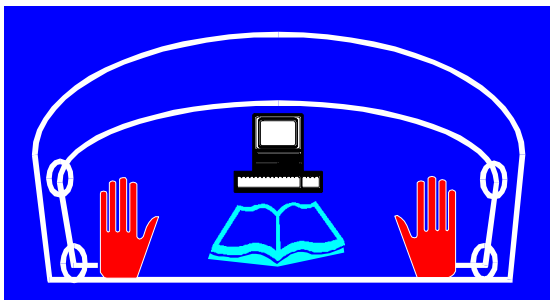

An Examination Of The Potential And Demand For Hotel Facilities In Tuktoyaktun, Nwt

Type of Study: Feasibility Studies
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AN EXAMINATION OF THE POTENTIAL AND DEMAND FOR NEW HOTEL FACILITIES IN TUKTOYAKTUK, N.W.T.

PRESENTED TO

DEPT. OF ECONOMIC DEVELOPMENT & TOURISM

G.N.W.T.

November, 1982

RMC RESOURCES MANAGEMENT CONSULTANTS (N.W.T.) LTD.
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SUMMARY OF FINDINGS

SUMMARY OF FINDINGS

On the basis of our research and analysis, we present hereunder a summary of the main findings of this feasibility study.

KEY MARKET INDICATORS:

On the basis of our overall findings in this section we present key indicators of the extent and magnitude of the current hotel market in Tuktoyaktuk.

Demand:

* There is a strong presence of the oil and gas industry in and about Tuktoyaktuk. Hotel bednight demand for major operations in this sector has been estimated to be about 3790 representing approximately 71% of the total market. This demand component is largely spread over the spring, summer and fall operating period;

* Government and other business travel represents 8% or 460 bednights spread evenly throughout the year;

* A tourist market of 20% or 1080 bednights potentially exists and is largely concentrated to the summer months, although there is some winter tourist traffic as well;

* Overall current hotel bednight demand is highly concentrated during the spring, summer and fall during which time industry and tourism needs coincide. Tourist traffic is lagged by one month at the spring shoulder period. In absolute terms, this means that of the total annual estimates, approximately 87%, or, 4637 bednights are required from about May until September;

* At present, it would appear Dome Petroleum and Gulf are serving a large proportion of its own accommodation needs at various camp facilities located in or about Tuktoyaktuk.

* The extent and timing of the Beaufort Sea Expansion by Dome, Esso and Gulf is undeterminable at this time. Thus we are unable to predict with any degree of precision the extent to which these activities will impact hotel bednight demand in Tuktoyaktuk. However, it is recognized that the commencement of this potential expansion will heavily weigh the demand for goods and services, including hotel facilities in this community.

Supply:

* The current market is presently serviced by the Beaufort Inn which has a capacity of 14 rooms or 28 beds;

* The application of industry standards such as occupancy rates, turnover rates and market shares to this hotel facility would be inappropriate. All indicators suggest this hotel is under-servicing the current market and desparately requires management assistance. No apparent operating regime was discernable at the time of visit in Tuktoyaktuk.

Therefore in summary, a market demand of approximately 5,300 hotel bednights exists in Tuktoyaktuk. Overall demand is largely composed of oil and gas sector needs (71%) and is therefore constrained to industry operating periods between May and September. A residual demand component is made up by tourist and government accommodation needs throughout the summer and winter months. The market is currently under-served by one 14 room hotel. Because of the present poor services provided by the Beaufort Inn it is likely that any new entrant into this market would succeed in capturing at least 75% of existing shares. As with most proposed large scale hydro-carbon activity in the Northwest Territories, the likelihood, timing and magnitude of such developments and the resultant business services demanded by them can not be predicted with precision at this point.

UNIT SIZING AND FINANCIAL FEASIBILITY

Depending on the extent of industry support, amount of financial assistance available, vis-a-vis, grant funding, and given the present level of hotel service available, a 16 room hotel unit would be the size indicated under such conditions. At present, low house margins are forecast for each operating period examined. Although there appears to be an underlying faith in future market potential, there is little evidence available to suggest that the present conditions will change in the very short term.

In view of which we conclude that:

* Without a firm contract from industry and government for a break-even bednight demand level there presently appears to be an extreme risk in investing in a new hotel facility for Tuktoyaktuk, and,

* This risk will necessarily be reduced upon the commencement of the Beaufort Sea expansion and dependent market inputs.

* On the above basis, we selected and costed three hotel sizes to establish a comparative economic bench mark upon which a reasonable feasibility assessment could be performed.

INTRODUCTION

1. INTRODUCTION

At the request of client interest in Tuktoyaktuk,N.W.T. the Department of Economic Development, Government of the Northwest Territories contracted RMC Resources Management Consultants (N.W.T.) Ltd. to investigate the feasibility of establishing a hotel facility in this community. In response we have considered a wide range of industry specific indicators, trends in the Mackenzie Delta economic climate and conventional techniques of financial analysis in undertaking this assignment. These factors, including specific outputs formed the framework from within which the feasibility study evolved.

1.2 Expected Study Outputs

On the basis of client needs and departmental expectations the study was to determine and quantify where indicated:

* relevant characteristics of market supply and demand;
* market constraints and examine unit sizing options in terms of house margins, comparative economics and potential for returns to risk, and,
* provide recommendations on the basis of the above market research.

1.3 Study Apporach and Methodology

In the conduct of this feasibility study we believed there to be a critical path to be followed. Specifically, we approached the overall work plan in the following sequence:

* reviewed all available published and unpublished hotel market data on the Tuktoyaktuk vicinity, including relevant reports on the past, present and future activities of the hydro carbon sector;
* interviewed relevant industry, government and private citizens on various aspects of hotel demand and supply;
* where substantive data was lacking, and in the absence of suitable corrective methodology, we attempted to solicit informed opinion about various costs, and market conditions;

* on the above basis, we selected and costed three hotel sizes to establish a comparative economic bench mark upon which a reasonable feasibility assessment could be performed.

* the results of these and other relevant analyses are outlined in the discussion, entitled "Summary of Findings and Key Market Indicators."

DEFINITION OF EXISTING HOTEL MARKET

2. DEFINITION OF EXISTING HOTEL MARKET

2.1 INTRODUCTION

As a predicate to this section dealing with the assessment of the market potential for a new hotel facility in Tuktoyaktuk, it is relevant to indicate that a review of published and unpublished literature was initiated, interviews with key industry and government officials were conducted and a physical inspection of existing competitor facilities was performed. Results of these and other investigations are summarized below.

2.2 CURRENT HOTEL SUPPLY IN TUKTOYAKTUK, N.W.T.

At present there is only one operating hotel facility in Tuktoyaktuk. This hotel (Beaufort Inn) contains 14 rooms of which 9 are open during the winter months.

Based on a visit to the facility, we present hereunder relevant observations:

* Twelve rooms contain two single beds with twin beds in the remainder;

* Kitchen facilities have the capacity of accommodating up to 40 guests on a camp style basis;

* The general condition and quality of service is below standard, exemplified by:

- There appears to be little or no regular maintenance on the hotel. The roof leaks, light bulbs are burned out and appliances such as television are inoperative.

- Room telephone service is unavailable;

- Rooms lack basic amenities such as towels and clothes racks, hangers and tissue paper holders;

- General housekeeping is a problem and the facility appears to lack the necessary support staff in this area.

- Because of apparent structural problems, vis a vis, the leaking roof, the owner/manager of the Beaufort Inn has indicated preliminary planning is being done to add a second story. The timing and increased capacity of such an undertaking is unknown at this point.

* Based on our investigations with relevant officials of the Department of Economic Development and Tourism and industry, we have found that not withstanding the presence of a 28 bed hotel facility in Tuktoyaktuk the market is under serviced and any new entrant of

sufficient scale,would attract at least 75% of the market share. The inclusion of a dining facility would also likely pose strong competition to the Reindeer Grill which is essentially a fast food outlet with minimum seating capacity.

* Precise occupancy rates for the Beaufort Inn were not available, however, current business volumes are strongly tied to the oil and gas activity in or about Tuktoyaktuk.

2.3 DEMAND SIDE ESTIMATES

In our analysis of current and future demand for hotel room nights we have examined its composition from two perspectives. First, we have organized the data into Business and Leisure Traveller components. Then we have further subdivided this information as to the relative importance of each sub-category. For the purposes of this analysis we have assumed that the majority of business visitors would be made up by representatives of the major resource companies such as Dome Petroleum, Esso Resources, Gulf Oil, and Government travel. Pleasure travellers are represented by guests of tour companies and other individual tourists.

2.4 BUSINESS VISITORS - MAJOR RESOURCE COMPANY INVOLVEMENT

Activities of the three main oil and gas exploration and development firms will have significant impact on demand for a Tuk accommodation facility. Results of interviews conducted with officials of Dome, Esso, and Gulf are discussed below:

a) Dome Petroleum Ltd.

In general, Dome Petroleum has a history of expansion in the north. Their Tuk base camp can now accommodate 360 people. They have stated that future expansion would occur outside the town, i.e., at locations such as McKinely Bay.

The current base cannot satisfy present accommodation requirements during the peak summer season as approximately 15 excess beds are now required, a number of which are supplied by the Beaufort Inn. They have stated that their first preference is to continue their present "commitment" to this operation, i.e., they would not support a new facility if it would result in the closure of the Beaufort Inn. However, it appears that the Inn cannot

satisfy Dome's excess requirements, and that a small number of beds at a new facility would most likely be utilized by Dome. Most of this demand would occur during the summer months, although Dome is proceeding to a more year-round operation.

b) Esso Resources

Esso Resources comment that at this time their future level of activity is unclear. They established a new camp in the fall of 1981 on the east side of the bay from the Hamlet. As such, there is a logistical problem for Esso personnel staying in Tuk since they must employ a boat or helicopter to cross the bay in order to reach their base camp.

In accordance with their policy of utilizing local business, where possible, Esso would support an accommodation facility. Tradespeople, contractors and other related workers would use it.

c) Gulf Canada Resources

Gulf is planning to complete their base camp in 1982, although its size has yet to be determined. Gulf predicts that their presence in Tuk will increase over the next 3 years and stabilize thereafter. Company personnel are encouraged to use local business facilities. Demand for a hotel would result from casual, temporary and layover personnel.

d) Dome, Esso, Gulf Combined Demand

The combined demand from these three major resource companies would be in the neighbourhood of 35 beds per day during the peak months of July, August and September. (It is important to note that the pleasure visitor peak season begins earlier; June, July, and August.) During the remainder of the year, demand for a hotel would decrease drastically and be minimal as their individual base camps could easily satisfy bed requirements during that season. However, if these companies achieve the desired expansion of their operations (see Appendix # xviii) to a more year-round season, demand in the spring, fall and winter seasons could increase substantially. We estimate demand to be 2 beds per day during this off season period.

As the level of activity of these companies over the next 5 years is uncertain, the demand for a hotel is

forecasted conservatively to be at a rate of growth of 5% per year.

2.5 OTHER BUSINESS VISITOR GROUPS

Other business visitor groups were identified and interviewed. Comprehensive interviews were conducted and the standard questionnaire administered to various Departments of the Territorial and Federal Governments.

Other potential business visitors include other territorial and federal departments and other resource and business organizations such as NCPC and NorthwesTel.

The combined demand of these other business visitors is estimated conservatively to be equal to an average of two beds per day during summer and one bed per day during winter.

2.6 TOURIST DEMAND FOR HOTEL BEDNIGHTS

On the basis of historical and guided tour visitation data, as well as survey results contained in Appendix # vii, we have assumed a market exists for approximately 480 bednights for guided tourists during the 1982 season. We have also assumed that an additional 600 bednight demand will be generated by individual tourists over the course of the year.

2.7 SUMMARY OF TOTAL ESTIMATED DEMAND

Estimated demand is summarized in the following Table # 1. Currently, most demand occurs only during the summer peak season. Demand during the winter may increase as resource activity becomes less seasonal, however, the timing or magnitude of such developments is not known at this time.

TABLE # 1

COMPOSITION OF CURRENT (1982) DEMAND FOR HOTEL BEDNIGHTS PER DAY IN TUKTOYAKTUK

Composition	Summer	%Total	Winter	%Total	Total/Year	% Distribution
Dome, Esso, Gulf	35	77.8	2	57.1	3790	71.1
Govt & Other Business	2	4.6	1	28.6	460	8.6
Tour & Pleasure Travel	4	8.8	0	0	480	9.0
Other Tourist Travel	4	8.8	.5	14.3	600	11.3
TOTAL	45	100.0	3.5	100.0	5330	100.0

Source: Derived on the basis of survey results.

NOTES:

1. Above estimates were derived from indepth interviews with relevant government, industry and tourism representatives.

2. Government and industry summer demand has been estimated to materialize during July - September.

3. Total tourist related demand has been logged to realistically occur during June - September, Delta tourism season.

2.8 MARKET SHARE OF A NEW HOTEL

With the supply and demand estimates providing background, the market share of a new hotel will be examined in this section. The market share is defined as the percentage of the total market demand being satisfied by a particular business. In this case, a new hotel's market share will be an indicator of that hotel's performance relative to the performance of the existing Beaufort Inn.

The new hotel's share will depend upon its method of entry into the Tuk market. One of the available options would be to purchase the existing Beaufort Inn, expand its capacity and improve the level of service. Under this scenario, the new hotel's market share would be 100% of the total demand.

Another option would be to enter the market in direct competition with the existing facility. For analysis purpose, it is assumed that this alternative is selected. Accordingly, in this case the Beaufort Inn's share will immediately decrease. An important determinant governing the two market shares will be the level of service offered by a new competitor. If it exceeds the poor quality presently being offered by the Beaufort Inn, then its share could very well exceed that of the present hotel. This assumes that other factors such as price, location, etc. are approximately equivalent for the two businesses.

The introduction of a competitor into the current market could result in beneficial effects for the industry and its customers. A higher level of service offered by the new venture could stimulate the existing hotel to increase its service level in order to compete favorably with the new entry. Therefore, the total level of service supplied by this industry could increase significantly. As a result, more customers may be encouraged to overnight in Tuk

thereby increasing total demand for the hotel industry. The efficient functioning of local business would also be facilitated by introducing this option into the market. Some business people interviewed commented that they returned nightly to Inuvik due to unavailability of lodgings or a desire not to utilize the present hotel. They stated that it would have been more efficient to be able to overnight comfortably in Tuk.

The Beaufort Inn's current capacity is 28 beds. Total summer per day demand is 45 beds. Taking the worst case for a new venture in assuming that the Beaufort Inn's demand decreased marginally from total occupancy of 28 bednights to 25 bednights, then the new entry would supply a demand of 20 beds per night during summer. This is a market share of 44 percent and results in a 1982 total demand of 2345 bednights, increasing under low growth conditions to 2504 bednights in 1986.

Taking the case where the new motel's market share is considerably larger than the pessimistic case and at about 75% of the market share the result is a 1982 total demand of 3998 bednights , increased to 4268 in 1982, to 4562 in 1984 to 6508 in 1985 to 6971 in 1986.

The following table shows penetration at various market shares.

TABLE 2
MARKET SHARE AT VARIOUS LEVELS OF PENETRATION

		44%	50%	75%	100%
Total Market in Bednights					
1982	5330	2345	2665	3998	5330
1983	5691	2504	2846	4268	5691
1984	6082	2676	3041	4562	6082
1985	6508	2864	3254	4881	6508
1986	6971	3067	3486	5228	6971

Given the present physical condition of the Beaufort Inn, the quality of services and the uncertainty as to retrograd, we have assumed that a new entrant into the Tuktoyaktuk market would capture at least 75% of the current bednight market.

2.9 FUTURE MARKETS

Given the presence of the oil and gas industry in or about Tuktoyaktuk there exists a strong influence by this sector as to the extent, timing and growth of the service business activity in the community. Over the past six years significant local business development has occurred primarily in response to industry needs. Because of the accelerated nature of this growth there is the underlying faith that an increasing demand for a wide range of goods and services will continue over the medium to longer term. As we are not privy to the decisions currently being made on the acceptability of the Beaufort Sea Environmental Impact Statement, we are unable to predict the liklihood, timing,

and magnitude of such activities. We have, however, from an academic viewpoint, prepared crude approximations of hotel bednight demand under various growth conditions. Where possible we have attempted to tie the values to the proposed Beaufort Sea Expansion outlined by Dome Petroleum, Esso Resources and Gulf Canada Resources Inc. A summary of this projection is outlined in the following Tables and Diagrams.

TABLE # 3

* SUMMARY OF ESTIMATED AGGREGATE BEDNIGHT DEMAND UNDER VARIOUS GROWTH CONDITIONS

Growth Condition	1982	1983	1984	1985	1986
1.	5330	5691	6082	6508	6971
2.	5330	5880	6490	7165	7922
3.	5330	6077	6933	7913	9035
4.	5330	6281	7408	8747	10335
5.	5330	6698	8440	10668	13516

* see footnotes to individual growth condition tables.

TABLE # 4

FORECASTS OF TOTAL ESTIMATED BED NIGHT DEMAND AT VARIOUS LEVELS OF SECTOR INTENSITY

"GROWTH CONDITION 1"

Demand Composition	Growth Parameter	1982 Base Year	1983	1984	1985	1986
Dome, Esso, Gulf.	5%	3790	3980	4178	4387	4602
Govt & Bus.	5%	460	483	507	533	599
Tour Traffic	12%	480	538	603	675	765
Other Tourist	15%	600	690	794	913	1049
TOTAL		5330	5691	6082	6508	6971

Notes:

1. Data base sources from in depth interviews as outlined in appendix section of the report.

2. Because of the relative uncertainty of the extent, timing and magnitude of the planned Beaufort Sea expansion, we have assumed for this growth condition, a modest growth rate of 5% for both government and industry sectors. We have however, assumed a more optomistic annual growth rate of 12% for the tourist sector as a reflection of past trends in tourist activity within the Beaufort/Delta area. This growth rate also assumes, of course, that the proponents of any new or improved hotel/motel facility in Tuktoyaktuk would aggressively promote its attractiveness. We have further assumed a new or improved facility would induce tourist demand, although the extend of which is unknown at this time.

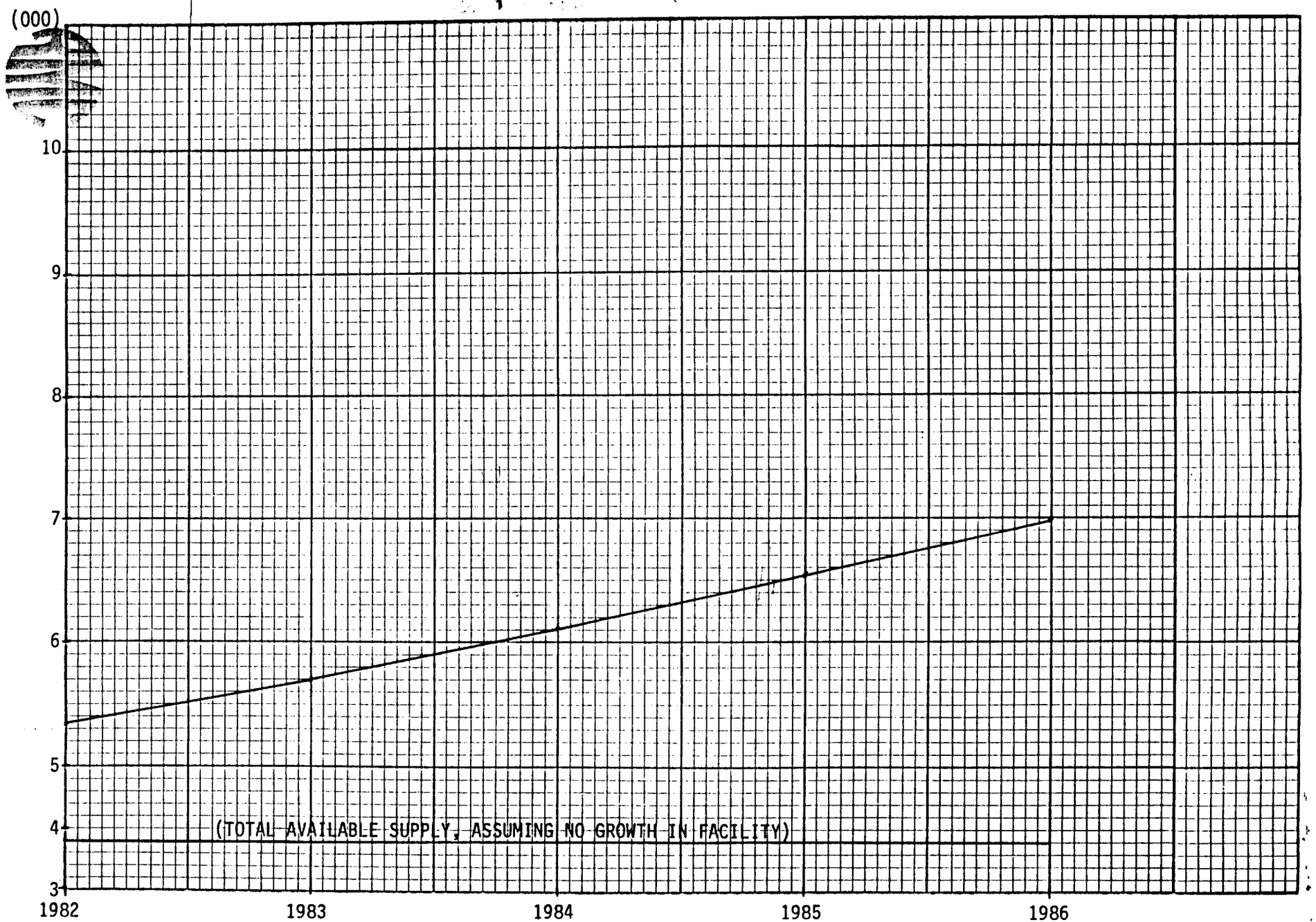

Diagram #1 FORECAST OF ESTIMATED AGGREGATE BEDNIGHT DEMAND UNDER GROWTH CONDITION #1

TABLE # 5

FORECAST OF TOTAL ESTIMATED ANNUAL BEDNIGHT DEMAND AT VARIOUS LEVELS OF SECTOR INTENSITY

"GROWTH CONDITION 2"

Demand Composition	Growth Parameters	1982 Base Year	1983	1984	1985	1986
Dome, Esso, Gulf (Pre-production)	10%	3790	4169	4586	5044	5549
Govt & Bus.	5%	460	483	507	533	559
Tour Traffic	12%	480	538	603	675	765
Other Tourists	15%	600	690	794	913	1049

Notes:

1. For the above table we have increased oil and gas industry annual growth rates to 10% to approximate moderate growth in this sector. We have not assumed in this sector that industry specific accommodation needs would follow the prior 1975-1980 actual curve experienced by major operators such as Dome Petroleum and its subsidiary, Canmar Marine Ltd. However, this potential growth rate is based on the assumption at that Dome, Esso, and Gulf's Beaufort Expansion plan will proceed after the Environmental Impact statement and hearings have concluded. For a further discussion of these and other related development in the Beaufort Sea area, refer to the "Hydro Carbon Development in the Beaufort Sea - Mackenzie Delta Region", June 1981 prepared by Dome, Esso, and Gulf Canada Resources Inc.

