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***Author: Marshall Macklin Monaghan Limited***  
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# NAHANNI BUTTE TOURISM OPPORTUNITIES STUDY

PREPARED FOR  
THE GOVERNMENT OF THE NORTHWEST TERRITORIES

PREPARED BY  
MARSHALL MACKLIN MONAGHAN LTD

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## PREFACE

The purpose of this report is to identify and evaluate tourism opportunities in the community of Nahanni Butte. As part of this assessment, the consultant has met with Territorial Government Officials and has conducted interviews with leaders of Nahanni Butte.

In the Terms of Reference a number of tourism opportunities were identified by the Territorial Government as potential development opportunities. These included:

- 1) Development of Campground Facilities:
- 21 Rafting/Canoeing Operations from Nahanni Butte:
- 31 Big Game Outfitting:
- 4) River Taxi:
- 51 Retail of Outfitting Goods/Crafts/Souvenirs.

In our interview with the Nahanni Butte Chief, he indicated that the community only had an interest in developing tourism opportunities with respect to [terns 1, 4 and 5. Due to human resource limitations with respect to training, he felt rafting and big game opportunities should, however, be future development initiatives.

The focus of this study, therefore, is on the development of a campground by the Nahanni Butte Community. This campground will service the canoeists and rafters on the South Nahanni River. Associated with the campground is a potential River Taxi operation. It is proposed that Band members would transport canoeists and their gear from the campground to the exit point at Blackstone Territorial Park. This opportunity exists because the Canadian Parks Service is contemplating moving their current de-registration facility at Nahanni Butte to Fort Simpson. Therefore, they will abandon their present warden station and campground located along the north shore of the South Nahanni River.

If proper facilities are constructed at Nahanni Butte, it is expected that most river users would utilize a campground constructed at the community. In conjunction with these developments the potential therefore exists for the construction of a

Canadian Parks Service Building. The structure would function as a deregistration facility and Warden residence. A small craft workshop and sales area could be constructed as part of this facility. In this document we will address development opportunities and constraints associated with the above initiatives as well as determining their feasibility.

The inclusion of the Canadian Parks Service Building as part of the concept plays an important role in the feasibility of the tourism opportunities identified as possible enterprises for the Nahanni Butte Community. Because of available lease income, to increase the feasibility of the tourism initiatives, the project should be developed in conjunction with the Canada Parks Service [C. P.S. I who may wish to lease the facility from the Government of the Northwest Territories. Under this scenario, the C.P.S. could contract out the deregistration function of the building to the Nahanni Butte Community.

To further describe these opportunities, this document is divided into two parts:

- ° Part I deals with the present visitation and user characteristics on the South Nahanni River. It also details the C.P.S. plans with respect to Nahanni Butte and the resulting financial impact to the development. This background information is tabled so that the existing market conditions and future operational plans by the C.P.S. can be incorporated into the development proposals considered as possible undertakings by the Nahanni Butte Community.
- ° Part II outlines the potential site development and operational concerns with respect to the tourism opportunities identified for Nahanni Butte. Part II further provides cost and revenue estimates as well as a break-even analysis for the identified opportunities.

PART I - EXISTING **NAHANNI BUTTE** TOURISM CHARACTERISTICS AND FUTURE DEVELOPMENT CONSIDERATIONS

1.0 EXISTING VISITATION CHARACTERISTICS

Based on the latest Canadian Parks Service Visitor Use Analysis [1 986] and discussions with Black Feather Wilderness Adventures Limited and C.P.S. representatives, the following tourism characteristics identifies present Nahanni Butte visitation characteristics.

At present approximately 500 canoeists and rafters exit or pass by Nahanni Butte on their way to Blackstone Territorial Park annual ly. Of these 500, approximately 400 are canoeists while 100 are rafters. Over [90%] of these trips are guided. It is estimated that at present less than 10% [50 travel lers] of al l users of the river stop off at Nahanni Butte.

Black Feather Wilderness Adventures Limited is the largest outfitter on the river, capturing approximately 60-70% of al l canoe excursions. Nahanni Wilderness Adventures [Edmonton] is the next largest outfitter on the river capturing the remainder of the market share.

The principal rafting outfitter on the river is Whitewater Adventures Limited (Vancouver).

As the following table indicates, there is a relatively even ratio in the size of parties who use the river. Party sizes range from 1-24 members with even number parties being favoured.

<u>Size of Party</u>	<u>Frequency</u>	<u>Percent</u>
2 members	99	16.0
4 members	83	13.4
6 members	109	17.6
8 members	80	12.9
12 members	70	11.3

Nahanni Nationa l Park C. P.S. Visitor Use Ana lysis [ 1986]

