

vision

the experience specialists

Smoky Lake Region – Tourism Economic Development Strategy



March 2020

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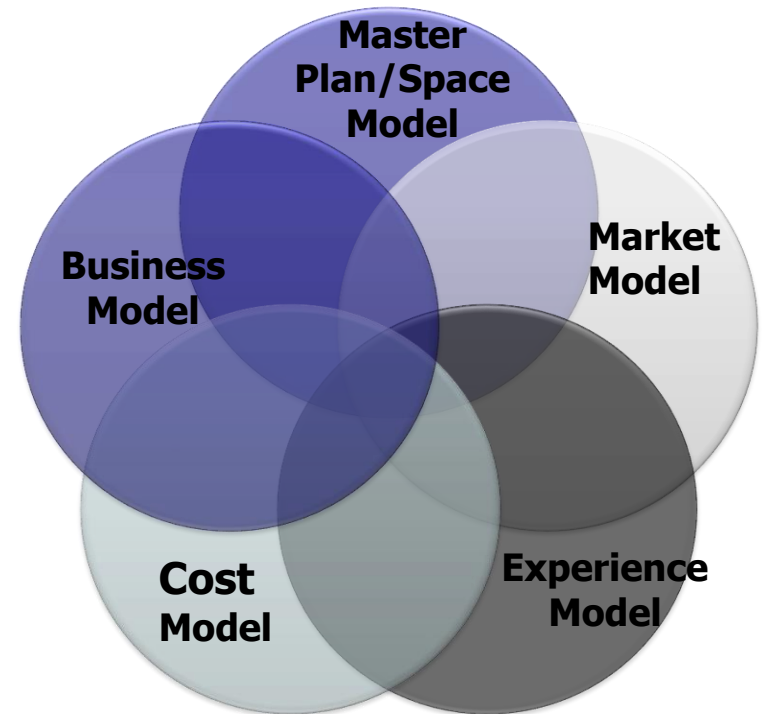
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Introduction to Vision XS Ltd: What we do?

Vision XS was founded in 1996 and has been associated with reinventing technical modelling of the leisure industry. Our proprietary models combined with data collected from attractions and tourist systems over 20 years make us the partner of choice for Governments, developers and existing leisure operators when considering any form of leisure or tourism strategies. Please see the appendices for a sample of our client list which is second to none in the sector. Our strategic plans and business plans have raised literally billions over the past 10 years. Our core skill set is described below and all is based on our 5 model approach shown in the Venn diagram to the right.

- Being a strategic experience advisor to major projects
- Setting up major projects and delivering operational teams
- Strategic experience investment advice to Governments, regional Governments and investors
- Visitor Experience Modelling
- Visitor journey predictions and monitoring
- Experience economics and business planning
- Business recoveries
- Due diligence
- Strategic leisure/Experience planning



Project Brief

Aim of the work:

To develop a Tourism Development Strategy for Smoky Lake Region along with an Economic Impact Study to deliver the value to the Counties economy and the number of jobs that will be created.

End outcomes:

Providing the support for Metis Crossing, facilitating other investments across the sector and developing a tourism system that drives economic growth. A key part of this will be an action list for Smoky Lake Government, Alberta Government, SME's, travel companies, infrastructure providers, tourism bodies such as Alberta Tourism and supporting organisations.

Objectives:

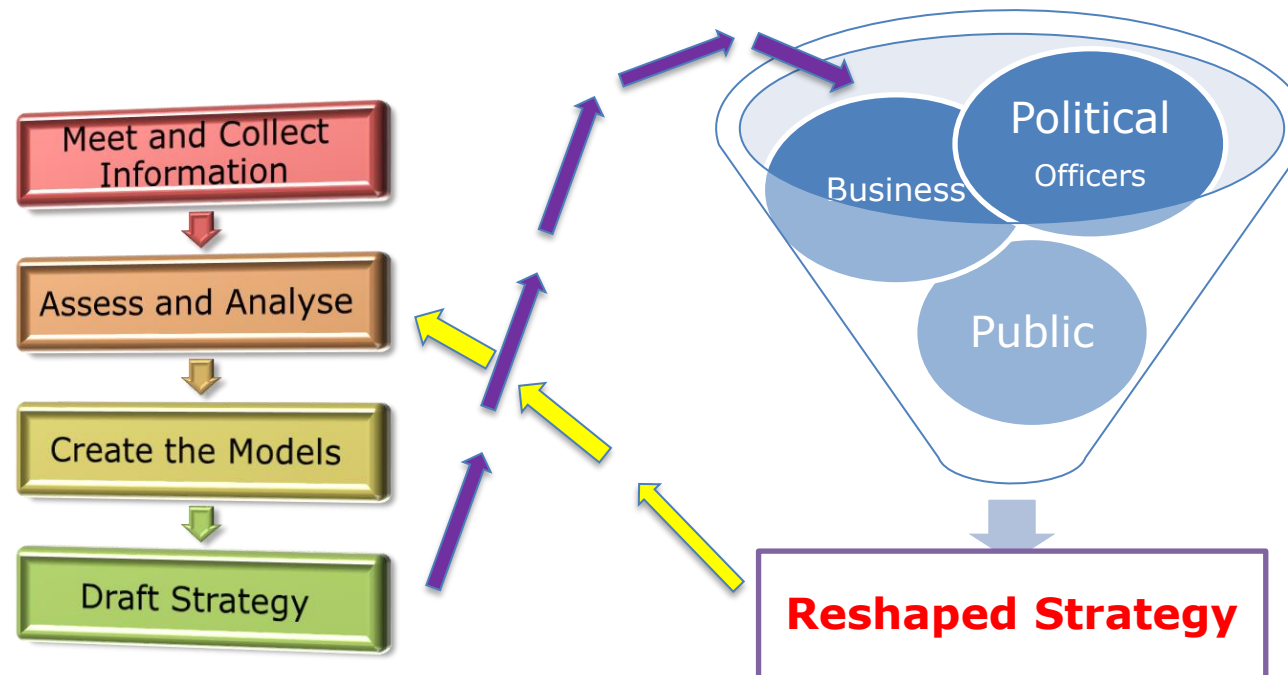
Since the writing of the initial brief we have added the following objectives to the project:

- 1) Arrest the declining population to project the counties core services including hospitals and schools
- 2) See property values slowly return to a positive growth pattern
- 3) Reduce the unemployment in the area
- 4) See career opportunities for young people so they do not have to leave the area
- 5) Ensure any wealth generation is shared around the Region

Before considering the two options, driven by different funding approaches, the next few pages deal with common aspects and drivers of the strategy.

Project Brief: The Process and Consultation

The project started in December 2019 and the first draft strategy was presented to various stakeholder groups including the local chamber of commerce (top pic) and Smoky Lake County Council Members and Senior Officers plus representatives from Tourism Alberta, Edmonton Tourism and the Alberta Provincial Government during the week of 24th Feb 2020. Out of that week came a number of key changes to the strategy. The top picture was the Chamber of Commerce giving a very positive endorsement for a 'full on tourism strategy' that created jobs and boosted the local economy. The strategy and options presented here we shaped during this week.



Strategic Approach – Key Pointers

- Any strategy produced by Vision XS is a framework and not a manual. Changes on the way will be a necessity as other opportunities arise or certain aspects cannot be delivered. The general direction and economic KPI's in terms of GDP and jobs created should be maintained.
- The need to balance supply and demand is important in any system and is the basis of the numerical approach. In the case of Smoky Lake Region balancing the amount of tourism drivers in terms of attractions, events and activities with the amount of infrastructure and accommodation is key to the long term success of this strategy.
- Being local and authentic drives tourism not corporate identity so it is important that the welcoming character and nature of the people of the region comes through strongly. Attractions and activities should also have a strongly local and authentic feel along with the food and accommodation.
- Community is essential – must be a win-win. If not it will not work.
- The Strategy builds on what you have. This is not a complete start up as the raw materials for an amazing tourist system is already here.
- The options presented here for consideration are:

Option A: Traditional Funding Model; Smoky Lake County led borrowing and investing in tourism product and infrastructure

Option B: Investor Partnership Model: A Development Corporation with 100% external funding with a third party investor



Smoky Lake Region Tourism – SWOT Analysis

The current system has many strong points and is perhaps only let down by not having enough signature attractions. In turn this does not bring enough people to require more accommodation and thus the system does not grow. As a result it is hard to market and gets little marketing budget devoted to promotion and is therefore overlooked by tourists. This needs to change in order to realise the strong potential.



Strengths

- History
- Natural beauty
- Arts and culture
- Food and drink
- Historic transport routes
- The Pumpkin Event

Weaknesses

- The current tourism offer is patchy
- Distance to the tourists
- Small population
- Lack of tourism training courses

Opportunities

- To make the tourism income for the Region be a significant driver for the local economy
- Attractions, activities, accommodation, food and beverage, transport and retail

Threats

- Loss of fossil fuel income
- Competition already established
- Mismatch of public and private roles
- Achieving the investment to prime the economic pump

Smoky Lake Region Tourism – Great Ingredients

HISTORY

....in abundance from different groups of people covering thousands of years



History

Natural beauty



NATURAL BEAUTY

... in abundance with rivers, lakes, streams forests, creeks, valleys and planes

Culture



CULTURE

... as a result of the many different groups of people that have settled in the area the art, music, traditions and customs of the region are rich and varied

Food and Drink



FOOD AND DRINK

....Metis, Ukranian, Polish, French, Scottish and oh modern Canadian as well. This will underpin the success of the strategy

Smoky Lake Region Tourism – Primary and Secondary Market Segments

Who will come.....and why?

Primary reach – up to 2 hour residents and tourists who are already here (tourists UK, European, USA, China, Japan and of course other Canadians). Table to the right shows the overseas visitors to Alberta in 2017.

Primary target age groups: couples, families, adventure based 20's and 30's groups.

Secondary age groups: Schools.

Secondary markets: Russians, South Americans, India other SE Asia Countries

Target stay length: 1 – 3 day stay

Marketing: Proposed Public Private Consortium working closely with various groups including Travel Alberta, Edmonton Tourism and Indigenous Tourism Groups. The travel trade will be vitally important....

The basis of the marketing is positioning Smoky Lake Region as a place of significant culture and nature. In practical terms active explorer customers are sought who can get the best out of the proposed Smoky Ring and activity offshoots.

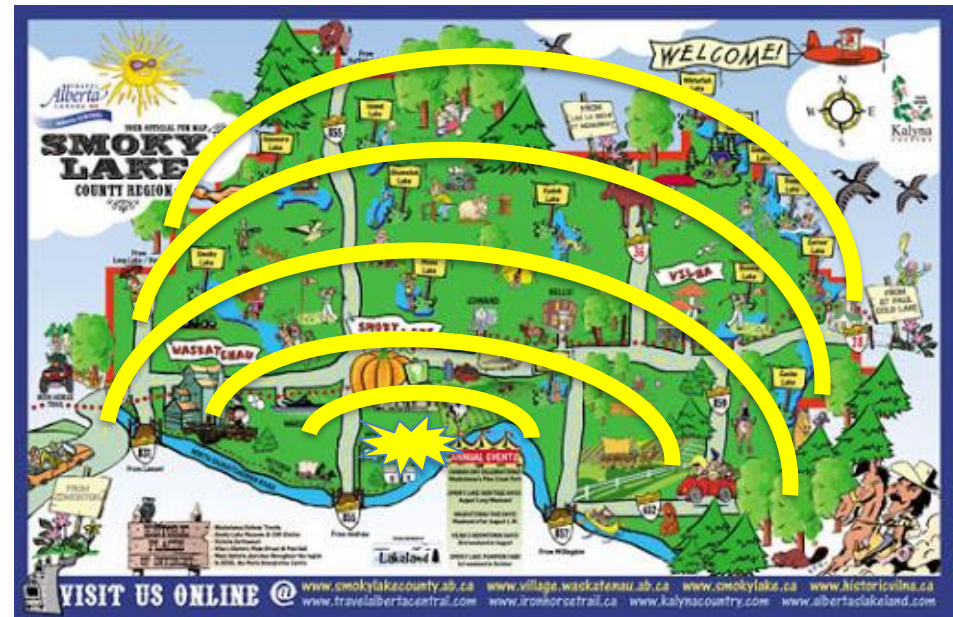
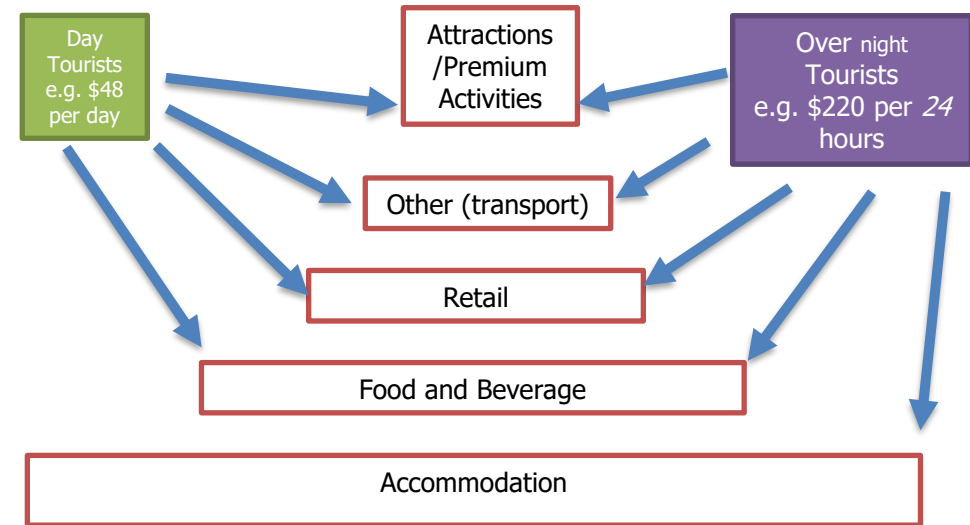
Market of origin	Tourism Expenditures	Person-visits
Canada	\$6.8 billion	34.9 million
United States	\$847 million	941,000
United Kingdom	\$188 million	157,000
China	\$172 million	140,000
Japan	\$132 million	73,000
Australia	\$116 million	95,000
Germany	\$109 million	98,000
South Korea*	\$58 million	58,000
The Netherlands	\$41 million	43,000
Mexico*	\$23 million	21,000

*Small sample size. Data contain high margin of error and are subject to significant year-over-year fluctuations.
Source: Statistics Canada, International Travel Survey and Travel Survey of Residents of Canada.

All Models – Tourism Economics

The Smoky Lake Tourist Economy will be a combination of day tourists who typically spend \$40-60 a day and overnight tourists who typically spend \$200 – 300 a day. The spend distribution platform shown is representative of how the combined day and overnight tourists spend is placed. Attractions, events and natural beauty are often the drivers for tourist systems but get a disproportionately low amount of revenue whereas catering and food and beverage do much better. Option B therefore invests in accommodation businesses to deliver returns whereas Option A only supports Metis Crossing with its accommodation offer and lets the market sort out the rest.

The economic strategy will be to ensure that Metis Crossing in the Victoria Settlement Area is successful and then spread the positive economic impact across the region in the case of 10 years with Option A and 3-5 years with Option B.



Option 1: The Metis Crossing Model: First phase opens in June 2020

Day visitors

Metis Crossing is the first signature attraction in Smoky Lake Region and the cornerstone of the attractions strategy. It needs more investment so that it can grow at its potential and expand into accommodation and further its premium activities. A strong link to the new Wildlife Attraction and a re-vitalised Victoria Settlement is central to supporting Metis Crossing.



