

ATIKOKAN MINING ATTRACTION STUDY
PHASE ONE
MARKET RESEARCH AND ANALYSIS

July, 1987

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FOR DISCUSSION PURPOSES ONLY

Prepared By:
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July 31, 1987

Mr. Dan Wright
Tourism Co-ordinator
The Corporation of the Township of Atikokan
124 Marks Street
Atikokan, Ontario
P0T 1C0

RE: **ATIKOKAN MINING ATTRACTION STUDY - PHASE ONE
MARKET RESEARCH AND ANALYSIS**

Dear Mr. Wright:

Pannell Kerr Forster in conjunction with DelCan is pleased to submit our Phase 1 Interim Report for the above noted study.

Overall, we are encouraged by the results of the study to date and believe there is potential for development of a mining attraction in Atikokan. The present report represents only our preliminary work that has been carried out during Phase 1. Further detailed analysis, conclusions, and recommendations will follow in Phase 2.

We look forward to meeting with you on August 12, 1987 and would be pleased to hear from you if we may be of assistance in the interpretation of our findings.

Yours truly,

PANNELL KERR FORSTER

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TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	
I. INTRODUCTION	1
II. LOCAL/REGIONAL OVERVIEW	3
III. SITE EVALUATION	8
IV. COMPARABLE ANALYSIS	13
V. DEVELOPMENT CONCEPT/EVALUATION	15
VI. CONCLUSIONS AND RECOMMENDATIONS	20

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I. INTRODUCTION

Purpose of the Study

Pannell Kerr Forster in association with DelCan has been retained by the Township of Atikokan to evaluate the potential for the development of a major mining attraction in the community.

The study purpose is to evaluate market and resource opportunities for the development of this attraction, and to identify strategies by which this project can be best developed and promoted.

This report addresses Phase I of the study process and incorporates results from our market research and analysis to arrive at a range of development opportunities for attraction development.

Based on analysis of market potential, resource assessment, capital costs, and operating expenditures; appropriate development concepts are recommended for further evaluation.

Background

The Township of Atikokan is located northwest of Thunder Bay. Its main means of employment from 1943 to 1980 was the mining of iron ore. The two primary employers were Steep Rock Iron Mines Limited and Caland Ore Company. Because of technological advances, open pit mining became the best and safest way to mine and by 1971, underground mining was completely phased-out. Further advances in technology made it impossible for the iron ore companies to compete with taconite which was cheaper and better quality ore. In 1979 both mines ceased operation and closed.

Atikokan suffered the loss of over one-half of its work force, approximately 1,100 jobs in 1979-1980 due to the closure of Atikokan's two primary employers. Despite the problems the town was faced with, Atikokan is widely viewed as a model for its success in coping with and overcoming economic diversity.

Atikokan Tourism began considering the two mining sites (Caland and Steep Rock) for the development of a Mining Interpretive Centre with the main objective of becoming a major mining tourist attraction. The purpose of this mining-based tourism attraction was to feature the history of iron mining, as well as to emphasize the culture of the forty-three ethnic groups that developed in the area.

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II. LOCAL/REGIONAL OVERVIEW

Economic Overview

Atikokan is located in Northwestern Ontario, approximately 200 km east of Thunder Bay and 150 km west of the U.S. border at International Falls, Minnesota (Exhibit 2-1).

The township occupies an area of 92,160 acres (373 square km) with a population of approximately 5,000 people (Exhibit 2-2).

Atikokan is fully serviced by water, hydro, sewage systems, and telephone. The road system ranges in quality, with Highways 11 and 11B representing the primary routes. Atikokan Municipal Airport has a 3,500' runway and handles chartered and private flights as well as scheduled NorOntario passenger flights. The township is also serviced by rail (freight only) and bus. Support services include recreation facilities, medical facilities, and a strong retail and service base. A summary of ground transportation (highway) development activity is summarized in Exhibit 2-3.

Despite the closing of the Steep Rock and Caland mines, the community has continued to progress, attracting new industry and residents.

Tourism Infrastructure

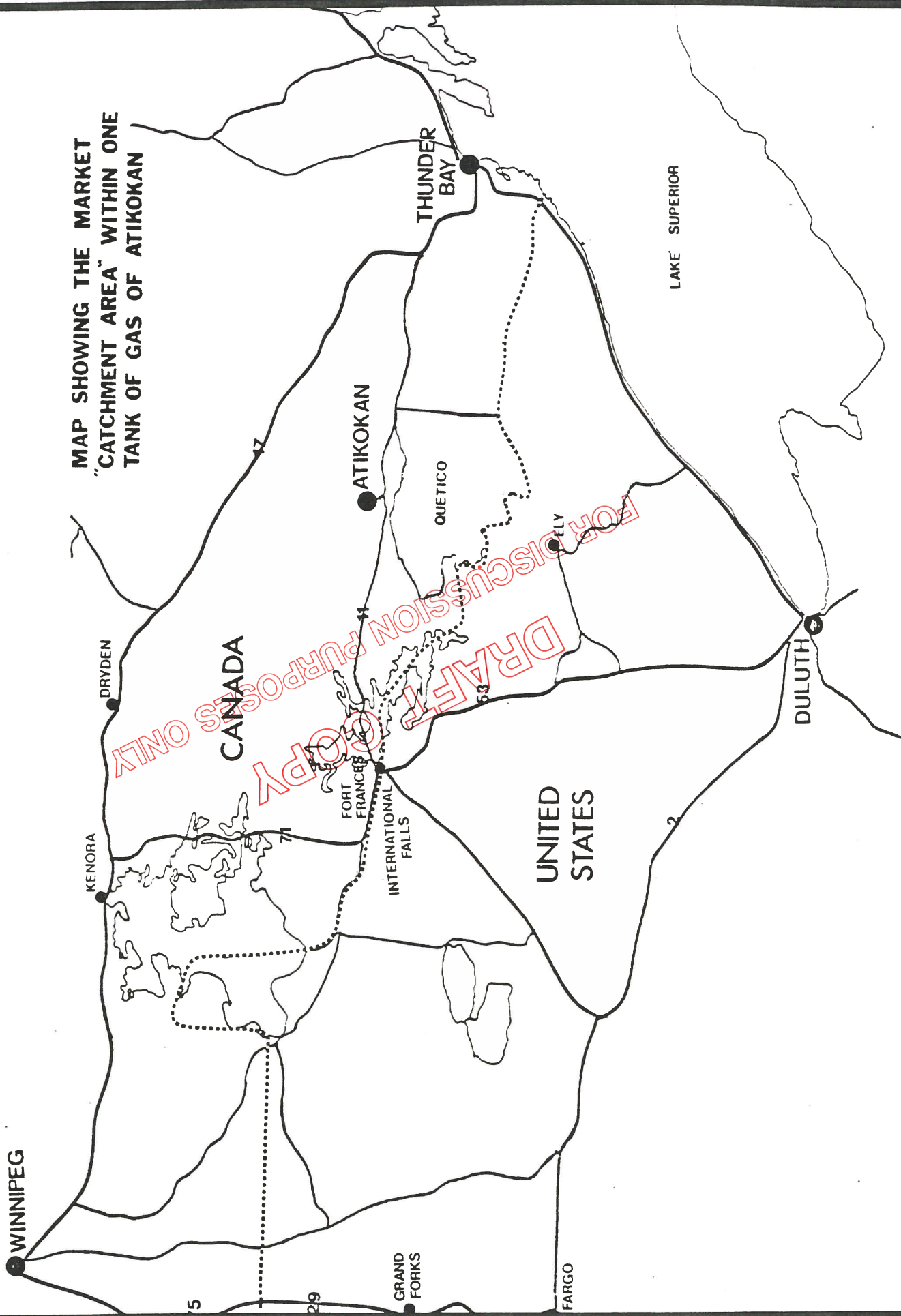
Atikokan's tourism and recreation industry has generally been based around its strong resources with specific emphasis on Quetico Provincial Park.