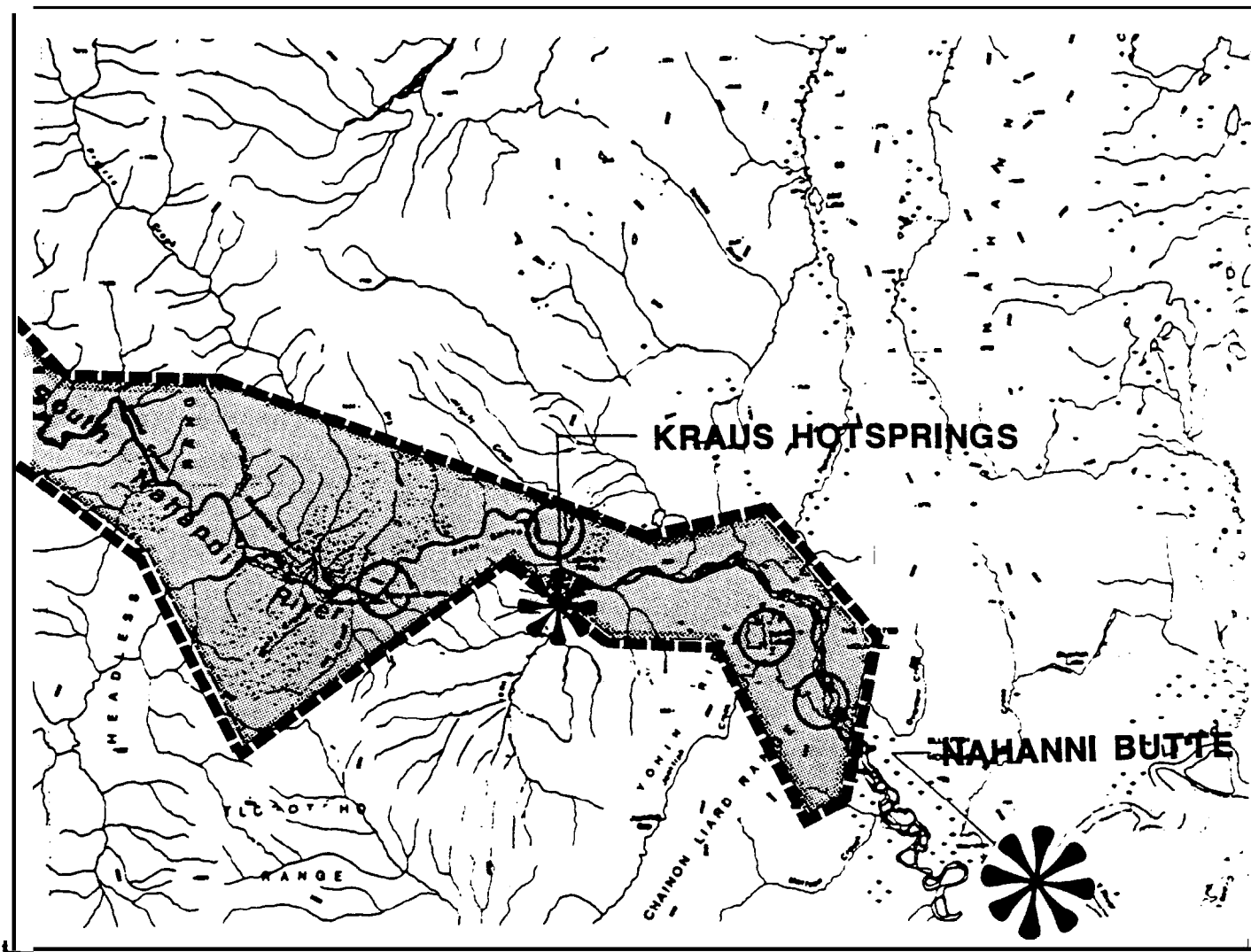
As these statistics indicate there is no single party size which can be targeted: therefore, tent pad and the amount of cabins that will be required will be dependent on market potential, client preference and site capability.

The Visitor Survey for Nahanni indicates that almost all visitors to the park were satisfied with their trip. The high points of the trip being Virginia Falls, the canyons, and experiencing rapids and whitewater. The most frequently listed low points of the trip were:

- 11 the weather:
- 21 crowding at Virginia Falls: and
- 31 Nahanni Butte.

At present, most visitors psychologically end their "river experience" at the Kraus Hot Spring. [Figure 1.1 Regional Context]. By this point in their trip, the canoeists and rafters have been through the most visually dramatic portion of the river and have experienced the end of the rapids. From this point to Blackstone Territorial Park, the outfitters report that most canoeists would like to terminate their trip as quickly as possible. The majority of visitors state the trip to Blackstone is largely uneventful and not considered scenic or attractive. In addition, at the end of any 10-12 day [average trip length] adventure most people are beginning to tire.

Compounding the trip characteristics, the existing C.P.S. camp site at Nahanni Butte is very poorly situated and the mosquitoes in this portion of the river are especially bothersome. The insect problem prevents sun bathing, and the excessive amount of silt in the river and cold water temperature, restrict passive recreational use of the water. Furthermore, Kraus Hot Spring offers travelers an opportunity to bathe and freshen up after being on the river for 10-12 days. Bathing facilities are presently not provided at Nahanni Butte. Therefore, Nahanni Butte receives very little visitation as most visitors prefer to continue past the Butte to Blackstone Park, another four hours of paddling.



# NAHANNI BUTTE TOURISM STUDY

 NORTH

REGIONAL  
LOCATION

FIGURE 1.1



In summary, due to the above considerations, and confirmed in discussions with C.P.S. and outfitters on the river, the consultants estimate that less than 10% of all visitors stop at Nahanni Butte and far fewer stay overnight. The proposed project should change current patterns significantly.