Overnight



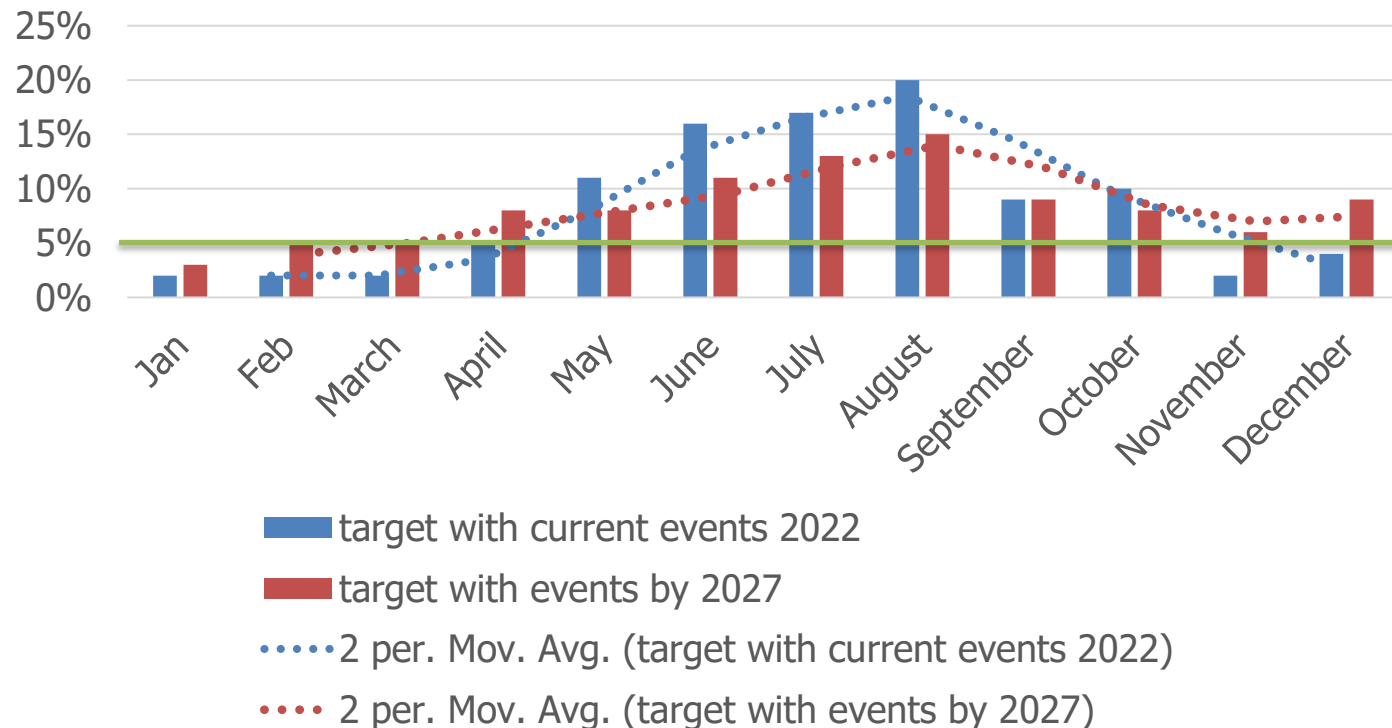
Premium activities



All Models – Opportunities for Community Events

- Events to fill the seasonal gaps and flatten out the income curve with the aim of being cash positive throughout the entire trading year. This will involve working particularly hard in winter.
- Geographically spread out on the Smoky Lake Ring
- Larger events to be held where the appropriate infrastructure is located. Lots of available halls.
- Arts, sports, craft, food and drink, culture.....more events like the Great White North Pumpkin Fair

Target Breakdown of Tourism Revenue



Transport Strategy for the Tourist System

Great tourism systems make transport part of the experience... and the strategy for Smoky Lake Region is no different. Celebrating the historic and modern forms of transport associated with the region are key to achieving something tourists will flock too.

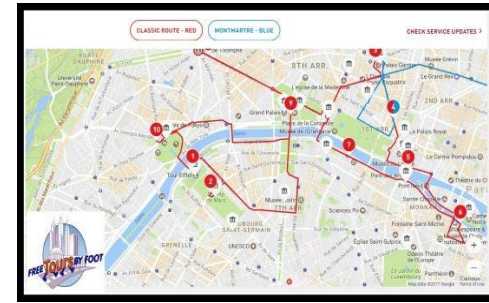
Effectively making the transport a central part of the experience as shown in the examples of Venice, Tirol and Paris to the right.

The plan is to link up the Victoria Trail with the Iron Horse road as shown on the next pages.

Option A – does this over 10 years

Option B – does this within 2 years

Note that the labels on the next pages refer to Option A Phases.



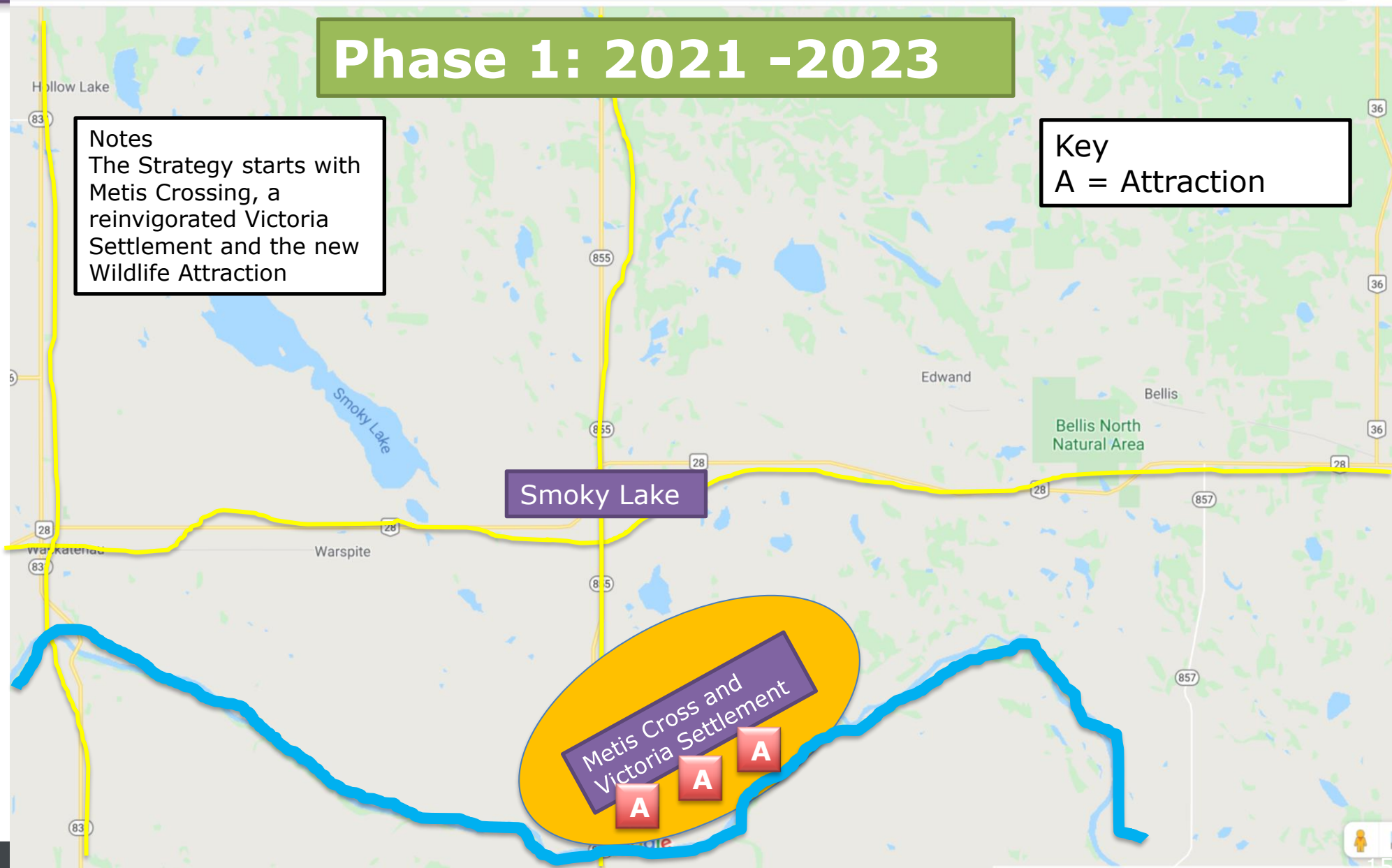
Phase 1: 2021 - 2023

Notes

The Strategy starts with Metis Crossing, a reinvigorated Victoria Settlement and the new Wildlife Attraction

Key

A = Attraction



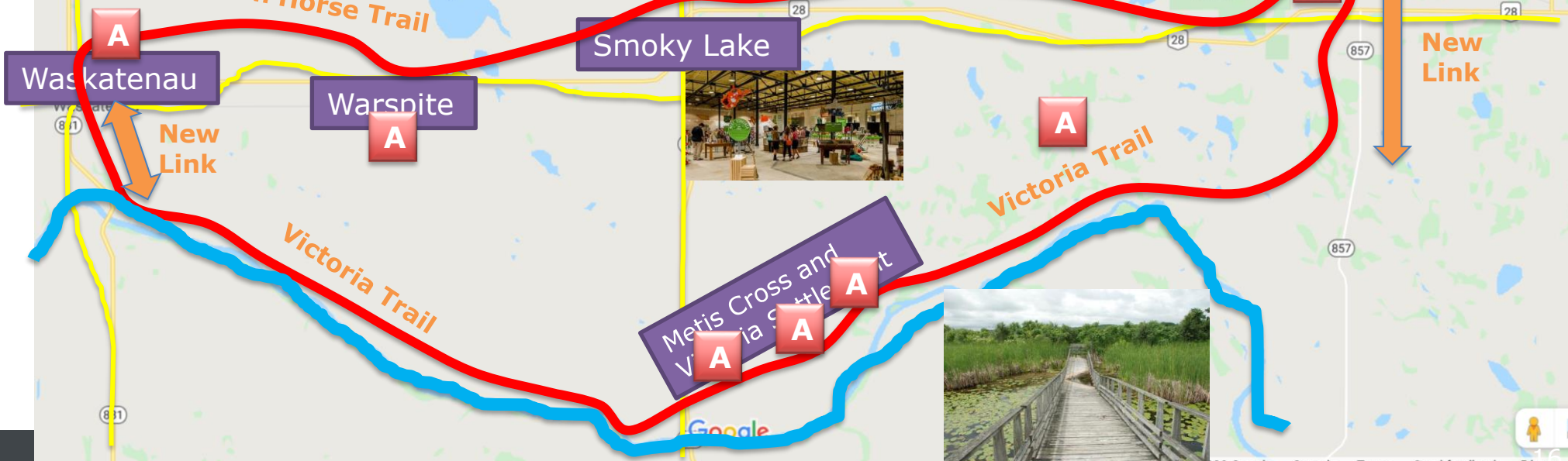
Phase 2: 2024 - 2026

Notes

The Smoky Ring is added including new links either end along with signature new attractions at the nodes. These are discussed further in the Option B explanation.

Key

A = Attraction



All Models – Opportunities for the Community: **Transport**

The Smoky Lake Ring... modes of transport.

In Summer with the exception of e-bikes it should be largely self powered on the Smoky Ring itself, with walking and cycling being the predominate modes of transport but supported by the more fun carts, traps, horse riding etc. It should be possible via boat operators to do the river section in lots of different ways.

Dog sledges, ATV's and Skidoo's and cross country skiing should be the winter modes delivering a completely different experience and another reason to come back especially when there are major events on.

The mix of transport modes will be highly appealing to visitors and make Smoky Lake Region Unique in Alberta.



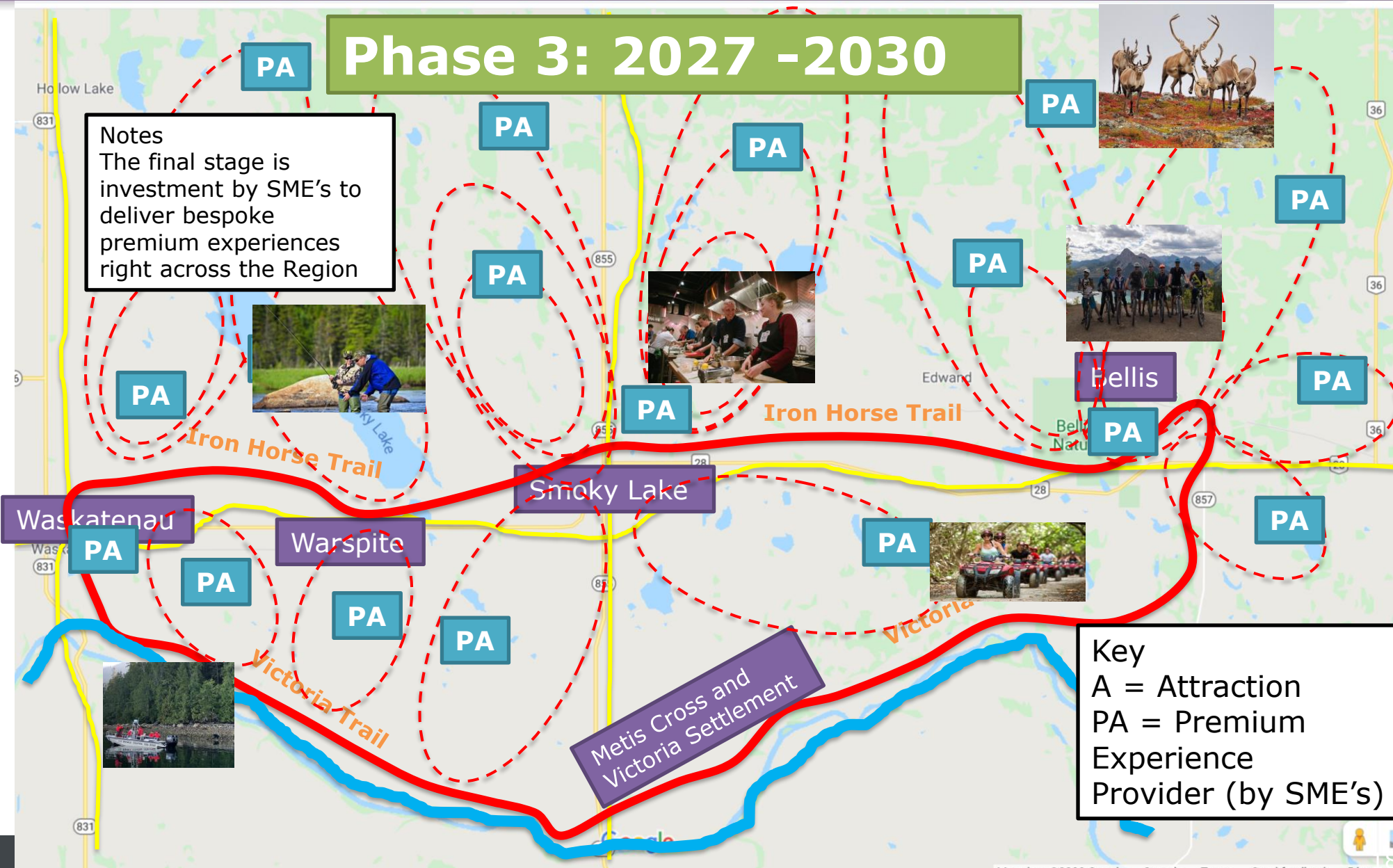
Phase 3: 2027 - 2030

Notes

The final stage is investment by SME's to deliver bespoke premium experiences right across the Region



Key
A = Attraction
PA = Premium Experience Provider (by SME's)



All Models – Opportunities for the Community: **Accommodation**

All types of quality accommodation is needed across the Region, starting initially at Metis Crossing and then all along the Smoky Ring and eventually out across the Region. A focus on all year round accommodation will be essential to support the seasonal events business and vice versa. Note whichever option is selected going forward there is not enough accommodation in any type to develop the all year round tourist system.

The two options vary in their approach to this sector:

Option A – apart from supporting Metis Crossing leaves this to the private sector and small SME's.

Option B – purchase several small local hotels and converts many residential houses that are currently for sale into B&B or self catering accommodation. This is the least risky approach and will prevent the system not having enough accommodation units to support the tourist system.



Opportunities for the Community: **Retail, Catering and Supporting Sectors**

Local authentic retail and catering will be successful – tourist tat will not. This should be driven by local businesses, but we recommend that through the planning system and membership to a centralised marketing system that a degree of control to ensure the right type and mix of offers are available. Authentic and local product supply, especially food and drink, is essential and the tourist system will be supported by a wide range of products and services.

Catering

- Restaurants
- Cafés
- Pop up food offers
- 'Localised street food'
- Event catering
- Picnic and hampers
- Food storage and pre-processing
- Food transport

Product Supply

- Farming
- Meats and poultry
- Fish
- Vegetables
- Pickles and condiments
- Cakes and biscuits
- Deli products
- Breads and pastries
- Brewing , fermenting and distilling
-endless

Other Goods and Services

- Laundry
- Cleaning
- Maintenance
- Transport
- Training
- Marketing
- Utilities
- And many more.....



Option A – Traditional Funding Model

Option A

As part of the process we have considered with the key stakeholders the following three options as a way of delivering Option A as the Smoky Lake Tourism Strategy. The rest of this section only focuses on Option A3 as this is the only one that brings the Region into economic sustainability from a tourism perspective. Note that this modelling work looks at all the collective businesses that will make up the tourist system as one company to evaluate its economic viability, economic impact and what it generates in taxation with a view to being able to pay back the infrastructure needed to ensure the system can run effectively.

