The following is a copy of **Clause 2, Report No. 18-2005** of the **Executive Committee**, which was **DEALT WITH AS STATED** by City Council at its meeting held on **November 28, 2005**:

2. Destination Complex
(File No. CK. 4130-2)

RECOMMENDATION:
1) that the information be received; and
2) that the Administration use the reports of the consultant as a basis to proceed on the development of a destination complex in the future.

As Council is aware, the Administration retained Mr. David Russell, a tourism and destination centre consultant, to evaluate the progress to date and the market potential of the proposed destination complex.

Attached for information are two reports from Mr. Russell – Part I "Destination Centre Assessment", and Part II "Available Market Assessment" which conclude in part:

1) River Landing Phase I and II is an exciting major redevelopment project for the city.
2) The overall concept plan for River Landing is positive.
3) The City should continue with its plans for a hotel/spa, Persephone Theatre, and underground parking.
4) The City must animate and program the site to ensure its full potential.
5) The City needs to revisit and re-establish a new process for the development of the destination complex.

IT WAS RESOLVED:
1) that the information be received; and
2) that the Administration use the reports of the consultant as a basis to further review the development of a destination complex in the future.

Draft

Part 1: Destination Centre Assessment

Destination Centre Facility: River Landing Saskatoon

November 17, 2005

Prepared by

TOURISM PLANNING GROUP

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1. Background

The City of Saskatoon has recently pursued a destination centre facility as part of its River Landing waterfront redevelopment project. Intended to be a home for Persephone Theatre as well as a destination interpretive centre, the development of the destination centre also provides an opportunity for the City to address parking shortfalls in the area. Two levels of parking are proposed for this complex.

The Destination Centre Facility Planning Process

Arising out of the South Downtown Concept Plan planning process, the City issued a call for expressions of interest to provide interpretive and other "destination" oriented proposed uses for the destination centre. The live performance theatre element is to be anchored by the Persephone Theatre organization. They have been planning a move/expansion for some time and have a well-developed proposal for this purpose. Eight proposals were received by the City, of which the following were deemed to have sufficient merit to warrant further study and discussion. These were:

- An interpretive centre concept for the river valley by the Meewasin Valley Authority (Meewasin);
- A Joni Mitchell centre for creativity (suggested by Tourism Saskatoon); and
- The inclusion of a visitor information centre in the facility, supported by the offices of Tourism Saskatoon.

During the course of developing their destination centre concept, a study was commissioned and managed by the Meewasin Valley Authority and Tourism Saskatoon to provide a detailed analysis including operating proformas for the concept ideas. The City's Technical Committee retained architectural services to explore a physical concept and potential space allocation for the destination centre, taking into account the inclusion of Persephone as the "anchor" use. This was undertaken at an exploratory level to advance discussions.

The Market Potential Issue

While Persephone Theatre offers a proven product with a well established market, the other destination centre concepts require rigorous market assessments critical for determining operational self-financing risks.

In this context, the City proceeded to commission this assessment report on the destination centre concept and its market potential, particularly in light of the operational self-sufficiency condition favoured by the City.

This report is based on a field inspection conducted in mid October 2005, consultations with proponents and other stakeholders, and an analysis of secondary data provided through Tourism Saskatchewan, Tourism Saskatoon, the City of Saskatoon, and other attractions in the Saskatoon area. The report provides an analysis of the destination centre concept from several perspectives:

- the concept development process and the submissions made for proposed uses;
- an assessment of general market potential for a destination centre within the River Landing project; and

- the potential role the River Landing project can play in Saskatoon's tourism sector.

The report concludes with recommendations on the disposition of the destination centre facility and River Landing's potential tourism role.

2. Development Context

Planning for the Destination Centre facility is proceeding in the midst of a positive environment for the City's economy and tourism. Located within the River Landing project, the proposed facility will benefit from the attention River Landing will generate among residents and visiting business and vacation travellers to the City.

2.1 A Positive Economic Outlook

It is an exciting time for the City of Saskatoon, proceeding with major urban development projects in the midst of a growing city economy and positive tourism growth. Science and technology have been the feature initiatives in the last several years, putting Saskatoon "on the map" in the area of high technology. Real GDP growth has averaged 3.7% annually for the last several years and Saskatoon posted a 7% GDP increase in the last year.

The tourism sector in the City generates an estimated $300 million annually in direct visitor expenditures and is one of the City's major economic sectors. Without the same level of reliance on the US market as many of its Canadian city counterparts, Saskatoon has not experienced tourism declines post 9/11 that many other locales including Vancouver, Calgary, Toronto and Montreal have. Forecast growth for the overnight tourists in the Province is 3.3% on average for the next three years. Saskatoon's growth is expected to be even higher.

2.2 An Exciting Urban Redevelopment Project

The destination centre facility under discussion is located in the midst of the City's River Landing project. River Landing is one of the most significant urban redevelopment projects the City of Saskatoon has ever undertaken and is now proceeding to implementation. It is located along Saskatchewan's waterfront and involves a major effort to create a waterfront for people and to generate investment in the downtown waterfront area. If Saskatoon's effort is anything like those of other North American cities, it will result in enhanced use of the downtown waterfront area, help to define Saskatoon's character as an exciting urban community in Canada, and strengthen Saskatoon's image as a community in which to live and invest.

Anchored by a major hotel and including residential, retail, entertainment and a variety of services, the waterfront will also be a place for riverfront walks and enjoyment of the riverfront area by Saskatoon's citizens. The proposed hotel project is nearing an agreement to proceed and the destination centre concept was developed to complement the River Landing hotel development and generate further private sector investment.

The waterfront area on the east side of the River Landing project is now undergoing a physical transformation. Work is proceeding on the infrastructure and development of the waterfront public spaces, beginning on the eastern area (of Senator Sid Buckwold Bridge). The inclusion of waterfront walkways, gathering places, lookouts and supporting infrastructure will result in a waterfront area that offers a park-like atmosphere along the river and will appeal to both residents and visitors to the City.

3. Destination Centre – Assessment of Current Status

3.1 The Planning Process

The destination centre concept was conceived as part ofthe South Downtown Concept Plan that was adopted by City Council on June 21, 2004 and by the Meewasin Valley Authority on October 1, 2004. One of the key principles behind the Plan was the demonstrated need to draw residents and visitors. To accomplish this goal, the Plan called for a comprehensive cultural, live-performance theatre, visitor attraction, landmark, retail, and public space. The process included the establishment of a Technical Committee to issue an Expression of Interest and make recommendations to City Council regarding possible design and program space, building use and partners proposal, capital cost estimate and funding strategy, operating budget(s), ownership and operating structure, and an implementation plan and schedule.

It was suggested during that process that a facility that could serve as a destination travel generator, appealing to not only local and regional markets but also western Canada markets, would be desirable for the River Landing project. It was conceptually positioned to focus on arts/culture. An illustrative approach to the attraction potential was provided through a concept planning study undertaken by Aldrich Pears (Vancouver) in early 2005. This study provided a useful interpretive concept plan for River Landing as a whole, placing the destination (or cultural centre as they called it) in context with the entire site.

The keen interest of Persephone Theatre as an "anchor" for the facility was instrumental in moving from the interpretive Aldrich Pears plan to project planning for the facility. Persephone offers several advantages including its need for expansion, its well-established and proven customer base, its strong management and its capacity to offset costs and pay rent through its annual operations.

In order to determine what might be possible for the destination centre facility, the City called for expressions of interest from organizations interested in participating in the proposed facility. Those submissions determined to be potentially appropriate for the destination centre (in addition to Persephone) included:

- the Meewasin Valley Authority interpretive proposal;
- a Joni Mitchell Centre for Creativity; and
- inclusion of a visitor information centre facility along with Tourism Saskatoon's offices.

From the City's perspective, the call for expressions of interest anticipates that the City would ultimately enter into a contractual agreement for operations with the selected proponent. The expectation was that proponents would offer concepts consistent with the City's objective for the facility to serve as a destination centre, and operate on, or close to, a self-financing basis. In reviewing submissions, critical questions to be weighed in the review of each submission include the adequacy of marketing and management that would help to ensure the necessary success for the proposed concept.

The Technical Committee was also tasked with determining capital requirements and sources for funding for the destination complex. Critical to the capital funding was the federal government's $10 million Centennial Fund program which became available at the beginning of the year. The deadline for application for these funds was very short in light of the complex issues and studies that must be undertaken to ensure a successful venture. While the City was able to obtain extensions, the most recent deadline is problematic given the City's need to determine operational and governance issues before proceeding.

3.1.1 Issues Arising from the Planning Process and Submissions

There are three key issues with the submissions that make it difficult to advance to the next stage in the planning process in the very short term. These have to do with market potential, the importance of the overall River Landing potential to operating (financial) performance, and management.

The Question of Market Potential. While each submission offers ideas/concepts that could be considered appropriate for a destination centre, the submissions lacked detailed market analysis or market-driven proformas that would inspire confidence that the centre could achieve operational self-sufficiency. To be sure, proponents may have determined that an expression of interest stage was not the stage at which a detailed market analysis needed to be undertaken. In many ways, the submissions reflected ideas and concepts for consideration in proceeding with detailed planning for the destination centre.

Linkages to River Landing and the Downtown Area. None of the submissions addressed how the destination centre would function from a visitor perspective in the context of the overall River Landing project and the downtown generally. This is a significant consideration given that a thriving and vibrant waterfront can generate traffic for attractions located within the waterfront area. Indeed, one might have expected submissions that would have specified an effective, funded River Landing marketing plan by the City as a pre-condition for proceeding.

Management Considerations. In seeking expressions of interest (and ultimately proposals), the intent is to enter into a contractual agreement for operations. Therefore management becomes an important consideration in assessing submissions. Excluding the tourism information centre, one of the two submissions (the Centre for Creativity) did not include a definitive provision for a management/ownership entity with which the City could interact in order to proceed to detailed planning and ultimately to an agreement for operations.

These issues are made more significant by the short time-frame imposed by the deadline for federal funding. A brief discussion of each of the submissions provided for review is found below.

3.1.2 Overview of Submissions

The Meewasin Valley Authority Interpretive Concept. The Authority now operates an interpretive centre at the western edge of River Landing in the basement of its current facility. Their submission included provision that their interpretive centre would be relocated to the proposed destination centre. At the present time, the interpretive facility Meewasin operates does not include provision for admissions and is undertaken as a "public service" to increase awareness of the importance of the river and its role in the Saskatoon area.

The Meewasin Valley Authority (Meewasin) proposal was supported by an extensive analysis undertaken by Meyers Norris Penny (MNP) who developed a business case to "incorporate an expanded view of the proponent's (Meewasin) existing services and the proposed Joni Mitchell Centre for Creativity."[1] MNP were supported by Saunders Evans Architects (SEA) in their analysis. The report included extensive analyses related to space requirements, concepts and financial models

[1] Executive Summary, River Landing Centre Business Case, Meyers Norris Penny, June, 2005.

for the Meewasin Valley Authority concept, the Joni Mitchell Centre of Creativity, and Tourism Saskatoon's proposal including office space and a visitor information centre.

