

**TSEK HOT SPRING CAMPGROUND BUSINESS PLAN**

by

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## **Abstract**

In-SHUCK-ch Nation is creating its own path to sustainability by negotiating an agreement with the Canadian Governments. The In-SHUCK-ch Nation treaty will secure jurisdiction and resources from the Federal and Provincial Governments and they will transfer to the Nation after the successful conclusion of the treaty ratification process. Tsek (pronounced “Chick”) or District Lot 1747 is included in the land settlement package and the In-SHUCK-ch Nation will have jurisdiction and fee simple ownership over the 50.4 hectare parcel. Tsek is a special resource regained by the treaty that is sacred to the citizens and it will be utilized as an economic initiative that will contribute to enhancing the quality of life and prosperity of the In-SHUCK-ch Nation. This paper examines the past few years of the campground operations and provides a marketing and operational plan that will achieve increase sustainability through greater annual profits. A competitor analysis indicated that the current pricing strategy is high and therefore is adjusted appropriately. All competitors are regulated by the provincial policy because they are Provincial Recreation Sites. The Tsek Hot Spring Campground will be a sustainable and profitable business with additional Yurt accommodations that respects the history, culture and traditions of the Nation and the environment in which it is located. The business will assist in building the capacity of the citizens to be successful entrepreneurs by creating a location where culture is shared with tourists visiting the campground. The Tsek Hot Spring Campground will facilitate the development of aboriginal tourism products that will be offered to the tourists seeking an experience in aboriginal culture.

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## Glossary

In-SHUCK-ch Development Corporation	A Corporation established on October 20, 1992 to pursue economic development opportunities for the In-SHUCK-ch Nation.
In-SHUCK-ch Holdings Limited Partnership	A master limited partnership owned by the In-SHUCK-ch Nation and established to hold investments interests in businesses that are operational limited partnerships.
In-SHUCK-ch Nation	The Samahquam Úcwalmicw and the Skatin Nation are to First Nations that are part of the Lower Stl'atl'imx Tribes that have united to conclude a treaty with the Federal and Provincial Governments.
In-SHUCK-ch Service Society	ISS is a Registered Charity that was incorporated under the British Columbia Society Act on December 10, 1992 to develop and implement health, cultural, and educational programs for the In-SHUCK-ch Nation.
In-SHUCK-ch Holdings Limited Partnership	A limited partnership between the First Nations and the operating limited partnerships
In-SHUCK-ch Tourism Limited Partnership	An operating limited partnership established for tourism business ventures on behalf of the In-SHUCK-ch Nation.
Operating Limited Partnerships	Limited partnerships established by In-SHUCK-ch Nation to pursue business ventures. The In-SHUCK-ch Holdings Limited Partnership on behalf of the Nation owns them.
Samahquam Úcwalmicw	The “band” known as the Samahquam First Nation, a band of Indians represented by its Chief and Council, within the meaning of subparagraph 2(1) of the Indian Act
Skatin Nation	The “band” known as the Skatin Nation, a band of Indians represented by its Chief and Council, within the meaning of subparagraph 2(1) of the Indian Act
Treaty Settlement Land	An area of land that is owned and managed by a First Nation pursuant to a treaty.

# 1: BUSINESS OVERVIEW

In-SHUCK-ch Nation is comprised of the Samahquam Úcwalmicw and the Skatin Nation and it had initial tenure over the campground portion of District Lot 1747 (DL 1747) through a lease by the In-SHUCK-ch Development Corporation. DL 1747 was purchased by Aboriginal Affairs and Northern Development Canada and is held in trust as part of the Treaty Settlement Land package and it will be transferred to the Nation upon concluding the treaty negotiation process.

The location is significant to the Nation because it is a sacred place and linked to a creation story. The legend states that a married elderly couple was transformed into the hot and cold springs at their own request by *utsim'alh* (a Transformer) which was an immortal creature composed of four brothers, a sister, and a mink so they can be together forever. The legend also states that the people who bathe in and drink their water will become well. The site and the spring water have been used by the In-SHUCK-ch people for training, cleansing and collecting medicines for generations.

The In-SHUCK-ch Development Corporation (IDC) held the tenure over the campground from 2007 to 2013 at which point the renewed lease agreement was with the In-SHUCK-ch Tourism Inc. However, the revenue from the campground was deposited in the IDC bank account until a new bank account was created for the In-SHUCK-ch Tourism Limited Partnership in April 2015. During this period, the campground operations were formalized by the recording of revenues and expenses by the manager contracted between 2009 to 2012. In 2012, a new local manager was procured in an attempt to reduce management costs and reduce the \$100,000 debt created by the previous manager. After two and a half years, the IDC managed to reduce the debt by approximately 90 percent. The operations will now transfer to a new In-SHUCK-ch entity called the In-SHUCK-ch Tourism Limited Partnership and bank financing will be secured to invest in the maintenance and improvements that are required to increase the sustainability of the business.

## **1.1 Business Description**

In-SHUCK-ch Nation with the support of Meyers Norris Penny LLP and Ratcliff & Company LLP created a business governance structure and limited partnership structure that will reduce liability exposure, maximize profits by minimizing income tax, and separate politics from business decisions. Both structures are utilized in the creation of the In-SHUCK-ch Tourism Limited Partnership that houses the business activities of the Tsek Hot Spring Campground.

## **1.2 Target Market**

Geodemographic segmentation reveals three target markets: hot spring enthusiasts, remote tent camping enthusiasts and Yurt enthusiasts. The Tsek Hot Spring Campground will use a differentiated segmentation strategy to target the three market segments with a different offering for each. Customers living in the Sea-to-Sky Recreation District and the Chilliwack Recreation District will be targeted with promotion activities at trade shows. Families and adult couples will be targeted with pricing tactics through existing direct marketing channels involving electronic media.

## **1.3 Competition**

The Tsek Hot Spring Campground's local competition is the BC Recreation Sites located along the Lillooet Lake and near the North End of Harrison Lake. The non-local competitors are the BC Recreation Sites and Parks near Pemberton, Squamish, and Whistler. However, its main competitor is the Sloquet Hot Spring Recreation Site.

## **1.4 Operations**

The Tsek Hot Spring Campground will be maintained by diligent business governance, management and administration. This includes hiring, contracting, training and purchasing all the supplies required to meet the customers' expectations and needs. Excellent customer relations are crucial to the success of the business.

## **1.5 Pricing Strategy**

The business objective is to create and maintain customer satisfaction through quality service and therefore the prices will be kept higher than the competitors but still be reduced through pricing tactics as discussed in *Section 3.3.4*. The Day User and Firewood Fees will not

change but there will be a new overnight couples fee, overnight family fee and group camping fee.

## 1.6 Financial Projections

The campground operations are projected to produce the annual retained earnings illustrated in *Table 1* over the next five years. An increase in sales is anticipated with the addition of two furnished Yurts for accommodations.

*Table 1: Projected Retained Earnings*

2016	2017	2018	2019	2020
\$8,500	\$18,300	\$31,200	\$50,100	\$69,200

## **2: IN-SHUCK-CH NATION STRATEGY**

In-SHUCK-ch Nation has several planning documents that describe who they are as a people and how they want their land managed and protected. These plans include, but are not limited to, the *Seven Generations Plan* (In-SHUCK-ch Nation, 2013a), *Land Stewardship Plan* (In-SHUCK-ch Nation, 2013b), *Wealth Creation Plan* (In-SHUCK-ch Nation, 2013c), *Nation Building Plan* (In-SHUCK-ch Nation, 2014a), and the *Tsek Operations and Management Plan* (In-SHUCK-ch Nation, 2008). The In-SHUCK-ch people have developed vision statements that encompass their values related to future generations, how they intend to develop business and site-specific visions for special cultural places like Tsek.

### **2.1 Seven Generations Vision**

The vision in the *In-SHUCK-ch Nation Seven Generations Plan* states:

The In-SHUCK-ch Nation lives in a harmonious way with itself, its people, its communities, its lands, its resources and its neighbours from generation-to-generation knowing that its purpose is to prepare for and meet the needs of the next seven generations. (In-SHUCK-ch Nation, 2013a, p. 8)

### **2.2 Business Development Vision**

The vision in the *Business Governance and Fiscal Agreement* states the following.

In-SHUCK-ch Nation is to:

1. actively seek, secure and promote economic initiatives that will enhance the quality of life and prosperity of the In-SHUCK-ch Nation citizens;
2. develop diverse, sustainable and profitable businesses that respect the history, culture and traditions of the Nation and the environment in which we live; and
3. assist in building the capacity of the citizens to be successful entrepreneurs. (In-SHUCK-ch Nation, 2014b, pp. 8-9)

## **2.3 Tsek Hot Spring Campground Vision**

The In-SHUCK-ch Nation citizens developed a Management and Operations Plan and vision for the special cultural place called Tsek. See *Section 4.5.2* for more information on the location history. The In-SHUCK-ch Nation general assembly adopted the *Tsek Management and Operations Plan* on May 10, 2008 and a vision developed by the Tsek Committee comprised of elders on January 23, 2010.

### **2.3.1 Tsek Vision Statement**

Tsek is a very sacred place that supports and promotes our ancestral way of culture and tradition protecting Ucwalmicw Transformer Sites for cleansing, healing, praying, enjoying and sharing.

### **2.3.2 Tsek Mission Statement**

Tsek Guardians, Users, Activities, and Publications will honour, respect and follow the culture and traditions.

### **2.3.3 In-SHUCK-ch Development Corporation Management**

The In-SHUCK-ch Development Corporation (IDC) has had management control over the campground area of the property since 2007 through a property lease. IDC contracted an independent property manager between 2009 and 2012 that formalized the campground management activities recording and reporting the revenues and expenses. This was the first time revenues and expenses were recorded and reported to the IDC. Since 2012, IDC has contracted local managers to increase efficiencies and reduce the operational debt left by the previous manager.

The IDC in a recent planning activity contracted the Indigenous Work Force to draft the *Tsek Sustainability and Protection Plan* (2014) in conjunction with the In-SHUCK-ch citizens in 2014 to facilitate the enhancement of business activities for the Tsek Hot Spring Campground and it states the following.

The Tsek Hot Spring has been a sacred place of our people since time out of mind, the spirit and body of our people are healed here, our spiritual leaders, medicine people and chiefs have trained here, our medicinal plants are collected here and our ceremonies of cleansing and committing are held here.

We want to protect the spirituality and sacredness of our hot springs, as well as preserve historical and environmentally sensitive areas, while still creating economic opportunities and a sustainable revenue source for our people. As is the tradition of our people we want to welcome and share this spiritual place with others for a spiritual experience and to the benefit of all.

The Tsek Hot Spring Campground provides an opportunity to raise awareness of who we are as a People, how our lands remain central to our identity, and what our aspirations are in the future. (In-SHUCK-ch Development Corporation, 2014)

The *Tsek Sustainability and Protection Plan* is key to the ongoing application for a social licence from the In-SHUCK-ch communities since the operation activities take place on a sacred and cultural site.

## **2.4 Business Goals and Objectives**

The Tsek Hot Spring Campground goals and objectives, although not specified in detail, relate to the development of a sustainable business that facilitates the management and protection of the sacred site, provides employment opportunities for the local citizens and creates a place where the local aboriginal culture can be shared. The business operations must be profitable enough to employ an operations manager and other contractors required for the campground operations. Acquiring bank financing with this business plan will enable the business to replace and improve the current campground and hot spring amenities as well as expand its product offering to include accommodations in two Yurts. The new product will increase the annual sales and therefore the sustainability of the business. Sustainable operations must be achieved before offering significant products related to aboriginal tourism to enhance the value proposition for visitors to the Tsek Hot Spring Campground.

An association with the Aboriginal Tourism Association of British Columbia (AtBC) will provide benefits through their Marketing Stakeholder program when its prerequisites are achieved. The AtBC website indicate the benefits to the program are the following.

