



The Township of Atikokan

**Atikokan Strategic Community
and
Economic Development Plan**

Final Report

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Executive Summary

In 2005 the Province of Ontario announced the closure of coal-fired generating stations throughout the Province. The Atikokan Generating Station, which is coal-fired, was scheduled to close by the end of 2007. Closure of the AGS would have resulted in significant economic and social dislocations in Atikokan and the surrounding area. Although the closure has been delayed, the Township of Atikokan continues to face major economic uncertainties. There is clearly a need for the Municipality to “assume the worst and hope for the best”. At the very least, the delay of the closure provides more time for the Municipality to implement a Community and Economic Diversification Strategy to mitigate the impending job losses and economic hardships.

In the fall of 2005, a consulting team led by Quadra Consulting Group and William L. Lees & Associates Ltd. began working with the Township of Atikokan and the Atikokan Economic Development Corporation to identify and assess opportunities for economic expansion and diversification as well as broader community development and improvements. The Federal government, through FedNor, provided financial assistance to the Township to retain the consulting team. As well, the Province of Ontario, through the Northern Ontario Heritage Fund, provided financial assistance for the Township to retain Patrick Reid and Associates to act as liaison to Queens’ Park, and Business Advisor, for a one-year period. The contracts with Patrick Reid and Associates and Quadra Consulting Group/William L. Lees & Associates Ltd. began at roughly the same time. It was evident to the members of Atikokan Council and the two steering committees that had been established to oversee the two consulting teams that it would be advantageous for the teams to coordinate their activities and report to a single steering committee. Over the last fifteen months, the consultants, the Township, AEDC, the steering committee and other area organisations have worked closely to identify a range of initiatives that, with sufficient support from the Federal and Provincial governments, could contribute to economic and community improvements.

This report is intended to be read in conjunction with the Economic Development Opportunities For The Township of Atikokan, prepared by Patrick Reid & Associates, November 2006.

All members of the combined consulting teams worked closely to ensure a successful outcome. Over the course of their work, the firms made numerous trips to Atikokan in order to gather information and meet with local people from Municipal government, not-for-profit organisations and the private sector. As well, an extensive series of meetings and interviews were conducted over the course of the engagement with representatives of the Federal and Provincial governments and numerous private and not-for-profit organisations outside the immediate area. Throughout this process, the combined consulting team maintained frequent contact with a provincially-organised committee of Assistant Deputy Ministers and representatives of FedNor in order to appraise them of the study’s progress and to discuss promising initiatives as they were identified.

An extensive preliminary list of preliminary initiatives was identified. Upon further examination, several of these were deemed to be not worth pursuing. However, there were still a significant number of promising opportunities that could be considered. Those that held some promise were discussed with the steering committee and presented to both Council and the public at various meetings. Over the course of the study, opportunities were eventually segregated by priority: Priority One opportunities, deserving immediate attention and potential implementation; Priority

Two opportunities, offering some potential possible implementation at a future point; and Priority Three opportunities, which offered less potential, but still warranted future consideration.

Priority One opportunities that have been identified and which are strongly recommended for implementation include the following, several of which are indeed currently underway:

Forest Products

- Laminated Veneer Lumber (LVL) Plant
- Other Value-Added Products (Confidential)

Mineral Prospecting, Development and Mining

- Atikokan Mineral Development Initiative: AMDI – Updated Geological/Geophysical Survey
- Bending Lake Iron Ore Mine

Energy

- OPG, AGS Alternative
- Bio-Energy Research Centre

Tourism, Recreation and Culture Sector

- Cottage Lot Development
- Quetico/Atikokan Wilderness Adventure Area
 - Multi-Use Trail Loops – East and West
 - Trans-Canada Trail Designation
 - Beaten Path Nordic Trails
 - Atikokan/Batchewaung Access Road
 - Bio-Research Facility
 - Interpretive Centre and Trail User Staging Facilities
 - New Park Entrance
 - Private Sector Opportunities
- Charleson Recreation Area Facilities Upgrading and Expansion (Motocross, ATV, Snowmachine, Horseback Riding, Mountain Biking)
 - Market Analysis
 - Financial Analysis
 - Facilities Plan
 - Water/Hydro
 - Safety Fencing
 - Clubhouse Facilities
 - Short-Term Marketing
 - Long-term Marketing
- Bass Classic Expansion
- White Otter/Turtle Lake Park Links to Atikokan
- Atikokan/Quetico Tourism Marketing – Short Term (Community and Highway Signage)
- TV Series Production

Information Technology

- Business Support Services
- Atikokan Online (“Portal”) – Single Online Source Multiple Users/Services

Municipal/Community Development

- DARC (Downtown Improvements) Implementation
- Town Beautification
- Barrier-Free Initiative

Government, Social, Health, Education

- Atikokan Hospital – Long-term Care Facilities
- Relocation Of Government Agencies
- Improved Eastern Hwy 11 Entrance To Atikokan

Implementation Resources

- AMDI Coordinator
- Economic Geologist
- Implementation Committee
- Interim “Contract” Implementation Assistance

It should be noted that the Federal and Provincial governments have both been extremely helpful in providing immediate assistance to the Township to actively pursue **some** of these Priority One initiatives prior to the completion of this Strategy. At the same time, there are several other Priority One items on the list which will require both Provincial and Federal financial support if the Township and other organisations within the public and private sector are to proceed successfully. Several of the Priority One initiatives do not “fit neatly” within existing Provincial and/or Federal assistance programs. Yet they are initiatives that can have a major impact on the economic and social well-being of Atikokan and regional residents. Clearly, the Federal and Provincial governments will need to be flexible if the majority of the high priority initiatives are to be successfully pursued.

Virtually all of the initiatives identified will require financial contributions from the Municipality and/or other area organisations and businesses and the Federal and Provincial governments. Financial resources will be required to undertake further feasibility studies, design studies and market analyses, as well as significant capital contributions for a number of the initiatives. In addition, the Municipality must find resources with the assistance of the Federal and Provincial governments to have the human resources available to the Town and other organisations in the area that will be required to oversee and implement these initiatives.

1.0 Introduction/Background

The Municipality of the Township of Atikokan engaged the consultant team of William L. Lees & Associates (WLL) and Quadra Consulting Group (QCG), to assist the community of Atikokan and surrounding communities to develop a Strategic Community Development Plan and Economic Development Strategy. Principals of the following firms also worked on this strategy and provided sector-specific expertise as required: Ray Riley & Associates, Genotran Consulting Inc., Robert Calhoun and Associates, Connected Insight Inc., Brugger Enterprises Inc., Maybenexttime Inc. and Ron Tornquist.

The community is currently facing the prospect of the closure of its most stable employer, the Ontario Power Generation Atikokan Generating Station. This impending closure is being mandated by the Ontario government as part of its plan to eliminate all coal-fired electrical power production within the province and was initially scheduled for the year 2007, which subsequently has been deferred.

The regional forest products industry, which has traditionally employed a significant number of area residents and forms an important part of the regional economic base, is also experiencing financial difficulties, due principally to increasing raw material acquisition costs, the relatively high value of the Canadian dollar versus its US counterpart, and, ironically, dramatic recent increases in the cost of electrical power within Ontario. Atikokan is consequently facing a severe economic downturn which threatens the future viability of the community.

The Municipal Council originally requested the creation of a strategic community development plan intended to guide and coordinate overall community and government agency policies and support programs, and an economic development strategy intended to identify and implement employment and income-enhancing business activities which will contribute to the long-term viability of the community. In consultation with the steering committee, the consultant team decided that, due to significant overlap between the initiatives being discussed, a single, unified strategic community and economic development plan would be created.

2.0 Approach/Methodology

The consultants began with a broad-based local consultative process, aimed at establishing the community vision, values and priorities, and setting the stage for subsequent development of the action plan (identifying opportunities and partners, and establishing timelines), along with defining and implementing an effective success monitoring system.

Subsequently, an Economic/Demographic Overview and Closure Impact Analysis was prepared, featuring a community profile covering such basic information as current demographic and economic indicator trends. Potential impacts of the impending closure of the generating station on the demographic and local economic situation were identified, and this analysis was included.

During several trips to Atikokan, consultants conducted numerous stakeholder interviews in order to establish the community's vision statement, values and priorities. Meetings were also held with representative local community organisations and interest groups, followed by contact being established with the relevant government agencies for their comments and further input. Contact was maintained with the Provincial Interministerial Committee, and numerous meetings with Federal and Provincial representatives whose knowledge and experience relates to those initiatives deemed most promising focused on the potential viability of the opportunities, regulatory and policy issues, and the possibility of financial assistance.

Based on the specific opportunities identified, we identified and interviewed individuals who possess valuable knowledge and expertise relating to the initiatives which appear most promising in order to gain a more comprehensive understating of their potential and value to the region.

Opportunities are judged to have the best potential in terms of community economic impact (ongoing employment, use of locally-sourced goods and services, and overall community income potential) based on the following points of review:

- Public infrastructure requirements, if any;
- Approximate capital investment required;
- Staffing requirements, and approximate total salary levels;
- Likelihood of attracting public agency support (e.g., FedNor, Northern Ontario Heritage, local Economic Development Corporation) and/or private sector investment;
- General feasibility, having regard to Atikokan's comparative advantages and disadvantages;
- Other criteria described subsequently in this document.

We must make it clear that this initial screening process of necessity requires the use of input assumptions based on comparable experience gained elsewhere, in order to make realistic preliminary assessments of the merits and feasibility of specific development opportunities.

In addition to the principals and staff of WLL and QCG, several experts from other firms with specific knowledge such as information technology, mineral development, power generation, forestry, film/TV production, etc., were retained as needed.

Earlier on in the study, the principals of WLL and QCG consulted with the principal of Patrick Reid & Associates and jointly suggested to the Township Council that a single steering committee be formed and that the three firms would collaborate as much as possible.

Substantial background information is available to be provided to the Township.

3.0 Atikokan Generating Station Closure Impacts

N.B. The consulting team, as part of its contract with the Township, was required to estimate the economic impacts of the scheduled closure of the AGS in 2007. The following analysis was completed in the fall of 2005. Subsequently the Provincial government delayed the closure. This analysis has not been updated to reflect the new target closure date since there may be other positive or negative changes in the local economic situation prior to it occurring. Nevertheless the analysis does provide "order of magnitude" estimates of the job losses and other economic impacts on the Atikokan and area's economy if no mitigative measures are pursued in the interim.

It may be desirable to update this impact assessment if a new closure date is announced.

Introduction

This document is intended to illustrate, in summary form, some of the key socio-economic impacts on the community of Atikokan that will flow directly from the planned closure of the Atikokan Generating Station. This closure was announced earlier this year (July 2005) by the Ontario government, and is slated to be accomplished by the end of 2007.

Ontario Power Generation (OPG) owns and operates the coal-fired plant, which was built in the early 1980's in an attempt to stabilize the community of Atikokan following the closure of the two major iron ore mining and smelting operations which underpinned the local economy between the 1940's and the late 1970's. The plant celebrated its 20th year of operation earlier this year (2005). It directly employs about 98 people, who earn relatively high annual incomes.

OPG commissioned a preliminary closure community impact analysis by consultants Gartner Lee, who produced their report in March 2005. This analysis, which covered all four OGP plants in the Province of Ontario slated for closure by the Ontario government before the end of 2009, examined impacts on a wide range of community parameters, including employment and demographics, community infrastructure and services, municipal finances and administration, and community and family well-being. The data bases used included 2001 Census Canada statistics, and municipal records available at that time. Permission has been received from OPG to utilize the data contained in the Gartner Lee report in the development of this update, which also takes into account new OPG employee and municipal information unavailable to the Gartner Lee report authors.

Inevitably, not all of the input information is available in the desired format, and, where necessary and appropriate, the author's judgement has been applied to produce what are believed to be reasonable estimates. The basic assumptions underlying the key impact projections are that established economic long-term trends affecting the community and region at large will continue, and that no other major industrial closure, downsizing or industrial expansion affecting local employment or income level trends will occur between now and 2010. The input assumptions assume that the majority of the negative socio-economic impacts will be concentrated in the period following the announced late 2007 closure of the plant. However, anecdotal and real-estate price trend evidence strongly indicates that out-migration and business closure in reaction to the July 2005 closure announcement is already occurring.

Demographics and Employment Trends and Projections

The 1996 Census shows the population of Atikokan to have been 4,035. It dropped to 3,630 in the 2001 Census. Based on more recent estimates by the Municipal Property Assessment Corporation, it appears that the current (2005) population is around 3,200, or possibly lower. The loss in population between 1996 and 2005 is thus about 800 people, or about 20% of the 1996 base level.

Atikokan shares this trend with almost all similarly-sized resource-based communities throughout Northern Ontario. Downsizing of workforces in forest products and mining industry sectors resulting from competitive pressures to improve productivity have encouraged out-migration to areas of the country with better employment prospects. Not surprisingly, most of the recent population loss in Atikokan has resulted from out-migration of those under 40 years of age (those ready to enter the workforce for the first time, and laid-off younger workers and their dependents).

Despite local and federal and provincial government-sponsored efforts at economic diversification which have been ongoing for many years, Atikokan's economy still rests primarily on the OPG plant, and two locally-based forest products operations (one manufacturing particleboard, the other lumber).

It is within this context of long-term population decline, and the unending struggle to replace lost jobs and stabilize the population base, that the impacts of the impending closure of the OPG plant must be considered.

The historical population and employment trends are displayed in Graphic #1 (see page 12), which also shows projections out to the year 2010, including the direct and spin-off effects of the closure of the OPG plant in 2007. The key demographic findings are as follows:

- Prior to the plant closure (assumed to be at the end of 2007), the total population is estimated to be approximately 3,000, and the total employed population about 1,320.
- By the end of the following year (2008), it is estimated that the total population will have fallen to around 2,620, and the total employed population to 1,140.
- By the year 2010, it is estimated that the total community population will be about 2,500, and the total employed population 1,100.

In summary, between the years 2005 and 2010, these projections indicate that the total population will have fallen from 3,200 to 2,500, a decline of 700, or 22%. The total employed population will have declined by a similar percentage (25%). In effect, unless alternative employment opportunities quickly appear in and around Atikokan, the closure of the OPG plant will dramatically exacerbate the established out-migration trend.

Community Employment Income Impacts

The loss of over 90 well-paid direct OPG jobs, and the disappearance of an estimated 80 indirect and induced jobs from the local economy (from the Gartner Lee analysis) obviously has a major impact on the employment income generated within Atikokan.

Graphic #2 (see page 13) illustrates the recent trends in total community employment income, before and after application of federal and provincial income taxes (all values expressed in constant 2005 dollars). The most important statistic from the viewpoint of participants in the local economy (i.e. local retailers and suppliers of services, volunteer and non-profit agencies, and residents generally) is the after-tax constant dollar projection, which is a rough proxy for the level of disposable income available for circulation within the community.

The data sources include the Revenue Canada Taxfiler summary of returns for the years 1999, 2000, and 2003 (the latest available), the demographic projections discussed in the foregoing, Statistics Canada historic Consumer Price Indices, and projection analyses by the consultant. The analysis input assumptions are appended. As already noted, to facilitate comparisons all financial values following are given in constant 2005 dollars.

It will be noted that, for the years indicated, the total community income peaked around 2000, with the gross total (before taxes) being in the order of \$105.2 million, and after federal and provincial income taxes, some \$87.1 million.

Based on current trends, it is estimated that by 2007, immediately prior to OPG plant closure, these figures will be about \$92.5 million and \$77.0 million respectively. By the end of 2008, the impact of the closure will have further reduced the gross and net-of-taxes community totals to roughly \$80.9 million and \$68.9 million respectively. The latter figure represents about an 11% decrease in community after-taxes income, occurring effectively within a one-year period. These rather dramatic and sudden decreases are, of course, reflective of the loss of the high-paying jobs at the OPG plant and associated indirect and induced employment in the community, and the expected out-migration of the majority of the unemployed workers.

Municipal Government Revenue Impacts

The OPG/Gartner Lee analysis referred to in the foregoing reviewed the OPG plant assessment in the context of the total municipal non-residential assessment, based (largely) on 2002 data. It was concluded that the OPG plant, assessed at that time at \$10,881,000, represented about 38% of the total non-residential assessment of the municipality (\$30,378,745), or some 15% of the total municipal assessment of all property types. Subsequently, in 2004, a reassessment by the Municipal Property Assessment Corporation of the OPG plant has produced a significantly revised valuation of \$38,419,000. The municipality has appealed to the Ontario Assessment Review Board for authority to retroactively apply the higher assessment to the 2003 and 2004 taxation years. OPG has concurrently appealed to the board to have the latest assessment value lowered. As of mid-December 2005, a hearing had not yet been scheduled.

OPG has not yet indicated what it plans to do with the Atikokan Generating Station after closure. Its options presumably include "mothballing" (essentially leaving the existing buildings and equipment in place, with only minimal protective maintenance), through to complete removal and disposal of the equipment and the structures. These scenarios carry quite different municipal assessment and tax levy implications.

It is accordingly impossible at this point to make even a rough estimate of the potential impact on municipal assessment and related taxation revenues resulting from the plant closure. What can be said with certainty is that the negative impact will be considerable, and that additional direct financial assistance will be needed from the Ontario government if substantial reductions in the level of municipal services provided to the residual population are to be avoided or mitigated

Other Impacts

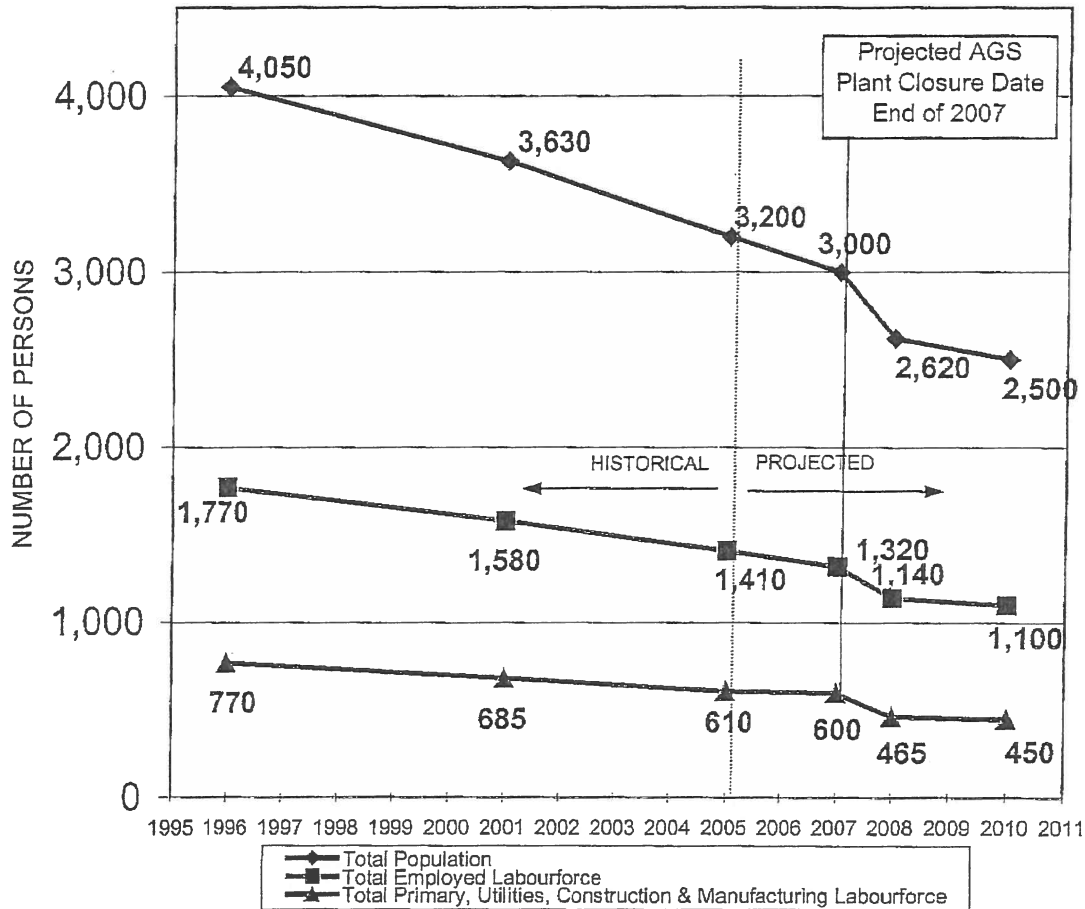
The OPG/Gartner Lee analysis report offered comment on a number of other closure impacts. While reference should be had to the original report for a full description of the methodology employed and the conclusions reached, the following briefly summarizes the most significant findings beyond those commented on in the foregoing:

Housing Values – The report estimates that the closure of the OPG plant will result in approximately one in eight of the existing housing stock being placed on sale by unemployed people relocating to other parts of the country. It concludes that this flooding of the small local market could trigger a decrease in property values. The report notes the potential for ongoing negative municipal financing impacts due to downward residential property valuation adjustments. (The Gartner Lee analysis stops short of attempting to quantify the decrease in property values that would result from the OPG plant closure. However, experience in other small northern Ontario communities which have suffered major economic shocks and subsequent acute population out-migration suggests that immediate losses in residential property values in the order of 40-70% are possible. A recent review of 2002 versus 2004 Atikokan real estate prices for comparable residential properties by a local real estate agent indicates that the value of three-bedroom detached homes has already fallen by about 25-30% in that two-year period, presumably due to the long-term declining trend in local population identified and discussed in the foregoing. Economic hardship could thus fall on those forced to relocate to other parts of the country to find employment; areas where prices for equivalent housing are likely to be very much higher.)

Community Services - The plant closure and the resultant out-migration are expected to reduce the number of children attending local schools by around 120, representing about 20% of the total present school population, with negative impacts on the complement of teachers and on the general viability of the local school systems. The potential for negative impact on the quality and availability of health, safety, social and recreational services due to smaller population and absence of a major employer, is also noted.

The Gartner Lee report notes throughout that, because of its small size and remote location, the negative impacts of OPG plant closure on Atikokan will be proportionately considerably more severe in all respects than those that will occur in the other communities affected by the coal-fired generating plant closure decision (Nanticoke, Lambton, and Thunder Bay).