Option A1: The Metis Crossing Model:

Loan c6,000,000 to Metis Crossing + \$1 into Victoria Settlement

Economy Value = \$13 million

Jobs within SLC = 100

Option A2: The Metis Crossing Model and the Smoky Trail Model:

Loan c6,000,000 to Metis Crossing + \$1m Victoria Settlement, and create the trail with an investment of c5 million

Economy Value = \$13+ million

Jobs within SLC = 100+

Option A3: The Optimum Model: Full Region Wide Tourism Strategy over 10 Years

Set up a 30 year infrastructure loan of c35 million and experience loan of 10 million

Economy Value = \$37 million

Jobs within SLC = 320

Option A3 is the economic case for Option A and is considered in the rest of this report.

Experience/Attractions Investment: Phase 1: Opening Date – first full year

	2021	2022	2023
Metis Crossing			
Victoria Settlement			
Wildlife Sanctuary			

Experience/Attractions Investment: Phase 2 : Opening Date – first full year

	Possible Attraction	2024	2025	2026
New Attraction 1	Aquarium			
New Attraction 2	Tree Nursery			
New Attraction 3	Upgrade to SL Museum			
The Circulation Model				

Experience/Attractions Investment: Phase 3 : Opening Date – first full year

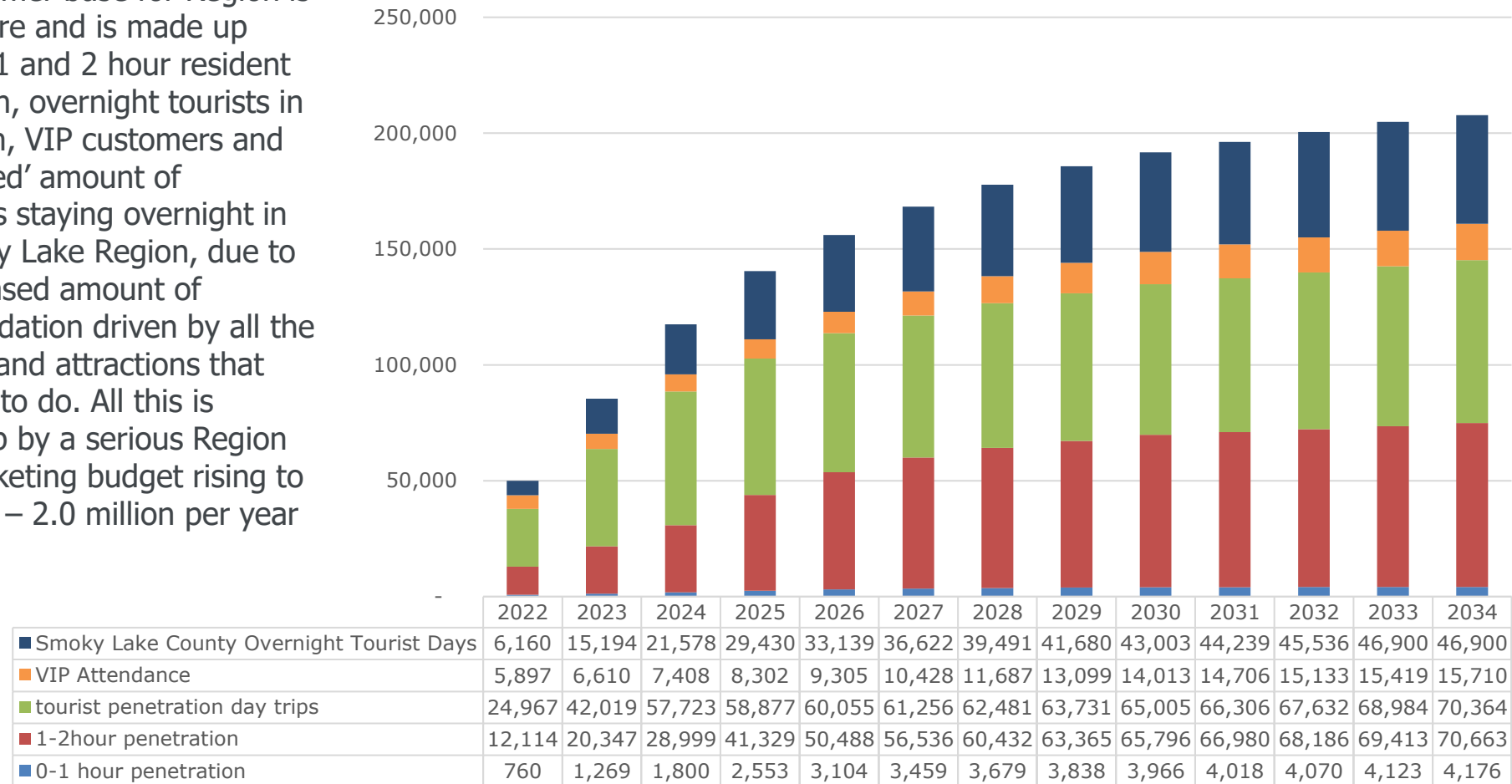
	Possible Attraction	2027	2028	2029	2030	2031
New Attraction 4	Adventure Park					
New Attraction 5	Agri Tourism Farm					

Note: details of these possible attractions are contained within the Option B section of this report.

Option A: Attraction Attendance: Customer Base

The customer base for Region is shown here and is made up from the 1 and 2 hour resident population, overnight tourists in Edmonton, VIP customers and an 'induced' amount of customers staying overnight in the Smoky Lake Region, due to the increased amount of accommodation driven by all the activities and attractions that there are to do. All this is backed up by a serious Region wide marketing budget rising to over \$1.5 – 2.0 million per year by 2024.

Attendance Forecast 2021 - 2033



■ 0-1 hour penetration ■ 1-2hour penetration ■ tourist penetration day trips ■ VIP Attendance ■ Smoky Lake County Overnight Tourist Days

Public Infrastructure: Option A: Phase 1-3

The initial costs on infrastructure to deliver the system focus on The Victoria Settlement Area and delivering the Smoky Lake Ring. Further work at the next stage is needed to narrow down the various options within each line item to ensure that the system is future proofed for growth within sensible parameters.

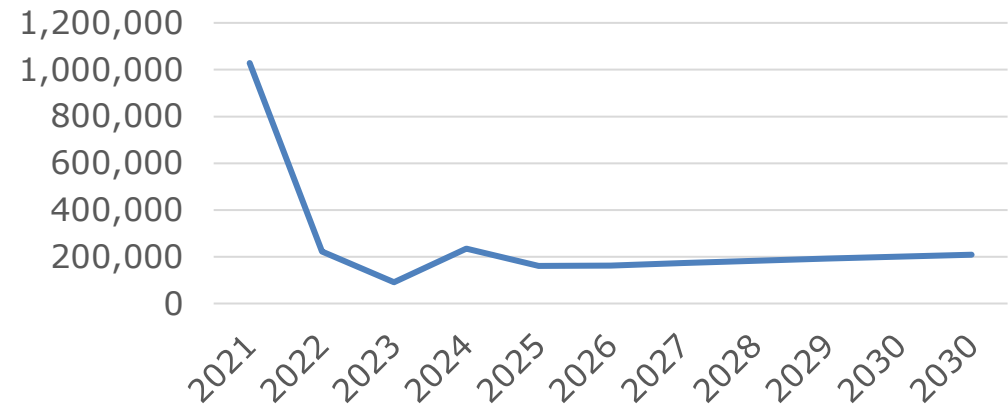
The economic model for paying back the loan needed to install the infrastructure is by adding a tourism levy which is 6% in total on most tourist activities but 4.5% allocated to repayment of infrastructure over a c25 year period. In addition to this the model allows the utility companies to pay back 15% of the collective utility bills back to help repay the infrastructure fund. This model does not include a new joiners income whereas Option B does.

Initial Infrastructure Budget	Cost	Notes
Water	11,916,667	For the upgrade of water company pipes and distribution in the Victoria Settlement Area
Sewers	10,166,667	Again for a water treatment service in the Victoria Settlement Area.
Electricity	1,000,000	To upgrade the Victoria Settlement Area to three phase and allowing for increased power required for the Aquaria.
Gas	500,000	A spur off the mains to the Victoria Settlement Area
Roads and Paths	5,000,000	Initial estimate as the minimum needed to create the Smoky Lake Ring including way marking
WIFI transmitter	500,000	To relay Wi-Fi from Smoky Lake Town down to cover the Victoria Settlement Area
Contingency	5,816,667	Set at 20% at this stage
Total	34,900,000	

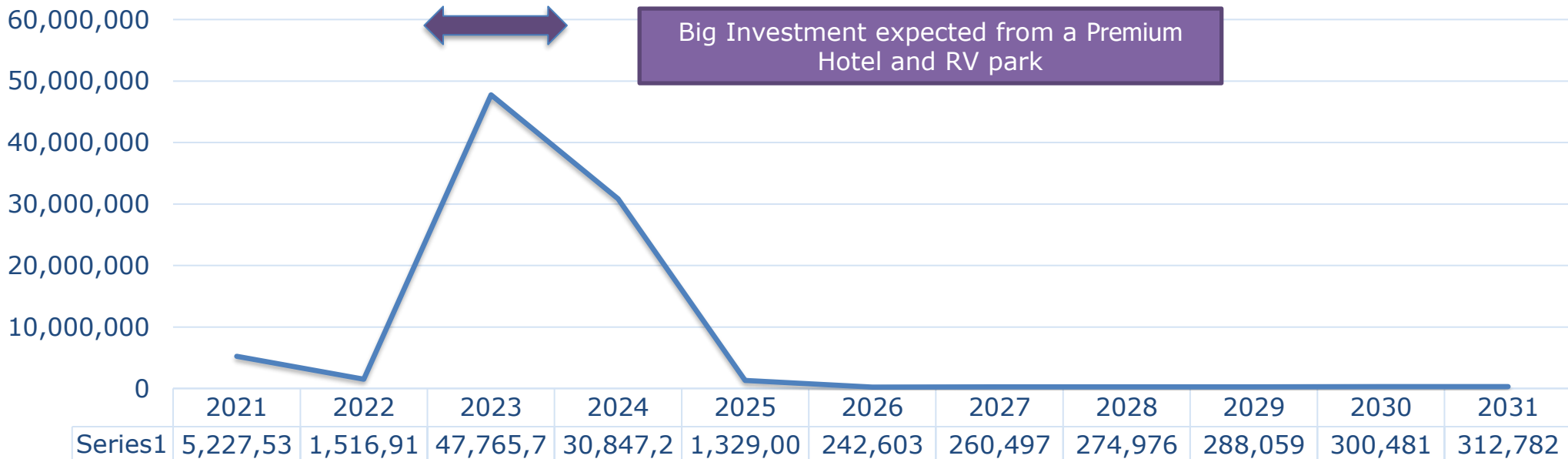
Option A: Private Sector Investment:

The amount of private investment into commercial activities and infrastructure is significant in this Option. The high levels of investments from 2022 and 2025 would be for a high end RV Park and a Premium Hotel. In addition to these commercial and infrastructure investments the private sector would also invest around \$22 million into the attractions over a 10 year period.

Annual Private Infrastructure Investment



Annual private investment into commercial ventures ex. retail and Catering



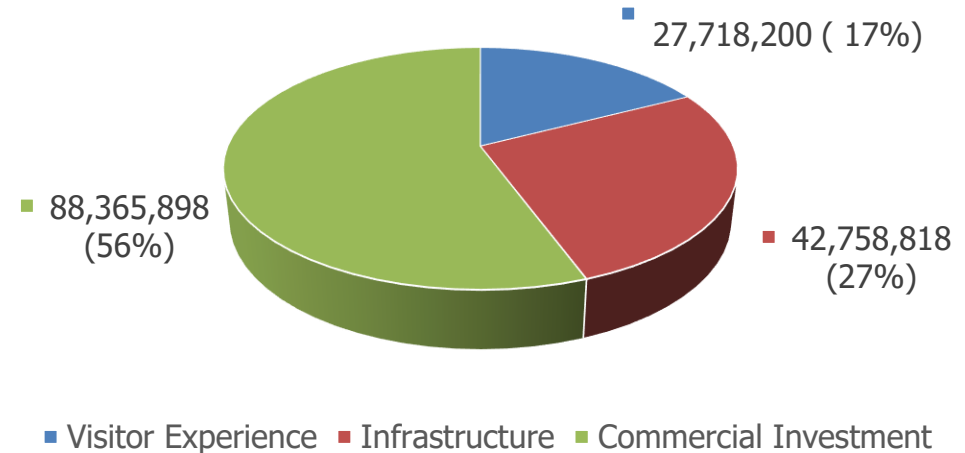
Option A: Total Investment Needed

Requires a total investment into the system of c\$160 million, with the bulk of \$114 million coming from the private sector of which an allocation of nearly \$60 million would be for the accommodation sector including a premium hotel and spa for 40-50 beds plus a large high end RV park.

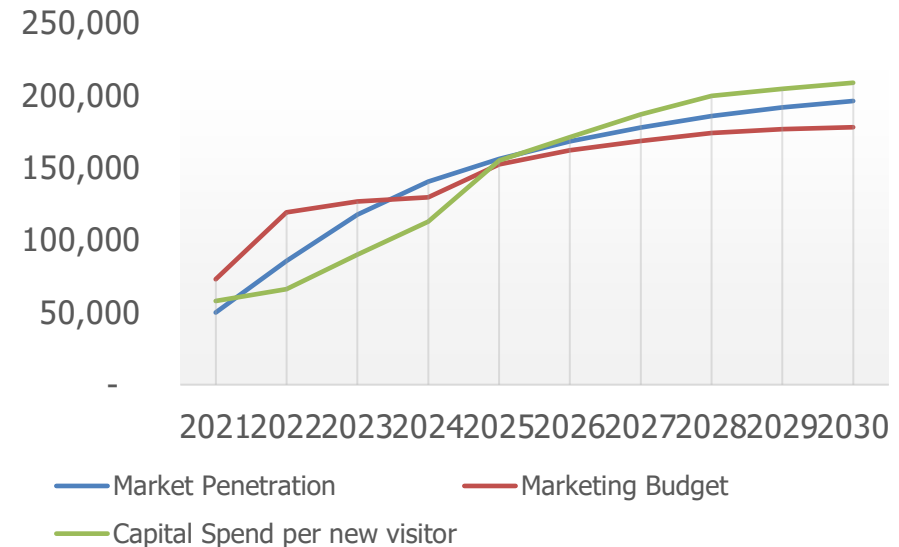
The visitor experience covers the required investment across the whole system of the attractions and premium activity providers including Metis Crossing. The model assumes the good practice of attractions reinvesting 6% of their entire annual revenue back into new visitor experience to maintain a growth in annual attendance and revenue. This funding model requires Smoky Lake County to raise \$34.9 m for the infrastructure and a further \$10 m to provide start up and expansion loans for the private sector premium activity providers, attraction operators and accommodation providers to enable them to start their businesses. The capital investment figures are also used to forecast attendance along with the Region marketing budget.