The MNP report uses a "comparables analysis" approach for determining visitation as part of its financial modelling. A definitive assessment of the marketplace and how the market might respond to this concept was not undertaken as part of the study, particularly in terms of the challenges and opportunities related to its site location (factors that comparable analyses alone cannot provide much insight on). Thus, it is difficult to determine the risk associated with assumptions for the various options analyzed by the authors related to visitor volumes and admission/program fee revenue. The MNP report concludes that Saskatoon needs a "destination attraction", suggesting that the River Landing facility could meet that need through the cultural centre concept proposed for the waterfront.

In general terms, a river valley interpretive centre can be best viewed as a local/regional facility. It is not likely to have a strong market "appeal" at a western region or national level. To rely solely on the River Valley interpretive message as a travel generator, particularly in the early years of the River Landing project, involves significant risk for achieving self-financing potential. Therefore, inclusion of the River Valley interpretive function should ideally be accompanied by other Saskatoon stories/messages that will enhance the overall appeal of the facility for tourism markets. In fact that was understood to be the intent for the interpretive component of the destination centre and the reason for having the MNP study examine several options. The problem is that the Meewasin, Centre of Creativity and visitor information centre concepts do not include an integrated interpretive package (which would be the next logical step in the process given an appropriate amount of time).

The management organization making this submission has been in operation for several decades and has demonstrated management capability, operational support systems, and the capacity to operate such a facility. What is missing is a tourism marketing expertise and a market-driven perspective related to interpretation centre operation.

The Joni Mitchell Centre for Creativity concept. This concept was put forward by Tourism Saskatoon, motivated by a desire to identify an internationally recognized person that could put the destination centre "on the map" provided that the proposed use associated with the name has sufficient content and appeal to warrant such association. Tourism Saskatoon never intended that the concept should be fully developed at the expression of interest stage, nor did they intend to serve as operators for such a concept.

The concept of a Joni Mitchell Centre of Creativity has merit and the inclusion of Joni Mitchell as a "brand name" offers strength in the marketplace. However, there are several difficulties with this submission. First and foremost, it needs considerable development in order to arrive at an interpretive plan and program that can be implemented. Secondly, no operational entity has been identified to further develop the concept and carry it forward to operation. Therefore, in order to proceed the City must work with the proponents to further develop the concept and assist in the creation of an appropriate management entity to assume responsibility for operations. This is not something that was contemplated in the call for expressions of interest, nor achievable in the short time-frame imposed by the federal capital funding submission.

Tourism Saskatoon Visitor Information Centre. Installing a visitor information function in the proposed destination centre has considerable merit. River Landing is intended to become the premier downtown destination for Saskatoon and a visitor information centre located within the waterfront area, particularly associated with sufficient parking, and next to the proposed new hotel makes sense. It can serve as a staging area for visitors to explore Saskatoon, a booking centre for the region's attractions, and a referral centre for visitor requests about restaurants, hotels, things to do and places to see.

In other jurisdictions (e.g. Vancouver) the downtown visitor centre located next to the Waterfront Hotel encourages visitors and residents alike to use its services, thereby generating traffic in the downtown. While Vancouver's visitor centre markets the city, it also serves as a staging area for visitors to other areas of BC.

One would not build the destination centre facility simply to house the tourism information centre. However, with the anticipated appeal from the overall River Landing project to residents and visitors, a downtown waterfront location for the visitor information function makes practical sense and will strengthen visits to the waterfront. We believe this is an important initiative to take as part of the overall River Landing project. Given that the organization is already paying for office space in its current location, the net financial impact should be marginal at best.

There will also need to be some form of service centre for both residents and tourists using the waterfront area. Assuming a vibrant events and festivals schedule (discussed elsewhere in this report), a visitor service centre that provides not only visitor information but basic services such as public washrooms will be essential to support outdoor use in the waterfront area.

3.1.3 Other Ideas for the Destination Centre Facility

Following receipt of submissions for participation in the destination centre facility, several additional ideas were identified for possible consideration. These included participation by First Nations, the Mendel Art Gallery, and a visitor services function for River Landing.

First Nations. One of the strongest potential markets for Canada today is the segment interested in cultural tourism and specifically, First Nations. This is discussed in more detail in Section 5 of this assessment report. There was no direct First Nations content in the submissions. Therefore City officials approached Wanuskewin to provide ideas for First Nations content.

A preliminary proposal was submitted by Wanuskewin providing a series of ideas on First Nations content for the River Landing project in general and the destination centre facility in particular. Based on Wanuskewin's own consultation with First Nations representatives, several ideas emerged including:

- the world's largest beaded mural, in which a mural would be developed involving both First Nations and non-First Nations residents of Saskatoon;
- a cultural gathering circle facilitating a place to showcase performing arts including dance, music and drama;
- an electronic billboard providing information on First Nations events and venues within Saskatoon and the surrounding community and a facility for vignettes and stories; and
- a First Nations "food station" offering First Nations cuisine.

These ideas were simply submitted at the request of the City as input to the destination centre facility planning process. They offer refreshing possibilities and could readily form part of a larger interpretive concept for the building.

Mendel Art Gallery. Considerable discussion has taken place in recent weeks on the possibility of a move by the Mendel Art Gallery to the proposed destination centre facility. While the Mendel Art Gallery would add to the River Landing project, the current location of the Mendel Art Gallery is well-established and has considerable community support.

"What could make sense from the perspective of both resident and visitor markets to River Landing is the inclusion of a "satellite program" operated by the Mendel Art Gallery with specialized exhibits, refreshed regularly, focusing on heritage and culture in Saskatoon. It could also include responsibility for, say, commissioned art works for the proposed destination centre facility. This type of program could be expanded to embrace First Nations art and some elements of the Joni Mitchell concept. Such a program would also function as a marketing initiative to encourage visits to the Mendel Gallery itself.

3.2 The Way Forward

The premise on which the City proceeded with the development of the destination centre facility involved identifying interests and concepts from organizations that could potentially operate the centre (in addition to Persephone's role) and deliver on the "destination centre" concept. The results of the call for expressions of interest clearly demonstrated that there was no single organization in a position to put together a comprehensive package on which the City could proceed to detailed development and an appropriate operating agreement within the timeframe proposed

Nor has a concept emerged that has generated the necessary consensus and support to move forward to detailed planning. Concerns around the degree to which the suggested concept ideas would support operational self-sufficiency are valid. In addition, any concept must be premised on adequate marketing and management capabilities to deliver a successful product. The process has proved useful in focusing on the issues associated with establishing a successful destination centre facility.

The Persephone Theatre proposal, in our view, should proceed as it does not suffer from any of the issues associated with the other concepts, particularly with its defined customer base and proven track record in marketing and managing its business.

3.2.3 Reducing Market Risk

The absence of an integrated interpretive approach on which to proceed to detailed planning is not the only problem. Other than proceeding with Persephone and the parking facility, it is also our view that the timing for the remainder of the destination centre facility is premature. There are too many market risks at this time, and the concept itself is not well developed or at a stage where it can be properly tested for market potential.

This is not to say that the concept of the cultural/destination centre does not have merit. We believe that it has a very important and beneficial role to play in the overall River Landing project. However, its success will depend in large measure on the success of River Landing as a place that attracts people, activities, commercial enterprise, and entertainment. The more that the waterfront is used by residents and visitors, the more likely that a destination centre facility will achieve success. In this regard, it is far more strategic to proceed with the destination centre facility planning after the following key initiatives are resolved:

- securing the hotel and spa project;
- formulating a market development strategy for River Landing; and
- implementing a comprehensive tourism destination program for River Landing, thereby increasing traffic to River Landing and reducing operational self-sufficiency risk for the destination centre facility.

4. River Landing is the Destination

The proposed destination centre, by itself, will never be the destination attraction that some have suggested. In fact, it is the River Landing project as a whole that has the real potential to be the destination centre the City is seeking, much like Halifax's waterfront, Vancouver's Granville Island, and Baltimore's waterfront.

A vibrant and animated waterfront will attract both residents and visitors to River Landing, much needed "traffic" for the uses within the River Landing project including the destination centre facility. The excitement in the marketplace, though, will be related to the energy and animation of the River Landing project as a whole including:

- the hotel project and spa;
- events and festivals on the waterfront;
- the pleasant and interesting waterfront environment that can be created not only through events and festivals but also through street entertainment, vendors and the like;
- entertainment and food and beverage services in the waterfront area; and
- opportunities for recreational uses on the river.

The River Landing plan is, in our opinion, sound and will achieve its intended objectives for making the waterfront a place for people, attracting investment, and transforming the image of the City. Already linked to a superb riverfront pedestrian trail system, River Landing will become a unique and important resource for the City for decades to come.

4.1 River Landing's Influence on the Destination Centre Facility

The market success for the proposed destination centre will clearly be a function of the success of River Landing in generating excitement in, and use by, the residents of Saskatoon. It is a well-established fact for most urban attractions that there is a large dependence on the resident market for business. This is particularly important for Saskatoon given that the "visiting friends and relatives" (VFRs) market segment comprises 58% of overnight visitors.

The market for the destination centre facility will also depend on special interest market segments including the school system, Persephone customers, and other special interest groups (depending on the concept adopted). The winter season is always extremely difficult for attractions in Canada. Persephone's presence offers some advantage in that they operate successful winter programs, thereby bringing customers to the facility even during the off-season. School programs are always an important feature for attractions in Canada, providing needed off-season revenue, even at the modest scale that school programs generate. In that difficult off-season period, any walk-in business generated by other River Landing activities will be welcome.

4.2 The Importance of Programming

Programming and special events was a key element suggested by the South Downtown Concept Plan. Without programming and animation activities, the waterfront public space will simply serve as a pleasant riverfront park and no more.

Programming has become standard practice for waterfront redevelopment programs and usually comprises a three-stage process:

1. The public sector invests in supporting infrastructure and in the public spaces/parks and the walkways for the proposed waterfront.

2. The public sector implements a program of events/festivals, animation, and waterfront visitor services (e.g. food carts, buskers entertainment) to encourage people to use and enjoy the waterfront area – thereby building community support for and use of the waterfront.

3. The public sector facilities private sector investment in the parcels made available for redevelopment.

Much of point 1 above has already been incorporated through the design of the streets, streetscape, and public spaces throughout River Landing.

The development of support by the residents of the city for the waterfront and its role in the downtown as a place for people generates not only investment but also tourism sector interest. Many cities across North America that have undertaken similar downtown redevelopments feature these areas as part of their tourism marketing campaigns. They have learned (as described in Part 2 of this report) that waterfront development alone, even with associated attractions, may not be sufficient. Rather, what is needed is to take this a stage further and develop a 'living' landscape that is well connected to other parts of the city and has a dynamic personality that draws visitors and residents alike to the area. Only then does it become a destination that is self sustaining and competitive in the marketplace.

5. Market Potential

5.1 Background

Saskatoon enjoys a strong tourism sector generating almost $300 million annually in direct visitor expenditures. One can expect that the tourism sector will experience even stronger growth as the River Landing project is implemented and the city's image and appeal is enhanced. This is consistent with the experience of other communities undertaking similar waterfront and/or urban redevelopment projects.

