

Economic Impact Study

Proposed Hotel Development, Downtown Kelowna

March 2010



March 19, 2010

Kelowna Chamber of Commerce
544 Harvey Avenue
Kelowna, BC V1Y 6C9

Attention: Weldon Leblanc, Chief Executive Officer

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Dear Weldon:

Re: Economic Impact Study
Proposed Hotel Development, Downtown Kelowna

In accordance with the terms of our engagement, we have completed an Economic Impact Study for a proposed hotel development planned for a site in downtown Kelowna.

This report has been prepared for the Kelowna Chamber of Commerce ("the client") and is intended to establish whether hotel development in the downtown area and on the subject site will generate the desired impacts. The information contained within this report should not be used for any purpose other than that disclosed herein.

Our analysis, opinions and conclusions were developed and reported to the best of our knowledge and belief in conformance with the requirements of the Code of Professional Conduct for the Canadian Association of Certified Management Consultants.

If we may be of assistance in the interpretation or application of our findings or in the furtherance of this project, please contact me at your convenience.

Yours sincerely,

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Per: Doug Bastin, CMC
Partner, Grant Thornton Consulting

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Executive summary

The following points highlight the key factors which will impact the proposed hotel development in downtown Kelowna and the economic impact that will be generated from the construction and operations of the proposed hotel.

1. **The development site** – proposed for new hotel development, at the northwest corner of the downtown redevelopment area, has all of the attributes typically required for a successful hotel development, such as proximity to area amenities and demand generators, good access and visibility and water views and lake access.
2. **The proposed development** – is to include a 165-room hotel with between 12,000 and 15,000 square feet of meeting and conference space and a full range of guest services and amenities. The hotel concept contemplated is a high quality hotel targeted at a specific market niche.
3. **The hotel market** – in Kelowna, with the exception of 2009, has been strong, with growth in occupancy levels and average room rates over the past nine years. One issue for Kelowna is that the city does not have enough meeting and conference space and quality hotel rooms to support the existing demand.

The proposed hotel would fill a portion of the void in the market.

4. **The challenges and opportunities** – for a new hotel development in Kelowna include:
 - there are very few good hotel sites available in Kelowna;
 - given the size of hotel, the development costs will be significant;
 - financing for new hotels is extremely difficult to access in today's market environment; and,
 - there is an opportunity to target a segment of the hotel market which is not adequately served, at present.
5. **The Input/Output Model ("I/O Model")** – the economic impacts estimated in this study were determined in conjunction with Statistics Canada, using the British Columbia multipliers for the I/O Model.
6. **The Economic Impacts** – for the construction and annual operations of the proposed hotel are illustrated in the following tables.

Construction

Total Impacts	Employment		Wages (\$ Million)	GDP (\$ Million)	Output (\$ Million)
	Jobs	(FTEs)			
Direct	241	181	8	9	32
Indirect	180	135	6	9	16
Induced	64	48	2	4	5
Total	485	364	16	22	53

Operations (Annual)

Total Impacts	Employment		Wages (\$ Million)	GDP (\$ Million)	Output (\$ Million)
	Jobs	(FTEs)			
Direct	167	125	3	5	9
Indirect	44	33	1	2	3
Induced	18	14	1	1	1
Total	229	172	5	8	13

- Including the multiplier impacts (indirect and induced), a total of 485 jobs or 364 FTEs will be generated during construction. The operation of the hotel will generate 229 jobs or 172 FTEs annually.
- In addition to employment, this development (hotel) will generate approximately \$8 million in Gross Domestic Product (GDP) and \$13 million in direct economic output, annually after construction.
- Visitor impacts will also be significant as visitors to the hotel will spend an estimated \$14 million in the community annually, which will generate \$33 in direct economic output.

7. **The other impacts** – of the proposed hotel development which were identified during our research include:

- The site currently proposed for the hotel has developed a reputation as a place to stay away from – when the city planning documents refer to the area as the new gateway to Kelowna. The proposed hotel would have an immediate impact on the neighbouring parks and businesses due to the increase in traffic flows.
- Community facilities will be positively impacted as a result of the increased flow of visitors to the downtown area.
- The city is currently losing business opportunities, due to the lack of meeting and conference space and the limited number of quality hotel rooms. This business can be recaptured by the proposed hotel, on the subject site.

Introduction

The Kelowna Chamber of Commerce is interested in having an independent assessment of the economic impacts that would be generated by new hotel development, on a specific site, in downtown Kelowna.

Grant Thornton was engaged by the client to conduct an Economic Impact Study to determine the estimated impacts that will be generated by the construction and operation of the proposed hotel, along with visitor impacts and other impacts associated with a development of this magnitude in an urban area.

Background

The City of Kelowna continues to grow as a regional centre for the Okanagan and as a tourist destination within British Columbia. To enhance what the city has to offer to regional, national and international travellers, the City has a vision for a redeveloped downtown area.