Funded By	Amount	%
Private Investment/Loans	113,818,168	72%
SLC Experience Loan Fund	10,000,000	6%
SLC Infrastructure	34,900,000	22%

Investment Analysis



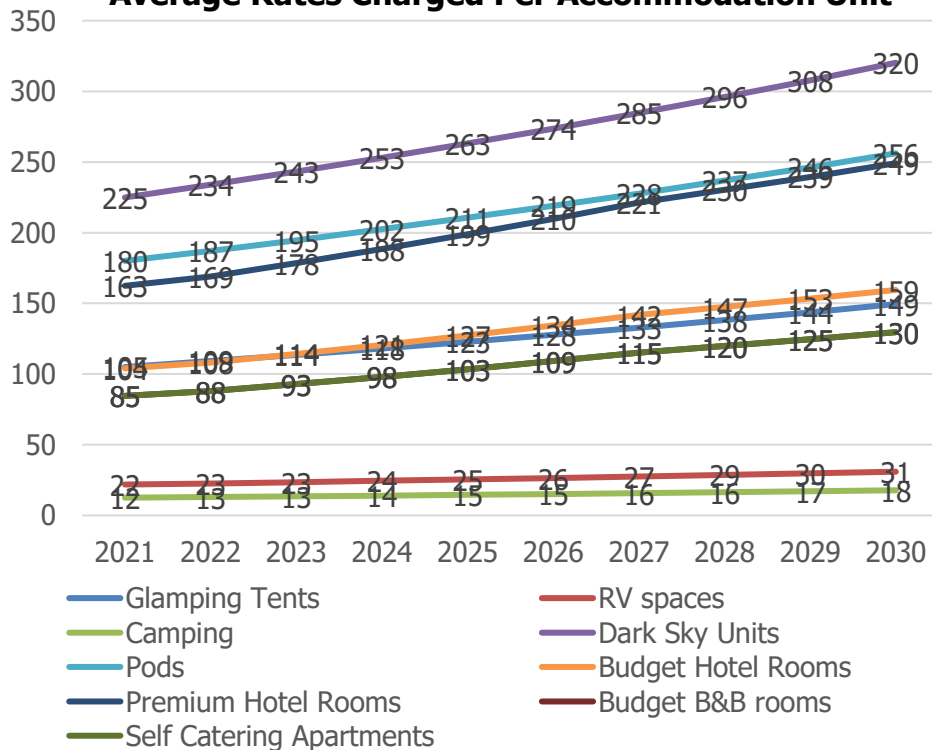
Day Visitor Attendance Forecast



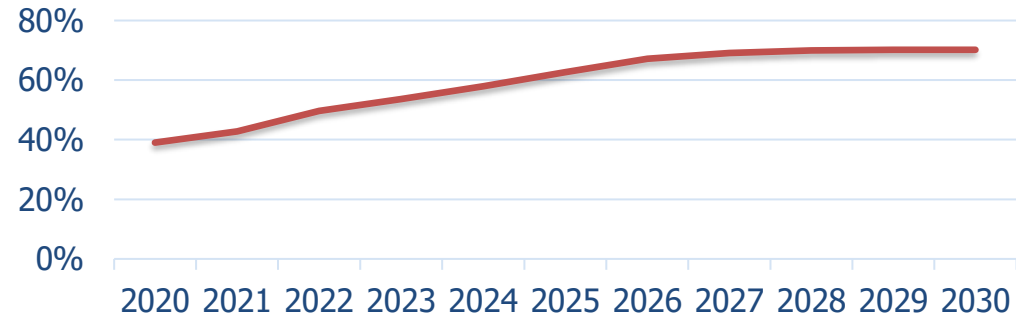
Option A: Accommodation KPI's

The accommodation system in this option will be lead by private investment following the initial new units at Metis Crossing and will grow to 70% occupancy of 440+ units by 2030. The unit rates forecast are shown below. These statistics are key in the economic success of the counties tourism performance.

Average Rates Charged Per Accommodation Unit



Average Forecast Accommodation Occupancy

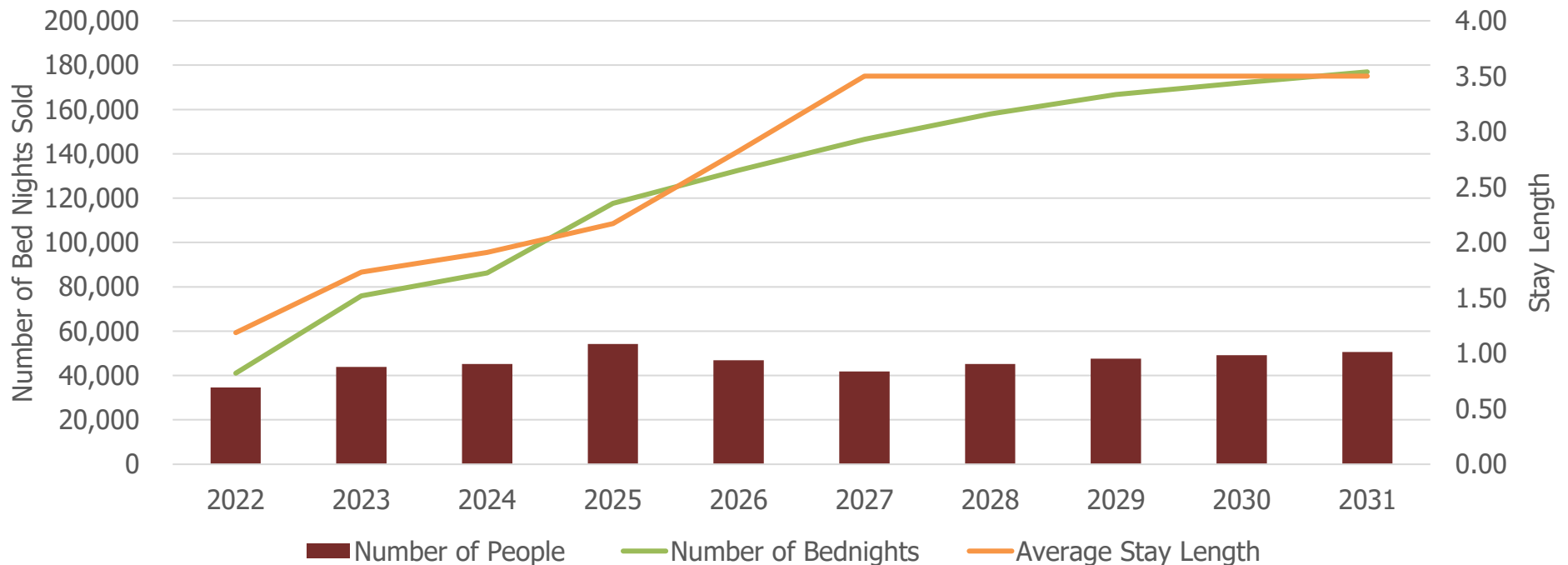


	2022	2026	2030
Glamping Tents	10	11	11
RV spaces	122	138	155
Camping	42	49	57
Dark Sky Units	10	16	16
Pods	0	10	11
Budget Hotel Rooms	86	93	101
Premium Hotel Rooms	0	61	64
Budget B&B rooms	6	8	13
Self Catering Apartments	7	10	15
Total Accommodation Units	282	396	443

Option A: Accommodation Bed nights

As the amount to do within Smoky Lake Region increased so will the number of units of accommodation and the average stay length per guest will also increase. Stay length is expected to start at a low base of 1.1 days and rise to a level of 3.5 days where it is capped to be in line with other destinations modelled. This means that we would expect the system to be dominated by short breaks but a significant volume will stay 5-7 days to bring the average up. Overall the number of annual bed nights is forecast to increase to 180,000 per year by 2030 which as can be seen from the income charts for the Region as a whole is a key economic driver. The numbers of actual customers varies between 30,000-50,000 but is flatlined throughout the plan due to the increased stay length.

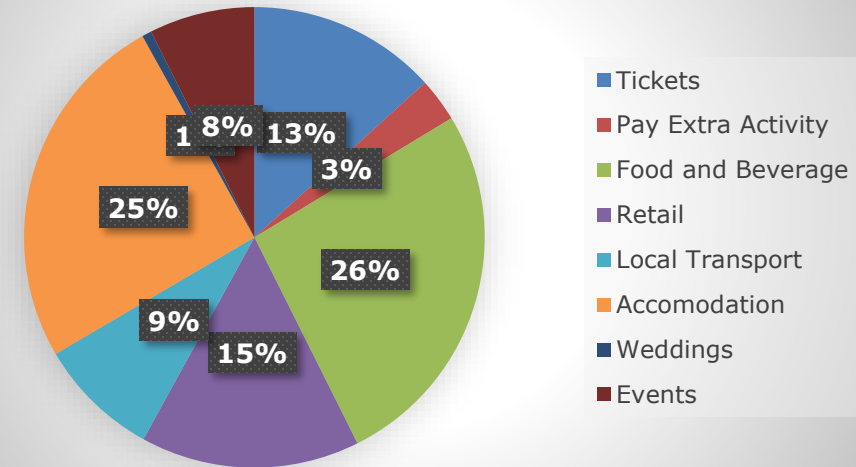
Accommodation Bednights and Stay Length



Option A: Financial Modelling: Income Statement

This table shows the predicted income for all the tourist business collectively over the ten year modelled period. The income of the entire system grows consistently as new attractions are added over the ten year period and reaches nearly \$45 million by 2030. The mix of income is stabilised by 2026 with the two key income drivers being Food and Beverage and Accommodation.

Income Mix 2026 (\$32 million)



Income Statement	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tickets	712,965	1,043,273	1,974,416	2,582,246	3,688,657	4,851,212	5,751,546	6,662,498	7,393,712	7,824,608
Pay Extra Activity	489,124	734,661	771,394	809,964	850,462	892,986	937,635	984,517	1,033,742	1,085,430
Food and Beverage	2,068,557	3,870,086	4,643,380	6,336,512	7,295,202	8,224,277	9,051,718	9,766,788	10,325,598	10,874,537
Retail	1,228,631	2,254,918	2,688,856	3,688,866	4,270,647	4,848,566	5,378,290	5,850,876	6,225,954	6,597,466
Local Transport	699,785	1,256,615	1,531,226	2,056,745	2,376,465	2,688,956	2,975,064	3,233,578	3,442,418	3,645,849
Accommodation	1,363,683	2,614,869	3,153,396	5,977,735	7,044,599	8,116,115	9,076,816	9,895,603	10,594,002	11,264,054
Weddings	10,500	55,000	100,835	147,896	185,936	214,283	235,731	254,389	274,530	296,269
Events		946,354	1,189,080	1,727,997	2,056,957	2,386,912	2,672,544	2,931,860	3,143,196	3,327,057
Total Income	6,573,244	12,775,778	16,052,584	23,327,961	27,768,926	32,223,306	36,079,343	39,580,108	42,433,152	44,915,269

Option A: Financial Modelling: SLTC Profit and Loss

This model, as previously stated shows the whole counties tourist system as a single profit and loss account in order to model the economic benefit for the Region as a whole. The modelling shows that the counties EBITDA rises to just under 25% which is at the bottom end of a range of 22%-35% but is still sufficient to meet its collective operating costs and financial responsibilities. The loan interest is for the \$10 m experience loan scheme interest repayments.

Headline P+L	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Income	6,573,244	12,775,778	16,052,584	23,327,961	27,768,926	32,223,306	36,079,343	39,580,108	42,433,152	44,915,269
Expenditure										
Staff Costs and training	1,971,973	3,832,733	4,815,775	6,998,388	8,330,678	9,666,992	10,823,803	11,874,032	12,729,946	13,474,581
Marketing	657,324	1,022,062	1,123,681	1,399,678	1,666,136	1,933,398	2,164,761	2,374,806	2,545,989	2,694,916
Travel and Transport	131,465	191,637	240,789	279,936	333,227	322,233	360,793	395,801	424,332	449,153
Maintenance Materials	295,796	574,910	722,366	1,049,758	1,249,602	1,450,049	1,623,570	1,781,105	1,909,492	2,021,187
Overheads	361,528	702,668	882,892	1,283,038	1,527,291	1,772,282	1,984,364	2,176,906	2,333,823	2,470,340
Cost of food	706,029	1,330,109	1,604,989	2,192,986	2,528,969	2,852,388	3,139,472	3,387,639	3,583,090	3,775,629
Cost of retail sales	614,316	1,127,459	1,344,428	1,844,433	2,135,324	2,424,283	2,689,145	2,925,438	3,112,977	3,298,733
Cost of other sales	209,935	376,984	459,368	617,023	712,939	806,687	892,519	970,073	1,032,725	1,093,755
Business Property Tax	65,732	127,758	160,526	233,280	277,689	322,233	360,793	395,801	424,332	449,153
Cleaning (External Costs and materials)	65,732	127,758	160,526	233,280	277,689	322,233	360,793	395,801	424,332	449,153
Insurance	78,879	153,309	192,631	279,936	333,227	386,680	432,952	474,961	509,198	538,983
Loan Interest	350,000	328,650	303,753	277,984	242,564	197,153	150,154	104,603	61,364	16,612
Other	657,324	1,022,062	1,123,681	1,632,957	1,943,825	2,255,631	2,525,554	2,770,608	2,970,321	3,144,069
Total	6,166,036	10,918,100	13,135,404	18,322,676	21,559,159	24,712,242	27,508,673	30,027,575	32,061,919	33,876,262
EBITDA	407,209	1,857,678	2,917,180	5,005,285	6,209,766	7,511,064	8,570,669	9,552,533	10,371,233	11,039,008
%EBITDA	6.2%	14.5%	18.2%	21.5%	22.4%	23.3%	23.8%	24.1%	24.4%	24.6%

Option A: Financial Modelling: SLC Annual Cash Flow

After an initial heavy period of reinvesting the Region as a whole would see a positive net annual cash flow by 2026. The figures include the tourism sales tax increase of 6% on attractions, activities, accommodation, food and beverage (eating out only) and tourist based retail. The expenditure figures include tax and a sinking fund which companies in the system should accrue in order to replace major capital items.

Annual Cash Flow	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Trading Income	6,573,244	12,775,778	16,052,584	23,327,961	27,768,926	32,223,306	36,079,343	39,580,108	42,433,152	44,915,269
Sales Tax State	262,930	511,031	642,103	933,118	1,110,757	1,288,932	1,443,174	1,583,204	1,697,326	1,796,611
Tourism Levy Local (infrastructure)	295,796	574,910	722,366	1,049,758	1,249,602	1,450,049	1,623,570	1,781,105	1,909,492	2,021,187
Tourism Levy Local (SLC)	98,599	191,637	240,789	349,919	416,534	483,350	541,190	593,702	636,497	673,729
Loan Interest put back in	350,000	328,650	303,753	277,984	242,564	197,153	150,154	104,603	61,364	16,612
Total Income	7,580,569	14,382,005	17,961,595	25,938,741	30,788,382	35,642,790	39,837,430	43,642,722	46,737,831	49,423,408
Expenditure	6,166,036	10,918,100	13,135,404	18,322,676	21,559,159	24,712,242	27,508,673	30,027,575	32,061,919	33,876,262
Tax	-	40,720.88	185,768	291,718	500,528	620,977	751,106	857,067	955,253	1,037,123
Sales Tax reclaimed	251,353	261,064	1,539,153	647,291	575,256	863,933	973,397	1,087,797	1,218,741	1,294,661
Less local sales tax	394,395	766,547	963,155	1,399,678	1,666,136	1,933,398	2,164,761	2,374,806	2,545,989	2,694,916
Sinking Fund										
Reinvestment	10,677,068	2,438,955	50,051,865	33,410,149	6,221,627	2,398,162	2,579,986	2,377,627	1,277,291	1,237,395
Loan Repayment not infra	24,292	29,524	120,893	263,136	506,985	758,376	984,945	1,198,939	1,384,434	1,555,371
Net Annual Profit	9,429,868	72,906	44,714,550	27,101,324	241,309	4,355,702	4,874,562	5,718,910	7,294,204	7,727,680