- Stay connected with what is happening in the Aboriginal tourism industry in BC via regular updates from Keith Henry, AtBC CEO.
- A Profile web page for your organization on the AtBC Corporate website with a link to your website.
- Access to the latest and most relevant tourism industry research.



- Attend the AtBC Annual General Meeting plus Stakeholder Forums.
- Business development support from AtBC staff, just call or email.
- Participation in special events like the Klahowya Village in Stanley Park.
- Promotion on AtBC's consumer & travel trade website with separate listings for each experience type offered and including a link to your business website.
- Promotion in AtBC's print brochures.
- Promotion at travel trade shows and other industry marketing events.
- Promotion as part of AtBC's Media Relations Program.
- Promotion at special events such as the Klahowya Village in Stanley Park.
- Marketing Stakeholders gain voting privileges within the Association after 12 months of participation in an AtBC Marketing Program. (Aboriginal Tourism Association of BC, 2015)

The AtBC website indicates that the market-ready criteria to joining the Marketing Stakeholder program are the following.

- Has been operating in a safe and professional manner for at least one year.
- Carries adequate insurance totalling no less than 2 million in liability.
- Has current business and operating licenses, registrations and permits.
- Has a website that honestly and accurately represents Aboriginal tourism business.
- Accepts credit cards and debit cards as means of payment.
- Handles reservations/inquiries by telephone, fax and email on a year-round basis.
- Handles and is able to provide confirmation of booking arrangements within 24 hours.

- Has a product that is of interest to tourists, both domestic and international.

The Tsek Hot Spring Campground will need to enhance personnel capacity, obtain stable electricity, enhance communication capabilities, install a campsite reservation system and develop aboriginal tourism products to meet the market-ready criteria prescribed by AtBC for the Marketing Stakeholder program.

## **2.5 Competitive Advantage**

The competitive advantage of the Tsek Hot Spring Campground originates from several key factors. The key factors include the following.

- With 40 campsites it is the largest campground in the Lillooet River Valley and Provincial Park Campgrounds near Pemberton, BC. There is also space for campsite expansion near the north side of the campground area.
- It can be accessed with a two-wheel drive vehicle just off the In-SHUCK-ch Forest Service Road.
- It is the only campground in the Lillooet River Valley or near Pemberton, BC with a micro hydropower system that provides green energy to an office cabin. This creates the opportunity to enhance the business communication capabilities by securing telephone and internet based services, including debit card and credit card transaction services for products at the campground.
- It is the only non-provincial campground in the Lillooet River Valley or near Pemberton, BC. Therefore, it is not governed by provincial policies that regulate the user fee and operation season. The campground can set its user fees and be open all-year around.

## **3: MARKETING PLAN**

The marketing plan for the Tsek Hot Spring Campground involved conducting a situation analysis, developing a marketing strategy and developing the marketing mix. Each subject is expanded on further below.

### **3.1 Situation Analysis**

The situation analysis involved conducting an industry analysis, a SWOT analysis and a competitor analysis. Each analysis is expanded on further below.

#### **3.1.1 Tourism Industry Analysis**

A wealth of tourism information is available on the Destination British Columbia corporate website. The website describes Destination British Columbia as the following:

An industry led Crown Corporation that works collaboratively with tourism stakeholders across the province to coordinate marketing at the international, provincial, regional and local level. Its mandate is to fulfil several key marketing and leadership responsibilities critical to the long-term, sustainable growth of the provincial tourism industry. (Destination British Columbia, 2013)

Information about the tourism industry and the six tourism regions in BC is available on the website. The Tsek Campground is located within the Vancouver, Coast and Mountain Region and significant tourism market information in this region is described below.

##### **3.1.1.1 Tourism Market Size and Growth**

In a report published by Destination British Columbia named *The Value of Tourism in British Columbia, Trends from 2002 to 2012*, an overview of the tourism industry in British Columbia is on pages 2 and 3. The report states the following key highlights related to the tourism market size and growth in BC.

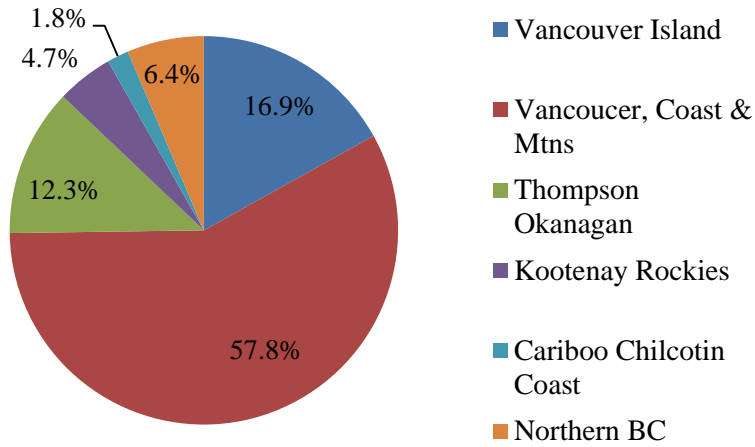
Key highlights:

- In 2012, the tourism industry generated \$13.5 billion in revenue, a 2.5% increase from 2011 and a 40.5% increase over 2002.

- In 2012, \$1.5 billion of accommodation room revenue was earned in communities with the Municipal Regional District Tax (MRDT), an increase of 1.6% from 2011.
- The tourism industry contributed \$1.2 billion in provincial taxes, an increase of 4.7% from 2011 and 72.6% from 2002.
- \$3.2 billion in export revenue was generated, a slight 0.2% increase from 2011 and a decrease of 12.6% since 2002.
- Tourism generated a direct contribution to British Columbia's gross domestic product (GDP) of \$7.1 billion (2007 constant dollars), an increase of 1.5% over 2011 and a 4.4% increase from 2007.
- In 2012, there were 18,387 tourism-related businesses in operation in British Columbia. The number of establishments is up 2.0% from 2011 and 2.2% from 2002.
- The tourism industry employed 127,300 people in 2012, up slightly over 2011 (0.6%), and up 14.8% over 2002.
- In 2012, total tourism wages and salaries were \$4.3 billion, up 4.0% from 2011 and an increase of 30.5% from 2002. Average compensation in the tourism industry is just over \$34,000.
- In 2012, there were 13.6 million overnight domestic visitors (i.e., from Canada) to British Columbia. More than 10 million overnight visitors (76.8%) were British Columbia residents. The number of overnight visitors to British Columbia from Canada (including British Columbia residents) increased by 1.3% from 2011.
- In 2012, there were 4.3 million overnight international visitors (i.e., from other countries) to British Columbia, a slight increase of 0.5% from 2011. Over two-thirds (68.7%, nearly 3 million) of all international overnight visitors were from the United States.
- Overnight domestic visitor expenditures totalled \$5.1 billion in 2012, a decrease of 4.0% since 2011. Of these travellers, British Columbia resident visitors contributed the largest portion of expenditures (61.3%, \$3.1 billion), a spending decline of 3.9% from 2011.
- Overnight international visitor expenditures increased slightly (0.2%) from 2011 to \$3.2 billion. While United States visitors were the source of the largest share of international expenditures (46.7%), they spent proportionately less than visitors from overseas. (Destination British Columbia, 2014)

In addition, the report describes the tourism size by region, tourism size by sector and tourism volume and expenditures. *Figures 1 to 6* illustrate each.

*Figure 1: Share of 2012 Tourism Business by Region (Destination BC, 2014)*



*Figure 2: Share of 2012 Tourism Revenue by Sector (Destination BC, 2014)*

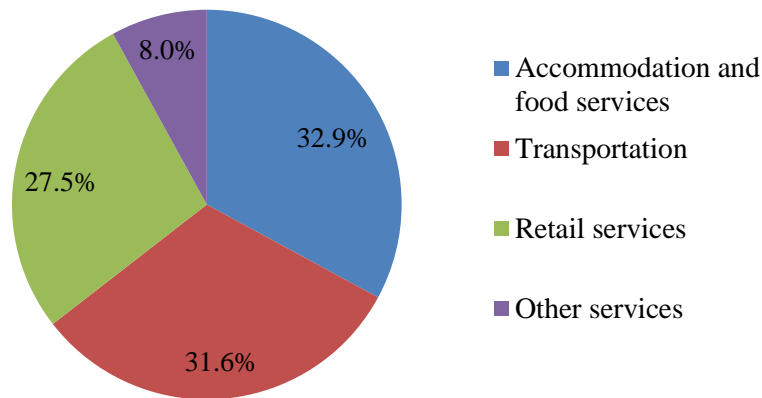


Figure 3: Volume by Market Origin (Destination BC, 2014)

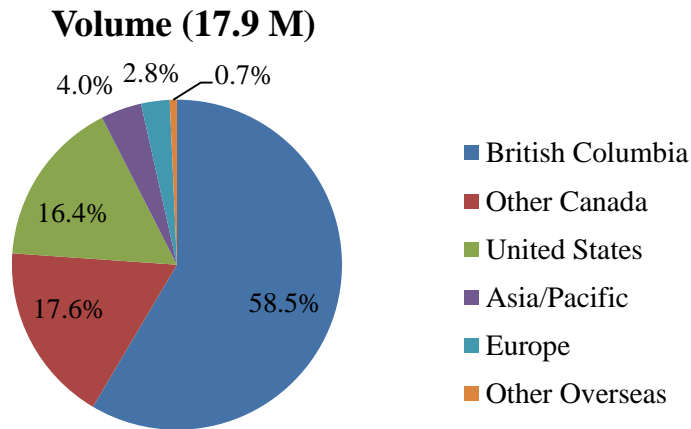


Figure 4: Expenditure by Market Origin (Destination BC, 2014)

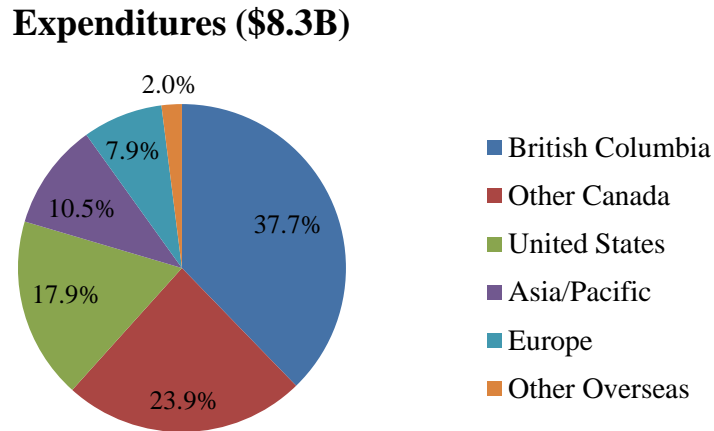


Figure 5: Share of 2012 Domestic Visitors by Market Origin (Destination BC, 2014)

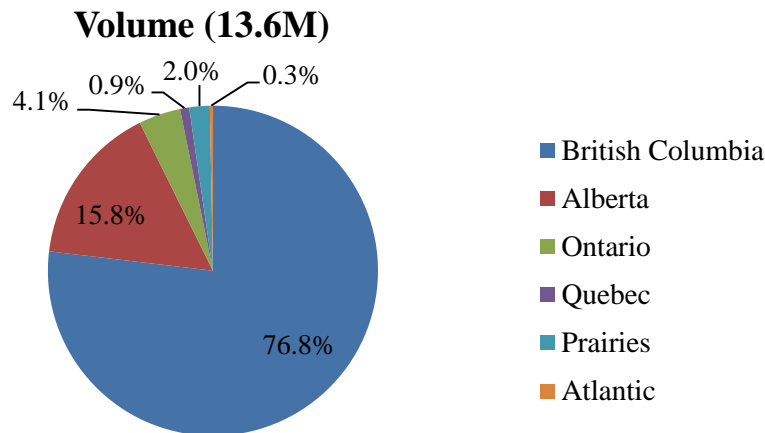
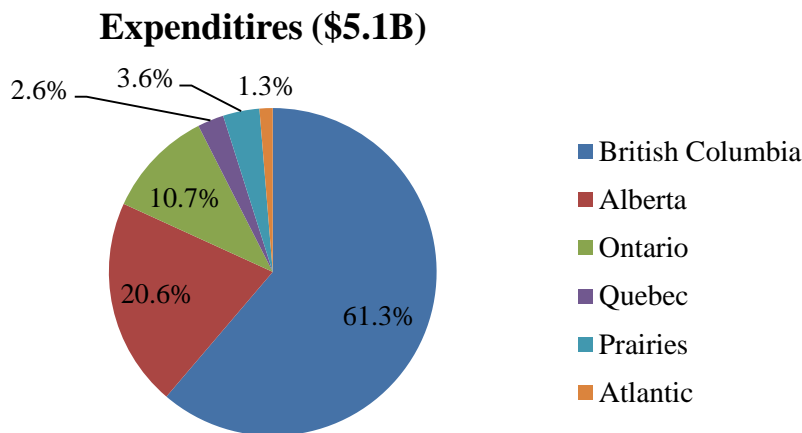