## 1.1 Development Considerations

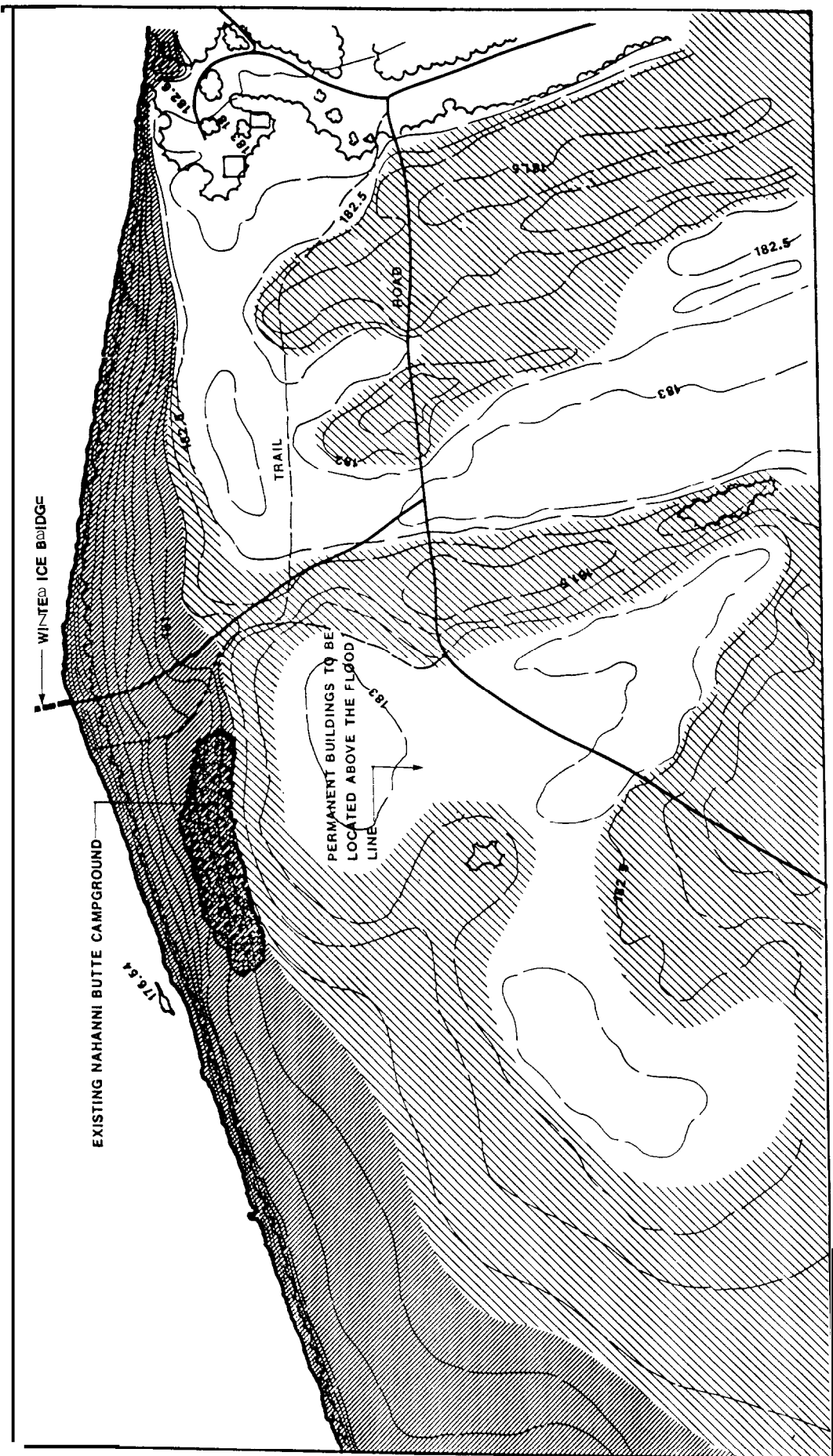
In order to improve visitation, the following factors should be incorporated if a campground, water taxi operation, and craft sales operation are to be considered as feasible.

### Campsite Development




- ° The existing campground area should be chemically sprayed seasonally to reduce the mosquito problem in the area.
- ° Shower facilities will have to be incorporated into the campground development to provide the opportunity for visitors to "freshen up". This amenity was identified as a very important consideration if Nahanni Butte is to attract visitors. Once established it should also be heavily promoted to all the outfitters on the river.
- ° The riparian vegetation along the South Nahanni River should be removed in order to increase air flow through the camp site [reducing the insect problem]. This will also allow easier access to the river and permit a view of the mountain scenery to the north.
- ° A screened-in porch structure be part of any campground development to allow groups to gather in a social setting.
- ° Any permanent structures will have to be located above the floodline as indicated on the attached Figure 1.2. Flood Prone Zones.

## 1.2 Ancillary Development Considerations

Further to the above factors to be incorporated into the improvement of the campground, there are other considerations related to the proposed river taxi operation and souvenir shop development which should be taken into account to improve the operation and increase viability.



SCALE 1:2000

- LEGEND
-  ELEVATED BUILDINGS PERMITTED
  -  NO BUILDING CONSTRUCTION PERMITTED
  -  NO BUILDING CONSTRAINTS

**NAHANNI BUTTE TOURISM STUDY**  
 FLOOD PRONE ZONE



FIGURE 1.2

### 1.2.1- River Taxi Service

A river taxi service from Nahanni Butte specifically to Blackstone Territorial Park may be feasible because of the canoeing distance of approximately four hours. According to the outfitters this short distance may seem to be more of an inconvenience than a benefit to canoeists.

Therefore, it is recommended that an arrangement be considered in which the river taxi operation picks up visitors close to the National Park boundary at the end of the trip and transports them to the campground [saving 4-8 hours canoeing] or straight through to Blackstone Territorial Park from this location. This would avoid approximately one day of uninteresting canoeing/rafting. Black Feather Adventures Limited have expressed an interest in this proposition as it would allow them one extra day on the river for hiking into the back country areas.