In 1979, a Tourism Strategy was developed for the town by Balmer Crapo and Associates which identified a number of issues relating to the tourism industry. These included:

- seasonality of visitation
- distance from major markets
- industry fragmentation
- small resident population base
- overemphasis on one market (sport fishing)
- climate
- ineffective industry organization

Exhibit 2-1

MAP SHOWING THE MARKET
"CATCHMENT AREA" WITHIN ONE
TANK OF GAS OF ATIKOKAN



GENERAL STATISTICS

Population:	4,745 (1983)	Utilities:	Water pumping capacity 900 gpm; Hydro supply—8320/4800 Wye Natural Gas—abundance
Latitude:	N 48° 45½'	Police:	Municipal & Ontario Provincial Police
Longitude:	91° 37'	Fire:	1 Station (1 Chief, 2 Class A Pumpers, 1 Van & other equipment, 16 part-time volunteers & 6 part-time officers)
Altitude:	1,284 feet	Transportation:	Highway 11, east and west, 3 Airports (1 public, 2 private), 2 Truck lines, Grey Goose Bus (passengers & express), 2 Taxis (Roy's), Canadian National Railway (freight only)
Area:	92.160 acres, or 144 sq. miles or 372.96 sq. kilometres	Media:	2 AM Radio Stations, 1 FM Station 12 TV Channels, 1 local newspaper, 4 other regional papers (3 dailies, 1 weekly)
Annual Precipitation:	402.44 mm - rain, 154.7 cm - snow	Theatres:	1 (Park Theatre)
Average Temperature:	Summer: 19.3°C (66°F) Winter: -15.8°C (5°F)	Recreational Facilities:	Arena, Curling Rink, Sauna, Tennis Courts, Golf Course, Indoor Pool, Outdoor Rinks, 2 Ski Areas, 4 Parks, Bowling Alley, Riding Stable
Commercial Buildings:	100 (approx.)	Housing:	approx. 1,633 units
Roads:	27.123 miles	Major Industries:	Pulpwood Mfg. Ltd., Atikokan Forest Products, Ontario Hydro
Water Mains:	20 miles	Total Labour Force:	Approx. 1,700
Churches:	11 denominations	Raw Materials:	Pulpwood, Timber, Gravel, Fish, Game, Clay and Mineral Potential
Financial Institutions:	4 total (3 Banks, 1 Credit Union)	Telephones:	Bel Canada—2,043 phones (as of June 83)
Medical Facilities:	1 Hospital, 1 Clinic, 3 Doctors, 1 Dentist, 2 Ambulances		
Libraries:	1 Public Library, 1 Museum, School Libraries		
Schools:	3 Public Schools, 1 Separate School, 1 Secondary School, 1 Confederation College Learning Centre (branch of Confederation College in Thunder Bay)		
Hotels/Motels:	3 hotels, 4 motels —Total of 169 units		

EXHIBIT 2-3

STATUS OF MAJOR ROUTES IN AND AROUND THE ATIKOKAN AREA

<u>Location</u>	<u>Construction/Proposals</u>	<u>Completion Date</u>
<u>Hwy 11B</u>		
<u>Hwy. 11</u>		
15 km west of Atikokan	Repaving 22 km	September, 1987
10 km west of Hwy. 65	Bridge Repair	September, 1987
4 km east of Fort Frances	Bridge Repair	October, 1987
<u>Hwy. 17</u>		
2 km west of Hwy. 101	Bridge Repair	September, 1987
14 km west of Cat Fish Creek	Repaving 28 km (Upgrading Drainage)	September, 1987
1/2 km east of Hwy 627	Painting Pic River Bridge	September, 1987
26 km east of Terrace Bay	Bridge Repair	September, 1987
5 km west of Hwy. 585	Repaving 16 km	October, 1987

2753R/24

- competition from other destinations
- government restrictions
- lack of local priorities on tourism
- location off the highway

While the community has taken a proactive role in tourism promotion since the findings of this report were released, the physical limitations (seasonality, distance from major markets, small resident population base) still present a problem.

In an effort to evaluate the tourism potential for the development and operation of a mining attraction, we have evaluated the local and regional tourism including:

1. Markets

- origins
- seasonality
- activities

2. Facilities

- attractions
- accommodations
- support services

i) Tourism Markets

Exhibits 2-4 and 2-5 summarize the in-province and out-of-province markets coming to Northern Ontario, Northwestern Ontario, and Atikokan specifically, while Exhibit 2-6 summarizes border crossings through Fort Frances.

It has been estimated by the Ministry of Tourism and Recreation that 2.0 million out-of-province travellers visited Northern Ontario in 1985, 1.1 million of these specifically visited Northwestern Ontario. In addition, the Ministry estimated that 8.4 million trips were made by Ontario residents into Northern Ontario in 1982.

A summary of characteristics of these travellers is shown below:

EXHIBIT 2-4

	<u>In-Province</u>	<u>Out-of-Province</u>	
	<u>Northern Ontario</u>	<u>Northern Ontario</u>	<u>Northwestern Ontario</u>
Overnight	33.0%	63.0%	81.0%
Day Visitors	47.0%	37.0%	19.0%
	100.0%	100.0%	100.0%
Origins			
Canada	100.0%	30.0%	53.0%
U.S.A.	-	70.0%	44.0%
International	-	-	3.0%
	100.0%	100.0%	100.0%
Seasonality of Demand			
Winter	16.3%	13.6%	9.1%
Spring	23.0%	20.0%	24.1%
Summer	38.7%	51.9%	62.9%
Fall	22.0%	14.5%	3.9%
	100.0%	100.0%	100.0%
General Activities			
Outdoor/Sports	NA	42.4%	52.9%
Sightseeing/Touring	NA	41.3%	45.1%
Shopping	NA	46.3%	37.3%
Dining Out	NA	42.4%	43.7%
Visiting Friends/Relatives	NA	22.2%	24.6%
Specific Activities			
Attractions	2.2%	3.4%	4.8%

Source: Ministry of Tourism and Recreation

EXHIBIT 2-5

TOURIST ORIGINS - ATIKOKAN

JULY/AUGUST 1986

Canada	53.5%
United States	44.7%
International	<u>1.8%</u>
	100.0%

Canada	
Ontario	32.5%
Manitoba	10.5%
Alberta	4.0%
Other Canada	<u>6.5%</u>
United States	
Minnesota	18.0%
Wisconsin	4.6%
Illinois	4.0%
Other U.S.	18.1%
International	<u>1.8%</u>
	100.0%

Source: Atikokan Tourism Booth

2753R/18

EXHIBIT 2-6

FORT FRANCES BORDER CROSSINGS 1979 - 1986

U.S. Incoming Visitors

	<u>Autos</u>	<u>% Increase</u>	<u>Passengers</u>	<u>% Increase</u>
1979	192,870	-	490,292	-
1980	210,398	9.1	506,547	3.3
1981	208,011	(1.1)	534,290	5.5
1982	189,910	(8.7)	485,645	(9.1)
1983	183,121	(3.6)	449,799	(7.4)
1984	174,861	(4.5)	430,680	(4.3)
1985	173,658	(0.7)	422,894	(1.9)
1986	180,495	3.9	437,703	3.5

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These statistics indicate that U.S. visitation generates a strong component of tourism activity in Northwestern Ontario and Atikokan. Major activities for these visitors concentrate on outdoor activities, while less than 5.0% of visitors identify visiting an attraction as a specific activity. This low frequency of attraction visitation is a function of the markets coming to Northwestern Ontario as well as the limited supply of major attraction in the region.

Of concern relative to U.S. visitation is the apparent decline in activity as evidenced by border crossings at Fort Frances. Despite decreases, these levels remain strong, with 1986 showing improvement over 1985.

ii) Facilities

Exhibits 2-7 to 2-12 summarize the local and regional tourism facilities in the Atikokan area.