Figure 6: Share of Domestic Expenditures by Market Origin (Destination BC, 2014)



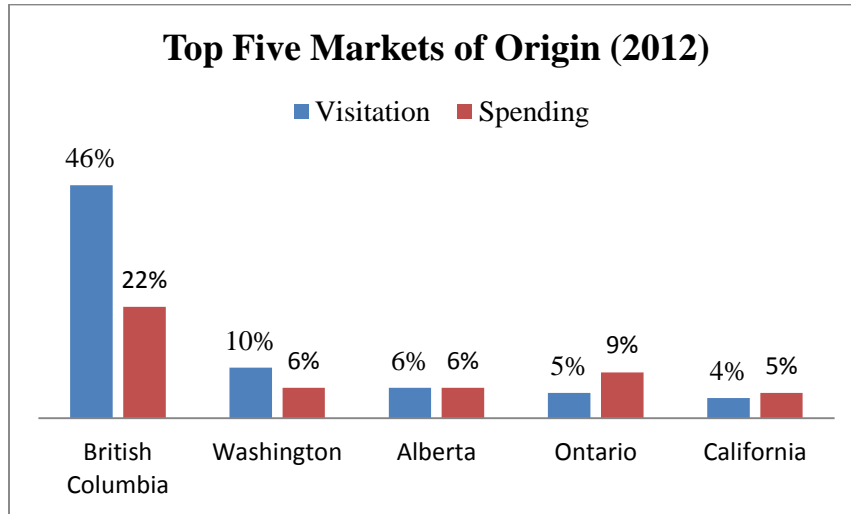
### 3.1.1.2 Vancouver, Coast and Mountain Region

In a 2015 report published by Destination British Columbia named *Vancouver, Coast and Mountain Regional Tourism Profile*, the information includes an overview, top markets, the tourism region, trip characteristics by origin, accommodations, seasonality, and trip activities. The following information is from the report.

Overview – In 2012, overnight tourism in British Columbia generated 17.9 million person-visits and \$8.6 billion in related spending. The Vancouver, Coast & Mountains, one of six tourism regions in the province, represents 46% of provincial overnight visitation and 54% of related spending.

**Top Markets** – British Columbia residents make up the largest share of overnight visitation (46%), but has a much lower spending (22%) compared to other tourism regions. In addition, the region has the largest market share of Washington and Californian travellers compared to other regions.

Figure 7: Vancouver, Coast and Mountain Top Five Markets (Destination BC, 2015)



**The Tourism Region** – British Columbia’s most visited region covers 41,000 km<sup>2</sup> of the province, which offers a diverse range of world class cultural, recreational, natural and wildlife attractions, year-round, ideally situated between the ocean and mountains. The population of the Vancouver, Coast & Mountains continues to grow and is characterised by a younger demographic than the province as a whole, with 57% aged 44 years or younger compared to the province average of 54%.

**Trip Characteristics by Origin** - The Vancouver, Coast & Mountains received 8.2 million overnight person-visits in 2012 which generated \$4.7 billion in related spending. Domestic overnight travellers accounted for 60% of visitation and 43% of related spending. International travellers accounted for 40% and 57%, respectively. On average, domestic travel parties in the Vancouver, Coast & Mountains stayed 3.4 nights and spent \$155 per night during their trip. US travel parties 3.6 nights and spent \$236 per night during their trip, and Other international travel parties stayed 13.6 nights and spent \$126 per night during their trip in the Vancouver, Coast & Mountains region.

**Accommodation** - Over half of all traveller nights in the Vancouver, Coast & Mountains were spent in the residences of friends and family for all markets of origin, excluding US travellers. US residents spent two-thirds of their nights in hotels and motels. Staying in campgrounds or RV parks was not as common in the Vancouver, Coast & Mountains as in other tourism regions of the province.



Table 2: Vancouver, Coast and Mountain Accommodations (Destination BC, 2015)

Primary Accommodations	BC Residents	Other Canadians	US Residents	Other International
Friends and Family	52%	67%	32%	65%
Hotel	21%	24%	61%	31%
Motel	1%	3%	3%	1%
Other Commercial Fixed Roof	8%	5%	2%	1%
Camping/RV Park	11%	1%	1%	2%

Seasonality - Most people travelled in the Vancouver, Coast & Mountains during the peak summer months, but the proportions were more evenly distributed in all quarters for all markets of origin compared to other tourism regions. More travellers visited the Vancouver, Coast & Mountains during the ski season months of October to December and January to March compared to other tourism regions in the province.

Trip Activities - Overnight travellers who spent one or more nights in the Vancouver, Coast & Mountains took part in a number of outdoor activities during their trip, including visiting national or provincial parks, hiking/backpacking, visiting a beach, and camping. Downhill skiing or snowboarding was included in the “top five” list for US residents, one of two regions in the province to include this activity for this market of origin. (Destination British Columbia, 2015)

Table 3: Vancouver, Coast and Mountain Trip Activity (Destination BC, 2015)

	BC Residents	Other Canadians	US Residents	Other International
1	National, provincial or nature parks	National, provincial or nature parks	National, provincial or nature parks	National, provincial or nature parks
2	Camping	Beach	Historic site	Zoo or aquarium
3	Boating/canoeing/ Kayaking	Hiking or backpacking	Zoo or aquarium	Museum or art gallery
4	Beach	Museum or art gallery	Museum or art gallery	Historic site
5	Fishing	Historic site	Downhill Skiing or snowboarding	Festival or fair

### 3.1.2 Tsek Hot Spring Campground SWOT Analysis

The SWOT Analysis highlights the internal strengths and weaknesses with in the current business and the external opportunities and threats to the business operations. According to Grewal, Levy, Persaud, and Litchi in their book *Marketing, 2<sup>nd</sup> Canadian Edition*, “a SWOT analysis requires the firm to undertake a critical assessment of its resources, capabilities,

organization, strategies, and performance in relation to its competitors.” (Grewal, Levy, Persaud, & Lichti, 2013, p. 40) The SWOT Analysis for the Tsek Hot Spring Campground business is in *Table 5* and *Table 6*.

Table 4: SWOT Analysis – Internal Environment

Positive	Negative
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Excellent features like the hot spring, natural campground and adjacent glacier fed Lillooet River draw in customers</li> <li>• Historic Site along the Douglas Trail well used during the gold rush period</li> <li>• Located in the pristine Lillooet River Valley</li> <li>• Excellent relationship with non-profit groups committed to volunteer and support property management and maintenance</li> <li>• Existing revenue stream since the campground has been in existence for several years and has regular visitors</li> <li>• Social license for use of a sacred site is improving through local community engagement</li> <li>• Excellent access to the location just off of the Forest Service Road</li> <li>• Site generates green power through a micro hydropower system</li> <li>• Potential for telephone and internet service by utilizing the micro hydropower system</li> <li>• Potential for fee collection with debit and credit machine with the internet</li> <li>• Largest campground along Lillooet Lake and River</li> <li>• Not governed by provincial policy and regulations</li> <li>• Has an onsite office cabin</li> <li>• The lease has been obtained with no rent</li> </ul>	<ul style="list-style-type: none"> <li>• No brand development</li> <li>• Limited financial resources for a business manager</li> <li>• Heavy reliance on the In-SHUCK-ch government staff for business management creating limited involvement in business development due to time constraints</li> <li>• Frequent site manager turnover</li> <li>• Current onsite manager also managing the main competitor (Sloquet)</li> <li>• Limited base of loyal customers</li> <li>• Low customer numbers during the middle of the week</li> <li>• Hot spring and campground amenities are deteriorating and require a complete renovation</li> <li>• The limited power at the site is unstable</li> <li>• No business planning</li> <li>• No marketing plan</li> <li>• Poor online management leading to customers setting up websites to address the lack of information available about the campground</li> <li>• Limited heritage and environmental protection</li> </ul>

Table 5: SWOT Analysis – External Environment

Positive	Negative
<b>Opportunity</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Low Canadian dollar creates increased tourism from the United States</li> <li>• Only one cabin for building structure accommodations in the vicinity and this may enable the utilization of Yurts to increase accommodation options onsite. The closest rooms are in Pemberton, BC.</li> <li>• No retail services in the area – enhance the retail sales options at the office cabin</li> <li>• No food services in the area – establish food services onsite</li> <li>• The remoteness of the aboriginal communities in the valley has preserved their culture and traditions more than urban aboriginal communities. Aboriginal tourism is a large industry and growing from ongoing strategies from Aboriginal Tourism BC</li> </ul>	<ul style="list-style-type: none"> <li>• The Lillooet River is constantly eroding the banks of the campground</li> <li>• Ongoing road construction during the peak tourism season makes it more difficult for visitors to plan their trips to the campground</li> <li>• Intense rainy period washes out the Forest Service Road required to access the site and floods the hot spring area</li> <li>• BC has the highest gas prices in North America</li> <li>• The Sloquet Hot Spring Campground is the main competitor in the area and has lower prices</li> <li>• All BC Recreation Sites have lower prices but do not have a hot spring</li> </ul>

### 3.1.3 Local Competition

The Tsek Hot Spring Campground is located within the Coast Recreation District of BC. A map of the Coast Recreation District can be viewed from the Recreation Sites and Trails BC website at <http://www.sitesandtrailsbc.ca/default.aspx> and searching by location. The Tsek Hot Spring Campground’s competition is the BC Recreation Sites located along the Lillooet Lake and near the North End of Harrison Lake. However, its main competitor is the Sloquet Hot Spring Campground (Recreation Site).

Travellers seeking the only other hot spring campground in the area are required to travel south about 77 km along the In-SHUCK-ch Forest Service Road (IFSR). This will take the traveller past all other recreation sites along the Lillooet Lake and the Tsek Hot Spring Campground. The Tsek Hot Spring Campground is located at the 44 km mark along the IFSR and is the last campsite before the Sloquet Recreation Site.

Another less significant competitor is the Twenty Mile Bay Recreation Site. The campground is much larger and is accessible through the Sts'ailes Forest Service Road (SFSR). There is about 15 km of road at the north end of Harrison Lake on the SFSR commonly referred to by the locals as a goat trail. It requires high vehicle clearance and usually a 4x4 to traverse. Therefore, this is not the preferred route to the Lillooet River Valley for travellers. See *Table 7 in the next section* for a comparison of each recreation site.

### **3.1.3.1 BC Recreation Sites along Lillooet Lake**

The recreation sites located along the Lillooet Lake are Driftwood Bay, Lizzie Bay, Strawberry Point and Twin One. Additional information, including an interactive map, regarding the recreation sites is located on the Recreation and Trails BC website at <http://www.sitesandtrailsbc.ca/search/search-location-summary.aspx?districtCode=RDSQ>.

#### **Driftwood Bay Recreation Site**

The Recreation Sites and Trails BC website page for the Driftwood Bay Recreation Site provides the following for a site description.