Township of Atikokan Demographic Trends & Projections 1996 - 2010 Graphic #1



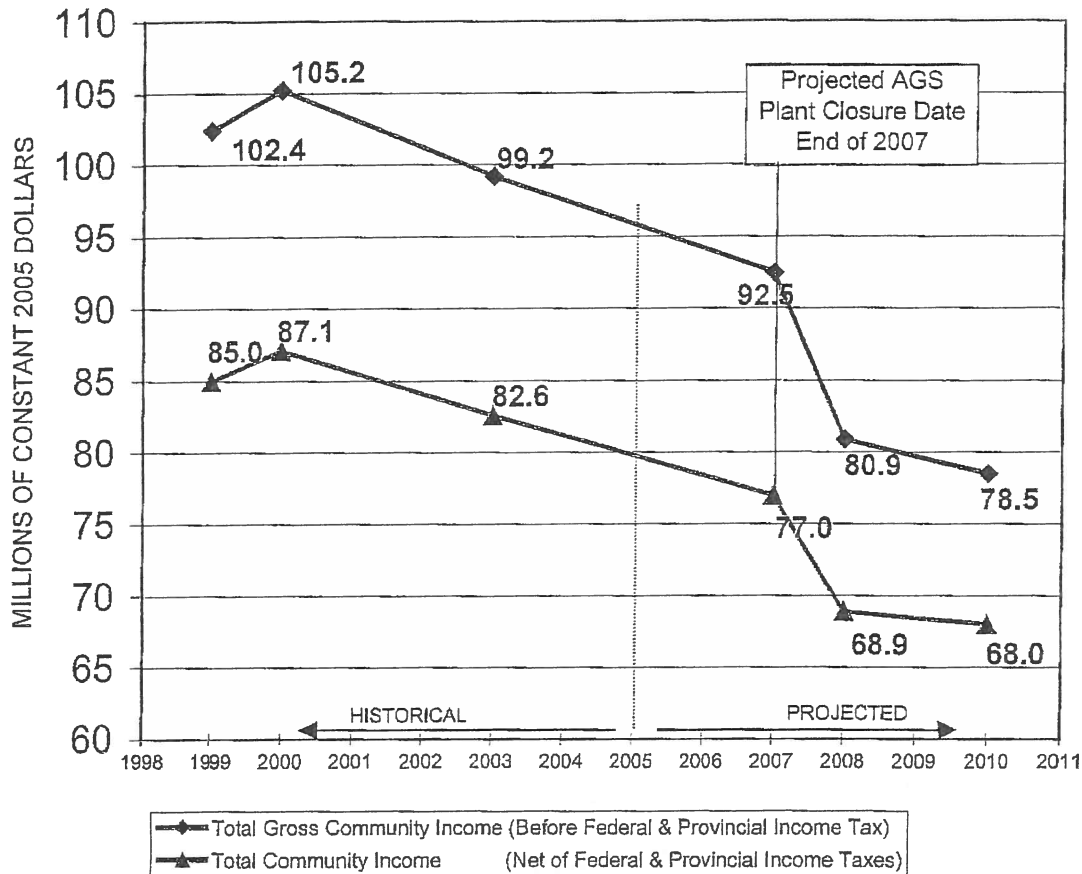
	1996	2001	2005	2007	2008	2010
Total Population	4,050	3,630	3,200	3,000	2,620	2,500
Total Employed Labourforce	1,770	1,580	1,410	1,320	1,140	1,100
Total Primary, Utilities, Construction & Manufacturing Labourforce	770	685	610	600	465	450

Data Sources:

1996 & 2001 Canada Census
 Municipal Property Assessment Corporation, 2004
 OPG Atikokan Generating Station Staffing Data
 William L. Lees & Associates Ltd. Estimate, Dec 2005

Township of Atikokan

Total Community Income Trends & Projections 1999 - 2010 (Constant 2005 Dollars) Graphic #2



Annual Income - Millions of Constant 2005 Dollars

	1999	2000	2003	2007	2008	2010
Total Gross Community Income (Before Federal & Provincial Income Tax)	102.4	105.2	99.2	92.5	80.9	78.5
Total Community Income (Net of Federal & Provincial Income Taxes)	85.0	87.1	82.6	77.0	68.9	68.0

3.1 Employment Impact Assessment Input Assumptions

Atikokan Generating Station Closure

Direct Employees

Total number of staff employed (from GL Assessment Report):	98
Average annual gross payroll (from GL Assessment Report):	\$97,000
Average annual income (net of federal + provincial inc. taxes):	\$65,000
Assumed number of retirees remaining in Atikokan:	20
Assumed annual gross retirement income:	\$40,000
Assumed annual retirement income net of federal + provincial inc. tax:	\$34,000

Before AGS closure

Total annual gross payroll before closure: \$97,000 x 98 =	\$9,506,000
Total income net of federal + provincial inc. taxes= \$65,000 x 98 =	\$6,370,000

After AGS closure

Total annual payroll after closure: 2 x 75,000 (mothball staff)=	\$150,000
Total annual gross retiree income after closure: \$40,000 x 20 =	<u>\$800,000</u>
	\$950,000

Total income net of federal + provincial inc. taxes= \$60,000 x 2 =	\$120,000
Total retiree income net of fed. + prov. inc. taxes= \$34,000 x 20 =	<u>\$680,000</u>
	\$800,000

Indirect and Induced Employment

Estimated total indirect and induced job losses following closure (from GL Assessment Report):	80
Assumed ann. average gross salary:	\$40,000
Assumed annual income net of fed + prov. income taxes:	\$34,000

Before AGS closure

Total annual gross payroll before closure: \$40,000 x 80 =	\$3,200,000
Total income net of federal + provincial inc. taxes= \$34,000 x 80 =	\$2,720,000

After AGS closure

Total annual gross payroll before closure: 10% of "before" value=	\$320,000
Total income net of federal + provincial inc. taxes =	\$300,000

Summary of Employment and Community Income Changes

Total direct + indirect + induced job losses:	176
Total annual gross income before closure:	\$12,706,000
Total annual gross income after closure:	<u>\$ 1,270,000</u>
Annual Community Gross Income Loss After Closure:	\$11,536,000
Total annual income net of fed.+prov. income taxes before closure:	\$ 9,090,000
Total annual income net of fed.+prov. income taxes after closure:	<u>\$ 1,100,000</u>
Annual Community Net Income Loss After Closure:	\$ 7,990,000

4.0 Business Opportunities – From Concept to Implementation

A number of Atikokan individuals have offered ideas for new businesses that could contribute to the economic health of the community. A variety of manufacturing, services provision, and cultural/artistic business concepts are included in this list. Some discussion of the processes typically involved in bringing an idea from conception to implementation may therefore be of value.

Preliminary Research

This typically includes some or all of the following elements:

1. A clear and comprehensive description of the opportunity;
2. Identification of the market for the proposed product or service;
3. Assessment of the availability and cost of inputs (physical infrastructure, municipal services, transportation facilities, labour, materials, professional assistance, management expertise);
4. Preliminary estimates of the size and costs of physical facilities and equipment (rental or purchase);
5. Identification of potential sources of capital, including proponent, friends and relatives, banking institutions;
6. Assessment of factors directly affecting potential viability (including locational advantages/disadvantages, distance from suppliers and product markets and related /transportation costs, presence of and threat posed by existing competitors in the product field;
7. Preliminary assessment of potential business viability.

Preliminary Business Plan

If the results of preliminary research indicate reasonable potential for business viability, the next logical step would normally be the development of a preliminary business plan. This would typically include the following elements:

1. An estimate of the capital investment required to establish the business;
2. Identification of the proposed sources of such capital, and the cost thereof;
3. Preparation of estimates of all revenues and expenses covering the first 10 years (or so) of operations;
4. Preparation of corresponding projected balance sheets;
5. Assessment of overall potential viability, based on input assumptions;
6. Production of sensitivity analyses, to determine the influence on viability of changes in key input assumptions;
7. Identification of supervisory and management skills required and how these will be met;
8. Identification of external business environmental changes, such as increased competition and interest rates, or changes in key input costs, which could affect viability (risk analysis).

The production of the preliminary business plan not infrequently highlights weaknesses in basic approach, and necessitates a reiteration of the process, which may involve revisiting the initial concept. The length of time needed to produce a coherent and well-researched business plan may be anywhere from six months to several years, depending on the scale and complexity of the undertaking, and the experience and knowledge of the proponent(s). The proponents must be prepared to invest their own time and money to get the project moving, and much patience and discipline is needed to carry it through.

Financing

Professional advice is often necessary in the preparation of business plans in a format suitable for approaching potential investors, including conventional banking institutions, and government agencies operating financial support programs. Securing financing can be a long and complex process, involving negotiations with potential equity investors and loan agencies, and as noted above, it may be necessary to revisit and amend the initial concept to provide comfort to those investors and/or lenders.

Government Support Programs

Many apparently promising business opportunities, when subjected to the types of analyses described above, turn out to be only marginally viable. If such is the case, it may be possible to demonstrate that the prospects of success could be markedly improved if public sector funding could be found, for example to help defray initial capital costs. Senior levels of government have recognized this, and have in place incentive programs of various types to help. Amongst these, the Northern Ontario Heritage Fund operated by the Ontario government, and Industry Canada's FedNor (directly and through local Economic Development Corporations), are the most notable players in the northern Ontario context. These agencies operate a variety of generally-applicable support programs, the qualifying criteria of which are modified from time to time to reflect current needs as seen by the government of the day. Both senior levels of government operate other specific investment programs such as those recently announced by the Ontario government aimed at diversification and competitiveness improvement in the forest products industry.

All that said, those requesting government funding for private initiatives must be prepared to meet the program criteria, and to show that their proposal is worthy of support. Agencies such as Northern Ontario Heritage Fund and FedNor require that applications be presented in a prescribed format, and subject all applications to a rigorous internal review process. On occasion, external reviewers may be engaged by these agencies to provide an independent opinion on the merits of the application.

Government support agencies with economic development stimulation mandates generally favour projects which offer prospect of new job creation and community economic diversification, and often assess the merits of a proposal in terms of jobs per subsidy dollar.

(The capital cost of job creation can vary widely: service sector jobs can often be created by at relatively low initial investment (say \$30,000 to \$100,000 per full time equivalent job), while major modern industrial manufacturing plants such as oriented strandboard manufacturing, or mining/smelting facilities, may require an initial capital investment in the \$1 million to \$2 million per job range. Smaller facilities producing higher value-added output may be more labour-intensive, with the result that initial investment per job created would be roughly in the \$250,000 to \$1,000,000 range (for example the Laminated Veneer Lumber feasibility study indicates that the initial investment per full time job created would be around \$350,000). In general, the trend in most industries to greater mechanization and automatic control systems, and correspondingly smaller workforces, can be expected to continue. However, those workforces require a higher level of education and training than has been the case in the past, and are likely to earn correspondingly higher salaries.)

The public funding agency "due diligence" review process can typically last around four months minimum, and the proponent is frequently asked to provide additional information throughout the exercise. (The consultants have encountered cases where the review period lasted well over 12 months, albeit in exceptional circumstances.)

5.0 Opportunities/Initiatives Summaries

Since the strategic planning process began in September of 2005, a large number of quite varied opportunities and initiatives have come to the attention of the consultants and the Steering Committee. In the following paragraphs, there are descriptions of almost all of the opportunities that have been identified that, at first glance, appeared to offer at least some minimal potential to have a positive economic and job creation impact in or around Atikokan. The magnitude, complexity and potential value to the community varied dramatically. As well, the list of possibilities covered a wide range of economic sectors. Throughout the Strategic Planning process, the Steering Committee and the consultants have been encouraged to think outside the box, and to look at both public and private sector initiatives. At the same time, it was necessary to take into consideration that Atikokan was not alone in its quest for economic expansion and diversification and, like most other communities, had potential competitive advantages and disadvantages.

The remainder of this report is divided into sub-sections, each of which is an economic sector. The Steering Committee and the consultants recognize the importance of pursuing opportunities in several different sectors simultaneously. While certain sectors will continue to be more dominant than other in the area and regional economy, long-term economic prosperity must be based on pursuing all reasonable opportunities in a variety of sectors in order to sustain overall economic health.

It should be noted that the following sections contain public, private and non-profit sector driven opportunities. In most cases, descriptions are more extensive for the public sector driven opportunities than the private sector driven opportunities. With regard to the private sector driven opportunities, as much information as possible has been provided regarding these opportunities to the extent that confidentiality with existing businesses and/or potential entrepreneurs has not been violated. Consequently, with some private sector driven initiatives, only very limited information is presented. In many cases, more detail has been available to the consultants, but it cannot be provided since this document will become available to the public-at-large. The confidential information that has been collected will be made available to the individuals whose responsibility it is to pursue, on a day-to-day basis, the implementation of this strategy.

5.1 Forest Products

Background

The Ontario forest products sector has been under extreme stress over the past few years due to a number of factors external to the industry, including particularly the impacts of the United States of America softwood lumber import tariffs, the increasing cost of electricity and fossil fuels, the increasing cost of delivered wood fibre (partly driven by fuel price increases), and the recent strong increases in the value of the Canadian dollar versus the US dollar (much of the Ontario forest-based manufacturing production is exported to the US). The energy-intensive pulp and paper sector has been especially hard-hit, and many closures and downsizings of regional mill operations have occurred in the past year. Closures of this type of mill have a “domino effect” on sawmill operations which supply the pulp and paper plants with chips made from those bark-free portions of the tree not utilized in the manufacture of lumber. As a consequence, the wood fibre flows within the northwest region are currently in a state of flux, and the future is uncertain. As always, such a situation presents both threats and opportunities.

Virtually all Ontario companies producing wood fibre commodities are under threat, and are being forced to continually seek to improve competitive position and reduce costs to stay in business. This has led some to seriously consider the merits and feasibility of moving away from basic high-volume commodity production such as pulp and paper, lumber and some forms of panelboard, to more specialized, higher “value-added” products. The latter include such product lines as engineered wood products, including specialized oriented strandboard, laminated lumber of various types, and secondary manufacturing using the primary local product as input (e.g. using stress-rated lumber for custom roof trusses, and panelboard/standard lumber studs for sheds and housing panels).

Atikokan’s Situation

Atikokan is the host community for Fibratech Manufacturing Inc. This company produces particleboard, using by-product wood fibre supplied by area sawmills. It currently employs approximately 140 people in the mill. Approximately 100,000 dry tonnes of wood fibre is consumed annually.

Atikokan is the “bedroom community” for Atikokan Forest Products, a sawmill located near Sapawe, some 25 kilometres east of Atikokan. Atikokan Forest Products is part of the Buchanan forest products group of companies, and currently employs about 200 persons in the mill. The mill can produce about 160 million board feet of lumber annually.

As of early December 2006, both these companies are in operation, and Atikokan has thus far managed to escape the fate of many other northern Ontario communities dependant upon the forest products sector. There are, in fact, a number of “value added” opportunities in this sector which are currently being pursued, as outlined in the following.

5.1.1 Laminated Veneer Lumber (LVL) Plant

Recognizing the need to explore the opportunities to develop more leading-edge and “value-added” industry in Atikokan, the Atikokan Economic Development Corporation recently commissioned an analysis of the feasibility of establishing a laminated veneer lumber facility in the community. The analysis also included a review of the feasibility of utilizing the laminated veneer lumber output to

manufacture a range of secondary products. The results of this analysis are contained in a report by consultant Boreal Resource Strategies issued in January 2006.

Laminated veneer lumber is a structural wood product manufactured by gluing together wafers of wood to form load-bearing beams and headers of various dimensions. The raw material proposed in this case is white birch, which reportedly exhibits the high density and strength characteristics necessary to make a superior product. The advantages of this type of product over conventional sawmill lumber for structural purposes are that it can be manufactured to order in large dimensions (up to 25 metres- or more- long; 1.8 metres wide; and 75mm thick) using relatively small-dimension raw material; it has more consistent strength characteristics due to the absence of knots, splits and other defects common in natural lumber; is dimensionally more stable (it is less subject to warping, shrinkage and expansion); and it is recognized in the market as a speciality product commanding better prices than conventional commodity lumber. Laminated veneer lumber can also be produced for non-structural end purposes such as staircases, door and window frames, and furniture components.

It should be noted that the closure and downsizing of several large pulp and paper mills in the region noted in the foregoing may free up wood fibre in what was formerly a very tight supply market, to the benefit of the laminated veneer project.

The current status of this initiative is understood to be as follows:

- The Atikokan Economic Development Corporation has received the feasibility study report, and is working with the private sector towards converting the opportunity to a reality;
- Fibratech Manufacturing Inc. has indicated a strong interest in pursuing this opportunity as a synergistic complement to their existing panelboard operation. It is understood that Fibratech is currently consulting with potential investors regarding financing, and that there is indication that an Ontario-based banker may be interested in supporting the project;
- The Ontario Ministry of Natural Resources has issued a request for proposals from the private sector for sustained use of the white birch wood fibre available for use within the region. The closing date for responses was December 2006. Fibratech was be eligible to respond, as were others throughout the region;
- Upon review of the responses to the requests for proposals, the Ontario Ministry of Natural Resources will make a decision as to how the available wood fibre will be allocated.

If the opportunity were to be implemented as envisioned in the feasibility study report document, and if Atikokan-based Fibratech Manufacturing Inc. were the proponent, according to the report, the following benefits to the community would flow from the implementation of the laminated veneer manufacturing plant:

- 180 direct new jobs would be generated in the mill;
- An influx of up to 90 skilled workers and their families to Atikokan would occur;
- By the fifth year of operation gross annual payroll would total about \$11.5 million;
- Significant synergism with the existing Fibratech operation would be created, allowing the spreading of administrative effort and costs over both operations without materially increasing administrative staffing levels, thus improving the productivity and competitiveness of both operations.

If the component-manufacturing element were added to the project, the following total community benefits are indicated in the report:

- 240 direct new jobs in the mill;
- An influx of up to 140 skilled workers and their families to Atikokan;
- By the fifth year of operation gross annual payroll would total about \$13.4 million;
- Maximum potential synergy with existing Fibratech operations.

To put these potential community benefits in context, the announced closure of the Atikokan Generating Station will result in the loss of nearly 100 direct jobs with an annual gross payroll of around \$9.3 million.

Next Steps

Pursuit of this opportunity is clearly primarily a private sector responsibility. However, the public sector can assist, as has already been demonstrated by the Atikokan Economic Development Corporation, which, with funding provided by the federal government through FedNor, commissioned the now-completed feasibility study referenced above.

However, there may be opportunity for government agencies to further assist in the implementation process, in a variety of ways:

1. Sustainable Wood Supply

As noted in the foregoing, the Ministry of Natural Resources has the primary role in assessing the availability of wood supply, and the Minister has the authority to direct the disposition of wood from Crown land sources within the region if that appears to be in the public interest.

2. Public Funding Support

The provincial government recently announced the creation of the Forest Sector Competitiveness Secretariat, based in Sault Ste Marie. This secretariat, which is part of the Ministry of Natural Resources, is mandated to assist the forest products industry in the province to improve its competitive position and to implement "value-added" projects intended to broaden the economic base and stabilize communities threatened by recent downturns in the sector. The laminated veneer lumber project and the related component manufacturing project would appear to broadly fit within the policy objectives of the new secretariat.

The federal government, through FedNor, has already provided financial assistance to enable the Atikokan Economic Development Corporation to undertake the feasibility study referenced in the foregoing. Given the recent change in government at the federal level, it is difficult to predict what types and levels of support will be available in the near future. However, it obviously makes sense for the project proponent, the Atikokan Economic Development Corporation and the Municipality of Atikokan to maintain a watching brief, and to be prepared to take advantage of any opportunity that appears to secure support.

The Municipality of Atikokan may be able to assist by provision of public infrastructure necessary to support the project. It should be noted that the municipality developed and serviced the existing industrial park some years ago, and that Fibratech's plant is located within this facility. Funding for needed additional public services may be available from federal and provincial agencies.

5.1.2 Other Value-Added Products

It is understood that at least two other “value-added” forest products projects of potential benefit to Atikokan are being considered by industry proponents. It is also understood that these are being pursued on a confidential basis by the proponents, and that the relevant provincial and federal government regulatory and potential support agencies are aware of these initiatives.

Since these projects are, at this stage, confidential, no additional information can be provided.

General Observations

The forest products industry is a highly capital-intensive industry operating in a competitive continental and global marketplace. Decisions regarding the timing and financing of new or upgraded facilities require careful analysis on the part of the proponents. Governments can assist by creating the best possible corporate taxation, public infrastructure and regulatory environments within their jurisdictions, and where the public interest can be shown to be served, by supporting new “value-added” projects by provision of direct financial incentives to the proponents, and streamlined approval processes, etc. However, the final decision to undertake or bypass a specific initiative rests with the private sector proponents who must ultimately accept the inherent business risks.

In the case of Atikokan, the government of Ontario has been forthright in publicly accepting responsibility for redressing the impending serious negative socio-economic which will flow from the eventual closure of the Atikokan Generating Station. The community may therefore expect that the maximum possible support and encouragement will be given by the Ontario government to establishment of new “value-added” forest products initiatives of the type discussed in the foregoing.

5.2 Mineral Prospecting, Development and Mining

Background

The community of Atikokan would probably not exist, and certainly not in its present form, were it not for its mining history. While small-scale gold mining was carried out at various times in the past, the community was really put on the map by the decision, made in the 1940's, to develop the known large iron ore deposits located just north of the community. The two mining and smelting companies which were established to utilize the deposits, Caland, and Steep Rock, operated successfully from the 1940's through to the late 1970's, by which time they had become uncompetitive with newly-discovered richer deposits elsewhere in the world.

The Atikokan region is well-known as a high-mineral-potential area, particularly the band stretching from just west of Mine Centre easterly through Atikokan to the west end of Shebandowan Lake, and from the community of Atikokan north-easterly approximately 75 kilometres. This area is partially bounded on the south side by Quetico Provincial Park, which is off-limits for all forms of development, including mining. However, the majority of the territory east, west and north of Atikokan is open to prospecting and mining development, and is already known to contain substantial mineral deposits bearing gold, iron, silver, copper, zinc, titanium, vanadium, and non-metallic minerals such as soapstone, marble and granite.