The three primary attractions in Atikokan are Quetico Provincial Park, the Centennial Museum, and White Otter Castle. Two attractions which will have some comparability to the Atikokan Mining Attraction include Old Fort William and the Amethyst Mine. These are summarized in Exhibits 2-7 and 2-8.

There are 12 accommodation properties in Atikokan with a total of 200 rooms. In addition, there are five outfitters operating in the area (see Exhibits 2-9 - 2-12).

While Quetico Provincial Park and other area facilities draw strong visitation, these visitors represent different markets segment than those anticipated for the mining attraction. Demand for accommodation properties is highly seasonal with a strong emphasis on the corporate/commercial segment.

Our analysis of local and regional market factors indicates three primary conclusions with respect to attraction development in Atikokan:

1. Current market segments visiting Atikokan are not comparable to those anticipated for the proposed mining attraction. However, the region attracts enough levels of visitors to support the attraction. Therefore, the success of the project will be contingent on its ability to penetrate regional resident and tourism markets.

EXHIBIT 2-7

ATIKOKAN

ON-SITE FACILITIES AND VISITOR SERVICES AT LOCAL AND REGIONAL ATTRACTIONS

<u>Attractions</u>	<u>Food and Beverage</u>		<u>Gift Shop</u>	<u>Playground</u>	<u>Guided Tours</u>		<u>Self Guided Tours</u>	<u>Character Animators</u>	<u>Special Events</u>	<u>Workshop</u>	<u>Hands On Exhibits</u>	<u>Interpretive Trails</u>	<u>Camp Sites</u>
<u>Atikokan, Ontario</u>													
Atikokan Centennial Museum (Atikokan Historical Park)		X		X	X				X	X	X		
White Otter Castle	-		-	-				-	-	-	-	-	-
Quetico Provincial Park							X		X			X	X
<u>Thunder Bay, Ontario</u>													
Amethyst Mine Panorama	X		X		X		X		X	X	X		
Old Fort William	X		X		X		X	X	X	X	X		

2753R/14

EXHIBIT 2-8

ATIKOKAN

MARKET DEMAND ANALYSIS OF LOCAL AND REGIONAL ATTRACTIONS

<u>Attractions</u>	<u>Market Segmentation</u>				<u>Origin of Demand</u>				<u>Attendance 1986</u>
	<u>Families/ Adults</u>	<u>Students</u>	<u>School Groups</u>	<u>Seniors</u>	<u>Local</u>	<u>Regional</u>	<u>Other Ontario</u>	<u>U.S.A.</u>	
<u>Atikokan, Ontario</u>									
Atikokan Centennial Museum (Atikokan Historical Park)	40 %	0 %	33 %	27 %	80 %	10 %	10 %	0 %	6,500
White Otter Castle	NA	NA	NA	NA	NA	NA	NA	NA	4,000-5,000
Quetico Provincial Park	NA	NA	NA	NA	0 %	1 %	1 %	98 %	105,635
<u>Thunder Bay, Ontario</u>									
Amethyst Mine Panorama	65 %	0 %	15 %	20 %	5 %	25 %	20 %	40 %	35,000
Old Fort William	78 %	0 %	14 %	8 %	15 %	18 %	12 %	53 %	110,000

2753R/15

EXHIBIT 2-9

ATIKOKAN

ON-SITE FACILITIES AT ACCOMMODATION PROPERTIES

Property	Coffee Shop		Lounge	Gift Shop		Tackle Shop	Convenience Store	Boat Rentals	Fishing/ Hunting Packages, Licenses	Natural Beach	Campground	Playground	Expansions/Renovations
	Shop	Bar		Lodge	Shop								
Radiisson Motel													
White Otter Inn	X	X			X								
The Pines Motel			X										
Seine River Lodge								X	X				Coffee shop, store, lodge, lounge
Browns' Clearwater West Lodge & Cottages	X	X			X	X			X	X	X	X	Recreation room
Morris Camp		X		X				X		X			Additional rooms and cabins
Camp Quetico		X	X	X	X	X	X			X	X		Lodge, additional cabins
Finlayson Resort Camp 113					X	X	X		X	X	X		Additional cabins, restaurant
Crystal Beach Resort					X			X		X	X	X	Additional cabins
Indiaonta Resort	X				X	X	X	X	X		X		Shower facilities
McCauley Lake Resort										X	X		Dining room
Bruce's Whispering Pines Resort							X	X	X	X			Additional cabins

2753R/12

EXHIBIT 2-10

ATIKOKAN
ACCOMMODATION PROPERTIES

Property	Rooms	Room Rates		Market Segmentation Corporate/ Commercial	Tourists	Conference Facilities	
		Single	Double			Number of Meeting Rooms	Maximum Seating Capacity
		1987					
Radisson Motel	30	\$40.00	\$45.00	75%	25%	1	20
White Otter Inn	30	\$49.50	\$54.50	75%	25%	-	-
The Pines Motel	8	\$30.00	\$34.00	50%	50%	1	20
Seine River Lodge*	4	\$210/ week	\$230/ week	0%	100%	-	-
Browns' Clearwater West Lodge & Cottages	10	N/A	N/A	2%	98%	1	20-25
Morris Camp*	15	Cabins-\$240/week Motel - \$30/night		20%	80%	-	-
Camp Quetico	11	\$447/week/person		10%	90%	-	-
Finlayson Resort Camp 113*	34	NA	NA	0%	100%	-	-
Crystal Beach Resort*	5	\$290/week/2 people		0%	100%	-	-
Indiaonta Resort*	10	Cottages-\$50/night Motel-\$44/night		0%	100%	-	-
McCauley Lake Resort*	10	\$18/night/person		0%	100%	-	-
Bruce's Whispering Pines Resort*	5	\$230/week		0%	100%	-	-
Total Market	172			37%	63%		
Annual Market Occupancy	64.7%						

*Denotes seasonal operation

EXHIBIT 2-11

ATIKOKAN OUTFITTERS
ON-SITE FACILITIES

Outfitter	Coffee Shop		Restaurant/ Lounge	Lodge	Gift Shop	Convenience Store	Rentals/ Repairs	Ammunition/ Gasoline		Self Guided Tours	Showers	Tackle/ Bait/ Licenses	Fishing Packages	Air Base	Campgrounds	Lakeshore
	Shop															
Canoe Canada Outfitters					X		X			X	X	X		X		
Ted McLeod's Sunset Country Guiding Service				X					X	X			X			
Caribou Wilderness Canoe Outfitters	X				X		X		X	X	X	X			X	X
Quetico North	X		X		X		X	X	X	X	X	X				
Perch Lake Resort & Outfitters			X		X	X	X		X		X	X				

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EXHIBIT 2-12

ATIKOKAN OUTFITTERS
MARKET DEMAND

Outfitter	Market Segmentation						Origin of Demand			
	Families	Adults	Students	Seniors	Children	Local	Regional	Other	U.S.A.	Foreign
								Ontario		
Canoe Canada Outfitter	20%	50%	10%	10%	10%	1%	2%	10%	80%	7%
TedMcLeod's Sunset Country Guiding Service	0%	100%	0%	0%	0%	0%	0%	50%	50%	0%
Caribou Wilderness Canoe Outfitters	30%	50%	10%	20%	0%	3%	15%	10%	70%	2%
Quetico North	30%	40%	0%	30%	0%	10%	10%	10%	60%	10%
Perch Lake Resort & Outfitters	25%	65%	0%	10%	0%	5%	10%	5%	60%	20%

2753R/7

7.

2. The location of the community in relation to existing tourism flows will require a strong marketing effort to attract visitation for attraction development.
3. The facility base in Atikokan is of sufficient quality to support this type of development. However, the current accommodation base (ie. number of rooms) may restrict the level of overnight visitation in the community. The project therefore may be a stimulus to further accommodation in Atikokan.

Overall, potential does exist for attraction development in Atikokan. This potential however, will only be maximized through strong marketing efforts and the development of a quality attraction.