To re-establish the downtown area as a vibrant part of the city, a number of key facilities and amenities are required; one of the facilities contemplated for the redevelopment area is a high-quality hotel, with meeting and conference space.

Scope of work

The scope of work for this assignment was divided into three separate components, as follows:

- Development and operational phase impacts;
- Tourism impacts; and,
- Positive and/or negative impacts on neighbouring businesses.

The specific tasks undertaken included the following:

1. Review various economic impact models.
2. Discuss the relevant multipliers with BC Stats.
3. Research and collect input data for the selected model.
4. Meet with City officials to discuss the overall concept for the downtown area.
5. Assess the site currently contemplated for the hotel, from a market and economic perspective.
6. Review operational and capital cost projections for the proposed hotel.

7. Determine all direct, indirect and induced benefits and/or costs.
8. Estimate tourism impacts, separately.
9. Estimate any potential impacts on neighbouring businesses, along with the positive impacts on city parks and community facilities.
10. Prepare a concise report to summarize our findings and conclusions.

Assumptions

Grant Thornton has not completed a feasibility study for the proposed hotel; demand projections were prepared for the hotel and conference centre, using market performance statistics.

Construction costs were estimated by Grant Thornton, and are based on industry averages. A detailed building program and drawings were not yet available.

Facility operating costs were estimated by Grant Thornton, and are based on the performance of comparable hotels.

Methodology and assumptions

Statistics Canada Input/Output model

The estimated economic impacts of the proposed hotel were derived primarily using the Statistics Canada I/O Model, along with the relevant British Columbia multipliers. The I/O model uses the Canadian Input-Output tables to track and quantify the economic activity generated by changes in consumption or production. As such, it traces the flow of goods and services amongst various sectors of the economy. The model is maintained by Statistics Canada, and presents one of the most complete and detailed accounting frameworks of the Canadian economy. As such the model has the greatest potential of all major economic models for capturing the flows of goods and services between industries and consumers at relatively detailed levels. It should be noted that, as the I/O model only measures impacts at the provincial level, the proportion of impacts allocated to the Kelowna area would be less than the total British Columbia impact as indicated in this study.

The current model is based on 2007 multipliers (the most recent year for which multipliers are available from Statistics Canada, using the North American Industrial Classification System.¹

The I/O model is primarily used to predict how an increase or decrease in demand in one industry (e.g., construction) will impact other industries, and, therefore, the entire economy. The model assumes that all industries are operating at full capacity and that supply is perfectly inelastic.

The model measures the following economic impacts:

- *Direct effect* - the change in domestic output required to satisfy an initial change in demand. This would include the actual expenditures and the employment directly generated (each person-year of employment is the equivalent of one full-time equivalent job);
- *Indirect effect* - the change in domestic output generated by the activity in sectors that supply goods and services used in the project;
- *Induced effect* - the overall impact of more income accruing to the household sector;
- *Output* – the simple sum of all expenditures that result from the project under study;
- *Employment* – the total number of full-time equivalent (“FTE”) positions generated by the change in demand;

¹ Note that according to Statistics Canada, 2007 multipliers are considered to be valid estimators of economic impact in 2010.

- *Provincial, Federal and Municipal Revenues*² – estimated provincial and federal share of personal income taxes and commodity taxes (GST and PST), as well as other commodity taxes such as gas taxes or air transportation tax;
- *Gross Domestic Product* - a measure of the value-added (the unduplicated total value of goods and services) to the BC economy by productive activities taking place within the province; and,
- *Total Economic Output* - the overall amount of economic activity created in British Columbia.

Data collection and supporting research

Data sources for this application of the I/O Model are described below, with a more detailed breakdown of the data used presented in the Study's appendices.

Construction costs

Grant Thornton provided construction cost and overall development cost estimates for the proposed hotel; these were then used as inputs for the construction phase of the I/O Model. It should be noted that the hotel development will potentially occur over a 2 to 3-year period. The construction/development costs provided for the model run are total costs for the 3-year build-out period. However, the model does not recognize time and, therefore, accounts for the total build-out construction costs and related impacts over a one-year period. As such, inflation covering the 3-year period is not factored into the construction costs used for this analysis.

Operational costs

Grant Thornton provided operational cost estimates for the proposed hotel based on market supply/demand projections and on the performance of comparable properties.

Operational costs are estimated for a one-year period. Based on the previously described development schedule, the base year for assessing hotel operating costs is 2012. A summary of operating revenues and expenses for 2012 is attached in Exhibit I.

Conducting the I/O model analysis

The data/projections for the construction and operation of the hotel were used to derive the economic impacts for the development. Two distinct runs of the Statistics Canada I/O Model were applied as follows:

Proposed Hotel Development I/O Model Runs		
I/O Model Run	Base Year	Description of I/O Model Run
# 1	2010 - 2012	Development Costs
# 2	2012	Operating Costs

The results of the application of the I/O Model for the subject property are presented later in the report.