A small, open treed site on the large jade color Lillooet Lake. Gravel/sand beach, with lots of driftwood! Drive into sites. A large group camping site is available on the beach. Dry and windy ecosystem-keep fires small and contained. Nice walking trail along lake on the right as you drive in. (Recreation Sites and Trails BC, 2015)

#### **Lizzie Bay Recreation Site**

The Recreation Sites and Trails BC website page for the Lizzie Bay Recreation Site provides the following for a site description.

Moderate sized rustic site, heavily treed, on the shore of the jade colored Lillooet Lake. All lakeside campsites. Flat hiking trail along the lake takes off near the end of the site road. Very large trees in the area, along with a resident deer family. Remnants of an old Native village site can be seen, such as large depressions in the ground. (Recreation Sites and Trails BC, 2015)

#### **Strawberry Point Recreation Site**

The Recreation Sites and Trails BC website page for Strawberry Point Recreation Site provides the following for a site description.

This large sandy beach is very popular, especially for local dog walkers. Due to the seasonal flooding, there are no tables or defined campsites here, but still a very nice place for camping. Walk onto beach sites from parking lot, approx. 5 minute walk downhill. (Recreation Sites and Trails BC, 2015)

### **Twin One Creek Recreation Site**

The Recreation Sites and Trails BC website page for Twin One Recreation Site provides the following for a site description.

A mid-sized campsite-somewhat open on the large jade coloured Lillooet lake, with 2 small grassy areas. Two or three sites can accommodate an RV. two entrances, the first one is steep, the second one is less steep. Small unimproved boat launch on site-beware when boating- there is a lot of large woody debris in the lake. Twin One Creek nearby. Berry bushes on site-watch for bears. Tables, fire rings, garbage pickup and outhouses on site. (Recreation Sites and Trails BC, 2015)

### **3.1.3.2 BC Recreation Sites on North End of Harrison Lake**

The recreation sites located along the north end of Harrison Lake are Sloquet Hot Spring and Twenty Mile Bay recreation sites. Additional information, including an interactive map, regarding the recreation sites is located on the Recreation and Trails BC website at <http://www.sitesandtrailsbc.ca/search/search-location-summary.aspx?districtCode=RDSQ>.

### **Sloquet Hot Spring Campground**

The Recreation Sites and Trails BC website page for Sloquet Hot Spring Campground provides the following for a site description.

This is a rustic, remote heavily treed campsite with a small hot spring beside Sloquet Creek. There is a \$5 day use fee (per vehicle) for the use of the hot springs if you are not camping. Camping is \$13 a night per site, this includes hot spring use. The trail is steep and rocky going down to the hot springs, use caution. Use of the hot springs is at your own risk. No pets of any kind are allowed at or near the Hot Springs to keep water clean and sanitary. The hot springs lure all kinds of people from all over the world to this beautiful natural riverside hot spring. Tables, outhouses and fire rings on site. This site is very popular on long weekends. The area is busy with industrial traffic, drive with caution and headlights on at all times. All plastics, tarps and other deleterious materials that various members of the public placed in the pools to make them deeper have been removed as they are a fatal hazard to all aquatic life. Please help us keep all unnatural materials out of the water, by keeping the hot springs clean and natural. Please respect the hot springs-leave it better than you found it, take everything out that you brought with you. (Recreation Sites and Trails BC, 2015)

### **Twenty-Mile Bay Recreation Site**

The Recreation Sites and Trails BC website page for Twenty-Mile Bay provides the following for a site description.

This is a large site on a sheltered point on the west shore of Harrison Lake with over 1 km of beautiful beach. The site has a boat launch suitable for small boats. The campsites are available on a first-come, first-served basis; however up to 50 percent of sites are available for reservations. Reservations will not be taken further than 1 month in advance. Reservations can be made online at [www.westharrisonreservations.com](http://www.westharrisonreservations.com). This is a CASH ONLY site and has on-site supervision. All visitors are required to exit the site by 10:30 pm as gates are locked at 11:00 pm and will remain closed until 7:00 am. (Recreation Sites and Trails BC, 2015)

*Table 6: Local BC Recreation Sites Comparison*

	Twin One	Strawberry Point	Lizzie Bay	Driftwood Bay	Sloquet	Twenty-Mile Bay
Fees	\$13 camping	\$13 camping	\$13 camping	\$13 camping	\$5 Day Use \$13 camping	\$14 camping
Fee Applies	May 1 <sup>st</sup> to October 31 <sup>st</sup>	May 1 <sup>st</sup> to October 31 <sup>st</sup>	May 1 <sup>st</sup> to October 31 <sup>st</sup>	May 1 <sup>st</sup> to October 31 <sup>st</sup>	April 11 <sup>th</sup> to December 15 <sup>th</sup>	May 1 <sup>st</sup> to December 31 <sup>st</sup>
Campsites	15	6	15	10	19	59
Access	2WD Road	2WD Road	2WD Road	2WD Road	4WD Road	2WD Road
Activities	Beach Boating Fishing Picnicking Swimming Vehicle Access Camping	Beach Boating Camping Fishing Swimming	Beach Boating Camping Canoeing Fishing Hiking Kayaking Nature Viewing Picnicking Swimming	Beach Boating Camping Canoeing Fishing Hiking Picnicking Swimming	Camping Hiking Picnicking Swimming	Beach Boating Camping Fishing Trail Bike Rides - Motorized
Facilities	Boat Launch Tables Toilets	Toilets	Boat Launch Tables Toilets	Tables Toilets	Tables Toilets	Boat Launch Tables Toilets

### 3.1.4 Non-Local Competition

The non-local competition of the Tsek Hot Spring Campground is the BC Recreation Sites and Parks near Pemberton, Squamish, and Whistler. There are several private campgrounds and RV parks also but they are close to the urban areas and are much larger and developed. Therefore, they are competitors but have different market characteristics.

### 3.1.4.1 BC Recreation Sites

The non-local competition for the Tsek Hot Spring Campground includes the BC Recreation Sites that allow camping near Pemberton, Whistler, and Squamish. The recreation sites include Owl Creek, Cal-Creek, Cat Lake, Levette Lake and Squamish River Campsite. See *Table 8* for a comparison of the recreation sites.

*Table 7: BC Recreation Sites near Pemberton, Whistler and Squamish Comparison*

	Pemberton	Whistler	Squamish		
	Owl Creek	Cal-Cheak	Cat Lake	Levette Lake	Squamish Riverside Campsite
Fees	\$13	\$13	\$15	\$10	None
Fee Applies	April 16 <sup>th</sup> to October 31 <sup>st</sup>	May 1 <sup>st</sup> to October 31 <sup>st</sup>	May 1 <sup>st</sup> to October 31 <sup>st</sup>	May 9 <sup>th</sup> to October 31 <sup>st</sup>	N/A
Campsites	15	51	42	0	10
Access	Motor Home	Motor Home	2WD Road	4WD Road	2WD Road
Activities	Beach Fishing Hiking Kayaking Picnicking	Hiking Kayaking Mountain Biking Nature View Picnicking	Beach Canoeing Fishing Hiking Mountain Biking Picnicking Swimming	Beach Camping Canoeing Fishing Hiking Picnicking	Beach Camping Canoeing Fishing Nature View Picnicking Swimming
Facilities	Tables Toilets	Table Toilets	Tables Toilets Wharfs	None	Tables Toilets



### 3.1.4.2 BC Provincial Parks

Table 8: BC Provincial Parks with Camping Comparison

	Birkenhead Lake	Nairn Falls	Joffre Lakes	Alice Lake
Fees	\$20 \$10 Senior	\$22 \$11 senior	\$5 Walk-in	\$35
Fee Applies	May 15 <sup>th</sup> to Sept. 30 <sup>th</sup>	May 15 <sup>th</sup> to Sept. 30 <sup>th</sup>	June 1 <sup>st</sup> to Sept 30 <sup>th</sup>	March 13 <sup>th</sup> to Oct 31 <sup>st</sup>
Campsites	91, 46 reservable	94, 50 reservable	26 Walk-in	96 all reservable 12 Walk-in
Access	2 WD Road	2WD Road	Hiking Trail	2WD Road
Activities	Canoeing Cycling Fishing Hiking Interp. Program Pet Leashed Swimming Wildlife View Picnicking	Cycling Fishing Hiking Pets leashed Wildlife View	Climbing Fishing Hiking Leashed Pets Skiing Snow Shoeing	Canoeing Cycling Fishing Hiking Interp Prog Leashed Pets Swimming
Facilities	Boat Launch Drinking Water Fire Rings Picnic Tables Toilets Sani-Station Wheelchair Access	Fire Rings Drinking Water Picnic Tables Toilets Wheelchair Access	Toilets Winter Camping	Fire Rings Drinking Water Electrical Group Camp Picnicking Toilets Playground Sani-station Showers Walk-in Camp Wheelchair accessible

## **3.2 Marketing Strategy**

The marketing strategy includes identifying the market segmentation, target market and position of the business. Each of these subjects is discussed below.

### **3.2.1 Market Segmentation**

Grewal, Levy, Persaud, and Lichti in their book *Marketing, Canadian 2<sup>nd</sup> Edition* define market segmentation as “the process of dividing the market into distinct groups of customers where each individual group has similar needs, wants, or characteristics – who therefore might appreciate products and services geared especially for them in similar ways.” (Grewal, Levy, Persaud, & Lichti, 2013, pp. 42-43) The Tsek Hot Spring Campground fits into the campground/RV park market of the tourism accommodation sector. Within the tourism accommodation market, BC residents in 2012 stayed overnight with friends and family, a hotel, a motel, other commercial fixed roof and campground/RV parks. In 2012, BC residents that stayed at a campground/RV park made up 11% of all traveler nights in the accommodation sector. The Tsek Hot Spring Campground will market to BC residents to obtain a larger share of the camping/RV park market.

### **3.2.2 Target Market**

Geodemographic segmentation is used to classify the customers using a combination of geographic, demographic and lifestyle characteristics. Recreation Sites and Trails BC divided the province of BC geographically into recreation regions and further subdivided the regions into recreation districts. The Tsek Hot Spring Campground falls within the Coast Recreation Region and then within the Sea-to-Sky Recreation District. A map of the Coast Recreation District can be viewed from the Recreation Sites and Trails BC website at <http://www.sitesandtrailsbc.ca/default.aspx> and searching by location. The potential campground customers are then divided demographically into families and adult couples. The potential customers can further be divided by their lifestyle characteristics to hot spring enthusiasts, remote tent camping enthusiasts and commercial fixed roof accommodations.

The Tsek Hot Spring Campground will use a differentiated segmentation strategy to target three market segments with a different offering for each. The three market segments include the hot spring enthusiasts, remote tent camping enthusiasts and Yurt enthusiasts. The three market segments will be targeted geographically by marketing to customers living in the Sea-to-Sky Recreation District and the Chilliwack Recreation District by promotion activities at

trade shows. In addition, the three market segments will be marketed to demographically by focusing on families and adult couples with pricing tactics through existing direct marketing channels involving electronic media. The objective is to capture more of the market share of existing campground market in the area.

### **3.2.3 Positioning**

The business objective is to create and maintain customer satisfaction through quality service. See Section 3.3.2 for more details.

## **3.3 Marketing Mix**

The marketing mix focuses on the products, price, place and promotion aspects of the business. Each subject is described further below.

### **3.3.1 Business Model Analysis**

Analysing the business model clarified the products and services provided at the Tsek Hot Spring Campground. Alexander Osterwalder initially proposed the business model canvas in 2008 and it has nine basic building blocks. (Wikipedia Foundation, 2014) The business model building blocks include the Key Activities, Key Resources, Key Partners, Value Proposition, Customer Segments, Channels, Customer Relationships, Cost Structure and Revenue Stream. The analysis of each building block in the business model is in *Appendix A*.

### **3.3.2 Products and Services**

The Tsek Hot Spring Campground is a customer service business that offers day use and overnight use of the campground and hot spring facilities. The use of the campground and hot spring amenities is included in the offering. The campground amenities include picnic tables, fire rings and outhouses. The hot spring amenities include soaking pools, a change room and a storage rack for personal belongings. In addition, products like firewood and other miscellaneous retail products can be purchased at the office cabin. The retail products include indigenous crafts when stocked, food and drinks, camping supplies like flashlights, bug spray, sun tan lotion, and toiletries. See *Appendix B* for photos of the campground and hot spring amenities.