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III. SITE EVALUATION

Introduction

The following is a discussion of specific site considerations for both the Caland and Steep Rock sites as prepared by Delcan. The location and approximate extent of these sites is summarized in Exhibit 3-1. In addition, a discussion of development opportunities is also addressed.

Evaluation

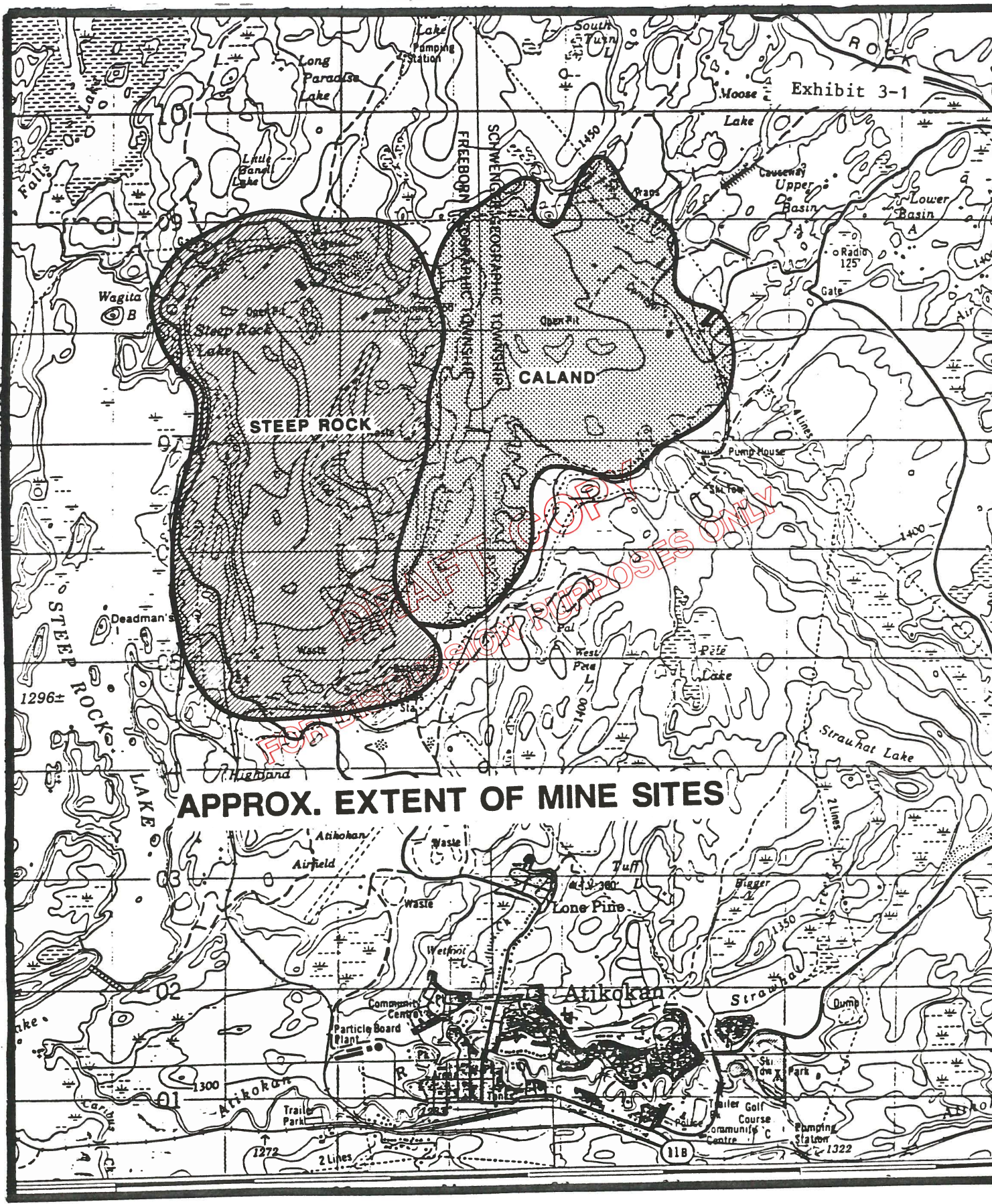
1. Caland Site

Though smaller in area and not as impressive as the Steep Rock site, Caland has significant assets such as existing buildings that help provide a degree of authenticity. The major drawback as far as these structures are concerned is that now some are in new and diverse hands, eg. sawmill, though this may prove to be a bonus in that at least they will be maintained until such a time as site development gets underway.

Roadways within the mine site will require investigation for stability but generally appear to be in a reasonable state of repair, and if the intention is ever to take visitors below open cut areas, these must be constantly monitored, since many faces are steeper than the ground's natural angle of repose. This applies also to the Steep Rock site and can be clearly substantiated by studying the number of slippages that have already occurred.

We envision a low scale development of the site as a tourist attraction. Items that might be considered for inclusion are:

- viewing platforms such as those at Kakabeka Falls or Ouimet Canyon (2 or 3 suitable locations could easily be identified). These would each require small parking areas for say 8-10 vehicles.
- static displays at each viewing platform, briefly outlining the mine's history, quoting production statistics, safety record and estimated quantities of excavation, etc.
- a picnic/recreation area with concession stands, architect-designed to compliment the theme, possibly built with native materials.



- a visitor/interpretive centre of 2-3000 sq. ft. where ore samples, photographs, original drawings, etc. could be permanently displayed. An ideal location for this we consider to be within the existing miners' dry building, believed to be well over 7,000 sq. ft. in area.
- rehabilitation of the existing maintenance shops, which might include the acquisition of a large second hand Euclid dump truck (possibly from Matabi at Ignace), in order to give the visitor a better idea of the scale of the equipment used.

The estimated cost of these kinds of developments (Caland mine site) is somewhere in the \$600,000 to \$1,250,000, the highest figure including the purchase of the building that houses the sawmill operation.

2. Steep Rock

A problem that requires further investigation at both the Steep Rock and Caland mine sites is the ever-raising water level within the pit areas. If nothing is done to stem the metaphorical tide, all that visitors will be able to see will be two unattractive lakes. This problem can, of course, be addressed by the installation of pumps capable of keeping ahead of the incoming waters, hopefully even removing the majority of that already present.

Whichever site is selected for development, this should be the primary consideration, since the longer water is allowed to stand within the pit workings, the more side slope deterioration will be evident.

Though the capital costs of such an installation would not be excessive in the overall scheme of things, it should be borne in mind that operation and maintenance costs would be high and therefore must not be overlooked.

2.1 Steep Rock Low-Scale Development

Steep Rock is by far the more scenic of the two sites and fortunately possesses an existing network of roadways which might easily be utilized as a scenic driveway once the upgrading of certain sections has been undertaken. Though we are suggesting that a

complete circular route be part of the mid and high scale developments, existing paved roadways within the site can be used as access to certain points of interest with only minor repairs being necessary. Facilities that could be serviced by these roads are as follows:

- viewing platforms with associated car parking facilities (3 to 4 suitable locations could conceivably be identified)
- static displays at significant points along the route (8 to 10 possible)
- a picnic/recreation area as at the Caland site
- a visitor/interpretive centre (reclamation of the concrete building that has been buried will probably prove to be a move that will provide a site for such a centre)

The estimated cost of low-scale development at the Steep Rock mine site falls within the \$800,000 to \$1,100,000 range.

2.2 Steep Rock Mid-Scale Development

As mentioned previously, our recommendation for this alternative includes the upgrading of roadways within the mine site to complete a circular touring route of approximately 13 km, which of course would be coupled with the construction of at least 4 additional viewing facilities.

Additional considerations in the mid-scale development range must, we feel, include the reconstruction of some of the existing buildings, preferably at the site of the very first workings. This should include the rebuilding of the offices, bunkhouse and headframe, coupling the latter with a viewing platform cantilevered out over the old C.N. spur line.