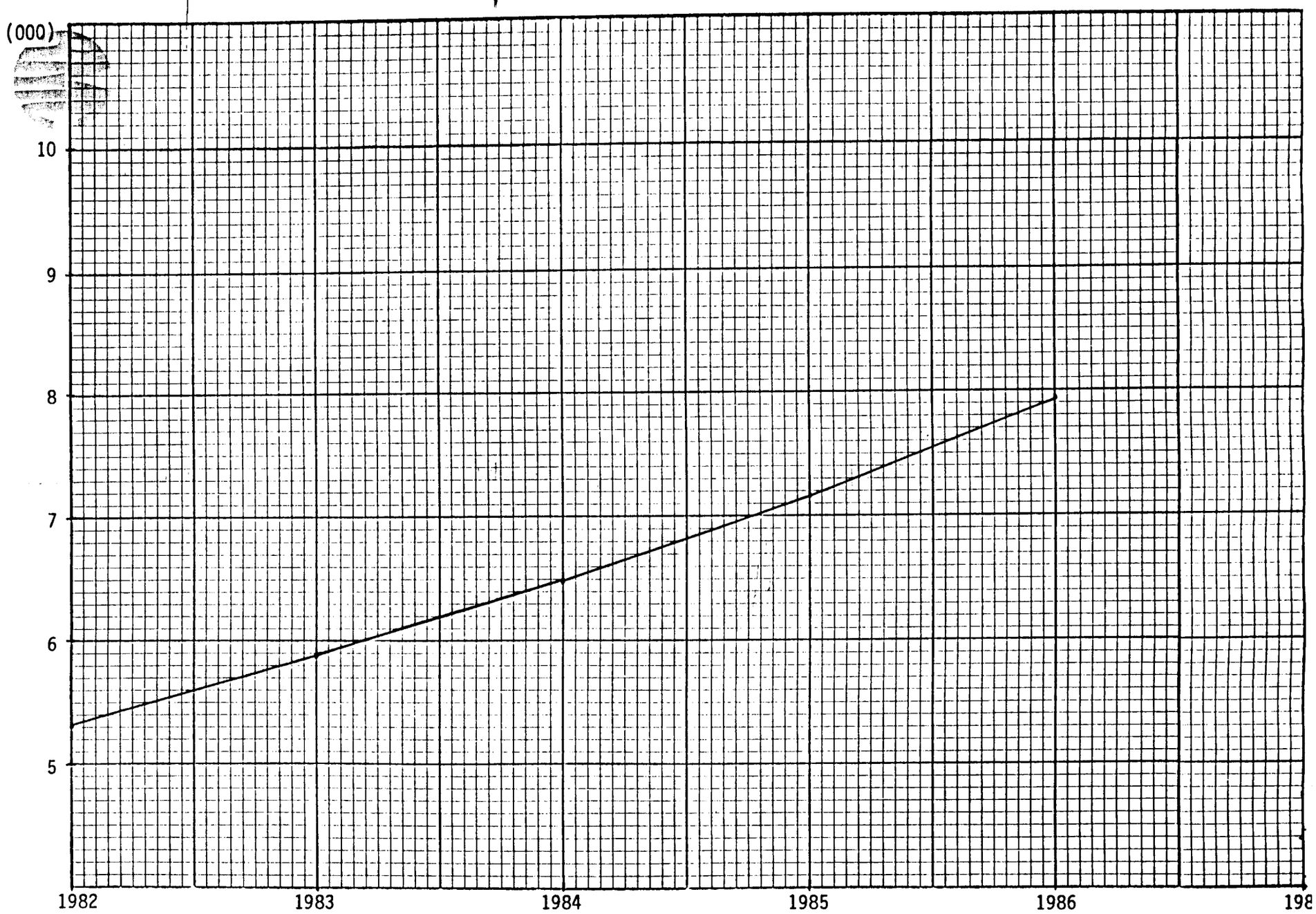

DIAGRAM # - FORECAST OF ESTIMATED AGGREGATE REDMEAT DEMAND UNDER GROWTH CONDITION #2

TABLE# 6

FORECAST OF TOTAL ESTIMATED ANNUAL BEDNIGHT DEMAND AT VARIOUS LEVELS OF SECTOR INTENSITY

"GROWTH CONDITION # 3"

Demand Composition	Growth Parameters	1982 Base Year	1983	1984	1985	1986
Dome, Esso, Gulf	15%	3700	4358	5012	5764	6628
Govt & Bus.	7%	460	492	526	563	603
Tour Traffic	12%	480	537	602	674	755
Other Tourists	15%	600	690	793	912	1049
TOTAL		5330	6077	6933	7913	9035

Notes: In this example we have assumed that hydro-carbon industry demand would increase at a rate of 15% per year. In response, government and business travel have been moderately increased to a 7% growth rate, with tour traffic remaining constant. However, the "other tourist" component of bednight demand is shown to increase in response to the level of industry activity. Based on informed opinion and our professional experiences we believe this relationship exists because of the uniqueness of larger industrial projects. Thus, there is a natural tendency for tourist to visit remote communities which have dual economics.

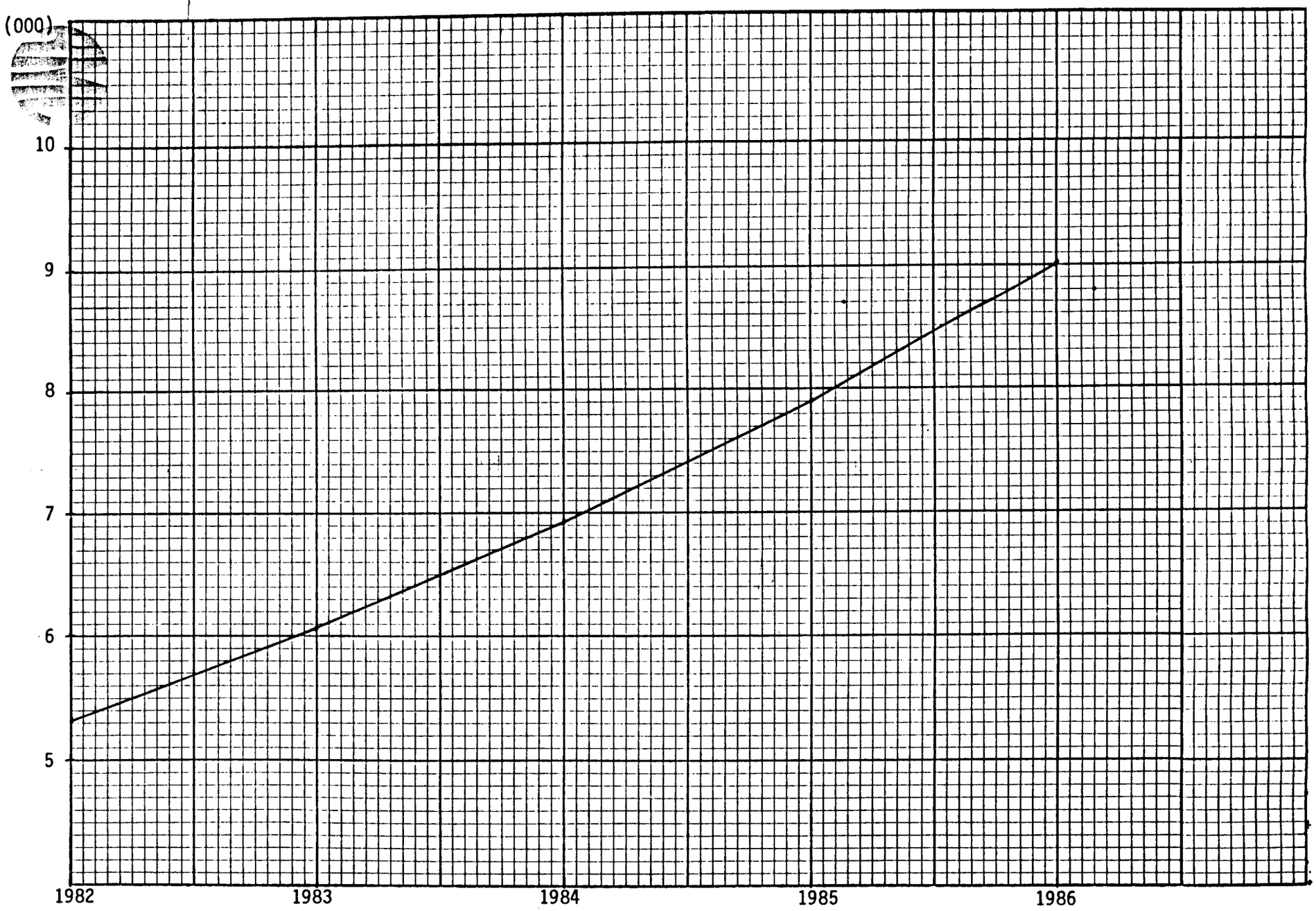

DIAGRAM #2 - FORECAST OF ESTIMATED AGGREGATE PEDNIGHT DEMAND UNDER GROWTH CONDITION "C

TABLE # 7

FORECAST OF TOTAL ESTIMATED ANNUAL BEDNIGHT DEMAND AT VARIOUS LEVELS OF SECTOR INTENSITY

"GROWTH CONDITION # 4"

Demand Composition	Growth Parameters	1982 Base Year	1983	1984	1985	1986
Dome, Esso, Gulf	20%	3790	4548	5457	6549	7858
Govt & Bus.	10%	460	506	556	612	673
Tour Traffic	12%	480	537	602	674	755
Other Tourists	15%	600	690	703	912	1049
TOTAL		5330	67281	7409	8747	10335

For this growth condition we have hypothetically assumed that the hydro carbon sector would increase by 20% each year. Government and business travel have been set to 10% annual growth and the tourism section remains constant from the 3rd growth condition discussed earlier.

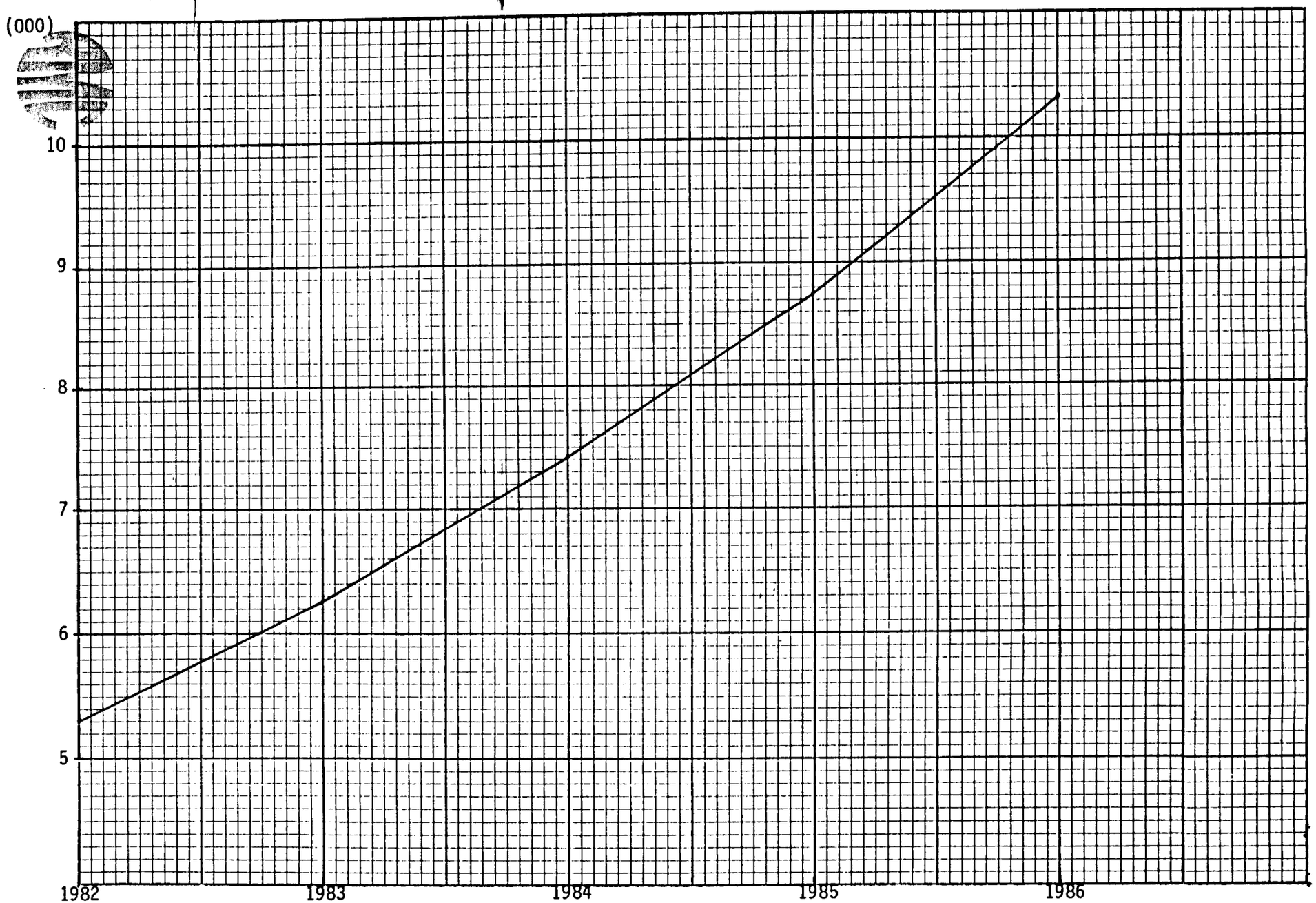

DIAGRAM # 4 FORECAST OF ESTIMATED AGGREGATE BEDNIGHT DEMAND UNDER GROWTH CONDITION #4

TABLE # 8

FORECAST OF TOTAL ESTIMATED ANNUAL BEDNIGHT DEMAND AT VARIOUS LEVELS OF SECTOR INTENSITY

"GROWTH CONDITION # 5"

Demand Composition	Growth Parameters	1982 Base Year	1983	1984	1985	1986
Dome, Esso, Gulf	30%	3790	4927	6405	8326	10824
Govt & Bus.	15%	460	529	608	700	804
Tour Traffic	15%	480	552	634	730	839
Other Tourists	15%	600	690	793	812	1049
TOTAL		5330	6698	8440	10668	13516

The above growth condition suggests that the present market for hotel bednights would experience substantial growth over the medium term. Failing a firm decision on the commencement and magnitude on the proposed Beaufort Expansion, we would hesitate in using the above parameters for business forecasting purposes.

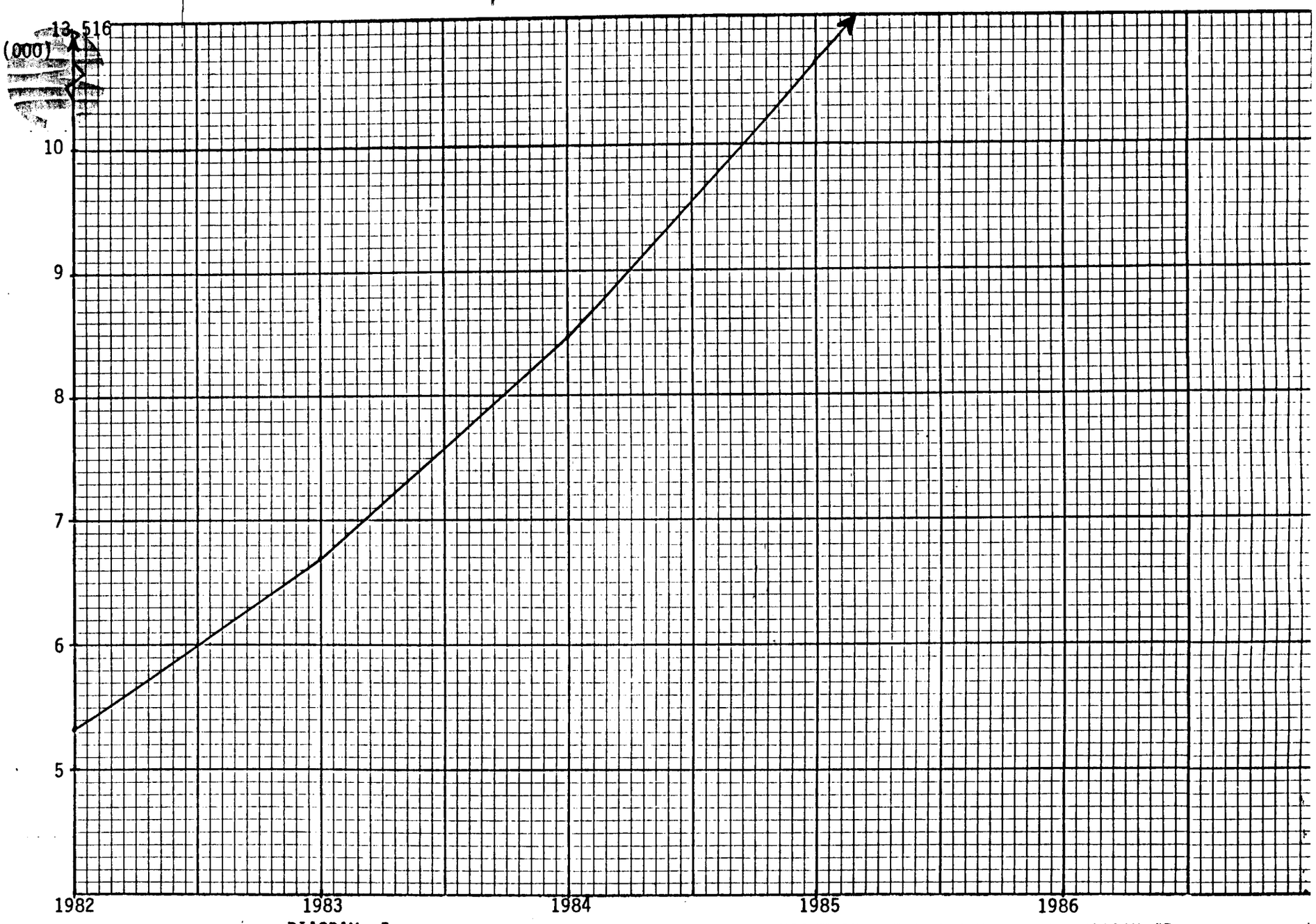

DIAGRAM # 5 FORECAST OF ESTIMATED AGGREGATE BEDNIGHT DEMAND UNDER GROWTH CONDITION #5

UNIT SIZING

3. UNIT SIZING

3.1 BACKGROUND

Generally three profit centers are available to rural hotel developments. Each profit center forms an integral part of the service provided by the hotel. The importance of each component, rooms, dining facilities and liquor services is determined by:

1. Availability of complimentary services adjacent, or in close proximity to the hotel.

2. Community standards.

3. Type and quantity of competition.

Demand for room services is determined by total community demand less the business attracted by other facilities. Pricing is a factor in demand but becomes less important as the mix of customers moves from pleasure to business. A new facility with proper services will tend to fill first leaving overflow traffic for the competition. As the size of community increases other factors such as location becomes more important.

For the purpose of this study three potential facilities have been identified for possible installation in Tuktoyaktuk. Each facility is a modular structure.

The first facility identified is a sixteen (16) room hotel with kitchen and dining facilities to be supplied by ATCO Structures Ltd. This facility is to be supplied at a cost of $2.5 million in a "turn key" package. All furnishings, transport and set up are included in the cost.

The second facility is a forty two (42) room hotel currently in operation in Fort McMurray, Alberta. This hotel is currently owned by the Bank of Hong Kong Canada Ltd. The facility was constructed in 1976 by Facto Industries Ltd. The building is fully furnished and structurally sound, however, some upgrading will be required. Specific negotiation on price would be required, however, a purchase price of $400,000 should be considered as a maximum. A further $200,000 would be required for reconditioning.

Quotes for moving costs are supplied by Lyndon; Transport and Rose-Dels Trucking Ltd. of Edmonton. Total tear down and on site set up will cost $578,000. This facility does not include a dining room.

The third facility is a new hotel to be constructed through Larry Homcastle Project Management. Cost of the thirty room facility will be approximately $900,000 (see Appendix #13). Transportation, set up and site preparation are included. Furnishings will cost $1500/room as per a quote supplied by the Brick Warehouse in Edmonton for a total furnishings cost of $45,000. This facility does not include a dining room, however, one can be supplied at a cost of approximately $200,000.

3.2 DINING & SERVICES

There are three profit centres available for the development in the proposed hotel complex. Each component will be examined in detail with a break even and sensitivity analysis to determine the marginal effects of changes in each component.

1. Rooms

   Peak period demand for hotel nights have been identified at 45 rooms per day. Demand for available space has been established at a rate reflecting seasonal conditions and availability of rooms for each facility.

2. Dining facilities

   Competition in Tuktoyaktuk is currently limited to one 15 seat cafe. Campstyle eating facilities are available at the Beaufort Inn. The existing facilities provide a necessary service but are not designed to attract the market. A well developed dining facility will serve hotel patrons as well as attracting members of the general public. The proposed dining facility is a 40 seat cafe restaurant.

3. Beverage facilities

   Tuktoyaktuk has no licensed facilities. While not a dry town there are not outlets for liquor sales. A 90 seat tavern lounge serves as the basis for development of relevant cash flows.

3.3 EXPECTED FACILITY USE

Well developed services overly stimulate demand. In the Northeastern tourist zone of Alberta average occupancy rates are 65% (year round). Revenue to hospitality development is provided to a large extent by community residents. Hotel developments in Northeastern Alberta generally have a room to liquor service ratio (seats) of approximately (1:25) and a room to food service ratio (seats) of (1:3.5).

Competition in liquor and dining services is usually well developed in the comparative communities and the liquor distribution outlet is generally close at hand. Additional demand is provided by extensive trading areas and casual traffic, neither of which is currently available in Tuktoyaktuk. Dining and liquor facilities could be provided as a service to patrons of the hotel and would be expected to stimulate resident demand for the particular facility.

Five selected northern Alberta communities (Athabasca, High Level, Fox Creek, Lac La Biche, Whitecourt) have average room to population ratios of 1:14.19. With the development of a new facility at Tuktoyaktuk the corresponding ratio will be 1:17. Support services in Tuktoyaktuk are lacking and provide the significant opportunity for development. The high ratio of business to leisure travel negates somewhat the implications of pricing on demand and further emphasizes the requirement for support services.

The modular construction of each of the three potential facilities considered, allows for easy addition of rooms and support facilities as required. It is expected that the most difficult facility for expansion will be the executive Inn from Fort McMurray.

3.4 ORGANIZATION AND MANAGEMENT

Each of the facilities is sufficiently small to allow for efficient management by a resident managerial couple. The seasonal nature of expected demand will allow for sufficient time off during the slow months to ensure that double coverage (i.e., assistant management) would not be required. The largest facility, the Executive Inn, has been successfully managed by a resident couple for the last two years. This couple has indicated a willingness to move to Tuktoyaktuk to continue management of the facility if warranted.

Assistance in the upkeep of the hotel will be required in the following areas:

1. Rooms general

   For the four month period during the summer a full time receptionist will be required to assist in the operations of the hotel.

2. Hotel Maintenance (includes day maids)

   During the four month peak period a cleaning staff of three will be required eight hours a day. The sixteen room facility will required a cleaning staff of only two. The resident manager will be expected to provide day to day maintenance and minor repairs for the facility.

3. Cafeteria

   The cafeteria will be supplying three full meals per day and coffee and snack service at other than meal times. The resident couple will be expected to maintain the cafeteria with the assistance of one full-time person throughout the year.

4. Tavern lounge (optional)*

   The tavern will require one tap man that will also act as tavern manager and one full-time and one part-time waiter.

Operating costs including wages are detailed in budget basis, cash flows and performance statements which follow in Section 4 of this report.

* The inclusion of a tavern/lounge would enhance profit center capability, however, certain issues need to be resolved prior to capitilization. One such issue which must be addressed is the social and political desirability of a liquor outlet in Tuktoyaktuk.