Option A: Financial Modelling: Possible Upsides

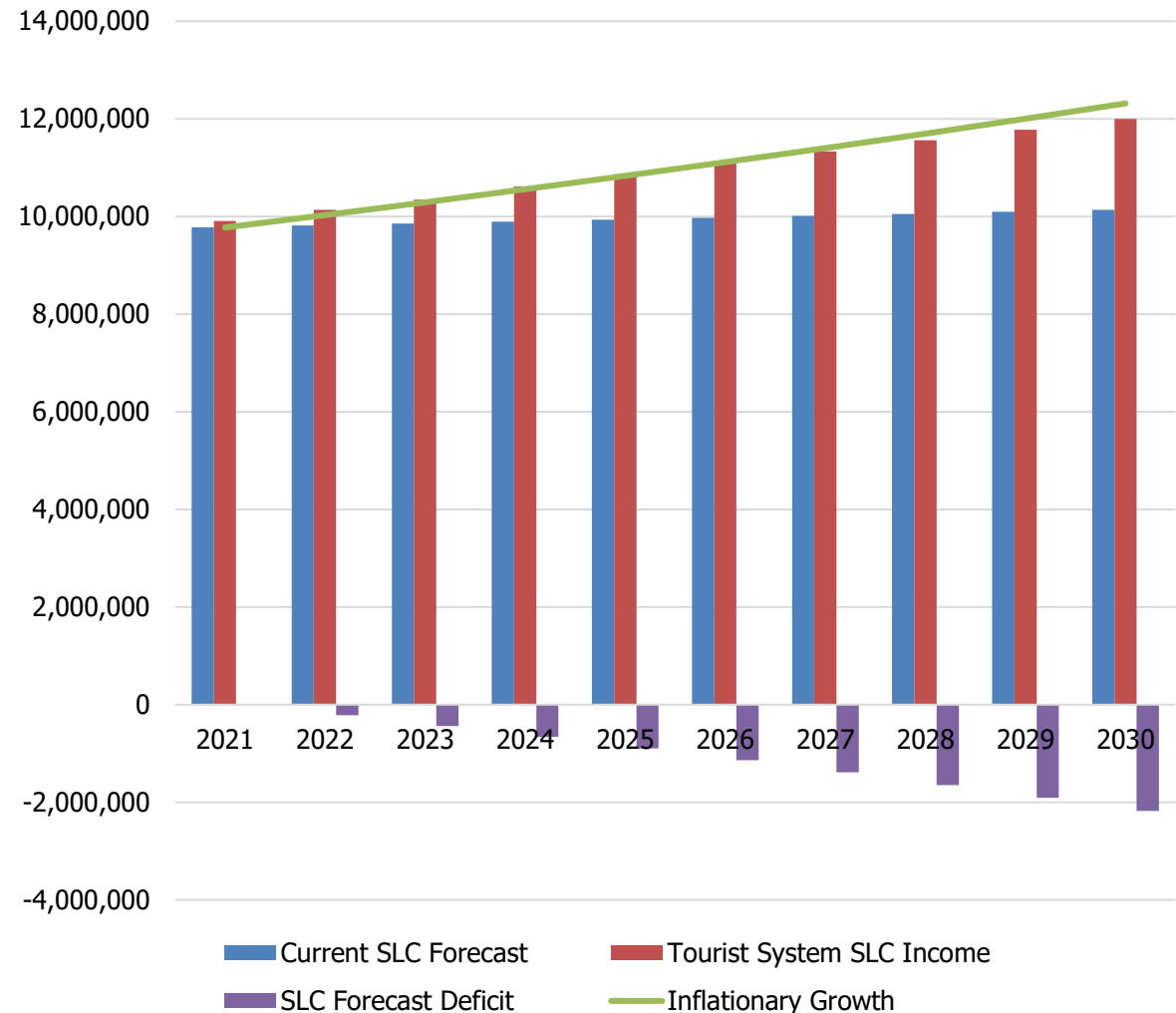
The following factors have the ability to improve the investor returns:

1. Utility repayment – set at 15% of utility bills to repay capex which could rise to 25%
2. A utility windfall tax on the utility companies to help repay the infrastructure – not included
3. An improved uptake in the new joiner infrastructure payments (set at 12% to 15-20%)
4. Increasing the tourism levy (currently set at 4.5% for infrastructure + 0.5% for marketing + 1 % for Smoky Lake Region – increase infrastructure portion to say 6%)
5. Product price rises for attractions and accommodation which are currently set at the current market rates and growing by 4% which could be 4.0%-6.0% in a growing tourist system as the destination becomes more popular

Option A: Economic Impact

The difference for Smokey Lake Counties finances are improved in Option A steady growth in the tourist system. The 10 year average growth rate in income has moved to average of 2.1 % from a current prediction of 0.4% with no tourist system. The annual revenue grows to around \$12 million by 2031. Please note that the SLC Forecast Deficit is also shown in the graph. Without additional income such as provided by a revitalised tourism system the counties finances will become unviable during this ten year period with a predicted \$2 million deficit by 2030.

SLC Income Forecasts and Deficits



Option A: Economic Impact

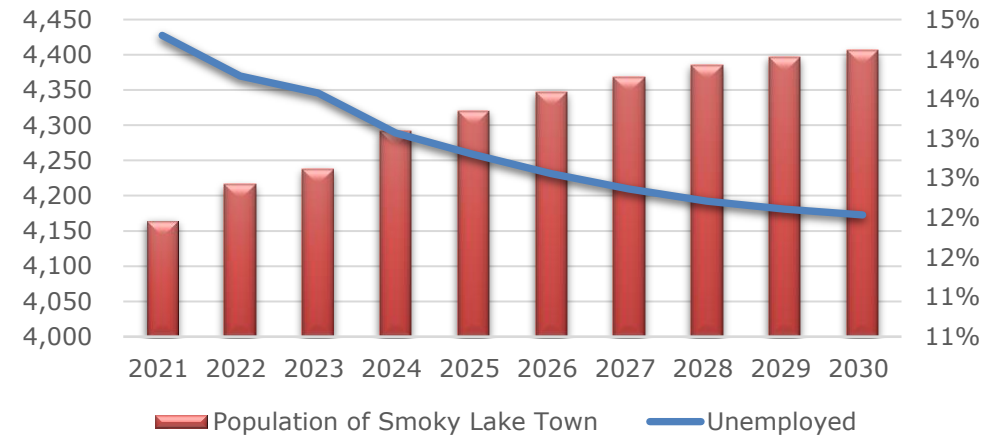
Option A is forecasted to deliver a Smoky Lake Region tourism economy that grows to a value of \$37 million by 2030 and the Province increase is by \$78 million over the same period.

Smoky Lake Analysis Tourism GDP	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Direct Tourism GDP	2,049,142	4,119,007	5,233,676	7,687,079	9,184,655	10,689,233	11,992,932	13,178,097	14,146,376	14,987,681
Indirect Community Benefit	3,073,713	6,178,511	7,850,514	11,530,618	13,776,983	16,033,849	17,989,398	19,767,145	21,219,564	22,481,521
Total Economic Benefit	5,122,855	10,297,519	13,084,189	19,217,697	22,961,639	26,723,081	29,982,330	32,945,242	35,365,940	37,469,202
Total Alberta Province Tourism GDP										
Direct Tourism GDP	4,318,309	8,670,577	11,010,325	16,136,662	19,283,349	22,427,739	25,167,819	27,658,892	29,694,327	31,465,573
Indirect Community Benefit	6,477,464	13,005,865	16,515,488	24,204,994	28,925,023	33,641,608	37,751,729	41,488,339	44,541,491	47,198,360
Total Economic Benefit	10,795,773	21,676,442	27,525,813	40,341,656	48,208,371	56,069,347	62,919,548	69,147,231	74,235,819	78,663,933

Option A: Economic Impact: Smoky Lake Counties Finances

Option A delivers over 330 new jobs in Smoky Lake Region over the first 10 years of the tourist system operation as opposed to Option B which delivered 750 new jobs. Within Alberta the new jobs created moves to nearly 630 by 2030. The population across the Region is forecast to move from c4,200 people @ 1.8 people per household to 4,400 people @ 1.9 per household.

Population and Unemployment Changes due to Option B



Smoky Lake Region Jobs Created	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Metis Crossing Jobs	15	21	29	36	39	40	42	44	45	47
Other Direct Tourism Jobs	10	26	29	45	55	66	73	79	82	84
Supporting Jobs	19	32	37	49	56	62	67	71	74	76
Total Jobs with multiple	70	127	151	209	240	269	292	310	322	331
Total Jobs (no multiple)	44	79	95	131	150	168	182	194	201	207
Total Jobs In Alberta Province										
Metis Crossing Jobs	19	27	36	45	49	51	53	55	57	59
Other Direct Tourism Jobs	20	46	54	80	96	112	124	134	140	143
Supporting Jobs	45	78	90	121	138	154	168	179	186	192
Total Jobs with multiple	136	240	287	393	452	506	550	587	612	632
Total Jobs (no multiple)	85	150	179	246	283	316	344	367	383	395

Option A: The 'Experience Loan' Scheme

This is money that Smoky Lake County would borrow at 3.5% and loan out to small businesses that are building attractions, activities or accommodation at 5.5%. This is a vital economic stimulus for the tourist system.

Objective:

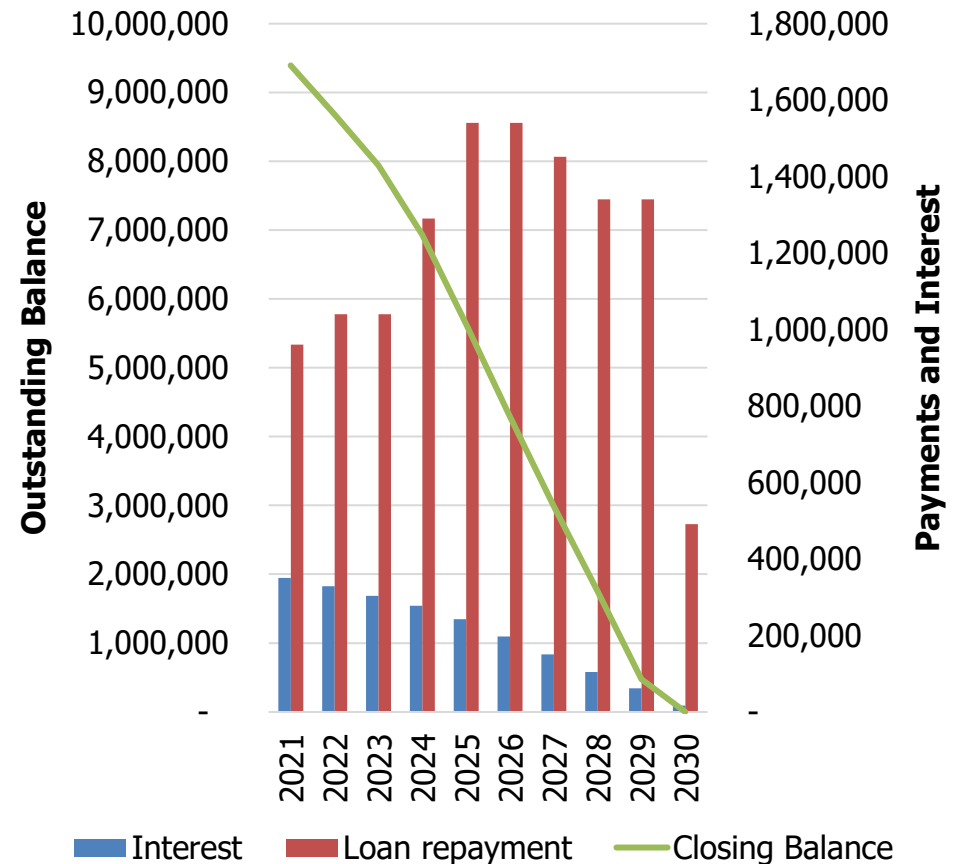
Initially to allow Metis Crossing, Victoria Settlement and potentially the wild animal park to meet their target opening dates. The remainder of the fund c\$3 million is available for people who want to deliver something for the tourist system such as bike hire, accommodation a new restaurant etc.

Loan Value = \$10 million (borrowed by SLC at 3.5% interest) over 10 years on a draw down basis. Ability to extend

Repayment = 5.5% over 7-9 years.

A rolling fund: As the repayments come in the fund should be recommitted to new projects to continue to boost the SME sector.

10 million County Experience Loan Repayment



Option A: The 'Infrastructure Loan' Requirement

This is a larger piece of borrowing by Smoky Lake County in conjunction with the infrastructure providers in order to ensure that the tourist system has what it needs for the private sector to be able to grow revenues and create jobs.

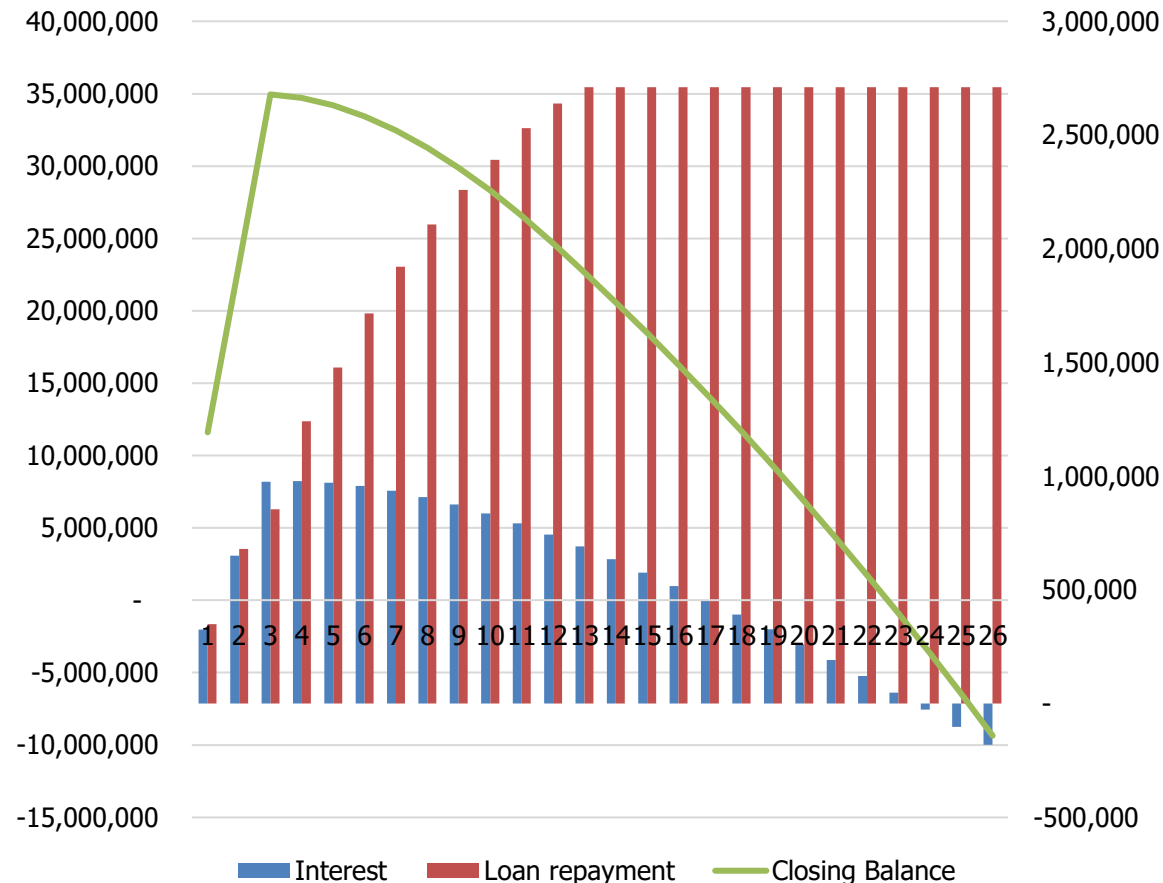
Objective:

To enable the businesses around the Victoria settlement in phases 1 and 2 to have the supporting services and roads needed to make sure that they can operate to the expected international standards.

Loan Value = \$35 million (borrowed by SLC at 3.5% interest) over 25-30 years. This is a one off loan for specific purposes.

Repayment = from the 4.5% tourism levy on all attractions, accommodation, tourist based food and beverage and retail businesses – see schedule.
(ideally a local exemption if possible)

\$ 35 million Infrastructure Loan Repayment



Option A: High Level Risk Assessment

The High Level Risk Assessment here focuses on Option A

Key Risk	Impact	Solution/Mitigation
Infrastructure delivery delays.	Private sector will find it difficult to grow. Without the Smoky Ring the system will not have the appeal and both issues will lead to a reduction in bed nights and day visitors.	Ensure funding is in place plus a strong, capable infrastructure delivery project team with clear goals and the correct levels of support from SLC.
Not raising the c\$45 m for SLC.	Metis Crossing will not achieve its growth potential and the rest of the system will not grow. The strategy will not be realised.	A SLC gap loan and funding team to investigate different funding streams such as Alberta Corp or directly through the Utility Companies.
Blockage to growth is private sector infrastructure investment.	Private sector money being spent on lower cost 'fixes' for infrastructure taking investment away from guest experience.	A SLC gap loan and funding team to investigate different funding streams such as Alberta Corp or directly through the Utility Companies.
Lack of private investment to back the public infrastructure investment in the early years of the strategy.	The system will stall in terms of jobs and economic growth after a few years.	A SLC Loan Investment Scheme perhaps partly backed by grant, private equity and community crowd funding.
Not settling up a Region wide marketing group with a single booking system and operator membership scheme.	Much lower visitor numbers and bed nights as the individual marketing budgets will not have the same reach especially with the travel trade.	Setting up the centralised marketing company before any development starts and ensuring that there is a quality delivery element/check to membership that is ongoing and ensuring that the booking system for the visitors is ready to go ASAP.