A review of the overall market potential for River Landing has been undertaken in Part 2 of this report. This section summarizes those findings. It is important to note that this is not a market assessment for the destination centre facility, given that a concept has not been established on which to undertake a detailed market analysis including market testing. Rather it focuses on overall market potential for River Landing generally and provides some insight on possible themes for a destination centre facility.

5.2 Global Trends

The tourism sector is growing at an estimated 4% to 4.5% per year and the World Tourism Organization predicts that this will continue to 2020. Destinations worldwide recognize tourism as a major economic development generator. Traditionally the focus on tourism planning has been at national and provincial/state levels, but increasingly communities are developing local tourism strategies to facilitate sustainable development of their own tourism sectors.

There are several market segments where growth has been documented and their emergence as important niche markets has been identified in North America and globally. Those most pertinent to the River Landing Project include culture and heritage based tourism, festivals and events and Aboriginal tourism. All have particular relevance to the project both in terms of animation/programming of the waterfront and in relation to the destination centre facility.

5.2.1 Emerging Market Niches

The culture and heritage based tourism sector is estimated by the World Tourism Organization to be growing at an annual rate of 15%, with 37% of all international trips involving a culture/heritage component. Recent Canadian Tourism Commission estimates (2002) show that:

- 11% of Canadians are considered heritage tourism enthusiasts;
- 1.3 million Canadians are performing arts enthusiasts; and
- 2.1 million Canadians fit the visual arts enthusiast definition.

These are all travelling enthusiasts and offer potential for Saskatoon. Based on recent demographic and market research studies, the combined US and Canada market ranges from 15.6 million for the performing arts to 35 million for heritage tourism enthusiasts.

Events and festivals are increasingly recognized as travel generators in the tourism marketplace, so much so that they have evolved from key calendar moments to one of the fastest growing and most exciting forms of leisure, business and tourism related phenomenon. Events and festivals related travel analysis by the Canadian Tourism Commission indicates that about 6.2 million overnight domestic trips in Canada involved a visit to a festival, fair or exhibition in 2002. Ontario has aggressively pursued the events and festivals market and a recent (2003) economic impact analysis of 97 local/regional festivals and events indicates that they generated nearly $80 million for the province's GDP. This figure rises dramatically when the focus is solely on national and international events held within Ontario. A second Ontario study looking at a range of different sized events, aggregated the data for the national and international category from both studies and estimated an economic return of $345 million from these high profile events. On average a Tier 1 (national or international) event/festival generated an average of $22 million in economic impacts, with regional or provincial events generating an average of $2.7 million.

The third emerging market niche, Aboriginal tourism, is now relatively well-documented in Canada. CTC estimates steady growth in this market sector over the next decade. This positive growth outlook is confirmed by Canada's leading tour operators, most of whom are seeking "export ready" Aboriginal tourism product for their customers.

These global market trends suggest that the City's plans to develop the River Landing project and create a cultural destination centre facility are consistent with the interests of key, emerging market segments.

5.2.2 Travel Generators in an Urban Environment

Underscoring the positive global trends are recent research results on the importance of travel generators in the urban environment. A study commissioned by the Ontario Ministry of Tourism and Recreation in 2004 demonstrated that tourism visitor numbers can be increased through the addition of quality attractors in urban areas. These include:

- The visual arts;
- Environment and built form investments including shopping areas, business districts, specific architectural structures of interest (e.g. major architectural wonders) and waterfront/urban redevelopment projects;
- Entertainment including amusement and theme parks; and
- Quality restaurants/cuisine.

The common themes driving tourism market increases identified in the study support the anecdotal results experienced by many cities in North America.

- Tourists are looking for a quality experience and not merely to visit a site;
- Clustering plays an important role. Attractions complement and supplement each other and this interaction of multiple sites in close proximity is critical to increasing visitation;
- Quality infrastructure (parking and easy access to attractions and the downtown) within the destination is an important variable that can encourage visitor participation in the destination;
- Quality shopping is regarded as an important part of the overall tourism experience; and
- Visitors want to be entertained, and entertainment-related facilities can play a vital role in enhancing the overall visit.

Moreover, in Boston where significant waterfront redevelopment has occurred and the Central Waterfront area has a strong association with major tourist attractions and facilities, the City has concluded that more is needed to ensure a vibrant area that will become a long-term engine for growth. In particular it is recognized that there is a need to:

- create 'inviting' connections with recreation and cultural destinations and attractions along the water's edge and in other parts of the city, through trails, paths and view corridors; and
- develop and support a program of events in the waterfront area to heighten interest in the area and ensure that it becomes an active and dynamic part of the city both for residents and visitors alike.

These themes and findings are all significant in the context of Saskatoon and the River Landing Project. They should be taken into consideration when evaluating the role of River Landing in the tourism sector and how it can become a major attraction and cultural destination in and of itself for Saskatoon.

5.3 Saskatoon's Available Market

The total available market for the River Landing project, and indeed, a downtown centre facility is estimated at 1.7 million persons in 2005. This comprises both Saskatoon residents and visitors as shown in the table below.

	2004	2005	2006	2007	2008	2009	2010	2011
Residents		280,770	n/a	n/a	n/a	n/a	n/a	295,331
Within a 100km radius								
Total Resident Population	-	**280,770**	-	-	-	-	-	**295,331**
Visitor Markets:								
Total Day Visits	967,000	999,878	1,040,873	1,070,017	1,101,048	1,123,069	1,145,530	1,168,441
Potential day visitor market estimate (1/3)	322,333	333,293	346,958	356,672	367,016	374,356	381,843	389,480
Overnight Visitors								
Domestic*	1,019,000	1,053,646	1,096,845	1,127,557	1,160,256	1,183,461	1,207,131	1,231,273
Growth rate		3.4%	4.1%	2.8%	2.9%	2.0%	2.0%	2.0%
US	38,000	39,900	41,735	42,904	44,062	44,944	45,843	46,759
Growth rate		5.0%	4.6%	2.8%	2.7%	2.0%	2.0%	2.0%
Overseas	17,000	17,799	18,689	19,661	20,663	21,077	21,498	21,928
Growth rate		4.7%	5.0%	5.2%	5.1%	2.0%	2.0%	2.0%
Total Visitor Market	**1,396,333**	**1,444,638**	**1,504,228**	**1,546,794**	**1,591,998**	**1,623,838**	**1,656,315**	**1,689,441**
		3.5%	4.1%	2.8%	2.9%	2.0%	2.0%	2.0%
TOTAL MARKET	**1,396,333**	**1,725,408**	**1,504,228**	**1,546,794**	**1,591,998**	**1,623,838**	**1,656,315**	**1,984,772**

Compiled from input provided by Tourism Saskatchewan, Tourism Saskatoon, Statistics Canada, the City of Saskatoon and related tourism agencies, a conservative average growth rate has been assumed at 2.8% per annum. This will result in an available market forecast of about two million persons in 2011.

Particular features of the overnight visitor markets are summarized below.

- Saskatchewan residents comprised almost 62% of Canadian overnight visitors to Saskatoon in 2004, followed by 20% from Alberta and 12% from British Columbia and Manitoba;

58% of all Canadian overnight visitors stayed with friends and relatives, indicating the importance of resident support for any attraction and for programming of the River Landing project; and

- The trip purpose for Canadian visitors in 2004 indicates only 22% were on a pleasure visit vs. 39% for visiting friends and relatives. Business travel to Saskatoon comprised 19% of overnight visits, with the remaining 20% citing other trip purposes.

US and overseas visitors constitute a relatively modest market for Saskatoon – an estimated 55,000 visits annually in 2003 with the majority consisting of US visitors.

Tourism sector growth in Saskatchewan is positive with a 3.4% increase forecast for 2005 and 4.1% for 2006. Saskatoon's visitor numbers should grow in a similar fashion although probably at a rate outpacing that of the province as a whole. Several factors support this optimism including:

- Increased air capacity to Saskatoon;
- The hosting of Rendezvous Canada in 2005; and
- The province's 2005 centennial celebrations, the City of Saskatoon's centennial in 2006, followed by the University of Saskatchewan's centennial in 2007.

The particular makeup of the tourism sector indicates that the River Landing project should benefit from interest by all overnight segments. This includes the business traveller (who will use the waterfront during downtown business trips), pleasure travellers attending events, festivals and simply visiting the waterfront area, and the VFR segment. In the latter case, strong support from Saskatoon's residents for the River Landing project and its activity base will result in more visits from the overnight traveller.

In addition to the visitor market, Saskatoon attractions also depend on the regional schools market. The total potential market is about 44,000, although this is expected to decline with the fall in the birth rate. School visitation to existing Saskatoon attractions is significant, although maintaining a strong schools market is linked to an attraction's ability to provide new and innovative programming that meets curriculum requirements on an on-going basis.

5.3.3 The Saskatoon Attractions Segment

The performance of the attractions in Saskatoon has not been robust in recent years. A typical high quality, permanent attraction in Vancouver, for example, charging an admission fee captures up to 3% to 4% of the available market. The equivalent 2006 performance in Saskatoon would yield about 45,000 to 60,000 (fee paying) customers. The Saskatoon attractions data indicate that only Prairieland Park and the Saskatoon Zoo might achieve that level with the Western Development Museum and Wanuskewin Heritage Park falling at the lower bound of this performance level. Making it more difficult for any attraction is the challenge imposed by a seasonal tourism market.

Industry observers have also suggested the need for attractions to update their programs, facilities and experiences to meet modern market expectations. Much more research would need to be undertaken in order to fully appreciate the implications of this for a destination centre facility. However, it must be noted that the perception that Saskatoon's attractions requiring updating and refreshing will tend to have a negative effect on any new attraction, even as it seeks to "stand above the crowd". Thus, no matter how strong the destination centre facility is, it will face an uphill challenge in the early years of operation simply because of the less than robust reputation of Saskatoon's attractions.

˜.4 Conclusions

The overview of the available market and market potential for Saskatoon suggests that there is a market of significant size, but there is also substantial risk in establishing any new attraction based on the performance of Saskatoon's existing paid attractions. What is also apparent is that the River Landing project as a whole offers the greatest potential and least risk.

Developing an animation program for the riverfront and utilizing the existing infrastructure for programming before constructing a paid attraction on the River Landing site, will enable the destination to establish a strong resident and visitor market. This will help the City of Saskatoon to substantially lower the risk involved in building a destination centre facility and provide the time necessary to develop an exciting and workable concept/theme for the proposed centre.

6. Conclusions and Recommendations

6.1 The Destination Centre Facility

6.1.1 Conclusions

Two main factors introduce substantial risk for the destination centre facility. The first of these is the lack of any substantive destination concept, along with an operator that has a track record for success. While there are many ideas with merit, none are yet developed to the point where they are strong enough to meet the requirements for a market-driven, self-financing project, supported by an operation with a track record in marketing and management that would warrant the investment required and in such a short time-frame To be sure, a destination centre concept could be developed but it would take a substantial investment on the part of the City to pull together a successful project. An illustration of the process involved is provided in Appendix 1.