While private-sector prospectors and mining development companies have been carrying on sporadic exploration and assessment activities on their properties in the area, and current relatively-high metal prices are stimulating more interest in prospecting and exploration generally, there are presently no operating mines in the Atikokan area. Recently, evidently due to the increasing value of iron ore, there has been renewed interest in the known major iron bearing deposit in the Bending Lake area north of Atikokan, and it is understood that a new mine/smelter feasibility study is presently being conducted by a major Ontario-based steel producer.

The last time that a concerted effort to carry out comprehensive government-sponsored area-wide geological surveys were made was in the 1980's, approximately 20 year ago. The release of the survey results stimulated a great deal of prospecting activity at the time. Survey techniques and technologies, and interpretive capabilities have improved immensely in the intervening period. After considerable discussion with local members of the prospecting/mining community, the Ontario Ministry of Northern Development and Mines Mining Division staff, and representatives of the Sudbury-based Ontario Geological Survey, the consultants are of the view that more prospecting, exploration and mining activity could be stimulated by the following means:

- Commissioning an updated area-wide geological/geophysical survey initiative, using current survey techniques, technologies and interpretative methods, and releasing results with professional interpretation support;
- Introduction of targeted incentives to encourage the holders of known small-scale gold-bearing claims to carry out further exploration work, particularly bulk sampling of potentially viable deposits;
- If demand amongst small-gold bearing claim holders can be demonstrated, the introduction of incentives to encourage entrepreneurs to acquire and operate a mobile (or a stationary) gold milling and concentrating plant to carry out custom production runs for Atikokan area miners.

Each of these potential initiatives is examined in detail in the following sections.

5.2.1 Atikokan Mineral Development Initiative – “AMD1”

As noted in the foregoing, it has been about 20 years since the high-mineral-potential areas around Atikokan were subjected to comprehensive geological survey. The consultants have been in contact with local prospecting and mining community representatives, the Ontario Prospectors Association, and senior staff of the Regional Mining Division of the Ministry of Northern Development and Mines and the Ontario Geological Survey, to obtain a preliminary idea of the merits of updating the regional geological database. The objective, of course, would be to stimulate more focussed prospecting activity in the area, and increase the likelihood of discovery of resources suitable for mining. These contacts confirm that modern geological survey methods have the ability to yield much more useful information than those available in the 1980's, and that the public availability of the resultant new data would be virtually certain to stimulate prospecting activity in the area.

It is noted that successful geological surveys with this same stimulative objective have recently been carried out in the Timmins Region (Discover Abitibi) and in the area west of Lake Nipigon (Lake Nipigon Region Geoscience Initiative).

The community-centred Discover Abitibi project appears to be a particularly appropriate model for structuring the approach here in the Atikokan area, and the following outline of the proposed initiative following borrows heavily from the experience gained on that project. That project was budgeted at a total of around \$12.5 million, and both FedNor and Northern Ontario Heritage Fund Corporation were significant supporters, contributing \$5.0 million each. It is understood that the Discover Abitibi project results monitoring system has indicated that the direct value of increased claims staking and related exploration activities to the Abitibi region have already exceeded the value of the initial public sector investment, with strong indications of much more to come.

In broad terms, a two-stage approach to this Atikokan-centred initiative is proposed:

Stage 1: To scope out the actual survey requirements and most appropriate geoscience systems and methods to be employed, carry out a priority analysis to determine the optimum geographic areas of surveys and the type of output most useful to the industry stakeholders, produce a comprehensive description and cost estimate for the acquisition and publication of the new data, and to secure necessary funding and/or other contributions from government support agencies and stakeholders.

More specifically, the proposed Stage 1 elements include:

- Engaging, as soon as possible, the services of an experienced professional geologist to coordinate and administer the development of the initiative up to the point of submission of funding applications.
- Establishing the management structure necessary to ensure that the project involves, and is supported by, the local prospecting and mining community, with technical input from the Ontario Geological Survey (OGS) and MNDM's Mining Division Staff. It is anticipated that the management structure will incorporate steering and advisory committees representing all interests, and that, given the highly technical and specialized nature of the undertaking, OGS and the MNDM staff will have an integral role in the decision-making processes involved.
- Undertaking a “gap analysis” to identify shortfalls in the type and coverage of the existing geological/geophysical database. In this respect, it is recommended that the need for ground survey and mapping of non-metallic mineral deposits potentially suitable for building and

decorative/artistic stone sculpting purposes (deposits of granite, marble and soapstone) be fully evaluated.

- Ensuring that the geographical limits and survey techniques employed, and survey results and subsequent interpretation support mechanisms will meet the practical needs of the prospecting and mining industry to the maximum extent possible;
- Ensuring that proposed elements of the survey update are prioritized within available funding limits for maximum beneficial economic impact;
- Preparing final detailed survey update recommendations, produce cost estimates and implementation schedules, etc., and submitting formal funding requests to both NOHFC and FedNor for “Stage 2” of the project (the actual delivery);

It was estimated that Stage 1 could be accomplished within a period of around six months, at an all-in cost not exceeding \$120,000 (including \$20,000 in staffing costs and expenses donated by the prospecting development and mining industry).

Stage 2: Acquisition of the actual data (mainly by aerial survey methods contracted to geological survey firms, and review of accumulated file data held by participating prospectors and developers), analysis, evaluation and publication of the output. For maximum impact, it is recommended that this stage include the engagement of an Atikokan-based “economic geologist”, whose function would be to assist prospectors to interpret the released data and to evaluate their discoveries. This person could also assist in the development and implementation of incentives to encourage advanced exploration (e.g., bulk sampling), and, if justified by positive outcome of assessment of potential demand, the establishment of low-volume milling/concentrating capacity in the Atikokan area (see following sections).

Current Status of AMDI

Earlier this year (2006) the project received the approval of both the NOHFC and FedNor, with each agency contributing \$50,000 towards the project. Stage 1 was initiated in July 2006 is now (early December 2006) over 70% complete. It is expected to be fully completed by the end of January 2007.

Technical support, information and advice has been available from the Regional Mining Division of the Ontario Ministry of Northern Development and Mines and the Ontario Geological Survey, and also from the Ontario Prospector’s Association. Lakehead University Department of Geology was involved in the Lake Nipigon Region Geoscience Initiative. Natural Resources Canada may also be a participant. As noted, the OGS/MNDM Regional Mining Division staff has played a valuable role in scoping the technical aspects of the survey, and it is expected that these agencies will be intimately involved in assembling, interpreting and publishing the data emerging from Stage 2.

Since the geological survey will extend beyond the boundaries and jurisdiction of the Township of Atikokan but would be contained within the geographic mandate of the Atikokan Economic Development Corporation (AEDC), the latter agency has been acting in the role of project administrator for both Stage 1 and Stage 2, with the Project Manager reporting through the Executive Director of the AEDC to the Board of Directors (the Township of Atikokan has representation on the AEDC board). The Township of Atikokan is the project proponent, and is the contracting agent with FedNor and NOHFC with respect to funding agreements, and the allocation of implementation funds to AEDC or other delivery agents.

Next Steps - Stage 2

Until Stage 1 is complete it is obviously impossible to estimate the cost of Stage 2 with any confidence. However, based on the Discover Abitibi experience it may not be unreasonable to assume that the Atikokan (AMDI) project could have a total cost in the \$4 million to \$5 million range. At this point it is also not possible to determine if members of the prospecting, exploration and mining industry with interests in the Atikokan area will be in a position to contribute cash. However, it is anticipated that, at least, valuable contributions of private claim exploration results would be forthcoming, for inclusion in the comprehensive data release (Stage 1 will explore these possibilities).

Barring unforeseen delays, it is anticipated that applications for Stage 2 funding to NOHFC and FedNor will be submitted in February 2007.

5.2.2 Bending Lake Iron Deposit

As noted earlier in this document, this large-scale deposit has been known to exist for over 30 years. During that period, few, if any iron-bearing deposits in North America have been developed, due principally to the relatively high cost of mining in this area of the world, and relatively low value of iron on world markets. Recently, however, the value of iron has substantially increased, largely as a result of escalating demand in China and India.

It is understood that interest in the Bending Lake deposit has been renewed, and that an updated pre-feasibility study has been recently completed by a major steel manufacturer in co-operation with the mining claim owners. It is further understood that a metallurgical study aimed at determining the technical issues involved in extracting the metal is presently underway, and that the results will be available to the proponents soon. Such projects typically require many years of planning to bring them to the implementation stage.

Development of this resource, if it proves feasible would be a major undertaking, and one that would be driven by the business merits as seen by large industrial interests. If it were to go ahead, Atikokan, Ignace and Dryden would be well positioned to capture economic benefits, in the form of workforce bedroom communities, and sources of goods and services.

5.2.3 Small-Scale Gold Mining Incentives

As noted in the foregoing, the Atikokan area is known to contain numerous gold-bearing deposits, in a zone stretching approximately from just west of Mine Centre easterly through Atikokan to the west end of Shebandowan Lake, and from the community of Atikokan north-easterly approximately 75 kilometres. According to Ontario Ministry of Northern Development and Mines records, identified gold properties in the area which have been investigated contain an estimated (proven + probable + inferred) of close to 5 million troy ounces of gold. At current prices, and assuming a conservative 65% average mill recovery rate, this quantity of gold would have a market value of around Can\$2 billion. It must be noted that a significant proportion of this resource is contained in relatively large-tonnage, low-grade deposits, which could only be effectively mined by large companies prepared to undertake large-scale and highly capital-intensive operations. However, in the known area gold-bearing resources, around 1.7 troy ounces of gold (proven + probable + inferred) is contained in relatively small deposits with a grade equalling or exceeding about one-third of an ounce of gold per ton. At a 65% recovery rate and current prices (about Can\$700 per ounce), the recovered gold would have a market value of around Can\$800 million.

It is these smaller, higher-grade deposits (and no doubt many similar others which remain to be discovered, hopefully assisted by the results of the proposed AMDI initiative), which are the subject of this following discussion of the potential merits of provision of publicly-funded incentives to individuals and small mining outfits to encourage development and mining of their claims.

Development Impediments

Many gold-bearing claims are owned and worked on by individual prospectors or small companies lacking the resources necessary to undertake the potentially expensive advanced exploration and predevelopment work necessary to assess the rate of gold recovery, and the complexity and cost of the production milling and concentrations processes involved (which vary considerably depending on the nature and chemistry of the host rock).

As a consequence, there is an understandable tendency for small claim holders to restrict themselves to relatively limited low-cost "grassroots" on-site exploration, in the hope that, if the investigation of their claim(s) produces promising results, they may be able to make a deal with a large mining company to either buy them out, or give them an ownership share in any mine which results from further exploration by the senior partner. The problem with this approach is that the larger companies with the necessary mine development resources operate worldwide, and are often more interested in larger concentrated deposits with high total metal content, or in jurisdictions where the cost of doing business is lower than in Canada.

The challenge is therefore to find a way, if possible, to bring those smaller deposits which have a reasonable prospect of economic viability to the actual production stage. Factors affecting economic viability obviously include location (distance from existing road access), the tonnage, grade and total recoverable gold content of the deposit, the projected costs of mining, milling, concentration, smelting and related transportation, the market value of the gold output, and ability to access necessary development and start-up capital.

It may be useful to summarize the typical sequence of steps leading from the staking of a typical mining claim (or, frequently, contiguous group of claims), to the initiation of production mining operations. These are generally as follows:

Grassroots Exploration

1. Ground prospecting, mapping, surveying and line cutting, etc., leading to staking of claims on promising areas;
2. Preliminary exploration, including geophysical surveying, (ground magnetic, electromagnetic, etc.), geophysical and geochemical surveys;
3. Stripping, trenching, surface drilling, drill core logging and assaying;
4. Documentation of findings

Advanced Exploration

If encouraging initial results appear from the grassroots exploration, more advanced exploration activities may be undertaken. Typically these may include:

5. Surface definition, more extensive core drilling to establish limits and quality of potential ore body, mapping and assaying;
6. Underground diamond drilling, assaying;
7. Shaft sinking, drifting, geological mapping, sampling, assaying;
8. Bulk sampling (drill, blast, excavate, transport, mill and concentrate representative bulk sample, using custom milling/concentrating/smelting facilities).

Mining Feasibility Analysis and Business Planning

If the results of the advanced exploration activities are encouraging, the next steps may include:

9. Assessing gold recovery feasibility and identify systems and infrastructure requirements, regulatory approval requirements, and capital and operating cost parameters;
10. If results of Step 9 warrant, conducting production mining feasibility study, and business development plan;
11. If results of Step 10 warrant, securing financing and necessary regulatory approvals, constructing mine facility, securing and training staff, and initiating mine operations.

Obviously, access to risk capital is needed to sustain activities throughout the entire process, and many individuals and small companies who own promising claims become stalled at the early or middle stages due to difficulty in raising the necessary financing. Senior levels of government have recognized this impediment to mining development and have provided different types and levels of incentives at various times in the past. At present, the available financial assistance or incentives available from government sources are understood to be as follows:

The Ontario Exploration Corporation Assistance Program: This program provides up to \$6,000 per "project" to prospecting companies to assist in exploring a specified property held by the company, in exchange for an interest in the company. Eligible activities and items include analyses and assays, equipment rentals/supplies, contracted services, travel, and food and accommodation.

Flow-Through Share: Preferential Income Tax Treatment: The current Ontario provincial income tax regulations provide favourable preferential treatment to investors in prospecting/mining company shares. The federal government formerly had a parallel complementary taxation mitigation arrangement, but this was terminated in 2005.

While these assistance/incentive programs and policies are undoubtedly helpful, they may not be, or be perceived to be, of sufficient value to generate the degree of beneficial economic impact required to deal specifically with the Atikokan situation.

It is worth noting that the Ontario government formerly had in place a support program known as the Ontario Mineral Incentive Program (OMIP - 1989 through 1995). This program provided financial grants to individuals and junior mining companies (and qualified producers) to help defray the costs of grassroots and advanced exploration activities. The grant limits were 30% of eligible expenses, to a grant total of \$100,000 per project for grassroots exploration, and \$300,000 for advanced exploration. Unfortunately, this program was terminated in the mid-1990's, and has not been replaced with anything of a similar comprehensive nature by either senior level of government.

Atikokan Area Bulk Sampling Incentive – A Discussion

There are approximately a dozen properties known to contain gold resources in the Atikokan area as a result of grassroots exploration work carried out in the past. About half of these show gold contents in excess of 0.3 ounces per ton.

It is understood that most of these have not been subjected to advanced exploration activities of the type listed in the foregoing in recent years, including bulk-sampling testing. This form of testing is needed to determine the degree of practical difficulty likely to be encountered in extracting the gold from the parent rock using standard cost-effective crushing, milling, concentrating and smelting techniques.

While it is obvious from perusal of the foregoing list of advanced exploration activities, bulk sampling is not the only pre-production activity involved in the often-long process between claim staking and implementation of actual mining operations, it tends to be a relatively expensive discrete component of that process. Since many individual and small-company claim holders do not have easy access to the necessary funding, it can represent the first major obstacle in moving from a mineral deposit discovery to an operating mine. The bulk sampling activity may therefore be a candidate for a carefully-targeted incentive program applied within the Atikokan area.

There is obviously much variation in the cost of such sampling, depending on such variables as the location and configuration of the ore body, the size of the sample, and the cost of shipment to a mill capable of, and willing to, process the sample, and the cost of the actual crushing, milling, concentrating and smelting operations. However, a rough "order of magnitude" estimate would be in the \$120 to \$150 per ton range, meaning that a typical 500 ton to 1,000 ton sample could cost anywhere from \$60,000 to \$150,000. Depending on the grade of the sample and the success of the operation, a portion of the sample processing cost may be recovered through sale of the extracted gold.

In considering the merits and feasibility of offering some sort of publicly-supported incentive to help overcome the access to funding impediment in the Atikokan area, the following should be kept in mind:

- There are presently only a maximum of 5 or 6 properties in the Atikokan area which on preliminary review appear to be candidates for bulk sampling. It is possible, if not likely, that if the AMDI Stage 2 project is activated as proposed, other deposits worthy of investigation will appear. However, it would be reasonable to assume that the total number is not likely to exceed 10 or 12, and even if incentives were in place, not all property owners would take advantage of them. In short, the "upside risk" in offering incentives within the Atikokan area appears to be limited.
- For the purposes of preliminary estimation, a total of eight candidate projects is suggested as a reasonable assumption. If it is further assumed that the average cost (net of the value of mill recoveries of gold credited to the sampling work), is \$100,000, the total net cost for eight properties would be in the order of \$800,000. To allow some cushion, for planning purposes a total of \$1,000,000 may be an appropriate upper-limit assumption.
- It must be recognized that the financial capacity and inclination of individual property owners to undertake pre-production advanced exploration work will vary greatly. It is thus impossible to determine in advance with any certainty what level and type of incentive would be sufficiently attractive to existing property owners.
- To generate the desired response it may therefore be necessary to experiment with different levels of support, beginning at the lower end of a realistic range.
- Care must be taken by those agencies offering incentives to avoid undue risk to the public funds utilized in the incentive process. In general, senior levels of government have endeavoured to ensure that the recipients of incentive funds behave responsibly, by limiting the levels of assistance provided to a maximum percentage of the value of the proposed undertaking, and to an absolute dollar limit per project.
- Supporting agencies also have to deal carefully with those individuals or larger companies financially capable of undertaking advanced exploration work without public support. The criteria utilized in the former OMIP attempted to deal with this concern by excluding eligibility to those who were liable for unpaid taxes, who were already operating profitable mines, or who were entitled to receive proceeds from such operations.

The Atikokan Economic Development Corporation

The Atikokan Economic Development Corporation (AEDC) has a mandate to support new or expanded business ventures in the geographic area surrounding Atikokan. This agency, which is supported by Industry Canada through FedNor, has the capacity to offer the following types of assistance to businesses and industry, within prescribed limits:

- Repayable loans
- Loan guarantees
- Equity positions

AEDC thus would appear to be well positioned, both with respect to geographic mandate and tactical assistance capability to act in support of local mineral development initiatives, including bulk-sampling activities.

For program planning purposes, it may be reasonable to assume a maximum initial supporting contribution of 40% of eligible expenses, to a maximum of \$60,000 per project. For the assumed eight projects this would imply a total AEDC budget commitment of \$400,000, in the form of loans, loan guarantees or equity positions, or some appropriate combination thereof. If this level of assistance proves insufficient to generate the desired uptake within the Atikokan area, as noted in the foregoing it may be appropriate to increase the level of support, to, say, a maximum of 50% of eligible expenses, and/ or, to expand eligibility to other advanced exploration activities, or even to grassroots exploration.

Implementation

If this incentive concept, or some variation thereof, is acceptable to the AEDC, the next step would be to secure the necessary additional investment budget from Industry Canada (FedNor). This type of program does not appear to fit current Northern Ontario Heritage Fund criteria and it is unknown at this point if funding could be available from other Ontario government sources. However, given the public commitment made by the province to mitigation of the negative impacts if the Ontario-mandated closure of the Atikokan Generating Station, a request to the Ontario government may be worthwhile. If additional funding could be made available, the eligibility criteria could be expanded and/or the maximum level of support per project increased.

The introduction of this program could begin at any time, but perhaps would have the most impact if timed to coincide with the release of the "AMDI" geological survey data interpretation results, and the local presence of the economic geologist proposed under that initiative. As "AMDI" Stage 1 is now well underway, if Stage 2 can be initiated without delay the preliminary data release could presumably begin in 2007.

Typically, the uptake on this type of program follows a rough pattern: the first two years are a period of increasing uptake, followed by a two year period of peak demand, with declining applications thereafter. This suggests that a five or six year program life would be appropriate planning target. Experience with the former OMIP indicates that applicants initially tend to overestimate the scale and cost of their exploration programs, with the result that not all the committed support funds are actually drawn down. This needs to be considered in budgeting and cash flow control systems.

Next Steps

As the prospective local program delivery agency, the AEDC board and management have a controlling interest in deciding whether or not this type of initiative is likely to produce useful results in the Atikokan area. It may be appropriate for the AEDC to strike a small (say, 3 member)

advisory sub-committee composed of individuals familiar with the mineral exploration and mining industry to assist in this respect.

The foregoing discussion is intended to be helpful in reaching this decision. If it is decided to proceed, then the scope and budget and duration of the initiative would have to be determined, and an approach made to FedNor for any additional operational funds needed by AEDC to support it. An approach could to the province (through the Ministry of Northern Development and Mines) for any additional funding considered desirable could also be made.

5.2.4 Custom Gold Milling Facilities

Background

Currently the only gold milling/concentrating/smeltering plants the operators of which might be willing to process production runs of ore from small Atikokan-area mines are located at some considerable distance from Atikokan, at Pickle Lake (under construction), Red Lake (Campbell Mine), and Beardmore. Clearly the cost of transporting ore for production runs would be substantial: at \$110 per truck hour, and 30 tons per load, the transportation cost could be as much as \$45 per ton or more. Milling and concentrating equipment is reported to be located at two former mine sites in the Mine Centre area, at the western limit of the Atikokan geological zone. These facilities have apparently not been operational for some time, and are reportedly small capacity (20 and 80 tons per day, respectively).

Unless a major minable gold deposit is discovered in the area, or one of the known large tonnage-low grade deposits is developed by a major company willing to allow smaller miners to utilize its facilities on a fee for service basis, it seems very unlikely that individual smaller gold-bearing deposits could support local dedicated milling and concentrating facilities. However, it is possible that a number of small mining operations could be viable if cost-effective milling, concentrating and smelting facilities were available in Atikokan for low-volume custom production runs. This is, in fact, an approach that has been taken in other parts of the world, and low-volume mobile and stationary milling and concentrating equipment is available on the market on both a lease and purchase basis. For example, the Knelson Company markets this equipment throughout Canada and elsewhere in the world.

