemount area ranging from roadside quarries to independent power projects. The Land Resource and Management Plan for the Robson Valley identifies potential in industrial minerals such as sand, gravel, mica, kyanite and silica with some base and precious metals. The mining activities are limited by accessibility to the sources as well as transportation to markets. Independent Power Projects (IPP's) have also been proposed and constructed as a result of a 2001-2002 BC Hydro's request for project proposals. The Green Power Generation process has further been expanded into 2003, seeking 10 to 20 year agreements to supply new, competitively priced power to help meet future load growth. Although Valemount has potential for these resources, it is not anticipated to have a significant impact on the economic opportunity in the area, given the resource supply and labour needs projects proceed.

It is our view that Valemount is not positioned for these other economic prospects, and would offer low appeal for these markets relative to other locations. Without scheduled air service, and with a location five hours from the nearest major city, and the fact that this city is not itself very large, would reduce market appeal. Valemount does not have adequate high speed internet service, does not offer competitive community "ambiance" offered by many competitive communities, and is not connected to a university knowledge complex. Furthermore the natural resources are not of a significant scale or value to redirect the economic opportunity in the community.

3.6 CONCLUSION

Over the coming 20 years the role of Valemount will change, regardless of whether or not the community acts strategically.

Forestry in the region may remain important, but its character and employment characteristics may change as larger companies consolidate in regional centres and smaller, independent operators using different techniques harvest the region.

Considering the socio-economic indicators, it is the view of the consulting team that the natural assets of Valemount – the surrounding mountain areas – and its gateway function to that region, offer the greatest potential for the future. The tourism sector and its prospects and potential over the coming twenty years, then, need to be one of the focus areas of the community. In Section 5.0 the consulting team addresses some of the key characteristics and trends in tourism that must be part of the consideration of the future for Valemount.

Valemount has already attracted a significant resort development proposal in Canoe Mountain Developments Ltd.. The impacts of this development will be addressed in the next section.

4.0 CANOE MOUNTAIN RESORT DEVELOPMENT

This section addresses the anticipated community impacts of the completion of development of the Canoe Mountain Resort as proposed and contracted by Canoe Mountain Resort Inc., Valemount Mountain Resort Inc. and Valemount Gondola Inc. in the Master Development Agreement with the Province of British Columbia dated December 6, 2003.

The Canoe Mountain Resort development was offered to the development community for bids in 1999. Sunrise International, an experienced developer and tourism operator in Alberta, was selected by the Provincial Government to develop the resort. A Master Plan for the resort was accepted in 2003, leading to the Master Development Agreement signed late in that year. The Village of Valemount and the Regional District is not specifically a party to that agreement, although it is referred to a number of times in the Master Plan.

This assessment assumes Canoe Mountain develops according to the timing identified in the Development Agreement. It is also assumes that Valemount incorporates the development into its boundaries. Product development activities include the development of a themed “Community core” retail, service and entertainment area located off the highway, as a draw for both residents and visitors.

The assessment addresses the anticipated population and socio-economic impacts on the Village of Valemount that may occur as a result of the Canoe Mountain Resort development.

4.1 CAPITAL INVESTMENT

The total capital investment is anticipated to be around \$75 million over the period, broken down as follows:

TABLE 4: CANOE MOUNTAIN RESORT: COMPONENT CAPITAL COST, 2003	
<i>Component</i>	<i>Cost</i>
Hotel – initially 82 rooms, expanding to 126 rooms and finally to 170 rooms in three phases, subject to demand.	\$18,500,000
Gondola – Constructed after income from lots in phase 1 is realized, with this income used as equity to lever Gondola investment.	\$17,000,000
Golf Facility – a championship minimalist course built in two phases	\$15,000,000
Commercial/Entry area at Hwy 5 – including real estate offices, highway commercial uses.	\$2,000,000
Community Ski – runs constructed at gondola for local skiers.	\$700,000
Cross-Country Ski – runs on mountain and near community for locals and visitors	\$190,000
RV Park/Equine – A small RV park and equine stables area.	\$450,000
Upper Alpine Area – Development of trails, viewpoints	\$500,000
Housing – begins immediately, and over 2 phases adds 360 lots and 120 condominiums to the community.	\$19,650,000
General Project Costs	\$760,000
TOTAL RESORT COSTS	\$74,750,000

Source: *Canoe Mountain Resort Inc. Master Plan*

4.2 RESORT CONSTRUCTION LABOUR FORCE

The construction labour forces are estimated in the Master Plan to peak at some 150 workers, as the key phases of the project are constructed. These resources will be housed in local accommodations, including apartments, private homes and some of the motels in the area.

The Master Plan provides no information on the construction labour force requirements by year, except to indicate that the impact on the community will peak for about five years while the gondola and hotel are under construction. Discussions with the developer, and review of municipal documents, determined that the peak labour force for the Canoe Mountain development was expected to be around 150 people on site when the gondola and hotel are under construction. The developer then suggested however, that labour force might grow to its peak. We have used these numbers as the estimate of construction labour force over time.

According to the developer, the construction labour force will be primarily contracted from Kamloops, Prince George or Alberta, and they will work during the spring and summer period each year. *"Construction....will all likely be done by tendered contract. These are short term impacts that would benefit hotels and camp areas for the summer seasons over a three year period."*

After consultation with the developer, the following assumptions have been made:

- 10% of labour is sourced locally, from skill sets identified in the community.
- 5% of the non-local labour force will choose to remain in the region.
- Each remaining worker is head of household.
- Each remaining worker generates a population increase of 1.7 persons.
- 100% of those remaining will locate in Valemount.
- 25% of those remaining purchase housing from existing stock.
- 75% of those remaining build new houses.

The population impact on the community of this labour force for the construction of the gondola, hotel, commercial/entrance area, RV park and roads is summarized in Table 5.

TABLE 5: POPULATION OF VALEMOUNT GENERATED BY THE CANOE MOUNTAIN CONSTRUCTION LABOUR FORCE			
Year	Construction Labour Force	Labour Settling in Valemount Area (new households)	Population Increase Anticipated
2004	25	1	2
2005	50	2	4
2006	75	3	6
2007	150	7	11
2008	150	6	11
2009	75	3	5
2010	25	1	2
TOTAL		24	40

Based on these assumptions, a total of 24 new households would migrate to Valemount adding 40 people to the population between 2004 and 2010. Of the 24 households, six would acquire housing locally from existing stock, either by renting or purchase. Some 18 households would build new housing somewhere within the expanded boundaries of Valemount.

4.3 HOUSING CONSTRUCTION

The developer's figures do not factor in the economic impact/value of the construction of the housing itself. The developer will bring the condos on only after the Gondola is built. Given that the equity for the Gondola must be obtained from lot sales, the initial 158 residential lots will be brought on stream as quickly as possible.

We have had to make a number of broad assumptions about the impact of construction of these units over the period.

- Housing construction begins in June, 2007, following completion of subdivision infrastructure.
- Housing presales have been made, so portions of the houses are ready to go.
- Houses are sold and phased in over five years, per the developer's advice.
- Condo development begins in 2010, following successful operation of the gondola.
- Average house price is \$270,000, based on lot prices of around \$120,000.

TABLE 6: IMPACT OF HOUSING CONSTRUCTION, PHASE 1				
			<i>Provincial</i>	<i>Muni</i>
	<i>Total Units</i>	<i>Direct Spend</i>	<i>Value Added</i>	<i>Taxes</i>
2007	47	\$12,798,000	\$16,637,400	\$299,473
2008	40	\$10,665,000	\$13,864,500	\$249,561
2009	40	\$10,665,000	\$13,864,500	\$249,561
2010	56	\$9,066,000	\$11,785,800	\$212,144
2011	45	\$7,746,000	\$10,069,800	\$181,256
2012	30	\$8,181,000	\$10,635,300	\$191,435
2013	81	\$14,301,000	\$18,591,300	\$334,643
2014	20	\$5,454,000	\$7,090,200	\$127,624
2015	20	\$5,454,000	\$7,090,200	\$127,624
2016	20	\$5,454,000	\$7,090,200	\$127,624
2017	20	\$5,454,000	\$7,090,200	\$127,624
2018	20	\$5,454,000	\$7,090,200	\$127,624
2019	20	\$5,454,000	\$7,090,200	\$127,624
2020	20	\$5,454,000	\$7,090,200	\$127,624

While these numbers appear large, most of the economic impact of this construction will “leak” out of Valemount to other communities, for it is in other communities that virtually all construction supplies will need to be acquired.

The more important figures for Valemount are focused on how many construction workers will be in the village in any given year, and how many will move to the community.

Information was sourced from the Carma Centre at Southern Alberta Institute of Technology to assess the labour force impact of this housing construction. The salient information is as follows:

- A house requires 2.3 person years of input to construct (accounting for supply as well as construction labour).
- The labour for construction component is 17% of the total.
- The labour force will be working on the site for nine months of the year.
- The value of labour, on average, today in Alberta and British Columbia is \$60,000 per year.
- Assume that 10% of the housing construction labour force see a long term opportunity in Valemount
- Assume that these workers continue to build the resort houses – that is they become part of the “local” labour pool in the following year.
- Phase 2 of the development is assumed to begin in 2012 and proceed slowly, with between 10% to 15% of lots being developed annual, through 2020.

The table following outlines the population impact of housing construction over the building period:

TABLE 7: POPULATION IMPACTS OF HOUSING CONSTRUCTION		
Year	Direct Jobs	Remain in Community
2005	0	0
2006	0	0
2007	25	2
2008	21	2
2009	21	2
2010	19	2
2011	16	1
2012	16	1
2013	29	3
2014	11	1
2015	11	1
2016	11	1
2017	11	1
2018	11	1
2019	11	1
2020	11	1
TOTAL		20

Thus we can expect 30 construction workers in the community building housing at the peak year, and for a period of nine months of that year.

A total of 20 people will relocate and, assuming they are all “head of household”, a population of 34 residents will be generated.

This analysis has not considered the impact of the additional residents on non-tourism related industries although it is anticipated that certain businesses that cater to local residents will see a corresponding increase at a corresponding ratio. Given the relatively small increase in new residents the level of growth is not expected to be significant.