For this option we are also suggesting the construction of a separate interpretive centre at the reception area, having a floor area of 4-5,000 sq. ft.

The estimated cost of mid-scale development at the Steep Rock mine site falls within the \$1,100,000 to \$3,150,000 range, dependent upon the items selected.

2.3 Steep Rock High-Scale Development

There is really no limit to the number of additions that can be made once into the high scale development range always assuming that adequate funding can be obtained and that potential usage warrants such an expenditure.

If plans of the original buildings can somehow be acquired, as many of these could be reconstructed as seen fit, and an additional consideration could be the rehabilitation of the old spur line, which could then be utilized to transport paying customers on a guided mini-rail tour. This would require the purchase of a locomotive (preferably steam) and a couple of ore cars to be refitted in order to carry passengers.

The estimated cost of a high scale development at the Steep rock mine site would be in the \$3.2 million plus range, with spur line development alone being in the order of \$1.7 million.

Summary of Site Opportunities

Caland

- conflicting land uses – Sawmill operations
- aesthetic self contained site
- close proximity to the town positive
- scale of development more limited than Steep Rock site

Steep Rock

- wide range of opportunities
- unlimited scale of development
- aesthetic site
- some existing equipment
- buildings not accessible
- PCB's stored on site

Conclusion

- Steep Rock has more site potential, but would also have more associated costs
- Caland's primary drawback is private operations on adjacent lands

Issues

- land ownership/availability
- land/resource capability
- liability

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IV. COMPARABLE ANALYSIS

The following 9 mining museums and attractions have been identified as ideal comparables for the Atikokan Mining Attraction. These are summarized in Exhibits 4-1, 4-2 and 4-3.

1. Northern Ontario Mining Museum - Cobalt, Ontario

- The museum contains seven rooms dedicated to the history of mining in the early 1900s and exhibits one of the country's finest collections of silver samples.

2. Science North - Sudbury, Ontario

- Northern Ontario's exciting science centre contains many wonders of the world. Also found at the same location is the Big Nickle Mines which provides an underground guided tour of an authentic hard hat mine. This mine had the deepest open pit in all Canada.

3. Petrolia Discovery - Petrolia, Ontario

- A fully operational oil field looking and working as it did in the 1800s. The museum contains interpretive exhibits and a film that describes the discovery and development of oil in the area.

4. Oil Museum of Canada - Oil Springs, Ontario

- The museum is erected on the site of the first well, which is one of the main exhibits, and was built to commemorate the pioneers of the oil industry. The museum exhibits working models of and actual drill rigs from North America's first commercial oil wells.

5. The B.C. Museum of Mining - Britannia Beach, British Columbia

- Located on the site of the once - active Britannia Copper Mines, the museum's goals are to preserve the mining heritage of B.C. and to enlighten the public about mining.

6. Hull - Rus Mine - Hibbing, Minnesota

- The world's largest open pit iron ore mine which contains nine iron ore sites. On 1,591 acres of land there are more than 60 individual mines that had been opened for mining between 1895 and 1957.

7. Minnesota Museum of Mining - Chisholm, Minnesota

- The museum holds mining equipment from the earliest days on the Mesaba Range to the present time. The exhibits are displayed outdoors and in three large buildings and also include many household and commercial items manufactured from iron ore mined on the Mesabi Range.

8. The Hill Annex Mine - Calumet, Ontario

- One of the nation's largest natural iron ore mines, measures from the top of a 200 foot stockpile to nearly 500 feet below the surface. The museum has tours that include: the mining company buildings and shops, a heavy media plant and railroad repair shop; mining equipment; and an underground mine shaft.

9. Ironworld - Chisholm, Minnesota

- More than a museum, the centre's exhibits demonstrate life as it was for the men and women from the 43 nations who settled the land and worked the iron mines.

EXHIBIT 4-1

ATIKOKAN

ON-SITE FACILITIES AT MINING MUSEUMS/ATTRACTIONS

<u>Mining Museums/Attractions</u>	<u>Theatre</u>	<u>Interpretive Centre</u>	<u>Reference Library</u>	<u>Playground</u>	<u>Gift Shop</u>	<u>Food and Beverage</u>	<u>A/V Production</u>	<u>Other</u>
<u>ONTARIO</u>								
Northern Ontario Mining Museum, Cobalt			X		X		X	Video Room
Science North, Sudbury	X		X		X	X	X	
Petrolia Discovery, Petrolia	X			X	X	X	X	Picture Pavillions, Picnic Area
Oil Museum of Canada, Oil Springs	X		X		X	X	X	Picnic Area
<u>BRITISH COLUMBIA</u>								
The B.C. Museum of Mining, Britannia Beach	X		X		X	X		
<u>MINNESOTA</u>								
Hull-Rus Mine, Hibbing								
Minnesota Museum of Mining, Chisholm	X		X		X	X	X	Pictorial Displays
The Hull Annex Mine, Calumet	X		X		X	X	X	Club House
Ironworld, Chisholm	X	X		X	X	X	X	Ethnic Arts Centre, Research Centre, Festival Park

2753R/5

EXHIBIT 4-2

ATIKOKAN

VISITOR SERVICES AND INTERPRETIVE TECHNIQUES
AT MINING MUSEUMS/ATTRACTIONS

	Northern Ontario Mining Museum	Science North	Petrolia Discovery	Oil Museum of Canada	The B.C. Museum of Mining	Hull-Rus Mine	Minnesota Museum of Mining	The Hill Annex Mine	Ironworld
Guided Tours	X		X	X	X		X	X	X
Self-Guided Tours	X	X				X		X	
Audio/Visual Orientation	X			X					X
Hands-On-Participation		X	X	X	X		X	X	
Special Events	X	X	X	X			X	X	X
Mining Demonstrations				X	X			X	X
Workshops		X	X	X	X	X			X

ATIKOKAN
MARKET DEMAND ANALYSIS
AT MINING MUSEUMS/ATTRACTIONS

2753R/3

V. DEVELOPMENT CONCEPTS

Introduction

A variety of preliminary development opportunities were discussed in the Site Evaluation (Section III) as based on the resource potential of both the Caland and Steep Rock sites. These concepts were based on consideration of a long list of development opportunities as developed through market analysis, resource potential, and from evaluation of comparable facilities. These are summarized as follows:

- driving tours - Steep Rock
- visitor/interpretive centre
- viewing platforms
- open air mining exhibits
- underground mining exhibits
- equipment
- picnic/recreation areas
- reconstruction of facilities
- mining camp development

Development Concepts

Four development opportunities were identified including low scale development at the Caland site and low, mid, and high scale development at the Steep Rock site. These are summarized below, and in Exhibits 5-1, 5-2, 5-3, and 5-4.

1. Low Scale Development - Caland Site
 - viewing platforms (2-3)
 - outdoor static exhibits
 - picnic/recreation area (1)
 - visitor/interpretive centre (2,000 - 3,000 sq. ft.)