The second factor has to do with market potential. While we believe there is potential in the medium term for a destination centre facility, we also suggest that the market at this time is simply not mature enough to reduce the risks to an acceptable level. Moreover, we believe that the more important "destination" is River Landing itself and success in positioning it as a vibrant destination will significantly reduce risk for the destination centre facility.

The investment required to proceed with the project is not, at this time, justified by the risk involved. We do believe, however, that actions to develop the overall market for River Landing waterfront use, the introduction of the hotel project, and investments in market-driven projects such as the farmer's market, will all strengthen the market environment for the destination centre

6.1.2 Recommendations for the Destination Centre Facility

We recommend that the City proceed with the implementation of the Persephone Theatre project and two (and preferably three) parking levels for the site. A decision on expansion of the building envelope to accommodate destination centre uses in addition to Persephone should be deferred for one to two years, pending the outcome of what we suggest are higher priority River Landing programs described below.

6.2 The River Landing Project

6.2.1 Conclusions

River Landing has been conceived as a major redevelopment of the waterfront area between the Saskatchewan River and the downtown. Like many projects that have preceded it in cities across North America, waterfront development has proven to be a significant factor in enhancing a community's image and appeal for investment and quality of life. While the focus of this analysis is not on the River Landing project itself, we believe that there needs to be additional effort on a proactive program to generate activity and use of the waterfront area by both residents and visitors.

6.2.2 Recommendations for River Landing

River Landing has potential to be a major activity centre for both residents and visitors in the downtown area. However, this won't happen immediately without an investment in programming and animation. Strategically, it is important to make that investment in the short term as it will generate increased interest in the waterfront on the part of investors and enhance the image of the City. The short-term action plan for recommended for River Landing, taking into account both urban development and tourism potential, involves several key steps. These are briefly described in the table below.

ACTION STEP	DESCRIPTION
1. Approve the Persephone Theatre and parking levels for the destination centre site, deferring other uses of the site for 1 to 2 years.	Until actions are taken to reduce risk with the destination centre (excluding Persephone), deferral is recommended.
2. Parking facility - it is recommended that the City consider a 3-level garage	A strategy to generate extensive use of the River Landing and waterfront area will stress the limited parking that is available and planned. Therefore adding three levels at this time is an investment in the long term for River Landing.
3. Complete the hotel project agreement.	The hotel/spa is a critical component of a vibrant and thriving waterfront. The sooner that this project is approved and commences construction, the greater the confidence in the overall River Landing project.
4. Develop a destination marketing strategy integrated with Tourism Saskatoon's marketing strategy.	River Landing can be a major "tourism product" for Saskatoon as it develops. A destination marketing strategy with implementation to coincide with recommended start-up programs for 2006 is an important initial step.
5. Appointment of a lead agency for animation/ programming the waterfront.	It should be assigned to a specific organization. It is recommended that the lead organization be the downtown partnership with participation from the City and with input as required from related agencies including Meewasin and Tourism Saskatoon.
6. Develop the waterfront programming & animation plan.	The plan should include events/festivals programs, introduction of vendors/street entertainers, and commercial uses as well as visitor services and amenities (restaurant, entertainment, public washrooms).
7. Develop a visitor services and commercial uses plan and commence implementation.	Plans and approvals for vendors, commercial uses, public facilities, events/festival operations, and the like are all an important feature of an animation and programming plan for the waterfront.

The centrepiece of this development program is the design and implementation of programming/animation for the waterfront. This can range from providing venues for existing events and festivals in Saskatoon to introducing theatre and music series to bringing back successful events such as River Roar. It is suggested that there is time to put on the first program in the summer of 2006. Given that it is Saskatoon's centennial, the program itself could constitute one of the City's centennial projects. It is expected that involvement of the downtown partnership will help to offset costs through the attraction of private sector sponsorship for various activities.

Appendix 1

Concept Development Process

The destination centre concept remains a valid initiative for the City to pursue in the context of the overall River Landing project. With a decision to proceed with the Persephone Theatre and to provide underground parking, the foundation is in place for the City to develop and implement a facility that reflects the City's vision for a visitor/interpretive centre for River Landing.

With the additional time afforded by delaying the project, the process suggested below expands on the City's current development process. It involves the City bringing together stakeholders and their ideas, concepts, to develop a broader consensus on a project that is consistent with City Council's aspirations for this facility. It should take into account the programming and animation plan for River Landing. It involves the following steps:

1. **Re-establish the vision, objectives and key messages.** This involves Council reaffirmation of its intent for the facility including objectives for its use, the role it should play in the overall River Landing project, linkages to the downtown, and conditions concerning City financing support. There are already several interpretive ideas and concepts for the facility that can be used to develop a vision for the facility. The vision should establish the key messages to be conveyed by the facility.

2. **Broaden the scope of the technical committee** Chaired by a senior City staff person designated as Project Manager for this developmental phase, the task force should include representatives from key stakeholders. The task force would be charged with the translating the approved vision and objectives into a detailed concept for the facility addressed interpretative content, retail uses, restaurant and cuisine experiences and visitor services.

3. **Continue to provide technical support to the task force.** Three areas for technical support are important for the task force's work. These include:

    a. Interpretive and exhibit planning and design;

    b. Business planning including market analysis and marketing expertise; and

    c. Architectural and related technical services advisory services.

4. **Gather input for ideas for use of the facility.** The task force should hold workshops in the community to brainstorm ideas for consideration in the centre. The starting point should be the ideas already generated by the City's facility planning process. Part of the purpose here is to identify suggestions that may not have otherwise been considered.

5. **Develop two to three alternative concepts for consideration by Council.** The task force, based on community input, should prepare two to three concepts, along with, a high level assessment of the market potential, likely feasibility, management and fit with the River Landing project for each.

6. **Select a concept for detailed development.** The role of City Council, this would provide guidance to the task force to proceed to detail the concept.

7. **Prepare a detailed concept including market and financial assessment.** This involves the development of a detailed concept including space use for the facility. Developed with the input of technical staff (architects/engineers as appropriate) and tourism/business planning specialists, the concept will include the following components:

   - proposed uses;
   - space allocation within the facility;
   - integration with the waterfront;
   - key messages;
   - interpretive plan;
   - retail and food and beverage plan;
   - visitor services plan;
   - delineation of operating "entity";
   - operational/management considerations;
   - market analysis, proformas and risk analysis;
   - financial plan; and
   - risk mitigation plan.

   Key preliminary concepts should include concept sketches for the form of the building addition to Persephone's facility.

8. **Submit detailed concept and recommendations to City Council.** Once City Council has reviewed the concept, they should provide instructions to the task force concerning any adjustments and to proceed to business plan preparation.

9. **Prepare business plan for approval by City Council.** Based on the results of step 8 above, the task force should prepare the business plan for the facility. Business plan preparation will be informed by the market analysis including market capture rates by segment, consideration for seasonality including strategies to overcome off-season visitation challenges, programming, if any, space lease arrangements for food and beverage, retail and other uses as appropriate, and operating expenses. Once approved by Council, it becomes the basis for project implementation.

10. **Project Implementation.** Based on direction established by City Council, the task force should transform itself into a project management committee to oversee implementation, guided by the approved detailed facility concept and business plan. The approved operating entity should be formed/added to the implementation team. Activities include:

    - Building design
    - Exhibits design and installation

- Business operations planning
- Market development
- Pre-opening market
- Staffing and training as appropriate

Draft

Background Report

Part 2: Available Market Assessment

Destination Centre Facility: River Landing Saskatoon

November17, 2005

Prepared by

TOURISM PLANNING GROUP

Table of Contents

1. Introduction

This working paper provides an appraisal of the market potential for the River Landing Destination Centre Assessment described in Part 1 of the report. Since a specific concept is not available, the market estimates provide an overview of the key market trends and available market that should help to understand the potential for River Landing and the proposed Destination Centre. It includes a general assessment of market potential for the River Landing concept from a tourism perspective.

General market trends that are applicable to the project are discussed in Section 2, while Section 3 presents the size of the available tourism market for the River Landing concept. The available market estimates are based on consultations with proponents and other stakeholders, and an analysis of secondary data provided through Tourism Saskatchewan, Tourism Saskatoon, the City of Saskatoon, and other attractions in the Saskatoon area.

2. Relevant Tourism Trends

2.1 Global Trends for Destinations

Tourism is recognized as one of the world's fastest growing service industries. Recent data from the World Travel and Tourism Council (WTTC) estimates that tourism will contribute about 3.8% of total GDP to the world economy in 2004. With a strong recovery from 9/11, the war in Iraq, SARS and downturns in the international economy, the WTTC estimates that demand encompassing all components of travel and tourism consumption, investment, government related spending and exports will grow about 5.9% to a total of US$5.5 trillion in 2004. The robust nature of the industry is perhaps best expressed by the WTO in its 2020 Vision report:[1]

> *By the year 2020, tourists will have conquered every part of the globe as well as engaging in low orbit space tours, and maybe moon tours. The Tourism 2020 Vision study forecasts that the number of international arrivals worldwide will increase to almost 1.6 billion in 2020.... The number of people travelling will continue to boom in the 21st century. The most striking characteristic of the development of tourism in the last half century has been its ongoing surprisingly strong growth. Although the pace of growth will slow down to a forecast average of 4 per cent a year...... there are no signs at all of an end to the rapid expansion of tourism.*

Barring a repeat of major disruptions such as those experienced early in the decade, the WTTC forecasts that tourism will increase by 4.5% per annum between 2005 and 2014. This is slightly more than the WTO's estimate of 4.1% annual growth to 2020.

The WTO's "hot" market segments in their Vision 2020 tourism forecast include:

- Sun and beach tourism.
- Sports tourism.
- Adventure tourism.
- Nature-based tourism.
- Cultural tourism.
- Urban tourism.
- Rural tourism.
- Cruises.
- Theme parks.
- Meetings and conference tourism.

The segments, in many ways, are reshaping how destinations respond to tourism, particularly in relation to those products that seek quality destination services, infrastructure and a responsible attitude towards the environment, heritage, and cultural resources.

The growing interest in experiential tourism lies at the heart of those market segments that the WTO regards as "hot" in the next 10 to 15 years. To a large degree, the increasing interest in experiential

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[1] Page 9, World Tourism Organization, *Tourism 2020 Vision*, Volume 7, Global Forecasts and Profiles of Market Segments, 2001

tourism has been facilitated by Internet technology, enabling the tourism industry and destinations to provide differentiated product to specific market segments in ways that were never before possible.

In the following sub-sections three particular growing and emerging niche markets have been reviewed – culture and heritage-based tourism, festivals and events, and Aboriginal tourism. These have been selected as they each have particular relevance to the River Landing project, both in terms of the animation of the waterfront and in relation to the destination centre concept. The final section reviews the nature of travel generators within an urban environment.