Operating Labour Force

The developer has estimated the operating labour force to be approximately 165 full time and seasonal jobs at full project completion. The final job estimates are broken out as follows:

TABLE 8: OPERATING LABOUR FORCE FOR CANOE MOUNTAIN, FULL BUILD OUT		
Component	Full Time, Year Round	Seasonal
Gondola	4	31
Hotel	40	50
Golf Course	3	27
Other	10	0
TOTAL	57	108

For the purpose of this estimate, the following assumptions have been made:

- None of the seasonal labour force locates permanently in Valemount.
- The developer does not construct on-site housing for employees. Rather they find accommodations in Valemount and area. The developer has indicated that they intend to build on site, dorm or other housing only if it is profitable and if locally-provided housing is not available.
- The operating “high season is 140 days, from early May to mid September. This exceeds the 92 day season used in the Gondola estimate.
- That ten percent of the full time staff (six people) are sourced from the region
- Half of the full time, year round employees who migrate come as couples that both work for the resort. This is common in resort settings, and a preferred strategy of the developer: *“Many resort staff are younger couples, whether married or not.”*
- Half of the housing units “generated” by full time staff are purchased. Half of staff rent apartments or condos, or they may be hired to “baby sit” houses on site in return for free rent.
- That non-coupled staffs occupy housing at an average of 3 persons per unit.
- 80% of these migrants will locate within Valemount
- 25% of the seasonal employees find accommodation that does not require rental of an apartment unit. Some rent rooms, some babysit houses, some bring trailers/RVs, and some stay in tents in the area.
- The seasonal employees “double up”, with at least three persons living in each rental unit. This is common in resort settings, and is conservative, as in many cases 8-10 or more seasonal staff live in a single housing unit.

4.4 ANTICIPATED IMPACT

Full build out of the gondola and hotel will not occur until 2009, when the hotel will only be 82 rooms. Thus only 50% of hotel staff will be required in this year.

The Gondola permanent staff, however, will be required from the point of opening. The seasonal staff will be ramped up to the 31 projected over five years, as the developer has indicated that it will take five years for the Gondola to ramp up.

The housing requirements in Valemount related to operating staff are as follows:

TABLE 9: HOUSING REQUIREMENTS FROM OPERATING STAFF IN VALEMOUNT		
Component	Assessment	Requirements
Full Time, Year Round	<ul style="list-style-type: none"> 57 permanent workers at buildout. Six sourced locally. 51 migrate into the region. Half are couples; half individuals. 	<ul style="list-style-type: none"> 23 units required in total. 19 units in Valemount. 9.4 units rental, either homes or apartments. 9.4 units purchased, either homes or condos.
Seasonal Employees	<ul style="list-style-type: none"> 108 at full buildout. 27 find "other accommodations". 81 locate in Valemount and area. Average per unit is three people. 	<ul style="list-style-type: none"> 27 apartment units required at full build out. Apartments needed only from April 15 to Sept 15 annually, 140 days. Timing of Requirements: 2008 – 2020.

TABLE 10: SCENARIO 2: PERMANENT AND SEASONAL STAFF REQUIREMENTS BY YEAR												
Year	Gondola		Hotel		Golf		Other		Total		Houses	Apts
	Perm	Seas	Perm	Seas	Perm	Seas	Perm	Seas	Perm	Seas	Needed	Needed
2005									0	0	0	0
2006							3	0	3	0	1	1
2007					3	27	5	0	8	27	2	2
2008	4	25	20	25	3	27	7	0	34	77	5	19
2009	4	26	20	25	3	27	10	0	37	78	6	20
2010	4	27	20	25	3	27	10	0	37	79	6	20
2011	4	28	20	25	3	27	10	0	37	80	6	20
2012	4	30	30	40	3	27	10	0	47	97	7	24
2013	4	31	30	40	3	27	10	0	47	98	7	25
2014	4	31	30	40	3	27	10	0	47	98	7	25
2015	4	31	30	40	3	27	10	0	47	98	7	25
2016	4	31	30	40	3	27	10	0	47	98	7	25
2017	4	31	40	50	3	27	10	0	57	108	9	27
2018	4	31	40	50	3	27	10	0	57	108	9	27
2019	4	31	40	50	3	27	10	0	57	108	9	27
2020	4	31	40	50	3	27	10	0	57	108	9	27

The total population increase as a result of this operating labour force is estimated as follows:

TABLE 11: POPULATION INCREASE RESULTING FROM OPERATING STAFF FOR CANOE MOUNTAIN		
<i>Year</i>	<i>Permanent Staff</i>	<i>Population Increase</i>
2008	34	35
2012	47	48
2017	57	58
2020	57	58

The above estimate factors in the assumption that 50% migrate as couples, and 80% locate in Valemount proper.

It is anticipated that Valemount will be able to supply land and housing for this anticipated population from its existing supply of land. Schools and other services will be able to accommodate this permanent labour force.

4.5 TOTAL POPULATION INCREASE

The total population impact of the development, can be summarized as follows:

TABLE 12: TOTAL VALEMOUNT POPULATION IMPACT FROM CANOE MOUNTAIN		
<i>Component</i>	<i>Population</i>	<i>Comment</i>
Canoe Mountain Construction Labour	40	About 24 construction people stay in Valemount, each a head of household, generating population of 40 additional people in the community.
Housing Construction Labour	34	House builders locate in the community, realizing that 10 or more years of construction is available.
Operations Labour	58	Developer targets couples for permanent labour force. Permanent population increase is limited by number of new households formed.
TOTAL	132	Total population increase over 15 years resulting directly from the Canoe Mountain development.

4.6 VISITATION

In addition to the capital investment, construction and operation impacts of the development, there will be visitation implications from Canoe Mountain. This visitation will come in at least two direct forms:

- Gondola visitation; and
- Leisure visitors to the residential component.

The “indirect” visitation increases would come in the form of additional visitor nights generated as a result of the “positioning” of Valemount as a tourism destination.

What may appear to be missing here is visitation to the hotel. The developer has specifically identified coach tours as a major target market for the hotel, as this is also a good market for the gondola component. To avoid double counting the visits, we have assumed that all hotel visitors also visit the Gondola and are thus captured in the hotel visitor data. However, this implies that at least some of the Gondola visitors, those who stay in the hotel, contribute a great deal more economically to the region than do other Gondola visitors.

We have interviewed the developer relative to both aspects of visitation. The following points were made:

- The residential component will largely consist of “second homes”, corporately owned units, and managed vacation homes.
- The owner occupied, full time resident component of the development will be minimal, at no more than 10% of the total initially. However, the visitors to these homes will create a “population equivalency” in that units will be occupied by someone much of the time.
- The units will be more highly occupied in the summer than in the winter months. While summer occupancy may be 80% or so, winter occupancy will be closer to 20%. The annualized occupancy has been targeted at 55%, slightly lower than Banff and Canmore have been achieving in the past few years.
- Housing units are assumed to have more people in them – 2.5 in our assessment. Condo Units have a density of 1.8 persons.
- The Gondola will enter the market more slowly than studies anticipate, growing to its initial target visitation level over five years. A high capture ratio in the first two years will decrease in the second, and then grow to the target capture level of 8% of car traffic as identified by the developer.

The outcome of this calculation can be found in the table below. To summarize:

- The housing development will sustain a full time equivalent population of 301 persons by 2013 and 495 persons by 2020.

- The condo development will sustain a full time equivalent population of 68 by 2013 and 119 by 2020.
- Together these developments will add the equivalent of 614 persons to the Valemount population, assuming annexation of Canoe Mountain. This new population, however, will not draw on community services such as schools, as they will be seasonal visitors.
- With the “high season” assumed to be the 145 days of “summer”, the housing equivalent population will sustain a “visitor day” equivalency of 161,000 visitor days by 2020.
- The Gondola development will bring 50,000 new visitors to the annexed Valemount by 2012. For most of these visitors, their only stop will be the Gondola site and not the Valemount core area.

TABLE 13: VISITATION ESTIMATE: CANOE MOUNTAIN GONDOLA AND HOUSING			
Year	Gondola Visits	Housing “Visitor Days”	Condo “Visitor Days”
2008	54,658	17,326	0
2010	47,271	28,351	0
2015	73,067	51,638	17,226
2020	84,705	71,775	17,226

While these numbers may look impressive, they are not all overnight visits. While virtually all of the winter visits are overnight, only a small portion of summer and gondola visits will create a room night for Valemount. Further the visits may be drawn only to the Canoe Mountain development, and continue to bypass the Village core.

4.7 CANOE MOUNTAIN VISITATION/POPULATION IMPACT

The table below summarizes our findings relative to population impacts for Valemount.

TABLE 14: TOTAL CUMULATIVE POPULATION IMPACTS: CANOE MOUNTAIN 2005 - 2020					
	Housing Construction	Resort Construction	Operations	Housing*	TOTAL
2005	0	6	0	0	6
2010	13	40	39	196	288
2015	25	40	49	475	589
2020	34	40	58	614	746

* Housing population represents “equivalent population” of visitors to the residential component of the development.

The permanent population, in traditional terms, will grow by 132 people to 2020 as a result of the development. However, the housing units on Canoe Mountain will host an “equivalent population” of people numbering 614 by 2020. The total impact is the equivalent of 746 permanent residents. The total population increase represents a 59% growth in the community population. The lower permanent population growth figure represents a 10.4% increase in population over the same period.

	<i>Winter Visits</i>	<i>Summer Visits</i>	<i>Gondola Visits</i>	<i>Housing “Visitor Days”</i>	<i>Total Visits</i>
2005	24,158	67,695	0	0	91,852
2010	38,906	78,477	47,271	28,351	193,005
2015	56,098	90,976	73,067	68,864	289,005
2020	78,680	105,466	84,705	89,001	357,852

Economic multipliers of Canoe Mountain will add to the impact on Valemount, the exact range of impact remains to be determined.

4.8 CONCLUSION

The conclusion from this section is that Canoe Mountain, if it is developed fully as proposed, will have an important but incremental impact on permanent population in Valemount. However, if it is marketed well, the combination of the gondola, resort housing, and summer visitation growth in “captured” visits, will increase total annual “visits” to around 360,000. The challenge however will be for the Village of Valemount to directly benefit from this increased visitation both in its tax base as well as the business community.

It should be understood that these “visits” are not all equivalent. Some are a one hour stop and gondola trip. Some are simply a stop for gas or to enjoy the retail area. Some are overnight stays in the resort hotel or other hotels in Valemount. And some are full “visitors days” of the people in the resort housing, whose daily spending will likely be significantly less than the itinerant population stopping overnight in Valemount.

5.0 TOURISM MARKET SEGMENTS AND TRENDS

If the Valemount strategy is to “have a growing tourism and service sector”, the community needs to look at the overall market trends and tourism patterns over the coming twenty years, deciding on the best market match for Valemount.