Related Issues

Obviously, it would be inadvisable to invest in this type of gold mill in the absence of reasonable prior evidence of the minimum level of demand necessary to viably sustain the mill operation. The concept would need to be marketed to existing claim holders, with the objective of encouraging participation, facilitating estimation of potential demand levels, operating parameters, etc., and of securing the capital investment needed to set up a suitably-sized mill if that appears to be a desirable course of action. The owners of existing mill equipment located at Mine Centre should be invited to participate in this process, as the most cost-effective option could be to reactivate these facilities.

Again, the local agency with the most appropriate mandate to assess the merits of this initiative, and to encourage its pursuit if that appears justified, would be the AEDC. However, intimate knowledge of the mining industry would be a necessary ingredient in the assessing and developing the concept and liasing with those property owners with potential interest, and this could best be provided through the services of a qualified geologist/mining engineer. That task might be

assigned to the economic geologist proposed to be engaged under the AMDI initiative to assist in the interpretation of the resultant published data, as discussed in the foregoing.

Next Steps

The AEDC board and management is invited to consider this initiative as part of the mid-term development strategy for the Atikokan area. As with the preceding proposed initiative, it may be appropriate for the AEDC to strike a small (say, 3-member) advisory sub-committee composed of individuals familiar with the mineral exploration and mining industry to assist in this respect.

As implied above, if it is to be implemented, this could be timed to coincide with the release of the data generated from the proposed AMDI program, (hopefully in 2007), and under the technical direction of the economic geologist proposed to be engaged under that program (for a three year term).

The question may arise as to the need for public capital funding support for the acquisition of a mobile or stationary gold milling plant, if an appropriate level of demand can be demonstrated. Again AEDC may be in a position to offer incentives in the form of loans, loan guarantees or equity positions to qualified and experienced entrepreneurs.

5.3 Energy

Introduction

Examination of the Ontario government decision to close of the OGS coal-fired Atikokan electrical generating station by the end of 2007 (later deferred to 2014) was not part of this consultant team's assignment. However, in the interests of due diligence and adding some dimensions to the overall regional energy demand and supply situation, the consultant team did conduct some cursory investigations. In particular, an effort was made to determine if there are any realistic energy sector development possibilities in the Atikokan area which, if pursued, might contribute to the community's economic base.

Summary of Review Findings

Of particular note are the following:

- Current total electrical generating capacity in northwestern Ontario from all sources (OPG and private) is about 1,425 MW, with current demand around 1,000 MW. However, demand is dropping due to the downsizings and closure of regional pulp and paper mills, which are heavy users of electrical power;
- In the absence of public subsidies, prices of electrical power to users (residential, commercial and industrial) will probably continue to rise over the near term;
- To reduce exposure to public agency power producer price increases, many industrial users of large amounts of electrical energy will be seeking to develop their own "behind the fence" **Co-generation Facilities**, using a variety of biomass, and possibly other, fuels;
- The area around Atikokan contains a number of river systems which could support **Run-of-the-river Power Generation**;
- The deep former open iron ore mine pits at Steep Rock in Atikokan (now partly flooded) could be candidates for a **Pump-up- Flow-down** peaking electrical power production system, the feasibility of which would be dependent upon the daily price differential between periods of high and low demand;
- Some reports have suggested that the Ontario government may now be willing to consider options to keep coal-fired plants open if they can be modified to be as clean, from an air emissions viewpoint, as natural gas-fired plants. Some industry and government agency sources indicate that coal gasification technology may meet this criterion. However, the discussion paper released in November 2006 by the Ontario Power Authority (OPA) proposes that coal-fired plants be phased out in favour of a mix of nuclear, wind, and biomass and gas-fired generation, combined with conservation measures;
- The OPA discussion paper recommends that the Atikokan Generating Station be converted to wood, peat or a combination of biofuels by 2011 – 2015, with work starting on the conversion in the period 2007 – 2010.
- The Ontario government recently announced a plan to mitigate current high energy costs being experienced by the pulp and paper industry, by means of rebates to qualifying companies. This will reportedly reduce costs to this sector by around 15%, over the next few years.

Conclusions

The current surplus of electrical generating capacity in the Northwestern Ontario region resulting primarily from plant closures or downsizings in the pulp and paper industry suggests that new run-of-the-river hydroelectric plants, or peaking pump-up-flow-down facilities (such as might be technically feasible at the former Atikokan iron ore open pits), are not likely to be financially viable

propositions in the near term. This situation could change if power export opportunities arise, but in that respect it must be noted that Northwestern Ontario is practically speaking, an “energy island”, as the existing transmission lines west to Manitoba, and east to Northeastern Ontario are capable of moving relatively small quantities of power either in or out. The State of Minnesota may in fact present the best potential export market, as the length of new (or upgraded) transmission line required would be relatively short.

All that said, if the forest products sector manages to effectively restructure, and more mining operations appear, the demand for electrical power within the region may increase in the future, and the feasibility of new power generation initiatives might then be worth assessment.

Local industry may find in-house (“behind the fence”) co-generation plants to be an economic alternative to purchasing power from Hydro One. However, the economic feasibility of these plants is a function of size (the bigger the better), and the availability of suitable types and quantities of fuels. Pursuit of this type of initiative is primarily the responsibility of private industrial proponents, although it would appear that senior level government financial support is available to qualified applicants.

It may be fairly concluded that, at present, there are no near-term opportunities to develop additional electrical power generation plants in the Atikokan area. This suggests that local efforts should be directed at encouraging the Ontario government and OPG to find environmentally acceptable and economically viable means of keeping the existing Atikokan station open in its current regional “peaking plant” role. As has been suggested by others, another option would be to utilize the existing plant as a test bed for the latest clean coal technology (which is apparently attracting interest in other jurisdictions as they search for cost-competitive means of power production) or other fuels.

5.4 Tourism, Recreation and Culture Sector

Atikokan itself has many tourist and recreation attractions including a nine hole golf course, a small ski hill, a museum, murals on the walls of downtown buildings, cross country skiing and hiking trails, and a walleye fish hatchery which attracts tourists every year. However, Atikokan has never achieved its tourist potential, nor benefited fully from its proximity to Quetico Park, one of the premier canoeing areas in the world. Quetico is bounded on the south by the Superior National Park in Minnesota. Minnesota, and particularly Ely, MN has historically derived far more benefit from Quetico Park than Atikokan has.

There are two major components to tourism in Atikokan and the surrounding area. The first is outfitter-based tourism, which relies heavily on U.S. customers. Area outfitters' customers frequently come for fishing and hunting, however several of the outfitters also provide services to customers who wish to experience Quetico Park wilderness adventures. Quetico Park itself is the other major tourism draw in the area, however a significant portion of its users are Americans who have gained entry to the park from Superior National Forest (Boundary Waters Canoe Area Wilderness), often starting from Ely, Minnesota. While there are a number of other tourism-related activities in the area, the outfitters and Quetico Park are the major contributors to the area economy. Also, Atikokan has a number of outdoor recreational clubs whose members and guests participate in snow machining, cross-country skiing, motocross racing, trail biking, etc. Several of these clubs host events that draw participants from outside the immediate area.

Two major studies have been completed in recent years which provide a significant amount of background information and some indications of the directions that should be pursued in terms of both tourism marketing and the development of tourism infrastructure and product. In April 2003, the **Tourism Marketing Strategy: Branding, Target Markets and Other Strategies for Promoting Atikokan, Ontario as a Tourism Destination** was completed. A second study, the **Northwoods Adventure Country Management Plan, Atikokan Ontario, Final Report** was completed in 2004. Both of these provide a substantial amount of information on existing and potential tourism markets as well as suggestions as to future directions which should be pursued. It appears that, while both have been accepted by the organisations for which they were prepared, progress has been slow in actually implementing the recommendations.

Both seem to have left a number of unresolved issues about which it has been exceedingly difficult to achieve consensus among those who would be responsible for their implementation. The Northwoods Adventure Country Management Plan in particular, while identifying and describing conceptually a wide range of tourism infrastructure improvements, does not easily lend itself to immediate implementation. In many respects, it is an interesting and useful very-long-term masterplan for development. Many of the physical improvements and new facilities that are proposed would greatly enhance the area's appeal, but there is some doubt as to the practicality of acquiring sufficient government assistance to build a substantial portion of the infrastructure, and equally if not more important, find the significant amount of money that would be required on an annual basis to operate and maintain the facilities.

The Northwoods Adventure Country Management Plan also contains a lengthy section on the tourism markets and potential marketing activities that might be pursued. There is a substantial amount of information contained in this section regarding potential markets in North America and in general terms, the means by which Atikokan and the surrounding area could be promoted to

these markets. Unfortunately, with the exception of some cost estimates relating to highway billboard signage and TODDS signage, there is very little information pertaining to more broadly-based marketing initiatives. This is an information gap that needs to be filled at some point, but it is not necessarily an immediate concern. There is an immediate need to increase the level of tourism promotion for Atikokan and the surrounding area, however, until there is significantly more new tourism product developed, it is advisable to refrain from extensive new tourism marketing. That being said, some short-term tourism marketing opportunities will be described subsequently.

The approach to expanding tourism that is being proposed in this strategy utilizes many of the thoughts and recommendations contained in the two previously-noted reports, and reflects the views and opinions expressed by many local individuals involved in the tourism business. The notion of “Adventure Country” is the foundation upon which future tourism initiatives should be pursued. In essence, current tourism offerings in and around Atikokan, the outfitters in the surrounding area and Quetico Park, are all perceived as providing opportunities for a variety of different types of outdoor experiences. Further tourism development in the area needs to capitalize and expand upon this perception. Simply put, there is both an opportunity and a need to:

- Enhance and expand existing outfitter operations and activities, while building on the traditional hunting and fishing experience, broadening the range and type of activities to appeal to a broader cross-section of potential customers;
- Capitalize on Quetico Park’s branding and relatively high name recognition, and attempt to strengthen market recognition of the Atikokan-Quetico link;
- Expand and enhance a wide range of outdoor recreational activities, many of which have been developed and maintained by local volunteer organisations, to increase the number of products that potentially could appeal to visitors from beyond the region;
- Develop complementary historical, recreational, cultural and heritage tourism infrastructure as a compliment to the more rigorous outdoor recreational activities

The following subsections, which examine tourism product development and tourism Marketing (short-term and longer-term), and provide brief summaries of the various initiatives that can be successfully pursued and, over time, have a strong impact on stimulating tourism’s contribution to the regional economy.

Prior to briefly describing the initiatives that are being considered, consideration must be given to a few factors. It is extremely important to ensure that, on an overall basis, proposed tourism initiatives for the most part are both appealing to existing and potential visitors, and at the same time, yield significant benefits to area residents, in terms of recreational enhancements, in addition to the value of increased economic activity. There is, to a great extent, a symbiotic relationship between Quetico Park and many of the outfitters. Yet, at the same time, the designation of Quetico Park as a wilderness area, along with some of its operating policies, has at times resulted in friction between the outfitters and the park. It should be noted that addressing these areas of friction was specifically excluded from the requirements of this study and the areas that were to be addressed in its recommendations. Finally, even though the Township of Atikokan lies in close proximity to Quetico Park, over the years it has not derived as much economic benefit from that proximity as may be possible. To a great extent, this is due to the fact that the Park’s largest single entry point is more than forty kilometres from the Township.

5.4.1 Cottage Lot Development – Crown Land

Background

It is well known that communities centred in areas where water-fronting cottage lots have been developed enjoy considerable and continuing economic benefits.

The cottage lot development process, generally involving land survey and subdivision, access road works and landscaping, construction of hydro lines, actual cottage, outbuilding and dock construction, and supply of all the materials, equipment and services required to support these activities, can generate significant employment and business sales in the local service communities. Once the cottages are built, their occupiers buy many supplies of all types from local suppliers to sustain themselves, their guests, and their facilities on an ongoing basis. Obviously, these benefits are maximised if the lots are purchased by persons not formerly resident in the service community: the cottagers, in effect, become “captive tourists” who return annually with their relatives and friends. The most notable example in northwestern Ontario is the City of Kenora, which services many cottage lots on Lake of the Woods and the Winnipeg River system, to the great economic advantage of the local economy.

The vast majority of the lakes in the Atikokan area are designated by the Ministry of Natural Resources (MNR) as “Lake Trout Lakes”, a designation which thus far has effectively precluded their development for cottage lots. There are, however, a few other lakes in the area which, with respect to cottage lot development, have been designated either as “Available” (Crooked Pine, and Lerome Lakes), or “Potential” (e.g., Jackfish and Plateau Lakes). These lakes are all located on Crown land administered by the Ontario Ministry of Natural Resources (MNR), and the shorelines are currently essentially undeveloped. The development potential and relevant status of these lakes is discussed in detail in the following.

It must also be noted that the disposition of Crown land in support of economic development by MNR is subject to certain fundamental principles and processes. In summary, the applicable principles require that public land be sold at market value, and that the marketing process be fair and open (although MNR may dispose of land on a “first come first served” basis to municipalities). MNR must also fulfil its obligations under the Environmental Assessment (EA) Act, or be satisfied that the proponent (a municipality or private developer) has met their obligations under the Act. Where a municipality is the proponent, the municipality must accept responsibility for carrying out the EA to MNR’s satisfaction, and must meet any Planning Act requirements stipulated by the Ministry of Municipal Affairs and housing with respect to subdivision.

In general, the factors bearing on the feasibility and merits of cottage lot development include the following:

- The existence, or lack thereof, of all-weather road access. While the standard of vehicular access does not have to be high, the attractiveness and value of road accessible lots is much higher than those accessible by water only (local real estate agents estimate that road-accessible undeveloped-lot values are roughly \$40,000 to \$45,000, while similar water-access-only lots typically sell for around \$20,000). Obviously, the development of a lot is much easier if it is accessible by road vehicle, and the general utility after development much greater. Clearly, there is an economic trade-off between potential lot market value, and the cost of all-weather road access, if the latter does not already exist.

- The number of lots permitted on a specific water body is a function of the degree to which the natural environment could be negatively impacted. Of particular concern is the impact of increased fishing pressure due to the presence of cottagers on the sustainability of fish stocks, and the possible impact on water quality of the presence of septic systems for dealing with sewage and grey water generated by cottagers. The assessment of potential impacts is carried out by MNR and by the Ontario Ministry of Environment (MoEnv) . If fisheries habitat is likely to be affected, Fisheries and Oceans Canada becomes involved, under the federal government Fisheries Act, to ensure that any expected negative impacts are mitigated, or if that is not possible in-situ, compensated for by habitat improvements carried out elsewhere by the project proponent.
- Subject to satisfactory observance of the Crown land disposal principles and the process summarized in the foregoing, there are several ways in which water-fronting Crown land can be made available for cottage lot development in northern Ontario. These are:
 - MNR as proponent: MNR may subdivide the subject block of land and directly offer lots for sale on the open market, with or without all-weather road access;
 - Private developer as proponent: MNR may dispose of the block of land (at undeveloped market value) to a private developer, who may then subdivide it, build any road access and other services (such as hydro line) to the site deemed appropriate, and sell the lots on the open market;
 - Municipality as proponent: MNR may dispose of the block of land (at undeveloped market value) to a municipality, who may then subdivide, etc, and sell the lots on the open market. A municipality could acquire the land from MNR, and then sub-contract the development to another party, or even resell the land block to another party for development by that party.
 - While it is believed to be legally possible for a municipality to acquire land located outside municipal boundaries for certain purposes, it would not appear under most circumstances to be either desirable or appropriate to acquire such land for cottage lot development, as the municipality would not be entitled to collect property taxes in such a situation, and might even find itself under pressure to provide services to lot purchasers. Thus it would seem advisable that a municipality only undertake to act as a developer on land within its jurisdictional boundaries.

Crooked Pine Lake

Crooked Pine Lake is located in unincorporated territory some 25 kilometres east of the eastern boundary of our municipality. In summary, the consultant team's information with respect to development issues on this body of water is as follows:

- This lake was the subject of a development study as far back as 1977, at which time eleven Applications for a Subdivision were filed under Section 33 of the Planning Act, for a total of 79 cottage lots. At that time there was concern about road access, as only 35 of the proposed lots would have been so accessed, but it is understood that more a more extensive bush road system has since been constructed in the area;
- Subsequently, in 1996, MNR re-examined the development potential with Ministry of Environment, as part of the Strategic Lands Initiative;
- In 1999, the Environmental Assessment Act (Disposition Order 56/3 – Crown Land Lot Disposition – EA Procedure) came into force. This effectively moved the EA responsibility for cottage lot development from MNR to “the developer”;
- MNR concluded that the way forward would be to invite proposals from developers, through a formal Request for Proposals process.

The community of Atikokan is some distance from Crooked Pine Lake, but would still be, by a considerable margin, the closest urban community with goods and services to offer, both in the development phase, and to subsequent occupiers of the cottages. A preliminary assessment of the beneficial local economic impact by the consultants indicates, that if all 79 lots were developed, Atikokan businesses would be positioned to supply goods and services to total value of around \$2.1 million (creating a total of about 15 person years of local employment during the development phase).

With all 79 lots developed, and assuming that these were occupied by persons not presently resident in the community, Atikokan businesses could look forward to the opportunity to thereafter supply about \$400,000 worth of goods and services annually to cottage residents (adding about four full time equivalent service sector jobs to the local workforce). On these grounds, this initiative appears to have considerable merit.

Plateau Lake

Plateau Lake is located at the southeast edge of the Township of Atikokan. (please refer to the map herewith entitled "Possible Cottage Lot Development – Plateau Lake"). The total water surface area of this lake is estimated by MNR at 657 hectares, of which about 60% is located outside the municipal boundary (in unincorporated territory). The lake contains a northern pike and smallmouth bass fishery, and is reportedly equipped with a boat launch facility which can be accessed by bush road.

A preliminary photogrammetric analysis indicates that there are three potential cottage lot shoreline areas which could be considered for development, as indicated on the aforementioned map.

Area A: Approximately 2,000 metres of shoreline on south east side of the lake, which can be directly accessed off Hwy 11 by a 900 metre access road. If this were to be fully developed, the total length of roadway required would thus be approximately 900 metres of access road plus 2,000 metres back-lot service road (of lower standard).

Area B: Approximately 2,200 metres of shoreline on the northeast side of the lake, which can be accessed by a 2,200 metre extension of an existing bush road which leads to Hwy 11 (total access road length from Hwy 11- about 3.9 kilometres). If this were to be fully developed, the total length of roadway required would thus be approximately 2,200 metres of access road plus 2,200 metres back-lot service road (of lower standard).

Area C: Approximately 600 metres of shoreline located north of Area B, on the north side of a peninsula. Road access could be achieved by a 500-metre link to the Area B back-lot access. If this were to be fully developed, a total of some 1,100 metres of back-lot standard road would be required. In view of the limited frontage available, and the northerly exposure, this area should be considered for development only after Area B is fully subscribed.

It will be noted that all three of these potentially developable areas are located outside the current boundaries of the Township of Atikokan, in unincorporated territory. The options for development would thus appear to be as follows:

1. MNR act as the project proponent
or
2. The Township of Atikokan annex the area(s) proposed for development, including the access road right of ways, and thereafter act as the project proponent.

With respect to Option 2 above, the annexation process would not appear to be necessarily problematic, provided care is taken not to include any existing private property within the area proposed for annexation, and to otherwise avoid negatively impacting those with interests in the immediate area.

Potential Development Costs, and Benefits

In the absence of a specific subdivision plan submitted by a credible developer, specific information from provincial government on the carrying capacity of the lake is not available. However, for the purposes of illustration only, it has been assumed that this lake can accommodate 25 lots, each of 0.5 hectares in area, located in Area B (see map). It should be noted that the area required for the assumed 25 cottage lots is much smaller than the total identified as potentially suitable for development on this lake, as described in the foregoing.

A development of this scale in this location would necessitate the following (assuming that the municipality, rather than MNR, accepts the role of developer):

- Acquisition of approximately 12.5 hectares of waterfront Crown land;
- Construction of approximately 2.0 kilometres of main access road to Hwy 11;
- Construction of approximately 1.25 kilometres of back lot access road;
- Preparation and registration of subdivision plans;
- Carrying out an Environmental Assessment;
- Annexing development area and access road right of way

Exclusive of the market value of the Crown land required (yet to be determined), it is estimated that the total development costs would be in the order of \$320,000, or about \$13,000 per lot (see appended estimate breakdown).

With respect to operational costs incurred by the municipality to service these lots (road maintenance, garbage disposal, policing, and other general services provided in rural areas), it may be reasonably assumed that these will be fully covered by the property taxes levied. (i.e. no significant net benefit or cost to other community taxpayers would be generated).

The approximate benefits available to the community are conservatively estimated as follows, assuming all lots are occupied by persons currently resident outside Atikokan:

Development Phase: \$1.0 million in locally sourced expenditures on locally-sourced goods and services (equivalent to about 10 person-years of employment)

Ongoing Occupancy: \$155,000 annual expenditures on locally-sourced goods and services (equivalent to about 1.5 full-time equivalent local service sector jobs)

It should be noted that if the carrying capacity of the lake is determined to be higher than the assumed 25 lots used in this illustration, the value of the benefits would rise accordingly, and vice-versa.

Jackfish Lake

This lake is located at the western edge of the Township of Atikokan, approximately two kilometres north of the Hwy 11 corridor (see map entitled “Possible Cottage Lot Development – Jackfish and Lerome Lakes”, herewith). It is relatively small lake (122 hectares in surface area), and contains a walleye, northern pike and smallmouth bass fishery. According to MNR, it has no direct road access.

Approximately 30% of the surface area of the lake is located outside municipal limits, but a preliminary photogrammetric analysis indicates that the area most appropriate for cottage lot development is located within the municipality. As indicated on the aforementioned map, the potentially developable area is:

Approximately 1,000 metres of shoreline on north east side of the lake, which can be directly accessed off Hwy 11 by a 2,300 metre access roads. If this were to be fully developed, the total length of roadway required would thus be approximately 2,300 metres of access road plus 1,000 metres back-lot service road (of lower standard).