Additional services under development at the campground are the installation of the Wi-Fi internet access near the office cabin, telephone access at the office cabin, debit and credit card credit card transactions and guided tours of the property and the local trails.

The construction of two Yurts is in this business plan and provides an alternate accommodation option for customers. Initially, the yurts will be constructed with basic amenities like the lighting system, a futon, coffee table, a BBQ and a dining table with chairs until their demand increases and warrants the installation of additional luxuries.

The goal is to increase the value proposition by offering quality service at the campground. According to Grewal, Levy, Persaud, and Litchi in their book *Marketing, 2<sup>nd</sup> Canadian Edition*, “customers generally use five distinct service dimensions to determine overall service quality: reliability, responsiveness, assurance, empathy and tangibles” (Grewal, Levy, Persaud, & Lichti, 2013, p. 332). Grewal, Levy, Persaud, and Litchi further elaborate by saying this means:

- reliability in terms of the ability to perform the service dependently and accurately;
- responsiveness in terms of the willingness to help customers and provide prompt service;
- assurance in terms of the knowledge of and courtesy by employees and their ability to convey trust and confidence;
- empathy in terms of the caring, individualized attention provided to customers; and
- tangibles in terms of the appearance of the facilities, equipment, personnel, and communication materials.

The staff performing personal services offered at the campground must consider these quality service values. The personal services may include, but are not limited to, the following.

- Site check-in and an orientation of the amenities and rules
- Rules and regulation enforcement
- Public Safety monitoring
- Campground and hot spring amenities maintenance
- Sale and delivery of firewood
- Conflict resolutions
- Dispute resolution
- Knowledge and protection from local wildlife

The products offered to the customers are designed to create value through comfort and convenience at the campground. An ongoing commitment to the quality service values is required by the staff to maintain customer satisfaction from their experience at the Tsek Hot Spring Campground. A Tsek Hot Springs Operations Guidebook is developed and will continue to evolve and be used as a reference to meet the quality service goal.

### **3.3.3 Pricing Analysis**

“Successful pricing strategies are built through the five critical components: company objectives, customers, costs, competition, and channel members” (Grewal, Levy, Persaud, & Lichti, 2013, p. 354) Each of these subjects is discussed further below.

#### **3.3.3.1 Pricing Objectives**

As stated in Section 3.3.2, the business objective is to create and maintain customer satisfaction through quality service. Quality service will involve hiring, training and retaining ambitious personnel who have similar values. This is a long-term objective that will take several years due to the limited human resource pool in the area.

#### **3.3.3.2 Customers**

The Tsek Hot Spring Campground currently has the highest prices among the local and non-local competitors and this may be a deterring factor for customers scanning the area for substitutes or other camping options. The camping options in the Lillooet River Valley are BC Recreation Sites in the north and the Sloquet Hot Spring Campground (Recreation Site) in the south. The Sloquet site is the only other campground with a hot spring in the vicinity. Each of the recreation sites are regulated by the Provincial Government and their user fee is set at \$13 per day whereas the Tsek Hot Spring Campground currently has a minimum of \$20 per day for one person. Additional people with that person are \$7.50 for youth/seniors or \$10 for adults per day. See *Section 3.3.4.1* for the current pricing strategy.

A comparison of the two hot spring campgrounds showed that in 2014 the Sloquet Hot Spring Campground received more visitors. The Tsek Hot Spring Campground had about 4560 visitors to the Campground. However, the Sloquet Hot Spring Campground received about 6,250 visitors. The Indigenous Workforce assists in managing both the Tsek Hot Spring and Sloquet Hot Spring campgrounds and provided the visitor data for the Sloquet site. Obviously, other

factors or site differences may be contributing to the visitor difference but the price may be a significant one.

### **3.3.3.3 Cost**

The business provides customer service at a location that has a significant investment in the fixed assets. Therefore, there is a high gross margin due to a low cost of goods sold and high operating cost. This combination and the nature of the business model makes it difficult to produce a break-even analysis. The most significant cost is for labor however, the manager is paid a percentage of the gross revenue and therefore is not a fixed cost. Analyzing the cost structure does not provide useful information for the pricing strategy.

### **3.3.3.4 Competition**

Provincial Government controls the prices of the recreation site user fees for competitor campgrounds. All of the local and non-local competitors are either provincial recreation sites or parks. However, the Tsek Hot Spring Campground is the only non-provincial site that is not regulated by the Provincial Government. Therefore, it has pricing flexibility but customers have many substitutes with fixed fees. This will influence the pricing strategy.

### **3.3.3.5 Channel Members**

Channel members are not an issue in the pricing analysis for the Tsek Hot Spring Campground because the distribution channel is direct to the customer and onsite. This may change in the future if services from the Aboriginal Tourism Association of BC or other travel agents can be arranged.

## **3.3.4 Pricing Strategy**

The result of the pricing analysis illustrated a few issues with the current pricing strategy set by the 2009 manager. The overnight camping fees are much higher than the competitors, the fee structure is more complicated and the customers have several substitutes with fixed lower rates. However, the business objective is to create and maintain customer satisfaction through quality service and therefore the prices will be kept higher than the competitors but still be reduced through pricing tactics. The Day User and Firewood Fees will not change but there will be a new overnight Campsite/Yurt couples fee, overnight family fee, new overnight group fee and

a new Wi Fi access fee. The current pricing strategy is in *Table 9* and the new overnight pricing strategy is in *Table 10*. All prices include Goods and Service Tax (GST).

*Table 9: Current Pricing Strategy*

<b>Current Pricing Strategy</b>	<b>Day Use</b>	<b>Overnight Use</b>
Vehicle Fee per Vehicle	\$10.00	\$10.00
User Fee per Adults	\$7.50	\$10.00
User Fee per Youth and Seniors	\$5.00	\$7.50
User Fee per Children 10 Years and Under	Free	Free
Firewood Fee per Wheelbarrow	\$10.00	\$10.00

*Table 10: New Overnight Pricing Strategy*

<b>New Overnight Pricing Strategy</b>	<b>New Overnight Use</b>	<b>New Overnight Yurt Use</b>
Couples Fee (2 adult/youth/senior and vehicle) Children 10 years and under)	\$20.00 Free	\$90.00 Free
Family Fee (2 adults, two youth and vehicle, max of 7) Children 10 years and under)	\$35.00 Free	\$105.00 Free
Additional adults	\$10.00	\$10.00
Additional youth/senior	\$7.50	\$7.50
Additional vehicle	\$10.00	\$10.00
Group Fee (over 10 adult/youth/senior) Children 10 years and under)	\$7.50 Free	N/A N/A
Vehicle Fee	\$10.00	N/A
Wi Fi Access Fee near Office Cabin	\$5.00	N/A

### **3.3.5 Place**

The products and services associated with the Tsek Hot Spring Campground are distributed directly onsite. Currently no other distribution channels exist for the business. This may change in the future if services from the Aboriginal Tourism Association of BC or other travel agents can be arranged.

### **3.3.6 Promotion**

The Tsek Hot Spring Campground will use an Integrated Marketing Communication Campaign to promote the campground and its products. The campaign will involve targeting a specific audience, structured to achieve the promotion objectives, working within the promotion

budget, delivering the promotion message with the promotion methods. Each campaign subject is explained below in more detail.

### **3.3.6.1 Target Audience**

The target audience for the campaign is first the current user of specific electronic media related to the campground and then visitors to trade shows in the Sea-to-Sky Recreation District and the Chilliwack Recreation District.

### **3.3.6.2 Promotion Objective**

The objectives of the promotion campaign include the following.

- Increased awareness of the Tsek Hot Spring Campground to attract new customers which will be measured by the increase in the number of users of the relevant social media.
- Increased awareness of the new rate packages among the current customers which will be measured by the number of responses to the online posts and citations of the rate upon check-in to the campground.
- Increased monthly and annual sales which will be measured by comparing the sales data to the previous months and year.
- Increased local market share which will be measured by positive increases in the above results.

### **3.3.6.3 Promotion Budget**

The promotion budget includes funds for enhancing the current website and some initial funds for promoting the business at some tradeshow in the Sea-to-Sky and Chilliwack Recreation Districts. The combined budget for both promotion methods is \$7,000 but will focus on the website development before the tradeshow is targeted. However, current In-SHUCK-ch Nation staff will be utilized for some of the website development. Additional funds will be contributed to the promotion budget based on available financial resources from operations. Most of the available funds available from bank financing will be used for campground maintenance and improvements.



#### **3.3.6.4 Promotion Message**

The promotion message will advertise the Tsek Hot Spring Campground and its products to potential new customers at tradeshows and the new rate packages to current users of electronic media channels. Creative messages will be specialized for the target markets and distributed to the marketing channels. A 2015 summer student will be tasked with developing the specialized messages.

#### **3.3.6.5 Promotion Methods**

Specialized promotional messages will be developed and distributed to the current user of specific electronic media related to the campground and then visitors to trade shows in the Sea-to-Sky Recreation District and the Chilliwack Recreation District. The electronic media related to the campground includes the current website, relevant Facebook Groups and the Soakers Forum Blog. Each provides a direct marketing channel to current users of the electronic media. The promotion messages will be distributed to the direct marketing channels but the frequency will depend on the reaction of the electronic media users from its repetition. Specific trade shows will be targeted based on their relevance and subject to the availability of the campground personnel and financial resources. Campground personnel will attend the trade shows, set up information booths and hand out information pamphlets showcasing the destination. As stated previously, a summer student in 2015 will be tasked with creating the forms of the specialized promotional messages.

## **4: OPERATIONAL PLAN**

The Operations Plan includes all of the requirements to maintain the Tsek Hot Spring Campground business. This includes adhering to the business governance mandate developed by In-SHUCK-ch Nation through the *Business Governance and Fiscal Agreement*, creating an appropriate legal business entity within the current limited partnership structure, developing operational policies and procedures, acquiring equipment, identifying the key suppliers, hiring or contracting staff, professionals and advisors, and establishing bank accounts in the new legal entities name. Successful operations require diligence in all aspects of the business.