In this section we identify a key grouping of tourism market segments that are best matched to the potential offerings of the Valemount area. We have focused on brief summaries only of each segment addressed, as we are dealing with a long range planning approach for the community.

5.1 DEMOGRAPHIC TRENDS

5.1.1 TOTAL POPULATION TRENDS

Canada will grow in the next 20 years. Stats Can forecasts suggest the following:

- Canada will grow by 6.1 million to 37 million people by 2016.
- B.C. grows by 16% to 2026.
- Alberta grows by 24% to 2026.
- Ontario grows by 42% to 2026.

Urbanization will continue as the dominant trend, with over 70% of this population living in urban centres ... and looking for respite in less urban settings.

In recent years, BC's net migration to Alberta has averaged over 10,000 people per year. This is significant for Valemount, as migrants often desire vacation property in their home province, with the idea of retiring there eventually.

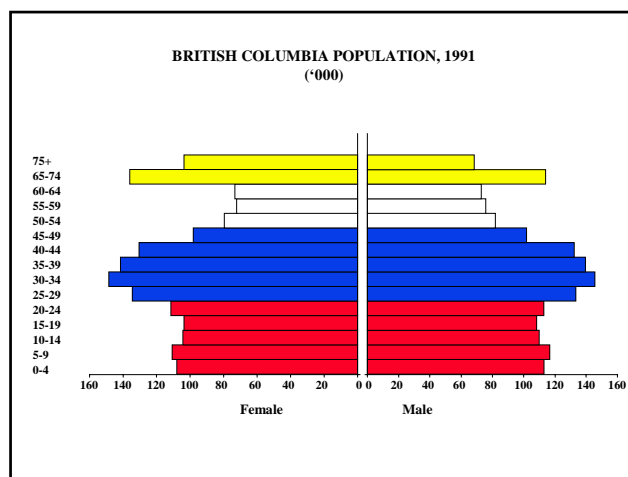
5.1.2 DEMOGRAPHIC SHIFTS

The major shifts in demographics, of course, involve the ageing of the boomer population:

- Median age in Canada will increase from 35 years in 2001 to 43 years by 2020.
- Boomers, born between 1947 and 1966 are 33% of the population today. By 2011 there will be 10.2 million boomers in Canada.
- The population is aging. The early boomers, the 55-64 year old cohort, will expand by 77% between 2000 and 2011.
- Family structure is also changing, partly as a result of the aging boomers. The "empty nester" travel group will increase by 35% to 2016.

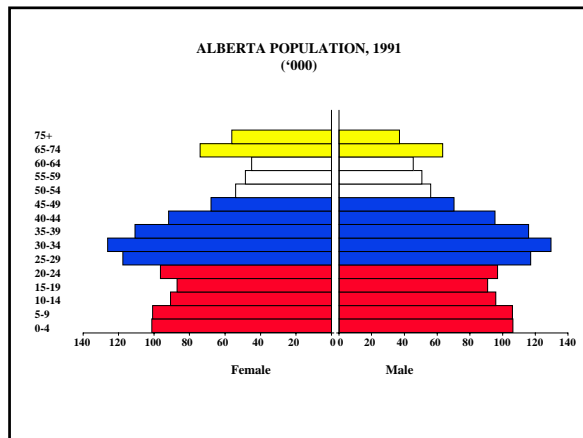
Alberta, a key market for Valemount, is expected to reflect the Canadian patterns:

- Population will increase by 710,000 people to 3.76 million by 2020.
- Baby boom cohort, 29% of population today, will gradually fall to 24% of total population by 2020.
- 951,000 Alberta baby boomers will "age forward" in the next 20 years. In 2000 they were aged 35 to 55 years. By 2020, some 906,000 boomers will be in the aged 55-75 year cohort.



- Despite the dominance of the boomer grouping, there will be still be about 650,000 youth (15 and under) in the Alberta market through this period, and 1.6 million in the 15-35 cohort.

As each baby boom five year or ten year “cohort” of the population ages into the next category, that category grows between 43% and 50%. The pattern of the B.C.



population, shown for 1991, demonstrates the “bulge” of the boomers. As this bulge ages forward, there is a dramatic increase in the total population in the population cohort.

The same 1991 pattern for the Alberta population illustrates the boomer impact is even more pronounced in that province. The baby boom segment is a clear target market for communities with the natural landscapes like those that surround Valemount, and clearly the Alberta and B.C. residents are the initial targets. These boomer segments are

the source of the “amenity migrant” identified above, in many cases.

The demographic anomaly of the baby boom is also impacting the USA. By 2010 more than 26% of the US population will be between 45 and 64 years of age, up from 20% in 1996. The pattern will continue through 2020.

5.1.3 IMPLICATIONS

The demographic changes will drive most other changes. While boomers will remain active, outdoor people, their interests will increasingly include:

- Soft adventure – walking, trekking, canoeing, sailing etc in safe settings.
- Bird watching, wildlife viewing, nature-based travel.
- Historical, heritage, cultural, entertainment and artistic experiences.

In fact, in recent studies and presentations, key “sea changes” to look for in the population as a whole, but particularly in the aging boomers included:

- "From escapism to enrichment".
- Seeking meaningful experiences.
- Meeting local people.
- Staying in small, quality accommodation.
- Traveling in small groups or Foreign (or Fully) Independent Travel (FIT).

In fact, according to the Yankelovich survey in the USA, this population is moving to a world in which they value:

- Quality over quantity.
- Intangibles more than tangibles.
- Time more than money.

They want vibrant experiences” and “authenticity in relationships”, more “family, community, balance, integrity, authenticity and security”. The most affluent of these want to “experience other ways of life”, and “would rather spend my money on *enriching experiences*”. These people value community ambiance, scenic beauty, learning, soft adventure outdoor pursuits, meeting local people, heritage, hiking and more.

If Valemount wishes to attract both visitors and migrants over the next 20 years, attention to these needs is critical.

5.2 ECONOMIC PROSPECTS

In the short to medium term B.C.’s economic prospects are considered moderate. The decline in extraction sectors represents a major “sea change”. Tourism is a growth sector that is of increasing importance, challenging forestry today by some indicators. In the longer term, tourism offers great potential for growth in the B.C. economy.

Regional Canadian tourism prospects are generally focused on economic forecasts, and are shorter term in nature. Alberta is forecast to maintain growth in the 3% range on average until 2011. Edmonton and Northern Alberta exceed this forecast.

The most significant factors to consider for Valemount, to the extent that it wishes to attract second home owners and tourists from Alberta, is the prospect for continuing high personal disposable income for workers in that province. Calgary has the highest *personal disposable income* (income available to the individual *after* taxes) in Canada at present, about \$32,000 per capita. Ottawa is second at \$29,500 per capita. Edmonton is virtually tied with Toronto at third, with a per capita disposable income of \$27,000.

Alberta is tracking some \$80 billion in committed major projects at this date. Many of these major projects are in Northern Alberta, and much of the future new technology extraction processes are in this region. These projects ensure stable, significant economic growth for more than a decade, as long as oil prices stay above about \$12 US a barrel level. They also ensure that Albertans will likely continue to have high personal disposable income and high discretionary income for many years. These are key factors in determining their purchase interests.

5.2.1 IMPLICATIONS

Albertans from the northern reaches of the province are and will likely remain the major itinerant tourism market for Valemount over the next 20 years. Their personal disposable income prospects are some of the best in Canada, barring precipitous decline in oil and gas prices globally.

5.3 OUTDOOR INTEREST SEGMENTS

Within the dominant population and economic patterns, there are specific interest groups that could be attractive to Valemount. We summarize some of these “market matches” here.

5.3.1 OUTDOOR ADVENTURE

Outdoor Adventure is, to some extent Canada’s forte, and British Columbia is likely the best known icon of this segment today. The segment grew at 15% a year between 1996 and 2001. It is anticipated that active younger boomers will create a spike in this segment for ten years or more, with a focus on soft and hard adventure. Soft adventure includes interpreted experiences specific to sport, nature, culture and personal enrichment) while hard adventure considers more extreme outdoor activities that may include a highly specialized guide.

5.3.1.1 Soft Adventure Markets

The summer soft adventure markets want to do adventurous outdoor activities during the day, but want to stay in comfort and convenience in the evening. They seek quality accommodations with quality, reasonable-priced food service in the destination. As with other markets, they also like to socialize with local people, including an outdoor guide.

Activities of interest might include moderate climbing, hiking or trekking, heli hiking, moderate mountain biking, horseback trips, photography, nature interpretation hikes, rafting, canoeing; and fly fishing. Based on a U.S. study of recreation activity, it is anticipated that many of these soft adventure activities will increase significantly between 1995 and 2020:

Activity	Percentage Increase
Sightseeing	32%
Non-consumptive wildlife	29%
Biking	28%
Hiking	23%
Horseback riding	23%
Rock climbing	21%
Walking	21%
Camping	19%;
Backpacking	11%.

The winter offers similar opportunity particularly in the Canadian market, and is characterized best as “nature and comfort” segments. Winter adventurers seek daytime activities that are exciting, participatory and connected to nature, such as: cross country

skiing, ski touring, dogsledding, snowshoeing; and photography, wildlife viewing. Efforts of Canadian Tourism Council and many provinces to develop increased international winter visitation will support efforts to develop this segment.

The Valemount area acts as a service base for this market today, with a few lodges, trail riding operators, heli-hiking, mountain biking and other operations. Outdoor outfitters are typically small businesses, and seasonal and do not appear to have a coordinated association whereby the outdoor opportunities can be bundled and marketed to provide a multi-day visitation. The distance to major markets also may limit to the Valemount area, as the distance exceeds a weekend getaway.

5.3.1.2 Hard Adventure Markets

For our purpose the “hard” adventure category simply means more physically demanding activity, and with less demand for a “luxury” accommodation experience. The more active outdoor adventure markets in summer might include extreme mountain treks, adventure races; extreme endurance mountain biking, mountain, ATV travel, heli-skiing, rock climbing, caving, mountain hiking, river kayaking; and river rafting; (class 3, 4, technical). The winter segment includes ice climbing, caving; extreme skiing/boarding, back country skiing (skiing is forecast to increase 22% by 2020); and Snowshoe hiking/camping/camping expeditions. Snowmobiling, at least in the Valemount region, would be considered a “hard” adventure experience. This despite the observation that “sampler” snowmobile experiences are offered to Jasper Park Lodge guests as a packaged experience in Valemount today. The Snowmobile activity and potential will be considered in a separate subsection of this report.