2. Low Scale Development - Steep Rock Site
 - viewing platforms (3-4)
 - outdoor static exhibits
 - picnic/recreation area (1)
 - visitor/interpretive centre (2,000 - 3,000 sq. ft.)
 - driving tour

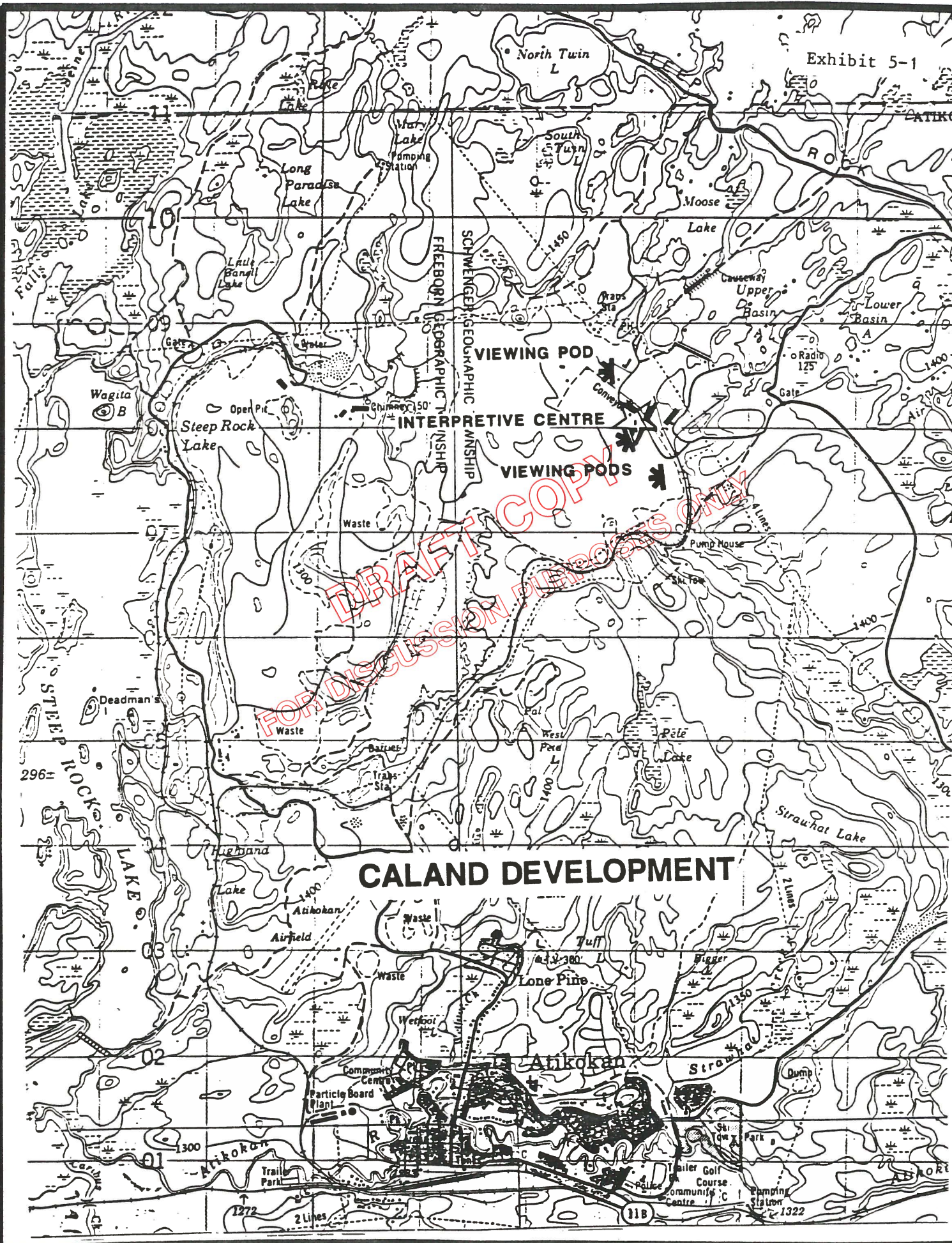
3. Mid Scale Development - Steep Rock Site
 - viewing platforms (8-10)
 - outdoor static exhibits
 - picnic/recreation areas (2-3)
 - visitor/interpretive centre (4,000 - 5,000 sq. ft.)
 - driving tour
 - on-site reconstruction of facilities (2-3)

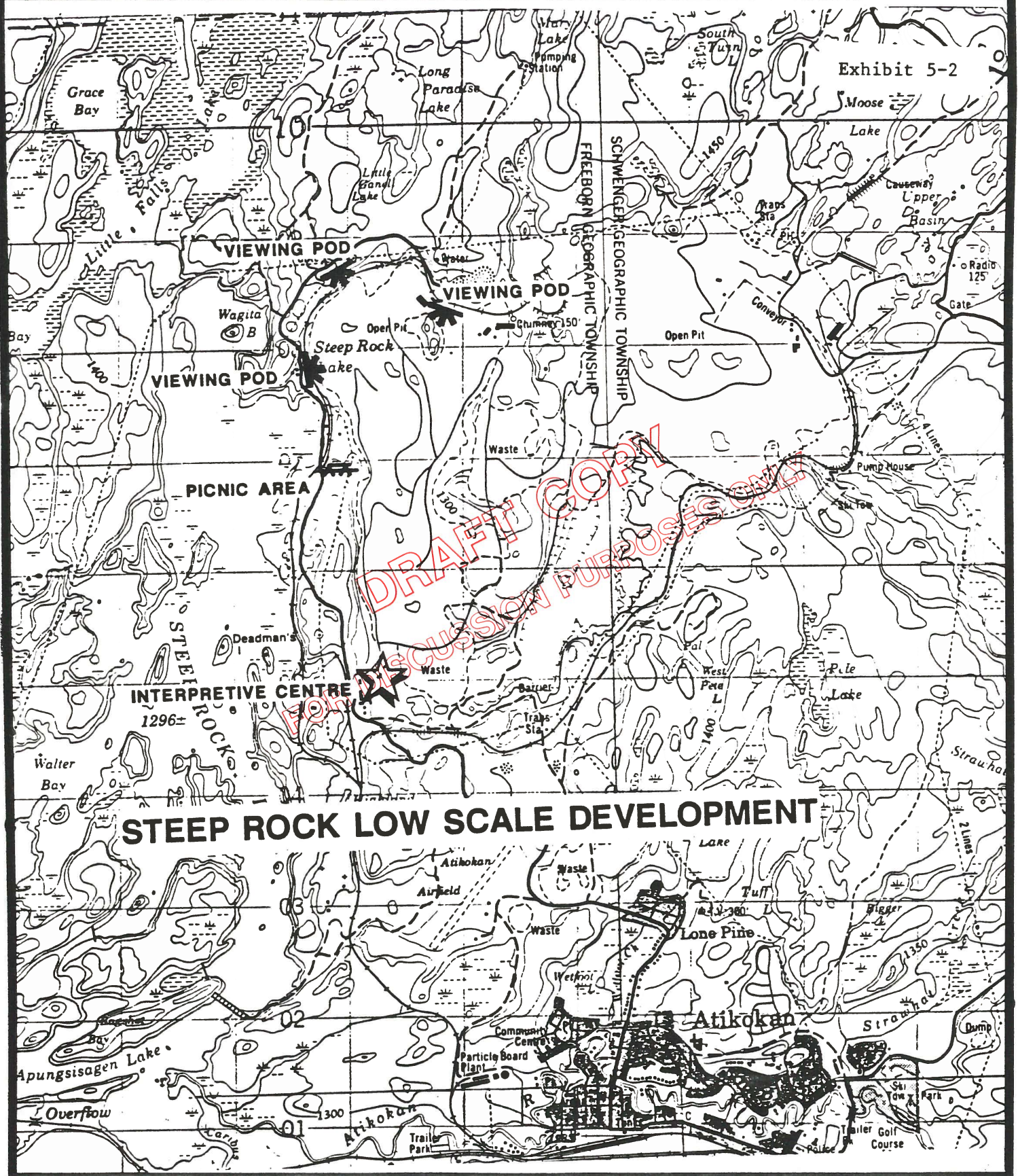
4. High Scale Development - Steep Rock Site
 - viewing platforms (8-10)
 - outdoor static exhibits
 - picnic/recreation areas (2-3)
 - visitor/interpretive centre (7,500 - 10,000 sq. ft.)
 - driving tour
 - on-site reconstruction of facilities (4-5)
 - mining camp development
 - railway development