² Note that the I/O Model provided by Statistics Canada does not calculate municipal property tax revenues; however, Grant Thornton has identified these tax revenues separately and has presented these in the Summary of Estimated Economic Impacts section of the report.

The hotel market

Introduction

To establish the current state of the hotel market in the Okanagan and in Kelowna, we reviewed the January 2010 Thompson Okanagan Regional Profile (prepared by Tourism BC) along with relevant hotel performance statistics.

Visitor volumes

Between 2000 and 2008, Thompson Okanagan Customs Entries declined from a high of 333,000 in 2002 to a low of 202,000 in 2008, a decline of 37.5%, or 4.7% per year.

A total of 332,000 parties stopped at the Visitor Centres in the region in 2008. Over the same period (2000 to 2008) the number of visitor parties declined by 3.2%, or 0.4% per year.

Thus, although customs entries to the Thompson Okanagan region are down in recent years, overall visitation trends to the Okanagan have not declined to the same degree.

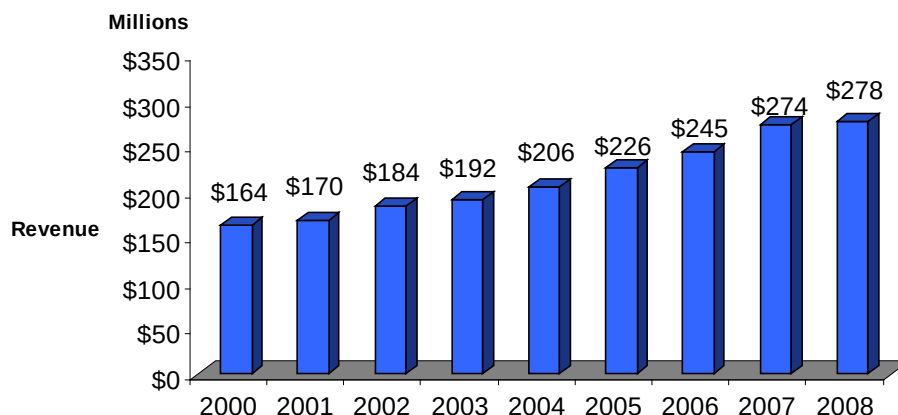
A key issue in assessing visitor trends and hotel performance is the amount of displaced demand evident in a market area. From our prior research, we identified a significant amount of visitor potential that is not currently being realized due to the lack of quality accommodation and the lack of a conference/convention centre in Kelowna.

Hotel/accommodation demand

In 2008, total room revenue in the region increased 1.6% over 2007, totalling \$278 million. Over the 2000 to 2008 period, room revenue in the region demonstrated continuous growth, with an average annual growth rate of 6.9%.

The growth in room revenue for the Thompson Okanagan region is illustrated in the following table.

Thompson Okanagan Room Revenue 2000 – 2008



Source: BC STATS

In 2008, hotel occupancy rates in British Columbia averaged 65.7%, a 1.9 percentage point decrease over 2007. Hotel occupancy rates for the Thompson Okanagan region saw minor increases at all but one of the reporting centres, with Kelowna decreasing 2.3 percentage points over 2007.

In 2008, provincial average daily room rates grew by 3.9% to \$134.69. The greatest gain in annual percentage change since 2007 was reported for Kamloops, a city that saw an annual percentage change of 9.9%.

In 2008, annual average daily room rates for the Thompson Okanagan region ranged from a high of \$122.51 in Kelowna to a low of \$96.84 in Kamloops, with all room rates remaining under the provincial average annual figure. All reporting centres in the region experienced overall increases in rates in relation to 2007.

The following table illustrates the occupancy and average room rate statistics in the Thompson Okanagan for 2008.

Thompson Okanagan Occupancy and ARR (2008)			
	Kamloops	Kelowna	Penticton
% occupancy	57.3%	64.0%	54.5%
Average room rate	\$97	\$123	\$116

In addition to the city-wide occupancy statistics for Kelowna, for 2008, we know from our own independent research that occupancy levels and average room rates for a small sample of the higher quality properties in Kelowna exceed the Kelowna market averages, by a significant amount.

Conclusion

Although visitation trends and occupancy levels in Kelowna are down, the performance of the better quality hotels remains very positive. With occupancy levels at or near a 70% average and room rates in the \$150 to \$200 range for the better hotels, opportunities exist to add new accommodation to the market as long as the hotel is appropriately targeted.