Valemount currently offers a myriad of high quality outdoor adventure opportunities that can be provided by an outfitting service or independently by the enthusiast. There is incredible natural terrain and scenery accessed from Valemount in comparison with other destinations in Alberta and BC. Valemount increasingly could play a role as gateway to this type of activity. Many of these extreme sports have grown significantly in past few years. In the longer term, due to demographic realities, however, they are not anticipated to grow faster than the soft adventure grouping.

5.4 HERITAGE INTEREST SEGMENTS

These markets form an important part of Canada’s international visitor market today, and the aging phenomenon will cause this segment to increase over the years. As a highway service centre, Valemount could attract this market. Key characteristics:

- The Canadian potential market was estimated at 4 million in 1996.
- The “Heritage enthusiast” market in Canada numbered 2.6 million, while it is estimated the U.S. has 34.5 million people in this category.
- Canada’s domestic heritage travel market is projected to increase by 37% to 2026, while the U.S. market will grow by 47% to 2025.

- These travelers are adults without children at home, educated, higher income travelers, usually traveling in summer and in groups of two.
- They are interested in experiences, engagement, local people, authenticity in all that is presented, interpretation and learning in their experience.
- Aboriginal cultural tourism is an interest of these people, with some 18% having an Aboriginal experience on their trip.
- They are also significantly outdoor enthusiasts, with about 40% of Canadian heritage interest travelers seeking an outdoor experience on their trip. They value scenery, outdoor activity, relaxing.

The “nature buff” crossover with the heritage interest segment among Canadians is estimated to be about 2.5 million travelers. Looking out to 2026, this market is expected to grow dramatically – from 2.6 million to 3.7 million in Canada. The “heritage enthusiasts will grow from 2.2 million to 3.0 million.

To attract or service this market, Valemount will have to provide:

- A safe, secure environment;
- Heritage, cultural attractions and interpretation;
- Outdoor attractions integrated with the heritage themes;
- Deep learning experiences;
- Special events for these markets;
- Quality information, interpretation, that engages and fosters participation; and
- Indigenous art and craft, with opportunities to meet the artists.

Valemount and area has a past scattered with historic events, unfortunately with the exception of the Museum has very few older structures. Alternatively Valemount’s past is more deeply rooted to the natural and human history of the place. The natural history has provided an extremely unique ecosystem particular being at the headwaters of the most significant rivers in British Columbia and surrounded by the majestic ranges of the Monashees, Rockies and Cariboo. The area can also be recognized for the people of the land that went through incredible hardship for survival in this remote location. This would also consider economic survival with the cyclical nature of the areas resource industries.

5.5 TOURING MARKETS

Touring segments focus on segmentation by “trip type”. People who are touring usually have more time than other segments, have no commitments “down the road” that cannot be adjusted, and are looking for “lots to see and do”.

In past decades the time pressures of busy people eroded the touring component of the market significantly. The long haul “auto tour” trip gave way to the “fly and drive”, the growth of “destinations” in the resort and outdoor sector reduced touring, and the increase of “activity-motivated” travel also eroded the touring trip.

Since the tragedy of 9/11 in USA, the touring trip has rebounded. Americans are traveling more by auto and RV, with more family trips closer to home. As the population ages, expect more touring trips by adults/no kids traveling in small groups of cars or RVs.

5.5.1 RECREATIONAL VEHICLES

RV sales have increased dramatically in recent years, by 22% in one year in some categories in 2002 in the US. Key characteristics:

- Ownership of RVs increases by about 3% for each 10 year cohort in the USA; the 55-64 group has a 16% RV ownership rate.
- U.S. RV ownership is expected to increase by 21% by 2010; in Canada the figure will be higher. In the 55 plus category, RV purchases will increase by 85.3% between 1996 and 2016 to \$1.34 Billion in that year.

These RV owners are generally looking for RV parks with:

- 30/15 amp power service; larger rigs increasingly look for 50 amp;
- Water to the site, with at least a local pump out service;
- Good Sam or other park rating; and
- RV communities with stores, laundry, shuttle bus, and other services are common in larger centres.
- Pull-through sites for large units, which are up to 70 feet with trailer;

There are five key segments of the RV market that Valemount should be aware of:

The RV Rental “Adventurer” – for the most part an international (Germany (70%), Netherlands (10%), British (5%), U.S. (5%) Canadian (5%), “Other” (5%) market, these people are traveling predominantly as “adults, no kids” in convoys of two or three units. They generally want to get off the beaten track and enjoy wilderness. They have smaller units (van conversions, “C class 22’ to 24’ foot, and truck campers predominate), and require less service (water, pump out, 15 amp). They are seeking experiences in Canada’s wilderness, and will take guided adventures of the sort described. Their Canada stays average around 20 days.

The RV Full Timer - North Americans who have moved into their RV full time, this market will grow dramatically although there are no good estimates of numbers. They have larger RVs generally, with more motorhomes. They require full services including on site pump out, pull thru’s, they stay longer, and are more pecuniary. They travel in groups and stay connected by Internet. Most are club members of Good Sam or FMCA, and they seek the discounts of those “Brands”. They may stop for months in your park if they like the area.

The RV Destination Camper – looks for a full service campground as a “cottage site”, returning annually and often leaving the unit on site or in nearby storage.

They are mostly a family market, often with a towable unit. They seek full service sites with pools, playgrounds, and on site programming for children. Branded parks such as “Jellystone” are the destination for these people. In Europe these parks operate with a variety of fixed roof sites, RV rental sites and full services, like small resort communities.

The “Club Traveller” – These RVers belong to a major club – Good Sam, FMCA, or any number of the manufacturers clubs (Winnebago, Airstream etc). These organizations plan “caravans” all over the world. Groups vary in size from 20 or fewer units to 1,500 or more. They book in advance and look for group bookings at local facilities, special events to hook into, and “interpreters” of the local culture.

“Independent RV Camper” – These are the “weekenders” who form the main mass of RV owners. Many will look for a site, and once they find an area they like, they will rent for the season. Strata title RV parks are also becoming common, and some are the size of communities, with 1,500 sites or more. These sites differ from “destination” campgrounds in that they target a longer stay population – usually seasonal “snowbirds” per Arizona.

These RV market segments drive by Valemount all summer. If the community targets them for attraction, it should be aware of the various needs of these segments.

The RV traveler will grow in significance over the next 20 years. A dramatic increase in fuel prices may affect this trend. However, fuel is actually a small part of the total RV capital and operating cost, so it is not expected to impact most of these segments dramatically.

5.5.2 FLY/DRIVE

This market usually books a package trip with flight and car rental, or books these separately. Increasingly, this is done on the Internet, and particularly when the product is known. The market includes a whole variety of traveler types, and therefore cannot be defined specifically. The important aspects for Valemount to understand are:

- The “destination bound” fly/drive market cannot be captured, except for gas. These people are committed to “being in Vancouver” (for example), by 6:00 p.m., and no amount of attractive product or marketing will stop them.
- The “touring” component can be captured for a limited time. Their schedules usually require them to drop a car off on a certain date. Therefore shorter packages and day trips are preferred.

There appears to be little potential to capture the fly/drive market, other than slightly extending their capture time. Valemount is distanced from major markets, therefore not a day trip destination.

5.5.3 MOTORCOACHES

This segment refers to the group touring market that takes the 44 passenger coach on a guided touring trip. Canadian and U.S. residents purchased 144 million overnight packages in this form in 2000. Key characteristics:

- The market has been declining in recent years, as the boomers do not choose coach. Van touring is growing.
- Passengers types include: Seniors (56%), future seniors (18%), students (15%), baby boomers (8%) and young adults (3%).
- Markets are North American, with only 6% from international origins.
- According to ABA, the value of a coach visit to a community is from \$US 2,500-\$4,500 for a day stop, and \$US 9,000 to \$16,000 for an overnight stop.

Valemount must already service some of the coach market that passes by on the highway. There are approximately eight coaches a day passing northbound, while six a day on average are southbound in the year 2000. Markets in western Canada have been down around 20% in the past year; so present numbers may be more like 11 coaches both ways.

Canoe Mountain's developer has indicated that they are specifically targeting the coach market. If it is assumed that Canoe Mountain does not create new tours as destination tours to the mountain, but that it simply captures the tours going by now, then these 11 coaches represent the total market potential of the coach market daily for the Gondola attraction. Average persons per coach was 24, making the total market daily about 224 persons

5.5.4 VAN TOURING

The motorcoach market has given way somewhat to the van touring market due to its greater flexibility and convenience. This growing segment usually takes 10 people in a 15 passenger van, often with camping gear included. The driver acts as guide, and the people help define what they will do on the tour.

There are no recent volumetric data on the van touring market for this region.

5.5.5 TOURING

About 2,320 vehicles a day pass by Valemount, based on summer 2000 data, 1,100 northbound and 1,220 southbound. The total population passing by is estimated to be 5,546.

This does not represent the potential "target market" for tourism to Valemount, for these cars are filled with people on other missions. Some are on business, and will not stop except for gas. Some are on personal business (i.e., a lawyer meeting in Kamloops) and cannot be persuaded. Others are on leisure trips but have a destination planned

and committed – i.e., they will be in Kamloops by 5:00 p.m. for a dinner with friends. These people cannot be persuaded to stop.

Thus, the “persuadable” component of this market segment in cars is usually significantly less than the total. A “persuadable” market of 25% is considered a reasonable estimate.

When a community or an attraction is not the “main destination” for the market, it is important to understand who is in the “persuadable” set before capture ratios are estimated.

The touring market has the most potential in Valemount. As mentioned there is considerable highway traffic that can be captured, however consideration needs to be given to providing additional attractions in the area. This may allow travelers to stay for longer and increase spending.

5.6 SNOWMOBILING SEGMENT

Snowmobiling is the major winter market segment for Valemount, and it deserves particular attention. It is at this time the only significant *destination* market that Valemount services. It is also responsible for hotel and restaurant revenue during the slower winter months, and as such is a critical component of the community.