Potential Development Costs, and Benefits

In the absence of a specific subdivision plan submitted by a credible developer, specific information from a provincial government on the carrying capacity of the lake is not available. However, for the purposes of illustration only, it has been assumed that this lake can accommodate 10 lots, each of 0.5 hectares in area, located on the north east shore (see map). It should be noted that the area required for the assumed 10 cottage lots is much smaller than the total identified as potentially suitable for development on this lake, as described in the foregoing. A development of this scale in this location would necessitate the following:

- Acquisition of approximately 5.0 hectares of waterfront Crown land;
- Construction of approximately 2.3 kilometres of main access road to Hwy11;
- Construction of approximately 0.5 kilometres of back lot access road;
- Preparation and registration of subdivision plans;
- Carrying out an Environmental Assessment.

Exclusive of the market value of the Crown land required (yet to be determined), it is estimated that the total development costs would be in the order of \$250,000, or about \$25,000 per lot (see appended estimate breakdown).

With respect to operational costs incurred by the municipality to service these lots (road maintenance, garbage disposal, policing, and other general services provided in rural areas), it may be reasonably assumed that these will be fully covered by the property taxes levied. (i.e. no significant net benefit or cost to other community taxpayers would be generated).

The approximate benefits available to the community are conservatively estimated as follows, assuming all lots are occupied by persons currently resident outside Atikokan:

Development Phase: \$0.4 million in locally sourced expenditures on locally-sourced goods and services (equivalent to about 4 person-years of employment)

Ongoing Occupancy: \$62,000 annual expenditures on locally-sourced goods and services (equivalent to about 0.5 full-time equivalent

local service sector jobs)

It should be noted that if the carrying capacity of the lake is determined to be higher than the assumed 10 lots used in this illustration, the value of the benefits would rise accordingly, and vice-versa.

Lerome Lake

This lake is located near the southwest corner of the Township of Atikokan, and entirely within municipal boundaries, and immediately south of the Hwy 11 corridor. (see map entitled "Possible Cottage Lot Development – Jackfish and Lerome Lakes", herewith). The lake has a total surface area of 274 hectares, and contains a boat launch which is accessible from Hwy 11. It supports a walleye, northern pike and smallmouth bass fishery. One existing cottage is reported to be located on the northeast shore.

Preliminary photogrammetric review indicates that there are four separate lake front areas which appear suitable for cottage lot development, as indicated on the aforementioned map:

Area A: Approximately 1,000 metres frontage located on the northeast sector of the lake. Access to Hwy 11 can be achieved by construction of approximately 500 metres of new access road, to connect with an existing bush road, for a total distance of 600 metres to Hwy 11. If this were to be fully developed, the total length of roadway required would thus be approximately 500 metres of access road, plus 1,000 metres of back-lot service road (of lower standard).

Area B: Approximately 1,100 metres frontage located on the northwest sector of the lake. Access to Hwy 11 can be achieved by construction of approximately 200 metres of new access road. If this were to be fully developed, the total length of roadway required would thus be approximately 200 metres of access road, plus 1,100 metres of back-lot service road (of lower standard).

Area C: Approximately 2,100 metres frontage located on the west-centre sector of the lake. Access to Hwy 11 can be achieved by construction of approximately 600 metres of new access road. If this were to be fully developed, the total length of roadway required would thus be approximately 600 metres of access road, plus 2,100 metres of back-lot service road (of lower standard).

Area D: Approximately 900 metres frontage located on the west-centre sector of the lake, immediately south of Area C, and on the south side of a peninsula. Road access could be achieved by a 300 metre link to the Area C back-lot access (if Area C is developed first), for a total of some 1,200 metres of back-lot standard road requirement A. Alternatively, if further investigation indicates that Area D is markedly superior to Area C, then Area D could be accessed and developed first if approximately 1,300 metres of access road to Hwy 11 were built (for a total of 1,300 metres of access road plus 900 metres of back-lot access (at lower standard).

Potential Development Costs, and Benefits

Without a specific subdivision development plan produced by a credible developer, the provincial government is unable to indicate the carrying capacity of the lake. However, in the absence of this

information, for the purposes of illustration only, it has been assumed that this lake can accommodate 15 lots, each of 0.5 hectares in area A, located on the north east shore (see map). It should be noted that the area required for the assumed 10 cottage lots is much smaller than the total identified as potentially suitable for development on this lake, as described in the foregoing. A development of this scale in this location would necessitate the following:

- Acquisition of approximately 7.5 hectares of waterfront Crown land;
- Construction of approximately 0.5 kilometres of main access road to Hwy11;
- Construction of approximately 0.75 kilometres of back lot access road;
- Preparation and registration of subdivision plans;
- Carrying out an Environmental Assessment.

Exclusive of the market value of the Crown land required (yet to be determined), it is estimated that the total development costs would be in the order of \$120,000, or about \$8,000 per lot (see appended estimate breakdown).

With respect to operational costs incurred by the municipality to service these lots (road maintenance, garbage disposal, policing, and other general services provided in rural areas), it may be reasonably assumed that these will be fully covered by the property taxes levied. (i.e. no significant net benefit or cost to other community taxpayers would be generated).

The approximate benefits available to the community are conservatively estimated as follows, assuming all lots are occupied by persons currently resident outside Atikokan:

Development Phase: \$0.6 million in locally sourced expenditures on locally-sourced goods and services (equivalent to about 6 person-years of employment)

Ongoing Occupancy: \$93,000 annual expenditures on locally-sourced goods and services (equivalent to about 1.0 full-time equivalent local service sector jobs)

It should be noted that if the carrying capacity of the lake is determined to be higher than the assumed 10 lots used in this illustration, the value of the benefits would rise accordingly, and vice-versa.

Cottage Lots – Current Status

MNR has agreed to support the initiative, by directly providing an opportunity to prospective developers to offer development proposals. As of December 2006, MNR has taken the following steps:

- Made the necessary Crown land Use Policy Amendment to permit the development;
- Is in the process of developing a communications plan to advise the public and interested parties of the upcoming opportunity;
- Is planning to issue requests for formal development proposals in January 2007.

By letter dated 23rd January 2006 from Mayor Dennis Brown to MNR (then) Regional Director Charlie Lauer, the Township of Atikokan formally requested the Ministry to proceed as quickly as possible to issue the request for proposals from private proponents for cottage lot development on Crooked Pine Lake.

It is understood that MNR has reviewed the matter, and has decided not to pursue the development of Crooked Pine Lake at this time. Concerns regarding the feasibility of and responsibility for providing and maintaining road access, waste landfill operations, etc., in the relatively remote setting, have apparently led MNR to this decision.

Next Steps

Once responses have been received from prospective developers, MNR will review same, and (if all is in order) select the developer, who will then be in apposition to produce detailed subdivision development plans, secure necessary approvals, construct necessary infrastructure, and market the lots.

Cottage Lot Development - Conclusions and Recommendations

Cottage lot development is a relatively low-risk way of adding the Atikokan's economic base. If the 79 lots on Crooked Pine Lake and the 50 assumed lots on Plateau, Jackfish and Lerome Lakes were all developed, the local economy would accrue about \$4.1 million in local expenditures on goods and services, generating about 40 person years of local employment in the development phase, and thereafter annually resident expenditures on locally-sourced goods and services of around \$700,000 (about 7 full-time-equivalent service sector jobs).

As noted in the foregoing, with the exception of Crooked Pine Lake, MNR is supportive of exploring development potential on the other three lakes, and has set in motion the steps necessary to obtain development proposals from prospective developers.

It is recommended that the municipality maintain close contact with the local MNR office in this connection, to ensure that the interests of the municipality are considered as the initiative moves towards fruition.

Cottage Lot Development – Cont'd
Preliminary Estimate of Atikokan Economic Impacts
Lerome, Jackfish and Plateau lakes

A. Lerome Lake

1. Development Phase: Assume 15 lots total

Assumed total construction cost = \$60,000 per lot

Total construction cost = \$60,000 x 15 = \$0.9 million

Assumed local component of benefit = 60%

Estimated local benefit = \$0.9 x 0.60 = \$0.5 million

Ancillary equipment purchases = \$10,000 per lot

Total expenditure = \$10,000 x 15 = \$150,000

Assumed local component of benefit = 40%

Estimated local benefit = \$150,000 x 0.40 = \$60,000

TOTAL DEVELOPMENT PHASE LOCAL BENEFIT = \$0.6 MILLION

(Equivalent to approximately 6 local person years of employment)

2. Ongoing Operational Phase: 15 occupied lots

Note: Estimate assumes that lots are occupied by persons not previously resident in Atikokan

Per lot estimate of annual costs

Road maintenance: allowance per lot = \$200
Assumed local component of benefit = 100% = \$200

Garbage handling and miscellaneous: allowance per lot = \$200
Assumed local component of benefit = 100% = \$200

Household consumables
3 persons x 8 weeks x \$30 per person per day = \$5,040
Assumed local component = 70% = \$3,528

Maintenance and repairs to property
4% of initial value annually = \$60,000 x .04 = \$2,400
Assumed local component = 70% = \$1,680

Miscellaneous local purchases @ \$10 per person day = \$560

TOTAL PER-LOT ONGOING LOCAL ECONOMIC BENEFIT = \$6,168

ANNUAL TOTAL ONGOING LOCAL ECONOMIC BENEFIT = \$6,168 x 15 = \$92,520
(Equivalent to approximately one local ongoing full-time equivalent service sector job)

B. Jackfish Lake

3. Development Phase: Assume 10 lots total

Assumed total construction cost = \$60,000 per lot
 Total construction cost = \$60,000 x 10 = \$0.6 million
 Assumed local component of benefit = 60%
 Estimated local benefit = \$0.6 x 0.60 = \$0.4 million

Ancillary equipment purchases = \$10,000 per lot
 Total expenditure = \$10,000 x 10 = \$100,000
 Assumed local component of benefit = 40%
 Estimated local benefit = \$100,000 x 0.40 = \$40,000

TOTAL DEVELOPMENT PHASE LOCAL BENEFIT = \$0.4 MILLION
 (Equivalent to approximately 4 local person years of employment)

4. Ongoing Operational Phase: 10 occupied lots

Note: Estimate assumes that lots are occupied by persons not previously resident in Atikokan

Per lot estimate of annual costs

Road maintenance: allowance per lot = \$200	
Assumed local component of benefit = 100% =	\$200
Garbage handling and miscellaneous: allowance per lot = \$200	
Assumed local component of benefit = 100% =	\$200
Household consumables	
3 persons x 8 weeks x \$30 per person per day = \$5,040	
Assumed local component = 70% =	\$3,528
Maintenance and repairs to property	
4% of initial value annually = \$60,000 x .04 = \$2,400	
Assumed local component = 70% =	\$1,680
Miscellaneous local purchases @ \$10 per person day =	\$ 560
TOTAL PER-LOT ONGOING LOCAL ECONOMIC BENEFIT =	\$6,168

ANNUAL TOTAL ONGOING LOCAL ECONOMIC BENEFIT = \$6,168 x 10 = \$61,680
 (Equivalent to approximately 0.5 local ongoing full-time equivalent service sector job)

C. Plateau Lake

5. Development Phase: Assume 25 lots total

Assumed total construction cost = \$60,000 per lot

Total construction cost = \$60,000 x 25 = \$1.5 million

Assumed local component of benefit = 60%

Estimated local benefit = \$1.5 x 0.60 = \$0.9 million

Ancillary equipment purchases = \$10,000 per lot

Total expenditure = \$10,000 x 25 = \$250,000

Assumed local component of benefit = 40%

Estimated local benefit = \$250,000 x 0.40 = \$100,000

TOTAL DEVELOPMENT PHASE LOCAL BENEFIT = \$1.0 MILLION

(Equivalent to approximately 10 local person years of employment)

6. Ongoing Operational Phase: 25 occupied lots

Note: Estimate assumes that lots are occupied by persons not previously resident in Atikokan

Per lot estimate of annual costs

Road maintenance: allowance per lot = \$200

Assumed local component of benefit = 100% = \$200

Garbage handling and miscellaneous: allowance per lot = \$200

Assumed local component of benefit = 100% = \$200

Household consumables

3 persons x 8 weeks x \$30 per person per day = \$5,040

Assumed local component = 70% = \$3,528

Maintenance and repairs to property

4% of initial value annually = \$60,000 x .04 = \$2,400

Assumed local component = 70% = \$1,680

Miscellaneous local purchases @ \$10 per person day = \$ 560

TOTAL PER-LOT ONGOING LOCAL ECONOMIC BENEFIT = \$6,168

ANNUAL TOTAL ONGOING LOCAL ECONOMIC BENEFIT = \$6,168 x 25 = \$154,200

(Equivalent to approximately 1.5 local ongoing full-time equivalent service sector job)

Summary of Approximate Local Economic Impacts

Municipality of Atikokan

**Cottage Lot Development:
Lerome, Jackfish and Plateau Lakes**

LAKE	Assumed Cottage Lot Potential (#)	Development \$ Impact	Jobs	Ongoing \$ Impact	Annual Jobs
Lerome	15	\$0.6 million	6	\$93,000	1
Jackfish	10	\$0.4 million	4	\$62,000	0.5
Plateau	25	\$1.0 million	10	\$154,000	1.5
TOTALS	50	\$2.0 million	20	\$309,000	3

Notes: 1. The benefits listed will accrue whether or not the lots are within or without the municipal boundaries, it being assumed that the municipal taxes levied will cover the costs of municipal services provided within municipal boundaries;
 2. The “development” phase jobs are expressed in person-years of employment: the “ongoing annual” as full time equivalents.

**Cottage Lot Development
Crooked Pine Lake
Preliminary Estimate of Atikokan Economic Impacts**

7. Development Phase: 79 lots total

Assumed total construction cost = \$60,000 per lot

Total construction cost = \$60,000 x 79 = \$4.7 million

Assumed local component of benefit = 40%

Estimated local benefit = \$4.7 x 0.40 = \$1.9 million

Ancillary equipment purchases = \$10,000 per lot

Total expenditure = \$10,000 x 79 = \$790,000

Assumed local component of benefit = 30%

Estimated local benefit = \$790,000 x 0.30 = \$ 240,000

TOTAL DEVELOPMENT PHASE LOCAL BENEFIT = \$2.1 MILLION

(Equivalent to approximately 20 local person years of employment)

8. Ongoing Operational Phase: 79 occupied lots

Note: Estimate assumes that lots are occupied by persons not previously resident in Atikokan

Per lot estimate of annual costs

Road maintenance: allowance per lot = \$200	
Assumed local component of benefit = 100% =	\$200
Garbage handling and miscellaneous: allowance per lot = \$200	
Assumed local component of benefit = 100% =	\$200
Household consumables	
3 persons x 8 weeks x \$30 per person per day = \$5,040	
Assumed local component = 60% =	\$3,024
Maintenance and repairs to property	
4% of initial value annually = \$60,000 x .04 = \$2,400	
Assumed local component = 50% =	\$1,200
Miscellaneous local purchases @ \$10 per person day =	\$ 560
TOTAL PER-LOT ONGOING LOCAL ECONOMIC BENEFIT =	\$5,184
ANNUAL TOTAL ONGOING LOCAL ECONOMIC BENEFIT = \$5124 X 79 =	\$410,000
(Equivalent to approximately 4 local ongoing full-time equivalent service sector jobs)	

5.4.2 Quetico/Atikokan Wilderness Adventure Area

The Park is an extraordinarily valuable asset which is widely recognized throughout North America and beyond for the quality of wilderness experiences that it offers. Park management has identified a number of opportunities to strengthen and improve both its overall operations and the facilities that it contains. Unfortunately, over the last several years, there have been significant staff reductions at the park which have limited the ability to pursue a number of initiatives that would have yielded significant advancements. Without question, the requests for increased staffing and more financial resources for improvements, and the **Atikokan-Quetico Tourism Recommendations** submitted by the Atikokan-Quetico Recommendations Review Team, should be supported by the community at large.

From the Township's point of view, it will be important to support any initiatives that will increase visitation to Quetico Park. It is recognized that the Park is at capacity for significant portions of the summer season, therefore, increased visitation must be promoted at off-peak times. The major economic benefits of the Park to Atikokan tend to be from salaries and wages paid to Park staff, limited revenues accruing to visitor-oriented businesses in Atikokan, revenues accruing to outfitters whose customers are going into the Park, which are in turn expended at Atikokan businesses and to pay wages to Atikokan residents. Unfortunately, due to the fact that most Canadians entering the park do not spend much time or money in Atikokan, and that a significant portion of the park's visitors have entered from the U.S. side, the economic benefits to Atikokan, while significant, are below potential maximums. Nevertheless, Atikokan is fortunate to have the park in such close proximity, and the Township, its residents, its businesses, and its recreational organisations should do all within their power to encourage growth and higher utilisation levels at the Park.

5.4.3 Multi-Use Trail Loops – East and West

In an effort to attract a larger number of trail users who are not looking for a Quetico Park-type experience, it is proposed that three trails be established which will meet the needs and interests of these users. These trails will be developed in conjunction with a new Quetico Park access point at Batchewaung Bay and a new road access from Atikokan's Visitor Information Centre to Batchewaung Bay. These trails will be intended for use by non-motorized trail users. In particular, it is expected that they would be appropriate for people seeking to walk, cycle and/or cross-country ski.

One loop proceeds east from Batchewaung Bay and would either be in close proximity to the boundary of Quetico Park, or possibly weave in and out of the Park at certain points. It would go as far east as the Dawson Trail Campground. The trail from Batchewaung to Dawson Trail Campground will be the most rigorous of the proposed trails.

A second trail will begin at Batchewaung Bay and proceed west to Cole Lake, where it turns north and continues to the top end of Lerome Lake. At Lerome Lake, the trail will divide into two separate routes. One route will cross Highway 11 and go through Atikokan, returning to the Visitor Information Centre. The alternative route will proceed east past Caribou Lake, Kemuel Lake, and then turn south to Batchewaung. At the point it turns south, the trail will utilise either the new access road for its route, or will be more or less parallel to it. The trails heading west and then returning either through Atikokan or the slightly more southerly route, will be less demanding than the trail to the east. To some extent, these new trails may utilise existing roads and trails that have been developed previously, in particular by the Beaten Path Nordic Trails cross-country ski club.

In addition to these trails, there will be a trail leading from the northern end of Batchewaung to a northern point on Nym Lake. A Trails Committee consisting of several local representatives, and representatives of the Ministry of Natural Resources, Ontario Parks and Abitibi, has met on several occasions to discuss the overall plan. Abitibi has been supportive of the initiative, and every effort is being made to ensure that their Forest Management Plans are modified so that they are consistent with the proposed trail network.

There are three possible routes based on the computer model at this point. One of the easterly routes is completely within Quetico Park, the second easterly route weaves in and out of the Park within a 1km boundary of the park, and a third route is entirely outside the Park.

The westerly trail is entirely outside the Park but within 1km of its boundary up to the point it reaches Cole Lake. There is a possibility that the trail may eventually be extended so that there is access to Beaver House. There is a routing alternative on the westerly route which would have that trail go north at Owl Lake, and proceed north of Narrow Lake and intersect the earlier trail option at Lark Lake, proceeding north.

All of these routing options are illustrated on a map, which is included with these reports. It is estimated that the cost of developing these new trails could be as high as \$4 million, however there is at least some likelihood that the trail development could be undertaken at a slightly lesser cost. A major concern with the trail network is the ongoing cost of maintenance that will have to be addressed. The entire trail network in both directions will be approximately 150km in length. It is anticipated that the westerly route would be the first to be built, followed by the easterly route.

It is intended that as the trails are developed, there will be opportunities for small revenue-generating facilities to be built along the trails. In particular, these may include small overnight shelters and other modest amenities of interest to trail users.

5.4.4 Trans-Canada Trail Designation

A significant factor affecting the development of these trails is the possibility of them becoming part of the Trans-Canada Trail. Discussions have been initiated with representatives of the Ontario Trans-Canada Trail Board to determine the potential for these trails to make up a part of the Trans-Canada network from Thunder Bay to the Manitoba border. From Atikokan, there would be a couple of different routing options for the continuation of the Trans-Canada Trail, however one scenario is particularly appealing. It has been suggested that a land route could proceed from Atikokan to Ignace and then continue along Highway 17 through Dryden to Kenora and west to Manitoba. A second element of this scenario would involve a water route from Atikokan continuing west to Fort Frances, Rainy River, and then north to Kenora. Certainly, having this trail network as part of the Trans-Canada Trail would significantly enhance its appeal to users and make a significant difference in terms of marketing and attracting people to the Atikokan/Quetico adventure trails.

5.4.5 Atikokan/Batchewaung Access Road

As has been noted previously, the location of Quetico's primary entrance point at the Dawson Trail Campground has, to some extent, limited the economic benefit derived by Atikokan from the Park. In an effort to increase the economic benefit to the Township, it is proposed that an alternative park entrance be created at Batchewaung Bay. In order to achieve this objective, it will be necessary to

construct a new road access from the vicinity of the Atikokan Visitor Information Centre to Batchewaung Bay.

The initial computer-generated model for the trails provides an indication of the routing that could be considered for this new road access. Based on this initial routing, from a trail perspective, the route has been further modified using aerial photography to determine more accurately an appropriate route and provide a basis for estimating the cost of construction. It is intended that this new road be a paved-surface, year-round road. On a very preliminary basis, it is estimated that a road of the quality required would cost in the order of \$4 million. While this estimate will require refinement in the planning and detailed design phases, it provides an “order of magnitude” indication of the likely cost.

Discussions are just beginning relating to the actual Park entry facilities that could be located near Batchewaung Bay, however representatives of Ontario Parks seem to be receptive to this possibility. A new building of some type would have to be constructed, if only to meet the needs of this entry point. However, there are other opportunities that can be pursued near Batchewaung which may justify a significantly larger structure than would be required for park-entry purposes only.

5.4.6 Batchewaung Bay Park Entry Building and Other Facilities

Several options are being considered in terms of the types of facilities that could be housed in a new structure or structures near Batchewaung Bay. Among these are an ecological/environmental research facility, Quetico Park interpretive facilities, canoe interpretive facilities, trail-user facilities, clubhouse facilities for local trail-user groups, etc. As well, there may be opportunities for other revenue-generating facilities at the Batchewaung location that could include trail-user supplies and gear, convenience items, a campground, modest overnight roofed accommodation, etc. Since there will be significant operating and maintenance costs associated with these trails, it will be critical to identify either publicly or privately operated revenue generating opportunities which will yield some type of revenue stream to offset these operating and maintenance costs.