2.1.1 Culture and Heritage-Based Tourism

Global Trends

In 1998, the World Tourism Organization (WTO) first predicted that cultural and other closely associated forms of special interest tourism, such as nature tourism and thematic tourism, would be among the hottest trends of the 21st century[2]. This prediction was recently confirmed by the Pisa Forum, an annual 'think tank' comprised of leaders of the global tourism sector. In its 2003–2004 report[3], the Pisa Forum noted that current market trends show that tourists are increasingly seeking experiential tourism offerings. Further, demand for authentic experiences which focus on local culture, learning, closeness to nature and wellness is on the rise, especially among older age groups[4].

Globally, the WTO estimates that 37% of all international trips include a culture/heritage component and that the market is growing at an annual rate of 15% (CTC, 1999).

In the case of Canada, the TAMS survey covered three cultural market segments and their size estimates are as follows[5]:

- 11% of Canadians (2.6 million adults) are considered to be Heritage Tourism Enthusiasts. Eighty percent of these individuals have taken a holiday in Canada during the past two years, providing a total domestic market of about 2.2 million (Research Solutions and Consulting Ltd, 2000b). This active market is expected to grow to 3 million by 2026. Looking at related travel within the province, the TAMS data show that 17% or 242,000 heritage tourism enthusiasts have visited the provinces of Saskatchewan and Manitoba together.
- The Canadian Performing Arts Enthusiast sub-set market is estimated at 1.3 million. Of these, 8 out of 10 have taken a holiday in Canada during the past two years, providing a domestic Performing Arts tourism market of 1.1 million adults (Research Solutions and Consulting Ltd, 2000c)
- 2.1 million Canadians (9% of adults) fit the Visual Arts Enthusiast definition. Of these, 80% have taken a recently leisure trip, creating a domestic Visual Arts tourism market estimated at 1.7 million (Research Solutions and Consulting Ltd, 2000e)

By way of comparison, the interest in cultural tourism is much higher in the US. 81% of U.S. adults who travelled in the year previous to the TAMS survey, or 118 million adults, are considered

[2] WTO - World Tourism Organization. 1998, WTO Picks Hot Tourism Trends for the 21st Century. *News from the World Tourism Organization.* Internet, http:www.world-tourism.org/pressrel/LISBON.htm

[3] IPK International, 2003, *World Travel Trends 2003-2004*, Forecast Forum: World Travel Market Global Travel Report

[4] Express Travel and Tourism, 2003, *Value For Money Will Be Major Determinant For Travel Trends In Future: Pisa Forum Report.*

[5] Canadian Tourism Commission, 2002, *Canada's Heritage Tourism Enthusiasts – A Special Analysis of the Travel Activities and Motivation Survey*

historic/cultural travellers. These travellers included historical or cultural activities on almost 217 million trips in 2002 - up 13% from 1996[6].

Market Profile

Comparative analysis of the recent studies of US and Canadian arts, culture and heritage tourists reveals many socio-demographic commonalties as well as some minor differences. These are summarized in the following exhibit.

Exhibit 2.1 Demographic Profiles for Cultural/Heritage Travellers

Demographic Profiles	Heritage Tourism	Performing Arts	Visual Arts
Canadians			
Total Market Size	2.6 million	1.3 million	2.1 million
Male	50%	37%	37%
Female	50%	63%	63%
Avg. Age (years)	45.1	42.9	43.3
Univ Grad	28%	36%	36%
Avg. Income (C$)	60,000	56,000	63,100
Americans			
Total Market Size	35 million	15.6 million	27.6 million
Male	51%	49%	47%
Female	49%	51%	53%
Avg. Age (years)	48.9	49.2	47.4
Univ Grad	34%	41%	41%
Avg. Income (US$)	71,100	71,900	72,500

Source: Canadian Tourism Commission, TAMS tabulations

Demand for culture tourism is likely to grow as the Canadian Tourism Commission take a lead in positioning Canada as a cultural destination overseas and in the US. *Mainstream buyers are seeking cultural products as enhancements to Canadian 'must see' anchors, while niche buyers are requesting Canadian cultural icons or unique and new experiences around which in-depth cultural themes and itineraries can be created*[7]. Cultural attractions that offer unique, authentic and quality experiences with opportunities for interaction are becoming increasingly sought after product in the market place.

2.1.2 Festivals and Events

Festivals and events have grown considerably in their significance as 'attractors' in the tourism market place and have the potential to generate high levels of visitation. Considerable change has occurred in recent years as these events have evolved from key calendar moments linked specifically

[6] Travel Industry Association of America (TIA) & Smithsonian Magazine. 2002. *The Historic/Cultural Traveler, 2002 Edition.*

[7] Canadian Tourism Commission, August 2004, *Canada: Destination Culture – A Symposium on Cultural and Heritage Tourism Products*

to particular seasons and heritage sites to a product that *constitute(s) one of the most exciting and fastest growing forms of leisure, business, and tourism-related phenomena*[8].

National Trends

The TAMS data collected in 2000 has been analysed to identify trends within the Canadian and US markets[9]. This market segment analysis indicates that:

- The domestic market for Canada's festivals and events in 2000 accounted for approximately 1.7 million. This is expected to grow to 2.1 million by 2026. Within this segment two subsets were identified with 4 in 10 or 675,000 of the 1.7 million showing a specific interest in performing arts festivals; while 3 in 10 or 497,000 were more inclined to attend themed community carnivals and events. The most popular events are local festivals and fairs which attract 7 in 10.
- There is a strong correlation between this group of tourists and interest in local arts and crafts, farmers' markets, heritage museums and art galleries, and performing arts. Product packaging and promotion should take this overlap in interests into consideration.

Further analysis of trends has been undertaken with the Canadian Travel Survey data. While the TAMS research focuses on the number and characteristics of participants in the various market segments, the Canadian Travel Survey measures overnight trips for the various activities. Using the 2002 data it can be noted that:

- Of the 95.2 million overnight domestic trips taken by Canadians in Canada, approximately 6.2 million involved a visit to a festival, fair or exhibition, and 1.2 million included a visit to an Aboriginal cultural event.
- 5.3 million overnight person trips by Canadians within Canada included a play, concert or other cultural event.

Impact of Festivals and Events for the Tourism Economy

Festivals and events now have the potential to play a major contributing role within the local economy while strengthening the local community and building awareness of diverse cultures and identities. The tourism economy stands to benefit considerably from a well planned festival and events program within a community. As Getz observes, *the economic role of events is to act as catalysts for attracting visitors and increasing their average spend and length of stay. They are also seen as image-makers for the destination, creating a profile for destinations, positioning them in the market and providing a competitive marketing advantage*[10]. The potential benefits can be seen in Exhibit 2.2.

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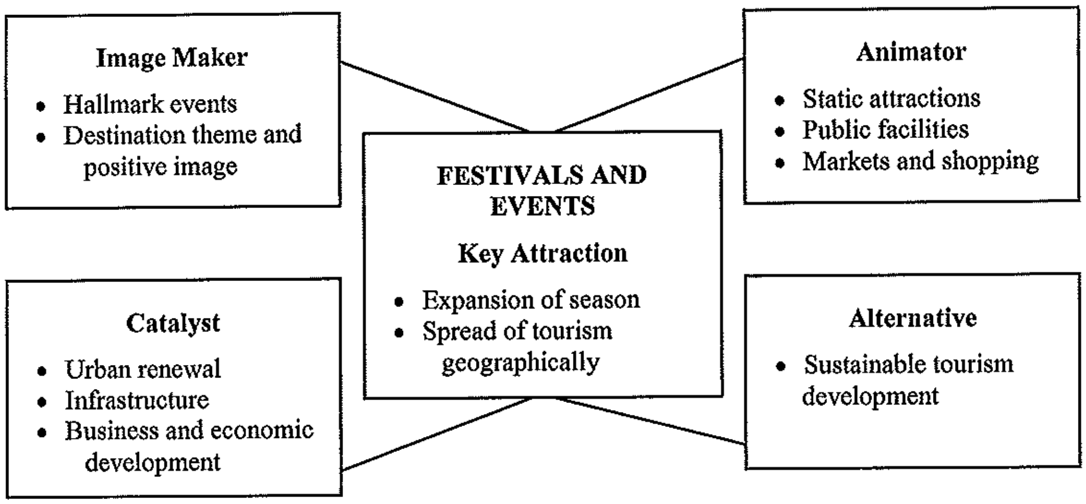
[8] Getz cited in Raj, R. December 2003, The Impact of Festivals on Cultural Tourism, The 2nd DeHaan Tourism Management Conference.

[9] Canada Tourism Commission, April 2005, *Canada's Festival Tourism Enthusiasts*

[10] Getz, Ibid

Exhibit 2.2 Potential Benefits of Developing Festivals and Events



Source: Getz cited in Raj, 2003

The economic impact has received particular attention in various jurisdictions. Work undertaken in Ontario by the Ontario Trillium Foundation has reviewed 97 culture, sports, recreation and community festivals and events that take place across 55 communities and range in attendance size from 150 to 700,000. The study concluded that they generate nearly $80 million to the province's Gross Domestic Product, over $50 million in wages and salaries, and $30 million in taxes for all levels of government[11]. The impact on particular sectors of the tourism economy was calculated:

Exhibit 2.3 Impact of Festivals and Events on Tourism Sectors - Ontario

	Accommodation	Recreation	Restaurants
GDP	$8.8 million	$11.7 million	$7.1 million
Wages and Salaries	$6.7 million	$9.8 million	$5.7 million
Employment	370	590	520

It should be noted that spending by local attendees was excluded from the net economic impact as it was assumed that such participants would have spent their leisure dollars in a local venue at another time.

A further study also conducted within Ontario[12] in 2003, focused on 14 National or International events held in Ontario, six Regional or Provincial events and five Local or Community events. The combined impact of the 14 National or International events was $310 million and when the data from the Ontario Trillium Foundation study for similar level events was combined, the aggregate data for 17 such events amounted to $345 million.

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[11] Ontario Trillium Foundation, April 2003, *Economic Impacts of 97 Festivals and Events Funded by the Ontario Trillium Foundation, the Ontario Arts Council and the Ontario Cultural Attractions Fund*

[12] Enigma Research Corporation, 2004, *Festivals and Events Ontario – 2003 Economic Impact Survey*

This research undertaken by Enigma Research Foundation also examined the economic impact for different 'tier' events:

Exhibit 2.4 Average Economic Impact of Festivals and Events - Ontario

	Average Economic Impact (2003)
Tier 1 – National or International (14 events)	$22 million
Tier 2 – Regional or Provincial (6 events)	$2.7 million
Tier 3 – Local or Community (5 events)	$400,000

Source: Enigma Research Corporation, 2004

Regarding attendance dynamics[13], it was estimated that:

- Festivals and events with attendance under 10,000 attract 90% of their visitors from the local community
- Festivals and events with attendance between 10,000 and 20,000 attract 75% of their visitors from the local community; and
- Festivals and events with attendance over 20,000 attract 50% of their visitors from the local community, with the remainder representing overnight visitors.

Further findings from the surveys indicated that packaging accommodation with the event tickets would increase the likelihood of their attendance. Family pricing, discount pricing for bringing 'friends and relatives', and direct transportation from local communities were also regarded as factors that generate higher rates of visitation.