BUDGET BASIS AND FINANCIAL FEASIBILITY

4. BUDGET BASIS AND FINANCIAL FEASIBILITY

4.1 FINANCIAL SUMMARY

This section of the report deals with the economics and budget basis of establishing a commercial scale hotel facility in the Tuktoyaktuk market. Three hotel sizes and operating periods are examined in terms of revenue base, cost economics and the potential for returns to risk. Results of these and other relevant analyses are summarized below:

* the current income base for any size of hotel facility in Tuktoyaktuk is constrained by bednight demand, concentrated in a four month period, during which approximately 80% of an estimated annual income stream would likely materialize;

* the above market constraints will likely reduce if the Beaufort Sea expansion is activated. However, the prediction of the timing and magnitude of such developments is beyond the scope of this analysis;

* because of current market constraints indicated by seasonality of demand, hotel revenue bases do not increase in proportion to size; the largest quantum is realized between the 16 and 30 room units with an incremental revenue of only $18,310 at the 40 room hotel size;(see Schedule # 1)

* for a 16 room ATCO hotel unit on a twelve month operating period, overall costs inputs absorb the income base, providing $14,095 throw off ? prior to debt service, money costs, returns to risk and provisions for depreciation;

* cost economies are unlikely for larger hotel sizes during the winter months, and because of current market constraints there is a high risk indicated with these units size;

* thus, for a 16 unit room Atco Hotel we have found that the indicated mode of least-cost operation would be somewhere between a four and six month period commencing May or June;

* given existing conditions and cost inputs, an estimated house margin, prior to debt, money costs and returns, of $54,472 has been forecast for a 4 month operating period, with house margins decreasing substantially to $14,095 over 12 months;

* there is likely a considerable market for a tavern facility throughout a twelve month period in Tuktoyaktuk, however, because of the uncertainty of resident acceptance of a liquor outlet, we have excluded this profit center from the study economics.

SCHEDULE 1

4.2

RELATIONSHIP OF INCOME AND EXPENSES TO OPERATING PERIODS 16 ROOM ATCO STRUCTURE (Prior to Money cost and Returns to Risk)

CASH INFLOWS	4 MONTHS	6 MONTHS	12 MONTHS
Room Revenues	$134,540	$142,9450	$168,840
Food Services	73,200	87,600	132,000
Total Inflows	$207,740	$231,320	$300,840
Operating Outflows			
Cost of Sales:			
Food Services	29,280	35,136	52,800
Direct Wages			
Food Services	12,416	18,624	37,248
Rooms General	35,132	52,698	47,907
Total Direct Wages	47,548	71,322	85,155
Management Fees	13,416	20,124	40,250
Utility Costs	13,930	19,110	35,000
Telecom/Switch Board	14,196	14,196	14,200
Repairs & Maintenance	3,500	6,000	12,000
Insurance	13,000	13,000	13,000
Vehicle	5,864	7,330	11,530
Office/Stationary	3,300	3,300	4,850
Cleaning/Uniforms	1,570	1,770	2,360
Legal/Accounting	3,000	5,000	7,000
Advertising	3,600	3,600	5,400
Miscellaneous	1,064	1,596	3,200
Winter Caretaker		3,000	
Total Operating Outflows	$153,268	$204,484	$286,745
House Margin	$ 54,472	$ 26,836	$ 14,095

SCHEDULE # 2

16 ROOM ATCO STRUCTURE
INCOME STATEMENT FOR A FOUR MONTH OPERATING PERIOD (Ex. Money Costs)

INCOME/EXPENSE DISTRIBUTION	TOTAL	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
CASH INFLOWS													
Room Revenues	134,540	31,500	34,720	34,720	33,600								
Food Services	73,200	18,000	18,600	18,600	18,000								
Total Inflows	207,740	49,500	53,320	53,320	51,600								
OPERATING OUTFLOWS													
Cost of Sales:													
Food Services	29,280	7,200	7,440	7,440	7,200								
Direct Wages:													
Food Services	12,416	3,104	3,104	3,104	3,104								
Rooms General	35,132	8,783	8,783	8,783	8,783								
Total Direct Wages	47,548	11,887	11,887	11,887	11,887								
Management Fees	14,316	3,354	3,354	3,354	3,354								
Utility Costs	13,930	2,100	1,750	1,750	2,450	735	735	735	735	735	735	735	735
Telephone Telex,Switchboard	14,196	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Repairs & Maintenance	3,500	1,000	-	1,000	1,500								
Insurance	13,000	13,000											
Vehicle(Capitalized)	5,864	1,466	1,466	1,466	1,466								
Office & Stationary	3,300	3,000	100	100	100								
Cleaning & Uniforms	1,570	1,270	100	100	100								
Legal & Accounting	3,000	2,000			1,000								
Advertising	3,600	3,200	200	200									
Miscellaneous	1,064	266	266	266	266								
Caretaker													
Total Operating Outflows	153,268	50,926	27,746	28,746	30,506	1,918	1,918	1,918	1,918	1,918			
House Margin	54,472	(1,426)	25,574	25,574	21,094	(1,918)	(1,918)	(1,918)	(1,918)	(1,918)			

Budget basis and notes documenting projections are described in Section 4.3

SCHEDULE # 3

16 ROOM ATCO STRUCTURES
INCOME STATEMENT FOR A SIX MONTH OPERATING PERIOD (ex. money costs)

INCOME/EXPENSE DISTRIBUTION	TOTAL	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
CASH INFLOWS													
Room Revenues	142,940	31,500	34,720	34,720	33,600	4,200	4,200	-	-	-	-	-	-
Food Services	87,600	18,000	18,600	18,600	18,000	7,200	7,200	-	-	-	-	-	-
Total Inflows	231,320	49,500	53,320	53,320	51,600	11,780	11,800						
OPERATING OUTFLOWS													
Cost of Sales:													
Food Services	35,136	7,200	7,440	7,440	7,220	2,976	2,880	-	-	-	-	-	-
Direct Wages:													
Food Services	18,624	3,104	3,104	3,104	3,104	3,104	3,104	-	-	-	-	-	-
Rooms General	52,698	8,783	8,783	8,783	8,783	8,783	8,783	-	-	-	-	-	-
Total Direct Wages	71,322	11,887	11,887	11,887	11,887	11,887	11,887						
Management Fees	20,124	3,354	3,354	3,354	3,354	3,354	3,354	-	-	-	-	-	-
Utility Costs	19,110	2,100	1,750	1,750	2,450	3,150	3,500	735	735	735	735	735	735
Telephone Telex,Switchboard	14,196	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Repairs & Maintenance	6,000	1,000	-	1,000	1,500	1,500	1,000	-	-	-	-	-	-
Insurance	13,000	13,000	-	-	-	-	-	-	-	-	-	-	-
Vehicle(Capitalized)	7,330	1,466	1,466	1,466	1,466	733	733	-	-	-	-	-	-
Office & Stationary	3,300	3,000	100	100	100	-	-	-	-	-	-	-	-
Cleaning & Uniforms	1,770	1,270	100	100	100	100	100	-	-	-	-	-	-
Legal & Accounting	5,000	2,000	-	-	-	-	-	-	-	-	-	-	3,000
Advertising	3,600	3,000	200	200	-	-	-	-	-	-	-	-	-
Miscellaneous	1,596	266	266	266	266	266	266	-	-	-	-	-	-
Caretaker	3,000	-	-	-	-	-	-	500	500	500	500	500	500
Total Operating Outflows	204,484	50,926	27,746	28,746	29,506	25,149	24,903	2,418	2,418	2,418	2,418	2,418	2,418
House Margin	26,836	(1,426)	26,774	24,774	22,094	(13,369)	(13,603)	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)

Budget basis and notes documenting projections are described in Section 4.3

SCHEDULE # 4

16 ROOM ATCO STRUCTURE
INCOME STATEMENT FOR A TWELVE MONTH OPERATING PERIOD (ex. Money Costs)

INCOME/EXPENSE DISTRIBUTION	TOTAL	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
CASH INFLOWS													
Room Revenues	$168,840	31,500	34,720	34,720	33,600	4,340	4,200	4,340	4,340	4,200	4,340	4,200	4,340
Food Services	132,000	18,000	18,600	18.600	18.600	7,440	7,200	7,440	7,440	7,200	7,440	7,220	7,440
Total Inflows	300,840	49,500	53,320	53,320	51,600	11,780	11,400	11,780	11,780	11,400	11,780	11,400	11,780
OPERATING OUTFLOWS													
Cost of Sales: Food Services	52,800	7,200	7,440	7,440	7,200	2,976	2,880	2,976	2,976	2,800	2,976	2,880	2,976
Direct Wages:													
Food Services	37,248	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104
Rooms General	47,907	8,783	8,783	8,783	8,783	8,783	1,596	1,596	1,596	1,596	1,596	1,596	1,596
Total Direct Wages	85,155	11,887	11,887	11,887	11,887	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700
	40,250	3,354	3,354	3,354	3,354	3,354	3,354	3,354	3,354	3,354	3,354	3,354	3,354
Management Fees	35,000	2,100	1,750	1,750	2,450	3,150	3,500	4,200	4,200	4,200	3,150	2,450	2,100
Utility Costs	14,200	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Telephone Telex, Switchboard	12,000	1,000	1,000	1,000	1,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000
Repairs & Maintenance	13,000	13,000	-	-	-	-	-	-	-	-	-	-	-
Insurance	11,530	1,466	1,446	1,466	1,466	733	733	733	733	733	733	733	733
Vehicle(Capitalized)	4,850	4,000	200	200	50	50	50	50	50	50	50	50	50
Office & Stationary	2,360	1,430	150	150	150	60	60	60	60	60	60	60	60
Cleaning & Uniforms	7,000	2,000	-	-	-	-	-	-	-	-	-	-	5,000
Legal & Accounting	5,400	3,200	200	200	200	200	200	200	200	200	200	200	200
Advertising	3,200	2,100	100	100	100	100	100	100	100	100	100	100	100
Miscellaneous													
Caretaker													
Total Operating Outflows	286,745	53,920	28,730	28,730	29,040	18,506	18,760	18,556	18,556	18,460	17,506	16,710	21,456
House Margin	14,095	(4,420)	24,590	24,590	22,560	(6,726)	(7,360)	(6,776)	(6,776)	(7,060)	(5,726)	(5,310)	(9,675)

Budget basis and notes documenting projections are described in Section 4.3

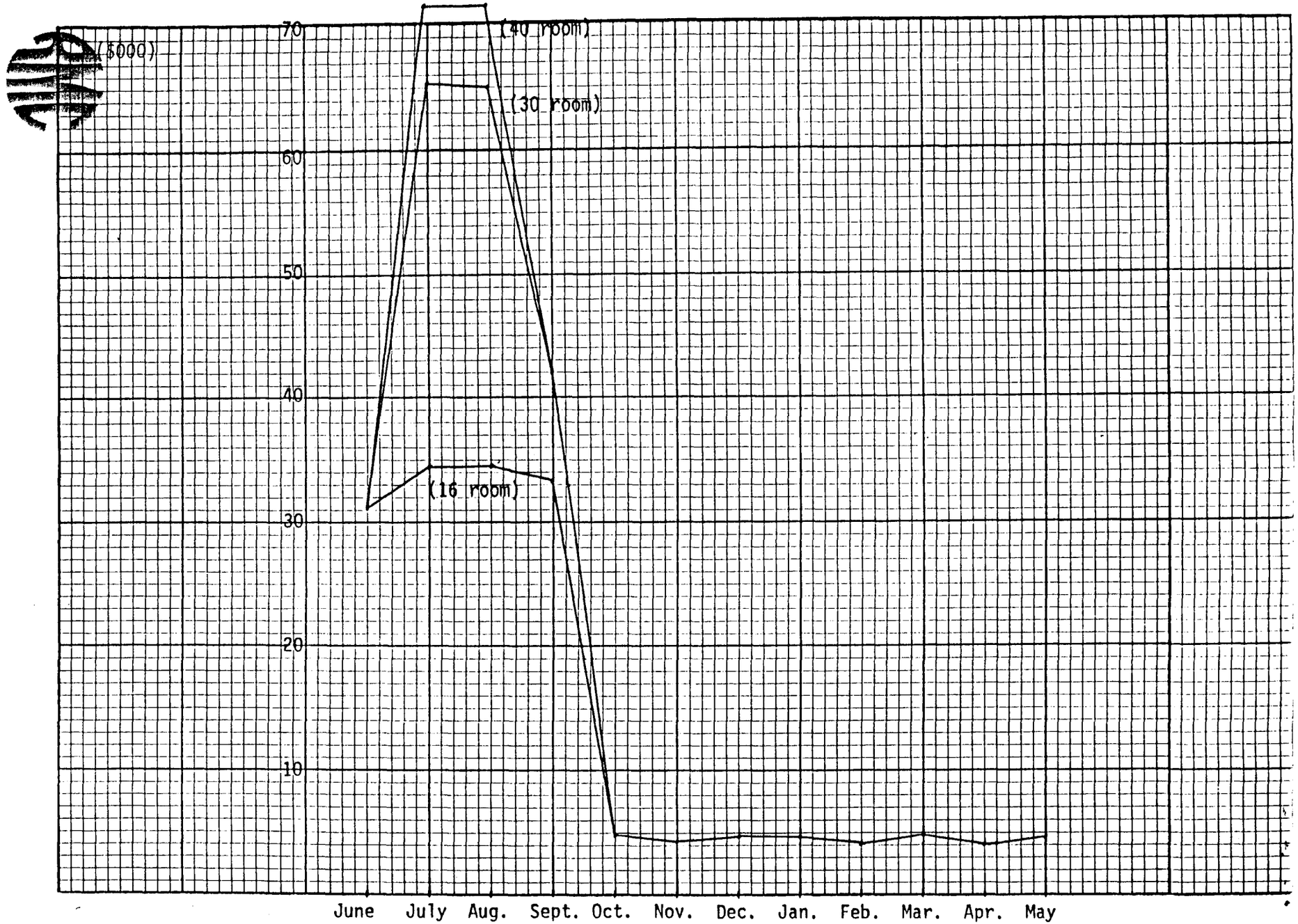

DIAGRAM # 6 RELATIONSHIP OF UNIT SIZE TO INCOME POSSIBILITY

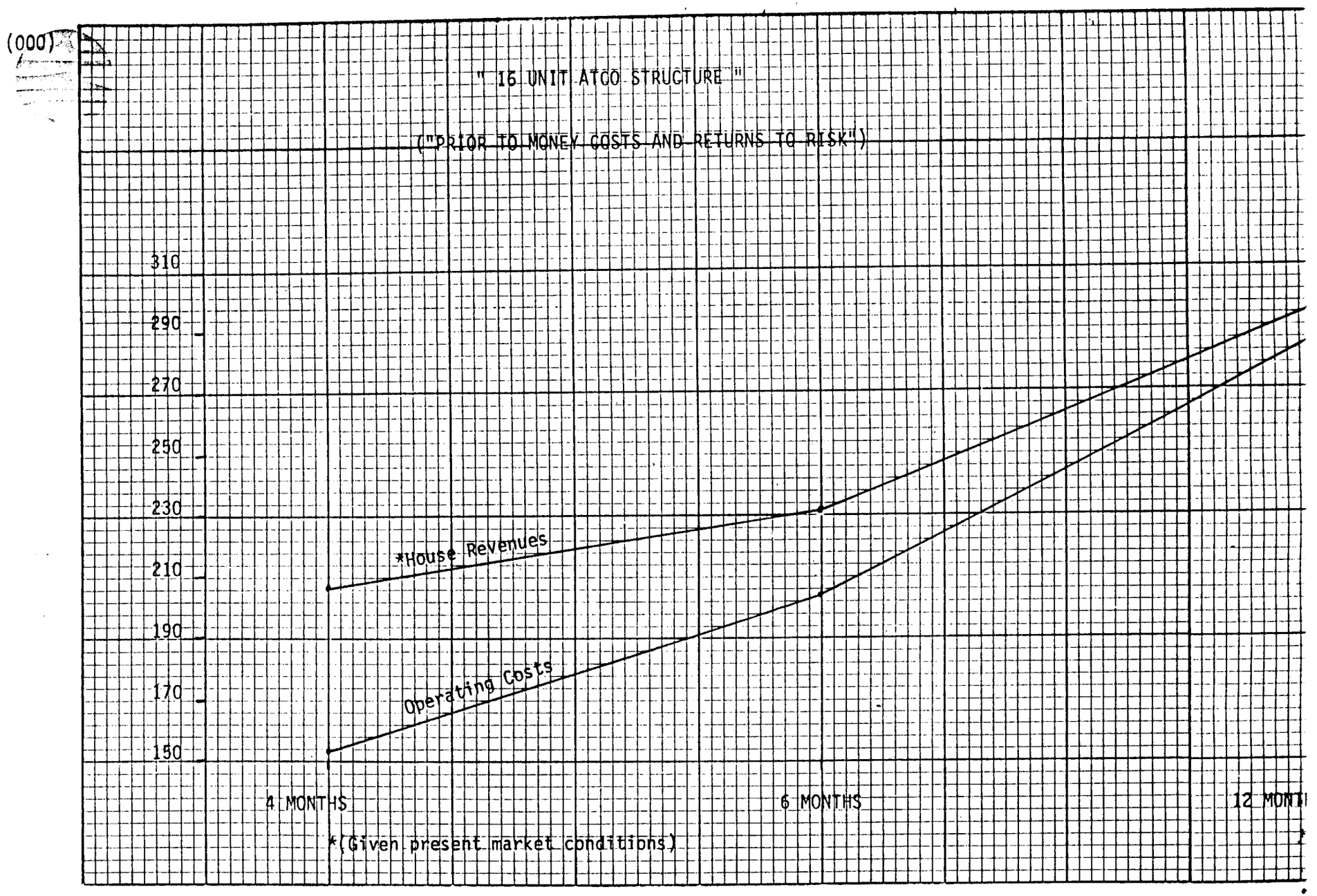

DIAGRAM # 7
RELATIONSHIP OF REVENUE TO OPERATING COSTS OVER TIME

4.3 Budget Basis Notes and Documentation

Projected Revenues

1. Rooms

Assumptions:

* Single and double occupant demand will be evenly split
* Average cost of bed will be $70/night
* Winter demand will be 2 beds per day
* Peak demand will occur between June and September
* Room rental will commence on June 1st

		16 room ATCO	30 room Unit	40 room Executive
June	15 beds/day x $70 x 30 nights	31,500	31,500	31,500
July	30 beds/day x $70 x 31 nights	34,720	65,150	73,780
Aug.	30 beds/day x $70 x 31 nights	34,720	65,100	73,780
Sept.	30 beds/day x $70 x 30 nights	33,600	42,000	42,000
Oct.	2 beds/day x $70 x 31 nights	4,340	4,340	4,340
Nov.	2 beds/day x $70 x 30 nights	4,200	4,200	4,200
Dec.	2 beds/day x $70 x 31 nights	4,340	4,340	4,340
Jan.	2 beds/day x $70 x 31 nights	4,340	4,340	4,340
Feb.	2 beds/day x $70 x 30 nights	4,200	4,200	4,200
Mar.	2 beds/day x $70 x 31 nights	4,340	4,340	4,340
Apr.	2 beds/day x $70 x 30 nights	4,200	4,200	4,200
May	2 beds/day x $70 x 31 nights	4,340	4,340	4,340
Total		168,840	238,050	256,360

** see following table # 8 Periodicity of 1980/81 Accommodation Use at Tuktoyaktuk.

TABLE # 8

PERIODICITY OF 1981 ACCOMMODATION USE AT TUKTOYAKTUK

Source	Beafuort Inn	% Dist.	Other	% Dist.	Tuk Base	Total	%
March	7	3.0	-		1118	1125	6.9
April	11	4.6	-		1401	1412	8.6
May	36	15.1	-		1697	1733	10.6
June	37	15.5	20	3.2	2170	2227	13.6
July	17	7.0	142	23.3	2180	2339	14.3
August	71	39.8	209	3439	2363	2643	16.1
September	45	19.0	152	24.9	2341	2538	15.5
October	14	6.0	87	14.3	2250	2351	14.4
TOTALS	238	100	610	100	15520	16368	100
% Distribution	1	-	4	-	95	100	-

* Source: Chief Base Steward Tuktoyaktuk Base

2. Food Services

Assumptions:

* The 40 seat cafeteria will operate from 6:00 a.m. to 10:00 p.m. seven days per week.

** Chair turnover will be 2.5/day during June, July August and September and 1/day for the balance of the year.

* Average meal per chair will be $6.00

* Direct cost of sales will be 40%

June	40 chairs x 2.5 x $6/chair x 30 days =	18,000
July	40 chairs x 2.5 x $6/chair x 31 days =	18,600
August	40 chairs x 2.5 x $6/chair x 31 days =	18,600
September	40 chairs x 2.5 x $6/chair x 30 days =	18,000
October	40 chairs x 2.5 x $6/chair x 31 days =	7,440
November	40 chairs x 2.5 x $6/chair x 30 days =	7,200
December	40 chairs x 2.5 x $6/chair x 31 days =	7,440
January	40 chairs x 2.5 x $6/chair x 31 days =	7,440
February	40 chairs x 2.5 x $6/chair x 30 days =	7,200
March	40 chairs x 2.5 x $6/chair x 31 days =	7,440
April	40 chairs x 2.5 x $6/chair x 30 days =	7,200
May	40 chairs x 2.5 x $6/chair x 31 days =	7,440
	Total	132,000

** Based on operating ratios developed for hotels experiencing similar market conditions in northern Alberta.

3. Cost of Goods Sold - Basic Distribution

Food Service

* Direct cost of Goods is 40%

MONTH	REVENUE	40%	COGS
June	18,000	40%	7200
July	18,600	40%	7440
August	18,600	45%	7440
September	18,000	40%	7200
October	7,440	40%	2976
November	7,200	40%	2880
December	7,440	40%	2976
January	7,440	40%	2976
February	7,200	40%	2880
March	7,440	40%	2976
April	7,200	40%	2880
May	7,440	40%	2976
TOTAL	132,000		52,800

* except staff costs and other operations and maintenance costs included in the operating cost section.