- Valemount is also recognized as one of the major snowmobile destinations in Western Canada. In 2002/2003 it received the following recognition in the SnoRiders West Rider’s Choice Awards:
- Most Popular Area in West – Silver;
- Favourite Overall Snowmobiling area in B.C. – Gold (second place to Revelstoke);
- Best Powder Riding – Silver;
- Most Challenging Area – Gold (second place to Revelstoke);
- Favourite scenic snowmobile area – Bronze;
- Favourite Mountain riding area – Silver;
- Favourites Groomed Trail Riding – no ranking;
- Favourite Area for Family Snowmobiling – no ranking; and
- Snowmobile Area you would most like to ride in the future – Gold (second to Revelstoke).

This survey also rated restaurants, hotels and other features of a snowmobile destination.

Clearly, Valemount is a contender while McBride also offers a good product and was rated highly in SnoRiders survey. Together these two destinations may create a truly powerful, full service destination snowmobile region.

The snowmobile survey conducted by the Canadian Forest Service in 2000/2001 provided good insight into both Valemount and McBride:

- Over 87% of market is from Alberta, with 33% from Edmonton, 6% from the Highway 16 corridor to Jasper, and about 58% from across northern Alberta.
- Most travel in groups – 60% of 2-4 people, 31% of 5-10 people, and 8% with over 10 people.
- Only 14% are families only, with 57% traveling with friends and 26% with family and friends.
- Half stay in the area 1-3 days, half stay 4-7 days.
- This is a repeat market; only 13% are first timers; 35% have been 6-20 times in the past five years; 20% have been 21-50 times in that period; almost 9% have come over 50 times; only 23% have been 1-5 times in the past five years.
- The average spent per trip was \$266, or \$85 per day; this is comparable to Canadian spending by other segments in tourism.
- While estimating volumes was difficult, the survey suggest that there were 1,117 “groups” on the Valemount trails in 2000/2001. This cannot be translated into number of machines or number of individuals.

Valemount has some of the top mountain guides in the country, has builders of exceptional mountain snow machines, and offers several snow machine rental and guiding operations.

If the snowmobile sector continues to grow in western Canada, one would expect interest in Valemount to expand. The expected growth of Northern Alberta, along with the positive economic prospects for the next decade, suggests there is growth potential in this market segment.

The recently completed National Snowmobile Tourism Study highlighted some relevant data on snowmobiling:

- 845,000 overnight person trips in Canada in 1999 that included snowmobiling as an activity;
- *Dedicated or experienced* snowmobilers numbered 760,000 overnight person visits by Canadians (96%), 21,500 by Americans (3%) and 10,500 by Overseas (1%) visitors.
- *Novice Snowmobilers* numbered 162,000 overnight person visits in total; 52% Canadian, 33% American and 15% Overseas.

This research estimated that there were 707,000 adult Canadians who want to snowmobile but have not done so on a trip in the past two years. This is essentially the *latent demand* by Canadians. The latent demand of Americans, those interested but have not snowmobiled in the past two years, is 5.5 million people.

Valemount was used as an example of “best practices” in this report. Relevant observations:

- 1999 an estimated 15,000 user days occurred in Valemount. At the average daily spend rate per capita estimated from the survey, gross revenue from the itinerant tourism component of the industry is about \$1.3 million in that year.
- Following a product “test” by Stumbock tours in 1989, the international snowmobiling business got off the ground. As of 2000 it was estimated that 800 user days occurred. Most of these days are simply a one day excursion, as the people generally overnight in Jasper.
- Valemount has grown as a snowmobile destination primarily through word of mouth.
- The destination has a strong competitive advantage, according to the report, due to:
 - Trails providing easy access to vertical
 - Good weather conditions and lots of snow;
 - Its proximity to Jasper and Banff; and
 - Its strong hospitality sector.

- The advice in this report suggests:
 - Work with volunteers, Chamber, etc to support the trails;
 - Build a trail system through leverage; and
 - Provide appropriate grooming.

The option available to Valemount, according to the economic development strategy, is to create and “agglomeration” of services that increase the draw of the area for snowmobiling.

Long term forecasting research on outdoor recreation demand/supply trends conducted by H. Ken Cordell projected snowmobile participation by Americans to increase by 9% by 2020. However, snowmobile trips are projected to increase by 35% in the same period, due mainly to increasing frequency and higher disposable incomes. There are 7.1 million snowmobilers in the USA in 1995, according to Cordell.

Clearly, Valemount has a significant position in mountain snowmobiling. It is also evident that there is satisfaction in existing markets, as repeat visitation is high. Thus word of mouth marketing will continue to be positive. Finally, there appears to be significant latent demand in national, US and Overseas markets, suggesting a quality product can stimulate the markets.

5.7 HELI AND SNOWCAT SKIING

The helicopter and snowcat ski sector of tourism is another area that deserves particular attention, as the Valemount area offers some of the most spectacular terrain in the world. Four major operators have license to operate in the region – Mike Wiegele Heliskiing, Canadian Mountain Holidays, Crescent Spur Heliskiing, Robson Helimagic, and Cariboo Snowcat.

Heli and snowcat skiing is a sport with unique and special attributes and requirements. It is alpine skiing that utilizes helicopters or snowcats to access mountainous terrain with significant vertical drops of untracked powder snow. Highly trained guides lead groups of skiers and snowboarders down a variety of skiable slopes to points where they can be safely picked up. The attraction is the thrill and exhilaration of the skiing experience mixed with the backcountry wilderness, breathtaking scenery, and the camaraderie that is attached to a sense of adventure and achievement.

Nowhere else in the world is the combination of terrain, temperature, weather and snow conditions as ideal for helicopter and snowcat skiing as in the mountain ranges of British Columbia. The commercial alpine helicopter and snowcat skiing operators of BC have long recognized this fact, and over the course of the past 35 years have built a \$100 million per year industry.

The BC industry hosts approximately 100,000 skier-days per season – 88% of which come from outside of the Province and therefore represent significant export revenue. The industry is spread throughout the Province, and has a particularly strong presence in the smaller communities of the B.C. Heartlands. Economic contributions associated with these operations include \$92.6 million of initial direct spending, a value-added impact of almost \$103 million per year and approximately 2,500 person-years of employment annually. Further, the commercial alpine heli & snowcat industry contributes approximately \$60 million a year to three levels of government in terms of taxation revenue.

Results indicate that the Heli-Ski and Snowcat Ski Industry is an important and ongoing economic contributor to British Columbia's tourism industry. Specific findings for British Columbia-based heli-ski and snowcat resorts, based on recently compiled data for the 2000 - 2001 season, indicate the following:

- Approximately 28,000 skiers accounted for 95,000 skier-days over the course of the winter season. In addition to their ski days in B.C., they spent another 23,000 days in other parts of B.C. during their trip.
- Over 88% of these skiers come from outside B.C. The results indicated that 53% of these skiers come from the USA, 35% from Europe, while only 12% were Canadian. Their spending therefore represents significant export revenue to B.C. Only 4% of the market are B.C. residents.
- The communities in each region benefit directly from operator spending. Operators estimate that 41% of total direct spending (\$38 million) is spent locally in their nearby communities, while a further 18% (\$16.7 million) is spent within the region in which they operate. Only 23% of the total spending occurs outside British Columbia.
- Heli/Snowcat operations are a significant source of employment within all regions of B.C. Operators estimated total direct employment of 1,137 people, 648 of which were full-time employees. In each participating community in B.C., the heli/snowcat industry is a significant employer.

- The heli/snowcat industry sustains almost 2,500 person-years of employment annually, and this employment is distributed throughout the regions.
- The economic impact of the heli/snowcat industry is even more impressive. Based on initial direct spending in B.C. of \$92.6 million, the industry creates a value-added impact of almost \$103 million. This is the annual impact of the industry, assuming that the business remains strong.
- Blue River/Valemount region accounts for 17.1% of the B.C. heli/snowcat industry.

Nestled in the Rocky Mountain Trench, Valemount lies at the meeting of three mountain ranges: the Monashees, the Cariboo and the Rockies an area known for its dry light powder. Mike Wiegele Heliskiing, Canadian Mountain Holidays Heliskiing, Crescent Spur Heliskiing and Robson Helimagic operate heliskiing while Cariboo Snowcat runs a snowcat skiing operation. Although the skiable tenure is close to the Valemount, Mike Wiegele Heliskiing is based in Blue River (80 km south) where they access the Monashee Mountain Range that includes in and around Mount Albreda. Guests currently stay in Mike Wiegele Resort located on the edge of the town.

It is important to note that, in the winter of 2005, Mike Wiegele Heliskiing (MWHS) will begin operations of its new Albreda Lodge, near Valemount. It is our understanding that MWHS has committed to use local contractors in the construction of the Lodge. Further, once opened, they fully intend to hire local staff and guides to operate the facility and will make all effort to utilize Valemount based services and supplies.

Crescent Spur operates from a private lodge in the McBride area, while Canadian Mountain Heliskiing operates from a private lodge in the Valemount area . Robson Helimagic and Cariboo Snowcat provide heli and snowcat skiing operations, relying on accommodation and services in and around the Village of Valemount. CMH currently provides cooking courses at their lodge for local apprentices in an effort to expand their local workforce.

Traditionally the larger heliski operators of MWHS and CMH have provided a packaged vacation experience where accommodation and services are focused entirely within the private lodges. Regardless, there is an opportunity in Valemount to draw visitors into the community if the appropriate “attractors” are developed – notably a “quaint mountain town” providing services, education and authentic BC heartland experience.

5.8 LIFT ACCESSED DOWNHILL SKIING

British Columbia provides incredible ski destinations with the Interior’s and Rocky Mountain’s deep, dry powder snow and awesome mountain terrain offering more than 32 ski areas in all regions of the province. The ski product ranges from international destinations to local ski hills.

The downhill skiing industry in North America is a young sport that evolved from the post war era, growing extensively in Ontario, Quebec, and Rocky Mountain region. With the baby boomer generation demanding outdoor adventures and lifestyle amenities, Western resorts have been aggressively improving their areas. Regional ski areas have been expanding terrain and developing mountain villages catering to the destination markets. The pinnacle to this success in British Columbia is Whistler/Blackcomb that is a top ski destination in North America, and most recently selected as a host venue for the 2010 Olympic Games.

Alpine ski resorts registered 5.6 million skier days for the 42 Canada West operators in 1999/2000. A Canada West Ski Areas Association 2001-2003 economic analysis indicated that in these years Alberta indicated a 32.2 percent increase in skier visits while British Columbia indicated a 21 percent increase. This likely can be attributed to the increased investment in the ski areas since the actual skiing market in Canada has remained stagnant since the early 1990's. The skier visits have also been augmented with the introduction of snowboarding in the late 1980's, which has helped rejuvenated the industry.