Market Profile

Exhibit 2.5 Demographic Profiles for Canadian Festival Enthusiasts

Demographic Profiles	Festivals Enthusiasts
Total Market Size	1.7 million
Male	45%
Female	55%
Avg. Age (years)	40.8
Univ Grad	27%
Avg. Household Income (C$)	53,000
Avg. Age (years)	48.9
Univ Grad	34%
Avg. Income (US$)	71,100

Source: Canadian Tourism Commission, TAMS tabulations

13 Ontario Trillium Foundation, Ibid

2.1.3 Aboriginal Tourism

With the growth of cultural and heritage tourism, First Nations in Canada have become increasingly interested in the tourism industry, and its potential to assist in both economic development and with the preservation and revitalization of cultural traditions. However, while there is indeed a growth in cultural and heritage tourism, Aboriginal tourism accounts for a comparatively low fraction of the overall tourism market. Statistics for 1995 show that this sector accounted for $270 million, which represented only 0.5% of the entire Canadian tourism industry[14]. A more recent estimate for the total financial impact of Aboriginal tourism is approximately $300 million generated from around 1,500 small businesses and entities[15]. Clearly the growth rate of the sector has been slow, and while this may partly reflect problems associated with compiling data on Aboriginal tourism, it does indicate that Aboriginal tourism product is still largely under-developed and offers significant potential for growth and expansion. The marketplace dynamics of this segment are changing as interest levels increase and both the travel trade and travellers themselves become more aware of opportunities for Aboriginal cultural tourism experiences. The current work of Aboriginal Tourism Canada and the regional associations is rapidly re-positioning this sector of the industry and will invariably raise demand for associated product.

At the national level work has been undertaken to identify the critical steps that need to be taken to develop the industry and improve its overall impact[16]. There is recognition that Aboriginal tourism remains a relatively unknown niche product, and that this is largely a reflection of a lack of product awareness in the market. Key areas for action have been identified that relate to branding and national and international marketing; product development, authenticity and accreditation; industry development, training and skill enhancement in entrepreneurship; and, the creation of new and the strengthening of existing partnerships. Moving forward in these areas and developing product in a more targeted manner will play a significant role in reaching the 2010 target of expanding revenue from the sector to $2 billion (Aboriginal Tourism Canada, 2003).

Market Profile

According to the CTC's analysis of the TAMS data, of Canada's 18 million adults who take leisure trips over a two-year period, approximately 8% or 1.5 million go to Aboriginal cultural events and attractions when they travel. This market is expected to grow by about 39% by 2026.

Exhibit Demographic Profiles for Canadian Aboriginal Cultural Tourists

Demographic Profiles	Festivals Enthusiasts
Total Market Size	1.5 million
Male	48%
Female	52%
Avg. Age (years)	44
Univ Grad	25%
Avg. Household Income (C$ 1998)	51,700

[14] Aboriginal Tourism Canada, 2003, *Growing Canada's Aboriginal Tourism*, Aboriginal Tourism Canada Strategic Plan 2003 – 2010

[15] cited in Aboriginal Tourism Canada, September 2004, *Travelling with Wisdom: Aboriginal Tourism in Canada*

[16] Aboriginal Tourism Canada, September 2004, *Travelling with Wisdom: Aboriginal Tourism in Canada*

Considerable research work has been undertaken in British Columbia as background to developing a provincial Aboriginal tourism strategy. The AtBC Consumer Intercept Survey involved a series of pre- and post-visit surveys in 2003[17] that assist with further defining the characteristics and travel behaviour of this segment. In particular it was noted that Aboriginal cultural tourism visitors were interested in visiting destinations that gave them the opportunity to:

- Increase their knowledge;
- Experience unique places and see new and different cultures; and
- Feel personally safe

The fact that 65% of those interviewed were including Aboriginal cultural tourism in their BC travels for the first time indicates a growing interest in this particular tourism niche. However, the findings clearly demonstrated a need for focused marketing as 47% of the respondents did not have pre-trip familiarity with Aboriginal cultural tourism product in the province.

It is interesting to note that travellers were most satisfied with opportunities to view and/or purchase Aboriginal crafts and handiwork, and the chances to tour Aboriginal museums and art galleries. However, they were least satisfied with the opportunities to experience authentic Aboriginal facilities, performing arts, cuisine, languages, traditional natural environments and sporting events, and with opportunities to be guided by Aboriginal peoples. It is clear visitors are looking for authenticity and the chance to learn about new cultures in an experiential manner[18]. While there is a high level of satisfaction with museum settings and arts and craft retail opportunities, AtBC's findings suggest the level of participation could be increased and the experience enhanced by giving visitors further opportunities to 'connect' with Aboriginal culture through 'getting behind the scenes', having the chance to enjoy local cuisine, and 'participate' in other cultural activities and events.

2.2 Travel Generators in an Urban Environment

Considerable emphasis has been placed on identifying factors that contribute to the competitiveness of a destination. Clearly the attractions within an urban environment and the aesthetics of the destination itself play a key role in determining the nature of the tourism industry and should act as significant travel 'generators'. Recent work has looked at the impact of building additional attractions on increasing tourist visitation. The study was commissioned by the Ontario Ministry of Tourism and Recreation and partners, and was primarily concerned with assessing the gaps of its two major urban centres, Toronto and Ottawa, relative to other North American tourist centres[19]. In particular it demonstrated that tourism visitor numbers can be increased through the addition of quality attractors in urban areas. These include:

- The visual arts;
- Environment and built form investments including shopping areas, business districts, specific architectural structures of interest (e.g. major architectural wonders) and waterfront/urban redevelopment projects;

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[17] 2400 surveys were conducted

[18] This was also demonstrated in work carried out in Alberta. In this instance the most important characteristics of Aboriginal tourism experiences were found to be 'authenticity' (64%) and learning about people's current lifestyle (45%) - Notzke, C.,2004, *Indigenous tourism development in Southern Alberta: tentative engagement*, Journal of Sustainable Tourism, vol 12, No. 1.

[19] Global Insight Inc., June 2004, *Factors Influencing Visitor's Choices to Visit Urban Destinations*, prepared for the Ontario Ministry of Tourism and Recreation

- Entertainment including amusement and theme parks; and
- Quality restaurants/cuisine.

The findings from this survey added further weight to a number of other common themes in the literature that should be given consideration in the context of Saskatoon.

- Tourists are looking for a 'quality' experience and not merely to visit a site;
- Clustering plays an important role. Attractions complement and supplement each other and this interaction of multiple site is critical to increasing visitation;
- Infrastructure within the destination is an important variable in relation to visitor's participation in and enjoyment of a destination;
- Quality shopping is regarded as an important part of the overall tourism experience;
- Visitors want to be entertained. Related facilities can play a vital role in enhancing the overall visit; and
- New attractions need to be added with careful consideration to the supporting infrastructure needs, such as public transportation and parking

Looking at urban waterfront redevelopment in particular there is clearly much to be gained from developing the aesthetics of the city of Saskatoon in terms of increasing visitor numbers, length of stay and visitor spending. However, experience elsewhere has demonstrated that redevelopment in and of itself is not necessarily sufficient, even when the waterfront is associated with major visitor attractions. The city of Boston provides an interesting comparable. The waterfront in that city has undergone radical transformation and is now expected to function as a significant economic engine for the city and the region. Central Waterfront is the site of many of the region's most important attractions and is the location of the Boston Convention and Exhibition Centre. Existing attractions are expanding and plans are well underway for new developments. Nevertheless, despite all this activity there is still recognition that more needs to be done to maximize the benefits of the public investment. A framework[20] outlining broad goals has identified the need for:

- Creating 'inviting' connections with the surrounding neighbourhoods and with the existing recreation and cultural destinations and attractions along the water's edge and in other parts of the city, through trails, paths and view corridors;
- Developing and supporting a program of events in the waterfront area to ensure that it becomes an active and vibrant part of the city;
- Ensuring that the near shore water quality is appropriate for active human use; and
- Continuing to encourage new investment so as to ensure that the area will act as an economic driver for the city.

[20] Save the Harbor/Save the Bay, with the City of Boston, 2005, *Boston's Harbour and Waterfront – A Renaissance Underway*

From this it can be seen that waterfront development alone, even with associated attractions, may not be sufficient. Rather, what is needed is to take this a stage further and develop a 'living' landscape that is well connected to other parts of the city and has a dynamic personality that draws visitors and residents alike to the area. Only then does it become a destination that is self sustaining and competitive in the market place.

3. Available Market

3.1 Size of Available Market

The total market size for Saskatoon is estimated at 1.7 million in 2005. This is comprised of residents (12%) and visitors to Saskatoon (88%) of the available market. By 2011 the market size is forecast to grow to almost 2 million. A more detailed analysis of these figures and projections is included in Section 3.3.5.

Exhibit 3.1: Total Available Saskatoon Market (2005)

Market Size by Origin	2005	2011
Saskatoon Residents		
- within 100km radius of City	280,770	295,331
Saskatoon Visitors		
Day Visitors	333,293	389,480
Overnight Canadian Visitors	1,053,646	1,231,273
Overnight International Visitors	57,699	68,688
Subtotal Visitors	1,444,638	1,689,441
TOTAL MARKET	**1,725,408**	**1,984,772**

Source: Statistics Canada, Tourism Saskatoon, Tourism Saskatchewan, City of Saskatoon

NOTES:

- *These figures are estimates based on growth rates and projections by the City of Saskatoon, Conference Board of Canada and Tourism Saskatoon.*
- *One-third of the total Canadian day visitor market (967,000 in 2004) has been included within the available market calculation (see Section 3.3.5).*
- *The 2011 visitor numbers have been calculated based on a conservative average growth rate for all visitor markets of 2.0%pa from 2009-2011.*

3.2 Resident Market

3.2.1 The Resident Market

Firm population statistics for the region as a whole are difficult to come by. According to the City of Saskatoon's Planning Department the current population of the city is estimated to be 206,500. This has been extrapolated from the 2001 Census data which has been adjusted to account for undercounting. Exhibit 3.2 presents population projections for the region as a whole.

Exhibit 3.2: Resident Population Projections for the Region

Residents Markets	2001	2005*	2011	2016
City of Saskatoon[21]	203,037	206,500	222,992	231,437
Other Metro Saskatoon[22]	27,000	28,500	n/a	n/a
Radius of 100km[23]	41,110	45,770**	72,339***	73,748***
TOTAL REGIONAL MARKET	271,147	280,770	295,331	305,185

Source: City of Saskatoon, Statistics Canada
** Estimated values*
*** Estimate based on average growth rates between 2001 and 2011*
**** This figure includes the Metro Saskatoon population outside the City of Saskatoon*

Significant growth within the city limits is expected to occur within the next six years with the total population reaching 222,992 by 2011 (1.3% per annum). New neighbourhoods are being developed in the Suburban Development Areas of Blairmore, Confederation, University Heights, Nutana, Lakewood and the East Sector.