### 1.2.2- Craft and Souvenir Shop

In order for a craft and souvenir shop to be feasible at the campground facility, the shop would have to be constructed after the campground is being heavily utilized by visitors or as part of the C.P.S. building. This is due to the fact that at present the maximum number of people on the river which such a facility could serve is 500. Even if all 500 visitors stopped at, or spent a night at the campground and its shower facilities, perhaps at best one out of every two persons would purchase an item. Two hundred and fifty purchases per season is hardly enough to warrant the construction of a specialized merchandising facility.

We, therefore, recommend that this facility be constructed only as a part of the potential C.P.S. reregistration building and that 100-300 square feet be used for merchandising.

### 1.3 Potential Canadian Parks Service Involvement

As indicated earlier, the C.P.S. is in the process of considering a move to the south side of the South Nahanni River. Discussions with the C.P.S. indicate that a decision

has not been made whether the campground site will be utilized. The decision has been withheld due to perceived development constrictions, such as hazard flood lands. This will present severe limitations to the feasibility of potential development opportunities as a cooperative effort with C.P.S. will certainly help to increase utilization of the area. Also, a joint development project could substantially reduce development costs for the provision of site amenities.

For the purpose of this analysis, we have, therefore, prepared a financial assessment for the following site development scenario:

- ° The Territorial Government would build a 660 square foot office building to be leased back to the C.P.S.
- ° This building to be operated by the C.P.S. employing local residents who would help in deregistering and in operating the craft area.

Showers should be provided. Such facilities must <sup>be</sup> at a cleanliness level suitable to the characteristic 45-60 year old, upper middle income tourist who typically use the river for canoeing/rafting excursions. However, because of capital considerations and in keeping with the rafting experience, for the purpose of our assessment we have only budgetted for relatively primitive open air showers.

## PART II - DEVELOPMENT ISSUES

### 2.1 Development Constraints

There are a number of inherent constraints with respect to the feasibility of the tourism opportunities identified in this report. To summarize:

- ° The major outfitters on the South Nahanni River [Black Feather and Whitewater Adventures Limited] have expressed little interest in utilizing Nahanni Butte as a stopover as it does not logically fit into their patterns of use on the river. The main reasons being the lack of recreational opportunities [hiking, swimming, fishing], the severity of the mosquito problem and the wish for people to end their trip as quickly as possible after the Kraus Hotspring. This campground site does not fit into their present plans and they expressed little interest in the area even if it were upgraded to the standards as outlined in Section 1.1 of this report.
- ° The Canadian Parks Service is also being very noncommittal with respect to their building plans. They have not committed themselves to a building site or location [and for that matter a building]. In light of this lack of commitment to Nahanni Butte it will be difficult to develop a complementary development.
- ° Operating and servicing the campground with amenities such as showers and gazebos to the maintenance level expected by the types of users on the river without C.P.S. participation may also prove difficult for the Nahanni Butte community.

### 2.2 Development Opportunities

With regard to development opportunities, the consultant's perception is that the campground and river taxi operation and the potential of the Nahanni Butte Band to build and lease a warden facility to C.P.S. are potentially the most viable development initiatives. Based on the potential for these operations we have financially tested the following facility and tourist opportunities further described in Section 2.3.

## 2.3 Potential Tourist Facilities

### 2.3.1 - Project Description

As indicated above, there is potential to develop a campground, shower facility and a C.P.S. de-registration/craft building. The C.P.S. building would be 660 square feet in size and an associated area for craft display and sale would be 200 square feet in size. Figure 2.1 Conceptual Development Plan and Figure 2.2 Building Floor Plan.

The campground would have 10 tent spaces and two, four person cabins, to be rented. Outdoor privies and a primitive shower would also be provided. This development program is based on utilizing the existing campground site which has been cleared. While four cabins could potentially be needed, we recommend only two be constructed at this time. If demand warrants expansion to four cabins, construction should be undertaken.