### **4.1 Business Governance Mandate**

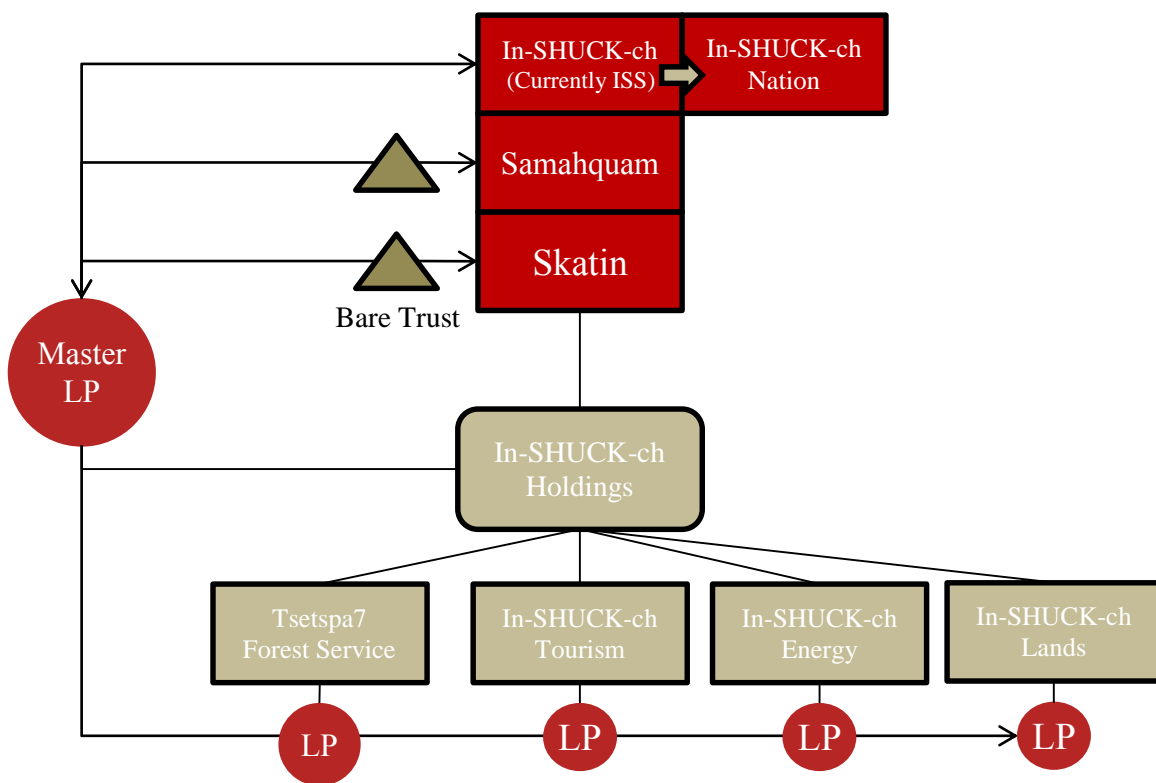
In-SHUCK-ch Nation engaged Meyers Norris Penny LLP and Ratcliff & Company LLP to assess and restructure the economic development business structure between 2012 and 2014. The result of the engagement was a business governance structure and limited partnership structure that will reduce liability exposure, maximize profits by minimizing income tax, and separating politics from business decisions. The business governance structure is defined in the *Business Governance and Fiscal Agreement* (In-SHUCK-ch Nation, 2014b) and it “establishes the process, roles, and responsibilities of the key stakeholders in a First Nation’s Economic Development.” (Lehmann, 2014) The agreement is a Ratcliff & Company LLP Model that defines a business governance structure and it has been adopted by the In-SHUCK-ch Nation. The limited partnership structure includes “one holdings limited partnership and multiple operating limited partnerships, with the ability to add new operating limited partnerships as new business opportunities are pursued.” (Lehmann, 2014). More information on the business governance structure and limited partnership structure can be found on Brent Lehmann’s paper titled *Structuring First Nations Economic Development* (Lehman, 2014).

### **4.2 Limited Partnership Structure**

In-SHUCK-ch Nation in conjunction with Meyers Norris Penny LLP (MNP) and Ratcliff & Company LLP has created a limited partnership structure that will facilitate the Nation’s business governance objectives and isolate the Operating Limited Partnerships (OLP) from each

other’s liabilities. The OLP’s include the Tsetspa7 Forest Service LP, In-SHUCK-ch Tourism LP, In-SHUCK-ch Energy LP and In-SHUCK-ch Lands LP. The structure shields each OLP’s activities from the others and this means business failures in one OLP will not negatively impact the other OLP’s. However, it also created the ability for OLP’s to support other OLP’s if necessary. See *Figure 8* for an illustration of the Limited Partnership Structure. This figure was reproduced from the Business Governance Guidebook developed for In-SHUCK-ch Nation by MNP.

*Figure 8: In-SHUCK-ch Nation Limited Partnership Structure (In-SHUCK-ch Nation, 2014c)*

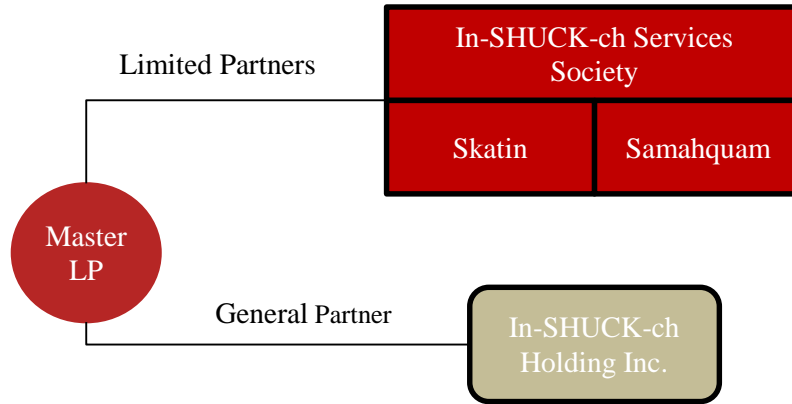


#### 4.2.1 In-SHUCK-ch Holdings Limited Partnership

The In-SHUCK-ch Holdings Limited Partnership (IHLP) is the master limited partnership between In-SHUCK-ch Services Society, Skatin Nation and Samahquam Ucwalmicw, the Limited Partners, and the In-SHUCK-ch Holding Inc., the General Partner. The purpose of the IHLP is to receive excess cash from the OLP’s. The Board of Directors for In-SHUCK-ch Holdings Inc. can, as the General Partner, direct the IHLP to redistribute the excess cash, within In-SHUCK-ch Holding Inc. or to the other OLP’s. This allows the IHLP to re-invest in the other OLP’s in a strategic and efficient manner, before declaring surplus cash to flow to In-

SHUCK-ch Services Society, Samahquam Ucwalmicw, and Skatin Nation. *Figure 9* illustrates the legal business structure for the IHLP.

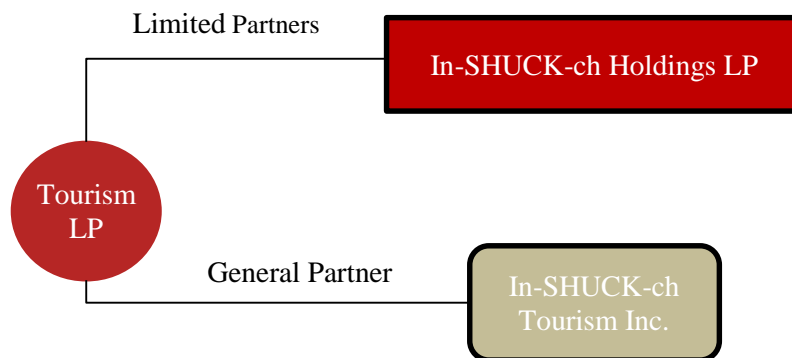
*Figure 9: In-SHUCK-ch Holdings Limited Partnership (In-SHUCK-ch Nation, 2014c)*



**4.2.2 In-SHUCK-ch Tourism Limited Partnership**

The IHLP is, in turn, the Limited Partner for all the other underlying Operating Limited Partnerships including the In-SHUCK-ch Tourism Limited Partnership (ITLP). *Figure 10* illustrates the legal business structure for the In-SHUCK-ch Tourism Limited Partnership.

*Figure 10: In-SHUCK-ch Tourism Limited Partnership (In-SHUCK-ch Nation, 2014c)*



**4.2.3 Tsek Hot Spring Campground**

The business is referred to as the Tsek Hot Spring Campground but it is owned by the In-SHUCK-ch Holdings Limited Partnership and operated under the In-SHUCK-ch Tourism

Limited Partnership. All business assets and liabilities related to the business will be recorded in the ITLP accounting records.

### **4.3 Campground Equipment**

The Tsek Hot Spring Campground requires equipment and tools typically used in landscaping, carpentry, plumbing, electrical, computer processing, and transaction processing. The equipment and tools needed will be purchased with a bank loan facilitated with this business plan.

### **4.4 Operational Guidebook**

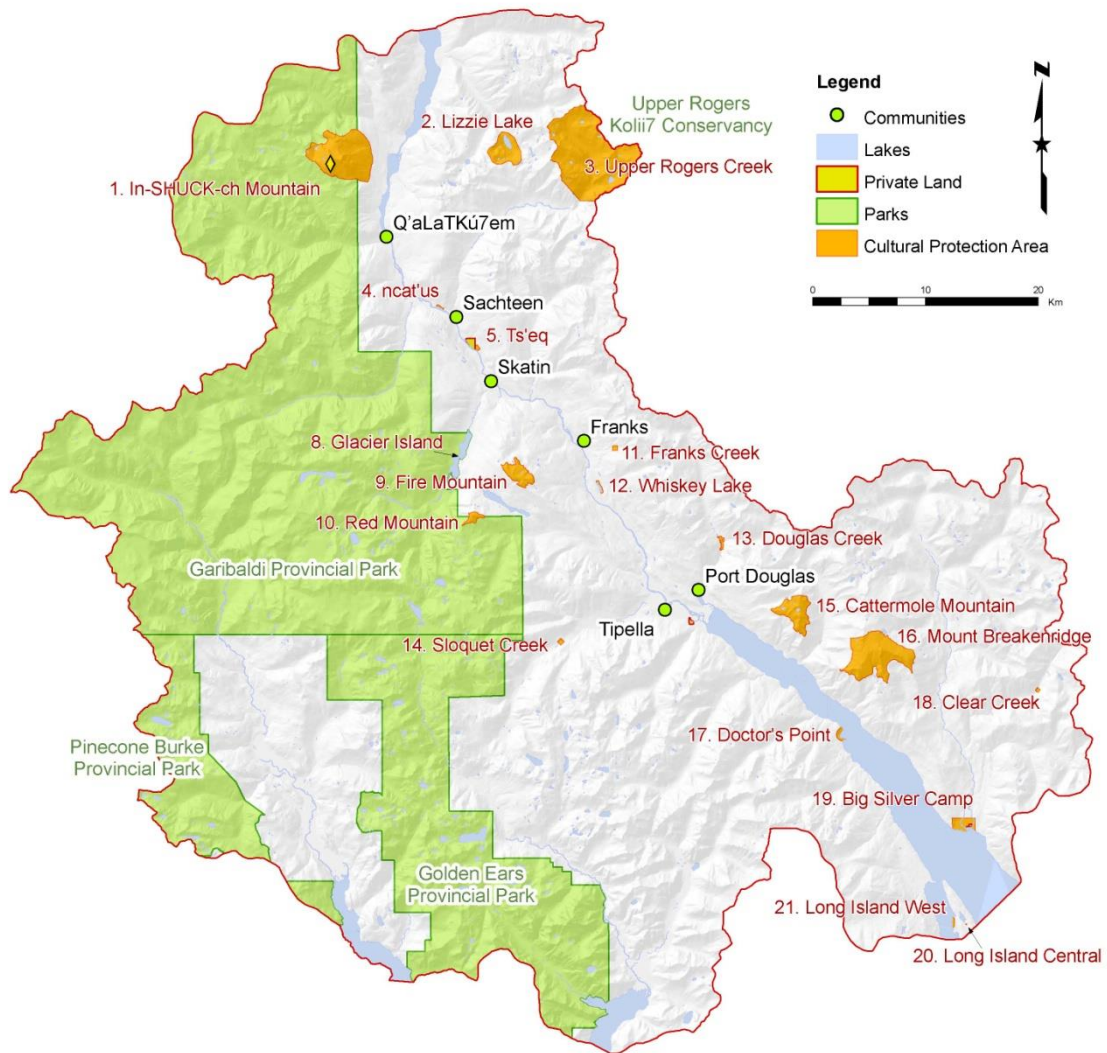
A draft Operational Guidebook was developed in 2012 and it includes sections from the BC Provincial Parks document titled Operating Area Service and Facility Maintenance Best Management Practices acquired online. The guidebook was amended in 2014 and now includes revisions from the Indigenous Workforce contracted to update the policy based on their previous experience managing campgrounds and current experience in the Tsek Hot Spring Campground. The guidebook is used as a reference tool and will be improved to include guidance for implementing quality service. The quality service objective will be implemented over several years because there is a limited human resource pool to choose from in the areas. The Indigenous Workforce will begin developing quality service standards during their management term of the campground.