Option A: Keys to Success

- Public investment in infrastructures which requires the 5-6% tourism levy
- Private investment into the attractions, premium activities, fun transportation systems (bikes, boats, traps and even walking!)
- Metis Crossing to Victoria Settlement being a big success
- A combined marketing team led by one of the attraction businesses with a combined marketing budget for the Region
- Driving more accommodation across the Region then adding events to flatten out the income over the trading year
- Options for loans for SME's to access start up and growth capital
- Training – partnership with the Region schools and colleges
- The local people wanting this to happen and welcoming the world with a smile on their faces and a willing to go the extra mile to make sure guests to SLC have a great time and want to come back

Next Steps if Option A is selected

1. Complete consultations – by end of February 2020
2. Finalise the Strategy – by end of March 2020
3. Detailed technical exploration – by end of May 2020
4. Amend Strategy – mid June 2020
5. SLC approve Strategy end of June 2020
6. Set up Implementation Team June 2020
7. Implementation of the Strategy – July 2020 onwards

Next Steps

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Option B: The Investor Partnership Model

Option B: A Partnership with the Proposed Investor

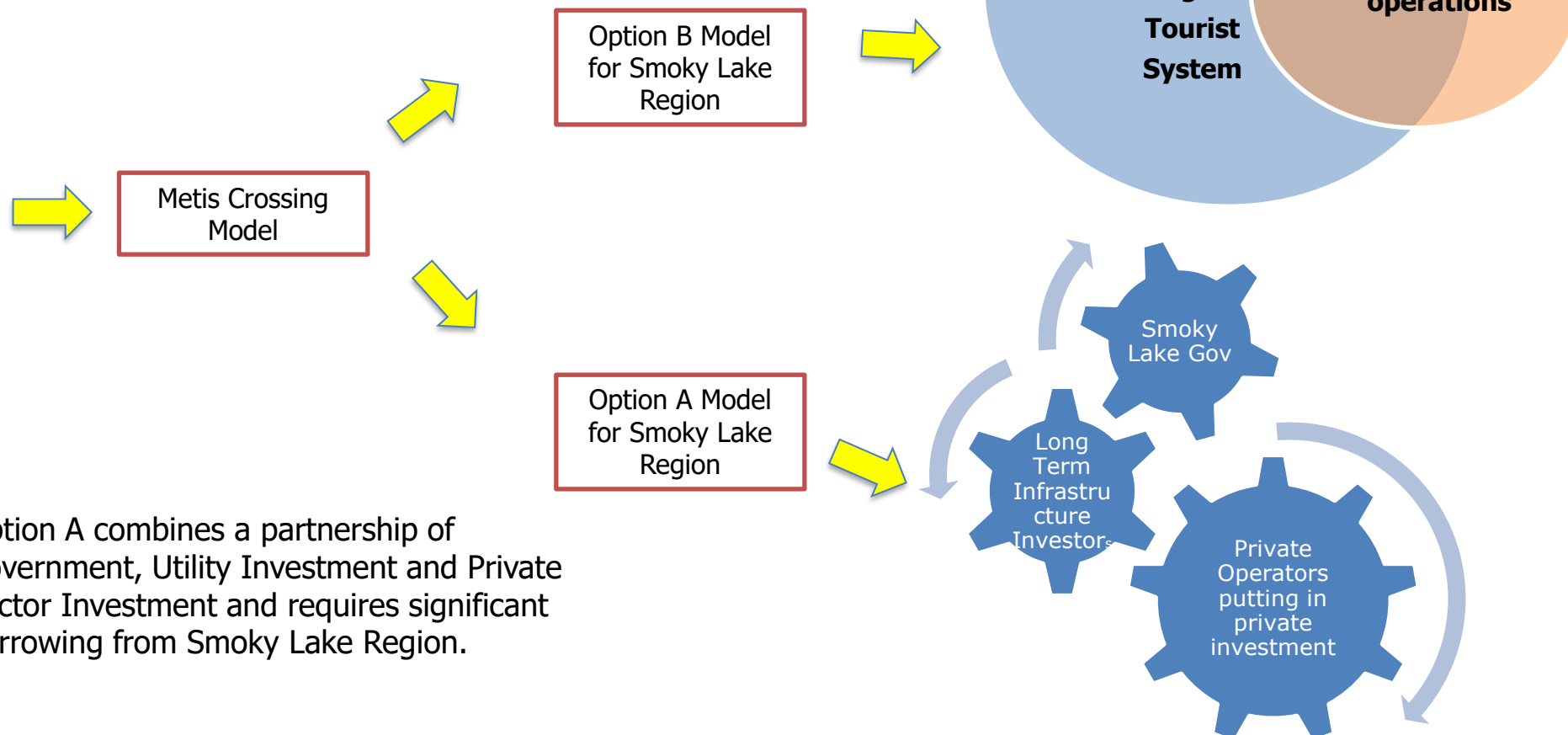
This option explores a possible partnership between Smoky Lake County and The Proposed Investor whereby a joint venture company which we call The Smoky Lake Tourism Company 'SLTC' is set up allowing the Proposed Investor to invest and the new company to administer the resulting investments and loans that will drive the tourism strategy for the Region. Other third party investors will also be able to invest especially in projects that become themselves joint ventures with SLTC. A loan scheme will also be operated by SLTC so that potential accommodation, activity, event organisers providers can also access small scale loans in order to further stimulate and drive the tourist economy. The Proposed Investor has a contact in Alberta and is well connected with the Province.

- The tourist system of Smoky Lake Region will grow much quicker as all the investments will be made in the first three years.
- Metis Crossing will be able to add its accommodation and other activities and grow quicker
- It will be easier to find attraction operators as 50% of the capital needed for the attractions will be available
- More jobs will be created in a 10 year period due to the faster growth

The Key drivers for this strategy are still the same in that Attractions and Premium Activities are needed to drive stay length and dwell time and then accommodation, food & beverage, retail will flourish. The off peak season volume will be driven by events that SLTC will either put on or support.

Option B: Outline of the Strategy

Option B situates SLTC as the central driver for the tourist system



Option A combines a partnership of Government, Utility Investment and Private Sector Investment and requires significant borrowing from Smoky Lake Region.

Option B: Outline of the Strategy

This system allows rapid investment into the tourist system in Smoky Lake Region. Initially the proportion of percentage ownership of SLTC of the various aspects tourist system contributors such as attractions and accommodation will be high (40% - 70%) but this will decline as a proportion to 15% - 30% over a 10 year period with the exception of hotel rooms which SLTC will have over 60%.

SLTC will also run the counties tourism website and linked booking system for events, attractions, accommodation, premium activities and restaurant bookings. SLTC will work in cooperation with Travel Alberta, Edmonton Tourism and various Indigenous Tourism groups to co promote the Smoky Lake Offer.

All participating companies within the system will receive a good volume of their annual bookings from SLTC who will take a small selling commission and receive an agreed amount of percentage of their revenue towards the marketing budget for the Region. This system also allows SLTC a degree of quality control over the offers within the Region as those businesses that do not adhere to standards already well defined by Travel Alberta will not have access to the booking system or be advertised on the website.

This particular model has been very successful in Whistler but has the advantage in the Smoky Lake Region of Region Government involvement to ensure balance.

The next page outlines a structure whereby the investment comes into a new trading entity of SLTC which operates a number of sub companies that distribute the investments into the tourist system either via equity or loans. SLTC would have its own board made up of investor and local representatives and employ a management team led by an experienced CEO to deliver the business plan.

Option B: SLTC Organisational and Investment Structure

SITC has the capabilities
To fund more based on SPV.

National and
Regional Grants

Smoky Lake Economic Development Corporation (SPV)

Smoky Lake Region + Metis Nation 51% Ownership
Other Investor(s) 49% Ownership
SITC Funds 100% of c\$90 Million Region & Metis Nation Supply Asset Management

Tourism and Events Business Funding

Revenue ROI

- Loan repayment
- Fees & Admissions
- Commercial Leases
- Local Improvement Tax
- Private Operators Fee.

Smoky Housing Co-op

Purchase of Inventory for Rent or Resale
Tourist Accommodation Rental Units
Mortgages on Sold Units

Revenue ROI

- Resale of Housing Inventory
- Rent of Rental Accommodation
- Mortgage Income on sold Units
- Tourist Accommodation Rent & Tax
- Commercial Leases

Infrastructure /Utility Development

Including but Not limited to Energy Development,
Roads Access/Improvement, Street Scape etc.

Revenue ROI

- Joint Venture Ownership with Utilities
- Local Improvement Tax
- Improvement Fees
- Late Comer Fees
- Business Development Membership i.e. BRZ assessment

Metis Crossing Opportunity Company

Funding Capital for existing business Expansion or new business to benefit The Tourism Structure.

Revenue ROI

- Loan and Interest repayment
- 2nd Mortgage Income
- Joint Venture Profits

Option B: Engaging with the Community and Businesses

The new model works on the same basis as Option A involving investing into the following:

- Metis Crossing and Victoria Settlement visitor products
- The Victoria Settlement area utility infrastructure
- Investing in the Smoky Lake Ring transportation Loop
- Offering Loans for SME's to develop accommodation or tourist activity businesses

The difference is that all these businesses are launched with the period of 2021 – 2024 and in addition the following projects are also funded:

- Buying and operating small hotels, self catering houses and B&B properties
- Loaning the \$9 million gap for Metis Crossing Solar Farm
- Investing further in the Metis Crossing Accommodation offer
- Investing in four new attractions
- Re building the water supply system in Vilna

Option B: The Proposed Attractions

	2021	2022	2023	SITC Investment Mechanism	Notes
Metis Crossing Y1	2,313,831			Loan	Aimed at tourists, overnight tourists and Phase 1 opens in 2020
Victoria Settlement	900,000			100% Equity investment in new operating company with Metis Crossing	Adding some virtual reality and Augmented reality elements to a new tour of the site.
Wildlife Park				Fully funded 3 rd party operator	A river boat adventure to a 2000 acre wildlife reserve and a Bison Ranch Tour
Tree Nursery	800,000			100% Equity investment in new operating company the current site operator	An amazing tour of one of the worlds largest tree nursery, seed bank and incubation units. Better suited for older children and adults.
Smoky Lake Aquarium		710,143		50% Equity investment in new operating company the current site operator. Total project estimate at \$1.4m	A new project joining forces with a new fish farm operator. Focussing on the fish of Alberta this will be a must visit for all ages.
Smoky Lake Museum		616,810		100% Equity investment in new operating company the current site operator	An investment into more interactive visitor experience for this wonderful museum that tells the story of the whole region
Adventure Park			1,500,000	50% Equity investment in new operating company the current site operator. Total project estimate at \$3.0 m	Something for the super active and brave. Using one of the old gravel pits for a play lake, mountain bike activities, high ropes, ATV's and much more
Agri Tourism Farm			1,690,202	50% Equity investment in new operating company the current site operator. Total project estimate at \$3.4m	Converting an existing farm into a rural visitor attraction that entertains and engages visitors in the subject of farm to fork. Aimed at families.
Sub total	4,013,831	1,326,954	3,190,202		

Option B: The Proposed Attractions

Victoria Settlement - exists



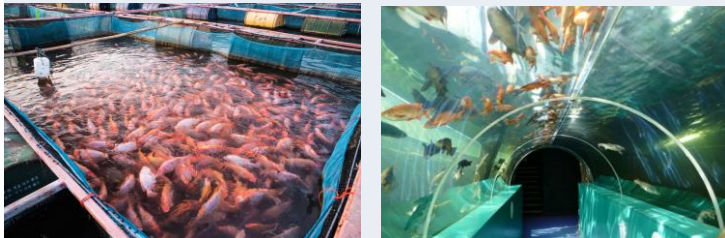
Wildlife Park - site agreed 3rd party ready to go



Tree Nursery - exists and needs investment



Aquarium - new site and operator Identified



Smoky Lake Museum - exists and needs investment



Adventure Park - possible sites and partner identified



Agri Tourism Farm - various site and partner options



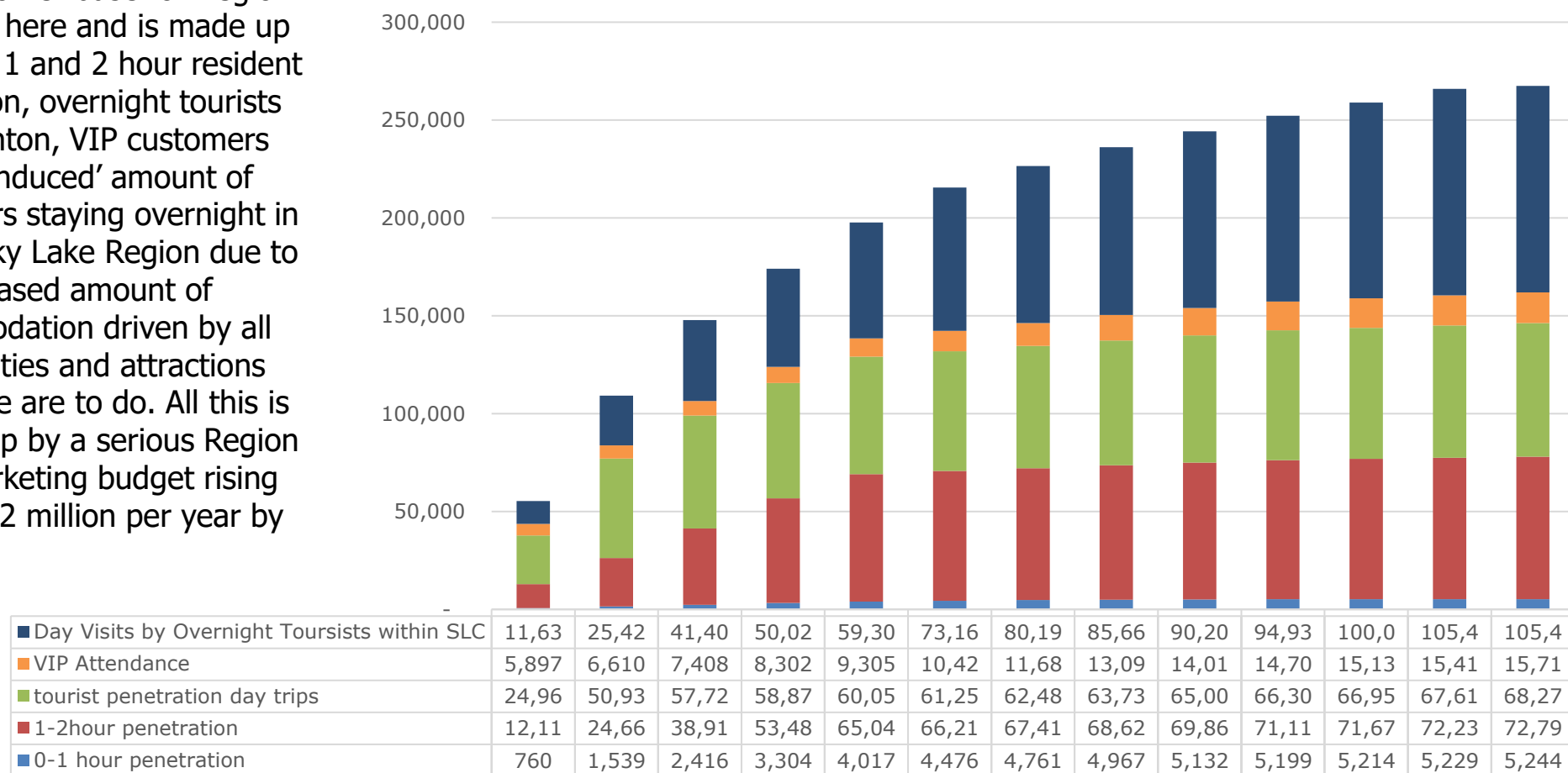
Metis Crossing - phase 1 open and needs Phase 2 investment



Option B: Attraction Attendance: Customer Base

The customer base for Region is shown here and is made up from the 1 and 2 hour resident population, overnight tourists in Edmonton, VIP customers and an 'induced' amount of customers staying overnight in the Smoky Lake Region due to the increased amount of accommodation driven by all the activities and attractions that there are to do. All this is backed up by a serious Region wide marketing budget rising to over \$2 million per year by 2024.

Attendance Forecast 2021 - 2033



Option B: Attraction Attendance: SLTC Attraction Attendance

Given that with the exception of 3 of the attractions most are short 1-2 hour dwell time meaning that tourist circulating around the Smoky Lake Ring will be able to achieve 1.6 to 2.5 (capped) in a day.

SLTC will not operate Metis Crossing or The Wildlife Park but will work very closely with them. Please note that the Metis Crossing attendance is from the original Vision XS business plan and given now the increased volume of tourists its annual attendance will be higher but not detract from the other attractions. More choice = more visitors.

	2021	2024	2027	2030
Attraction visits per visitor	1.6	2.5	2.5	2.5

The number of attractions per visitor has been capped at 2.5 in line with other similar tourist systems noting that Metis Crossing and The Agri Tourism Business will be the only 4+ hour dwell time attractions.