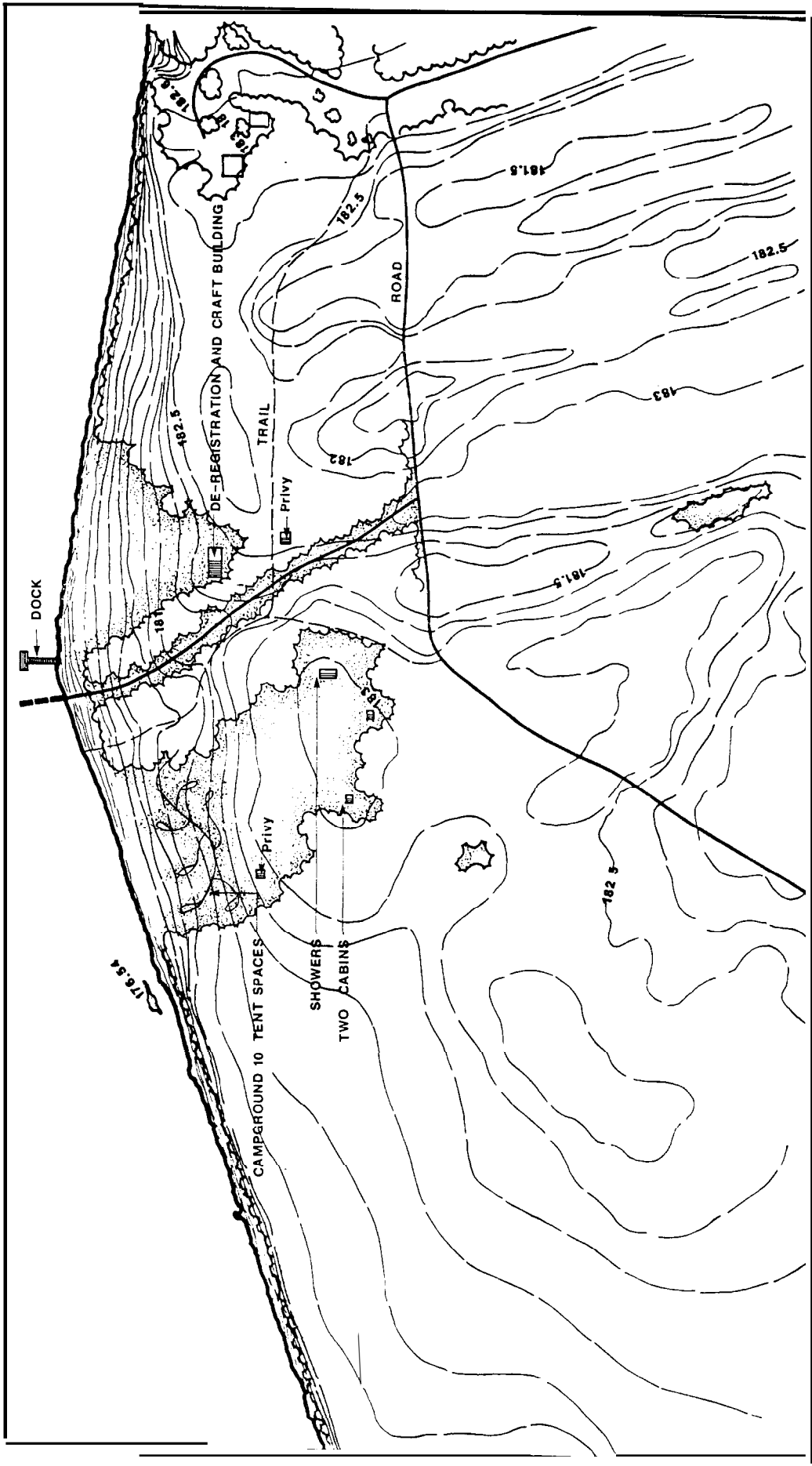
The intended River Taxi service will transport passengers and canoes from the National Park boundary, and the Nahanni campground to Blackstone Territorial Park.

## 2.4 Financial Analysis

As requested in the terms of reference, we have analyzed the operation of the camp assuming that 50% of the capital costs will need to be carried by the operation while the remaining 50% would be covered by means of an existing capital grant structure. Capital costs have been based on our experience and are for analysis purposes only. Operating costs are based on our general experience, and where appropriate, on quotations from camp operators.

For the break-even analysis, a typical year was analyzed, while for the cash-flow analysis, a 4 % inflation factor was used for both revenues and expenses [excluding financing changes]. Because of the marginal nature of this opportunity, for illustrative purposes, utilization was assumed at 100% for the cash-flow analysis.

The following section details the assumptions which guide the analysis.