The facilities that have been suggested near the Batchewaung Bay location are all intended to stimulate economic activity for Atikokan and the surrounding area. Each of these will be described briefly below, in terms of, at least conceptually, the types of facilities and activities that are being considered, and indications of the intended economic benefits.

5.4.7 Bio-Research Facility

Research is currently undertaken in Quetico Park by a number of different organisations since the park provides a somewhat unique environment in which to study a number of different subjects. However the extent of research undertaken in Quetico Park is considerably less than that which is undertaken in the Superior National Forest (Boundary Waters Canoe Area Wilderness). It is hoped that eventually, research facilities could be developed and made available to a variety of different organisations desiring to conduct research in this environment. These organisations are likely to include universities, colleges, private businesses, various federal and provincial government agencies, not-for-profit organisations, etc.

Initially, facilities would be more or less limited to labs and workspaces, and thus provide a venue for the researchers. It is not intended that this become a fully staffed research facility except to the extent that outside groups wished to post their researchers within the facilities on a permanent

basis. Ideally, the users of the facilities would make some financial contribution to the operating costs associated with the research centre.

This concept has been discussed on a limited basis with Ontario Parks staff, who are supportive, and has been raised with representatives of the Quetico Foundation, who have expressed a desire to be involved in any further discussions. The Foundation's potential participation is appealing, since they have financial resources available to both conduct research and potentially to contribute toward the cost of establishing such a facility. The Quetico Park Management Plan (1995) states:

"[The] construction of permanent structures within the park to facilitate a research project will not be permitted, however parks staff will co-operate in any feasibility study to locate a base for Quetico Park research in the Atikokan area outside the park itself."

5.4.8 Interpretive Centre and Trail User Staging Facilities

The Dawson Trail Campground Visitors Centre has limited facilities available for users of the Park and people travelling through the area on Highway 11. Establishing more extensive, state-of-the-art multimedia interpretive facilities at Batchewaung Bay has significant potential in terms of generating increased tourism activity in the Atikokan area. The interpretive facility concept is at a very early stage of discussion. However, it has been recognized by the people participating in these discussions that such a facility, to be effective, has to appeal to a broad cross-section of potential visitors who will range widely in age and interests.

The intent is to develop the concept of a facility that will be sufficiently interesting for people who are merely travelling through the area to stop and visit, and at the same time be of interest to Park users and trail network users. The specific themes and content of the exhibits have yet to be determined. However, there is a clear recognition that in order to effectively and dramatically stimulate tourism in the area, the interpretive offerings must be very high-calibre, utilising state-of-the-art technology and both educational and entertaining. As part of the discussions for the interpretive facilities it has been suggested that this might be an appropriate location for display of the Centennial Canoe which, it is hoped, may be repatriated, at least on a part time basis, to Atikokan. As well, consideration is being given to including some of the elements in the Canoe Heritage Centre that had previously been proposed, but which, to date, has not been successfully pursued.

A structure or structures sufficient to accommodate all of the potential uses that have been described above will have to be quite substantial in size and will be quite costly. At this point it is premature to hazard a guess as to the total capital costs of building all of these facilities. However, it is suggested that the structure(s) be developed on a phased basis, and that construction be modular in nature, so that it can be undertaken as need warrants and financial resources permit. It is likely that the research facilities, the Quetico Park entry facilities, the interpretive facilities and the trail-user facilities will cost several million dollars.

5.4.9 Private Sector Opportunities

Outfitters, both directly and indirectly, make significant economic contributions to the Atikokan and area economy. There is a core group of successful operators who, year in and year out, market their businesses well beyond the region and therefore bring a large number of visitors to Atikokan and the surrounding area. Many of the more successful operators have recognized the value of

expanding their businesses beyond traditional hunting and fishing, and equipping visitors for expeditions into Quetico Park. While continuing to service their traditional clientele, they have sought ways to both increase occupancy level at off-peak times, and offer a wider range of activities both in their own operations and by taking advantage of activities provided elsewhere in the region so that they could increase their appeal to a broader cross-section of markets and customers. It is this desire to increase occupancy levels, as well as the desire to provide a wider range of activities for visitors that has prompted many of them to support the diversification of tourism offering in the area. There appear to be significant opportunities to capitalize on the initiatives of several of the recreational, arts and cultural organisations that are based in Atikokan to achieve this end. The outfitters and other tourist operators recognized that increasing the number of visitors coming to the area to participate in activities and events sponsored by volunteer organisations in the area can supplement the business that they derive directly and indirectly from Quetico Park.

Next Steps – Quetico/Atikokan Wilderness Adventure Area

The Quetico Park Management Planning process will review these initiatives. The Township of Atikokan should seek funding of between \$150,000 and \$200,000 from FedNor and the NOHFC in order to initiate the feasibility and planning study.

The Township should continue discussions with the Trans-Canada Trail regarding official designation, leading to a partnership that would also include the Ministry of Natural Resources. The Feasibility and Planning Study will then move to begin on-the-ground verification of potential trail routes, market potential, capital and operating costs, etc.

We anticipate capital costs for this initiative to be in the range of \$4,000,000 to \$5,000,000 for road construction, \$2,000,000 to \$4,000,000 for trail development, and between \$5,000,000 and \$15,000,000 to develop a research facility, interpretive centre, Quetico Park entry and trail user facilities. These could be staged over several years.

5.4.10 Charleson Recreation Facilities Upgrading and Expansion

The Charleson Recreation Area is a venue utilised by the Atikokan Motorcross Club, the Atikokan SnoHo Club, 4x4 Club, Steep Rock Mountain Bikes, Horse Club and Ride for Sight. Each of these clubs, primarily through the efforts of their volunteers, have made significant strides in terms of developing appropriate facilities for their individual club needs and joint use by other clubs operating at the venue. As well, each organisation has had some successes with regard to attracting people from outside of Atikokan to various competitions and other events they sponsor

The Atikokan Sno-Ho Club appears to be one of the more successful clubs in Northern Ontario, and has developed an extensive trail network covering many hundreds of kilometres. Their clubhouse facilities are located in the Charleson Recreation Area. The mountain biking club has established a network of trails emanating from Charleson Recreation Area that also have attracted users from outside the immediate area. The horseback-riding club, while non-motorized and non-mechanized, has found that many of its needs can be met in the Charleson Recreation Area. These groups have banded together to begin developing longer-term facilities development plans for their individual and joint use, and a not-for-profit corporation has been established to manage the area.

It is evident that there are increasing numbers of people, both locally and from great distances who have an interest in the types of recreational activities that are provided at this location. Events that have been hosted by the groups have drawn people from throughout Northern Ontario, provinces to

the west and the United States. At this point, their main constraints are financial in terms of building new facilities, and the limits in the amount of time volunteers can provide to maintain and upgrade those facilities that currently exist.

There appears to be a major opportunity to expand the services and facilities available to both local users and in turn, attract significantly more users from outside the immediate area who will require food, accommodation, fuel, etc. during their stays in Atikokan. Consequently, further development at the Charleson Recreation Area is an integral part of the expansion and diversification of the tourism products and infrastructure that are envisioned for Atikokan.

Up to this point, the monies available to these groups for physical improvements within the boundaries of the Charleson Recreation Area have been quite limited. Further enhancements on a large enough scale, and of sufficient quality to have a major impact on tourism in Atikokan will require substantially more resources than have been available in the past. There are some fairly immediate needs in terms of the provision of water and electrical services and some improvements to ensure the safety of users and audiences at events. In the longer term, significant expenditures need to be made on buildings, lighting, trails, etc. to achieve the area's full potential.

There is an immediate need for directional signage from the Highway 11/11B intersection to the recreation area. At the present time, groups hosting events are dependant on handmade, often cardboard signs to provide direction to people arriving from out of town.

Next Steps

The Charleson Recreation Committee (under the Township of Atikokan), in partnership with the Atikokan Economic Development Corporation should seek funding of between \$50,000 and \$75,000 from FedNor and NOHFC in order to initiate feasibility and planning study. We anticipate capital costs for this initiative to be in the range of \$250,000 to \$500,000.

5.4.11 Bass Classic

The Atikokan Bass Classic has been growing steadily for nineteen years. Next year, 2007, will be its twentieth anniversary. In recent years, the volunteers involved with hosting the classic have had to turn away would-be entrants. The event is currently held on Dashua Lake, which can only accommodate sixty teams of two. Based on the experience of other similar fishing competitions in Northern Ontario and elsewhere, and the numbers of people that are currently being turned away each year, there is a significant opportunity to dramatically increase the number of entrants who are allowed to participate and therefore the economic benefit to Atikokan. In order to pursue this expansion, it will be necessary to relocate the Bass Classic to Marmion Lake, which however is closer to Atikokan than the existing venue. As well, there is a need to construct some basic infrastructure necessary for the operation of the competition, but which at the same time can be well utilised by other people throughout the summer season

Information supplied by the volunteers who manage the Classic indicates that for a relatively modest capital expenditure, there will be rather large increases in the number of participants and the resultant spending at area businesses both during the Bass Classic weekend and in the weeks leading up to and following the event. Ideally, the Bass Classic would be relocated and necessary infrastructure constructed in time for the 2007 twentieth anniversary competition.

Next Steps

The Bass Classic Committee, in partnership with the Township of Atikokan, the Atikokan Chamber of Commerce should seek funding from the NOHFC, FedNor and Services Canada of approximately \$25,000 in order to initiate the feasibility and planning study.

Step 1: Mapping of the new lake is required. The local MNR office will lend the required equipment, but funding to hire a student is required.

Step 2 A coordinator is also required to handle details of the expansion and infrastructure upgrades.

We anticipate capital costs for this initiative to be in the range of \$50,000 to \$100,000, while staffing and administration costs could run to \$50,000 (6-12 month contract).

5.4.12 White Otter/Turtle Lake Park Links to Atikokan

Turtle Lake Park is a non-operating provincial park west of Highway 622 between Atikokan and Ignace. Ontario Parks intends to increase the level of activity at this park over the next few years. This park is viewed as an important link in terms of tourism activity in the Atikokan-Ignace corridor. In particular, its proximity to White Otter Castle and its likely proximity to future trail development, possibly as part of the Trans-Canada Trail link with Ignace, increases the Park's potential value to Atikokan from a tourism development standpoint. At this stage, only limited information is available as to the nature and timing. This initiative does offer some benefits to Atikokan in terms of increased tourist activity in the region as well as, with some luck, the possible location of the Park's staff in Atikokan.

5.4.13 Atikokan/Quetico Tourism Marketing – Short Term

Linking more effectively the Township of Atikokan and Quetico Park, both perceptually and physically, and at the same time capitalizing on Quetico's reputation for wilderness experiences, are the keys to the major expansion of tourism in the area. The notion of "Adventure Country" and wilderness experiences become the focal points both in terms of tourism marketing and also tourism product development. The intent is that, eventually, Atikokan and Quetico will be thought of as the places to go for a wide range of outdoor recreational activities on a year-round basis, which are complimented by historical, educational, cultural and heritage attractions and a wide variety of trail-use activities.

At the present time, on a small scale, Atikokan offers a significant variety of outdoor experiences, but many of these are not known beyond the immediate area. While there are some events that occur over the year, most of these have the potential to be expanded and enhanced. Once this is accomplished, the area can be more effectively marketed further afield, thus drawing in increasing numbers of visitors. At the same time, the anticipated expansions and enhancements will increase recreational opportunities for area residents.

In examining the existing mix of options, it appears that there is a real opportunity for Atikokan to become the premiere destination, certainly in Northern Ontario, for a wide cross-section of trail-related experiences. In terms of non-motorized trail offerings, there is potential to develop a trail system which in some ways, while similar to what might be experienced in Quetico Park, would be less rigorous, less demanding, and therefore appeal to a large group of people who are not physically up to the challenge of the Quetico Park experience. Other types of mechanical and motorized trail activities could also be expanded and enhanced, thus catering to an even wider

range of potential visitors. On a limited basis, a number of clubs and volunteer groups in Atikokan have already demonstrated their ability to attract enthusiasts to several events which are hosted each year.

Next Steps

The Township of Atikokan in partnership with MNDM, MNR, MTO and MTR should seek capital funding of \$100,000 from FedNor, the NOHFC and Quetico Park in order to undertake design and produce highway signage.

5.4.14 TV Series Production

An Atikokan resident with extensive experience in the television and film industry is spearheading an initiative to develop and produce a television series in and about Atikokan and the surrounding area. The community stands to benefit in two very distinct ways. If it is possible to develop, finance, and eventually shoot the series in Atikokan, this will in itself have a significant impact in terms of increased spending and a positive impact on local employment. Secondly, the series has a potential to showcase Atikokan and the surrounding area to a very large, diverse audience. The positive effect of this showcasing can be seen in several other small communities throughout North America where television series have been produced. These communities have often enjoyed significant increases in tourism visitation as a result of the awareness created by the television show. A significant amount of work has already been devoted to the conceptual development of the show and the preparation of materials that will be required to move this project forward. Clearly, this is a high-risk initiative, which will require significant amounts of further effort and public sector resources to move forward. Nevertheless, it is an initiative that warrants careful consideration. Under normal circumstances, it would probably be extremely difficult to move such an initiative forward. However, given Atikokan's unique circumstances and the potential availability of federal and provincial financial assistance, Atikokan may be uniquely positioned to pursue this initiative.

If the project moves into production, there are opportunities for training and employment for area residents, as well as students and graduates of Confederation College's television and film production courses. The series is linked to the history of the Atikokan area, which makes the community uniquely suited to host the actual production. At the same time, there clearly are challenges and obstacles that must be overcome, not least of which is Atikokan's remote location in relation to other film and television production centres. However, there are examples of other television series that have been successfully launched in similarly remote locales.

A major challenge at this point relates to NOHFC's and FedNor's willingness to provide assistance to this initiative at this early stage of development. Although both agencies have in the recent past made repayable contributions to television and film production projects in Northern Ontario, their participation tends to be at a relatively modest level in relation to the private sector investment being made. Generally speaking, the combined contribution of NOHFC and FedNor is in the range of 20% of the total production budget. This funding is usually extended in the form of a repayable performance loan.

In the Atikokan situation, financial assistance from NOHFC and FedNor is required at a much earlier stage in the process, and before significant private sector investment has been committed.

In the spring of 2006 the Municipality of Atikokan, recognizing the challenges being faced by the proponents of the TV series production, provided seed money to enable the further investigation of

this opportunity in order to build a stronger case and establish its merits, and at the same time develop a promotional video for the Municipality. This work has been progressing and it is understood that initial reactions from television production industry sources have been quite positive. Nevertheless, the potential for undertaking production of this series is still uncertain. It is also uncertain what level of activity will actually occur in Atikokan versus other more traditional venues.

5.4.15 Atikokan/Quetico Tourism Marketing – Longer Term

Long-term marketing of the Atikokan-Quetico park area is very much dependant on the nature of future product and infrastructure development. While there are several marketable and attractive tourism products in the area including the facilities at Quetico Park and those of several outfitters, there needs to be substantial expansion and diversification of these products in order to maximise the yield from the rather significant expenditures that could be required for long-term marketing. Consequently, we suggest that a Long-Term Marketing Plan be developed concurrent with the planning and development of new facilities and attractions in the area. The Long-Term Marketing Plan will need to be well thought out. With this in mind, it is strongly recommended that the organisations tasked with the responsibility for overseeing the development of this plan seek assistance from various levels of government to retain qualified consultants to develop an appropriate marketing strategy that is consistent with the product offerings.

5.4.16 Canoe Heritage Interpretive Exhibits (Centennial Canoe)

Several years ago, Atikokan commissioned a study to look at the potential for establishing a Canoe Heritage Interpretive Centre. Although there was significant support in the community for implementation of this study, to date its implementation has not been pursued. The notion of a Canoe Heritage Centre seems quite logical given Atikokan's status as the canoe capitol of Canada and its proximity to Quetico Park. As well, there is a Centennial Canoe with strong ties to Atikokan although it is not currently in the Municipality but rather is in Thunder bay. While the idea of a separate Canoe Heritage Interpretive Centre is appealing, it should be noted that generally speaking, attractions of this type are rarely able to sustain operations based solely on revenues generated from admissions. In most instances, other sources of revenue, subsidies from municipalities, charitable donations, etc. are necessary to cover all operating costs. While it is often possible to find the capital funding required to build the facilities, operating funds are extremely limited from government sources. Consequently, it is recommended that rather than a separate Canoe Heritage Interpretive Centre, the possibility of expanding the current Visitor Information Centre to house at least a portion of the collection envisioned for the Canoe Interpretive Centre be considered. It is suggested that the analysis of this potential opportunity be conducted concurrently with the examination of potential for expansion and upgrading of the facilities at Atikokan's Visitor Information Centre.

5.4.17 Visitors Centre Facilities Upgrade

The Atikokan Visitor Information Centre located at the junction of Highways 11 and 11B leading to Atikokan will require upgrading in order to be consistent and compatible with other developments proposed in the area south of Highway 11 and adjacent to Quetico Park. The Northwoods Adventure Country Management Plan contains some recommendations relating to upgrades and improvements at the Visitor Information Centre, however, it will have to be determined whether the enhancements described in that report are sufficient and appropriate given the larger-scale development that is contemplated south of the Centre.

It is extremely important to ensure that the Visitor Information Centre, like the facilities at Batchewaung Bay, be visually appealing, entertaining and informative. The Visitor Information Centre, particularly for people passing on Highway 11, will be a key force influencing people's decision to stop in Atikokan and spend some time.

The Visitor Information Centre should be viewed as serving two distinct but related purposes; for those people who, in advance of their arrival in Atikokan, intend to spend time in the Town, it will be the first point of contact in terms of acquiring information about Atikokan and the surrounding area and receiving direction to points of interest, accommodation, restaurants, shops, etc. It will be extremely important to make a very positive impression on these individuals during this time of initial contact with the community.

Of equal importance is the Centre's ability to encourage people who are travelling Highway 11 to spend time in Atikokan, which they may not have been planning to do, but which they may consider once they are aware of what is offered. In many instances, this decision to visit points of interest may in turn result in these people making expenditures that would not have occurred had they continued their drive. In ideal circumstances, some people's schedules will be flexible enough that they decide to spend one or two unscheduled nights in Atikokan.

5.4.18 SnoHo Bridge – Atikokan/Ignace Trail

The Atikokan SnoHo club has been receiving major attention from television companies whose productions cater to snow machine enthusiasts. This, combined with the Club's active marketing and promotion, as well as the quality and length of its trail network, is increasing Atikokan's attractiveness to visitors as a snow machining hub. The Club is undertaking a number of initiatives in terms of working with area outfitters and other businesses to ensure that people who come to Atikokan for snow-machining experiences have a wide range of choices available to them. Among other things, the Club is establishing a lengthy snow machine route from Atikokan around Quetico and Boundary Waters Canoe Area Wilderness and returning to Atikokan. This particular route was the subject of a recent television program, filmed this past winter.

At the present time, there is a significant safety issue affecting the route from Atikokan to Ignace. Initially, this route traversed a number of bodies of water and use of the trail was limited by the length of time lakes were frozen to sufficient depths to allow safe passage. It became evident that this route, which was dependant upon ice forming, was severely curtailing the operating season for snow machines on the trail. As a result, a new route that is much more land-based, running somewhat parallel to the former route, has been established. However, there is one point at which a water crossing cannot be easily avoided. Because of the limited time that this particular lake is sufficiently frozen, the Sno-Ho club is seeking to build a bridge over a portion of the lake. It should be noted that the snow machine club in Ignace lost their grooming machine this past year as a result of inadequate ice.

Some initial investigation has been undertaken into building an appropriate bridge. A representative of the Sno-Ho Club has estimated that it could cost as much as \$250,000, but acknowledges this is only a guess. Aerial photography will be examined to get a better sense of the required length of the bridge, its probable positioning, and to the extent possible, estimate "order of magnitude" costs associated with its construction.

5.4.19 Walleye Hatchery Studies

The Atikokan Conservation Club has been operating a walleye hatchery for several years, and in the view of its members, has been successfully stocking lakes in the area. During most of its operating life, it has been almost entirely dependant on volunteer labour to sustain its operations. However, for a one-year period, the Club did have a full-time staff person to both help operate the hatchery and develop a business plan for future activities. According to the Conservation Club's records, it has had some success in terms of attracting tourists and providing tours of its facilities. However at this point it is somewhat constrained in terms of what it is able to provide during these tours, since most of its activities occur during a very short period of time prior to the peak summer tourist season.

Over the years, representatives of the Ministry of Natural Resources have sought to assist the Conservation Club in whatever way they reasonably can. Over this time there have been some differences of opinion as to the nature of the operations and the impact of the stocking activities. Nevertheless, there is a consensus among all parties that the hatchery is a worthwhile initiative that may provide a useful base on which to launch a more extensive pilot project relating to hatchery operations and stocking impacts. As well as working with the Ministry of Natural Resources, members of the Conservation Club have maintained regular contact with, and received the support of, the Ontario Federation of Anglers and Hunters (OFAH).

Establishing such a pilot project has the potential to provide an ever more interesting small-scale tourist attraction, and at the same time generate some modest employment increases. Both the OFAH and MNR have indicated a willingness to work with the Atikokan Conservation Club on this initiative. At this point the three organisations are discussing the nature, structure and objectives of such a pilot project.

Next Steps

The Atikokan Sportsmen's Conservation Club should seek funding from MNR and OFAH of approximately \$25,000 to commence a Feasibility and Planning study. Capital costs for this initiative are expected to be in the range of \$200,000 over two years.

5.4.20 Intergenerational Centre Art/Wilderness Experience Packages

Atikokan is extremely fortunate to have the Atikokan Intergenerational Arts Centre. It is an extremely valuable asset to the community, which offers programs, and services to residents and visitors alike. To date however, the majority of people availing themselves of the Centre's programs are area residents. The range and quality of programs and offerings is considered to be quite extraordinary by many in the community who value the Centre greatly. The Centre operates with very limited revenues and grants. That the Centre has endured is a testament to its staff, the people who participate in its programs and attend its performances, and the many volunteers who support its initiatives.