Annual Visits to individual attractions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Metis Crossing	27,609	38,739	48,352	55,864	67,582	72,755	77,069	81,683	85,974	90,217
Victoria Settlement	23,827	39,784	50,386	57,328	65,041	70,868	74,518	77,719	80,477	83,215
Wildlife Park	26,805	51,151	68,708	80,618	91,464	99,658	104,791	109,292	113,171	117,021
Tree Nursery	17,870	34,101	45,806	53,745	60,976	66,439	69,861	72,861	75,447	78,014
Smoky Lake Aquarium	0	28,417	38,171	44,788	50,813	55,366	58,217	60,718	62,873	65,012
Smoky Lake Musuem	0	22,734	30,537	35,830	40,651	44,292	46,574	48,574	50,298	52,009
Adventure Park	0	0	33,591	39,413	44,716	48,722	51,231	53,432	55,328	57,210
Agri Tourism Farm	0	0	61,074	71,660	81,302	88,585	93,147	97,149	100,596	104,019
SLTC Visits	41,697	125,035	259,565	302,764	343,499	374,271	393,548	410,453	425,019	439,480
Total Visits	96,111	214,925	376,625	439,246	502,545	546,684	575,408	601,428	624,163	646,718
SLTC Market Share of Visits	43%	58%	69%	69%	68%	68%	68%	68%	68%	68%

Option B: Commercial Investment Budget

There are currently over 75 properties for sale in Smoky Lake Region in a declining market. This Option includes the purchase of a number of small hotels that are on the market, assisting Metis Crossing with its accommodation offer in the form of a Lodge Hotel and Night Sky Pods along with the purchase of a number of residential homes along the Smoky Trail especially in the activity nodes. The total amount includes an RV Park at Victoria Settlement (or potentially lodges which commercially are better but subject to planning approval). The business model for SLTC getting a return on this investment is in renting some to staff, turning some into B&B and collectively running the hotels under one efficient central group. Further details of the properties are contained within the appendices.

Commercial:		Purchase Costs \$	Rooms	Refit costs
Warspite	Hotel	139,888	6	90,000
Waskatenau	Hotel	215,000	5	75,000
Waskatenau	Motel	235,000	16	240,000
Vilna	Hotel	135,000	8	120,000
Bellis	Antique shop	279,900	0	0
Smoky Lake	B&B	459,900	5	75,000
Smoky Lake	Super 8	1,700,000	40	2,100,000
Vilna	Theatre Building	500,000		500,000
Sub total		3,664,688	98	3,200,000
Grand Total				6,864,688

Residential Purchases	Amount
total purchased	34
Purchases for Staff	12
Purchases for Self Catering	12
Purchased for B&B	10
total area	44,317
total purchase cost	8,578,940
refit costs	
Staff accomm	391,925
Self Catering	697,185
B&B	525,880
Refit total	1,614,990
Project costs	10,193,930

	2021	2022	2023
Metis Crossing Y1	6,610,000		
VS RV Park	1,260,000	1,260,000	1,260,000
Real Estate (houses)	10,193,930		
Commercial	6,864,688		
Total	24,928,618	1,260,000	1,260,000

Option B: SLTC Accommodation Units Operated and % Market Share

The property purchases when converted into accommodation units are shown below along with the predicted percentage of the total Smoky Lake Region accommodation offer. Due to its booking system advantage SLTC will be able to successfully operate a bigger proportion of the more capital intensive accommodation such as budget hotel rooms with an estimated 58% of the total market by 2032, whereas for an SME led sector such as B&B rooms only 21% of the market will be operated.

Number of Rooms Operated by SLTC	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Glamping Tents	0	0	0	0	0	0	0	0	0	0	0	0
RV spaces	0	20	60	80	80	80	80	80	80	80	80	80
Camping	0	0	0	0	0	0	0	0	0	0	0	0
Dark Sky Units	0	0	0	0	0	0	0	0	0	0	0	0
Pods	0	0	0	0	0	0	0	0	0	0	0	0
Budget Hotel Rooms	24	50	98	98	98	98	98	98	98	98	98	98
Premium Hotel Rooms												
B&B rooms	16	35	35	35	35	35	35	35	35	35	35	35
Self Catering Apartments	7	12	12	12	12	12	12	12	12	12	12	12
total	47	117	205	225	225	225	225	225	225	225	225	225
Estimated % of the Total Rooms in Smoky Lake Region												
Glamping Tents	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RV spaces	0%	15%	38%	46%	43%	40%	38%	37%	35%	34%	33%	31%
Camping	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dark Sky Units		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Pods	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Budget Hotel Rooms	40%	51%	85%	78%	73%	70%	67%	65%	63%	61%	60%	58%
Premium Hotel Rooms												
B&B rooms	50%	83%	66%	56%	48%	42%	38%	34%	30%	27%	24%	21%
Self Catering Apartments	70%	92%	73%	62%	53%	47%	41%	37%	33%	29%	26%	23%

Option B: Infrastructure Investment

The infrastructure required to deliver the plan will cost just over \$46 million and will need to be invested or loaned in the first two years of the plan. Ideally the professional costs including design work which is included with each line item would commence in 2020.

Option B: Total Investment

The total investment from the Proposed Investor would be \$90 of equity into the SLTC in return for 49% of the company which would be set up as preference shares gaining 85% of the dividends paid with Smoky Lake County receiving 10%.

Infra Investments	2021	2022
Metis Crossing Inc Solar	9,000,000	
Water	12,600,000	
Sewers	11,550,000	
Electricity	1,050,000	
Gas	525,000	
Region Entrance Signs	630,000	
WIFI transmitter	840,000	
Vilna Water System		3,150,000
Smoky Ring New Links		2,646,000
Smoky Ring Cycleway		3,780,000
Smoky Ring Way Marking		378,000
Phase 1 Total	36,195,000	9,954,000

	2021	2022	2023
Sub Total Investment	65,137,449	12,540,954	4,450,202
Loan Scheme	8,000,000		
Total Investment	90,128,605		

Option B: Financial Modelling: Dividend income for SLTC from Attractions

The partner attraction investment businesses will generate a combined EBITDA of over \$3 million annual by 2029 of which once tax, reinvestment and sinking funds have been deducted 40% of the remaining amount is paid as a dividend to SLTC and the remainder to the operating partner where they have put in the same amount of equity. The ROI's for SLTC are also shown.

Metis Crossing is loaned its investment money hence it is not included in this table.

The ROI's are in keeping with the range of 10-20% for low capital attractions. Note they are the reason that people will book in the accommodation which is more of a driver of returns for SLTC.

EBITDA	2021	2025	2029	2032
Victoria Settlement	40,154	253,512	362,740	442,162
Wildlife Park	0	0	0	0
Tree Nursery	53,778	424,406	607,266	740,227
Smoky Lake Aquarium	0	179,836	300,206	365,937
Smoky Lake Musuem	0	163,832	234,421	285,747
Adventure Park	0	368,853	637,730	777,362
Agri Tourism Farm	0	380,224	761,667	928,435
EBITDA total	93,932	1,770,662	2,904,030	3,539,870
Dividends	2021	2025	2029	2032
Victoria Settlement	0	73,011	104,469	127,343
Wildlife Park	0	0	0	0
Tree Nursery	0	122,229	174,893	213,185
Smoky Lake Aquarium	0	51,793	86,459	105,390
Smoky Lake Musuem	0	47,184	67,513	82,295
Adventure Park	0	106,230	183,666	223,880
Agri Tourism Farm	0	109,505	219,360	267,389
EBITDA total	0	509,951	836,361	1,019,483
Annual SLTC ROI	2021	2025	2029	2032
Victoria Settlement	0.0%	8.1%	11.6%	14.1%
Wildlife Park	0.0%	0.0%	0.0%	0.0%
Tree Nursery	0.0%	15.3%	21.9%	26.6%
Smoky Lake Aquarium	0.0%	7.3%	12.2%	14.8%
Smoky Lake Musuem	0.0%	7.6%	10.9%	13.3%
Adventure Park	0.0%	7.1%	12.2%	14.9%
Agri Tourism Farm	0.0%	6.5%	13.0%	15.8%

Option B: Financial Modelling: Income Statement

The income model for SLTC only is shown below. Please note that this income model excludes attraction dividends or loan repayments which are income lines within the annual cash flow. The level of income rises from \$1.5 million to over \$10 million by 2027. Note that the income from the tourism levy is shown in here and also could be argued that this could come directly into the annual cash flow, which would have the effect of reducing the income, reducing the EBITDA but ultimately pushing more income to the bottom line profitability. Tax advice will be needed at the next stage to determine the most appropriate outcome.

Income Statement	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Attraction Equity Dividends	0	0	0	0	0	0	0	0	0	0
Marketing Fund	105,734	202,701	289,901	367,970	459,773	587,094	661,667	723,913	782,851	845,238
Infrastructure Capital Repayments	87,187	167,144	239,049	303,424	379,123	484,110	545,602	596,930	645,529	696,973
Infrastructure New Joiners	10,462	20,057	28,686	36,411	45,495	58,093	65,472	71,632	77,463	83,637
Tourism Levy	475,567	911,697	1,303,902	1,655,038	2,067,945	2,640,602	2,976,013	3,255,981	3,521,067	3,801,669
Staff Accommodation	35,100	71,386	132,875	182,447	214,107	225,015	232,891	241,042	248,273	255,721
Visitor Accommodation	795,795	1,925,912	3,476,370	4,125,384	4,763,815	5,182,467	5,544,182	5,765,949	5,996,587	6,236,450
loan repayments	0	0	0	0	0	0	0	0	0	0
Total Income	1,509,845	3,298,897	5,470,782	6,670,674	7,930,258	9,177,381	10,025,826	10,655,446	11,271,770	11,919,688

Option B: Financial Modelling: SLTC Profit and Loss

The operational cost remit of SLTC will be mainly running marketing and running the accommodation. Please note that the budget shown for marketing here is just for the team whereas the main budget will be gained from the operators in exchange for being part of the selling system for the Region. The budgets shown for staff include a small senior management team plus the management and sales team associated with running the accommodation include onsite managers at the mini hotels. Maintenance is another key cost. Overall the team will grow to around 30 people by 2024 and then remain fairly constant.

Headline P+L	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Trading Income	1,509,845	3,298,897	5,470,782	6,670,674	7,930,258	9,177,381	10,025,826	10,655,446	11,271,770	11,919,688
Expenditure										
Staff Costs and training	679,430	713,402	749,072	786,526	825,852	867,145	910,502	956,027	1,003,828	1,054,020
Marketing	280,000	294,000	308,700	324,135	340,342	357,359	375,227	393,988	413,688	434,372
Travel and Transport	12,079	32,989	43,766	53,365	63,442	73,419	80,207	85,244	90,174	95,358
Maintenance Materials	90,591	197,934	273,539	333,534	317,210	367,095	300,775	319,663	281,794	297,992
Overheads	75,492	164,945	246,185	300,180	317,210	367,095	350,904	372,941	338,153	357,591
security	60,394	131,956	164,123	200,120	198,256	229,435	200,517	213,109	225,435	238,394
Professional Fees	15,098	32,989	54,708	66,707	79,303	91,774	100,258	106,554	112,718	119,197
Business Property Tax	30,197	65,978	109,416	133,413	158,605	183,548	200,517	213,109	225,435	238,394
Cleaning (External Costs and materials)	75,492	164,945	246,185	300,180	317,210	367,095	401,033	319,663	338,153	297,992
Insurance	30,197	49,483	54,708	60,036	71,372	82,596	90,232	95,899	101,446	107,277
Other	150,985	494,835	547,078	466,947	475,815	458,869	501,291	532,772	563,589	595,984
Total	1,499,955	2,343,455	2,797,481	3,025,144	3,164,619	3,445,430	3,511,462	3,608,970	3,694,413	3,836,570
EBITDA	9,890	955,442	2,673,301	3,645,530	4,765,639	5,731,951	6,514,364	7,046,476	7,577,357	8,083,118
%EBITDA	0.7%	29.0%	48.9%	54.7%	60.1%	62.5%	65.0%	66.1%	67.2%	67.8%

Option B: Financial Modelling: SLTC Annual Cash Flow

Annual Cash Flow	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Loan Interest	1,425,811	1,425,811	1,425,811	1,425,811	1,284,230	1,134,863	977,280	811,031	635,638	450,598
Loan Income	1,425,811	1,425,811	1,425,811	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Attraction Dividend Income	-	74,319	162,151	317,979	509,951	635,698	720,155	778,879	836,361	896,816
Trading Income	1,509,845	3,298,897	5,470,782	6,670,674	7,930,258	9,177,381	10,025,826	10,655,446	11,271,770	11,919,688
Total Income	2,935,656	4,799,027	7,058,744	10,988,653	12,440,209	13,813,078	14,745,981	15,434,325	16,108,131	16,816,504
Expenditure	1,499,955	2,343,455	2,797,481	3,025,144	3,164,619	3,445,430	3,511,462	3,608,970	3,694,413	3,836,570
Tax	-	-	-	463,377	565,887	685,363	785,562	862,827	909,141	954,343
Sinking Fund	88,070	143,971	211,762	329,660	373,206	414,392	442,379	463,030	483,244	504,495
Net Annual Profit	1,347,631	2,311,601	4,049,501	7,170,472	8,336,497	9,267,893	10,006,578	10,499,499	11,021,333	11,521,096
Dividends paid to investor	-	1,964,861	3,442,075	6,094,901	7,086,022	7,877,709	8,505,591	8,924,574	9,368,133	9,792,932
Profit Share for Region	-	231,160	404,950	717,047	833,650	926,789	1,000,658	1,049,950	1,102,133	1,152,110
Net Annual Balance	1,347,631	115,580	202,475	358,524	416,825	463,395	500,329	524,975	551,067	576,055
Cumulative Bank	1,347,631	1,463,211	1,665,686	2,024,210	2,441,035	2,904,430	3,404,758	3,929,733	4,480,800	5,056,855

Option B: Financial Modelling: SLTC Annual Cash Flow Notes

The taxation level has been set at 12% and assumed no tax will be payable in the first three years. The loans that are repaid are also subject to this level of taxation. Given that the infrastructure tourism levy is also included in the income line which may not be taxable the levels of taxation here shown should be the worst cast.

An annual figure of 2% of trading revenue has been allowed for a sinking fund to replace major items on the property portfolio outside the annual maintenance budget in the P+L. Note no annual reinvestment is needed here but the arrangement with the Proposed Investor will allow further capital to be injected if the business case is robust and the trading levels of the existing business meeting their forecasts.

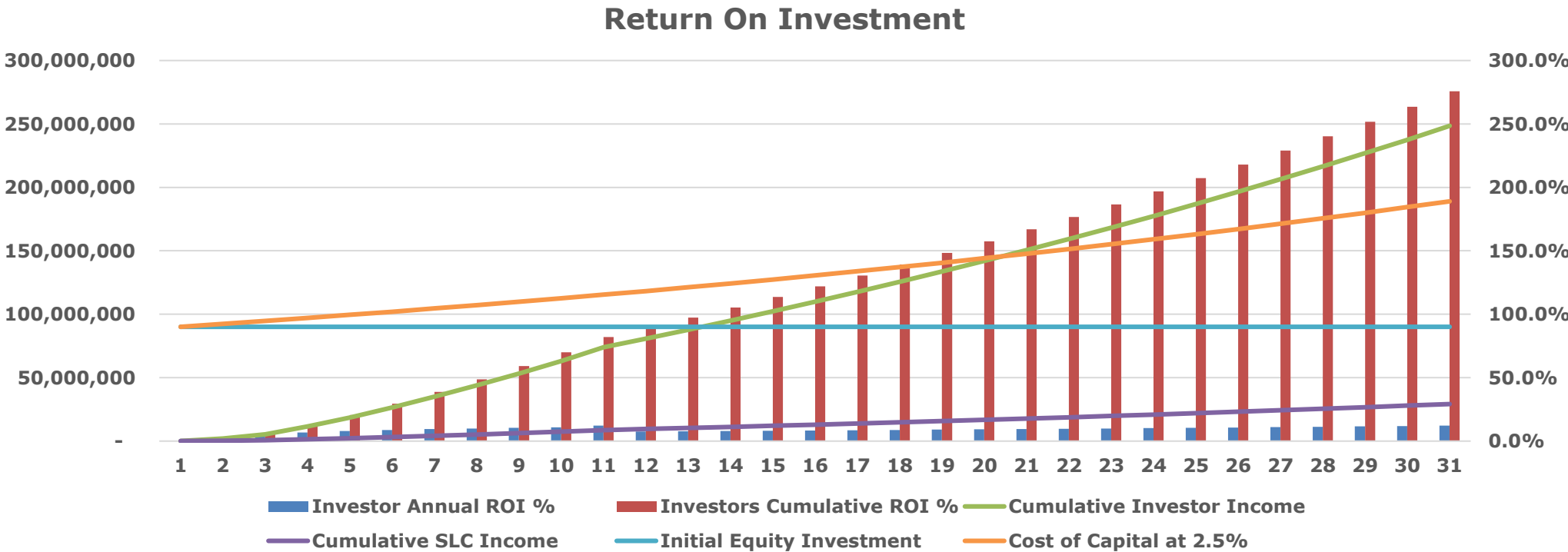
In order to achieve the level of returns appropriate for the risk for the investor the dividends are split as follows:

- 85% Investor
- 10% Smoky Lake County
- 5% retained to build up a balance (note once a level of the capital value of assets has been reached some of this could also be divided up between shareholders)

Option B: Financial Modelling: ROI's for the Investor and SLC Income

The investor returns over 20 years average at 7.88% and the capital only payback year is 13 years whereas the capital payback with the cost of capital at 2.5% per annum is 20 years.