Development overview

Downtown revitalization

On the City's website, a conceptual plan for the revitalization of the downtown area is discussed (2007); it states as follows:

“The westerly portion of the downtown core of Kelowna is a vital gateway to our City. Unfortunately there has been little redevelopment in the area over the past 20 years despite initiatives encouraging change. At its August 20, 2007 meeting, Kelowna City Council has begun the process that could see a Comprehensive Development Plan to guide redevelopment of four city blocks of the downtown. The City has, for many years, had very large revitalization goals for our downtown. To date, however, we have only been able to take small steps towards achieving these goals. The opportunity available to us today to plan this area comprehensively and put in place a plan where each building, road or public space complements one another is an opportunity that should not be missed.”

In 2008, there was a Comprehensive Downtown Development Bylaw CD21 Zoning Amendment. The OCP now provides for an integrated set of development guidelines for this downtown development permit area.

CD21 Downtown Sub-Area 1, includes the proposed hotel development site. In addition, current plans for Sub-Area 1 include two additional and separate residential towers.

The diagrams included as Appendix A, from Annexure 2 of the CD21 Zone Guidelines, illustrate the location of Sub-Area 1 and the location of the proposed hotel, Building 1A.

The subject site

As illustrated in Diagram 2, the hotel site is located in the northwest corner of the downtown area slated for redevelopment; it is also located adjacent to green space, a plaza/gathering area and the edge of Okanagan Lake; see coloured rendering, which is an aerial view of the subject area (Appendix B).

Key site characteristics for a new hotel include:

- access and visibility;
- proximity to area amenities;
- proximity to other hotels;

- proximity to demand generators; and,
- water and/or mountain views.

The subject site appears to have all of the key site characteristics identified.

The proposed hotel

Based on our discussions, we understand that although formal plans for the hotel have not been developed yet, the hotel would likely include:

- 165 guest rooms and suites;
- 12,000 – 15,000 square feet of meeting and conference space; and,
- Food and beverage venues.

It is also our understanding that this hotel would be positioned at the upper end of the market, to attract a different visitor profile.

Challenges and opportunities

The challenges and opportunities associated with new hotel development in Kelowna, as part of the downtown revitalization, are as follows.

Challenges

The key challenges that need to be overcome for the proposed hotel project are as follows:

- the hotel needs to be a competitive size (150 – 250 rooms) and needs to have meeting and conference facilities;
- there are very few good hotel sites available in Kelowna;
- the hotel needs to have water views and preferably easy access to the waterfront;
- the quality of the hotel needs to be equal or superior to the best in the Okanagan to attract a new market niche; this impacts the cost to build;
- financing for new hotel development is extremely difficult to access in today's market; therefore, the projected performance of the hotel must be strong.

Opportunities

The opportunities for the proposed hotel include:

- the ability to attract a new market segment to Kelowna;
- provide an anchor and traffic generator for the redeveloped downtown area; and,
- provide additional meeting and conference space for the city.

Development cost summary

An estimate of the development costs for the proposed hotel, based on the size and amenities previously discussed, is as follows; these development costs are based on 2009 development cost averages for hotels in Canada and the US.

Development Cost Estimate	
Component	Total
Land	\$2,046,000
Building & site improvements	16,368,000
Soft costs	3,069,000
FF & E	3,069,000
Pre-opening & working capital	1,023,000
	25,575,000
Underground parking	6,105,000
	\$31,680,000

Note: The timeline for the development illustrated above is over the next three years.

Projected operating performance

The projected operating performance of the proposed hotel is based on the performance of comparable properties and industry trends.

Accordingly, our projections for the proposed hotel, for the purpose of determining economic impact, are as follows.

Projected Operating Results	
	Stabilized Year
Total revenue	\$11,104,000
Operating costs	8,098,000
Fixed costs	500,000
Income before debt service & taxes	\$2,506,000

Conclusion

The downtown redevelopment project is necessary for Kelowna to move forward and be positioned to attract provincial, national and international visitors. A high quality hotel would, in our opinion, be an integral part of the redevelopment plan. For the hotel to compete, it needs to have proximity to and views of the lake.

The proposed hotel should be of a quality level superior to most existing properties in the Okanagan and should be targeted to attract a different visitor profile; this will reduce its impact on other area hotels.

Summary of impacts

Introduction

The development of the proposed hotel will create employment and employment income or revenue impacts for construction workers, operations staff, suppliers of construction materials, tourism and service businesses, and various government agencies. In addition, Kelowna's economy will benefit from the spending of visitors who come to the city. At this time, the hotel's design and operating model have yet to be finalized and detailed capital cost and operating information are not available. As a result, this study uses preliminary capital cost estimates, together with the proposed revenue centre information described earlier and the findings of our comparable hotel research, to describe the potential economic impacts of the project.

The focus of this assessment is largely on the direct economic impacts associated with the construction and operation of the proposed hotel and does not address the opportunity costs of alternative uses of the subject site.

Development and operational impacts

Construction impacts (year 2010 – 2012)

The development of the hotel will likely occur over a three-year period, from 2010 to 2012. The construction costs provided for the model run, \$31.6 million, are total costs for the three-year build out period. However, the model does not recognize time and, therefore, accounts for construction costs and related impacts over a one-year period. Note that the Statistics Canada I/O Model Outputs related to construction and operating impacts are summarized in Exhibits II and III.