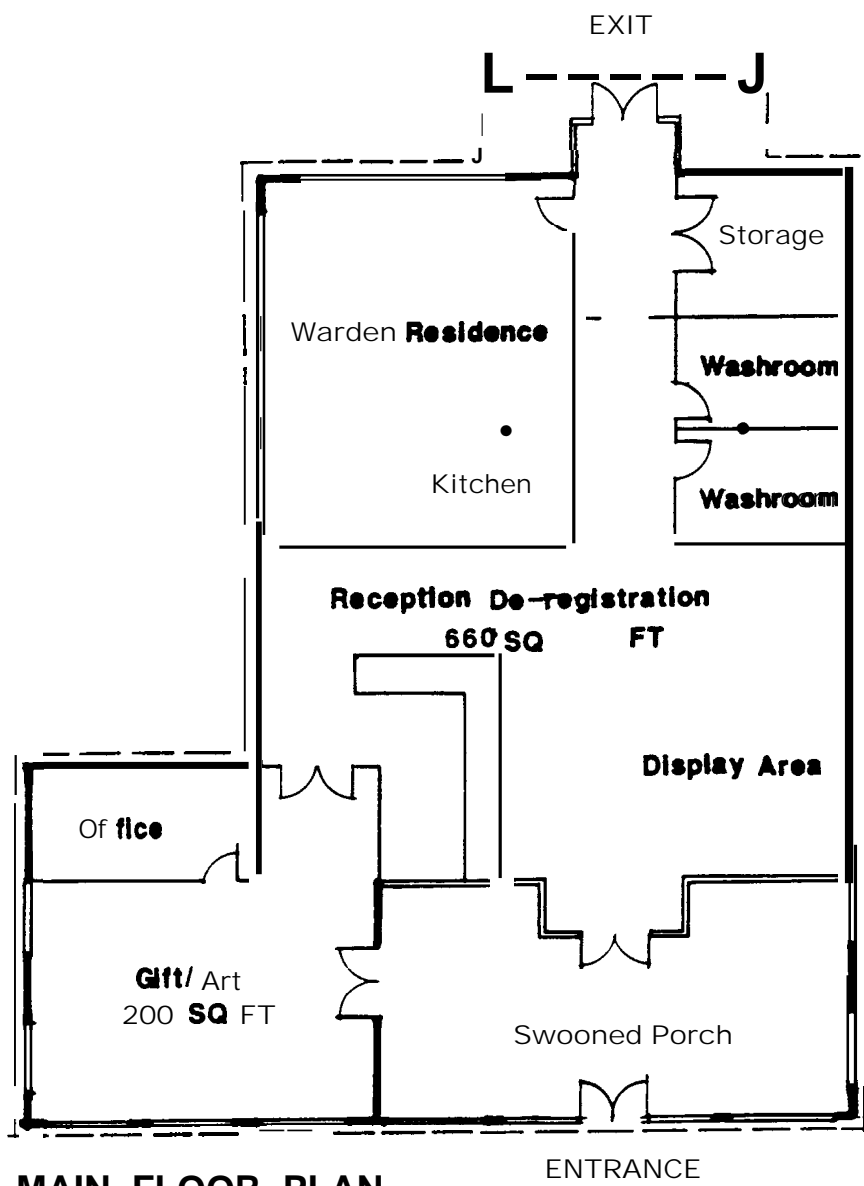
**NAHANNI BUTTE TOURISM STUDY**  
 NORTH CONCEPTUAL DEVELOPMENT PLAN

**LEGEND**

	NORTH
	EXISTING BUILDINGS
	PROPOSED BUILDINGS

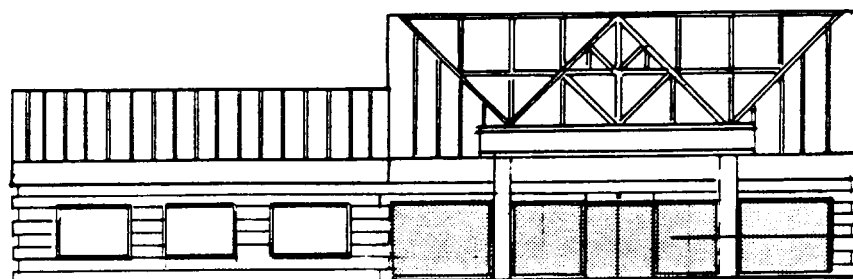
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FIGURE 2.1



**MAIN FLOOR PLAN**

**N T S**



**FRONT ELEVATION**

**N T S**

PROPOSED C.P.S. DE-REGISTRATION BUILDING AND  
NAHANNI BUTTE COMMUNITY NATIVE CRAFT AND ART SHOP

FIGURE 2.2



2.4.1- Expenses [See detailed Expenses Table 2.1 ]

Expenses for the campground, de-registration/craft building and water taxi operation are as detailed in the following Table 2.1. Of the total allocated budget of \$400,845.00, 5326,500.00 represents capital costs. It will be noted that most expenses are fixed so that there is little saving possible if user levels are lower than those assumed.

2.4.2- Capital Requirements

Equipment and building costs essential for the operation of the camp are individually indicated. The camp equipment included is basic to the type of operation envisaged. Cost estimates were based on quotations from camp operators. Camp requirement costs account for \$326,500 of the total expenses.

Of the total in capital cost, \$218,500 represent buildings and other long term assets, while the remaining \$108,000 represents the power boats. Only the first component is expected to be eligible for the capital grant.

2.4.3- Revenue from Operations [See Break-Even Analysis Table 2.2]

A 100% capacity utilization [500 person trips per season] with a per person fee of 525.00 for the overnight use of a cabin, \$5.00 for a camping site, and \$25.00 for a river taxi trip, gives a combined total of \$21,700 in annual revenue. Note that based on existing user patterns on the river, the 100% penetration rate for the use of this facility is highly unlikely. However, for the purpose of this financial analysis a "best case" scenario is tested.

500 seasonal participants/70 day season = 7 persons/day

Cabin	5 persons/day x \$25 x 70 days =	\$8,750
Tent	2 persons/day x \$5 x 70 days =	700
Taxi	7 persons/day x \$25 x 70 days =	<u>12,250</u>
		\$21,700

**TABLE 2.1****NAHANNI BUTTE FACILITY DEVELOPMENT****EXPENSES****I. OPERATING COST****Fixed Cost**

Labour	(1) Giftshop operator	\$6,720.00
	(3) Boat operators	20,160.00
	(1) Maintenance Staff	\$6,720.00
	(1) Reregistration Staff	\$5,000.00
Maintenance/Repairs		16,045.00

Insurance	3,000.00
Licence fees etc.	2,000.00
	-----

Total Fixed Cost \$59,645.00

**Variable Cost**

Total - Fuel \$14,700.00

**TOTAL OPERATING COST \$74,345.00**

**II. CAPITAL COSTS**

1	Parks Canada Building	\$100,000.00
	(660 sq.ft.@ \$150 sq.ft.)	
1	Craft Building	30,000.00
1	Shower/Toilet facility	6,000.00
2	Cabins	80,000.00
1	Dock	2,500.00
3	Boats*	90,000.00
6	Engines*	18,000.00
		-----

**TOTAL CAPITAL COST \$326,500.00**

**APPLICABLE GRANT \$109,250.00**

**TOTAL CAPITAL COST \$217,250.00**

\* Treated as equipment and not eligible for a 50% capital grant.