Given the city's sound economic activity (real GDP has been growing at a steady rate of 3.7% annually over the past decade, and has surpassed all expectations this year with an increase of 7%[24]) and current rate of residential development, the City's Planning Department are now using the 'high growth' predictions that were calculated in 2003. Similarly, beyond the city limits population numbers have expanded. However, the current figures being used by the Saskatoon Regional Economic Development Authority do not display the same degree of growth and may well under-estimate the expansion of population that is currently taking place.

In addition to the population within the Saskatoon Census Metropolitan Area, the data for the region as a whole has incorporated an area extending to a radius of 100km from the city of Saskatoon. This regional count represents the total potential day visitor market for an attraction or event in Saskatoon. Travel beyond this radius is more likely to generate over night visitation.

Demographic Profile

The population of Saskatoon is young with almost 60% under the age of 40. Programming should take this age profile into account and recognize that a large proportion of the population is active.

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[21] City of Saskatoon Planning Branch – estimates based on 2001 Census data with 2.5% undercounting factored in. 2011 and 2016 estimates calculated in 2003.

[22] Saskatoon Regional Economic Development Authority – telephone interview. 2001 adjusted data not available. Number cited based on an estimate derived from 2002 data of 232,000. 2011 data based on extrapolating the predicted growth rate for 2005 to 2009 – annual increase of 0.53% used.

[23] City of Saskatoon – *The Retail-Service Space Needs and Distribution Study*, January 2004 – undertaken by Robin Dee and Associates

[24] A press release from the Saskatoon Regional Economic Development Authority (SREDA), September 29, 2005, shows that actual economic growth this year has substantially surpassed all predictions with Saskatoon now a front leader (with Kitchener) of 20 Canadian cities covered in the Conference Board of Canada's Metropolitan Outlook – Autumn 2005.

Exhibit 3.3: Saskatoon Demographic Profile

Age Cohorts	# 2001	% 2001	% change since 1996
0-9	27,623	13.2	-12.0
10-19	30,175	14.4	6.7
20-29	32,860	15.7	1.8
30-39	32,293	15.4	-12.7
40-49	33,253	15.9	15.1
50-59	21,237	10.1	27.7
60-69	13,685	6.5	3.5
70+	18,138	8.7	11.5
total	209,264		2.6

Source: derived from Saskatchewan Health data for the City of Saskatoon Numbers reported are consistently higher than data for the City given minor boundary differences. Data cited in City of Saskatoon Population Projection 2006-2011, 2002.

Moreover, the economic growth of the area will in turn translate into increased spending on leisure time. Figures recently published by the Conference Board of Canada show that the retail sales growth has grown by a dramatic 11%, reflecting the fact that personal income has risen by 9.4%[25]. A similar increase in leisure related spending can be anticipated.

It should also be noted that over 9% of the population is of Aboriginal identity and that there is considerable potential to develop an Aboriginal component to the overall River Landing experience.

3.2.2 Schools Market

Saskatoon has experienced a declining birth rate which is showing in the shrinking school market within the city itself. Whether the overall growth in population numbers for that is anticipated within the city will ultimately offset this decline in birth rate through in-migration has yet to be determined.

Currently the total school population for the city of Saskatoon is 35,884 with a further 8,500 in Saskatoon District School division 206 which will be established in January 2006 following an amalgamation of Saskatoon (East) School Division, Saskatoon (West) School Division and Saskatchewan Valley School Division. While the school population is showing a slight decline in the former two rural divisions, numbers overall will remain stable in this new school division given the growth of suburban development in the Saskatchewan Valley School Division on the outskirts of the city. This market represents a significant low and shoulder season opportunity provided that the programming associated with the destination centre is linked to the school curricula and that the experience contributes to the overall objectives and anticipated learning outcomes. Designing programming that contributes to as many areas of the curricula as possible in a qualitative manner and raising the level of awareness regarding such programs among teachers is key to a developing a successful and viable schools market.

[25] SREDA, September 29 press release, Saskatoon – *Canadian Leader in Economic Growth with GDP of 7 per cent in 2005*

Exhibit 3.4: Saskatoon School Aged Populations by Market Area

Market Area	2005	2011
City of Saskatoon		
Saskatoon Public School Division	20,884	18,700
Saskatoon Catholic Schools	15,000	n.a.
Saskatoon District School Division 206[26]	8,500	8,500
TOTAL MARKET	44,384	

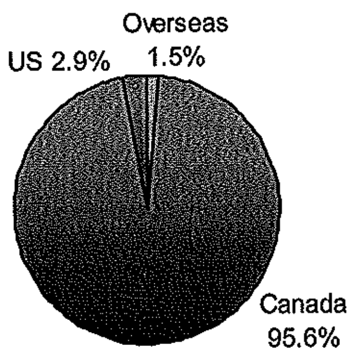
Source: Government of Saskatchewan

3.3 Saskatoon Visitor Market

3.3.1 Market Size

The total visitor market for Saskatoon is estimated at just over 2 million visitors in 2004, with this figure including 967,000 Canadian day visitors to the city. Nearly all of Saskatoon's visitor market is domestic with over 95% of overnight visits originating from within Canada and over 55% from within Saskatchewan. United States and overseas tourists only account for 4.5% of all overnight visits to the city. Overall expenditures of visitors to Saskatoon accounted for approximately $295 million in 2003[27].

Exhibit 3.5: Overnight Visitor Origins 2003



Source: Statistics Canada International and Canadian Travel Surveys, 2003

3.3.2 Canadian Visitors

The Canadian Travel Survey indicates that there were almost 2 million Canadian visitors to Saskatoon in 2004, with just over half (51%) staying at least 1 night. The vast majority of these visitors are residents of (62%) Saskatchewan and approximately one-fifth (19%) are from neighbouring Alberta. The average length of stay for overnight visitors in Saskatoon was 2.7 nights in 2004.

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[26] Represents the schools data from Saskatoon (East) School division, Saskatoon (West) School Division and Saskatchewan Valley School Division – to be amalgamated as Saskatoon District School Division 206 on January 1st 2006

[27] Statistics Canada International and Canadian Travel Surveys, 2003

Overnight Visitor Origin

Exhibit 3.6: Market Origin of Overnight Visitors to Saskatoon 2004

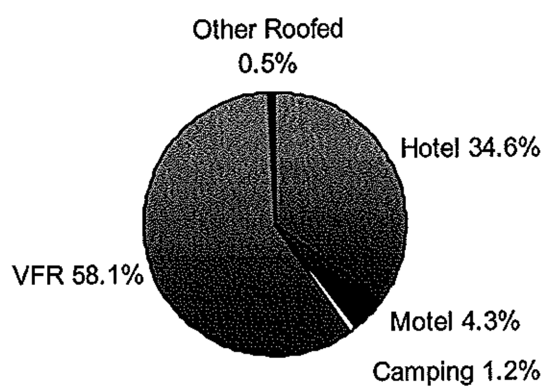
Origin	2004	Market Share 2004
Saskatchewan	**629,000**	**61.7%**
East Central	164,000	16.1%
North	135,000	13.2%
Regina	122,000	12.0%
West Central	100,000	9.8%
Southwest	59,000	5.8%
Southeast	46,000	4.5%
Alberta	**202,000**	**19.8%**
Edmonton	81,000	7.9%
Calgary	68,000	6.7%
British Columbia	**62,000**	**6.1%**
Manitoba	**59,000**	**5.8%**
Winnipeg	22,000	2.2%
Ontario	**55,000**	**5.4%**
Quebec/Atlantic	**12,000**	**1.2%**

Source: Statistics Canada Canadian Travel Survey 2004

Accommodation Use

The most popular type of accommodation for Canadian visitors staying overnight during their trip was with friends and relatives (58%), followed by hotels (35%).

Exhibit 3.7: Saskatoon Overnight Visitor Accommodation Use 2004

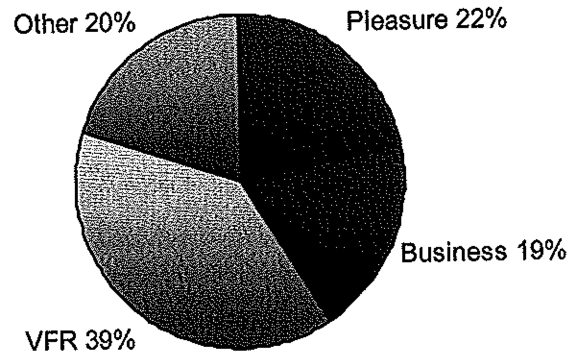


Source: Statistics Canada Canadian Travel Survey 2004

Trip Purpose

The majority (39%) of Canadian visitors to Saskatoon are visiting friends and relatives, while an additional one-quarter are there for pleasure purposes. Business travellers also constitute a significant portion of the visitor market making up nearly one-fifth of all Canadian visitors.

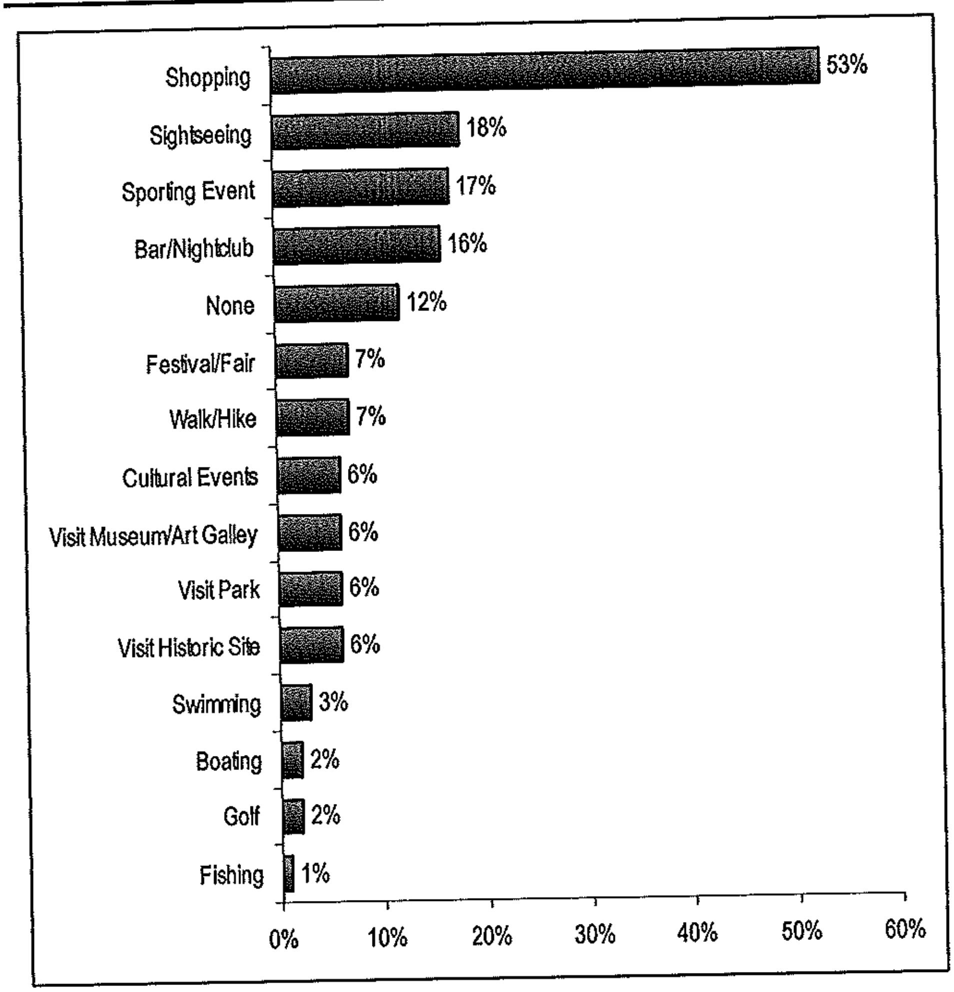
Exhibit 3.8: Trip Purpose for Canadian Visitors to Saskatoon 2004



Source: Statistics Canada Canadian Travel Survey 2004

Activity Preferences for Overnight Visitors to Saskatoon

Exhibit 3.9: Activity Participation for Canadian Overnight Visitors 2004



Source: Statistics Canada Canadian Travel Survey 2004

Visiting friends and relatives was the most popular activity for visitors to Saskatoon with 74% indicating that as an activity. This was closely followed by shopping and sightseeing, which generally rate as the top activities for visitors to any destination.