The results of the I/O Model analysis for the construction of the proposed hotel are presented in the table below. Note that these construction impacts include both hard (materials, labour, etc.) and soft (consulting fees, development permits, etc.) costs.

The total output generated for the province's economy as a result of the hotel's construction is expected to be approximately \$53 million. Tax revenues generated by the construction of the project at all levels of government are expected to be approximately \$4.9 million, including direct, indirect and induced impacts.

Construction Impacts (Years 2010 – 2012)	
Output	\$53,316,000
GDP	\$21,683,000
Employment*	364
Jobs	484
Employment income	\$15,872,000
Tax revenue	\$4,899,000
Federal	\$1,959,000
Provincial	\$2,560,000
Municipal	\$380,000

**Full Time Equivalents (FTEs)*

Operating Impacts (Year 2012)

The following operational expenditures are estimated for a one-year period, using projected operating statistics. The hotel is expected to directly employ the equivalent of 125 full time workers annually, with direct expenditures totalling \$8.6 million. Another \$3.4 million will be generated as a result of increased activity in the supplier industries (i.e. indirect impacts). The I/O Model projects tax revenues for federal, provincial and municipal governments of approximately \$1.5 million.

Operating Impacts (Year 2012)	
Output	\$13,609,000
GDP	\$7,796,000
Employment*	172
Jobs	229
Employment income	\$4,373,000
Tax revenue	\$1,497,000
Federal	\$541,000
Provincial	\$706,000
Municipal	\$250,000

**Full Time Equivalents (FTEs)*

In addition to the municipal tax impacts from construction and operations, hotel property taxes payable to the City of Kelowna in 2012 are estimated at approximately \$440,000. Combined with the \$1.5 million in direct tax impacts that the hotel is expected to contribute, total direct tax impacts attributable to the City of Kelowna in 2012 are estimated at approximately \$700,000.

Visitor spending

Annual visitor expenditures following the build-out of the hotel and its associated impacts are presented in the table below. Note that some of these impacts are already captured in the Operating Impacts tables previously shown, and are not 'new' impacts attributable to the development, but a subset of Operating Impacts that relate to new visitor spending.

Visitor Expenditures ³	
Output	\$33,402,000
GDP	\$8,835,000
Employment*	270
Jobs	360
Employment income	\$6,865,000
Tax revenue	\$1,565,000

**Full Time Equivalents (FTEs)*

Visitor expenditures at the proposed hotel are expected to total \$11.1 million, and at other businesses in Kelowna \$3.6 million, annually. These expenditures are anticipated to generate additional employment opportunities and tax revenues.

Other impacts

In addition to the economic/financial impacts previously discussed, the development of the proposed hotel will have the following “other” impacts.

- The site currently proposed for the hotel has developed a reputation as a place to stay away from – when the city planning documents refer to the area as the new gateway to Kelowna.
The proposed hotel would have an immediate impact on the neighbouring parks and businesses due to the increase in traffic flows.
- Community facilities will be positively impacted as a result of the increased flow of visitors to the downtown area.
- The city is currently losing business opportunities, due to the lack of meeting and conference space and the limited number of quality hotel rooms.
This business can be recaptured by the proposed hotel, on the subject site.
- If the downtown redevelopment is to succeed, a quality hotel is required.
- Employment opportunities, during construction and operation of the hotel, will be significant.

Conclusion

Based on the research and analysis completed for this assignment and others in the Okanagan, our conclusions regarding the proposed hotel development for Site 1A, of Sub Area 1, are as follows.

- The subject site is the best site currently available in Kelowna for new hotel development.
- Alternative sites within the downtown redevelopment area do not provide the same attributes as the subject site.

³ Visitor expenditures are net of Provincial Sales Tax and Goods and Services Tax.

- In today's economic environment, it will be extremely difficult to find a hotel developer who is interested in developing a high rise hotel in downtown Kelowna if the site is not "the best available".
- If the proposed hotel is constructed on Site 1A, the economic and related benefits to the city will be significant.