### **4.5 Location – Lillooet River Valley**

The Tsek Hot Spring Campground lies within BC's Mainland/Southwest Region in the Lillooet River Valley along the In-SHUCK-ch Forest Service Road about 50 km south of Pemberton, BC. An alternate route exists along the Sts'ailes Forest Service Road and both roads are day trips from the Lower Mainland. However, the poor driving condition of these roads has severely limited visitation into the area until recent years when significant road improvements improved sections of the In-SHUCK-ch Forest Service Road. Logging activity and run-of-river independent power production Projects located along the Sts'ailes Forest Service Road has resulted in significant improvements to the road. However, there is about 15 km of road at the north end along Harrison Lake commonly referred to by the local as a goat trail. A 4x4 vehicle and good tires are requirements to travel this section of the road. See *Figure 11* for a map of the

Cultural Protection Areas from the *In-SHUCK-ch Land Stewardship Plan* for the location of the campground labelled 5. *Ts'eq* in the map.

Figure 11: Map of the Cultural Protected Areas (In-SHUCK-ch Nation, 2013b)



#### **4.5.1 District Lot 1747**

The property known legally as District Lot 1747, Group 1, New Westminster Land District, Except Part Road Plan BCP14588 was acquired by the Aboriginal Affairs and Northern Development and is held for use in the eventual settlement of the In-SHUCK-ch Nation Treaty. The southern portion of the property has a campground and hot spring. The site was previously called St. Agnes Wells and the Skookumchuck Hot Spring. The place is now identified as Tsek by the In-SHUCK-ch Nation citizens.

#### **4.5.2 Location History**

The *Tsek Protection and Sustainability Plan* explains the relevant history as the following.

Creation Story (as shared by Elders during community meetings)

T'sek is a spiritual and cultural site. Its purpose since time out of mind is to heal the spirit and body of the people. When the Transformers were travelling the world to restore order they not only changed the landscape they also transformed many worthy people to serve their people for eternity. Thus, the salmon, deer, cedar trees and many other useful creatures and beings were created that our people learned to depend upon. When they came through this area, they came upon a couple that was serving the good of their people and decided to transform them so they were able to support their people for eternity. When asked, the couple agreed under the condition that they could be together forever. Thus, the transformers changed them into two springs – one hot, one cold - running next to each other and healing the spirit and the body of their people for generations to come. People today still believe in the healing powers of T'sek. They come to heal their bodies, they come to lift their spirits, especially before hunting & fishing for the community, they come to train as medicine people and chiefs, couples come to commit to each other, they come to hold ceremonies and they come for many more reasons.

History of Lot 1747

T'sek Hot-Springs (also referred to as Lot 1747, St. Agnes Well or Skookumchuck Hot Springs) has been part of the traditional territory of the In-SHUCK-ch people since time out of mind.

Traditionally, there was a permanent village site, containing Ishkins, gardens and Plank houses, until the remains were washed away together with other remains of cultural significance when the Lillooet River slightly changed its course and became more powerful in the 1940s due to the dredging of the Tenas Narrows.

It was a place where people went on spirit quests, where Elder Mothers used the cold springs to train men to be chiefs, watchmen or for other important positions. People came to cleanse and heal their bodies and spirits, to hold important ceremonies in the tradition of the creation story, to collect medicine plants, cedar roots for baskets, and food plants. There are still remains of pictographs and other culturally significant archaeology in the area.

The Hot Springs became known to non-native people in 1858 when 20 Mile House – located right beside the Hot Springs – became a major stop on the pack trail/Harrison-Lillooet wagon road (Port Douglas to 29 Mile House at the south end of Tenas Lake) in the gold rush era. In the beginning, native people tried to keep non-natives away from their spiritual site by telling stories about the poisonous effects of the water.

William E. Stein applied and gained pre-emption to the land in 1859. He built a rough bath house, but abandoned the property in 1866 after the Fraser Canyon Road became more popular and use of the Lillooet road was in steady decline.

Despite the Fraser Canyon Road, the Harrison Lillooet portion of the road was maintained by the province periodically. Goodwin Purcell headed road maintenance teams around 1864. He married Kreayary (Mary) – a native woman who is believed to have lived with her family at T'sek. In the 1870s, the Purcell's operated a hotel and store in Douglas and by 1874 he was the only white person still living in the Lillooet River Valley. The area around the hot springs was commonly referred to by natives as Purcell's land, although he and his family lived in Douglas. This implies that Purcell must have inherited the land through custom marriage from the father of Kreayary. In the native tradition the inclusion of the son-in-law within the family circle gives him all the rights of sonship and his offspring are regarded as belonging to his wife's family just as much as to his own.

Natives from the area kept using the land throughout this time for gardening, ceremonial, living and other purposes, even after reserves were allotted. Purcell let them use “his” land in exchange for their help in building his store and hotel or in trade for products. He officially “bought” the land in 1897. Despite of his “ownership” the area stayed communal and natives as well as travelers continued to use the hot springs.

In 1956 the remaining Purcell family members sold the Lot containing the Hot Springs to the Trethewey Logging Company for \$5,000.00 and it thus fell out of the hands of the In-SHUCK-ch communities.

The lot was purchased by the Canadian Government and is now held in trust for the people of the In-SHUCK-ch communities pending treaty settlement. (In-SHUCK-ch Development Corporation, 2014)



### **4.5.3 Buildings and Amenities**

The Tsek Campground has one building and a variety of amenities related to the campground and hot spring areas. The building is an office cabin located near the entrance to the campground area from the In-SHUCK-ch Forest Service Road. The campground amenities include about 40 camping spaces, 11 outhouses, picnic tables, and fire rings. The hot spring amenities include a change room, six hot and cold spring water soaking pools and a wooden bench. See *Appendix B* for photos of some of the campground and hot spring features.

## **4.6 Suppliers**

The business only has one supplier and it is a satellite internet company called ExploreNet. However, a waste management business is under development that will service the valley and it will be contracted in the 2015 summer.

## **4.7 Staffing**

The Tsek Hot Spring Campground roles related to operations are business management, administration, operations management and property maintenance. All of the services are procured through contracts. The remoteness of the local communities has created high unemployment and a limited human resource pool to access for staffing the business.

### **4.7.1 Business Management**

The Tsek Hot Spring Campground business manager is the Economic Development Officer until the Director of Business Operations (DBO) is hired. The DBO will be responsible for managing all In-SHUCK-ch Nation businesses and completes all tasks that a typical Chief Executive Officer would for a company. The DBO will be employed by the In-SHUCK-ch Management Services Limited Partnership (IMSLP) and will also be responsible for administering all of the In-SHUCK-ch Nation business partnerships. IMSLP has been legally created but it is still being set up for operations. IMSLP will have a management service agreement with the existing operational businesses within the In-SHUCK-ch Limited Partnership Structure.

## **4.7.2 Administration**

The Tsek Hot Spring Campground outsources its accounting, bookkeeping, and IT needs to increase efficiency and sustainability. The business is relatively new so operational efficiency is one of the businesses main strategies.

### **4.7.2.1 Ledgers Online**

Ledgers Online provides accounting and bookkeeper service to increase the businesses efficiency and its sustainability. The Ledgers Online website states that “Ledgers Online was founded in 2002 and provides accounting and bookkeeping service online to assist small-to-medium enterprises by providing streamlined efficiency with a cost and time-saving process.” (Ledgers Online, 2015) Utilizing Ledgers Online is a cost-effective strategy that eliminates the need to hire an accountant or bookkeeper to support the business financial needs.

### **4.7.2.2 Fully Managed**

Fully Managed provides Information Technology (IT) services to increase the business efficiency and its sustainability. The Fully Managed website states that the “Fully Managed is a Canadian technology management services company in Vancouver, BC with a core purpose of Creating Peace of Mind for their clients by delivering superior technology management, strategy and consulting services to position their clients for sustainable success.” (Fully Managed, 2015) Utilizing Fully Managed is a cost-effective strategy that eliminates the need to hire an IT person to support the business IT needs if necessary.

## **4.7.3 Operations Management**

The onsite management activities are currently completed by the Indigenous Work Force. The group has been hired to achieve operational stability and then train a local person that will be the Operations Manager.

### **4.7.3.1 Indigenous Work Force (IWF)**

The IWF is a non-profit, primarily voluntary organization that assists Indigenous communities with small-scale development projects. In-SHUCK-ch Nation contracts IWF to manage the campground when needed, provide ongoing procurement and training service to find local candidates for the Operations Manager, provide ongoing supervision of a new manager and

provide volunteers to perform ongoing maintenance requirement to the campground and hot spring amenities.

#### **4.7.3.2 Operations Manager**

Maintaining an Operations Manager at the campground has been a challenge. However, the IWF ensures that onsite management is present at all times and began to provide the service early in 2014. The campgrounds first official manager was contracted from April 1, 2009 to July 31, 2012. The contract was terminated due to the high travel expenses of non-local manager. The local Property Caretaker was then contracted to assume onsite management from August 1, 2012 to June 30, 2013. The PC was less diligent in collecting user-fees and this resulted in less revenue. Another local person was contracted from July 1, 2013 to October 14, 2013 but following the completion of the term this person moved out of the province. IWF was then contracted from February 1, 2014 to October 31, 2014 to manage the campground until they procured and trained a local person to assume the onsite management responsibility. Luckily it did not take long to find a new candidate and a new local person was contracted from April 18, 2014 to October 14, 2014. During this period, IWF shifted into a supervisory role and continued to train the new manager. The new manager was well suited for the position but chose not accept a contract extension at the end of the term. At this time, IWF resumed onsite management of the campground. IWF will continue to manage in 2015/2016 and will begin implementing this business plan. Another local person will be procured and trained to fill the role in the future once the operations are sustainable.

#### **4.7.4 Property Maintenance**

Daily maintenance of amenities are completed by the Operations Manager but major maintenance support is procured from either the Property Caretaker or volunteer groups like the Indigenous Work Force and the Project Playground. Fortunately, most of the service is provided free of charge.

##### **4.7.4.1 Property Caretaker (PC)**

The PC built and managed the campground before AANDC purchased the property. This included building the campground and hot spring amenities. The amenities include typical facilities found at campgrounds, amenities associated with the hot spring soaking pools, and a micro hydropower system that provides power to the entire property. The PC continues to

provide on-sight maintenance from time to time however in 2014 IWF procured volunteers to complete necessary maintenance requirements under the PC's supervision.

IWF will be procuring volunteers in 2015 to assist in additional priority maintenance requirements for the amenities. The PC will supervise the maintenance activities in 2015 and his passion for the place motivates him to participate without a fee despite trying to give him compensation.

#### **4.7.4.2 Project Playground**

The Project Playground is a volunteer group made up of two Mission churches and an organization called Youth Unlimited that has volunteered their services in community projects over the last several years. Their goal is to meet the local people who live in the valley and help out in any way possible. Their first project was the construction of a playground in the Skatin community and after that project they became known by the local people as Project Playground. They also participated in projects that included renovating houses for local families and renovating the Skatin People's Hall.

Project Playgrounds 2015 project will be helping to build new building structures at the Tsek Hot Spring Campground and providing assistance in renovating amenities. The group can provide skilled volunteers that are carpenters, electricians, plumbers and people for general labor. The group fundraises to participate in their projects and this will result in significant improvements to the campground with very little costs. However, there is no way to predict the number of volunteers they procure or the amount of funds they raise for the projects until they begin planning in April 2015.

## **4.8 Professionals**

The Tsek Campground business currently only requires the services from Ratcliff & Company LLP to maintain the corporate obligation related to the *BC Corporations Act* the *Partnership Act*. The Ratcliff & Company LLP (Ratcliff) provides legal corporate structuring and business governance service to In-SHUCK-ch Nation. Their website states the following about the firm.

The largest law firm on Vancouver's North Shore, Ratcliff & Company is a leader in providing a full range of legal services to clients in the local community, throughout the lower mainland and beyond. A significant percentage of the firm specializes in aboriginal law, serving First Nations governments,

organizations and tribal councils throughout the province. (Ratcliff & Company LLP, 2013)

Ratliff assisted In-SHUCK-ch Nation to establish a legal business structure and a business governance framework that facilitates transparency while keeping the business accountable to the Nation.

Ratcliff will be the records office for the business and will administer the annual corporate requirements until In-SHUCK-ch Nation is prepared to assume the responsibility in 2016. The transfer will reduce the administration cost associated with maintaining the annual corporate obligations.