However, participation rates in cultural activities were considerably higher when all visits (day and overnight) are taken into account. Approximately 236,000 (12%) visitors participated in a cultural activity during their stay.

3.3.3 United States & Overseas Visitors

Saskatoon has a relatively small international visitor market accounting for approximately 55,000 visits annually in 2003. It consists mainly of US visitors from Illinois and Minnesota and overseas visitors from the United Kingdom and Germany. Overall this market makes up less than 5% of all overnight visits to Saskatoon. However, in terms of overnight visitor expenditures for 2003 they accounted for approximately 11% or $25 million.

3.3.4 Other Tourism Indicators

The following tourism indicators provide some insight into Saskatoon's tourism industry and its current level of activity.

Saskatoon Attractions

Saskatoon's attractions play a key role in drawing visitors to the city. The following table highlights 2004 visitor numbers and admission pricing for the attractions. However, one of the issues raised in the tourism industry interviews for this market assessment is the lack of upgrading and updating of exhibits, programs and infrastructure at some of Saskatoon's key attractions. This has the potential to become a significant issue in generating new growth in visitors and in continuing to engage local residents.

Exhibit 3.10: Saskatoon Attractions Attendance and Pricing 2004

Attraction	Visitation	Pricing
Prairieland Park	1,400,000	Various – the park hosts major events, trade shows, conferences, over 321 annual event days
Mendel Art Gallery	183,000*	FREE
Western Development Museum	40,000**	$7.25 adult, $6.25 senior, $5.25 student
Saskatoon Zoo	69,822	Apr-Oct $6.00 adults, Oct-Apr FREE
Wanuskewin Heritage Park	40,000	$8.50 adult
Forestry Farm	30,000	$2.00 Parking
Meewasin Valley Centre	20,000	FREE

Source: Tourism Saskatoon
** This figure is from 2002*
*** This figure is of the Saskatoon WD Museum only.*

Prairieland Park

Saskatoon's most successful attraction, Prairieland Park has over 321 event days during the year including the Saskatoon Exhibition, Festival of Trees and some components of Folkfest. The Park also hosts a large number of other trade shows and conventions in its 180,000 sq.ft space with an annual occupancy rate of 76%. There are plans to expand the floorspace to 200,000 sq.ft, which will enable them to attract larger shows that they have previously been unable to accommodate.

The Park receives around 1.4 to 1.5 million visitors each year. Fifty per cent of this total is drawn from the local area, 30% is regional, 15% is attracted from other parts of Canada and 5% is international. Prairieland also has an extensive school program that focuses primarily on agriculture. This is in keeping with a key component of the Society's mandate regarding promoting public awareness of the agricultural industry. Approximately 12,000 school children are hosted annually, which equates to over 25% of the area's regional school population.

Saskatoon Events

Saskatoon hosts a number of significant events that attract a large number of participants annually. Events are an integral component of a destination's tourism product and once established have the ability to become travel motivators. Current events programming in Saskatoon, with the exception of the Enchanted Forest, Sundog Handcraft Faire and Festival of Trees, occurs during the summer months (June to August).

Exhibit 3.11: Saskatoon Events Attendance

Attraction	2005 Attendance	Month
Folkfest	215,114	August
Saskatoon Exhibition	197,751	August
SIGA Enchanted Forest	70,000*	November – January
650 CKOM Rock 102 Cruise	50,000	August
SaskTel Jazz Festival	40,000**	June
Canada Remembers Airshow	34,000	August
North Saskatchewan Children's Festival	16,582	June
Saskatoon International Fringe Festival	16,000	August
Sundog Arts and Entertainment Faire	11,731*	November
Shakespeare on the SK	11,300	July
Pion-Era	3,300	July
Festival of Trees	n/a	November-December

Source: Tourism Saskatoon
* *These figures are for 2004.*
** *The Jazz Festival numbers are province wide.*

Hotel Occupancies

Annual average hotel occupancies for Saskatoon have ranged between a high of 75% in 1998 to a low of 58% in 2003. The sector's recent decline in occupancy can be associated with the general downturn in tourism experienced as a result of world events from 2001-2004 and the large number of rooms added to Saskatoon's accommodation inventory around the millennium, with over 400 rooms in 2000 alone.

Exhibit 3.12: Average Annual Hotel Occupancy for Saskatoon

Year	1998	1999	2000	2001	2002	2003	2004
Occupancy	75%	69%	67%	62%	62%	59%	60%

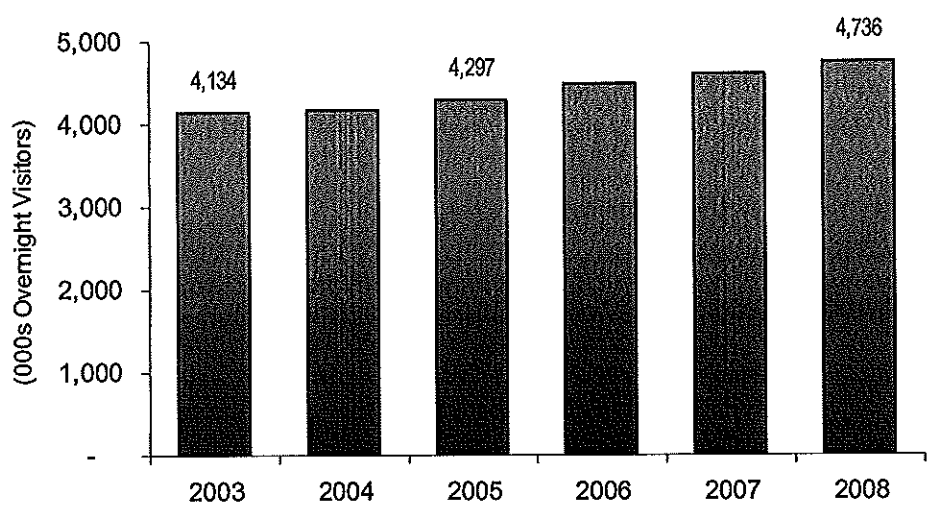
Source: Tourism Saskatoon

The preliminary numbers for 2005 indicate that the hotel sector is continuing its path to recovery since 2003. Occupancies for the first 8 months of 2005 have averaged 66%, which is well above the rates for the same period last year, even with the increases in inventory from the new 67 room Motel 6 that opened in February 2005.

3.3.5 Tourism Growth

The outlook for tourism in Saskatchewan is positive with indicators pointing towards a full recovery in 2005 and strong growth in visitor numbers from 2005 through to 2008. It is anticipated that overnight province visits will increase by an average of 3.3%[28] per annum over the next three years, with a growth rate of 3.4% forecast for 2005 and 4.1% for 2006.

Exhibit 3.13: Tourism Growth Projections for Saskatchewan

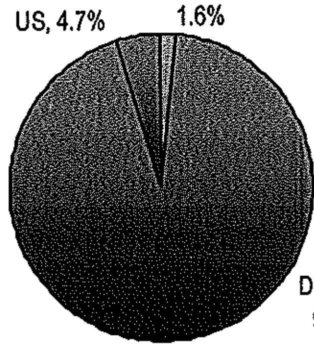


Source: Statistics Canada Canadian and International Travel Surveys 2003-2004; Conference Board of Canada (CRTI travel forecasts 2005-2008)

[28] Conference Board of Canada (CRTI travel forecasts 2005-2008)

While the domestic market represents 94% of Saskatchewan's overnight visits, the growth in the US (3.4%) and overseas (5.1%) markets is expected to be more pronounced over the next three years.

Exhibit 3.14: Saskatchewan Overnight Visitor Origins 2005



Source: Statistics Canada Canadian and International Travel Surveys 2003-2004; Conference Board of Canada (CRTI travel forecasts 2005-2008)

Visitor numbers to Saskatoon are also anticipated to grow in a similar fashion to those forecast for the province. However, there are a number of factors that tend to suggest that growth in Saskatoon could outpace the provincial forecasts.

Increased Air Capacity to Saskatoon

Air access is a key element for growing a destination's longer haul travel markets, and recent Air Canada announcements of flight increases to Regina and Saskatoon from Toronto will certainly assist in attracting more Eastern Canadians to the province. According to a recent article by the Conference Board of Canada[29], Saskatoon will see the number of daily flights to Toronto increase from three to four, as well as a twice daily service to Vancouver.

Rendezvous Canada 2005 puts Saskatoon on the Map

Rendez-vous Canada (RVC), a four-day international travel trade marketplace brought more than 1,500 delegates and travel buyers to Saskatoon in May and was a huge success. As a result of hosting this event for the first time Saskatchewan sellers and DMOs received an unprecedented increase of more than 40% in appointment requests from international buyers. The delegates were also exposed to Saskatchewan culture through evening events and city tours. Saskatoon and area generated an economic spin-off of about $4.5 million as a direct result of hosting the event.

Centennial Celebrations

Following the Province of Saskatchewan's 2005 centennial celebrations this year are centennials for the City of Saskatoon in 2006 and the University of Saskatchewan in 2007. As a result of these two high profile events Tourism Saskatoon is anticipating strong growth in 2006 and 2007 as many

[29] Going Places – Summer 2005, Tourism Saskatchewan

Canadian's with current and past associations with the city and university return to Saskatoon for the celebrations.

Tourism Forecasts for Saskatoon

Based on the tourism growth projections for Saskatchewan by the Conference Board of Canada and the favourable tourism indicators for Saskatoon presented above, it is anticipated that Saskatoon's tourism industry will experience an average annual growth rate of almost 3% over the next 5 years.

The following table highlights the anticipated growth rates by market segment and the resulting number of expected visitors to the City. The total available market for Saskatoon consists of the regional (within 100km of Saskatoon) resident population and the visitor market. For the purposes of this forecast a conservative estimate (one-third) of the large day visitor market was included in the available market calculation along with the overnight visitor numbers for domestic, US and overseas markets. This results in a total market size of 1.7 million in 2005, which is estimated to grow to just under 2 million by 2011.

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