Exhibits

Exhibit I	Revenue & Expense Projections
Exhibit II	Construction Impacts
Exhibit III	Operational Impacts

Exhibit I
Financial Projections (Representative Year)
Proposed Full Service Hotel, Downtown Kelowna

<u>Line #</u>		<u>2012</u>	
1.	Number of Rooms	165	
2.	Room Nights Available	60,225	
3.	Room Nights Occupied	36,135	
4.	Occupancy	60%	
5.	Average Room Rate	\$ 200	
	<u>Revenue</u>		
6.	Rooms	\$ 7,227,000	65.1%
7.	Food & Beverage	2,349,000	21.2%
8.	Telephone	119,000	1.1%
9.	Other Operated Departments	903,000	8.1%
10.	Rentals and Other Income	506,000	4.6%
11.	Total Revenue	11,104,000	100.0%
	<u>Departmental Expenses</u>		
12.	Rooms	2,240,000	31.0%
13.	Food & Beverage	1,879,000	80.0%
14.	Telephone	131,000	110.0%
15.	Other Operated Departments	406,000	45.0%
16.	Total Department Expenses	4,656,000	37.5%
17.	Total Departmental Income	6,448,000	62.5%
	<u>Undistributed Operating Expenses</u>		
18.	Administrative and General	944,000	8.5%
19.	Franchise Fees	555,000	5.0%
20.	Management Fees	333,000	3.0%
21.	Marketing & Guest Entertainment	611,000	5.5%
22.	Property Operation and Maintenance	555,000	5.0%
23.	Energy Costs	444,000	4.0%
24.	Total Undistributed Expenses	3,442,000	30.0%
25.	Income from Operations	3,006,000	32.5%
	<u>Fixed Expenses</u>		
26.	Insurance	56,000	0.5%
27.	Property Taxes	444,000	4.0%
28.	Total Fixed Expenses	500,000	4.5%
29.	Income Available for Debt Service	\$ 2,506,000	28.0%

EXHIBIT II
IMPACTS - CONSTRUCTION
Year of Impacts: 2010-2012

Impact Category	Impacts				
	Direct	Indirect	Direct + Indirect	Induced	Total
Output	\$31,600,000	\$16,028,000 ²	\$47,628,000 ³	\$5,688,000 ⁴	\$53,316,000
GDP	\$9,158,000 ¹	\$9,365,000 ²	\$18,523,000 ³	\$3,160,000 ⁴	\$21,683,000
Employment (FTE's)	181 ¹	135 ²	316 ³	48 ⁴	364
Employment Income			13,779,000	\$2,093,000	\$15,872,000
Jobs	241	180	421	64	485
Tax Revenue	\$2,687,000 ⁵	\$1,201,000 ⁵	\$3,888,000 ⁵	\$1,011,000 ⁵	\$4,899,000
Federal	\$885,000 ⁴	\$632,000 ⁴	\$1,517,000	\$442,000 ⁴	\$1,959,000
Provincial	\$1,612,000 ⁴	\$474,000 ⁴	\$2,086,000	\$474,000 ⁴	\$2,560,000
Municipal	\$190,000 ⁴	\$95,000 ⁴	\$285,000	\$95,000 ⁴	\$380,000

Notes & Assumptions

¹ As determined by Statistics Canada I/O Model.

² Determined by subtracting direct impact from "Direct + Indirect" impact.

³ As determined by Statistics Canada I/O Model.

⁴ As determined by applying BC Stats multipliers.

⁵ Sum of Federal, Provincial and Municipal impacts.

EXHIBIT III
IMPACTS - APPROVED OPERATIONS
Year of Impacts: 2012

Impact Category	Impacts				
	Direct	Indirect	Direct + Indirect	Induced	Total
Output	8,598,000 ¹	\$3,463,000 ²	\$12,061,000 ³	\$1,548,000 ⁴	\$13,609,000
GDP	4,774,000 ¹	\$2,162,000 ²	\$6,936,000 ³	\$860,000 ⁴	\$7,796,000
Employment (FTE's)	125 ¹	33 ²	158 ³	14 ⁴	172
Employment Income			\$4,373,000	\$610,000	\$4,983,000
Jobs	167	44	211	18	229
Tax Revenue	\$929,000 ⁵	\$284,000 ⁵	\$1,213,000 ⁵	\$284,000 ⁵	\$1,497,000
Federal	\$292,000 ⁴	\$129,000 ⁴	\$421,000	\$120,000 ⁴	\$541,000
Provincial	\$456,000 ⁴	\$112,000 ⁴	\$568,000	\$138,000 ⁴	\$706,000
Municipal	\$181,000 ⁴	\$43,000 ⁴	\$224,000	\$26,000 ⁴	\$250,000

Notes & Assumptions

¹ As determined by Statistics Canada I/O Model.

² Determined by subtracting direct impact from "Direct + Indirect" impact.

³ As determined by Statistics Canada I/O Model.

⁴ As determined by applying BC Stats multipliers.

⁵ Sum of Federal, Provincial and Municipal impacts.