Tavern/Lounge (Optional)

* not included cash flows because of unlikely resident acceptance. [2]

Assumptions for Income Base

* The tavern/lounge will seat 90 persons
* Chair turnover will be 1.5/day
* The liquor lounge will operate 311 days/year
* June, July, August and September will contribute 9.83% of revenues/month with the remaining months contributing 7.83% of total revenues respectively.
* 60% of patrons will consume 3 long drinks.
* 40% of patrons will consume 3 bottles of beer.
* 1 bottle of wine will be consumed for every 8 patrons.
* Pricing of drinks will be as follows:

Long Drinks	$2.85/drink
* Beer	$2.00/bottle
Wine	$10.00/bottle

Guests/year

90 chairs x 311 days x 1.5 = 41,985 guests

Tavern/Lounge

Assumptions for Cost of Sales

* Cost of sales including mix, breakage, spillage is:

Liquor	27.4%
Beer	52.5%
Wine	36.0%
Food & Vending	50.0%

* Liquor Sales
  215,383 x 27.4% = $59,014

* Beer Sales
  100,764 x 52.5% = $52,901

* Wine
  52,481 x 36% = $18,893

TOTAL $130,808

* Other Vending and Confectionary
  $26,206 x 50% = $13,103

Estimated Distribution of Liquor Sales

Liquor Sales

$2.85/drink x 41,985 guests x 3 drinks x 60% = 215,383

Beer Sales

$2.00/bottle x 41,985 guests x 3 drinks x 40% = 100,764

Wine

$10.00/bottle x 41,985 guests x 8 = 52,481

Total Revenues 368,628

Monthly Breakdown

		INFLOWS
June	$368,628 x (9.83%)	$36,236
July	368,628 x (9.83%)	36,236
August	368,628 x (9.83%)	36,236
September	368,628 x (9.83%)	36,236
October	368,628 x (7.83%)	28,863
November	368,628 x (7.83%)	28,863
December	368,628 x (7.83%)	28,863
January	368,628 x (7.83%)	28,863
February	368,628 x (7.83%)	28,863
March	368,628 x (7.83%)	28,863
April	368,628 x (7.83%)	28,863
May	368,628 x (7.83%)	28,863
	TOTAL INFLOWS	368,628

4. Other Revenues Tavern/Lounge

Assumptions:

* Food Sales from snack bar will equal 5% of liquor receipts
* Vending machine and games revenues will equal $25/day
* Cost of sales will equal 50%

Snack bar = 368,628 x 5% = 18,431

Vending machines - $25 x 311 = $7,775

TOTAL $26,206

Include TR-TC for lounge

RMC

5. Allocation of Direct Wage Costs

* Wages

Tavern/Lounge

a) Waiters

Number	1.5
Hours/day	13
Days/Year	311
Rate	$5.95
Benefits	15%

Costs 1.5 x 13 hours x 311 days x $5.95 = 36,084
5,413
41,497

b) Bartenders

Number	1
Hours/day	13
Days/Year	311
Rate	$8.00
Benefits	10%

Costs 1.0 x 13 hours x 311 days x $6.65 = 34,365
5,155

TOTAL TAVERN 80,907

* Occupational pay scales Alberta 1981 adjusted for inflatio
to Northern Allowance.

c) Cafeteria

Assistant Waitress

Number	1
Hours/day	15
Days/year	363
Rate	$5.95
Benefits	10%

Costs 1.0 x 15 x 363 x $5.95 = 32,398
plus 15% benefits 4,850
TOTAL 37,248

d) Room, General (Four months only)

Add
Receptionist

Number	1
Hours/day	16
Days/Year	122
Rate	$7.00
Benefits	5%

Costs 1 x 15 hours x 122 days x $7.50 =	13,725
plus benefits @ 10%	1,372
	15,097

* Hotel Maintenance (Includes day maids)
4 months only

Cleaning staff	3
Hours/day	8
Days/Year	122
Rate	$5.95
Benefits	10%

Costs 3 x 8 hours x 122 days x $5.95 =	17,422
plus benefits @ 15%	2,613
	20,035

* 1 Permanent Cleaning Staff
Full year of which 4 months included above

Hours/day	8	
Rate	$5.95	
Benefits	10%	12,775

Total Rooms General 47,907

e) Management

Resident Manager	$35,000/year
15% benefits	5,220
	$40,250

f) Summary of Direct Wages and Benefits

Tavern (options)	$80,907
Cafeteria	37,248
Rooms/general	47,907
	$166,062

RMC

g) Monthly Distribution of Direct Wage Costs

MONTH	TAVERN	CAFETERIA	ROOMS/GENERAL	TOTAL
June	$6,742	$3,104	$8,783	$18,629
July	6,742	3,104	8,783	18,629
August	6,742	3,104	8,783	18,629
September	6,742	3,104	8,783	18,629
October	6,742	3,104	1,596	11,442
November	6,742	3,104	1,596	11,442
December	6,742	3,104	1,596	11,442
January	6,742	3,104	1,596	11,442
February	6,742	3,104	1,596	11,442
March	6,742	3,104	1,596	11,442
April	6,742	3,104	1,596	11,442
May	6,742	3,104	1,596	11,442
TOTALS	80,907	37,248	47,907	166,062

6. General and Administrative Costs

Advertising

Location of the facility and nature of the expected clientele eliminates the need for extensive advertising. Local advertising on a small scale is budgeted at $200 per month. Brochure will be produced for distribution to tour operators and travel agencies.

3000 brochures @ $1.00 each	$3,000
$200/month x 12 months	2,400
TOTAL	$5,400

Utilities

Utility costs include heating, light and power;
- $35,000/annum

June	6%	$2,100	Dec.	12%	$4,200
July	5%	$1,750	Jan.	12%	$4,200
Aug.	5%	$1,750	Feb.	12%	$4,200
Sept.	7%	$2,450	Mar.	9%	$3,150
Oct.	9%	$3,150	Apr.	7%	$2,450
Nov.	10%	$3,500	May	6%	$2,100

Telephones

Cost includes room telephone rentals, switchboard and office telephones.

$13,000/annum	$13,000
$100/month long distance contingency	$ 1,200
TOTAL	$14,200

RMC

Repair and Maintenance

Repair and maintenance costs are budgeted at $12,000 spread evenly throughout the year.

Insurance

* Insurance coverage includes:

  - All perils
  - Income replacement
  - Public liability

  Insurance protection will be assignable for mortgage purposes

  $13,000/annum

* Insurance estimate based upon quote for similar facility by Reed Stenhouse Agencies.

Vehicle and Travel

A utility 1/2 ton truck is capitalized at $360/month. A further travel contingency for management is budgeted at $100/month.

Truck lease	$360/month	$ 4,230
Gas & Oil	75/month	$ 900
Contingency	500/month	$ 6,000
Insurance	400/annum	400
TOTAL		$11,530

Stationary & Office

Postage, stationary and office supplies

Initial purchase of forms, letterhead, business cards and supplies.	$ 4,000
Monthly replacement $200 June, July, Aug, Sept $50 balance	800
TOTAL	$4,800

Cleaning & Uniforms

A yearly replacement fee is included for linens and uniforms.

$80/room x 16 rooms	$1,280
Cleaning, June, July, Aug, Sept $150/month Balance of the Year $60/month	1,080
TOTAL	$2,360

Legal and Accounting Fees

Cost include miscellaneous legal fees, annual audit.

Legal	$1,000
Accounting	$6,000
TOTAL	$7,000

Miscellaneous

A budget for unforeseen miscellaneous costs is established as a sinking fund of $100/month. A start up cost of $2,000 is included in the first month of operation.

$100/month x 12	$1,200
Start up costs	2,000
TOTAL	$3,200

ASSUMPTIONS

1. Room demand will be generated in advance of opening by appropriate notification. Due to seasonal demand fluctuations, the opening months should not vary significantly from projections.

2. Cafe and beverage room sales will increase over a four month period to 100% of projections.

RMC

SECTION V

APPENDICES

(i) STUDY TERMS OF REFERENCE
(ii) COMMUNITY PROFILE OF TUKTOYAKTUK
(iii) TIME SERIES OF AVERAGE QUARTERLY HOTEL OCCUPANCY DATES FOR INUVIK
(iv) COMPARATIVE CHANGE IN AVERAGE QUARTERLY OCCUPANCY RATES FOR INUVIK
(v) LABOUR OUTPUT STANDARDS FOR THE HOTEL INDUSTRY
(vi) SAMPLE DEMAND QUESTIONNAIRE
(vii) MARKET OVERVIEW AND SURVEY RESULTS
(viii) HISTORICAL AND FUTURE GUIDED TOUR VISITATION DATA
(ix) EXHIBIT: GULF CANADA RESOURCES INC. - DEMAND QUALIFICATION
(x) 1980/1981 TUKTOYAKTUK BASE ACCOMMODATION PROFILE
(xi) 1981 COMPARATIVE MEAL COST SCHEDULE FOR VARIOUS INSTITUTIONS
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(xiii) COST QUOTATIONS FOR THE SUPPLY AND/OR CONSTRUCTION OF VARIOUS HOTELS
(xiv) APPRAISAL OF PROPERTY KNOWN AS THE EXECUTIVE INN
(xv) HIGHLIGHTS OF THE PROPOSED BEAUFORT SEA EXPANSION BY DOME PETROLEUM, ESSO RESOURCES, AND GULF RESOURCES
(xvi) LIST OF PEOPLE CONTACTED

APPENDIX # I

TERMS OF REFERENCE - HOTEL FEASIBILITY, TUKTOYAKTUK

There is a requirement to discuss the project with the department and the client at an initial meeting, an interim meeting and a final meeting.

The proposed site will need to be visited in order to study its suitability for hotel development.

Current demand levels are to be researched and demand levels should be projected for 5 years. Degree of seasonality should be indicated.

Current and likely competitive projects are to be assessed.

Recommendations are required for the size and type and a cost estimate is needed (rooms, seating for food, etc.).

Estimates are needed on operating income and expenses for the project as recommended.

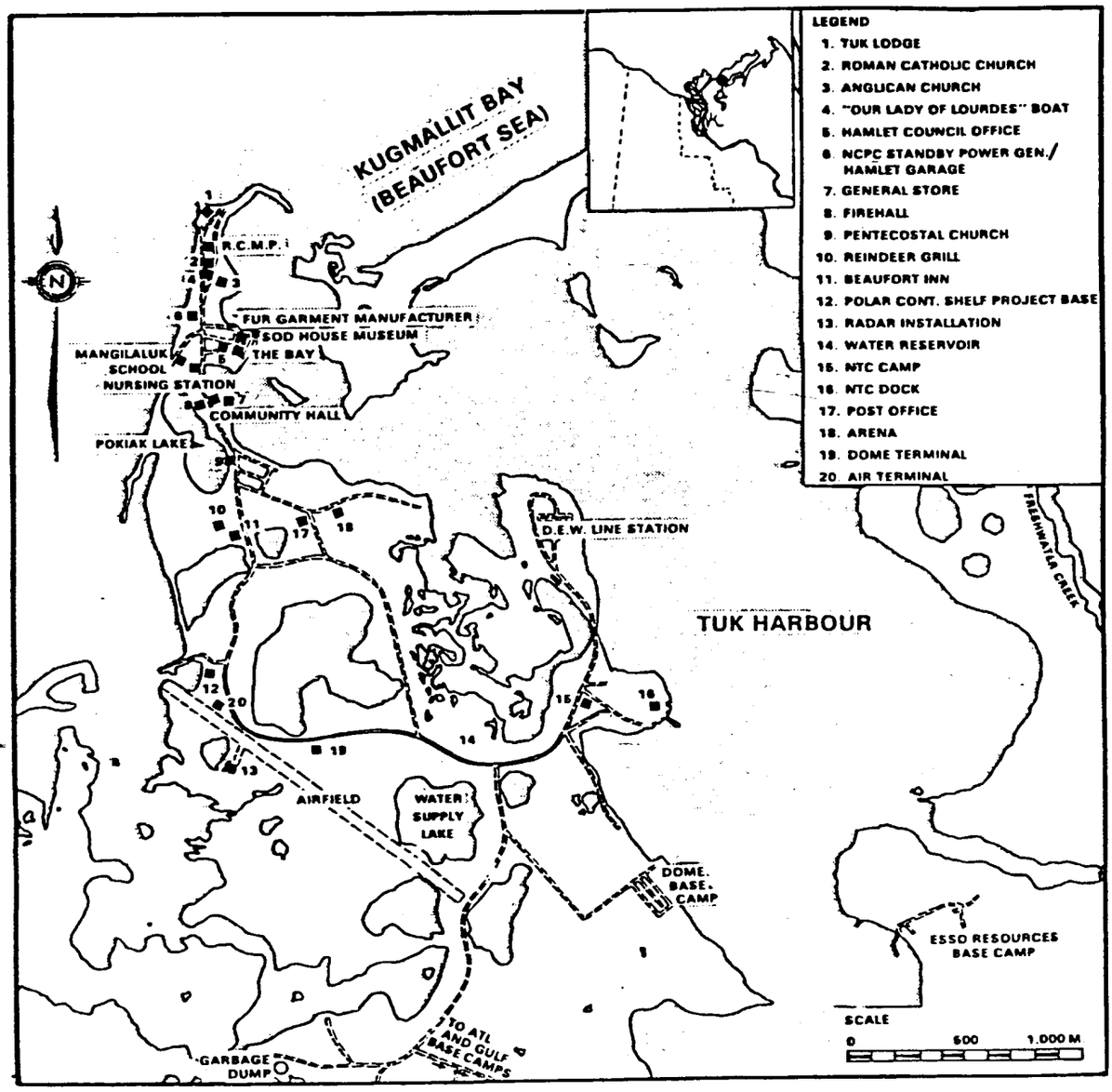
Recommendations about the management structure and roles in view of the capabilities of the client.

Type and number of potential jobs are to be identified.

APPENDIX # (ii)

* COMMUNITY PROFILE OF TUKTOYAKTUK

*Source: Vol. 5 Socio-Economic Effects, Hydrocarbon Development in the Beaufort Sea - Mackenzie Delta Region Environmental Impact Statement 1982.



Hamlet of Tuktoyaktuk.

TUKTOYAKTUK

Tuktoyaktuk is the only community in the Beaufort Sea region that has had direct experience with the effects of a large offshore support base in its immediate vicinity. It is located 122 km (76 miles) northeast of Inuvik and, as of 1980, had a population of approximately 760 (Figure 4.2-1).

The community's origins lie in the population movements that occurred in the aftermath of the disasterous whaling era in the western Arctic. The disease and social disruption that the whalers brought to the western Arctic in the late 19th and early 20th centuries almost wiped out the entire original Eskimo population, including groups living in the general Tuktoyaktuk area. The Tuktoyaktuk area was not re-occupied on a permanent basis until the Hudson's Bay Company, seeking an alternative location for its Herschel Island post and a good harbour for transshipping freight brought by barge down the Mackenzie River to Arctic coastal freighters, chose Tuktoyaktuk (then called Port Brabant) in 1934.

The Hudson's Bay Company store was completed in 1937 and Anglican and Roman Catholic missions were opened in the same year. The settlement's population soon comprised Inuit formerly resident at Herschel Island, Baillie Island and Cape Bathurst. Some gained seasonal employment in the Hudson's Bay Company's transshipment operations. A school was opened by the Anglican mission in 1947 and a RCMP post was established in 1950.

In 1955 Tuktoyaktuk was chosen as a key supply and distribution centre for the construction of the DEW line and a DEW line station was built across the harbour from the community. The community's

population grew quickly during this period and in 1957 a nursing station was opened, an Area Administrator arrived, and a Pentecostal missionary took up residence. The Northern Transportation Company expanded its use of the harbour at Tuktoyaktuk to supply central Arctic communities in the 1960's.

By the 1960's, local people had developed a dependance on wage income. However, there were insufficient local wage opportunities, and several employment initiatives were taken by government. A fur garment shop was established in 1962, and is still in operation. Efforts were also made to place the reindeer herding operation initiated in the Delta in the 1930's on a firmer footing.

The Tuktoyaktuk area was the scene of increased economic activity in the late 1960's and early 1970's when Esso and other major oil companies began to explore the hydrocarbon potential of the Mackenzie Delta. Esso established a base near Tuktoyaktuk to support its exploration efforts. The base is still in use but remains isolated from the community because of its location across the harbour.

Some Tuktoyaktuk residents were employed in the early oil and gas exploration activities in the area but the real upswing in local employment in the Industry did not occur until Dome located its support base near the community in 1976. Since then, many Tuktoyaktuk residents have been employed by Dome, and have been afforded increased opportunities to upgrade their education and skills. The community's business sector has expanded under the stimulus of the business opportunities available with Dome. Within the past year Gulf has also announced that it will be leasing facilities in the immediate vicinity of Tuktoyaktuk and this announcement has been viewed as possible additional employment and business opportunities.

It is clear, however, that Tuktoyaktuk will not be the only focus of oil and gas activities in the Beaufort Sea region. Tuktoyaktuk's harbour has depth limitations which restrict access to shallow draft vessels. A major dredging project would be required to accomodate the larger vessels that will be needed to support Beaufort Sea oil and gas development. This fact, together with a feeling among local residents that continued expansion of shorebase facilities and activities close to Tuktoyaktuk would not be beneficial to the community, have helped to focus attention on other harbour areas such as McKinley Bay.

THE PEOPLE

The impact of recent oil and gas industry activity in the Tuktoyaktuk area is apparent in available population data (Table 4.2-1). The community's population grew slowly over the period 1961 to 1976. Between 1976 and 1980, the latest year for which population estimates are available, the community's population increased by 6.5% annually, reflecting in-migration from the south and other northern communities. Tuktoyaktuk's population increased by 172 in just four years.

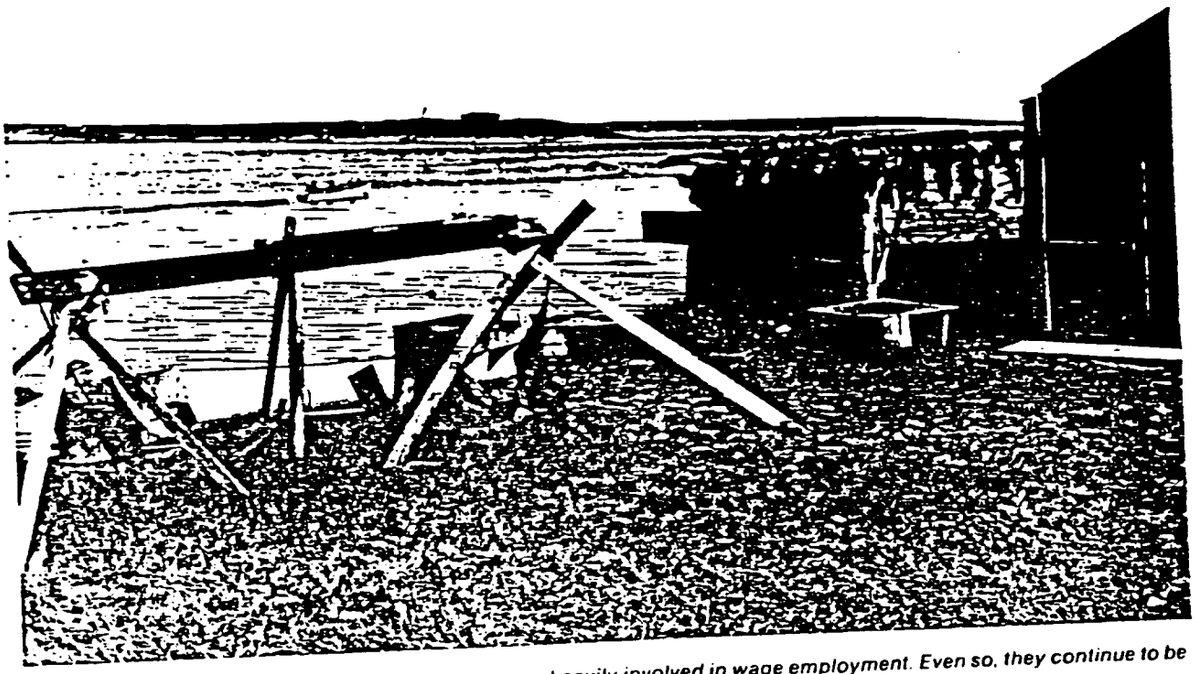
Data are available on the age distribution of Tuktoyaktuk's population and the ethnic composition of the community, but they are several years out of date and may not fully reflect the current situation (Figures 4.2-2 and 4.2-3). Age distribution data for 1976 indicated that Tuktoyaktuk had a very youthful population with some 56% of its residents under the age of 20. Estimates of ethnic composition for 1980 were 87% Inuvialuit, 2.1% Dene, and 10.9% non-native.

TERIS labour force and employment data available for the community are based on the results of a household survey. The catering and lodging category contained the largest proportion of the total respondents, a reflection of the number of residents who are, or have been, employed in housekeeping and food preparation jobs at Industry facilities. Clerical positions were the next most common group, again a possible reflection of the type of positions that have been created in the community during recent years. The

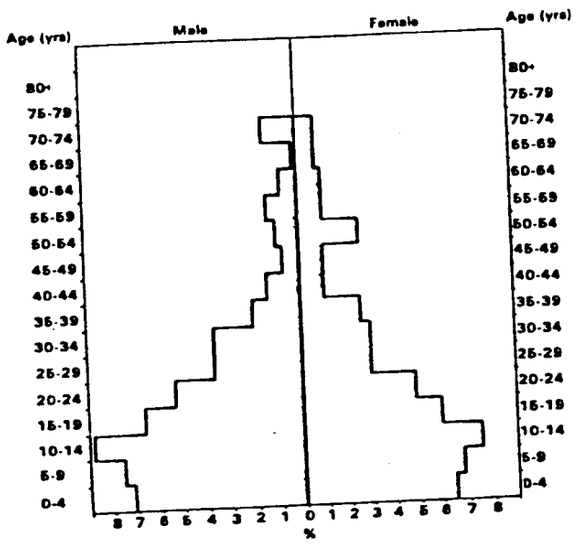
TOTAL POPULATION BY 5 YEAR INTERVALS
TUKTOYAKTUK AND THE NWT 1961 - 1980

	1961	1966	1971	1976	1980
Tuktoyaktuk	409	N/A	596	590	762
Northwest Territories	22,998	28,738	34,805	42,610	45,882

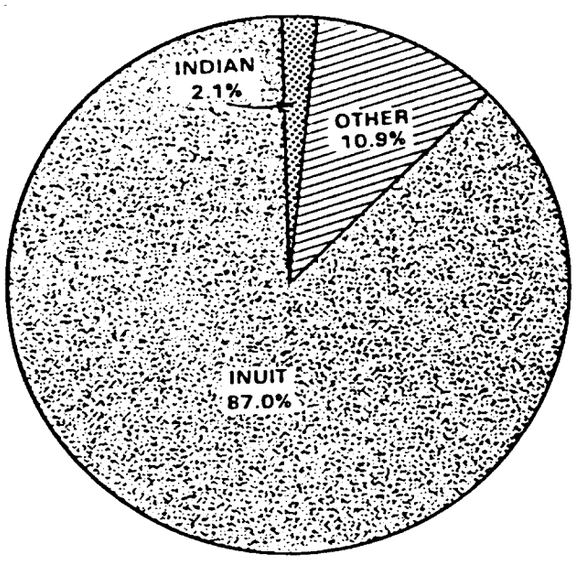
Source: Census of Canada 1961 - 1976;
Government of the Northwest Territories 1980.



The people of Tuktoyaktuk have become heavily involved in wage employment. Even so, they continue to be involved in the traditional economy. Fish drying.



Population by age & sex. Tuktoyaktuk, 1976.



Ethnic distribution. Tuktoyaktuk, 1980.

TERIS data also revealed that a large number of the respondents considered themselves semi-skilled or skilled, suggesting that the stock of industrial skills available in the community is significant

EMPLOYMENT SKILLS TUKTOYAKTUK 1980

Industry	No. of Persons
Agriculture	3
Amusement & Recreation	2
Any Industry	39
Banking & Finance	1
Broadcast, Motion Picture, & Stage	4
Business Services	6
Catering & Lodging	73
Clerical (component of all industries)	69
Construction	46
Education & Training	24
Electrical Equipment	1
Fabric & Garment Manufacturing & Repair	9
Fishing	1
Forestry & Logging	2
Fur Goods	7
Government Services	12
Hunting & Trapping	3
Iron & Steel Processing	1
Laundering, Cleaning & Pressing	21
Machining, Welding & Forging	3
Mechanical Equipment	1
Medical Services	16
Mining & Quarrying	4
Miscellaneous	1
Motor Vehicle Manufacturing & Repair	5
Motor Vehicle Transport	15
Non-Ferrous Metal Processing	2
Oil & Natural Gas	24
Personal Services	8
Professional & Technical Services	7
Retail Trade	14
Ship & Boat Building & Repair	2
Social Welfare Services	11
Water Transport	14
	451

Source: TERIS, Government of the Northwest Territories, 1980.

COMMUNITY ORGANIZATION

Tuktoyaktuk is a Hamlet under the Northwest Territories Municipalities Ordinance. This means that it is an incorporated municipality without taxing authority, but with authority to develop by-laws regulating matters such as traffic, curfews, and dog control. Property taxes are assessed by the Government of the Northwest Territories. Municipal budgets are negotiated between the Hamlet and the Territorial Government, and the Hamlet also has authority to generate some revenues to offset municipal expenses through collection of fines, fees for water delivery, and so on. The municipality's authority includes development of building by-laws, and provision of services such as garbage removal, water, road maintenance, and fire protection. As with other incorporated municipalities, the Hamlet also has authority to develop municipal plans, in cooperation with the territorial Town Planning and Lands Division.

Tuktoyaktuk's elected council consists of a mayor and eight other councillors. Due to past experience of some councillors periodically being absent from the community for prolonged periods while hunting, trapping or fishing, the hamlet has one more councillor than most other communities which elect councils in the Northwest Territories.

Tuktoyaktuk is a community sufficiently small in size for residents to have regular face to face contact. However, some residents have noted that regular visiting and sharing among community members, a common feature of past times, is declining in frequency. Wage employment, with its commitments and routines, has in some ways supplanted the routine and shared experiences of renewable resource harvesting, and the associated extensive opportunities for special contact. Perhaps reflecting the many changes that have occurred, Tuktoyaktuk residents do not always appear to be unified regarding aspirations, values, and attitudes about their future.