In order to sustain and expand its offerings, there is a need to identify and pursue new revenue-generating initiatives. There appears to be an opportunity to link the Centre and its programs and activities to the quest to expand and diversify Atikokan's tourism offerings. One of the most promising opportunities appears to be the possibility of offering its arts-related facilities and programs in conjunction with the existing outdoor recreational and wilderness experiences as well as those that are planned in the future. As an example, a package could be developed which includes the use of studio space at the centre, instruction, guided day or overnight trips into Quetico Park and to other points of interest throughout the area with accommodation at existing hotels,

motels, resorts and outfitters. Another possibility would be to work in cooperation with area resorts and outfitters to provide family packages that would include a mix of outdoor activities with arts-related activities at the centre.

Arts and cultural tourism is receiving increasing attention from federal and provincial agencies and there is a likelihood that some financial support can be found to help pursue these types of initiatives in Atikokan.

5.4.21 Steep Rock Iron Mines Interpretive Facilities

The Steep Rock Iron Mine Site has significant potential in terms of developing a tourism attraction that capitalizes on Atikokan's history and culture. The intent is to establish mine site interpretive facilities that may include a combination of both indoor and outdoor exhibits. These exhibits will be very effective in terms of sharing some of the history and culture of Atikokan with visitors to the area. At the same time, because of the significant impact the initial opening, operation and eventual closure of the mine had on Atikokan, it is an important part of many residents' lives.

There are many examples of similar facilities being very effective in terms of providing an activity for visitors while enabling people in the community to maintain their links to their heritage. A specific example of achieving both of these objectives can be found in the Discover Geraldton Interpretive Centre, a facility where through the use of interior and exterior interactive, multi-media and traditional exhibits provides a dramatic, entertaining and educational perspective on the Town's history. Although funding for such facilities is usually justified to federal and provincial funding agencies on the basis of the economic impact derived through additional tourism, there is also a significant benefit to residents. In Geraldton for example, there are significant numbers of people who are now stopping in Geraldton because of the Interpretive Centre, and large numbers of the Centre's annual visitors are area residents.

The dormant Steep Rock Mine site leaves a dramatic impression on anyone who views it. The sheer scale of the mine operation and of the equipment that extracted the ore can only partially be conveyed by the murals that adorn several downtown Atikokan buildings. These murals can be used effectively as a teaser to encourage people to actually visit the site if appropriate interpretive facilities are developed.

As with other initiatives, development of Steep Rock Iron Mine's interpretive facilities could be done on a phased basis as funding and other resources permit. Nevertheless, it is an integral part of broadening the range of tourism products being offered in and around Atikokan.

5.4.22 Museum and Historical Park Upgrading/Expansion

The Atikokan Museum and Heritage Park has a business plan which highlights a variety of enhancements and upgrades for facilities both in the Museum itself and in the buildings in the Heritage Park. These certainly should be included in any long-term planning for the development of tourism products and infrastructure in Atikokan. However, as is often the case with local museums, it is very difficult to find programs that will provide significant capital assistance and even rarer, to be able to find programs that provide ongoing operating support at a level which is sufficient to sustain the capital improvements. As well, traditional displays of artifacts, which are often found in local museums, frequently do not generate a significant level of interest among visitors. While there are people who will attend museums in every small community they visit, this tends to be a "hard-core" group of small-town museum enthusiasts and it is often difficult to

generate broader interest from the travelling public. Consequently it is important that the museum look at its future plans both from the standpoint of traditional displays of artifacts and other materials and the possibility of introducing other forms of exhibits that appeal to a wider range of visitors.

5.4.23 Highway 11/11B Batchewaung Access Intersection

Two significant factors must be considered regarding this intersection. The Ministry of Transportation has strict guidelines regarding intersections and the addition of new roads leading from intersections. These are being taken into account in the analysis of building the new access road from the Visitor Information Centre to Batchewaung Bay. In addition, since there will most likely be some modifications made to the existing intersection configuration, this is an opportune time to look at means by which the intersection itself can be made more visually appealing and effective in terms of diverting people from Highway 11 to either the Batchewaung facilities or downtown Atikokan.

5.5 Manufacturing

Several individuals were interviewed by members of the team over the course of the study regarding specific new business opportunities that they wished to pursue. In most cases, while there may have been some merit to the business idea, resources of varying types were lacking which has limited their implementation. These range from technical expertise to management skills to financing, etc. Most of these opportunities were discussed with the consultants in confidence so it is not possible to specifically identify these particular new business ideas in this report, other than in a general way. However, what was clearly evident was the need for additional assistance, both financial and advisory to aspiring entrepreneurs or those with existing businesses that sought to expand them. Without these additional resources, it is unlikely that many of these ideas will ever be pursued and successfully implemented.

5.6 Retail/Services

5.6.1 Retail Market Outshopping Analysis

Many communities throughout the Province of Ontario have undertaken retail market analyses and similar studies. Generally speaking, these have yielded positive benefits to the community as a whole, and the individual businesses operating in them. These retail market analyses involve looking at the shopping patterns of area and regional residents to determine what they are purchasing in the immediate area and what they are purchasing outside the area in larger centres such as Thunder Bay and beyond. If done well, these studies entail extensive telephone survey research and elicit very detailed information regarding products and services that are purchased outside the area and locally, and the amounts spent on each. With this information, local businesses are often able to identify opportunities for the expansion of existing product lines or the introduction of new products and services. In the event that some of the tourism-related initiatives and other initiatives that have been identified to attract new businesses and new services and therefore increased employment should all contribute to a more vibrant retail environment. It is particularly important that the public sector physical improvements to the downtown area that will be pursued based on the DARC plan be done in conjunction with encouraging private property owners to enhance the overall appearance of their lands and establishments. The Ontario Ministry of Agriculture, Food and Rural Affairs is currently conducting pilot studies to foster improvements in downtown areas and in downtown businesses.

5.7 Information Technology

5.7.1 Business Support Services

Some Canadian companies and public sector groups that provide or are substantial users of outsourced business support services and/or data processing may find that the cost of locating and operating these services in the Atikokan area to be low risk compared to alternatives. There could be comparably low capital start-up (FedNor HRDC and NOHFC) and operational costs (labour, land and training) to start or relocate services to northern Ontario. Subsidies and grants may make this initiative very attractive.

Focus on the North American Industrial Classification System (NAICS) codes 5182 (Data Processing, Hosting, and Related Services) and 5614 (Business Support Services). It is believed that many of those unemployed in the region are well-suited for employment in these sectors. Since enterprises in these sectors can operate at long distance from their customers and other business-critical locations, Atikokan should be able to attract businesses to start or relocate some of their operations to the region. Atikokan's low unionization, low level of competition and recent technological advances may provide an advantage over higher-cost regions in the province.

Next Steps

The Township of Atikokan and/or the Atikokan Economic Development Corporation should seek funding of between \$80,000 to \$100,000 from MNDM, FedNor, OMAFRA and HRDC in order to begin a Feasibility and Planning Study, and complete the demand and supply side analysis. Subsequently, it will be necessary to complete a targeted public/private organizations list for direct marketing. Costs for this marketing are anticipated to be approximately \$100,000.

5.7.2 Atikokan Online ("Portal") – Single Source, Multiple Users/Services

Consumers use the Internet to make decisions. The availability and completeness of information online related to Atikokan is important. Without clear, available and complete information, Atikokan will be unable to demonstrate its unique attributes or value proposition through this important channel.

The Atikokan Economic Development Corporation is investigating the potential implementation of portal technology as an instrument to further its economic diversification opportunities, promote tourism, attract industry and commerce, promote the region to a global audience and provide a single source of comprehensive Atikokan information. The goal of a portal is to create clear, available and complete information about Atikokan online. Atikokan will be able to demonstrate its unique attributes or value proposition through this important channel to lure Atikokan tourists, professionals, businesses to start up or relocate public/private operations to the region. Local businesses will leverage the same infrastructure to sell services and products online using e-commerce stimulating further local economic activity.

Approximately 20 million Canadians use the Internet. Approximately 17 million Canadians use it to find information, because the Internet has enabled users to easily conduct rapid ad hoc research, primarily by using the web. At present, Atikokan is at a disadvantage over other north Ontario communities making a more favourable impression online. In support of related projects a strong and effective online presence is necessary. This will demonstrate that Atikokan is a forward thinking and progressive place to live, work and conduct business.

In Connected Insight's experience, there has been a 50% drop in costs associated with the development and implementation of municipal portals in recent years. Moreover, the vendor market has matured and the technologies have become very robust, scalable and easier for line of business managers and staff to own and manage their own content and sometimes maintain their own applications.

Priority economic development initiatives likely to benefit include: Cottage Lot Development, Charleson Recreation Area, Atikokan-Quetico Park Adventure Trails and Interpretive Facility, Business Support Services, other tourism and local business promotion.

Governments have experienced significant public demand for services and information delivered over the Internet. The idea of a single government portal providing a single point of contact for citizens and businesses to access services from the project partners is a logical next step in the evolution of the Atikokan Online concept.

Structural and process re-engineering can provide more efficient, integrated services that reduce the number of steps and amount of paperwork for citizens and service departments. It is important to recognize that the business processes and staff responsibilities are likely to change with increased municipal electronic service delivery.

In our experience, the level of effort required to manage these changes can overshadow the technology implementation. Therefore, putting business needs and requirements definition first and taking an end user approach to solution design will improve the likelihood of overall project success. This way, e-government has become a catalyst for change and a driving force for transformation within government.

Next Steps

The Township of Atikokan and/or the Atikokan Economic Development Corporation should seek funding of between \$75,000 to \$100,000 from MNDM, FedNor, and OMAFRA in order to begin a Feasibility and Planning Study. An RFP must be issued for Requirements Gathering and Business Planning, in order to select the most appropriate Solution/Vendor.

Capital costs for the Atikokan Online Portal are anticipated to be as high as \$500,000.

6.0 Matrix 1 – Opportunity/Initiatives Screening

This matrix, following, summarizes all economic development initiatives identified during the course of the project, and discussed in the preceding sections of this document. These were brought forward for consideration by Atikokan residents and business representatives, by the consultant team, and by provincial government agencies.

The matrix indicates the key features and characteristics of each identified initiative, in a format intended to facilitate overview. The relative priority of each initiative is indicated.

Where information is omitted with respect to an element or elements of a particular initiative, or where a question mark appears, this signifies that insufficient information is currently available to make a credible assessment.

Atikokan Strategic Economic Development Plan		Consulting Team Contact	Public Sector driven	Private Sector driven	Not-for-Profit Driven	Market Potential	Competition	Resident Benefits	Compatibility	Employment Potential - Direct	Capital Costs	Public Investment req'd	Private Investment req'd	Level of Risk	Likelihood of Public Invest.	Likelihood of Pvt. Invest.	"Doability"	Overall Economic Impact	Further research required?	PRIORITY	Comments
INITIATIVE																					
Forest Products																					
Laminated Veneer Lumber (LVL) Plant		FR/WLL		●		H	M	H	H	H	H	Y	Y	M	M	H	M-H	H	N	1	
Other Value-Added Products (Confidential)		FR/WLL		●		?	?	?	H	?	?	?	?	?	?	?	?	?	Y	1	
Mineral Prospecting, Development and Mining																					
Atikokan Mineral Development Initiative -- AMDI		WLL	●	○		H	H	H	H	L		Y	Y	L	H	H	H	H	N	1	AMDI - Phase 1
- Updated Geological/Geophysical Survey		PR		●		?	?	H	H	H	H	Y	Y	?	?	?	?	H	Y	1	Under study by industry proponents
Bending Lake Iron Ore Mine		WLL		●		M	H	H	M	M	M	Y	Y	M	M	M	H	H	N	1	Follows AMDI - Phase 2
Small-Scale Gold Mining Initiatives		WLL		●		M	H	H	M	M	M	Y	Y	M	M	M	H	H	Y	1	Follows AMDI - Phase 2
Custom Gold Milling Initiative		WLL		●		M	H	M	M	M	M	Y	Y	M	M	M	M	M	Y	1	Follows AMDI - Phase 2
Industrial Minerals Development		WLL		●		M	H	M	M	M	M	Y	Y	M	M	M	M	M	Y	1	Follows AMDI - Phase 2
Energy																					
OPG, AGS Alternatives		PR	●	●				H		H		Y	?	?	?	?	?	H	Y	1	Not within scope of this study
Proposals to be invited (Confidential)		PR		○		?	?	H	H	L	H	Y	Y	H	H	H	?	H	Y	1	Planning Underway
Bio-Energy Research Centre		WLL		○		?	?	H	L	L	H	?	Y	?	?	?	?	?	Y	2	
Co-Generation Possibilities		FR/WLL		●																	
Steep Rock Mine - Water Generation Development		PR	○	○		L	H	M	M	M	H	Y	Y	H	M	L	L	M	Y	3	Study not undertaken
Ethanol Study		WLL		○																	
River and Falls Hydro Generation		PR	●	●																?	Completed
Alternative Fuel Study		PR	●	●																	

Key

● - Primary	○ - Secondary	● ->50	M - 20-50	L - <20	H - >\$1m	M - \$250k - \$1m	L - <\$250k
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Proponents Employment Capital Costs

Atikokan Strategic Economic Development Plan		Consulting Team Contact	Public Sector driven	Private Sector driven	Not-for-Profit Driven	Market Potential	Competition	Resident Benefits	Compatibility	Employment Potential - Direct	Capital Costs	Public Investment req'd	Private Investment req'd	Level of Risk	Likelihood of Public Invest.	Likelihood of Pvt. Invest.	"Viability"	Overall Economic Impact	Further research required?	PRIORITY	Comments
INITIATIVE																					
Tourism, Recreation and Cultural Sector																					
▪ Cottage Lot Development	W/L	•	•	•	•	H	L	L	H	L	L	Y	Y	L	?	M	H	L	Y	1	Underway - MNR proponentcy
▪ Quelfico/Atikokan Wilderness Adventure Area	PM	•	•	•	•	H	L	H	H	L	H	Y	Y	M	H	?	M	H	Y	1	
▪ Multi-Use Trail Loops - East and West	PM	•	•	•	•																
▪ Trans-Canada Trail Designation	PM	•	•	•	•																
▪ Beaten Path Nordic Trails	PM	•	•	•	•																
▪ Atikokan/Batchewaung Access Road	PM	•	•	•	•																
▪ Bio-Research Facility	PM	•	•	•	•																
▪ Interpretive Centre and Trail User Staging Facilities	PM	•	•	•	•																
▪ New Park Entrance																					
▪ Private Sector Opportunities	PM	•	•	•	•																
▪ Charlifson Recreation Facilities Upgrading and Expansion (Motorcross, ATV, Snowmachine, Horseback Riding, Mountain Biking)	PM	•	•	•	•	H	M	H	H	L	H	Y	Y	M	H	?	M	H	Y	1	
▪ Market Analysis																					
▪ Financial Analysis																					
▪ Facilities Plan																					
▪ Water/Hydro																					
▪ Safety Fencing																					
▪ Clubhouse Facilities																					
▪ Marketing/Signage																					
▪ Bass Classic Expansion	PM	•	•	•	•	H	M	M	H	L	L	Y	Y	L	M	?	H	M	Y	1	
▪ White Otter/Turtle Lake Park Links to Atikokan	PM	•	•	•	•	?	L	L	H	L	?	Y	Y	L	H	H	H	L	Y	1	
▪ Atikokan/Quetico Tourism Marketing - Short Term (Community and Highway Signage)	PM	•	•	•	•	H	H	L	H	L	L	Y	Y	M	H	M	H	H	Y	1	
▪ TV Series Production	PM	•	•	•	•	H	H	M	H	?	H	Y	Y	H	?	?	?	L	Y	1	
▪ Atikokan/Quetico Tourism Marketing - Longer Term	PM	•	•	•	•	H	H	L	H	L	M	Y	Y	M	H	M	H	H	Y	2	
▪ Cance Heritage Interpretive Exhibits (Centennial Cance)	PM/PR	•	•	•	•	M	L	M	H	L	?	Y	Y	?	?	?	?	?	Y	2	
▪ Visitors Centre Facilities Upgrade	PM	•	•	•	•	H	L	H	H	L	L	Y	Y	L	H	?	H	H	Y	2	
▪ ShoHo Bridge - Atikokan/Ignace Trail	PM	•	•	•	•	H	H	H	H	L	M-H	Y	Y	L	M	?	M	M	Y	2	
▪ Walleye Hatchery Studies	PM	•	•	•	•	M	L	M	H	L	L	Y	Y	L	?	?	M	L	Y	2	
▪ Intergenerational Centre At/Wilderness Experience Packages	PM	•	•	•	•	M	L	M	H	L	L	Y	Y	L	?	?	M	M	Y	2	

5.8 Municipal/Community Development

There is a clear recognition and a fairly broad-based consensus that Atikokan must make itself more attractive and appealing to residents, tourists, potential new residents, businesses seeking to relocate or expand, etc. Atikokan, without question, is located in an extraordinarily beautiful wilderness area which offers great potential in terms of outdoor activities. These are attributes which the community will seek to capitalize on through many of the initiatives identified in this report. However, the township itself must improve its appearance so that it is more compatible with its natural surroundings in terms of the overall quality. As well, there are additional elements of public and private infrastructure that must be developed, particularly if Atikokan is to attract new businesses and new residents. The following opportunities highlight some of these areas where the Municipality can enact community improvements.

5.8.1 DARC (Downtown Improvements) Implementation

A study has been completed for the Municipality which describes options for physical improvements that would greatly enhance the visual appeal of downtown Atikokan. Municipal Council have been actively seeking to identify mechanisms for implementing this plan. In particular, the Municipality does have a major capital campaign planned to upgrade sewer and water infrastructure along certain key streets in the downtown area. Implementing these improvements is partially dependant upon receiving funding through the Province of Ontario's COMRIF program. The Municipality intends to coordinate the sewer/water infrastructure improvements with the streetscaping and other aesthetic improvements that were proposed in the DARC study.

5.8.2 Town Beautification

More broadly speaking, outside the downtown area, it should be noted that there are a number of other areas in Atikokan that could definitely be improved aesthetically, particularly along the route from Highway 11 to downtown Atikokan. Numerous properties have collections of abandoned or rarely used pieces of equipment, and several buildings are somewhat dilapidated, some of which appear to be vacant and not very sturdy. While this situation is not limited solely to the entry to Atikokan and its downtown, it is immediately apparent to visitors, and there is a general need to encourage property owners to improve the overall appearance of their land and buildings. While this is important to local residents, it is absolutely critical in terms of improving the impression that people visiting Atikokan as tourists, potential residents or new business developers have of the community, along with the likelihood that they will want to spend time there.

In 2004, Werner Shwar, Landscape Architect was hired to update downtown beautification plans and to include a complete costing. Three options were presented for the downtown core and public consultations were held to obtain input from the community. The total projected cost is \$3,670,000 however, there is apparently funding available which would cover 2/3 of the cost and the Township would be responsible for the remaining third. In addition, since the infrastructure will require work on the water and sewer lines within the next 10 years, it was decided to have the upgrades completed while the beautification plans are being implemented.

5.8.3 Barrier-Free Initiative

The Municipality is spearheading a number of barrier-free initiatives to make more buildings accessible to physically disadvantaged individuals. This is a long-term undertaking and in many cases can involve significant expense to both public and private-sector property owners. Yet, again

it is quite important in terms of the impression Atikokan gives to visitors and therefore their comfort level in the community.

5.8.4 Industrial Land

The municipality does own several pieces of property within the Township boundaries, as well as the Industrial Mall which is not fully utilized by tenants. It is always a challenge for Municipalities when weighing the pros and cons of acquiring appropriate tracts of land and spending the money required to provide basic Municipal services, including sewer and water. On the one hand, there is no guarantee that these expenditures will ever be recovered, yet on the other, most businesses seeking to locate in a community are only interested in those communities which have immediately available serviced land. While there are clearly significant advantages to Atikokan developing an appropriate Industrial Park that the Municipality undertake a thorough inventory of its available Municipally-owned lands, as well as private property that might be suitable for development. Since Municipal staff resources may be limited in terms of having the time to undertake this exercise, it may be necessary to hire consultants with the expertise to both undertake the inventory and provide some indications of the merits or lack thereof of developing one or more sites.

5.8.5 Better Quality Houses

Over the course of this study, there were frequent comments that while there are a significant number of houses on the market in Atikokan, there is only a very limited number of better-quality houses that come to market with any regularity. Many are concerned that this lack of quality housing is an impediment to attracting higher income earners and professionals who may be considering accepting positions within the community. While this is not a problem that the Municipality can directly remedy, Municipal Council and administration should, possibly in cooperation with the AEDC, initiate discussions with area developers to see if there is a way to expand the better quality housing stock.

5.9 Government, Social, Health, Education

5.9.1 Atikokan Hospital – Long-Term Care Facilities

Recently, a decision has been made which allows Atikokan to withdraw its support from the Rainy Crest Long-Term Care Facilities located in Fort Frances. Municipal contributions that had been made annually to Rainy Crest can now be directed to the Atikokan General Hospital, where there is currently a two-year waiting list for beds in the AGH's Extended Care wing. It is anticipated that this additional funding, plus other funding from the Province, will enable the hospital in Atikokan to move forward on plans to add an additional fifteen long-term care beds. As well, further expansion resulting will enable the hospital to add a family health team and provide additional space for other health-care practitioners. An expansion plan was completed in 2003, however it requires updating given the change in circumstances. The hospital is in a position to provide the funds to update the expansion plan and a "Friends of the Hospital" committee has been established to raise ten percent of the capital required to obtain funding from the Ministry of Health long-term care branch.

Next Steps

The Hospital will provide the funds required to update the expansion plan. Feasibility and Planning for this initiative is likely to be in the range of \$100,000, and a "Friends of the Hospital" committee has been formed to raise the 10% capital required to obtain funding in the range of \$10,000,000 from MHLTC.