Appendix A – CD21 Diagrams

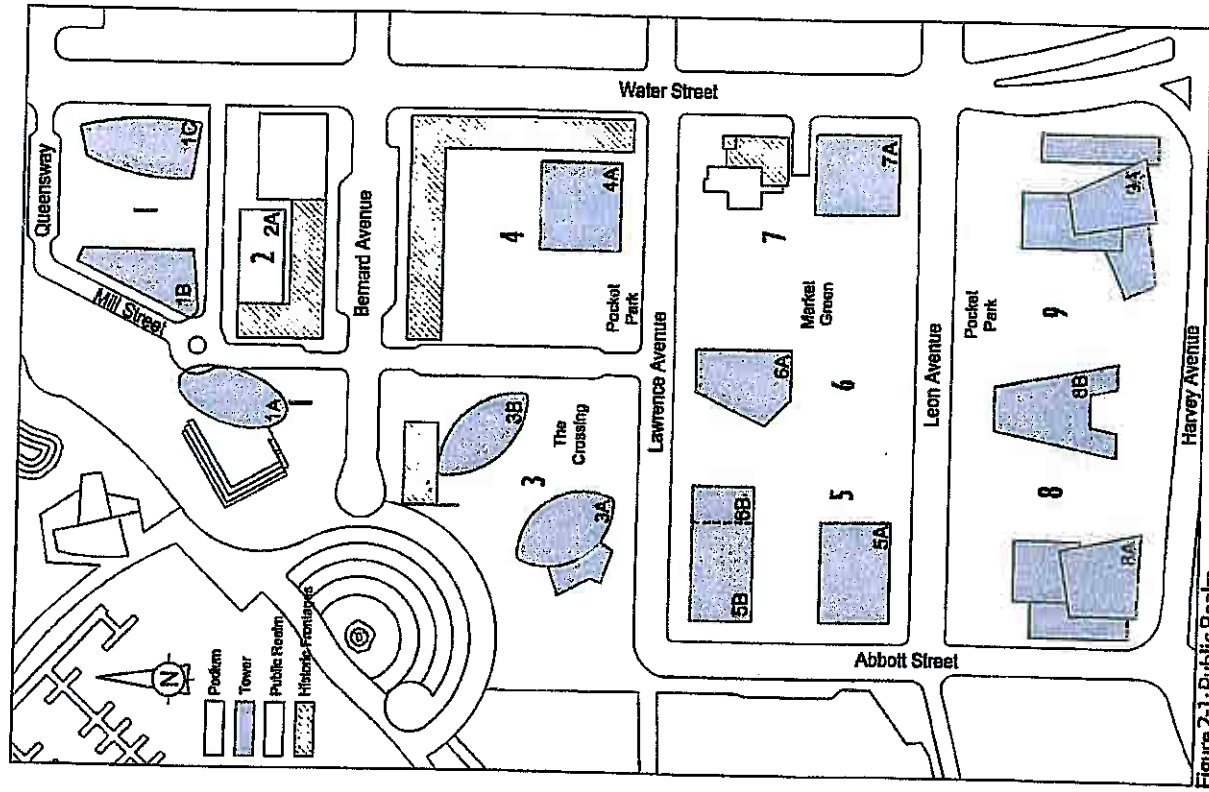


Figure 2-1: Public Realm

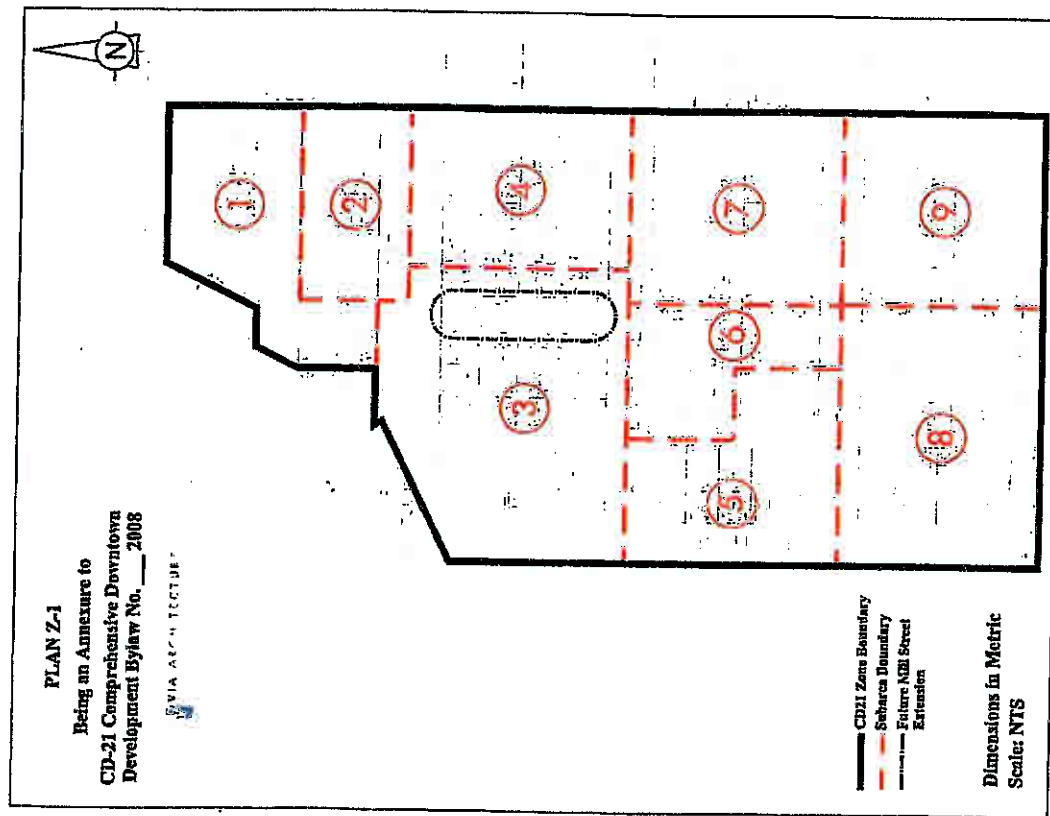