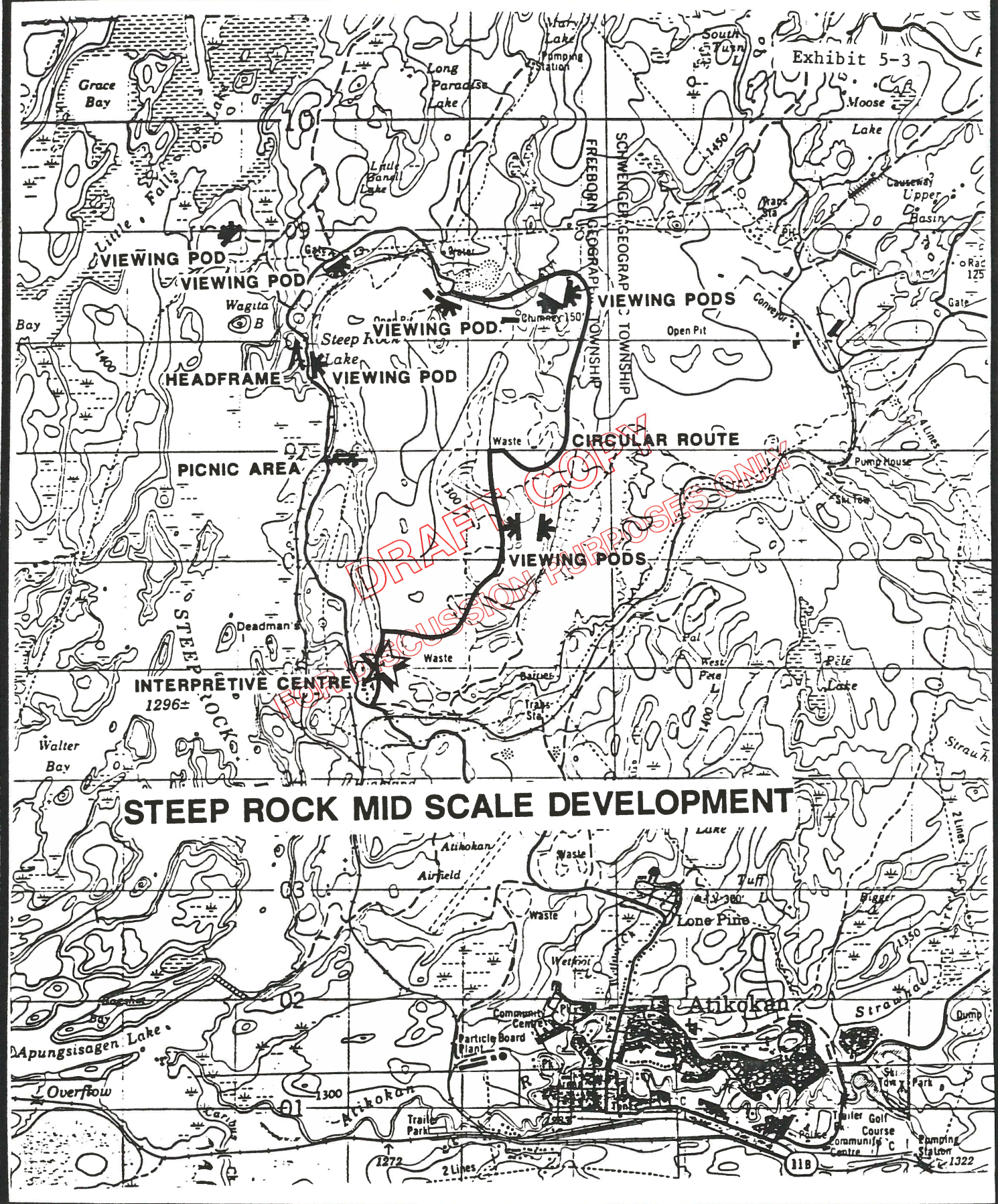
Demand Projections

Exhibit 5-5 summarizes preliminary estimates of visitation to the proposed mining attraction (at either Caland or Steep Rock sites) for low, medium or high scale development as identified previously. These projections represent a typical year of operation once market buildup has occurred (generally the third to fifth year of operation), and are summarized below:

	<u>Low Scale</u>	<u>Medium Scale</u>	<u>High Scale</u>
Visitation	21,400	38,700	57,350







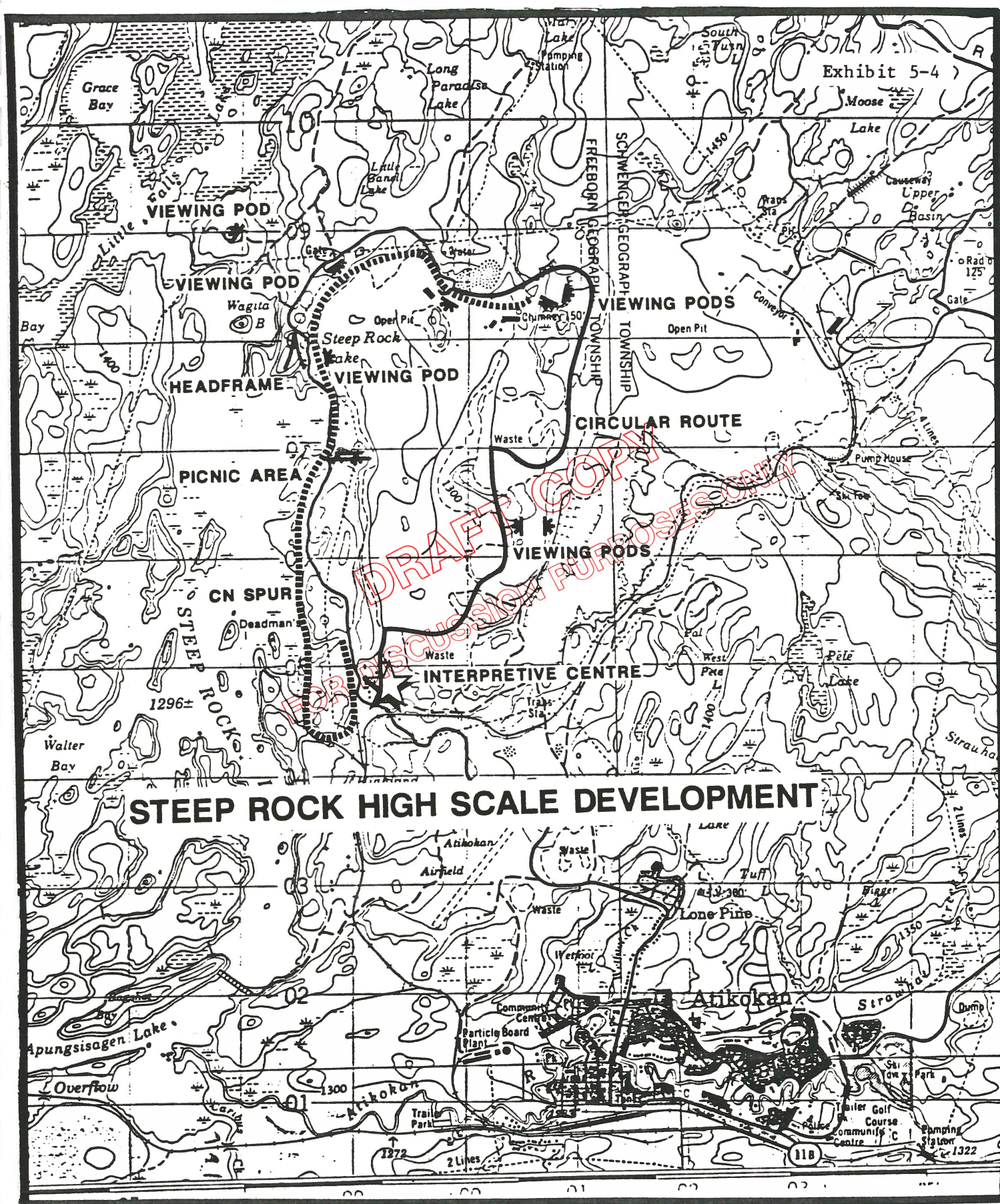


EXHIBIT 5-5

Preliminary Projections - Atikokan

Markets

Local (Population)	5,000
Regional (Population)	220,200
Other Ontario (Person Trips)	1,940,000
Out-of-Province (Person Trips)	1,910,000

	<u>Penetration</u>	<u>Projection</u>
Low Scale (Caland or Steep Rock)		
Local	30.0%	1,500
Regional	2.5%	5,500
Other Ontario	0.25%	4,850
Out-of-Province	0.5%	<u>9,550</u>
		21,400
Medium Scale (Steep Rock)		
Local	40.0%	2,000
Regional	5.0%	11,000
Other Ontario	0.35%	6,600
Out-of-Province	1.0%	<u>19,100</u>
		38,700
High Scale (Steep Rock)		
Local	50.0%	2,500
Regional	7.5%	16,500
Other Ontario	0.5%	9,700
Out-of-Province	1.5%	<u>28,650</u>
		57,350

Financial Projections

Exhibits 5-6, 5-7, and 5-8 summarize the preliminary operating and expense projections for the proposed attraction. As identified below the project, regardless of the scale of development, is anticipated to operate in a deficit position annually.