Socialization and Education

Most residents show long family histories in the area within the general vicinity of Tuktoyaktuk. Overlaid on the lessons passed from earlier generations and the land-based economy are those of the formal school system, government and industry programs, and the wage economy. These different systems have generated conflicting messages and for some, confusion about behaviors and skills needed for future years.

Tuktoyaktuk residents have commented that, in the face of uncertain expectations, some parents have lost control of their children and no longer play an effective role in encouraging regular school attend-

ance, while others make sure that their children go to school every day. Some adults also act as role models by taking educational courses themselves. The importance of education in preparing residents for positions of leadership in the community is recognized by some local residents. However, some also question the relevance of course offerings to community needs and job opportunities.

The Adult Education Program attempts to be responsive to the community, within budget and staffing constraints. A local school committee has been established to act in an advisory capacity regarding education programs, and to encourage community involvement in education. However, formal education, while helping to prepare young people for the values and way of life of the wage economy, is also seen by some as a sign of the disappearance of the traditional way of life and associated values. Finding a balance between meeting the needs of both ways of life, and the differences in expectations of long-term residents and new residents who come to the community to provide services or work for wages in businesses and industry, is a difficult task for all concerned.

Social Problems

Tuktoyaktuk residents have noted a variety of social problems in their community: widespread alcohol abuse and gambling; limited recreation opportunities; inadequate attention of parents to their children (and lack of respect for parents by children); poor money management; dependence on social assistance payments and other subsidies; lack of initiative and participation in community programs; and too much reliance on outside agencies and individuals.

Some community members have noted that residents are too ready to seek assistance from outsiders, and do not put sufficient effort into addressing community needs and problems themselves. The limited number of educated or politically aware community members who can participate in community leadership, and the limited communication and support between community members and those in local leadership positions and in the regional native organization, have been raised as concerns by some.

The need for development of money management skills has been noted by some community members, although some residents point out that problems of affluence have not only come with industrial activity, but were also a factor in the past when fur harvests and prices were good. In the face of the social change which the community has experienced, residents' opinions differ about the extent to which outside groups such as the Industry and community members share responsibility for social problems and their resolution. Some people feel that residents could do more on their own behalf than has tended to be the case.

Political Organization

Organizations represented in the community include the Hamlet council, the Hunters and Trappers Association, Committee for Original Peoples Entitlement, the churches, a local school committee, a local alcohol committee, and the Chamber of Commerce. In addition, the Government of the Northwest Territories Departments of Social Service, Education, Economic Development, Public Works, and Renewable Resources are represented, as are the Federal Government's Departments of Health and Welfare, Energy Mines and Resources, Transport and the RCMP. Tuktoyaktuk is also represented on the Beaufort Sea Community Advisory Committee.

Social Control

As was previously discussed, social controls sanction patterns of behaviour in interactions among community members, and between the community and the "outside." These controls are generally based on a system of shared values. The uncertainties involved in the changes Tuktoyaktuk residents are experiencing, and the transitions in values and behaviors, have affected the character and extent of social control in the community.

In many native societies, avoidance was a traditional means of social control. As one Tuktoyaktuk resident commented, "In the old days, if you got drunk, you were stayed away from." However, in a community where expectations or values are changing and becoming less certain, avoidance becomes less effective as a control mechanism, as do other forms of peer pressure. Role modelling, or acting-out examples of appropriate behavior, has been attempted by some residents, reportedly with some success. However, according to community members interviewed, control and discipline currently depend primarily on the individuals or families rather than on standards established by the community as a whole.

Leadership and Government

Some local residents have expressed frustration with the limited extent to which community leaders keep other residents informed about their activities and decisions. At the same time, some sympathy is expressed toward local leaders concerning the lack of constructive support they get in the community, and with their limited influence with more senior levels of government. As one person noted, "They're scared in a way. Once the government says they're going to do something, nothing will stop them." Some feel that their elected leaders "run away" from problems,

and look too much to outsiders to provide solutions. Others suggest that local leaders are faced with too many demands on their time, and do not receive enough assistance from the community; that too few are carrying too great a load. According to some residents, because many community members have little understanding of the issues being considered, community leaders find it more efficient to proceed on their own, without involving, or explaining the issues to the rest of the community. As one person noted "Everyone waits for everyone to help them — We have got to have good leadership — someone who thinks not of himself but of community gains — but we need good leadership and members. We need to rely on our own resources a little more."

As in other northern communities, external agencies and organizations dominate planning and the allocation of resources. Community leaders direct much of their attention outward, and often act as brokers between external organizations and the community, getting the best deal they can for their constituents. The need to respond to plans and goals set by outsiders, and the complexity of the "outside" systems, tends to limit the involvement of most community residents in decision-making, and sometimes frustrates communication between community members and the leaders.

LOCAL ECONOMY

The business sector in Tuktoyaktuk has grown rapidly in recent years, largely as a result of the Industry's efforts, and currently is second in size and diversity to Inuvik in the Beaufort Sea region. As of mid 1981 there were some 35 businesses in operation in Tuktoyatkuk. As shown in Table 4.2-3, they performed a wide range of functions, including those found in most Beaufort Sea communities. However, there were some functions unique to the community such as the provision of marine support services.

In general terms, the community's business sector encompasses seven broad groups of activities:

- provision of goods and services as is common to most other communities in the region — a retail store (The Hudson's Bay Company), motel, airline agency etc;

- provision of services in keeping with Tuktoyaktuk's status as a Hamlet — water delivery, sewage pickup, some local trucking;

- provision of facilities, goods and services in keeping with higher than average incomes in the community — a bank sub-agency, a hardware store, three coffee shop/restaurants, an additional retail store under construction;

- enterprises owned by local people and oriented primarily to the supply of goods and services to the Industry;

- enterprises owned by individuals who have arrived in the community within the past five years, often from other centres in the north, and which are oriented primarily to the supply of goods and services to Dome;

- various special services in keeping with the expanded business sector in Tuktoyaktuk — for example, equipment rentals, land and building rentals;

- unique or semi-unique activities such as reindeer herding and the Delta Fur Shop production facility.

Several other activities in the Tuktoyaktuk area, while economic activities in the broadest sense of the term, are not considered part of the local business sector. These activites are:

- DEW line facility separate from the community;

- Northern Transportation Company transshipment and repair base adjacent to the community;

- Esso's base across the harbour from the community;

- Dome's "Tuk Base" adjacent to the community, including the offices and facilities of a number of exploration service contractors from southern Canada.

- Gulf leased facilities: an office at Tuk Base and certain support facilities at the Arctic Transportation Limited base adjacent to the community;

- Arctic Transportation Limited base facility — a marine transport and services facility;

- The Polar Continental Shelf Project's western Arctic base adjacent to but separate from the community.

Except for the Dome and Gulf related activities, all of these undertakings have been going on in the vicinity of Tuktoyaktuk for at least a decade and in many instances longer. They all take place at facilities adjacent to, but separate, from the community. To varying degrees each activity has been the source of some wage and employment and the occasional contract for local residents over the years. Gemini North, for example, reported that in 1972 the Northern

THE TUKTOYAKTUK LOCAL BUSINESS SECTOR AS OF MID-1981

Name of Business*	Function(s)**
1. A-W Hardware	Retail Hardware Sales
2. APUN Commercial	Building Rentals
3. Arctic Coast Services	Marine Charters
4. Beau-Tuk Marine Services	Exploration Services, Warehousing, Tank Cleaning
5. Beaufort Environmental Support Services	Oil Spill Containment and Clean Services
6. Beaufort Flying	Aircraft Charter
7. Beaufort Inn	Motel, Restaurant/Coffee Shop
8. C and L Services	Water Delivery
9. Canbo Tool Distributors	Wholesale, Retail Tool Sales
10. Canadian Imperial Bank of Commerce	Banking Services (Sub-agency of Inuvik Branch)
11. Canadian Reindeer Herding	Commercial Reindeer Herding
12. CFCT - Tuk Radio	Local Radio Broadcasting
13. Cockney's Taxi	Taxi Service
14. Ed Smith Construction	Construction Company
15. Felix Equipment Rentals	Equipment Rentals
16. Gruben's Transport	General Contracting, Hauling, Trucking
17. Herschel Island Transport	Marine Transport, Charters
18. Hudson's Bay Company	Retail sale of food, clothing and other merchandise
19. Igloo Inn	Pinball machines, confectionary
20. Macdonald Brothers Electric	Electrical Contracting and Repairs
21. Igloo Inn Cafe	Coffee Shop
22. Ipunta Tours	Town of Tuktoyaktuk Harbour and Pingoes; Overnight camp accommodation for tourists
23. Jacobson Bear Service	Protection of personnel against polar bears and related services
24. JL Transport	Trucking, Hauling, Contracting
25. Ken Borek Air	Air Transportation
26. Philips Cleaners	Commercial Cleaning Services
27. Reindeer Grill	Restaurant, fast foods outlet
28. Raymond Laundry	Contract Laundry Services
29. Steve Kikoak Bus Services	Contract Bus Services
30. Ski-Doo Shop	Ski-Doo sales, parts and repair services
31. Tuk Enterprises	Investments, Holding Co.
32. Tuk Fur Shop	Fur Product Manufacturing and Sales
33. Tuk Lodge	Usually visitor accommodation, meals and Tourist Services; more recently seasonal rentals of the facility to groups working in the Tuk area
34. Tuk Taxi	Taxi Services
35. Tuk Transport	Marine Charters

Source: Local Business Directory prepared for Dome/Canmar and G.N.W.T. by Jessie Hill (August, 1981 Draft); personal communication with Economic Development Officer, Tuktoyaktuk, September 1981.

Notes

*Name listed is that listed in day to day parlance.

**Principal function(s) only; other minor or occasional functions are carried out by some Tuktoyaktuk businesses. No attempt has been made to identify and list them.

Transportation Company Limited, a crown corporation, was the source of ten man years of employment for Tuktoyaktuk residents. Esso and other oil and gas companies provided 18 man years of employment to Tuktoyaktuk residents in the same year (Gemini North, 1974). In more recent years Northern Transportation has continued to employ a small number of Tuktoyaktuk residents in its operations.

The local business community has also been involved in a number of contracts with the companies and agencies operating at these various facilities over the years, particularly with Esso.

The biggest impact on the local employment and local business sector in Tuktoyaktuk in recent years has come from the presence of Dome's shore base adjacent to the community. The volume of business placed with Tuktoyaktuk businesses by Dome annually since 1976 is shown in Table 4.2-4.

As shown in the Table, Dome's purchases and contracts have generated a considerable volume of business activity each year since 1976. However, data relating to total business volumes and number of firms involved do not fully indicate the amount of change that has occurred in the local business sector in recent years. Tuktoyaktuk's business sector was quite rudimentary prior to Dome's arrival. The number of businesses was small and their functions limited in keeping with the size of the local population, limited personal disposable incomes and the community's orientation to trapping and other resource harvesting activities. Dome arrived in Tuktoyaktuk at a time when other oil and gas related employment and contracting activities were in a decline pending a government decision on the Arctic Gas pipeline proposal. It was a period when local residents were acutely conscious of the employment and local business benefits that could be associated with oil and gas activities if government or company policies were developed and implemented with the maximization of such benefits in mind.

DOME PURCHASES FROM LOCAL BUSINESSES TUKTOYAKTUK, 1976-1981

Year	No. of Local Businesses Providing Goods, Services to Dome	Value of Purchases in $000[1]	Average Purchases in $000
1981	29	6,238	215
1980	27	3,817	134
1979	26	2,204	85
1978	25	1,364	55
1977	23	370	16
1976	6	100	17

Source: Dome Petroleum Limited, 1980 Beaufort Sea Operations Evaluation; and Senate Presentation, 1982.

Note: [1]Figures rounded to nearest thousand.

Dome responded positively to community and individual concerns about matters such as employment and local business contracting. The local business contracting opportunities that were potentially available with Dome exceeded by a considerable degree the capacity of the existing local business sector. Dome worked with the owners of local enterprises, and with individuals in the community who wanted to go into business, to expand the number of businesses and the range of goods and services available. The number of businesses in the community grew from an estimated 8 in 1976 to 25 in 1977, 29 in 1978, 32 in 1979 and 33 in 1980.

This growth has recently slowed down for a number of reasons. Foremost among these is the fact that almost every person interested in and capable of running his or her own business in the community has had the opportunity to do so. Another key reason has been Dome's efforts to spread its local business contracts and purchases over a larger number of communities.

The expansion and continuing high level of activity in the local business sector in Tuktoyaktuk since Dome arrived has had a number of effects on this aspect of the community. There are, of course, more individuals and a larger percentage of the community's population engaged in business activities than ever before. The community's 33 local businesses in 1980 accounted for some 130 full time or long-term seasonal job opportunities and an additional 150 part time or casual positions. Twenty-seven local businesses had business contracts and/or sales involving Dome. Local businesses in Tuktoyaktuk have also benefited from the increased levels of disposable income among the many residents employed by local businesses servicing Dome or employed directly by Dome. Outcrop/DPA have estimated that in 1980 the total Dome related income in Tuktoyaktuk was $3 million or some 55% of all income earned or received by Tuktoyaktuk residents. Local businesses providing taxi, hardware, food, clothing and ski-doos, to list but a few items, have benefited from the increased amount of income in the community.

Local residents, to a greater degree than ever before, have a larger range of options with respect to participating in the modern economy. Many have chosen to work for themselves rather than simply seek employment with others. In so doing they have not only responded to their own aspirations, they have helped to create a much more visable and high-status role-model for younger residents.

Tuktoyaktuk residents engaged in business activities have also gained a new perspective on the importance of reliability and punctuality. On occasion, they will publicly note the effect on their operations when local people hired at a good wage fail to show up, are chronically late, or quit without notice.

Many Tuktoyaktuk businessmen find it difficult to hire and retain the best workers in the community, and several have mentioned losing good workers to the Industry or having promising workers go into business for themselves. Many businessmen are convinced that if their firms are to continue to grow some workers will have to be brought in from other communities in the region.

The growth in business activity in the Tuktoyaktuk area has also brought with it an expansion in the number of non-native business people resident in the community. Many of these people are long-time northerners and some have married native people. Their presence in the community is both a source of tension and a challenge to other businessmen. One of the non-native entrepreneurs is currently building a second retail store for the community and a second is engaged, among other things, in the provision of trucking services. Both activities are or will be in competition with existing enterprises operated by native people.

The strong link that exists between business and politics in most small communities is evident in Tuktoyaktuk. Local businessmen are prominent in community politics and occupy a number of positions on the hamlet council. At times, it is difficult for some businessmen to keep their business and political roles separate. The council, for example, at one point considered passing a local by-law to give local businesses priority in business opportunities associated with the oil and gas industry.

The Tuktoyaktuk business community has also had some difficulty in developing a vehicle for expressing common concerns. Some effort was expended on a local Chamber of Commerce but this organization is currently reported to be defunct (Matthews, 1981). In some respects, the Tuktoyaktuk business community is very competitive. Many businessmen are reluctant to discuss their operations with other businessmen or to join together to seek larger contracts lest they somehow lose something in the process.

In other respects the business community is rather uncompetitive. To a large degree many local businesses have been highly dependent on the oil and gas industry. Many members of the business community have not had to make as great an effort to obtain contracts as have business people in other communities.

Local businessmen express a desire to continue to work for Dome and other oil and gas companies, expanding and diversifying their operations even to the point of providing services to points well-removed from the community such as McKinley Bay. However, it is clear that not all business people are in a position to do this. The preparedness of those who are is evident in the sophisticated cost accounting systems that they have installed and in their willingness to approach various outside sources of funding directly rather than go through government channels with the consequent delay and "red-tape". These business people are non-native and are the exceptions in Tuktoyaktuk.

Most business people in Tuktoyaktuk, particularly a good many of the native business people in the community, are still working towards this level of development in their operations. They are highly dependent on the services of a GNWT Area Economic Development Officer based in the community for such vital matters as invoicing, bookkeeping and loan applications, and general management advice. The community and the local business sector has been fortunate in recent years that a high-calibre individual has been posted to the community as the Area Economic Development Officer.

In some respects, some of the responsibilities borne by the Area Economic Development Officer have hindered the expansion of the local business sector. Thus, efforts are being made to develop a local bookkeeping service so that the officer will have more time to devote to loan applications and matters of greater significance such as new business development.

The Tuktoyaktuk business situation has helped to highlight both the strengths and weaknesses of the existing sources of capital for business initiation and expansion. Few people have the money available to cover the equity portion of a small business startup or growth situation in Tuktoyaktuk. Pre-payment of the first and last month's invoices associated with a contract by Dome has provided the basis for some individuals initial equity in a venture and this equity in turn has enabled them to qualify for government assisted loans. However, even this approach does not produce a large initial equity position.

Thus, with many of the smaller business opportunities in Tuktoyaktuk having been developed already, the question of where the equity will come from for initiating larger ventures has arisen more prominently in recent years. Certainly, government loan and grant programs have helped the community's business sector grow to its present state in recent years. These programs still seem inadequate to enable local individuals, particularly local native people, to launch larger ventures such as hotels and apartments.

With this problem in mind, considerable attention has been given in recent months to the possibility of a

community owned development corporation. The basic concept and some of the financial and ownership aspects of such a corporation have been sketched out by the Area Economic Development Officer and informally discussed with members of the hamlet council and various government officials. No decision has been made on this concept to date.

There is some question whether existing government loan and assistance programs would be suitable additional sources of capital for a community development corporation. Some business people in Tuktoyaktuk, noting the types of businesses that tend to be assisted by existing government programs, wonder if these programs are not becoming too oriented to helping small scale, low risk enterprises such as coffee shops.

As the local business sector in Tuktoyaktuk expands, some difficulty may be experienced in finding sufficient room for all operations. The amount of open space left in the community is quite limited and the scattered nature of existing business operations within the hamlet does not lend itself to concentrated areas of expansion. One area where future growth could perhaps occur is on land created by filling in a small lake or two along the main road to the airport. However, the hamlet council has expressed some reservations about such infilling and has suggested the creation of a separate industrial enterprise area beyond the airstrip. No firm decisions have been taken on these matters to date.

Employment and income levels in Tuktoyaktuk are currently high relative to most other communities in the region largely because of the employment and business opportunities created by Dome's presence. The wages earned by residents employed by Dome in recent years and the amount of business carried out locally by Dome are summarized in Tables 4.2-5 and 4.2-6.

Outcrop/DPA have estimated the income effects of Dome's presence in the Tuktoyaktuk area as of 1980 (Outcrop/DPA, 1981). These estimates are shown in Table 4.2-7. The very important role that Dome, and the oil and gas industry generally plays is clearly evident.

The Tuktoyaktuk business sector is a dynamic aspect of the community's life and a potential source of additional change in the future if the oil and gas industry continues to expand in the Beaufort Sea region. The Tuktoyaktuk business community is one of the most sophisticated and politically aware in the entire region. It is also an example of what can be done in a fairly short period of time if the Industry and a community are willing to work together for their mutual benefit.

WAGE EARNINGS FROM DOME EMPLOYMENT

Year	Total	Average per Tuk Employee	Average Beaufort Communities
1976	N/A	N/A	$2900
1977	$371,500	$3950	$4500
1978	$288,500	$6700	$6300

Source: Hamlet of Tuktoyaktuk Community Plan, M.M. Dillon Ltd.

DOME EXPENDITURES RELATIVE TO GROSS COMMUNITY INCOME

Year	Non-Gov't Community Income	Gov't Community Income	Total	Dome % of Total	Dome % of Non-Gov't
1977	$1.23 M	$2.13 M	$3.36 M	11%	30%
1978	$3.50 M	$5.80 M	$9.30 M	15%	40%

Source: Hamlet of Tuktoyaktuk Community Plan, MM Dillon Ltd.

EDUCATION, HEALTH AND OTHER SERVICES

As noted above, a mission school was established at Tuktoyaktuk in 1947. It was transferred to the federal government in the following year and became one of the initial nuclei of the Department of Northern Affairs and National Resources school construction and expansion program in the 1950's. Despite the lengthy presence of educational facilities in the community, education levels in Tuktoyaktuk remain low.

Many families are ambivalent about schooling for their children and school attendance is poor. The poor attendance is not limited to older children. In September of 1981, for example, a grade one teacher reported to a public meeting called by the Northwest Territories Legislative Council's Special Committee on Education that 11 of the 21 students registered in her grade one class had yet to attend school; although school had been in session for nearly a month.

Thus, it may be somewhat misleading to describe the educational facilities in Tuktoyaktuk without pointing out that the community does not have the same attitude towards education that one finds in Aklavik. The situation must be considered chronic since it was documented as far back as the community profile material prepared for the Advisory Committee on the Government of the Northwest Territories in 1966.

Poor educational performance would not, at least on the surface, seem due to lack of facilities or staff. Tuktoyaktuk has a substantial school building. It has

ESTIMATED TOTAL CASH INCOME AND KNOWN SOURCES OF CASH INCOME IN TUKTOYAKTUK - 1980

Item	Amount ($millions)	Percent of Total Cash Income(%)
Estimated Total Cash Income	5.50[1]	—
Amount of Cash Income Derived From:		
- Employment with Government	1.20[2]	22
- Dome employment and business contracts	3.00[3]	55
- Trapping	.09[4]	1
- Social Assistance	.08[5]	1
- Unemployment Insurance	.35[6]	6
- Other unidentified sources	.80[7]	15

Notes:
1. Outcrop/DPA estimate based on 1976 union data of $1.8 million; increased by 25% annually to reflect Canmar presence.
2. Outcrop/DPA assume 60 jobs at $20,000/annum $ per job.
3. Outcrop/DPA estimates; includes induced spending effects.
4. Compiled by Outcrop/DPA from NWT Trappers Incentive Program records for 1979-80.
5. Outcrop/DPA from NWT Department of Social Services.
6. Based on U.I.C. data for 1979 escalated by 50 percent to 1980.

ten teachers and two classroom assistants (Table 4.2-8). School enrollment in 1980-81 was 193: Grades Kindergarten to nine are taught but actual attendance is small in grades seven and above. The community also has a resident adult educator.

SCHOOL FACILITIES PROFILE TUKTOYAKTUK 1980

Enrollment	193
Teachers	
Capacity	200
Unused Capacity	7

Source: Department of Education, Government of the Northwest Territories, 1980.

With respect to other services, Tuktoyaktuk has a two bed nursing station with a staff of three nurses, a community health worker and a dental therapist. There is a four man RCMP detachment. These services are adequate for present purposes, but would have to be expanded with significant population growth.

HOUSING

The housing situation in the community has been improved in recent years but much work remains to be done. As of 1981 the Northwest Territories Housing Corporation has 112 northern rental housing units in the community and the GNWT had 16 staff units. No recent data are available for housing units owned by other parties. In 1976, there were eight federal, two municipal, two company, and six privately owned units, and six units termed owned by "others" in the community (Outcrop, 1981). Various reports on the community in recent years (Bachmayer, 1977; Dillon, 1980) have commented on the over-crowding in many Tuktoyaktuk households. This overcrowding was still evident in 1981.

INFRASTRUCTURE

Local infrastructure and services include a 900 Kw diesel generator operated by the Northern Canada Power Committee (NCPC), a recently constructed municipal water supply reservoir, and bagged sewage pickup and sewage pumpout services. Water is distributed and sewage gathered by truck. The community has a 14 person volunteer fire department and a modern fire truck.

Tuktoyaktuk is linked to Inuvik via an ice road in winter. The community has also had an airstrip for

many years. It was substantially upgraded with the arrival of Dome in order to facilitate the landing and takeoffs of the company's Boeing 737 jet. The gravel runway has been extended to a length of 5,000 feet and navigational and landing aids have been upgraded. Esso also maintains a smaller airstrip at Tuktoyaktuk but it is on the other side of the harbour adjacent to the company's base camp and is not used by local residents.