The BC Government is also extremely anxious to fully support and facilitate successful resort development in the Province. In 2003 the Resort Task Force was formed, and has since been followed by creating a Ministry of State for Resort Development.

The terrain surrounding Valemount is well suited for lift accessed alpine skiing. Two sites have been evaluated, first an unnamed mountain in the Premier Range (reviewed in Ecosign's Feasibility Study) and Canoe Mountain. The Ecosign study indicated that the terrain is well suited for a local ski area development but yet the small population of the Valemount and area market, as well as the distances to larger markets would not make even the most basic ski area feasible as stated in the Ecosign report "the High skier visitation forecast...would result in 9,169 skier visits, far below the cash operating break even level of 11,368".

The recently announced Canoe Mountain resort development also may contemplate operating the proposed gondola in the winter months. Local sources have indicated that the mountain has good terrain for skiing, although higher elevations are quite exposed and wind swept. Similarly to the Ecosign study, there may be a long term loss in operating the gondola in the winter for skiing until the regional population increases.

It will be difficult for the Valemount area to compete with other ski areas better situated in British Columbia, as they have and continue to invest significant monies in the ski experience and village infrastructure as noted in the following section.

6.0 DESTINATION COMPETITIVENESS ASSESSMENT

Valemount competes in the market for outdoor adventure enthusiasts in the summer and winter.

In the summer it competes to act as the jumping off point for trekkers, hikers, mountain bikers, rafters, canoe enthusiasts, heli-hikers and others. It also competes to capture the “drive by” market by positioning itself as the “half way” point between Vancouver and Edmonton.

In winter, Valemount acts as the service centre for a growing snowmobile visitor group, a significant heliski component, and a small number of non-motorized backcountry enthusiasts.

With the development of Canoe Mountain, Valemount will target different customer groupings:

- The “vacation home” tourism component, mainly a weekend residential group who will rent their places to visitors as well.
- The “attractions visitor”, who may be the “touring” visitor passing by the resort, the bus tour group that comes as a destination visit, or the independent destination visitor.

In all of these market segments Valemount will compete with a large, sophisticated mountain resort competitor in Western Canada. The community will also compete on the “supply” side with literally thousands of approved, serviced lots in many mountain destinations in the region. While accurate numbers are always a bit of a challenge, we have outlined the competitive space in general terms in the table below.

6.1 COMPETITIVE SUPPLY

In the following table we have outlined the approximate competitive supply in the major competitive destinations with Valemount.

**TABLE 14:
 COMPETITIVE SUPPLY CHARACTERISTICS**

Resort Name	Access Characteristics	Major Attractions	Base Room Supply	Base Residential Supply	Approximate New Rooms Approved	Approximate New Residential Lots Approved	Comments
Columbia Valley	3 hours from Calgary (pop 1m) International airport, paved highways Airport near Fairmont will land 737 charters	Downhill skiing Heli ski Lake Windermere River Rafting Hot Springs at Radium and Fairmont	160 plus 250 time share	660	96 time share approved		A further 200 hotel rooms and 650 residential lots proposed.
Panorama	3 hours to Calgary Mountain resort architecture & development	Downhill ski Heli ski River rafting Alpine biking Mountain biking Golf Hiking	2500*	*hotel rooms and residential are combined		100	
Radium	3 hours from Calgary, paved highways	National Park Hot Springs National Historic Site Golf resorts Golfing Outdoor adventure tourism	738			173	The fastest growing municipality in BC.
Fernie	4 hours from Calgary Historic town site	Downhill skiing Mountain biking Hiking Snowmobiling River Rafting	208	602		50	
Kimberley	4.5 hours from Calgary Bavarian themed town	Downhill skiing Mountain biking Golf Bavarian Platzl	615 (Town) 400 (Resort)	Not available	400 (partially developed)	1200 (partially developed)	

Resort Name	Access Characteristics	Major Attractions	Base Hotel Room Supply	Base Residential Supply	Approximate New Rooms Approved	Approximate New Residential Units Approved	Comments
Canmore	1 hour from Calgary, at the Banff Park Gate. Population over 10,000, growing rapidly 1 hour from international airport.	Access to Banff National park Downhill skiing Outdoor adventure	1950	6200	2425	4830	
Kicking Horse (Golden), BC	3 hours to Calgary		15	92	80	92	Master Plan contemplates 4,000 bed units over 131 hectares
RUMOURED SUPPLY							
Mount McKenzie	4.5 hours from Calgary 6 hours to Vancouver Historic Railway Town	Downhill skiing Snowmobiling Cat Skiing Rafting Mountain Biking Rock Climbing	N/A	N/A	2000	2000	Recently submitted Master Plan for CASP review
Jumbo Creek, BC	3 hours from Calgary. Airport at Fairmount will land 737s	Downhill ski Heli ski Mountain adventure Rafting.	0		6,000		Approval process has been long, but investors appear to be interested still.

Resort Name	Access Characteristics	Major Attractions	Base Room Supply	Base Residential Supply	Approximate New Rooms Approved	Approximate New Residential Lots Approved	Comments
Cougar Rock, Alta.	1120 acre Planned resort development 2.5 hours from Edmonton \$800 million project, 2.5 hours from international airport At east access to Jasper National park, 1 hour from town site.	Downhill ski (Marmot, 1 hour) Winter outdoor – motorized and non-motorized Summer outdoor Rafting, kayak, canoe (Athabasca, Wildhay) Golf Health spa Guest ranch, riding trails 2 RV parks	0		7 resort hotels 7 resort lodges 1900 time share 1000 condos		Approval of golf course complete. Developer has subdivision approval authority, so development can proceed with market.
Transalta Lands, Alberta	45 minutes from Calgary, on the Bow River north of Kananaskis Country.	Kananaskis Country Calgary “exurb”					Property sold recently, planning underway.

6.2 RELATIVE POSITION OF VALEMOUNT

Valemount is at a competitive disadvantage at present to all the resorts identified. They are closer, more accessible, some are more developed with a range of attractions, many have water contact as a summer attractor, and in many cases the lots are available now. While development demand may fill these places up, driving market to other places such as Valemount, it is not reasonable to assume that competitive resorts are completed. Most will respond to market forces by building more. Can Valemount enter this competitive fray, and if so how can it compete?

The questions Valemount needs to answer are:

- What will it take to develop the Village so that it is competitive with these other locations?
- How much resort development outside Valemount's present boundaries needs to be stimulated to reach a "threshold" point beyond which Valemount will "take off" into long run, self-sustaining growth?

Where will this Valemount market come from, and what will be the characteristics of it?

Responding to these questions requires a strategic and long-term approach. Our thoughts turn to this in the next section.

6.3 DESTINATION COMPETITIVENESS AND PLANNING

In their recent book, The Competitive Destination, JR Brent Ritchie and Geoffrey Crouch developed models useful to aspiring destinations, for looking at their Comparative Advantages and their Competitive Advantages as destinations. The approaches focus on:

- Supporting factors and resources;
- Core resources and attractors;
- Destination Management;
- Destination policy, planning and development, and;
- "Qualifying and amplifying determinants".

Through this series of models, the destination can systematically address the multitude of variables it must consider as it sets its vision and its strategy. Valemount is at the beginning of a process that will take it 50 years into the future. The community would do well to consider adopting a model and approach based Ritchie and Crouch.

6.4 COMPETITIVE POSITION

The agreement between Canoe Mountain and the provincial government has been signed. Valemount needs to prepare for 2006 when the first significant benefits of the development will begin.

With the development of Canoe Mountain, the strategy of Valemount to position as a mountain tourism community has begun. There are, however, residual questions that it must address as it refines its approach:

- In positioning for winter markets, can Valemount act as the gateway community and destination resort serving both the snowmobile and the non-motorized wilderness interests? Are these markets compatible?
- Can an acceptable solution to the snowmobile/heliski issue be developed within the timeframes required?
- Should annexation proceed immediately, or after the Canoe Mountain developments are approved?
- Should a downtown “core” area be developed immediately, so that the vacation/recreation market is focused on Valemount as the core community rather than the core area of Canoe Mountain? Incentive to do so.
- Should Valemount begin work with McBride on a major snowmobile destination area strategy?
- Should Valemount work to stimulate other leisure time developments right away, or wait to see the market interest in the present initiatives?

The study team and the community will address these and other issues as it sets its vision going forward.

Valemount should also be clear on the risks associated with the Canoe Mountain development. The developer has clearly stated that the residential lots will proceed first. Equity from those sales will be used to support development of the gondola, the hotel, and other service aspects of the development. The gondola will not be built if the lot sales do not meet expectations.

7.0 SWOT ANALYSIS

The report has provided substantial background on the socio-economic character of Valemount and identified the areas possible growth prospects, development trends and regional competition. A key message of the Valemount workshop was that the baseline data should be compiled and understood before proceeding with the visioning sessions. The SWOT analysis is an approach that provides a realistic assessment of the environment in which a project, community or organization operates relying primarily on existing data. The SWOT acronym represents the terms “strengths”, “weaknesses”, “opportunities” and “threats” where typically the strengths and weaknesses are internally focused and have the potential to affect the success of a community while opportunities

and threats are external factors that can influence a community or project. The SWOT analysis was developed by reviewing background resources concerning the Valemount area. The SWOT analysis has been divided into five areas of interest: vision and leadership, natural environment, quality of life and economic development.

7.1 VISION AND LEADERSHIP

Successful communities typically have both a strong vision and committed leadership. The vision provides a roadmap for the community to adhere to while leadership is the navigator to ensure the map is followed, regardless of tough decisions that may prevail.

7.1.1 STRENGTHS

- Valemount has developed the following vision to “Transform Valemount and Area from a one industry community to a mixed economy town with a specialized forestry base and a growing tourism and services sector”.
- 1993-94 Developed a community based economic development strategy considering significant community input including public meetings, written surveys, and facilitated sessions, to ensure a highly focused strategy.
- 1999 the Economic Development Strategy was updated through 2 day educational session. Community members learned from experts in many concerning topic areas. The session was sponsored in partnership with the Human Resources Development Commission (Federal Government) and the Columbia Basin Trust.
- Acted on the directions of the economic development strategy completing reports and studies to assist in new development including: an investors guide, feasibility studies on community ski hill, aerial tram, college campus and hot spring resort.
- The Economic Development Commission prepared a mission statement “The Economic Development Commission is to secure Valemount and areas future by encouraging the economic development of the area from Albreda to Small River. (The Commission will) promote diversification of the economy through the development of complimentary industry and tourism and through the continued support of existing businesses in an effort to enhance the quality of life of the community.”
- Developed, implemented and monitored the economic development initiatives by four Economic Development subcommittees considering Beautification and Revitalization, Education and Communication and Technology, Tourism Development and Business Development.
- The Village’s and the Region’s Official Community Plans are consistent with the Economic Development Strategy.