**TABLE 2.2**

**NAHANNI BUTTE FACILITY DEVELOPMENT  
BREAK-EVEN ANALYSIS**

UTILIZATION	Percentage Seasonal Participants	100% 500 persons	50% 250 persons
<b>REVENUES</b>			
o Accommodation		\$9,450	\$4,725
o Taxi		\$12,250	\$6,125
o Deregistration		\$5,000	\$5,000
		-----	-----
		\$26,700	\$15,850
<b>OPERATING COSTS</b>			
o Fixed		(\$54,645)	(\$54,645)
o Variable		(\$14,700)	(\$7,350)
o Deregistration		(\$5,000)	(\$5,000)
		-----	-----
Total Operating Costs		(\$74,345)	(\$66,995)
<b>INCOME FROM OPERATIONS</b>		(\$47,645)	(\$51,145)
<b>INCOME FROM RENT</b>		\$9,900	\$9,900
<b>LESS:</b>			
Financing Charges			
o Fixed Assets		(\$14,626)	(\$14,626)
o Equipment		(\$29,960)	(\$29,960)
		-----	-----
<b>NET CASH FLOW</b>		(\$82,331)	(\$85,832)

NOTE: Signify a negative cash flow.

For purposes of the analysis, it has also been assumed that Nahanni Butte Band Council would receive rent for the portion of the building leased to the Canadian Parks Service. In this instance rent is defined on a net-net basis on the square foot market value of rental space in Fort Simpson. This represents \$9.900 per annum or \$15.00 per square foot per market rent. For the cash flow analysis, this has been increased 4% annually. Rent increase is assumed to be required for building maintenance and will, therefore, not improve the financial feasibility.

#### 2.4.4- Operating Costs

Operating costs are separated into fixed and variable costs.

Fixed costs remain constant regardless of the number of camp participants. These expenses include labour, maintenance/repairs and, standard insurance and license fees. Variable costs are directly related to the number of camp facility users. This expense includes fuel.

Each expense is provided in more detail below.

##### 2.4.4.1 - Labour

Wages are based on a daily rate of \$96.00 [\$12.00 per hour, including benefits] per individual for the gift shop operator, maintenance person and three boat operators for the 70 day season. Accordingly, \$33,600 has been allocated for labour costs.

One seasonal job for a Nahanni Butte resident has been allowed. The individual would be responsible for park reregistration and information. If an individual with the training is available, expected salary would be \$5,000.00 per 70 day season which would cover the annual salary for this individual.

##### 2.4.4.2- Maintenance

An allowance of \$16,045 has been provided to cover costs associated with basic camp maintenance and repairs on the buildings, and parts of the boats and motors.

Experience indicates that the following allowances are required to cover ongoing maintenance costs:

Bui l dings 1 - CPS	\$100,000	} ————— 2%	\$5,000
Craft Bui l ding	30,000		
Cabins	120,000		
Shower Faci l ity	6,000	2%	120
Dock	2,500	5%	125
Boats	90,000	} ————— 10%	<u>10,800</u>
Motors	18,000		
Total Maintenance Coat			<b>\$16,045</b>

2.4.4.3- Fuel

Fuel costs to operate three engine driven boats [River Taxi Service] are estimated at \$14,700 if the operation is 100% utilized.

$$3 \text{ boats} \times 10 \text{ gal.fuel} \times \$3.50 \text{ gal} \times 2 \text{ trips} \times 70 \text{ days} = \$14,700.$$

2.5 Financing

It is assumed that government grant assistance will be accessible to offset 50% of the total capital cost requirements of the project. Debt servicing is based on 50% of \$217,250 at a rate of 12%. These fixed assets [building structures] are amortized over 20 years, while the financing of the non-eligible equipment component [boats and engines] are amortized over five years. It is assumed that start-up and working capital requirement will be met through grant funding during the initial stage of business operation.

Financing costs are, therefore, 514,626 per annum for the fixed assets [\$1 09,250] and \$29,960 for the equipment component [51 08,000].

## 2.6 Employment Creation

The summer camp operation will generate a total of six direct seasonal jobs at full capacity. When compared to a total capital investment of \$326,500 or grant investment of \$109,250. the total capital investment is about \$55,000 per job and a grant investment of about \$18,000 per job. Both ratios are well within accepted regional development parameters for allowable investment per job created.

## 2.7 Financial Feasibility **Comments** [See Cash Flow Analysis Table 2.31

Even adequately promoted. the business would show a negative return in the first year of operation. The revenues generated are not sufficient enough to cover operating costs and are. therefore. incapable of recouping initial capital investment. The feasibility assessment indicates that the operation will not reach a break-even point with the fees charged for facility usage even at full capacity. The cash flow analysis revealed a negative cash flow over the five year term.

The financial analysis, therefore, clearly indicates a project with the specified facilities and amenities is not viable at the Nahanni Butte location.

## 2.8 Summary and Conclusions

As indicated in the financial feasibility section any revenue generating development with respect to tourism development is very limited in Nahanni Butte due to the few visitors which visit the area and the fact that the community is not well placed with respect to existing river recreational use.

As detailed in the following Tables 2.1A - 2.3A the majority of the losses are incurred by the taxi operation.

While strictly the economics of the identified tourism opportunities may. therefore. not justify site development there are employment benefits and training ski 1 ls which such development wi I I help the Nahanni Butte community begin to better positioning itself with respect to hospitality services.

At this time the campground, and River Taxi operation appear to have the most potential with respect to allowing the Nahanni Butte Band gain hospitality and business experience.

The continued support of these tourism initiatives by the Territorial Government over a period of time will increase the community's awareness and sensitivity to the needs of the regional tourist. The training skills associated with running and maintaining both the campground and River taxi operation will again help the community to further advance itself so that in the future it will be in a better position to service visitors to their community.