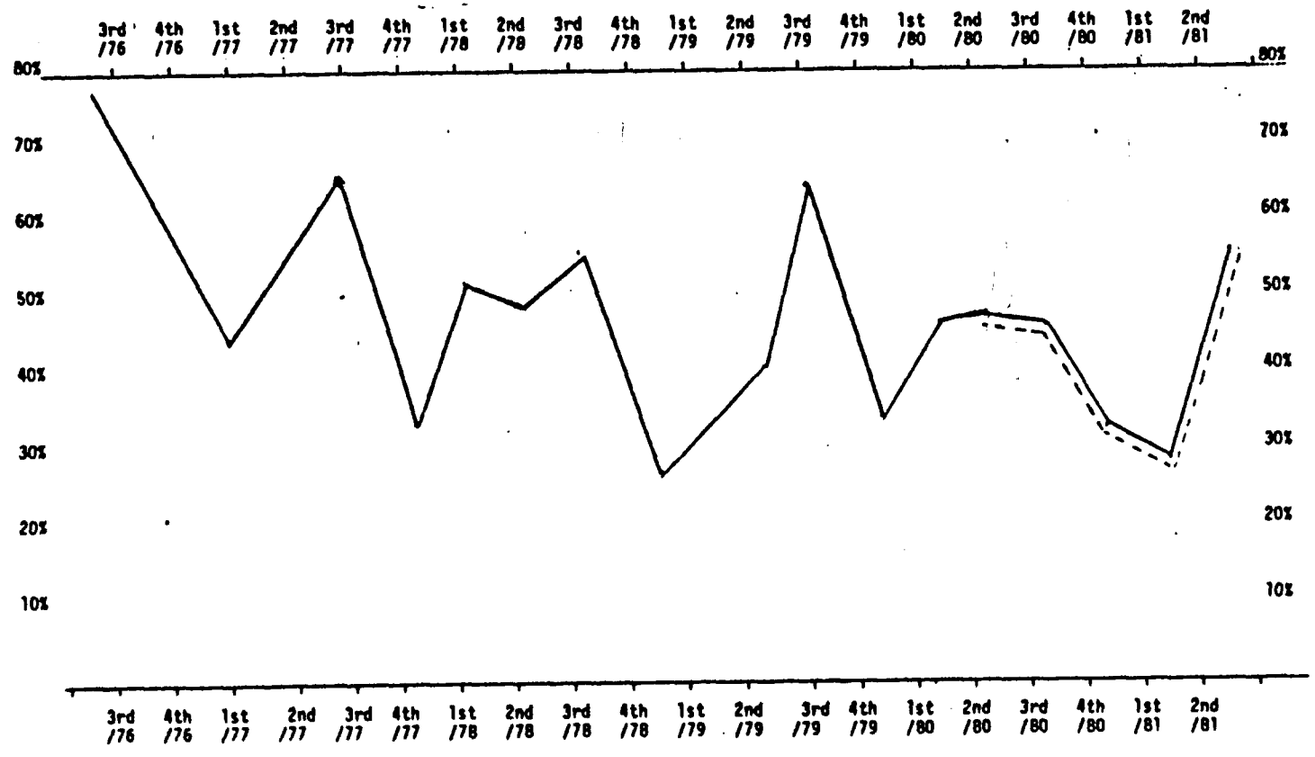
Northern Transportation Company Ltd. operates a major freight and fuel receiving and transshipment base at Tuktoyaktuk and maintains a large floating drydock in the harbour to service river tugs, barges and coastal re-supply vessels.

Tuktoyaktuk has a number of recreational and cultural facilities. It has a community hall (which is also used as a day care centre), an arena, a radio station, a curling rink and a sod house museum. A coastal vessel used by the Roman Catholic missionaries for many years in the western Arctic has been mounted as a permanent historical display at a central point in the community.

APPENDIX # 111

TIME SERIES OF AVERAGE QUARTERLY HOTEL OCCUPANCY RATES FOR INUVIK, NORTHWEST TERRITORIES

Note: Straight line denotes average quarterly occupancy rates for Hotel # 1
Dotted line indicates blended average quarterly occupancy rates for Hotels # 1 and # 2



Source: Inuvik Retail Clothing Study, Boreal Planning Associates, Aug. 1981.

APPENDIX # iv

COMPARATIVE CHANGE IN AVERAGE QUARTERLY HOTEL OCCUPANCY RATES INUVIK, N.W.T.

QUARTERLY OCCUPANCY RATES		77/76		78/77		79/78		80/79		81/80
		%		%		%		%		%
QUARTERLY DISTRIBUTION	1976-1977	Change	1978	Change	1979	Change	1980	Change	1981	Change
1st Quarter	0 42.1	xx	45.5	8.0	32.9	-27.7	44.8	36.0	26.5	-41
2nd Quarter	0 53.26	xx	42.4	-20.0	39.6	- 6.7	45.4	14.6	53.3	17.4
3rd Quarter	72.9 59.5	-18.4	54.2	9.0	59.6	9.9	42.4	-29.2	xx	xx
4th Quarter	52.8 34.6	34.5	26.2	-24.3	34.2	30.5	28.0	78.2	xx	xx

Note: x 2nd quarter 1980 through 2nd Quarter 1981 includes blended data.

xx data unavailable for comparative purposes.

APPENDIX # V

INDUSTRY LABOUR OUTPUT STANDARDS

Department	Employee Function	Workload Standards
ousekeeping	Maid	13 to 16 occupied rooms per day (or approximately one room every 30 minutes).
	Housekeeper/inspectress	50 to 100 occupied rooms per day
ood note standards vary quite widely ccording to the ize and type of menu and the style of service)	Waiters and waitresses	Regular dining room - 25 to 30 seats per meal. (adjust staff levels for different volumes of clientele at breakfast, lunch and dinner. American plan resorts and motels will have steady volumes at all meals). Coffee shop - 30 to 35 seats per meal. Dinner - dance menus - 15 to 20 seats per dinner.
	Bus boys	Regular dining room - one for every four waiters/waitresses. Coffee shop - one for every five waiters/waitresses. Dinner - dance menus - one for every two waiters/waitresses.
	Captains or hostesses	Regular dining room - one for every eight waiters/waitresses Coffee shop - one for every ten waiters or waitresses. Dinner-dance menu - one for every four waiters/waitresses
	Cleaner/dishwasher	Regular dining room kitchen one per 125 to 150 meals served. Coffee shop kitchen - one per 175 to 250 meals served.
	Cook or kitchen assistant	Regular dining room kitchen - one per 75 to 120 meals served. coffee shop kitchen - one per 120 to 1409 meals served.
Beverage (note that s andards vary according to the style of lounge or b r and the types of c inks served).	Bartender	One for every 40 to 60 bar or lounge seats.
	Bar waitress or waiter	One for every 30 bar or lounge seats

Telephone (assuming the hotel or motel has a switch board)	Switchboard operator	One for every 50 to 75 rooms

Source: The Inn Business, Canadian Government Office of Tourism, 1976.

APPENDIX # VI

TUK HOTEL FEASIBILITY STUDY

QUESTIONNAIRE RE: PRESENT AND PREDICTED VISITATION TO TUK

INTERVIEWEE DATA: Name of Company -
Interviewee Name -
Contact
Phone #
Address -

Is your company now involved in visiting Tuktoyaktuk?

Where do you now stay in Tuk?

What do you like and not like about those facilities?

Like -

Not Like -

Do you ever visit Tuk and have nowhere to stay?

How often and when has this happened?

If there were another hotel in Tuk, would you be encouraged to visit Tuk and stay overnight at this new hotel?

We want to determine the demand for this proposed new hotel during the next five years, so .....

Concerning next year, what would be your demand, i.e. how many beds/rooms would you require next year?

How would your demand change over the next 5 years? Would it: stay the same, increase, decreased, by how much each year?

What time of year would you need these rooms? Just during the summer, or winter, or all year?

- summer (pinpoint months) %

- winter (specify months) %

Would you be more encouraged to visit and stay over in winter if rates were a little cheaper?

What kinds of facilities would you require for the hotel? Could you rate the following facilities as to what you would like to see the most, if you don't really care, or if you don't think you'll need them.

single rooms 1- (# 1,2,3 desirability)

double rooms - (# 1,2,3 desirability)

kitchenette units - (# 1,2,3 desirability)

Restaurant - all 3 meals or just suppertime? How many meals would you need per day; how important?

Cocktail Lounge - yes, no, maybe, how important?

How important to you is the price of a room?

Do you know of any other visitor groups to Tuk?

Do you have any other comments or questions for me?

Thank you for answering this questionnaire!

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APPENDIX # VII

MARKET OVERVIEW AND SURVEY RESULTS

In general, Tuktoyaktuk is a very attractive pleasure visitor destination. However, accurate visitor data is not completely available as tourism in the N.W.T. is in a developmental stage and moreover, it is a very new activity in the Tuk and Inuvik region. When examining pleasure visitation to Tuk, one must also consider the visitation to Inuvik as all visitors pass through Inuvik on their route to Tuk.

The opening of the Dempster Highway in 1979 dramatically increased pleasure traffic to Inuvik and Tuk. Although visitors can now travel to Inuvik via air or road, they must employ the airways to visit Tuk except during the period of time that the winter road is open(December to May).

An important point indicating Tuk's attractiveness is that most Inuvik tourism operators interviewed commented that the number one attraction for pleasure visitors to Inuvik was a visit to Tuktoyaktuk itself.

Initially, general attributes of Inuvik's and Tuk's location include: being north of the Arctic Circle and its midnight summer sun; the first North American all weather highway north of the Arctic Circle; and one of the world's longest and most interesting deltas. Additional attractions for Tuk include being on the Beaufort Sea and Arctic Ocean, near the oil and gas exploration activity, and a native Inuit community above the treeline.

Future pleasure visitation will depend upon a number of factors. Transportation costs of gasoline and airline tickets will be important. Long range development include a proposed all-weather Dempster extension to Tuk. This would result most likely in either or probably both of the following events: more vehicles travelling the Dempster, and a greater percentage of these vehicles spending less time in Inuvik in lieu of more time spent in visiting Tuk.

Other factors governing future tourism include general

awareness of the area, success of tourism agencies (and operators) such as Travel Arctic and the Canadian Government Office of Tourism, and other vacation alternatives.

In general, it appears that Tourism in the N.W.T. is growing at a healthy rate. For the total N.W.T., "visitors to the N.W.T. during 1980 increased between 15 and 20 percent from 1979."[1]

For study purposes, pleasure visitors are divided into the two components of guided tour travellers and other pleasure travellers. Information obtained from tour operators is more specific and accurate than the more general information available for the other component.

Guided Tour Groups Visitation

A number of tour companies operate tourist group tours which visit Inuvik as part of a multiple destination northern tour. All tours presently visit during the summer season between mid June to late September. Participants are mainly in older age groups (37% are between 51 to 65 years older, 56% are 66 years plus, retired people make up 55%), and the majority are female (68%), originating mostly from cities across Canada.[2] Tours travel by airplane and sometimes also by bus, in groups usually of 30 to 40 people under supervision of a knowledgeable guide. Tour prices are in the range of $1,500 to $3,000 per person.

The demand questionnaire was administered to the 7 tour groups currently visiting Tuk. Responses and comments are now discussed in detail.

Question: Is your company now involved in visiting TuktoyaktuK?

Answer: Responses are detailed in the table on the following page.

The approximate amount of 1604 package tourist visiting in Inuvik in 1981 is a 34% increase in this market compared with the 1980 figure of about 1200 people. The 1982 predicted tour volume of 2480 people represents a 55% increase from 1981. The number of companies operating in the area is increasing and there are indication that new operators, not identified in the preceeding table, will be entering the market in 1982.

1. N.W.T. data book, 1981, Devine and Wood, Outcrop Ltd., p. 33

2. Inuvik Region Package Tour Survey, June-August, 1980 AKAY Tourism Consulting

Question: If there were another hotel in Tuk, would you be encouraged to visit Tuk and stay overnight at this new hotel?

Answer: All seven companies commented that Tuk is an attractive visitor destination. However, a basic problem is that the addition of an overnight stop in Tuk would create another one night stopover with a corresponding increase in operational and logistical difficulties. Another concern is that an added day to the overall tour would increase the tour price about $100 with a possible decline in demand for the tour. Another option would be to sacrifice a night at another destination in lieu of an ~~added~~ overnight at Tuk.

Another concern is the available activities for groups in Tuk. Most operators feel that a 4 to 6 hour daytrip is the best format for the present. However, most commented that TUk had considerable promotional possibilities, especially relative to the Alaskan Arctic which some operators concluded is presently oversold..

Therefore, predicted demand for a hotel facility is very speculative, although some comments were made to the following question.

Question: We want to determine the demand for this proposed new hotel during the next five years, so .... Concerning next year, what would be your demand, i.e., how many bedrooms would you require next year?

Answer: Tour operators commented that they were not considering an overnight stay in Tuk. Another commented that the performance of the daytrip must be evaluated initially before an overnight stop would be considered. One operator speculated that there would be a 25% probability of their groups staying over. One manager replied that they would most definitely stay in Tuk if an adequate facility existed. Total estimated bednight demand for the first year of operation (theoretically 1982) would be about 460 bednights per year. This presents approximately 19% of total visitors to the Inuvik Region. Most operators commented that the hotel-guided tour customer market question closely resembles the familiar chicken and egg scenario. If an adequate hotel did exist, operators would favorably examine the potential for overnighting in Tuk. However, given current circumstances of

no suitable facility, operators are forced to continue conducting short daytrips to Tuk.

Question: How would your demand change over the next 5 years? Would it: stay the same, increase, decreased, by how much each year?

Answer: Five managers commented that they could not forecast future demand as they must continue to evaluate the success of daytrips. One replied that their demand would be stable, while one predicted that a realistic growth of 20% per year is envisioned.

Therefore, the 1982 bednight demand of 480 is predicted to increase as follows: 1983 demand, 538 bednights; 1984 - 603; 1985- 675; 1986 - 765. This represents an approximate overall increase of 12% per annum. This demand would occur during the 4 summer months and, for study purposes, is assumed to be evenly distributed.

Question: What time of year would you need these rooms? Just during the summer, or winter, or all year?

Answer: All seven managers replied that 100% of their demand would occur during the peak summer season from early June to early September. Their clientele are not tremendously adventurous and the cold, dark winter season is not particularly attractive to this market segment.

Question: What kinds of facilities would you require for the hotel? Could you rate the following facilities as to what you would like to see the most, if you don't really care, or if you don't think you'll need them: single rooms, double rooms, kitchenette units?

Answer: Six operators replied that the majority of their requirements are satisfied by double bedded units. Single rooms are required only by a small minority. One operator commented that their demand is evenly distributed between single and double rooms. Private baths are also a prime necessity. Kitchenette units are not required as customers have no free time to prepare for and clean up after meals. THis was also mentioned by business people who have even less time for this activity.

A minimum hotel capacity of 25 rooms is required to accommodated a complete tour of 32 visitors.

Question: How important is a restaurant? How many meals would you need per day, all three meals or just suppertime?

Answer: All managers replied that a restaurant was a good idea. All 3 meals would be required. For the maximum satisfactory of non-resident visitors, meals featuring unique northern foods such as arctic char, muskox, cariboo and reindeer would be popular. A restaurant should have a maximum capacity of about 35 seats in order to accommodate a complete tour group.

Question: How important is a cocktail lounge?

Answer: All seven operators replied that a cocktail lounge would be an important ingredient of a full service facility.

Question: How important to you is the price of a room? What price range would you require?

Answer: An acceptable price range would be between $60 and $ 70 for a double room. A double room in Inuvik currently costs $60 per night.

Question: Do you know of any other visitor groups to Tuk?

Answer: All pleasure and business visitor groups were identified.

Question: Do you have any other comments or questions for me?

Answer: All operators generally felt that Tuk had better tourist possibilities than Inuvik. However, it was felt that an accommodation facility would be only a portion of the infrastructure requirement if the visitation potential of Tuk were to be realized.

An all-weather road would be a beneficial ingredient as tour groups could economically and efficiently visit Tuk. For complete transportation infrastructure, a schedule air carrier with a capacity of 35 passengers would facilitate transportation logistics.

This area of the N.W.T. is still relatively unknown to non-residents, especially to U.S.A. and foreign markets. Therefore, increased promotion by organizations such as TravelArctic and the Canadian Government office of Tourism, etc., could significantly increase awareness of and visitation of this region.

Tuk residents are not presently overly enthused by the tourism trade. tHe receptiveness of residents must be increased if

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visitor contact with residents is to expand beyond the present superficial level.

Another very important factor governING the success of an overnight stay is that a wider range of activities must be available for visitors. This could be satisfied by local entrepreneurs operating activities such as walking, driving, boat, etc. tours. An accommodation facility is only one portion of a comprehensive tourism development strategy for the area.

Other Pleasure Travellers Visitation

a) Dempster Highway Vehicular Traffic Volume

An accurate record of total Dempster Highway traffic is available from GNWT Marine Operations ferry log data for the Fort McPherson and Arctic Red River crossings. Only the Fort McPherson data is examined as Arctic Red River statistics include a higher percentage of local travel and involves double counting due to the triangular route traversed.

No record of vehicle origin is maintained indicating relative percentages of non-resident visitors and resident traffic. However, there has been considerable growth in total Dempster traffic, as indicated by the following table. Round trips passengers through Fort McPherson in light passenger vehicles increased from 1452 in 1979 to 3499 in 1980 (141% increase) to 5149 in 1981 (47% increase). Passenger trips in other vehicles also increased greatly as shown by the accompanying table # 9.

TABLE # 9

Fort McPherson Dempster Highway Crossing

	Number of Passengers Carried in:		
	1979	1980	1981
Light Passenger Vehicles - Autos, Campers Pick-up Trucks up to One ton capacity	1452	3499	5149
Percentage Increases		141%	47%
Light Passenger Vehicles Drawing a Trailer	26	73	140
Percentage Increase		181%	92%
Commercial Vehicles Single Unit Truck with Carrying Capacity over One Ton	19	27	135
Percentage Increase		42%	400%
Commercial Vehicles Semi-Trailers up to a Maximum G.V.W. 110,000 lbs	77	295	636
Percentage Increase		283%	116%
Commercial Vehicles Oversize Semi-Trailers	2	0	7
Percentage Increase		-	-
Buses - School Bus, Charter Bus, Scheduled Bus	4	130	444
Percentage Increase		-	242%
Miscellaneous	34	68	608
Percentage Increase		100%	794%

The number of non-resident passengers will now be estimated. The 1980 Auto Exist Survey (AKAY Tourism Consulting) administered at the Peel River, Fort McPherson crossing from July 1 to August 31 to all tourist vehicles leaving the Inuvik region counted 1468 passengers in 595 vehicles. Assuming non-resident traffic grew at the same rate (47%) as total traffic, 1981 non-resident passengers would equal 2158 and represent 42% of all traffic.

The vehicular season is short as ferries operate from mid-June to October. July and August are approximately equally as busy with traffic tapering off considerably in September and October.

The manager of the Inuvik Happy Valley Campground commented that many of the passengers in the 600 vehicles registered in 1981 wished to visit Tuktoyaktuk. However, as many of these motorists were camping or had caper-vehicles, probably only a small percentage would be interested in actually overnighting in Tuk on a visit. We conjecture that this amount perhaps represents 20% of the total vehicular vehicles to Inuvik, i.e. about 440 overnight visitors. This percentage would increase if the organized group charter arrangements from the campgrounds which was experimented with in summer 1981 were expanded upon.

This visitor group should grow significantly, in proportion to Dempster Highway traffic growth detailed in the preceding table. However, this rate of growth should be considerably less than the rates experienced for the first three years of operation. Therefore, a conservative rate of 15% annual growth is assumed.

b) Scheduled Air Passenger Volume Statistics

In order to estimate air passenger traffic volume in and out of Tuk, statistics were obtained from the Aviation Statistics Centre in Ottawa. However, statistics are for schedule and unit toll operators only and do not include domestic or international charter operations. As most of the air traffic through Tuk involves charter carries (detailed in the next section), these statistics only represent a small percentage (about 5%) of the total volume. They are presented in the following table, in units of total inbound plus outbound passengers, i.e., to derive total round trip passengers, divide by 2.

TABLE 10
Total Inbound and Outbound passengers,
Scheduled and Unit Toll Operators Only

1975	2319
1976	1833
1977	2561
1978	2362
1979	2261
1980	2128

c) Charter Air Passenger Volume Estimates

As well as the regular scheduled air passenger volume statistics obtained from the Aviation Statistics Branch, charter operators were interviewed to estimate charter air passenger volume. As detailed in the following table, there are currently four charter companies flying into Tuk and their cumulative total summer (4 months), winter, and total yearly round trip passenger volume is estimated to be 9360, 8640, and 18,000 passengers respectively. They have an approximately equal share of the market.

During the 4 month summer, pleasure tourists comprise from 10% to 30% of passengers carried. During winter, virtually all passengers are business people. Charter operators commented that their business has generally increased in the last few years, a few stating that their business has doubled and tripled in the lasts 3 years.

However, as there is no method of estimating how many of these scheduled and charter passengers would stay at a new facility, these traffic volume estimates merely provide an indication of the level of activity in the area.

Table 11 following reveals the charter volume estimates.

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TABLE # 11

CHARTER AIR PASSENGER VOLUME ESTIMATES

Charter Company	Average Summer (June-Sept.) Volume				Average Winter(Oct.-May) Volume				Total Yearly Volume
	Flights Per Day	Passengers Per Flight	Total Passengers Per Day	Total Passengers	Flights Per Day	Passengers Per Flight	Total Passengers Per Day	Total Passengers	
Inuvik Coastal Airways Ltd.	3	8	24	2880	1	8	8	1920	4800
Aklavik Flying Service Ltd.	3	5	15	1800	2	5	10	2400	4200
Aklak Air Ltd.	3.5	6	21	2520	1.5	6	9	2160	4680
Ram Air Charter Ltd.	3	6	18	2160	1.5	6	9	2160	4320
TOTALS				9360				8640	18,000

APPENDIX VIII

HISTORICAL AND FUTURE GUIDED TOUR VISITATION

Guided Tour Company Origin	Historical Pattern of Visitation	1981 Visitation			Predicted 1982 Visitation		
		No. of Groups	People/ Group	Total People	No. of Groups	People/ Group	Total People
Horizon Holidays, Toronto	- 1971 first year - first tour group to Inuvik region - day trip to Tuk for 4-6 hours	28	32	896	28	32	896
Atlas Tours, Whitehorse	- also involved in bussing Horizon and Maupintour - day trip to Tuk for 4-6 hours	12	20	240	12	20	240
Maupintour, Lawrence, Kansas U.S.A.	- only few years in N.W.T. - day trip to Tuk for 4 hours	2	28	56	12	28	336
DeWest Tours, Vancouver	1981 was first year in N.W.T., day trip for few hours to Tuk	4	7	28	15	10	150
Alberta Wheat Pool, Calgary	Have visted Inuvik for almost 10 years, do Tuk side trip 50% of time, weather dependent, 2-3 hours visit	1	90	90	1	90	90
Midnite Arctic Tours Inuvik	Visit Inuvik and Tuk each for a few hours only	6	49	294	12	49	588
Majestic Tours, Edmonton	1982 will be first season, optional sidetrip to Tuk will be offered.	-	-	-	4	45	180
TOTALS		53	-	1604	84	-	2480

APPENDIX IX

GULF CANADA RESOURCES INC.

P.O. BOX 130, CALGARY, ALBERTA T2P 2H7 · (403) 233-4000

December 15, 1981

RESOURCE MANAGEMENT CONSULTANTS
Box 1823,
Yellowknife, N.W.T.

Attention: Mr. Rob Given

Dear Mr.Given:

RE: TUK HOTEL FEASIBILTIY STUDY QUESTIONAIRE

Further to the above and in response to your telex dated December 8, 1981, below are the answers to your questions:

"Is Gulf now involved in visiting Tuk?" Yes

"Where do you now stay in Tuk?" Beaufort Inn, ATL Camp, Dome Camp

"What do you like and not like about those facilties?"