- 14% of general tax revenue (\$400,000 over 7 year period) has been directed to economic development initiatives.
- Recent product of their initiatives including the announcement of the Canoe Mountain Resort Development, the College of New Caledonia Northern Outdoor Recreation Certificate Program and the completion of the Holiday Inn, Best Western and the Cariboo Grill.
- Plans through the respective School and Hospital Districts to construct a new high school and medical facilities. Village land banks 69 acres of land for future college, school and hospital facilities.
- Acquisition of land for “Interpretive Centre” to provide interpretative and gateway facilities for the Village.
- First Gateway Community in BC
- Superhost Community
- The Valemount Economic Development Commission works in partnership with the Prince George Regional Development Commission.
- Vision is consistent with results of community surveys whereby there was strong community support for economic development initiatives, support for annexation and expansion and new development. Community is progressive and acceptable to change.
- The Village of Valemount is intensively involved in the VAILUDP Process together with other government stakeholders including MSRM, LWBC and the Regional District.
- Mayor and Council are extremely supportive and progressive of Economic Development opportunities/lobbying etc.
- Paid Economic Development Officer
- Region’s OCP and Village’s OCP are consistent with the Economic Development Strategy and Mission.

7.1.2 WEAKNESSES

- Total population declined 14% from 1981-91 likely due to decline in forestry employment. Local government has little influence on forestry industry.
- Appearance and infrastructure of Village to dramatically improve if Village is to succeed, but tax base is small.

- Local general tax revenue allocated to economic development is significantly greater than the BC average; there may be apathy if planning continues without tangible results.
- Lack of financial resources needed to provide physical, administrative resources for Economic Development Commission.

7.1.3 OPPORTUNITIES

- Province, the Regional District, the investors and the Village of Valemount and the various ministries and agencies work closely and cooperatively a new vibrant, mixed economy can be created in the Valemount Area with resulting substantial benefits to the local citizens and the Province.
- work to involve the Arts community of the Valley in such a way that they become part of the tourism infrastructure.”
- VAILUDP as an integrated approach determined to reflect the Village’s interests. The planning process that will examine growth related issues, analyze the land impacts, and on resource management and provide clear recommendation for each agency to proceed.
- Increased influence over resource management and information available to local community.
- Promote harmonious coexistence among community and investment groups.
- Respect and engage aboriginal rights (consult in traditional areas, support economic development support public consultation and equal opportunities).
- Consider growth due to non-traditional economic segments such as tourism and recreation.
- Implement the recommendations in the Economic Development Strategy.
- Implement the recommendations determined through VAILUDP.
- Enhance existing forestry industry through more efficient production and value added projects and to assisting producers in that regard; to diversify and attract other investment opportunities; and develop Valemount as a commercial and service centre of the area.
- Develop a tourism marketing plan to promote Valemount and Areas tourism attractions.
- Educate and create awareness among local business people and entrepreneurs of opportunity, pursue value added wood manufacturing, data base for

government programs, promote IPP's, attract diverse agricultural ventures, silvaculture for diversification.

- Educate the community about the potential for small business opportunities and improved incomes through the tourism industry.
- Provincial Leadership and commitment to tourism investment and safeguard tourism assets,
- LWBC directed to identify suitable areas for community projects for Crown Land Planning Process and be provided sufficient funding.
- Amend legislation to ensure the Ministry of Small Business and Economic Development acquires capability to promote and advocate land based tourism development interests.
- The recently announced Canoe Mountain Development that includes a gondola, golf courses, hotel, development, ski area, controlled recreation area.
- Hot Springs Resort hotel, wellness centre, spa, golf and development.
- Consideration of a resort or chamber associate that can be provided funding opportunities to oversee the management of the recreation and resort resources.

7.1.4 THREATS

- No meaningful First Nations communication in planning area despite the fact that it is claimed territory.
- Cyclical pattern of occasional layoffs and reduction of labour forces with some periods of high unemployment. Not been a stable industry yet is by far the largest contributor to the economic health of the area
- Frustration with the regulatory structure of various ministries in the Valley, regional offices in Prince George and Victoria is not conducive to attracting investment.
- Almost 100% of Crown land allocated to heliskiing tenures or forestry. Valemount must rely on the Crown land base for a good measure of the diversification success, access to land base for future investment becomes critical.
- Investors unable to comprehend the confusing mass of regulations with no help.
- Failure of land and resources plan to identify suitable community parcels for tourism development and to incorporate in land use plan.
- Absence of provincial government to investment in tourism, not equal to agriculture, mining and forestry.

- Ensure that Canoe Mountain is not a burden of becomes the commercial and residential hub of the community. Provide in the short term economic development opportunities for the Village core.
- "Falling into the trap of how to plan but never do anything as a result of the planning. They may produce a nice looking document, they may update the plan on schedule, and they may distribute it to the right audiences. They “plan to plan” but they do not “plan to act”.
- Diverse communities are easier to say then create. You can only achieve a diverse economy if you have enough people to support it. It would probably be more realistic for Valemount to be a specialty community.

7.1.5 SUMMARY

The Village of Valemount has been extremely proactive in planning the long term sustainability of their community. Local leadership has been effectively direct towards developing a community vision and an economic development strategy.

The Village, however, is significantly reliant on existing Provincial policies and funding that significantly direct the ability of Valemount to grow in accordance with their preferred vision. The VAILUDP process provides an opportunity for the Village, the Regional District and Provincial ministries to realize the potential that exists in the Valemount area. The Plan however will need leadership and realistic implementation tools with appropriate financial resources. It is likely important that Valemount will need to be definitively focused on what they want to achieve for economic development and growth, together with a clear timeline. Tough decisions will be need to be made enroute to success.

7.2 NATURAL ENVIRONMENT

The natural environment provides the backdrop for the Valemount community and significantly affects for how land use decision may be directed.

7.2.1 STRENGTHS

- Incredible natural environment
- Within Rocky Mountain Trench convergence of 3 river valleys (Camp-Albreda, Canoe and McLennen-Fraser Rivers) and three mountain ranges (Rocky Mountain, Cariboo Mountains and Monashees) creating a unique ecosystem.
- Adjacent to National and Provincial Parks: Jasper and Terry Fox, Mount Robson, Swift Current, Wells Grey, Jackman Flats, Foster Arm and Mount Terry Fox.
- Seven bioclimatical zones, unique vegetation related to climate, nutrient cycling and soil properties.

- Forested zones within the subboreal spruce (6%), interior cedar hemlock (12%) and Engelman Spruce Subalpine fir (37%).
- Vast area of unforested alpine tundra (45%).
- Major north south flyway for migratory birds.
- 204 documented bird species.
- Mountain caribou, fisher, black bear, grizzly bear, goats, moose.
- Ideal habitat areas.
- Mount Robson Provincial Park est. 1913 with highest peak in Rockies – UNESCO World Heritage site due to mountain scenery and diversity of wildlife habitats with Banff, Jasper, Yoho, Kootenay National Parks and Mt **Assinaboine** and Humber Provincial Park.
- High Value Salmon rearing streams.
- Significant old growth.
- Mushroom and berry picking resources.
- Geological features such as the geological spire 6 km South East of Mount Thompson.
- Geothermal resources at and below Kinbasket Lake.

7.2.2 WEAKNESSES

- Areas already altered by settlement, major infrastructure corridors, and natural resource extraction activities.
- Recreation activity increasing and encroaching into natural areas and wildlife corridors.
- Kinbasket reservoir and its cyclical flooding.
- Disturbed riparian areas.
- Highway corridor threatens wildlife migration.
- Heliskiing and snowmobiling affect on goat habitat.

7.2.3 OPPORTUNITIES

- VAILUDP to examine and determine the most appropriate actions to undertake in order to manage growth mitigating impacts to the natural environment.
- Identifying and delineation areas proposed for critical ungulate winter range and caribou range.
- Management and expansion of riparian reserve and management zones.
- Strategy for the recovery of Mountain Caribou in BC.
- Ungulate and caribou management strategy.
- Resource management awareness of practices that may hinder grizzly bears from reaching habitats.
- LRMP identifies 100 m setback reserves and new protection areas.
- Protection of old seral and riparian habitats.
- Secure wildlife corridor connectivity.
- Additional protection of McLennen watershed.
- Manage road access to minimize disturbance to wildlife values, allows recreation and protects fragile alpine environment.
- Conserve, restore or enhance the abundance and genetic diversity of naturally occurring fish stocks.
- Maintain and enhance old growth forests.
- Protect critical high elevation winter range.
- Limit mineral exploration, resource and tenure rights.
- Ensure environmentally sustainable eco-tourism.
- Provide opportunity for growth diverse range.
- Select commercial recreation that provides the greatest local benefit that does not compromise the environment.
- Ensure LRMP implementation and monitoring.

7.2.4 THREATS

- Unanticipated increased population and extend ecological footprint.
- Increased awareness with the resort of the four season potential for mid and backcountry use resulting in human encroachment on natural habitats.
- Impact of new growth, resource or recreation on at risk species.
- Increase demand for land for resource, recreation, and development.
- Impact of new road development on moose populations as they introduce roads and hunters.
- Increase highway traffic resulting in increase in highway kills.
- The introduction of more resource uses that rely on altering the natural environment such as Independent Power Projects and Mine Exploration.
- Forestry and the Annual Allowable Cut and the need to manage the forests to prevent pests and wild fire.
- Lack of awareness of recognition of values and diversity in land use decisions.

7.2.5 SUMMARY

The Valemount area provides an incredible natural environment with a unique ecosystem in the Rocky Mountain Trench, complemented by National and Provincial Parks. The value of the natural environment however may be impacted by further land, resource and recreation development. The VAILUDP must consider the long term value of the natural environment and its importance to Valemount's success, if tourism is a desired component of the economy.

7.3 QUALITY OF LIFE

The quality of life is defined by the social health of the community whether it be housing, employment opportunities, health and social services and municipal infrastructure.

7.3.1 STRENGTHS

- Healthy and clean lifestyle and natural environment.
- Clean air and water.
- Strong community pride.
- Strong interest in community involvement and partnerships.