5.9.2 Relocation Of Government Agencies

Relocating existing government services to Atikokan and/or directing that new agencies and services being established by the Province of Ontario be located in Atikokan is one of the most effective ways to potentially offset impending job losses if the Atikokan Generating Station is eventually closed, or to expand and diversify the community's economy. Over the course of the last several months, a few specific opportunities have been identified and brought to the attention of the Assistant Deputy Minister's committee that is overseeing the development of Atikokan's Strategy. However, to date, no specific action appears to have been taken on any of the opportunities that might potentially fit in Atikokan. It is recognized that relocating existing employees and services provides a much greater challenge to the Provincial government than does the designation of Atikokan as the location for new services that will be provided directly by the Province, or by those who may be providing new contract services on behalf of the province. Many of the services that are under consideration fall into the information/technology sector and therefore these specific opportunities can be identified and pursued assuming that the recommendations relating to IT are in fact implemented.

5.9.3 Improved Eastern Hwy 11 entrance to Atikokan

As part of the overall improvements to tourism infrastructure and products, community appearances and Visitors Centre upgrades, it is suggested that the Eastern access from Highway 11 on Highway 11B to Atikokan be assessed in terms of potential improvements in traffic flow. It is very likely that traffic activity at the intersection will increase significantly if the Atikokan-Quetico Wilderness Adventure Area is developed to its full potential, concurrent with the expansion of facilities and upgrades at the Visitor Information Centre. While these improvements are not among

the highest-level priorities, it is important that the intersection improvements be considered as the other more immediate initiatives proceed.

5.9.4 Quetico Adventure School

Since 1965, the Atikokan High School Outers' Program has helped students to mature and reach their full potential. It is a unique curriculum which has been developed to encourage leadership, confidence, self-awareness and self-esteem, and utilising Quetico Park as part of the mechanism instilling these qualities. The Quetico Adventure School has been developed as an option for students from outside the area to undertake a year of their high school education at the Atikokan High School and experience the Outers' Program. The school is open to those in grades 11 and 12 from anywhere in the world, however to date it has only achieved limited success in attracting participants from outside the immediate area. While there are some limited benefits to attracting students from other parts of Ontario, effectively, there is not a significant net gain to the community nor to the school board. The only advantage to the school board is that the student-per-capita rates paid to the students' original board are transferred to the Boards overseeing the Atikokan High School. There is some limited economic benefit based on the students' requiring housing, food etc.

A limited marketing campaign has been undertaken but the resources available for this to date have been quite limited. It appears that the most significant opportunity for economic benefit to the community and to Atikokan High School would be derived from marketing the program to students who reside outside of Ontario and more specifically to those who reside outside North America. Substantial tuition fees could be charged to these students wishing to partake in the program and there is significant interest in Europe and Asia regarding the Canadian Wilderness. In order to successfully market to these target groups, it will be necessary for the high school to find significant financial resources to cover the costs of marketing, and additionally some at least part-time staff to oversee this program. It is estimated that it could take in the range of \$300,000 to cover the cost of pursuing this initiative over a three-year period of time.

Next Steps

The Atikokan High School, in partnership with the Rainy River District School Board should seek capital funding of \$300,000 (over three years).

5.9.5 Airport Runway Upgrading

Airport runway upgrading is always a challenge for small communities, particularly those that do not have regularly-scheduled air service. In the past, Atikokan had been eligible through the federal government's ACAP Program, however this program is dependant on having a minimum number of scheduled air service arrivals and departures annually. Consequently, it is not evident what means might be available to assist the municipality in undertaking improvements to existing airport facilities.

While having a serviceable airport can be a deciding factor for some businesses that may consider locating in Atikokan, the community's proximity to Thunder Bay is likely in many instances to offset the fact that regularly-scheduled service is not available in Atikokan. However, the Municipality should continue to monitor the potential for either Federal or Provincial assistance to at least ensure the ongoing safe operation of the existing airport, its runways and other facilities.

5.9.6 Western Entry Off Hwy 11 to Atikokan

It has been suggested that Atikokan would benefit from a western entry point to the downtown area from Highway 11. While this may be a convenience, at the present time it is unlikely that this is an affordable option for the Municipality to undertake since it would be very difficult to justify the required expenditures from provincial funds that would be necessary to construct a second entry point. However, the circumstances could change for the better in the event that there is a significant increase in industrial traffic resulting from the potential operation of an LVL plant and other tenants who could eventually utilise space if an Industrial Park is built on the Western side of the community. It has been noted that the terrain leading from Highway 11 to the Western side of Atikokan and the downtown area will present significant challenges in terms of construction and therefore make this construction somewhat expensive.

Atikokan Strategic Economic Development Plan													Comments						
Opportunity/Initiatives Screening Matrix 1													PRIORITY						
INITIATIVE	Consulting Team Contact	Public Sector driven	Private Sector driven	Not-For-Profit Driven	Competition	Resident Benefits	Compatibility	Employment Potential -Direct	Capital Costs	Public Investment req'd	Private Investment req'd	Level of Risk	Likelihood of Public Invest.	Likelihood of Pvt. Invest.	"Doubtly"	Overall Economic Impact	Further research required?		
<ul style="list-style-type: none"> Sleep Rock Iron Mines Interpretive Facilities Museum and Historical Park Upgrading/Expansion 	PM	●	○	M	L	M	H	L	H	Y	Y	M	H	?	M	H	Y	2	
	PM	●	○	M	M	M	H	L	?	Y	Y	M	H	?	L	L	Y	3	
<ul style="list-style-type: none"> Retail/Services Retail Market Outshopping Analysis 	PM	○	●	H	H	H	H	L	?	Y		L	?	?	H	M	Y	2	
Manufacturing <ul style="list-style-type: none"> Recreational Products Expansion Large Outdoor Plastic Shelter Components Replica Antique Birch Furniture Pharmaceutical Manufacturing Snow Machine Accessory 	PR	●	●	M	L	L	H	L	M	?	Y	M	M	L	M	L	Y	2	
	PR	●	●	L	L	L	H	M	M	?	Y	H	M	L	L	M	Y	3	
	PR	●	●	M	H	L	H	L	M	?	Y	H	M	L	L	L	Y	3	
	PR	●	●	L	H	M	H	M	M	?	Y	L	M	L	L	M	Y	3	
	PR	●	●	M	L	L	H	L	M	?	Y	M	M	M	M	M	L	Y	3
Information Technology <ul style="list-style-type: none"> Business Support Services Atikokan Online ("Portal") - Single Source Multiple Users/Services 	PM/MD	●	●	H	H	H	H	M	Y	Y	?	?	H	?	M	H	Y	1	
	PM/MD	●	○	H	H	H	L	M	Y	Y	?	?	H	?	M	H	Y	1	
Municipal/Community Development <ul style="list-style-type: none"> DARC (Downtown Improvements) Implementation Town Beautification Barrier-Free Initiative Industrial Land Better Quality Houses 	PM	●	●	H	L	H	H	L	H	Y	?	M	H	?	H	H	N	1	
	PM	●	●	H	L	H	H	L	H	Y	Y	L	M	?	M	L	N	1	
		●	●	?	M	M	H	L	?	Y	Y	L	?	?	M	L	N	1	
		●	●	M	H	M	H	?	H	Y	Y	M	?	?	M	H	N	2	
		●	●	M	L	H	H	M	H	Y	Y	M	?	?	M	L	Y	2	
Government, Social, Health, Education <ul style="list-style-type: none"> Atikokan Hospital - Long-term Care Facilities Relocation Of Government Agencies Improved Eastern Hwy 11 entrance to Atikokan Quietco Adventure School Airport Runway Upgrading Western Entry Off Hwy 11 to Atikokan 	PR	●	●	H	H	H	H	?										1	
	PR	●	●	H	H	H	H	?	Y	Y	L	L	?		M	H	Y	1	
		●	●	?	L	M	H	L	L	Y	N	L	?		M	M	Y	2	
	PM	●	●																3
		●	●																3

Atikokan Strategic Economic Development Plan																					
Opportunity/Initiatives Screening Matrix 1																					
INITIATIVE	Consulting Team Contact	Public Sector driven	Private Sector driven	Not-For-Profit Driven	Market Potential	Competition	Resident Benefits	Compatibility	Employment Potential - Direct	Capital Costs	Public Investment req'd	Private Investment req'd	Level of Risk	Likelihood of Public Invest	Likelihood of Priv. Invest	"Doability"	Overall Economic Impact	Further research required?	PRIORITY	Comments	
Implementation Resources																					
▪ AMDI Coordinator	WLL	•	•													H			1	Hired	
▪ Economic Geologist	WLL	•	•																1	Under discussion with MNDM	
▪ Implementation Committee	PM	•	•																1	Under discussion	
▪ Interim "Contract" Implementation Assistance	PM/PR WLL	•	•								Y	N		H		H	H		1	Under discussion Six to twelve months until funding resources confirmed for #1 Priorities	
▪ Economic Development and Tourism Director	PM	•	•																?	On hold until likelihood of #1 Priority Initiatives is determined	
▪ Tourism Development Coordinator	PM	•	•																?		
▪ Small Business Adviser	PM	•	•																?		

7.0 Implementation

The preceding descriptions and preliminary assessments of opportunities that could be pursued by the Township of Atikokan to expand and diversify its economy is, to a great extent, based on the current conditions in Atikokan and those that can be anticipated over the next few years. Needless to say, a strategy of this nature should always be viewed as a work-in-progress that needs to be reviewed and updated to reflect changes in the underlying assumptions. As well, a number of factors can come into play that will affect the ability of the Township to successfully implement many of these initiatives.

In broad terms, certain key factors will initially have a major impact on the potential for implementation:

- **Commitment** – The Township of Atikokan and its potential partners in both the public and private sectors must make a strong commitment to pursuing those initiatives that they deem to be in their best interests. Atikokan Council must formally review the recommended initiatives and confirm their commitment to each by Council resolution. As well, the Township must be prepared to make a financial commitment to many of these.
- **Financial Resources** – In almost all cases, the high-priority initiatives require public sector funding from one or more levels of government. Without these types of commitments, it will be virtually impossible to successfully pursue most of the initiatives that have been identified.
- **Human Resources** – Additional staff and/or consulting resources will be required to pursue most of the initiatives on the high-priority list. At this point, the extent and nature of the human resources required is very much dependant upon the financial resources that the Municipality, the Provincial and Federal governments are prepared to commit to the implementation process.

While some of the initiatives that have been identified as high priorities are already underway, the vast majority require further feasibility analysis and planning, and in many cases significant capital contributions, in order for them to become fully implemented. While all of the high-priority initiatives appear to have merit and to provide long-term economic and social benefits to Atikokan and the surrounding area, their long-term viability and sustainability must still be verified.

Assuming that the Township of Atikokan is committed to pursuing the majority of these initiatives, the Township's success in implementation will not only be heavily dependant on Federal and Provincial financial contributions, but also a willingness to be flexible in the kinds of projects which can be supported. One of the major difficulties faced by the Township with this list of high priorities is that several of the initiatives do not "neatly fit" within existing program guidelines. Consequently, without flexibility in eligibility criteria, the Municipality will be greatly constrained in its ability to pursue this expansion and diversification strategy.

When an earlier version of this strategy was presented to Council and the public, a section within that strategy identified potential human resource requirements necessary to pursue implementation. At that time, it was anticipated that two or three new full-time positions would have to be created, either by the Municipality or some other organisation within the Township to coordinate and pursue implementation. However, the number of people that will be required, and the range of skills they

possess, will be heavily dependant upon the number of initiatives that are likely to be supported by the Federal and Provincial governments. In the event that there is a strong likelihood of support for all initiatives on the list, then the original staffing over a three- to five-year period would be required. However, if only a few of the initiatives are going to be eligible for Federal and Provincial support then the staff requirements will be reduced significantly.

Since at this point the level of Federal and Provincial participation is unclear, it is premature to make specific recommendations regarding full-time staff requirements. Nevertheless, it is clear that the Township and other organisations within the community do not have sufficient human resources readily available at this time to take the necessary next steps in the implementation process. Until the Provincial and Federal positions on these initiatives are more clearly delineated, it is strongly recommended that the Township seek financial support from the Federal and Provincial governments to utilise external consulting resources on an interim basis to move as many of these projects forward as possible. This should continue at least until there are clear indications of the levels of support that can be expected from senior levels of government. Once these support levels have been more clearly determined, then the Township and other organisations within the community should reach a consensus as to the need for, and type of, full-time assistance that may be required to continue the implementation process beyond this interim period.

It is our view that this interim assistance should be made available for a period of approximately six to twelve months. The costs of this interim assistance over a twelve month period is likely to approach \$200,000. It is entirely possible, based on swift responses from the Federal and Provincial governments, that this interim solution could be transformed into a permanent solution with full-time staff more quickly than the six to twelve month time frame. Even with either interim external consulting assistance or full-time staff, the Township and the Federal and Provincial governments must recognise that there will be a need at various times, and with various initiatives, to acquire consulting assistance. Expert assistance will be required in a number of disciplines, and in many cases multi-disciplinary teams will be necessary to assess the merits of various initiatives and to successfully orchestrate their implementation.

7.1 High Priorities

Priority One opportunities that have been identified and which are strongly recommended for implementation include the following, several of which are indeed currently underway:

Forest Products

- Laminated Veneer Lumber (LVL) Plant
- Other Value-Added Products (Confidential)

Mineral Prospecting, Development and Mining

- Atikokan Mineral Development Initiative: AMDI – Updated Geological/Geophysical Survey
- Bending Lake Iron Ore Mine

Energy

- OPG, AGS Alternative
- Bio-Energy Research Centre

Tourism, Recreation and Culture Sector

- Cottage Lot Development
- Quetico/Atikokan Wilderness Adventure Area
 - Multi-Use Trail Loops – East and West
 - Trans-Canada Trail Designation
 - Beaten Path Nordic Trails
 - Atikokan/Batchewaung Access Road
 - Bio-Research Facility
 - Interpretive Centre and Trail User Staging Facilities
 - New Park Entrance
 - Private Sector Opportunities
- Charleson Recreation Area Facilities Upgrading and Expansion (Motocross, ATV, Snowmachine, Horseback Riding, Mountain Biking)
 - Market Analysis
 - Financial Analysis
 - Facilities Plan
 - Water/Hydro
 - Safety Fencing
 - Clubhouse Facilities
 - Short-Term Marketing
 - Long-term Marketing
- Bass Classic Expansion
- White Otter/Turtle Lake Park Links to Atikokan
- Atikokan/Quetico Tourism Marketing – Short Term (Community and Highway Signage)
- TV Series Production

Information Technology

- Business Support Services
- Atikokan Online (“Portal”) – Single Online Source Multiple Users/Services

Municipal/Community Development

- DARC (Downtown Improvements) Implementation
- Town Beautification
- Barrier-Free Initiative

Government, Social, Health, Education

- Atikokan Hospital – Long-term Care Facilities
- Relocation Of Government Agencies
- Improved Eastern Hwy 11 Entrance To Atikokan

Implementation Resources

- AMDI Coordinator
- Economic Geologist
- Implementation Committee
- Interim “Contract” Implementation Assistance

8.0 Matrix 2 – High Priority Initiatives Implementation

This matrix, following, summarizes the list of first and second priority initiatives identified in preceding Matrix 1, and identifies suggested proponents, potential sources of government assistance, further research requirements, and next steps towards implementation.

The matrix should be read in conjunction with the references to individual initiatives contained in preceding sections of this document. Where information is omitted with respect to an element or elements of a particular initiative, or where a question mark appears, this signifies that insufficient information is currently available to make a credible assessment.

Atikokan Strategic Economic Development Plan High Priority Initiatives Implementation Matrix 2 INITIATIVE	PRIORITY	Consulting Team		Propponents		Potential Gov't Support		Research Required				Next Steps				Comments	
		Contact	Primary	Secondary	Information	Investment	Scoping	Market	Financial	Preliminary	Design	Capital Cost	Marketing	Business Plan	Identify Investors		
Forest Products Laminated Veneer Lumber (LVL) Plant	1	PR/ WLL	AEDC/ EbaraTech		MNR	MNR		C	C	C	C	C	C	?		Discussions underway with government agencies and investors. Feasibility business plan completed Jan. '06	
Other Value-Added Products (Confidential)	1	PR/ WLL	Confidential														
Mineral Prospecting, Development and Mining ▪ Alikokan Mineral Development Initiative – AMDI - Updated Geological/Geophysical Survey ▪ Bending Lake Iron Ore Mine ▪ Small-Scale Gold Mining Initiatives ▪ Custom Gold Milling Initiative ▪ Industrial Minerals Development	1 2 2 2	WLL PR WLL WLL WLL	Mun/AEDC AEDC AEDC AEDC	MNDM MNDM MNDM MNDM MNDM	NOHFC /FedNor ? FedNor FedNor FedNor	U U U U U	U U P P P	Pre P P P			\$4-5m P	P		U		Start-up funding acquired from NOHFC and FedNor Major private sector undertaking underway Follows AMDI – Phase 2 Follows AMDI – Phase 2 Follows AMDI – Phase 2	
Energy ▪ OPG, AGS Alternatives - Proposals To Be Invited (Confidential) ▪ Bio-Energy Research Centre ▪ Co-Generation Possibilities ▪ Steep Rock Mine – Water Generation Development	1 1 2 2	PR PR WLL PR/WLL															Planning Underway No immediate opportunity

Key

C – Completed
U – Underway
P – Proposed
Pre – Preliminary

Pub – Public
PRV – Private
NP – Not-for-Profit

Y – Yes, needed

INITIATIVE	PRIORITY	Consulting Team	Proposals		Potential Gov't Support		Research Required						Next Steps			Comments			
			Primary	Secondary	Information	Investment	Scoping	Market	Analys	Financial	Analys	Design	Capital Cost	Marketing	Business Plan		Identify Investors		
Tourism, Recreation and Cultural Sector																			
▪ Cottage Lot Development	1	WLL	MNR/ Mun.			MNR/ MOE	?	Pre	Pre	Pre	Pre	Pre	Pre	Pre	Pre	Pre	Pre	Pre	Underway, MNR propensity
▪ Quelioco/Atikokan Wilderness Adventure Area	1	PM	Pub	NRP	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
- Multi-Use Trail Loops – East and West		PM																	
- Trans-Canada Trail Designation		PM																	
- Beaten Path Nordic Trails		PM																	
- Atikokan/Batchewagan Access Road		PM																	
- Bio-Research Facility		PM																	
- Interpretive Centre and Trail User Staging Facilities		PM																	
- New Park Entrance		PM																	
- Private Sector Opportunities		PM																	
▪ Charlieson Recreation Area Facilities Upgrading and Expansion (Motorcross, ATV, Snowmachine, Horseback Riding, Mountain Biking)	1	PM	NRP	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
- Market Analysis																			
- Financial Analysis																			
- Facilities Plan																			
- Water/Hydro																			
- Safety Fencing																			
- Clubhouse Facilities																			
- Short-Term Marketing																			
- Long-term Marketing																			
▪ Bass Classic Expansion	1	PM	ABC	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ White Otter/Turtle Lake Park Links to Atikokan	1	PM	Pub																
▪ Atikokan/Quelioco Tourism Marketing – Short Term (Community and Highway Signage)	1	PM	Pub	Priv	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ TV Series Production	1	PM	Priv	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Atikokan/Quelioco Tourism Marketing – Longer Term	2	PM	Pub	Priv	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Canoe Heritage Interpretive Exhibits (Centennial Canoes)	2	PM/RR																	
▪ Visitors Centre Facilities Upgrade	2	PM																	
▪ SnoHo Bridge – Atikokan/Ignace trail	2	PM	SH	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Walleye Hatchery Studies	2	PM	ACC	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Intergenerational Centre At/Wilderness Experience Packages	2	PM	NRP	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Steep Rock Iron Mines Interpretive Facilities	2	PM	Pub	Pub	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	

Atikokan Strategic Economic Development Plan High Priority Initiatives Implementation Matrix 2 INITIATIVE	PRIORITY	Consulting Team	Proponents		Potential Gov't Support		Research Required				Next Steps				Comments	
			Primary	Secondary	Information	Investment	Scoping	Market Analysis	Financial Analysis	Preliminary Design	Capital Cost Estimates	Marketing Strategy	Business Plan	Identify Investors		
Retail/Services	2	PM	Mun.	C of C	Y											
▪ Retail Market Outshopping Analysis																
Manufacturing	2	PR														
▪ Recreational Products Expansion																
Information Technology	1	PM	Mun.	AEDC	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
▪ Business Support Services																
▪ Alikokan Online ("Portal") – Single Online Source Multiple Users/Services																
Municipal/Community Development	1	PM	Mun.		Y											
▪ DARC (Downtown Improvements) Implementation																
▪ Town Beautification																
▪ Barrier-Free Initiative																
▪ Industrial Land																
▪ Better Quality Houses																
Government, Social, Health, Education	1	PR	Mun.	MoH												
▪ Alikokan Hospital – Long-term Care Facilities																
▪ Relocation Of Government Agencies																
▪ Improved Eastern Hwy 11 Entrance To Alikokan																
▪ Quetico Adventure School																
Implementation Resources	1	WLL														
▪ AMDI Coordinator																
▪ Economic Geologist																
▪ Implementation Committee																
▪ Interim "Contract" Implementation Assistance																
▪ Economic Development and Tourism Director																
▪ Tourism Development Coordinator																
▪ Small Business Advisor																

Phase 1 – Coordinator hired
AMDI Phase 2 – planning underway

Six to Twelve Months

9.0 Concluding Observations

While the threat of closure of the Atikokan Generating Station has been deferred for a few years, unless the Ontario government changes its policy, it will evidently ultimately have to be faced. The impacts of the closure on the community, as discussed in the early part of this document, will clearly be devastating unless successful economic counter measures can be implemented to provide mitigation.

It has been noted throughout this document that the Municipality of Atikokan is not in a position on its own to carry forward the identified public sector initiatives needed to stabilize and improve the local economy, or to substantially support the private sector in new or expanded business ventures.

Given the Municipality's limited financial and human resource capacity, it appears certain that progress towards implementation of these badly-needed initiatives will not occur without significant Provincial and Federal government agency support.