Beaufort Inn: Sleeping accommodations are adequate however, some rooms require repairs. Food service is un-predictable!!

Dome Camp: Excellent facility but normally dedicated and minimum vacancy. Is a very modern camp with more than adequate food service, rec. facilties and sleeping quarters. Must note that this is a camp - for Dome and affiliate personnel.

ATL Camp: Also a camp with dedicated space. Depending on ATL activity, available accommodation is good.

"Do you ever visit Tuk and have nowhere to stay?" Not personally, however there has, on occasion, been a bed shortage for Company personnel.

"How often and when has this happened?" During the "open" months, particularly during crew changes if weather conditions require layovers.

"If there were another hotel in Tuk, would you be encouraged to visit Tuk and stay overnight at this new hotel?" Gulf's presence in Tuk will increase each year over the next 3 years after which our presence would stabilize at the third year level. Company personnel would be encouraged to use local business facilities.

Gulf

.../2.

RESOURCE MANAGEMENT CONSULTANTS
(cont'd page #2)

Regarding the demand requirement of the proposed hotel during the next five years. In the months of:
August and September 1982: 20 beds per day
October 1982: 10 beds per day
This could be in a construction camp or hotel.

"How would the demand change over the next five years?" The demand would fluctuate, however on the average, it would be less.

"Would it increase, decrease, by how much each year?" Depending on the success of the exploration program, requirements could increase 2-300 beds per night per year.

"Would Gulf be interested in negotiating a contract with a new hotel operator for a guaranteed number of bed nights per year?" Only on a year by year basis. Our demand will decrease with 1982 completion of a Gulf camp in Tuktoyaktuk that will supply our basic housing requirements. Casual and temporary personnel could require from 0 to 10 beds per week.

"What time of year would you need these rooms? Just during the summer, winter, or all year?" All Year.

"What kinds of facilities would you require for the hotel? Could you rate the following facilties as to what you would like to see the most, if you really don't care, or if you don't think you'll need them." The availability of single rooms and a restaurant that serves 3 meals per day would be our preference.

A cocktail lounge is not important.

"How important to you is the price of the room?" Competitive price is always important. We would certainly consider the type and location of facility when considering the cost.

Yours truly,

Ross A. Baillie
Manager, Logistics
Beaufort Sea Drilling Sytem

RAB/dlg

APPENDIX # X

* 1980 ACCOMMODATION PROFILE: TUKTOYAKTUK BASE
DOME PETROLEUM
(IN BEDNIGHTS)

MONTH/	JULY					AUGUST						SEPTEMBER						OCTOBER							%
DATE	05	10	15	20	25	04	10	15	20	25	31	05	10	15	20	25	30	04	10	15	20	25	31	TOTALS	DIST
LOCATION:																									
BASE CAMP	160	198	235	225	245	192	198	207	214	211	220	226	237	212	213	209	218	216	218	223	196	177	158	4808	75.0
MOTEL	21	15	21	18	27	9	7	17	8	8	18	14	17	11	08	13	12	9	5	-	-	-	-	258	4.0
N.T. BUNK HOUSE	18	18	18	18	18	12	14	17	15	13	15	18	17	16	15	15	10	8	13	11	-	-	-	299	4.6
FAMILY TRAILERS	7	7	7	7	9	4	3	16	14	12	12	4	14	9	13	15	7	7	10	6	1	-	-	184	2.9
CAMP 208	-	23	47	29	31	44	42	54	53	52	52	41	38	49	45	48	53	51	41	39	-	-	-	832	13.0
TUK LODGE	-	-	9	8	-8																			25	.4
IDF TRAIL												1	1											2	0.1
OTHER																									
TOTALS	206	261	337	305	336	261	264	311	304	296	317	304	324	297	297	300	300	291	287	279	197	177	158	6408	100
% DISTRIBUTION			22.5						27.4						28.4					21.7					

Source: G.J. Hovey, Chief Base Steward,
Dome Petroleum,
Tuktoyaktu, N.W.T.

APPENDIX # X

DOME PETROLEUM

ACCOMMODATION TUK BASE 1981 SEASON (PERSONS)

	MARCH							APRIL							MAY						
	1	5	10	15	20	25	30	1	5	10	15	20	25	30	1	5	10	15	20	25	30
SHORE BASE	129	124	173	160	178	172	182	201	201	194	212	198	200	195	186	209	227	246	260	284	285
BEAUFORT MOTEL			7									7	2	2	2	2	2	6	11	6	7
NT BUNKHOUSE																					
MNGT. TRAILERS																					
ES CAMP										17	16	18	17	16	12	12	11	11	17	17	17
TOTAL	129	124	180	160	178	172	182	201	201	211	228	223	219	213	200	223	240	263	288	307	309

	JUNE							JULY							AUGUST						
	1	5	10	15	20	25	30	1	5	10	15	20	25	30	1	5	10	15	20	25	30
SHORE BASE	297	324	324	302	306	303	314	314	284	302	309	320	314	337	323	340	344	347	344	338	327
BEAUFORT MOTEL	05	04	06	11	09	02		01		01	03			12	16	13	13	11	08	06	04
NT BUNKHOUSE								0	06		06	09	09	14	10	18	17	18	17	15	14
MNGT. TRAILERS				03	04	03	10	07	15	15	16	10	17	14	15	14	16	10	20	22	04
ES CAMP	12	08	09	18	04	04	07	07	05	06	07	10	05	06	06	11	13	14	13	12	13
TOTAL	314	336	339	324	323	311	331	329	310	324	341	349	345	383	370	396	403	400	402	393	362

	SEPTEMBER							OCTOBER						
	1	5	10	15	20	25	30	1	5	10	15	20	25	30
SHORE BASE	330	332	337	342	332	321	347	324	333	319	343	342	305	284
BEAUFORT MOTEL	0	10	1	4	5	2	14	4	9	0	1	0	0	0
NT BUKNHOUSE	18	14	15	15	11	11	16	14	18	12	7	Closed October 15th		
MNGT. TRAILERS	5	16	13	5	5	4	4	4	4	10	6	07	06	03
ES CAMP	13	13	11	10	14	9	8	8	4	0	0	0	0	0
TOTAL	375	385	377	376	367	347	389	354	368	341	357	349	311	286

APPENDIX XI

1981 Comparative Meal Cost Schedule for Various Large Scale Projects and Institutions

Site	Meal Cost
* Oil Rigs Edmonton	$10 - 10.50
* Syncrude	7.50 - 8.00
* Alaska Pipeline	14.00
* Baffin Island	12.00
* C.F.S. Inuvik	4.45
* Drillships	10.876 average
* Tuk Base	10.55
* Camp 205	11.00
* Camp 208	10.00
* Dew Line	6.50 - 7.00

- Costs are from:

1) Boatel International
2) Dew Line
3) C.F.S. Inuvik

Source: Base Chief, Dome Petroleum

RMC

APPENDIX XII

INTERNAL CORRESPONDENCE

DATE 198 1-10-05

To W. L. LAZENBY

FROM TERRY TULLY

cc: John Mustard

Catering Supervisor

SUBJECT

CATERING SUPPLIES

Reference your memo to John Mustard dated 81-09-02.

On Wednesday, 81-08-31, Glen Hovey, Base Chief Steward and myself visited the Catering managers of ATL, NTCL and DEW station. Esso was not put on our list as they are catered to by Crown Catering Co. and have no catering manager per se or catering records in this area. The purpose of our visit was to compare their menus, food preparation and presentation, cafeterias, storage space and transportation methods to ours. The results of these meetings are as follows:

1. A.T.L.

Catering Manager:	B. Serge
Menu:	15-day cyclic - 2 choices and salads. Fairly plain fare - no frills, 2/3 desserts Order forms consist of 6 choices of fruit, dinner steak (not T-bone, etc.).
Transportation:	Weekly igloo via P.W.A. Approx. $1.00/pound.
costs:	Estimated $16/17 per man per day. This price includes transportation.
Method:	Central warehousing - supports 160 people (includes 13 vessels). Catering manager makes Up menus, automatically issues weekly orders - no input from end user.
Cafeteria:	Feeds 16 per sitting (50 on base). Resembles a small version of our old cafeteria.

Note: ATL buy all foodstuffs and cabin stores through Fortier Caterers on a cost plus basis.

Storage: 1800 sf dry - 400 sf freezer/cooler

2. N.T.C.L.

Catering Manager:	W. Trudeau
Menu:	4-week cyclic - basic food - no frills no expensive extras. 3 choices plus salad bar.

../2

Catering Supplies - cent'd.

2. N.T.C.L. cent'd.

Transportation:	Semi-yearly by barge and weekly bylgloo - P.W.A.
cost:	Estimated $10.00 per day per man, excluding transportation. All records kept in Edmonton.
Method:	Central warehousing. All orders originated by catering manager andissued automatically to units. End user gets what is issued and all units get the same type of food.
Cafeteria:	seating capacity 60 people, cafeteria style - self-serve
Storage:	Approx. 200 sf freezer, 100 sf cooler and 300 sf dry area. All orders forwarded immediately to units and arc not held on base.

3. DEW LINE

Chief Cook:	Bennie Sousyi
Menu:	Compulsory 4-week cyclicsetbyU.S.A.F. Very plain. 2 choices only - cheapqual ity products used, i.e. generic (no name) brands. No extras or expensive items at any time other than Thanksgiving and Christmas. Powdered milk is used exclusively.
Transportation:	Bi-monthly (fresh) from Winnipeg, every 45days for dries from Winnipeg and twice yearly from U.S.A. via Hay River.
cost:	Assumes $6-7 per day per man. No records kept locally and no input from the cook.
method:	None. Joh requires a person who can read and basical lv cook.
Cafeteria:	Seats 12 - 16(100% of compliment). No saladbar.
Storage:	40 sf freezer, 40 sf cooler. Dry area as required in main warehouse.

Note: These three companies are all unionized and as such, it is very difficult to be changed cateringwise without negotiations, i.e. chocolate bars, pop (in the case of DEW) peanuts, chips, etc.

4. TUK BASE

Chief Cook:	M. Connors - Base Chef.
Menu:	Weekly - made out and controlled by Base Chef.
Transportation:	Truck/road/Barge 100% when Dempsteris open at a cost of .22¢ per pound. D.P.A.(737) when road is closed. We have tried to ship by barge from Hay River several times but delivery dates are definitely not dependable. Most times it takes 4 - 6 weeks to receive goods.

../3

Catering Supplies cent'd.

4. TUK BASE - cent'd.

cost:	Average per day per man till July/81 was $9.50.
Method:	All stores are ordered through Catering department by Base Chef. They are received, stored and issued as required by Catering department. The base itself can support approx. 350 people for 3 weeks with frozen products and one month with dries. Fresh and dairy are brought in weekly-as required. These figures include supporting the airport snack bar, the complex snack bar, day care centre, family trailers and various coffee booths throughout the base.
Cafeteria:	Can seat up to 200 people
Storage:	Freezer - 330 sf, cooler 330 sf, dry 800 sf

CONCLUSION:

As shown above, Tuk Base's costs per man per day are, with the exception of Dewline, lower than other companies in the area. Also, our transportation costs are lower. There is no way a comparison can be made between menus as ours is far superior. With all our extras, i.e. UHT milk, pop, peanuts, shrimp, lobster, crab, Texas pride, etc. we have succeeded in carrying out our main objectives from 1976 - and that is, to have no complaints about the quality and quantity of food.

SUGGESTIONS:

Although I, personally, do not agree with 'cutbacks' at this time, as long as our costs are at an acceptable level and 25-30% below budget, the following suggestions are submitted for your perusal (if they become necessary).

- Cancel Sunday 'feast' - already implemented. These grandiose meals could be served on special occasions only, i.e. statutory holidays.
- Keep menu to no more than 3 choices, PIUS salad and cold cut bar, PIUS night snack bar.
- Reduce - but do not delete - frequency of lobster, king crab, shrimp, Texas Pride, breakfast steak and ice cream.
- Delete entirely - boneless chicken and turkey, chicken kiev, frog legs, canned butter and bacon, smoked salmon, prepared meals (i.e. pizza, but not meat pies) cordon bleu chicken, stuffed Cornish hens, sole stuffed with crab, all pre-breaded meats and fish, papaya, kiwi fruit and other expensive 'exotic' foods. and individual fruit and vegetable Juices.
- Transportation: Because of the unreliability of the Hay River barge system, carry on as we are and try to have enough stock on hand that only perishables would have to be flown in when the roads and/or barges are shut down.

../4

Suggestions - cent'd.

- Stowage - Tuk Base: Re-arrange dry stowage area and have all cleaning gear and cabin stores segregated as part of base housekeeping stores. These items should be controlled by the Base Chief Steward or the cleaning contractor.
- Beaufort Catering Support Warehouse: Convert this area to a central warehouse system - either in Tuk or McKinley Bay with or without computer system and have Tuk Base (as well as the rest of the operation) draw from here, i.e. (Tuk) a. frozen and dries - monthly b. fresh and dairy - weekly c. cabin stores - monthly.

To make Tuk Base completely self-supporting for a 3-month period, taking our peak figures of feeding 500 - 550- people per meal and additional 2000 sf of freezer space and 12-1500 sf of dry area, would be required.

Regards,

TERRY TULLY/PAT BARRON

/KB

APPENDIX XIII

Rose-Del's Trucking Ltd.

Hot Shot - Light Hauling - Pilot Service
Edmonton - Fort Saskatchewan

Box 3244
Ft. Saskatchewan
Alberta T8L 2T2
Phone 998-1120
468-5517

June 18th , 1982

Attention: Mr. Werner Nissen

Dear" Sir :

We are pleased to submit for your information, these proposals on the building of a Motel for, Tuktoyutuk.

PLAN A

Supply, deliver and assemble 30 rooms, (single story) and 1,100 sq. ft. residence, as per attached specs, for a total price of $900,000.00

Not Included: Pilings
Service connections
Sales tax & building permits (if required)
Land costs.

Payment Schedule:

50,000.00	Retainer
200,000.00	To start building of Motel Units
200,000.00	When Motel units are 50% Complete
350,000.00	When units are ready for shipping
100,000.00	When work complete
TOTAL $900, 000•00	

PLAN B

Perform work on a cost plus with a Proposed budget of $850,000.00 including a' management fee" of $150,500.00 to supervise the building of the units, trucking and assembly in Tuktoyutuk.

All invoices from sub-contractors to be approved by management personnel and to be paid by developers within 15 Days of Management approval.

Continued. . . .

Rose-Del's Trucking Ltd.
Hot Shot - Light Hauling - Pilot Service
Edmonton - Fort Saskatchewan

Box 3244
Ft. Saskatchewan
Alberta T8L 2T2
Phone 998-XXXX
46a-5517

Payment Schedule	$30$000.00	Retainer
	40,000.00	1/3 complete (motel units 1/2 complete)
	40,000.00	2/3 complete when units ar on the barge.
	40,000.00	Completion
TOTAL	$150,000 .00.	

PLAN C

AS PREVIOUSLY OUTLINED to move existing units from Fort McMurray to Tuktoyutuk and assemble on site, not including repairs for a total fee of

$578,000.00

Payment Schedule	30,000.00	Retainer
	75,000.00	When Units ready to ship
	200,000.00	Before loading onto barge
	100,000.00	When units arrive in Tuk.
	173,000.00	When completed
TOT AL	$578,000.00	

Work must commence on or before June 28th, 1982.

Roof (con'd)

- Shingles 235 lb. Lo Slope Asphalt

DOORS & WINDOWS:

Exterior Doors

3'0" x 6'8" Steel Firerated Insulated c/w Weiser A501 DLB Master Keyed with 4 Master Keys for Management (4 keys per Room)

Interior Doors Within Unit

2'4" x 6'8" Hollow Core Prefinished c/w Weiser Privacy Lock

Corridor Doors

- 3'0" x 6'8" Firerated Doors c/w Weiser A501 Loulset Master keyed with 4 master keys for Maqagement.

Windows

- Prefinished Aluminum Double Sliders Manufactured by Wescab
- Standard Size 28-28-48 . " double sloze .

PLUMBING:

Fixtures

Chateau Tub

Water closets - Cadet Model 2

American Standard Vanity Basins - Model #AD0222

Waltec Taps

Supply Lines - Copper

Drain Lines - Copper DWV

NOTE: **ALL** DRAIN LINES STUBBED OFF ONE **INCH ABOVE BOTTOM OF FLOOR JOISTS FOR** TYING INTO LINES..

Electrical

- Wiring Layout - As Per Floor Plans
- Fixtures, Switches And Receptacles Supplied and Installed
- Weatherproof Receptacles Supplied & Installed
- Exterior Light Supplied & Installed
- ½ Conduit & Junction Boxes Installed in Each Unit for Television & Telephone as per floor plans

Electrical (con'd):

- One Bathroom Fan per Unit
- Power Supply In each unit will Comprise of A load Centre with All Circuits completed and tied into Same with Ample Circuit Breakers Supplied and Installed
- Provisions for tying In Electrical Supply to Main Cable from Each Unit will be Conduit from Load Centre to One inch Above bottomof Floor Joists "
- One Smoke Detector Per Unit.

Floor Coverings

Lino - McGrath - Profile Confoleum

Carpet - Peerless Dream Walk 36 oz. Nylon

Undercushion - ½" Urethane ?

FIN ISHING :

Exterior:

- 12" Lap, Siding - Primed Splined Paint Will be One Coat of Semi gloss Latex
- Fascia, Soffit & Eavestrough Will be Prefinished Aluminum.

Interior Walls

- 5/8" Fireguard Gyproc - Taped, Plastered & Sanded
- Painted with 2 Coats Semi Gloss

Balance of Module

- 5/8" Fireguard Finished In Textured Finish

Baseboards & Casings

- Prefinished Wood - Stained

Accessories

- One Bottle Opener
- Two Towel Bars
- One Toilet Paper Holder
- One 36" Mirror
- Two Door Stops
- One Clothes Closet Rod
- Combination Bed Head Board/Nite Table Unit
- Luggage, TV - Desk Unit.

SINGLE STOREY MOTEL CONSTRUCTION

SPECIFICATIONS

FRAMING:

Floor Sections

- 2 x 10 fir 2 = BTR 16" O.C. Floor Joists Blocked & @ridged at Mid Span.
- 2 x 10 3 Ply Fir Rimmers Secured With #12 x 3½" flat Head Robertson Wood Screw & Glued
- 1 x 4 and 1 x 6 Bridging
- 3/4" = Spruce plywood glued with PL 400 and Secured with #12 or #14 x 3" Flat Head Robertson Wood Screws

Sub Floor 3/8" plywood insulation-of R40 c/w vapour Barrier (if necessa

Exterior Wall Sections
(End Walls 6 All outside Walls)

- 2 x 6 Spruce Stud Grade or Better at 16" Centre
- Sheathing 3/8 STD - 'Spruce Plywood overlaid with Standard Building Paper.
- Insulation Fibreglass R20 Batts
- Vapour Barrier 4 mil Clear Polyethylene

Side Walls

- 2 x 4 Studs 16" on Centre
- Sheathing 3/8 Spruce Plywood
- Insulation R10 Fibreglass Batts
- Vapour Barrier 4 mil Clear Polyethylene

Interior Walls within Units

- 2 x 4 studs 16" on Centre
- Sheathing 5/8 Fireguard
- Drywall taped, Plastered and Sanded on Both sides of 2x 4 Studs

Roof

Engineered Roof Trusses at 16" on Centres

Roof Sheathing 3/8 Spruce Plywood

Vapour Barrier 4 mil Clear' Polyethylene

Insulation R40 Loose Fill Cellulose

Rose-Del's Trucking Ltd.
Hot Shot - Light Hauling - Pilot Service
Edmonton - Fort Saskatchewan

Box 3244
Ft. Saskatchewan
Alberta T8L 2T2
Phone 998-1220
468-5517

QU OTAT 10N

Tear Down and Trucking

Tear down and trucking to Hay River from Ft. McMurray, also barging to Tuktoyaktuk. This does not include clean up of site and filling of excavation in Ft. McMurray.

$375,960.00

Set-up in Tuktoyaktuk

To move from barge to site in Tuk. and set-up. Includes replacing stonework with cedar siding.
Does not include general repair and painting.
Shingles, Drywall, Dorrs, Casings and siding can not be matched.

$202,080.00

Grand Total $578,040.00

Rose-Del's Trucking Ltd.
Hot Shot - Light Hauling - Pilot Service
Edmonton - Fort Saskatchewan

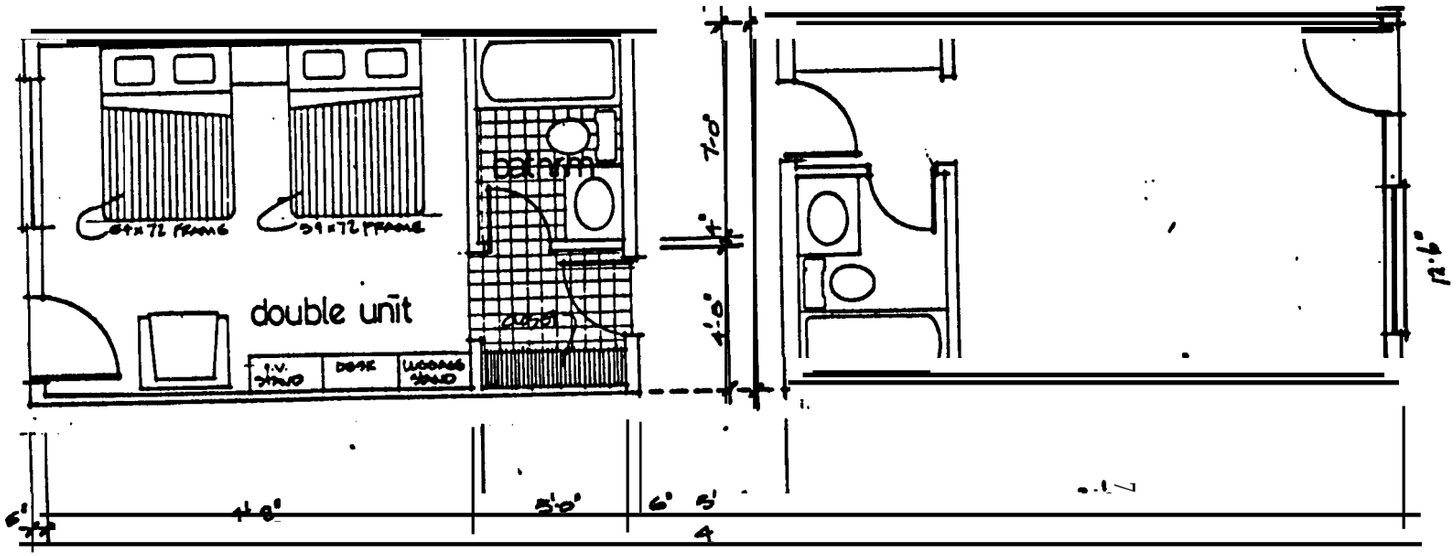
Box 3244
Ft. Saskatchewan
Alberta T8L 2T2
Phone 998-XXXX
468-5517

Suggestions

1) To completely reshingle building.
2) To reside or repaint exterior.
3) To replace T-Bar ceiling in hallways.
4) To relocate hall lighting.
5) Reinsulate throughout (floors, ceilings and walls)
6) Remove and block off air conditioning units.
7) Replace drywall in 'hallways.
8) Replace casing jambs etc. throughout rooms.
9) Repaint ceiling throughout.
10) Run all sewer drops to central location, insulate chase.
11) Replace mattresses and furnishings.
12) Replace carpets throughout.

Check on building code in the N.W.T.

A) Fire Regulations.
   1) Fire guard under unit?
   2) Copper plumbing drains?
   3) Fire alarm system?
   4) Insulation requirements?
   5) Change from gas to Fuel oil heating?