**TABLE 2.3**

**NAHANNI BUTTE CASH FLOW ANALYSIS  
UTILIZATION 00%**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUES</b>					
o Accommodation	\$9,450	\$9,828	\$10,221	\$10,630	\$11,055
o Taxi	*12,250	\$12,740	\$13,249	\$13,779	\$14,330
o Deregistration	*5,000	\$5,200	\$5,408	\$5,624	\$5,849
	<u>\$26,700</u>	<u>\$27,768</u>	<u>\$28,878</u>	<u>\$30,033</u>	<u>\$31,234</u>
<b>OPERATING COSTS</b>					
o Fixed	(\$54,645)	(\$56,831)	(\$59,102)	(\$61,468)	(\$63,907)
o Variable	(\$14,700)	\$5,288	(\$15,900)	(\$16,536)	(\$17,117)
o Deregistration	(\$5,000)	(\$5,200)	(\$5,408)	(\$5,624)	(\$5,849)
	<u>(\$74,345)</u>	<u>\$77,319</u>	<u>(\$80,412)</u>	<u>(\$83,628)</u>	<u>(\$86,973)</u>
<b>Total Operating Costs</b>					
	(\$47,645)	(\$49,551)	(\$51,534)	(\$53,595)	(\$55,739)
<b>INCOME FROM OPERATIONS</b>					
	\$9,900	\$10,296	\$10,708	\$1,136	\$582
<b>LESS:</b>					
o Financing Charges					
o Fixed Assets	(\$14,626)	(\$14,626)	(\$14,626)	(\$14,626)	(\$14,626)
o Equipment	(\$29,960)	(\$29,960)	(\$29,960)	(\$29,960)	(\$29,960)
	<u>(\$44,586)</u>	<u>(\$44,586)</u>	<u>(\$44,586)</u>	<u>(\$44,586)</u>	<u>(\$44,586)</u>
<b>NET CASH FLOW</b>					
	(\$34,686)	(\$34,290)	(\$33,878)	(\$43,450)	(\$45,694)

**NOTES:**

\*Revenues and Operating Costs increase by inflation 4% annually.

( ) Signify a negative cash flow.



## TABLE 2.1A

### NAHANNI BUTTE FACILITY DEVELOPMENT TAXI OPERATION EXPENSES

#### I. OPERATING COST

##### Fixed Cost

(3) Boat operators	\$20,160.00
(1) Maintenance-staff	6,720.00
-Dock 5%	125.00
-Boats 10%	9,000.00
-Motors 10%	1,800.00
Insurance	1,500.00
Licence fees etc.	2,000.00
	-----
<b>Total Fixed Cost</b>	<b>\$41,305.00</b>

##### Variable Cost

Total - Fuel \$14,700.00

#### TOTAL OPERATING COST

\$56,005.00

#### 11. CAPITAL COSTS

1 Dock	2,500.00
3 Boats*	90,000.00
6 Engines*	18,000.00
	-----
<b>TOTAL CAPITAL COST</b>	<b>\$110,500.00</b>
<b>APPLICABLE GRANT</b>	<b>\$1,250.00</b>
<b>TOTAL CAPITAL COST</b>	<b>\$109,250.00</b>

\* Treated as equipment and not eligible for a 50% capital grant.

**TABLE 2.2A**  
**NAMANNI BUTTE FACILITY**  
**TAXI OPERATION**  
**BREAK-EVEN ANALYSIS**

UTILIZATION	Percentage	100%	50%
REVENUES			
o Taxi		\$12,250	\$6,125
OPERATING COSTS			
o Fixed		(\$41,305)	(\$41,305)
o Variable		(\$14,700)	(\$7,350)
Total Operating Costs		(\$56,005)	(\$48,655)
INCOME FROM OPERATIONS		(\$43,755)	(\$42,530)
LESS:			
Financing Charges			
o Fixed Assets		(\$167)	(\$167)
o Equipment		(\$29,960)	(\$29,960)
NET CASH FLOW		(\$73,882)	(\$72,658)

Note: ( ) Signify a negative cash flow.

**TABLE 2.3A**

**MAHANNI BUTTE CASH FLOW ANALYSIS  
TAXI OPERATION  
UTILIZATION 100%**

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES					
o Tax	\$ 2,250	12,740	\$13,250	\$ 3,780	4 33
OPERATING					
o Fixed	(\$41,305)	(\$42,957)	(\$44,675)	(\$46,463)	(\$48,321)
o Variable	(\$14,700)	(\$15,288)	(\$15,900)	(\$16,536)	(\$17,197)
Total Operating Costs	\$56,005	\$58,245	(\$60,575)	(\$62,998)	(\$65,518)
INCOME FROM OPERATIONS	\$43,755	(\$45,505)	(\$47,325)	(\$49,218)	(\$51,187)
LESS:					
Financing Charges					
o Fixed Assets	\$167	(\$167)	(\$167)	(\$167)	(\$167)
o Equipment	\$29,960	\$29,960	\$29,960	\$29,960	\$29,960
NET CASH FLOW	(\$73,882)	(\$75,632)	(\$75,152)	(\$79,316)	(\$81,161)

NOTES:  
\*①② Revenues and Operating Costs increase by inflation 4% annually.  
( ) Signify a negative cash flow.

## CONTACT LIST

Barry Griffiths, Quest, Naturalist Adventure Consultants.  
Georgetown. Ontario.

Chief. Nahanni Butte  
N.W.T.

Chris Hopkins, Beaver Enterprises

Wally Shaver and Wendy Crater, Black Feather Adventures Ltd.  
Toronto, Ontario.

Staff Person. Simpson Air,  
Fort Simpson, N.W. T.

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