	<u>Low Scale</u>	<u>Medium Scale</u>	<u>High Scale</u>
Operating Loss	\$31,000	\$35,000	\$105,000

Capital Costs

Preliminary capital costs for each of the development opportunities identified are summarized below:

1. Low Scale - Caland Site
\$600,000 - \$1,250,000
2. Low Scale - Steep Rock Site
\$800,000 - \$1,100,000
3. Mid Scale - Steep Rock Site
\$1,100,000 - \$3,150,000
4. High Scale - Steep Rock Site
\$3,200,000+

Concept Evaluation

Exhibit 5-9 evaluates each of the development alternatives identified in matrix form. Ranking each of the options in terms of resource potential, market potential, capital costs, operating costs, and constraints to development. Based on this evaluation, the development opportunities are ranked as follows:

EXHIBIT 5-6

FINANCIAL PROJECTIONS
LOW SCALE DEVELOPMENT
(\$1987)

Attendance	21,400
Average Fees	\$2.50
<u>Revenues</u>	
Admissions	\$54,000
Foodservice (Net)	20,000
<u>Retail</u>	<u>10,000</u>
Total	\$84,000
<u>Operating Expenses</u>	
Payroll and Expenses	\$60,000
Energy	10,000
Marketing	20,000
Repairs and Maintenance	10,000
Administration and General	5,000
<u>Insurance</u>	<u>10,000</u>
Total	\$115,000
 Net Operating Profit (Loss)	 <u>(\$31,000)</u>

EXHIBIT 5-7

FINANCIAL PROJECTIONS
MID SCALE DEVELOPMENT
(\$1987)

Attendance	38,700
Average Fees	\$4.00

Revenues

Admissions	\$155,000
Foodservice (Net)	35,000
<u>Retail</u>	<u>20,000</u>
Total	\$210,000

Operating Expenses

Payroll and Benefits	\$125,000
Energy	25,000
Marketing	30,000
Repairs and Maintenance	40,000
Administration and General	10,000
<u>Insurance</u>	<u>20,000</u>
Total	\$250,000

Net Operating Profit (Loss)	<u>(\$35,000)</u>
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EXHIBIT 5-8

FINANCIAL PROJECTIONS
HIGH SCALE DEVELOPMENT

Attendance	57,350
Average Fees	\$5.50

Revenues

Admissions	315,000
Foodservice (Net)	55,000
<u>Retail</u>	<u>25,000</u>
Total	395,000

Operating Expenses

Payroll and Benefits	300,000
Energy	50,000
Marketing	50,000
Repairs and Maintenance	50,000
Administration and general	20,000
<u>Insurance</u>	<u>30,000</u>
Total	\$500,000

Net Operating Profit (Loss)	<u>(\$105,000)</u>
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1. Low Scale Development - Steep Rock
2. Mid Scale Development - Steep Rock
3. Low Scale Development - Caland
4. High Scale Development - Steep Rock

Resource Potential

Regardless of the level of development considered the Steep Rock site would have to be considered a superior location in terms of physical resources available. The number of pits, and magnitude of the site offering strong potential. While existing structures on the Caland site could readily be incorporated into development at that site, dealing with private sector interests may present some difficulties.

Market Potential

In general terms the greater the level of development at either site, the stronger the potential for attracting tourism visitation. As such, in terms of market potential a high scale development would have to be considered as the primary consideration, while a mid to low scale development would have to be considered as lesser opportunities.

Capital Costs

Each of the development opportunities identified have been ranked by the cost of development (using the high end of the range provided), with the lower cost identified as the most preferred.

Operating Costs

Each of the development opportunities have also been evaluated based on the operating costs (ie. loss after revenues and expenses), with the lower operating loss identified as the preferred opportunity.

EXHIBIT 5-9

DEVELOPMENT CONCEPTS EVALUATION MATRIX

	<u>Resource Potential</u>	<u>Market Potential</u>	<u>Capital Costs</u>	<u>Operating Costs</u>	<u>Development Potential</u>	<u>Total Ranking (Average)</u>
1. Low Scale-Caland	2	3	2	1	4	2.4
2. Low Scale-Steep Rock	1	3	1	1	1	1.4
3. Mid Scale-Steep Rock	1	2	3	2	2	1.8
4. High Scale-Steep Rock	1	1	4	3	3	2.4

Please note opportunities are ranked as 1-most preferred to 4-least preferred in terms of each criteria identified.

Development Potential

This criteria considers factors related to development including site acquisition, obtaining capital funds, and other factors related to implementation. Overall it is felt that private sector interests represent a strong constraint to development at the Caland site. While the Steep Rock site offers less constraints in the area of site acquisition, the more extensive development, the greater emphasis on physical and site environmental constraints.

Evaluation Summary

Based on this evaluation we recommend that consideration be given to low or mid scale development at the Steep Rock site with long term considerations being given to site and development expansion opportunities.

While the Caland site does not offer the same degree of resource potential as the Steep Rock site, it could still effectively be developed as a viable area attraction. The primary issue which must be resolved for this development to proceed is the ability to acquire the site at a reasonable cost.

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VI. CONCLUSIONS AND RECOMMENDATIONS

In the background documentation prepared for this development project, the township identified some primary objectives including:

1. Compliment the attractions of Old Fort William and other Thunder Bay based tourist attractions.
2. Compliment the tourist attractions of Fort Frances, Kenora, and Dryden. Those tourists entering via Fort Frances would be encouraged to travel through to Thunder Bay, stopping in Atikokan.
3. Compliment the current tourism business which relies mainly on canoeing and fishing.
4. Attract more family and senior citizen tourists, which are the growing market segments of the future tourism industry.
5. Generate significant employment, both direct and indirect in Atikokan and throughout the northwest.

Overall, based on our review of market and resource opportunities for mining attraction development in Atikokan we believe the development could accomplish these objectives and offer the following conclusions:

1. Current market segments visiting Atikokan are not large enough or comparable to those for the proposed mining attraction. However, the region itself attracts enough levels of visitors to support the attraction. Therefore, the success of the project will be contingent on its ability to penetrate regional resident and tourism markets.
2. The location of the community in relation to existing tourism flows will require a strong marketing effort to attract visitation for attraction development.

3. The facility base in Atikokan is of sufficient quality to support the type of development. However, the current accommodation base (ie. number of rooms) may restrict the level of overnight visitation in the community. The project therefore may be a stimulus to further accommodation in Atikokan.
4. While the Steep Rock site has more resource potential, the Caland site could also provide a viable development opportunity. Site acquisition is the primary concern for the Caland site.
5. Analysis of comparable attractions indicates that similar facilities can generate strong levels of visitation and can offer strong programming opportunities to attract a broad mix of market segments.
6. Based on the evaluation of resource potential, market potential, capital costs, operating costs and development potential it is recommended that consideration be given to low or mid scale attraction development at the Steep Rock site with long term considerations to be given to development expansion opportunities.