PROPOSED DOUBLE MOTEL UNIT

chopko & associates ltd.
real estate appraisers
205, 10441 - 124 street, edmonton, alberta ● phone 488-0970

April 2, 1981

McCaffery & Company
Barristers & Solicitors
17th Floor - Ford Tower
633 - 6th Avenue, S.W.
Calgary, Alberta
T2P 2Y5

ATTENTION: Michael T. McCaffery

Dear Sir:

RE: Appraisal of properties known as:
A) Lots 1-6 inclusive, Block 11, Plan 6344 A.Y. known as 10002 - King Street, Fort McMurray, Alberta - Improved with a 41 Unit Motel.
B) Lots 24-31 inclusive, Block 11, Plan 6344 A.Y. located at 8203 Manning Avenue, Fort MCMurray, Alberta - Improved with an older Warehouse Property of no value.

Pursuant to your request, I have inspected and appraised the above noted properties in order to determine market value for foreclosure purposes.

The property rights appraised are those of the owners interest in the estate in fee simple and the appraisal takes into consideration typical financing.

Giving due and careful consideration to the analysis of data investigated, it is my opinion that the combined market value of the above described properties as at March 24, 1981 for foreclosure purposes is as follows:

A) Forced Sale on a Cash Basis - $1,500,000.00
(ONE MILLION FIVE HUNDRED THOUSAND DOLLARS)

B) Forced Sale with Terms - $1,525,000.00
(ONE MILLION FIVE HUNDRED & TWENTY FIVE THOUSAND DOLLARS)

This opinion is subject to the Limiting Conditions as contained inmy report.

I am attaching hereto my appraisal report comprised of 36 pages and 4 Exhibits which describes my method of approach and supporting data obtained in my investigations, which to the best of my knowledge are correct.

I hereby certify that I have not now nor any contemplated future interest in the property, except as an appraiser.

Yours truly,

ANDY CHOPKO, A.A.C.I.
Real Estate Appraiser
CHOPKO & ASSOCIATES LTD.

AC: jw

APPENDIX XV

HIGHLIGHTS OF THE PROPOSED BEAUFORT SEA EXPANSION BY DOME PETROLEUM, ESSO RESOURCES, & GULF RESOURCES

TABLE 7.1-1

PROJECTEDTOTAL ON-SITE PERSONNEL
HIGH PIPELINE CASE

Year	Drilling & Marine Operations	Construction & Operation Gas Pipeline	Operation, Main Oil Pipeline	Beaufort Production Operations	Beaufort Construction Operations	Total
1981	1170	0	0	0	0	1170
82	1410	0	0	0	0	1410
83	1810	0	2860	0	0	4670
84	2150	0	6880	0	0	9030
85	2350	0	13490	0	0	15840
86	2900	0	8940	150	130	12120
87	3560	30	1030	360	210	5190
88	4080	160	160	570	210	5180
89	4640	1240	160	780	220	7020
1990	5080	6950	160	920	130	13240
91	5390	9750	160	1140	210	16650
92	5690	7830	160	1360	210	15250
93	5800	3250	160	1430	70	10710
94	6030	950	160	1590	130	8860
95	6410	880	160	1900	270	9620
96	6660	630	160	2110	210	9770
97	6910	630	160	2270	130	10100
98	7880	630	160	2420	130	11220
99	8110	630	160	2490	70	11460
2000	8270	630	160	2500	0	11560

Source: High Reserves, 1987 Pipeline, 42 Inch Case (2), April 27, 1982.

TABLE 7.1-2

PROJECTED TOTAL ON-SITE PERSONNEL
HIGH MARINE CASE

Year	Drilling & Marine Operations	Construction & Operations Gas Pipeline	Beaufort Production Operations	Beaufort Construction Operations	Total
1s81	1170	0	0	0	1170
62	1430	0	0	0	1430
63	1830	0	0	0	1830
64	2160	0	0	100	2260
es	2720	0	150	240	3110
66	3160	30	210	70	3470
87	3630	160	420	210	4620
6a	4410	1240	640	210	6500
89	5000	6950	620	220	12990
1090	5550	9760	1140	130	16570
91	5790	7630	1210	130	14960
92	6120	325o	1430	210	11010
113	6320	950	1690	70	-6930
94	6670	660	1750	130	e430
95	7060	630	2060	270	10040
96	7360	630	2120	210	10320
97	8340	630	2270	130	11370
98	8670	630	2430	130	116s0
99	8930	630	2500	70	12130
2000	9120	63o	2500	0	12250

Source: High Reserves. Delayed Marine Scenario (2). April 26, 19.S2

TABLE 7.1-2

PROJECTED TOTAL ON-SITE PERSONNEL
INTERMEDIATE MARINE CASE

Year	Drilling & Marine Operations	Construction Operations Gas Ipollrlo	Beaufort Production Operations	Beaufort Construction Operations	Total
1081	1170	0	0	0	1170
52	1430	0	0	0	1430
83	1630	0	0	0	1630
64	2160	0	0	100	2260
85	2720	0	150	240	3110
66	3070	30	210	70	3360
87	3260	160	270	70	3770
66	3660	1240	490	210	5620
69	4270	6SS0	550	70	11630
19W	4650	9750	710	130	15240
91	5030	7830	930	210	14000
92	5430	3230	1150	210	1005O
93	5490	950	1160	0	7600
94	5650	660	1310	130	990
95	5680	63o	13s0	70	7770
96	5820	630	1360	0	7630
97	6660	630	1530	130	6960
98	6660	630	1530	0	9030
99	6900	630	1600	70	9210
2000	7030	630	1600	0	9270

Source: High Reserves. Expected Development! Marine Case (2). May 16, 1962

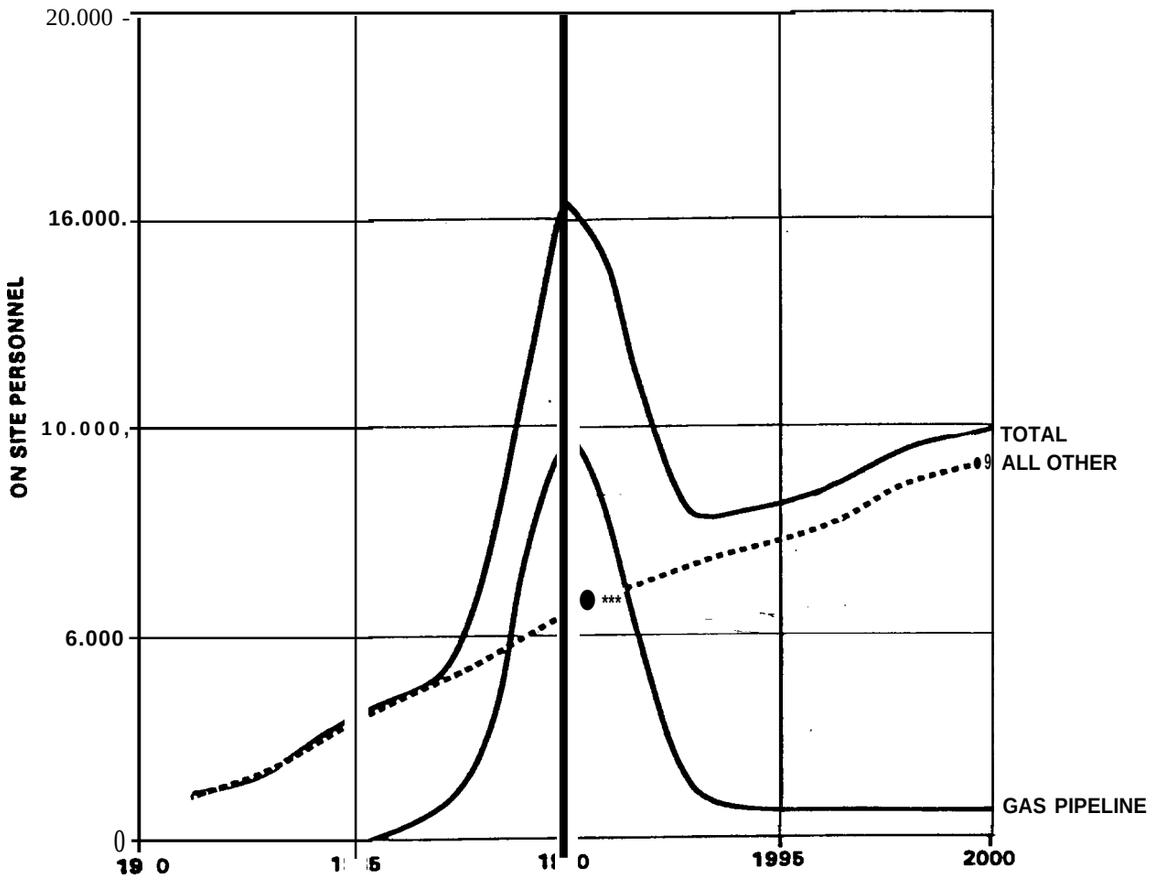


FIGURE 7.1-3 *Expected marine case: projected pipeline, other and total on-site personnel. 1981-2000.*

TABLE 7.1-4

PROJECTED **BEAUFORT** SEA PERSONNEL
HIGH PIPELINE CASE
MEA OF **PRIMARY** RESIDENCE
(SHIFT PERSONNEL)

	Northern Canada		Western Canada		Eastern Canada		Foreign		Tow
	NO	. %	No.	%	No.	%	HO,	%	
1981	**190**	10	660	51	670	36	**94**	5	**1,800**
1065	2.210	13	9.661	**54**	5.230	**30**	**260**	**1**	17.s60
1990	**3,340**	17	**9,620**	49	**6,250**	32	**380**	2	19,520
1995	**4,460**	24	7.640	**41**	6,170	33	**360**	2	**18,500**
2000	6.760	30	**8,240**	3 6	7.470	33	340	**1**	12,650

Source Beaufort Industrial Benefits Planning Model, (1962)
Note: Numbers may not ● dd to totalor 100% due to rounding.

TABLE 7.1-S

PROJECTED **BEAUFORT** SEA PERSONNEL
HIGH MARINE CASE
AREA OF **PRIMARY** RESIDENCE
(SHIFT PERSONNEL)

	Northern Canada		Western Canada		Eastern Canada		Foreign		ToW
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	
1981	**190**	10	**860**	51	670	36	SO	5	1,600
1065	720	**14**	2,460	4a	**1,970**	3 7	210	4	**5,330**
1990	**3.760**	16	11,120	49	7.660	34	**440**	2	23,0s0
1S95	4,650	24	7.600	39	6.7S0	36	440	2	**19,290**
2000	7,140	30	**8,480**	3 s	**8,280**	34	**420**	2	24.040

Source Beaufort Industrial Benefits Planning Model. **(1982)**
Note: Numbers may not ● dd tototal or 100% due to rounding.

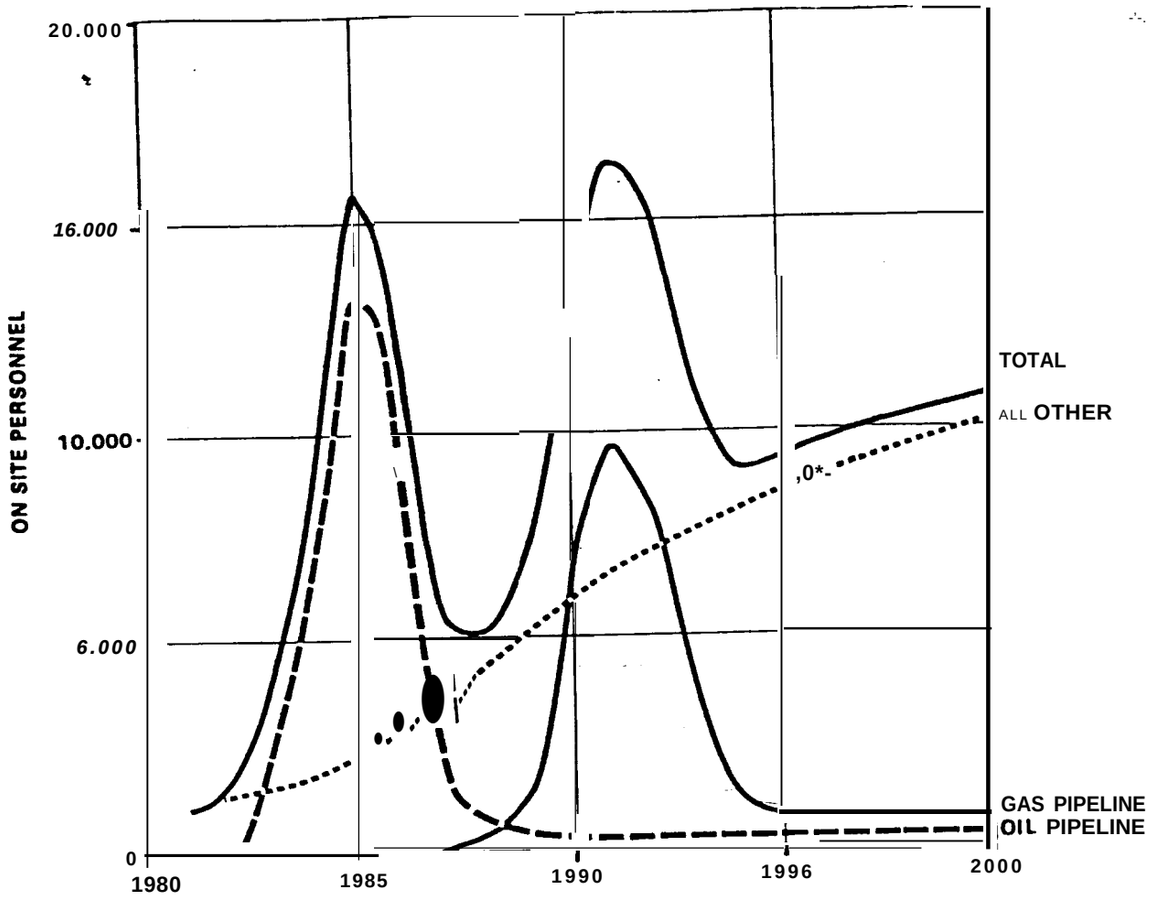


FIGURE 7.1-1 High pipeline case: projected pipeline, other and total on-site personnel. 1981-2000

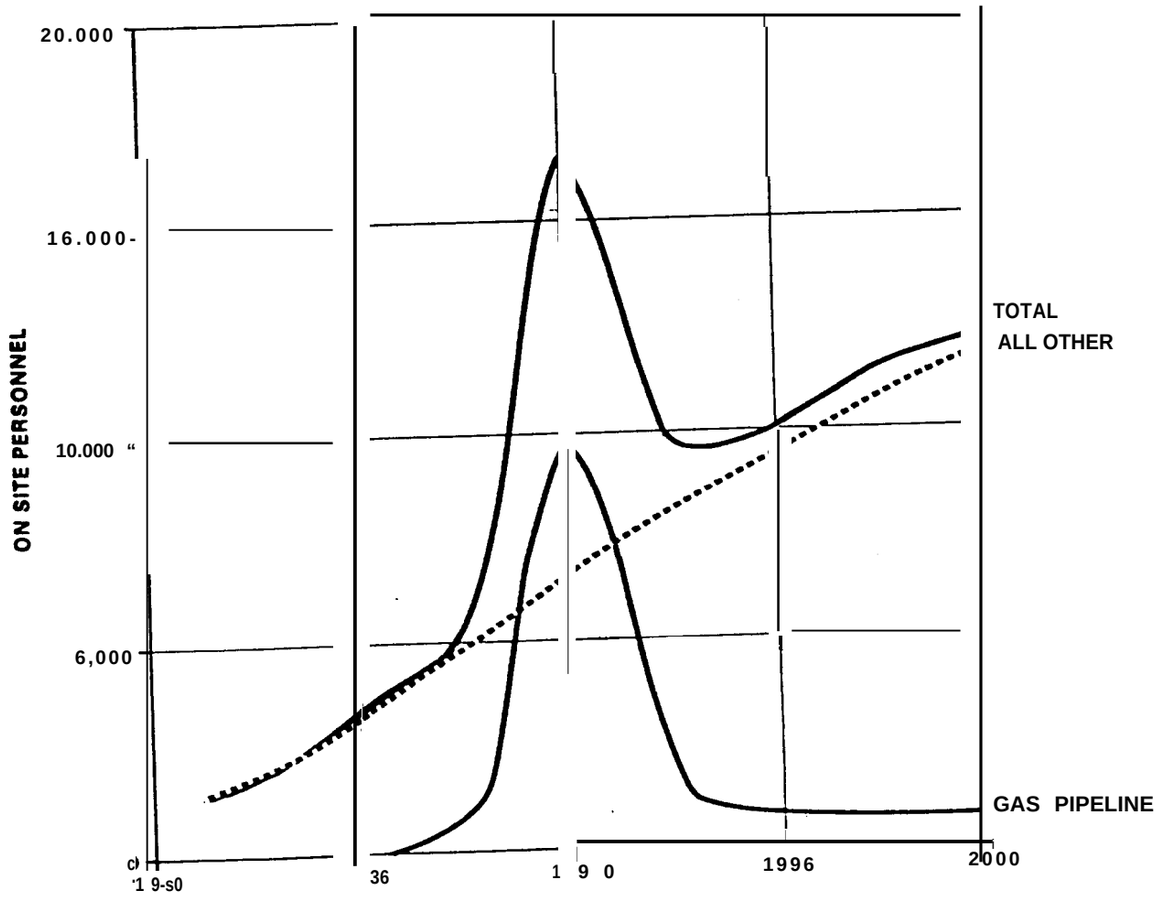


FIGURE 7.1-2 High marine case: projected pipeline, other and total on-site personnel, 7987 -2000.

TABLE 7.2-1

PROJECTED **BEAUFORT** SEA REGION
RESIDENT AND ROTATIONAL ● ERSONNEL
(TOTAL **SHIFT** ● ERSONNEL)
HIGH PIPELINE **CASE**

	Northern Personnel				
	Northern Resident Personnel	**Percent Living in** ● *alJtOa	**Regional Resident Personnel**	**North/ South Rotational Personnel** ●	Total *r80nnd
1981	**190**	**80**	160	1.s50	1.600
16s6	2.210	70	1.650	**15,830**	**17,380**
1990	3.340	60	2.000	17,520	19,520
1s66	4.4s0	so	2,ss0	15,620	**18,500**
2000	6.7S0	so	4,070	16,660	22.s50

Source: Table 7.1-4

TABLE 7.2-2

PROJECTED **BEAUFORT** SEA REGION
RESIDENT ANO ROTATIONAL ● ERSONNEL
(TOTAL SHIFT ● ERSONNEL)
HIGH MARINE CASE

	Northern Personnel				
	Northern Resident Personnel	**Percent Living in** ● eauion	**Regional Resident Personnel**	**North/ South Rotational Personnel**	**Total Personnel**
19s1	1s0	so	150	**1,650**	**1,800**
19s5	720	70	500	4,s30	**5,330**
1990	3.760	so	2.2s0	20.s20	**23,090**
1995	-4.s50	60	2.740	16.550	19.2s0
2000	**7,140**	60	4.2S0	**19,760**	24,040

Source: Table 7.1-5.

TABLE 7.2.3

PROJECTED **BEAUFORT** SEA REGION
RESIDENT AND ROTATIONAL PERSONNEL
(TOTAL SHIFT PERSONNEL)
EXPECTED MARINE CASE

	Northern Personnel				
	Northern Resident Personnel	**Percent Living in Beaufort**	**Regional Resident** ● 9m0nnd	**North/ South Rotational Personnel**	**Total Personnel**
1981	1s0	so	150	1,s50	**1,800**
1985	720	70	500	4.s30	5.320
1990	**3,330**	60	**2,000**	**18,740**	20,740
1995	**3,620**	so	2.170	12.ss0	15,050
2000	5.240	so	3,140	**14,910**	1s.050

ource: Table 7.1-6.

TABLE 7.1-6

PROJECTED **BEAUFORT** SEA REGION
EXPECTED MARINE CASE
AREA **OF** PRIMARY RESIDENCE
(SHIFT PERSONNEL)

	Northern Canada		**Western Canada**		**Eastern Canada**		**Foreign**		**Total**
	No.	**%**	No.	**%**	No.	**%**	No.	**%**	
1981	1s0	11	**860**	46	**670**	**37**	**90**	**5**	**1,800**
1985	720	**14**	2.4s0	46	**1,970**	**37**	210	4	6.330
1990	**3,330**	16	10.110	49	7,020	34	3s0	2	m,740-
1S95	**3,620**	24	**5,940**	3s	**5,310**	35	350	**2**	15,050
2000	S.240	25	6.3S0	35	**6,350**	35	**320**	2	1s,060

Source: Beaufort Industrial **Benefits Planning Model, (1982)**
Note: Numbers **may** not ● dd 10 **total** or **100% due** to **rounding.**

APPENDIX XVI

The following indiv duals were contacted during theinitial phase of the study.

BUS NESS IS TATION

Individua	Organization	Phone	Main Subject Areas Discussed
N Broom	Dom Petroleum Ltd. Calgary	266-7823	Dome Activity and demand
Tom Watmore	Esso Resources Canada Calgary	237-3737	Esso activity and d m d
R.A. Baillie	Beaufort Sea Dri ling System Gulf Canada Resources Inc. Calgary	233-3365	Gulf activ ty and dem d
Ed Lannon	Oil and Gas Conservation Technician, Oil and Gas Dept., DIAND, Yellowknife	920-8179	DIAND Visitat on
Dave Tilden	Petroleum Environmental Specialist, Environmental Protection Service, Yellowknife	873-3456	EPS V sitation
Dan O'Nei	Local Government, GNWT Inuvik	979-7120	Local Government vis tation
Kip Gandrey	Engineer, DPW, GNWT	979-7140	DPW sitation

PLEASURE VISITATION

Nan Forman Bev Elliott	President Office Manager Western Arctic Visitors Association	979-3756 (W 979-3211 (H	Present and Projected tourism visitation
Dave Button	Fireweed Studio	979-2655	Tourism

GUIDED TOUR COMPANIES

Individual	Organization	Phone	Main Subject Areas Discussed
John Murray	Horizon Holidays, Toronto, Ontario	(416) 923-3886 923-3886	Guided tours present and predicted visitation
Veronica Fatbou t	De West Tour ,	(604) 684-5155	" "
Pat Stevenson	Majestic Tours,	(403) 429-0352	" "
Larry Springgay	Midnite Arctic Tours	(403) 979-2333	" "
Ed Ness	Alberta Wheat Pool Calgary	(403) 267-4910	" "
Leon Gattenbein	Maupintour, Lawrence, Kansas, U.S.A.	(913) 843-12 1	" "
Steve Clappison	Atlas Tours, Whitehorse	(403) 668-3 61	" "

IR PASSENGER V SITAT ON

≤m Disanza	Aviation Statistics Centre Ottawa	(819) 997-1986	Air Passenger Statistics
Lya l Turnbull	Ram Air Charter Ltd. Inuvik	979-3341	Air passenger volume and tourism.
Wil ard Hagen	Aklak Air Ltd., Inuvik	979-3555	Air Passenger volume and tourism.
Mik≤ Zubko	Aklavik Fly ng Service Ltd., Inuvik	979-3 9o	Air passenger volume and tourism.
Kenn Borek	Kenn Borek Air ltd., Inuv k	979-3937	Air passenger volume and tourism
Merv McKerral	Inuvik Coastal Airways Inuvik	9 9-3372	Air passenger volume and tourism.

OTHER SUBJECT AREAS

Individual	Organization	Phone	Main Subject Areas Discussed
Doug Matthews	Area Economic Development Officer GNWT, Tuktoyaktuk		Present and predicted supply and demand.
Gay Kennedy	Business Development Officer Economic Development & Tourism GNWT, Inuvik	979-7126	Present supply
Linda Cockney Jim Cockney	Reindeer Grill	979-2175 home 979-2252	Present and predicted supply and demand
John Steen	Beaufort Inn Ltd.	977-2381	Present supply