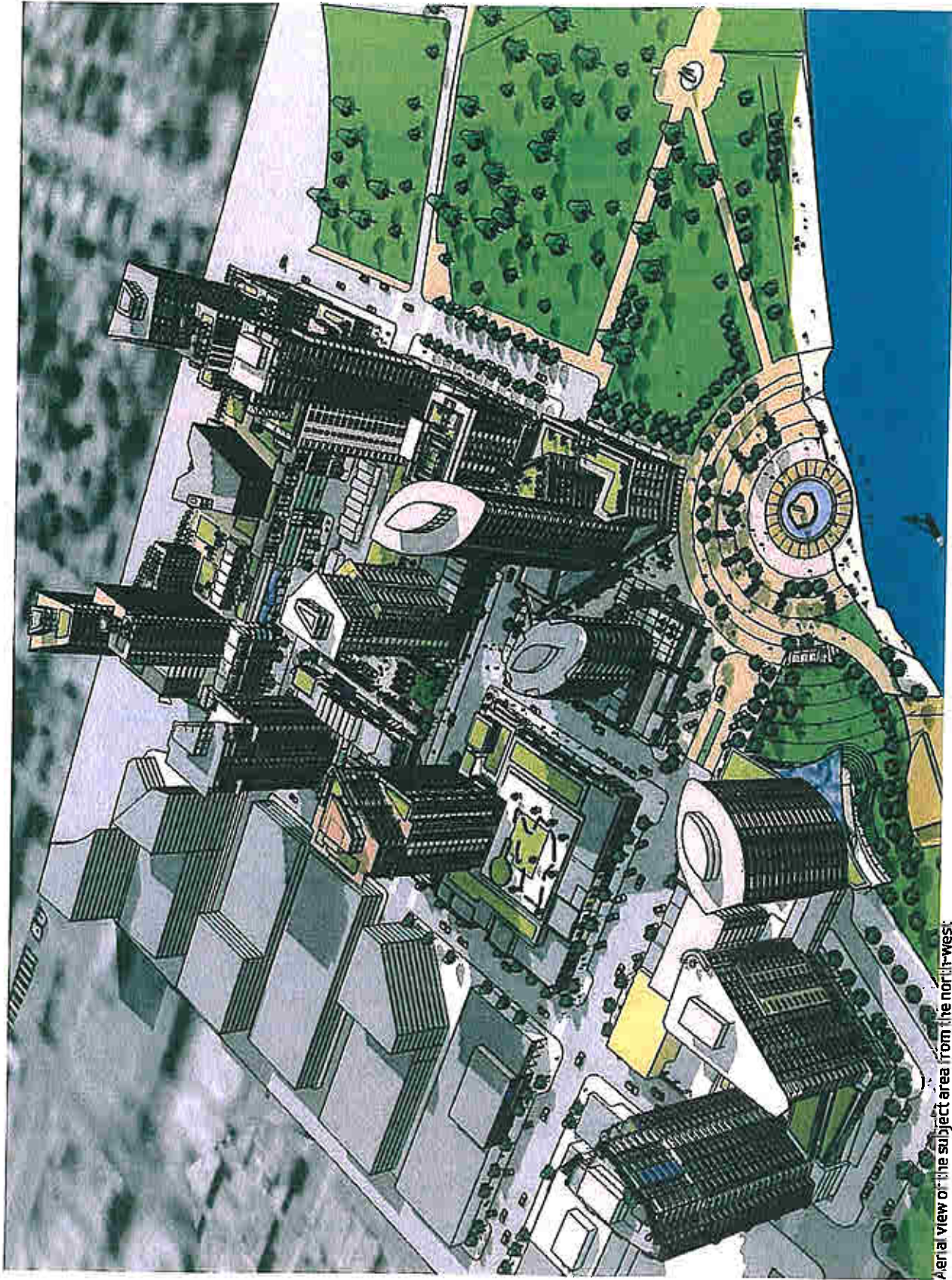


Figure 1-1: CD21 Boundary Area Illustration

Appendix B Subject Area View



Aerial view of the subject area from the north-west.