- Strong will to remain in the community.
- Large Village owned land bank to deal with future community needs.

7.3.2 WEAKNESSES

- Lack of community growth resulting in declining services. Need to improve medical, recreation, retail and services.
- Deep concern with unemployment situation and lack of jobs within Village.
- 38.8% of the population has been affected by forestry layoffs, 24.8% partially affected.
- 13.4% of the community is employed in the forestry sector, 8% at sawmill.
- 25.3 % are looking for work.
- 20.2% have less than Grade 12 education.
- Need to leave the community for health care and education.
- Residents may need to leave community for employment and education.
- Reliance on government transfer earnings as a percentage of income is 4% above BC average.
- Isolated from major urban centres resulting in large travel distances for certain goods, services and health care needs.
- Aging population needs increased medical services, seniors housing and home support.

7.3.3 OPPORTUNITIES

- Support for steady growth, understanding that growth may allow additional community amenities.
- Retaining and training youth to remain in the community.
- Support for new secondary school, recreation facilities, and college campus.
- Strong support for small business assistance.

7.3.4 THREATS

- Layoffs or closure at the mill and in other related sectors.

- A declining community that may not survive tougher economic times.
- Lack of senior government assistance that can ensure a stronger quality of life for residents and business.
- Economic development that compromises the needs of the local community.
- Loss of younger demographic to jobs elsewhere.
- Economic development that is inconsistent with community values.
- Senior population forced to leave due to lack of services.

7.3.5 SUMMARY

The residents of the Valemount area enjoy a high quality of life as it relates to the natural environment particularly the access to wilderness and outdoor recreation. Alternatively, Valemount as a population of approximately 1200, it is lacking many services, typically enjoyed in larger communities.

The recently completed Industrial Adjustment Survey also clearly indicates that it is a stable community, whereby the majority of the respondents would prefer retraining or a new employment opportunity in Valemount rather than moving out of the area.

Like many smaller and typically resource based towns in the BC heartland, the community is unable to construct or support certain social amenities. The community however does recognize that new economic opportunities resulting in an increased population may facilitate this need. Any growth however must not compromise the small town character and values.

7.4 ECONOMIC DEVELOPMENT

The economic development considers the fiscal sustainability in the community whether it is in the public or private sectors.

7.4.1 STRENGTHS

- A community based Economic Development Strategy, and implemented many of the action items.
- Almost 90% of residents surveyed supported new industries or businesses should be encouraged to come to the area.
- Excellent location on Highway 5.
- Strong hospitality infrastructure for the community size 13 motels, 500 rooms, 8 restaurants, 1 pub one bar.

- Emerging strong small business sector (rafting, canoeing, snowmobiling, backcountry outfitters, heliskiing and hiking).
- Hot Spring assessment determined that there is an opportunity for a hot spring facility from the Kinbasket Lake springs.
- Local mountains possess good terrain for a community ski area with the greatest potential vertical drop in the region, ahead of Sun Peaks.
- Mount Robson Mountain is a well established summer tourism area with over one million visitors per year sightseeing at Jasper.
- Considered the major business centre for the Fraser Fort George Regional District
- Strategically located at Hwy 5 and 16 and is the “Western gateway” to the world renowned Mount Robson Provincial Park.
- Highways 5 and 16 are reliable transportation routes due to gentle grades.
- Canoe Mountain Resort Development provides new opportunities for real estate, construction and service employment.
- Canoe Mountain provides most prominent viewpoint for passing traffic.
- The valley is the strongest growth factor in the regional economy due to potential for diversification of recreational opportunities.
- 1995-96 surveys indicate that 7,000 persons (plus 350 motorcoach passengers) a day pass through Valemount in the summer months, with 4,000 a day in the winter.
- Mining potential of precious and industrial minerals at Howard Creek.
- IAC Surveys strong support for manufacturing and wood products, non-mechanized outdoor recreation, forestry and silvaculture and resort destination tourism, support for all sizes of business.
- Support for community forest and downtown beautification.
- Potential to be service centre for Mount Robson Provincial Park.
- Gateway to BC and Yellowhead Highway Corridor.
- Gateway to backcountry experience, adjacent and access to National and Provincial Parks.
- Winter and summer destination allure.
- Potential for business retention and attraction through programs considering beautification, infrastructure upgrades.

- 114,000 people overnight in Valemount hotels annually.
- Despite decline in the forestry industry it is still a major contributor to the local economy and with timber supply diminishing there will be an increased demand for indirect forestry jobs such as silvaculture, conservation, genetic engineering, and wildlife protection.
- Winter snowmobiling keeps winter hotel rooms occupied.
- Incredible recreational opportunities including sport fishing, hunting, ecotourism, wildlife viewing, heliskiing, snowmobiling, jet boating, rafting, canoeing, hiking, equestrian, hang gliding, backcountry skiing and hut to hut, ATV tours, mountain biking, dog sledding and cross country skiing.
- Caledonia Outdoor Adventure Certificate Program through Cariboo College.

7.4.2 WEAKNESSES

- Not enough processing of local timber at mill, rely on imports.
- Crown Land conflicts between users groups, recreation vs resource, mechanized vs non-mechanized, commercial recreation vs private recreation.
- In ability for Land and Water BC to identify opportunities for development.
- Valemount has a greater reliance on the logging and forestry industry than the Provincial average.
- Hot spring site is a flooded hydro reservoir surrounded by clear cuts and distanced from more attractive developable land.
- Expensive to pipe hot spring water away from physically unattractive source and retain temperature for hot spring resort.
- The anticipated skier visits for the community ski hill development would fall below a break even level.
- From 1981-1991 employment in forestry due to technological change in sawmilling declined. Region imports 1/3 of its timber requirements – private supplies in Alberta and BC.
- Forest health concern is high (pests and fire).
- Mine disruption and scaring for short term economic gains with long term negative environmental impacts.
- Scenic importance of the treed slopes will be impacted by future logging activities.

- Local, provincial and federal government transfer payments account for 27.2% of the Valley's income.
- Public infrastructure needs assistance to complement economic development.

7.4.3 OPPORTUNITIES

- Federal governments decision to no longer allow new development in National Parks.
- Provincial governments commitment to new resort development and streamlining approvals.
- Senior government provides financial resources to community through new taxation opportunities.
- Mitigate employment impacts with timber imports, higher utilization of waster and problem forest types, the Forest Renewal Program and growth in the value of value added activities. Forestry will remain a dominant economic sector but will continue to decline in importance.
- Strive to reduce regeneration delays, enhance forest production.
- Existing right of ways for BC Hydro and Transmountain Oil Pipeline.
- Move Provincial Park boundary closer to Valemount.
- Potential to connect the Mica Dam Road providing a circle route from Golden.
- Clean up Kinbasket Lake potential, and consider constructing a weir to facilitate for summer recreation.
- Independent power projects.
- Terra Nova Hotsprings Development.
- Provincial governments commitment to new resort development and streamlining approvals.

7.4.4 THREATS

- Impact of forestry operations on public and commercial recreation operations success.
- The current allowable annual cut (AAC) for the Robson Valley TSA was set and will be the maintenance of 602,377 cubic metres per year of which 6000 cubic metres is a deciduous partition. It does not include 3,623 cubic metres allocated to woodlot

licences. Woodlot licences, which are administered separately, are issued to local residents for small-scale forestry. It is therefore reasonable to anticipate the logging forestry sector will, at best, remain static in terms of employment and economic impact over the next 20 years. The long term forecast for this sector would not suggest that it would rebound in this region as the Robson Valley harvest level is projected to decline in the future. A timber supply analysis last year forecasted that the harvest level could be maintained for 10 years before declining by 10 per cent per decade over six decades.

- Local, provincial and federal government transfer payments account for 27.2% of the Valley's income.
- Potential with government change there be the reinstatement of development in National Parks.
- The AAC for Robson Valley TSA will be retained at 600,000 m³ per year – (although it is not currently being harvested) will be maintained for 10 years before declining of some 78,000 m³ in the next decade and further declines of about 13% per decade until reaching a harvest.
- Forgo Independent Power Projects due to environmental impacts.
- If development occurs there may not be sufficient supplies of sand and gravel.
- Out migration in next 20 years due to inevitable mill closures.
- Slow increase in local tax base due to immigration demands (non working) and mill closure.
- Population growth without offsetting taxation.
- In ability to get senior government cost sharing for second reservoir.
- Inability to solve Crown land access and forest land reserve issues/turn off to investors.

7.4.5 SUMMARY

There are two fundamental challenges for economic development in Valemount, first the declining role of the forestry industry and second Valemount's situation in relation to potential markets and visitors. The forestry environment is familiar to many communities throughout BC and therefore Valemount is forced to rely heavily on external forces to dictate their economic health. Valemount however has both locational advantages and disadvantages. Valemount benefits from being at the crossroads of two significant Provincial highways and is at the gateway to Jasper National Park/Alberta and British Columbia. Valemount is also at a significant disadvantage in its location whereby it is at least 5 hours to major markets.

Valemount also has many natural assets, most significantly the natural environment and the recreational opportunities it provides. The key to economic development will be to retain existing advantages and further expand and capture new opportunities that are consistent with the community's needs and values.

8.0 CONCLUSIONS

This report has considered the social, economic and development trends of Valemount and area. In particular, this analysis has determined the future issues and challenges that likely will affect this "blended economy" community. As indicated in the introduction this report takes a long range view of the potential to position Valemount for the markets of greatest opportunity considering existing and projected trends.

It is important to recognize that the report has not found a "silver bullet" for the long term social and economic sustainability of the Valemount area, but rather identifies that in addition to continued contribution of the resource industry, tourism has the most potential to provide favourable growth in the community. For tourism to be a viable economic generator, Valemount will need to embrace a strategic vision that has strong leadership from decision makers and community buy-in. It may involve a new organization that can lead and direct the business of the tourism marketing and infrastructure that is focused and has the necessary authority and financial resources.

It is clear that the survival of the Valemount community through the growth in tourism will not flourish without significant improvements in infrastructure and a coordinated management and marketing of the visitor attractions. Valemount will need to clearly define not only what it wants to be, but also what it does not want to be.

The course of action will be determined by setting down key principles for Valemount's future, where the community and decision makers can establish a clear direction as an implementation plan. Senior government and agencies with their participation in the VAILUDP process must also help facilitate and be committed to Valemount's defined future.

The next stages of the Socio-Economic Land Use Analysis Study and Report will develop the community principles and course of action.