Investor Returns	Average ROI
10 Year ROI	7.46%
20 Year ROI	7.88%



Option B: Financial Modelling: Possible Upsides

The following factors have the ability to improve the investor returns:

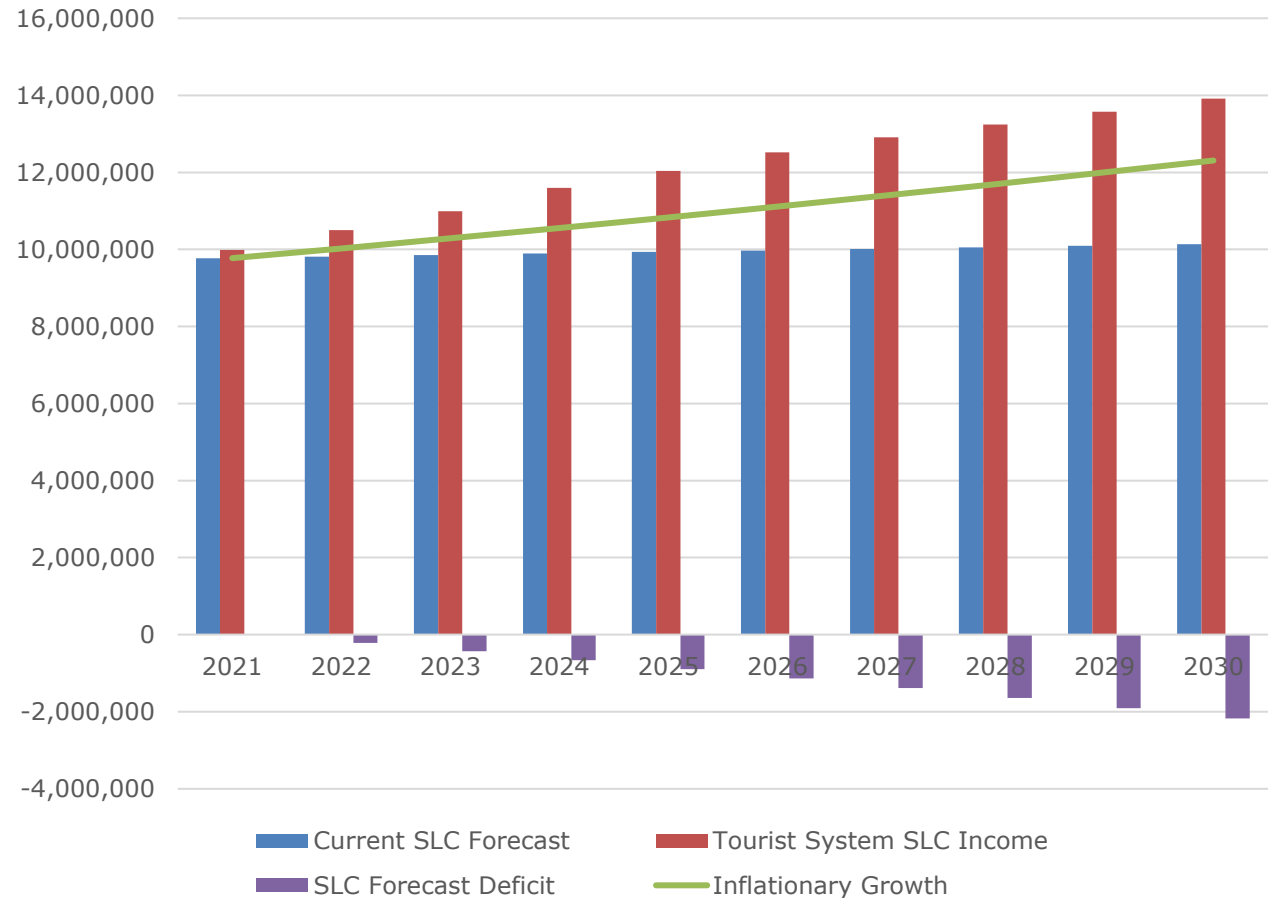
1. Utility repayment – set at 15% of utility bills to repay capex which could rise to 25%
2. A utility windfall tax on the utility companies to help repay the infrastructure – not included
3. An improved uptake in the new joiner infrastructure payments (set at 12% to 15-20%)
4. Increasing the tourism levy (currently set at 4.5% for infrastructure + 0.5% for marketing + 1 % for Smoky Lake County – increase infrastructure portion to say 6%)
5. Ongoing economic tourism growth for years 10-30 set at 2.5% which should reach 3.0%-4.0%
6. Product price rises for attractions and accommodation which are currently set at the current market rates and growing by 4% which could be 4.0%-6.0% in a growing tourist system as the destination becomes more popular
7. Attendance figures for the partner attractions could be 5-10% higher as the market penetrations are set at lower than standard levels

Option B: Economic Impact

Smokey Lake Counties finances are improved in Option B due to the more rapid growth in the tourist system and the additional dividend income from SLTC.

The 10 year average growth rate in income has moved from an average of 2.1 % to 3.7% from a current prediction of 0.4% with no tourist system. The annual revenue grows to around \$14 million by 2031 which will be needed to deliver the services required by a population that will have grown by 400-600 (12% over the period).

SLC Income Forecasts and Deficits



Option B: Economic Impact

Option B grows the tourism economy GDP much faster and as a result the total economic benefit in 2030 is over \$70 million a year as opposed to Option A which is around \$37 million.

Smoky Lake Analysis Tourism GDP	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Direct Tourism GDP	3,344,100	6,585,165	9,522,941	12,156,875	15,235,550	19,498,926	21,998,952	24,083,704	26,058,958	28,148,924
Indirect Community Benefit	5,016,150	9,877,747	14,284,412	18,235,313	22,853,324	29,248,389	32,998,428	36,125,555	39,088,436	42,223,386
Total Economci Benefit	8,360,250	16,462,912	23,807,353	30,392,189	38,088,874	48,747,315	54,997,381	60,209,259	65,147,394	70,372,310
Total Alberta Province Tourism GDP total inc SLC										
Direct Tourism GDP	7,072,343	13,879,580	20,051,669	25,539,110	32,007,302	40,934,316	46,189,118	50,574,859	54,729,293	59,125,297
Indirect Community Benefit	10,608,515	20,819,370	30,077,504	38,308,665	48,010,953	61,401,475	69,283,676	75,862,288	82,093,939	88,687,945
Total Economci Benefit	17,680,858	34,698,949	50,129,174	63,847,775	80,018,254	102,335,791	115,472,794	126,437,147	136,823,232	147,813,242

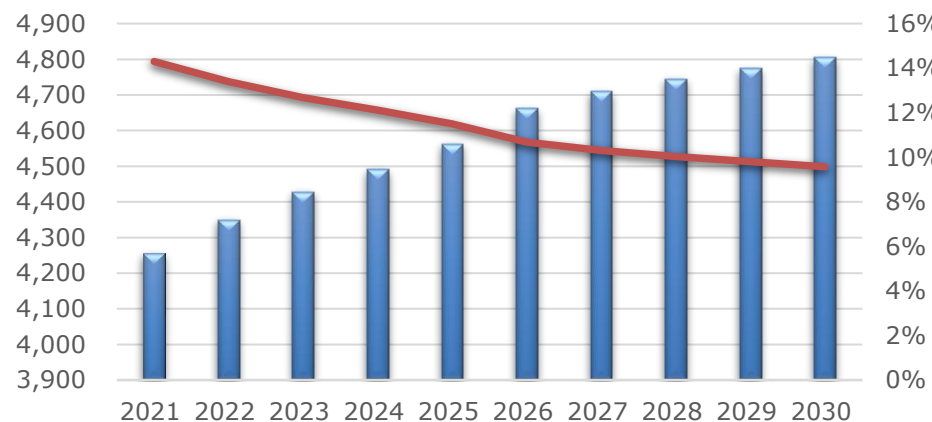
Option B: Economic Impact

Option B delivers over 750 new jobs in Smoky Lake Region over the first 10 years of the tourist system operation as opposed to Option A which delivered 330 new jobs.

Within Alberta the new jobs created moves to nearly 1400 by 2030.

The population across the county is forecast to move from c4,200 people @ 1.8 people per household to 4,800 people @ 1.99 per household.

Population and Unemployment Changes due to Option B



Smoky Lake County Jobs Created	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Metis Crossing Jobs	15	21	29	36	39	40	42	44	45	47
SLTC Jobs	23	26	29	31	31	32	32	31	31	31
Other Direct Tourism Jobs	25	54	76	92	117	153	169	181	190	199
Supporting Jobs	31	51	66	78	94	114	125	132	139	145
Total Jobs with multiple	170	274	358	427	504	611	662	698	730	762
Total Jobs (no multiple)	95	152	199	237	280	339	368	388	406	424
Total Jobs In Alberta Province										
Metis Crossing Jobs	19	27	36	45	49	51	53	55	57	59
Other Direct Tourism Jobs	42	85	120	147	184	237	262	280	296	311
Supporting Jobs	75	123	161	192	231	283	311	332	351	370
Total Jobs with multiple	286	470	621	746	889	1,085	1,184	1,257	1,322	1,389

Option B: High Level Risk Assessment

The High Level Risk Assessment here focusses on Option B

Key Risk	Impact	Solution/Mitigation
Infrastructure Delivery delays.	SLTC will find it difficult to grow as will the other tourist businesses. Without the Smoky Ring the system will not have the appeal and both issues will lead to a reduction in bed nights and day visitors.	Ensure a strong, capable infrastructure delivery project team with clear goals and the correct levels of support from SLC.
Not raising the c\$2 m origination fee to see the process going, in ability to raise the tourism levy, inconsistency of approach, political private opposition to the plan or lack of Metis Nation involvement.	SLTC will not happen.	A SLC management team consisting of key stakeholders from the public office, political and the business community to manage the investment process and associated actions and timelines to achieve this.
Lack of private investment to back the public infrastructure investment in the early years of the strategy.	The system will stall in terms of jobs and economic growth after a few years.	A SLC Loan Investment Scheme perhaps partly backed by grant, private equity and community crowd funding.
Not settling up a Region wide marketing group with a single booking system and operator membership scheme.	Much lower visitor numbers and bed nights as the individual marketing budgets will not have the same reach especially with the travel trade.	Setting up the centralised marketing company before any development starts and ensuring that there is a quality delivery element/check to membership that is ongoing and ensuring that the booking system for the visitors is ready to go ASAP.

Option B: Next Steps

In order to Progress Option B the following action plan is recommended

- 1) Agree amongst Members and the Senior Officers of Smoky Lake County that this is the preferred option
- 2) Set up an MOU with the Investor
- 3) Deliver on the details
 - 1) Put in place the tourism levy
 - 2) Get support on checking the capital budgets
 - 3) Identify partners and land for the different attraction operators
 - 4) Build a detailed list of properties to be purchased and agree sale values
 - 5) Set up the project delivery team ready and the governance structure for SLTC
- 4) Prepare a longform investment contract and set up the special purpose vehicle Smoky Lake Tourism Company 'SLTC'
- 5) Make available the 2% c\$2million arrangement fee available for the investment in a mutually agreed impartial lawyer
- 6) The Investor will also make the investment funds available to the same agreed Lawyer
- 7) On the signing of the Longform Investment Contract the investment money can be drawn down and the capital expenditure for 2021 onwards can begin

Appendix – Smoky Lake Region Income Breakdown

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Municipal res	1,690,935	1,789,159	1,843,552	1,901,695	1,971,349	2,052,206	2,099,961	2,166,973	2,240,817	2,319,379
Municipal farmland	729,935	743,074	756,450	770,066	783,927	798,038	812,402	827,025	841,912	857,066
Municipal Small Bus	200,445	201,866	300,227	388,848	468,365	561,630	690,419	766,509	830,302	890,811
Municipal non res	6,061,619	6,085,866	6,110,209	6,134,650	6,159,189	6,183,826	6,208,561	6,233,395	6,258,329	6,283,362
Municipal M & E	1,196,567	1,251,611	1,285,107	1,320,575	1,361,854	1,408,794	1,439,498	1,479,848	1,523,705	1,570,026
Tourism Levy	105,734	202,701	289,901	367,970	459,773	587,094	661,667	723,913	782,851	845,238
SLTC Dividend	0	231,160	404,950	717,047	833,650	926,789	1,000,658	1,049,950	1,102,133	1,152,110
Total	9,985,236	10,505,437	10,990,395	11,600,852	12,038,107	12,518,377	12,913,166	13,247,614	13,580,048	13,917,992

Worst Case Forecast by SLC

9,773,820	9,813,269	9,853,475	9,894,457	9,934,035	9,973,771	10,013,666	10,053,721	10,093,936	10,134,311
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Vision XS Introduction

Our Story – the foundation years

1980's Visitor Experience Thinking and Sketching Book.....

1992: Mathematical Modeller and Structural Engineer. Finite element

1995: First useable experience model

1996: IAAPA grant - research began 'what do people like'

1997: Vision XS was founded in to develop the IAAPA research further and develop tools and psychological/business data collection to help the industry. First UK psychological experience surveys



Our Story – the growing years

1998: X-Mod (Experience Modelling Programme)

1999-2000: X-Mod was tested on Bristol Zoo, various Natural History Museums including London, Paris and New York, Woburn Safari Park and several others.

2001: First Business Plan linked to the Experience Model

Over the next 8 years Vision XS grew to employing 30+ people and we travelled the world.....



Our Story – the Paramount Years

2005-2007: Business Recoveries

2008: London Paramount

2013: Kuwait investment company KEH bought the company

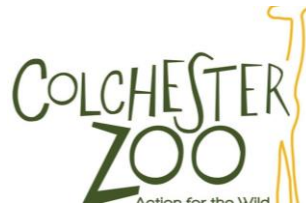
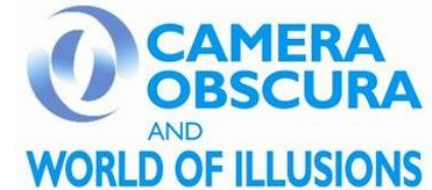
2013: We went back to our first love..... Experience and Business Planning



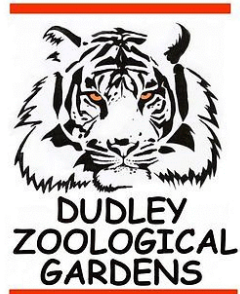
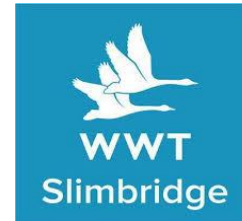
Client list over 21 years



Client list continued



Client list continued



Client list **60% Private** **20% Government** **20% National Orgs.**



Dubai Parks
AND RESORTS

Current Projects:

- Dubai Festival City – leisure and health facility design for a new city
- Imperial War Museum Duxford – 10 year strategic plan
- English Heritage Flaxmill – 10 year strategic plan
- Portugal – World of Wine – business and product plan
- Longleat Safari Park – 10 year strategic plan
- Masai Mara, Kenya – New Eco Experience Camp
- Floriade 2022, Holland – Visitor Experience analysis, flow and Visitor Management plan
- Sefton Borough Council – seaside regeneration project (branded Children's Theme Park)
- Government of Jersey – Medical Tourism Project
- Forest England – 60 site business plan and implementation