## **4.9 Banking**

The Tsek Hot Spring Campground created business bank accounts at the Scotiabank in Pemberton, BC and Bank of Montreal (BMO) in Chilliwack, BC. The business acquired the chequing account at the Scotia Banks to support operations and the Operations Manager makes regular deposits of cash collected onsite from operation. The BMO in Chilliwack is on Indian Reserve Land and helps justify the exemption of the limited partnership from income tax. The accounts at BMO are for the In-SHUCK-ch Tourism Limited Partnership and the In-SHUCK-ch Tourism Inc. Funds will be transferred from the Scotia Bank account to the In-SHUCK-ch Tourism Limited Partnership account for operations. All expenses are paid through the BMO Limited Partnership account. The In-SHUCK-ch Nation office is located in Deroche, BC and therefore creates the need for bank accounts in different locations.

## **4.10 LAWS**

The business is required to comply with federal, provincial and In-SHUCK-ch Nation laws. The federal laws and subsequent regulations include, but are not limited to, the Health and Welfare Canada - Guidelines for Canadian Recreational Water Quality and the Canada Revenue Agency Act. The provincial laws and subsequent regulations include, but are not limited to, the Business Corporations Act, Partnership Act, BC Health Act - Swimming Pool, Spray Pool and Wading Pool Regulations, Wildfire Act, Heritage Conservation Act. The Fraser Valley Regional District has jurisdiction over the property and its current use is consistent with the policy regarding Zoning – Limited Use. The In-SHUCK-ch Nation developed a plan related to land stewardship.

The Tsek Hot Spring Campground is within the Cultural Protection Zone identified by the In-SHUCK-ch Nation in the *Land Stewardship Plan*. The *Land Stewardship Plan* defines the Cultural Protection Zone as the following.

In-SHUCK-ch has identified places within the territory which are particularly important for the protection of cultural and traditional use values. A wide range of features and values are associated with these places, including traditional subsistence or spiritual use, pictographs, petroglyphs, hot springs, and association with legend and mythology. These Cultural Protection Areas are largely site specific and are generally small in extent. The twenty-one cultural protection areas are presented in *Figure 11* of this business plan.

Within the cultural protection areas, the primary management intent is to:

- maintain the areas for the benefit, education, and enjoyment of present and future generations;
- provide for the continuation of cultural activities and traditional renewable resource harvesting activities;
- enable sustainable economic development activity, where appropriate to the zoning and management direction for each area; and
- enable other compatible uses, as appropriate to the zoning and management direction for each area. (In-SHUCK-ch Nation, 2013b)

The management direction related to the Tsek site is prescribed in the Lands Stewardship Plan as the following.

Sight Cultural Significance:

- Hot Springs is associated with spiritual and medicinal practices. The place was a training area for chiefs.
- Most likely an ancient village location.
- Connected to a transformer story.
- Traditional use includes plant and cedar gathering.
- Pictographs in vicinity.

Management Direction:

- Full protection of the pictographs and limited or green development of recreation facilities at the springs.
- Protect water source and visual quality from hot spring.
- Enhancement of facilities and awareness of the area.
- Protection of Archaeological sites DIRo-4 and DIRo-8.
- Visual quality management using the site as a viewpoint looking south west. (In-SHUCK-ch Nation, 2013b)

#### **4.11 INSURANCE**

The Tsek Hot Spring Campground property is leased from Aboriginal Affairs and Northern Development Canada and the lease specifies the requirement for liability and fire insurance. It requires liability insurance in the amount of \$10,000,000 per event. The insurance is maintained annually.

## 5: FINANCIAL PLAN

The financial plan includes the additional operational expenses, maintenance and improvement budget and the projected cash flow for this business plan for the Tsek Hot Spring Campground. This business plan will be used to acquire a \$70,000 bank loan that will fund the additional operating expenses budgeted below and the maintenance and improvement budget for investing in the property, buildings and equipment. The funding shortfall from the bank loan will be subsidized by surplus operation funds when necessary.

### 5.1 Additional Operation Expense Budget

<b>2015 Operational Expenses from Bank Loan</b>		
Advertising and Promotion		
Website Development		5,000
Trade Show Promotion		2,000
Office Supplies		
Employee apparel		200
Campground Maintenance		
Small Bobcat/Excavator Rental - Roads		1,000
Campground Materials and Supplies		
6 100 lb Propane Storage Tanks		1,200
6 Deep Cycle 6 Volt Batteries		1,500
3 3000 Watt Power Inverter		900
Deep Cycle Battery Charger		50
2 BBQ's		500
	<b>Total Operational Expenses</b>	<b>12,350</b>



## 5.2 Maintenance and Improvement Budget

<b>2015 Property, Plant, Equipment from Bank Loan</b>		<b>Physical Life (Yrs)</b>	<b>Deprec. Rate (\$/Yr)</b>
Buildings and Improvements			
Office Area Buildings and Improvements			
Equipment Shed Construction	1,000	20	50
Firewood Shed Construction	1,000	20	50
Molok Installation	1,500	20	75
New Electrical Line	1,000	20	50
Yurt Buildings and Improvements			
2 Yurts (20 ft)	30,000	20	1,500
Yurt Site Construction	1,500	20	75
Hot Spring Buildings and Improvements			
New Deck Walkway x 2	500	15	33
New A-frame Structures x 1	1,000	15	67
New Lean-to Structures x 1	500	15	33
Individual Fibreglass Tubs x 4	2,500	15	167
Campground Building and Improvement			
40 Camping Lot Signs	1,000	15	67
Fire Rings x10 @ \$50 each	500	15	33
Furniture and Equipment			
Office Furniture and Equipment			
Utility Trailer	4,500	15	300
Propane Fridge	1,500	15	100
Yurt Furniture and Equipment			
2 Propane Fridges	3,000	15	200
2 Wood Pellet Stoves?	2,000	15	133
2 x Island Counter	1,000	15	67
2 x Futons	1,000	15	67
Washer and Dryer	2,000	15	133
<b>Total Property, Plant, equipment</b>	<b>57,000</b>		

### 5.3 Projected Cash Flow

	2016	2017	2018	2019	2020
REVENUE	Total	Total	Total	Total	Total
Projected Sales (5% Increase Annually)					
Overnight Camping Sales	72,789	76,429	80,250	84,263	88,476
Day User Sales	8,088	8,492	8,917	9,363	9,831
Yurt Sales	3,400	7,140	9,520	9,520	10,710
Firewood Sales	1,200	1,200	1,200	1,200	1,200
<b>Total Revenue</b>	<b>85,477</b>	<b>93,261</b>	<b>99,887</b>	<b>104,345</b>	<b>110,217</b>
<b>EXPENSES</b>					
Bank Charges and Interest	720	720	720	720	720
Membership Fees	105	105	105	150	150
Office Materials and Supplies	240	240	240	240	240
Computer Equipment and Software	120	120	120	120	120
Maintenance Materials and Supplies	1,050	2,400	2,400	2,400	2,400
Firewood	1,000	1,000	1,000	1,000	1,000
Contractual Service					
Utilities					
Internet	1,200	1,200	1,200	1,200	1,200
Credit/Debit Service	480	480	480	480	480
Waste Removal	1,800	1,800	1,800	1,800	1,800
Management Services					
Manager of Operations	0	0	35,938	37,548	49,597
IWF	38,465	41,967	9,600	6,300	0
Administration Service	6,000	6,000	6,000	6,000	6,000
Accounting and Bookkeeping Service	6,300	6,300	6,300	6,300	6,300
Telecommunications	60	60	60	60	60
Campground Maintenance	500	500	500	500	500
Professional Services					
Legal Services	300	300	300	300	300
Auditing and Accounting Service	0	2,500	2,500	2,500	2,500
Advertising Services	240	240	240	240	240
Property Insurance	3,150	3,150	3,150	3,150	0
Vehicle Insurance	400	400	400	400	3,550
Debt Service (\$70,000)	14,000	14,000	14,000	14,000	14,000
<b>Total Expenses</b>	<b>76,880</b>	<b>83,482</b>	<b>69,699</b>	<b>67,813</b>	<b>73,358</b>
<b>Net Total</b>	<b>8,597</b>	<b>9,778</b>	<b>30,188</b>	<b>36,532</b>	<b>36,859</b>
<b>Surplus/Deficit</b>	<b>8,597</b>	<b>18,376</b>	<b>31,209</b>	<b>50,147</b>	<b>69,206</b>

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## **APPENDICES**

- A. Business Model Analysis
- B. Tsek Hot Spring Campground Amenities

## **APPENDIX A: BUSINESS MODEL ANALYSIS**

### **Key Activities**

The Tsek Campground is a lodging and service business. Therefore, all of the key activities required to support the business model involve creating value for the customers at the business location, its only current distribution channel. The key activities required to support the value proposition include the property and amenities maintenance, micro-hydropower infrastructure maintenance, guided tours of the property and Harrison Lillooet Gold Rush Trail (Douglas Trail), and regular website maintenance. The value created with the key activities above includes the following.

- Easy road access to the property and campsites
- Easy trail access to the campground and hot spring amenities
- Use of well-maintained campground and hot spring amenities stocked with adequate supplies
- Access to green electricity at the campground
- Lighting around the campground to enhance comfort and safety
- Optional access to the internet for a fee
- Health improvement from exercise on the tours
- Enhanced appreciation and understanding of the local history related to the local environment, aboriginal people and the Douglas Trail or Harrison Lillooet Gold Rush Trail
- Easy online access to information related to the campground and hot spring amenities
- Easy online access to campground and hot spring user fee information
- Easy online access to local information to help planning travel like location, road conditions and road closures
- Easy online access to business contact information for questions and reservation

The key activity involved in the customer relationships is personal service. The operations manager will provide information related to the campground and hot spring amenities and additional services and products available. This includes campground and hot spring amenities maintenance upon request, firewood, miscellaneous retail products at the office, emergency telephone access, internet access, electricity access, conflict resolutions, dispute resolution, and knowledge and protection from local wildlife.

The key activity involved in the revenue stream is the user-fee collection process. The processes are collecting a user-fee either directly on-site upon check-in or making a reservation on the phone. This creates customer value by providing quick and convenient check-in to the campground with either cash or a debit/credits machine, quick receipt/permit processing on site, and quick and convenient reservations through the phone with a credit card deposit.

### Key Resources

Key resources are required to support the business model and these resources are required for the value proposition, distribution channel, customer relationships and revenue stream.

Tables 11 to 13 list the key resources required in each.

Table 11: Value Proposition and Distribution Channel Key Resources

<i>Finance</i>	<i>Physical</i>	<i>Intellectual</i>	<i>Human</i>
<ul style="list-style-type: none"> <li>• <i>Line of Credit</i></li> <li>• <i>Operations Capital</i></li> <li>• <i>Investment Loan</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Property Lease</i></li> <li>• <i>Water License</i></li> <li>• <i>Campground amenities</i></li> <li>• <i>Hot Spring amenities</i></li> <li>• <i>Electrical connection</i></li> <li>• <i>Internet connection</i></li> <li>• <i>Telephone service</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Aboriginal brand</i></li> <li>• <i>Heritage brand</i></li> <li>• <i>Website</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Chief Executive Officer</i></li> <li>• <i>Executive Assistant</i></li> <li>• <i>Operations Manager</i></li> <li>• <i>Operations Assistant</i></li> <li>• <i>Aboriginal Cultural Advisor</i></li> </ul>

Table 12: Customer Relationships Key Resources

<i>Finance</i>	<i>Physical</i>	<i>Intellectual</i>	<i>Human</i>
<ul style="list-style-type: none"> <li>• <i>Line of Credit</i></li> <li>• <i>Operations Capital</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Electrical connection</i></li> <li>• <i>Internet connection</i></li> <li>• <i>Telephone service</i></li> <li>• <i>Firewood</i></li> <li>• <i>Maintenance equipment</i></li> <li>• <i>Amenities supplies</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>N/A</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Operations Manager</i></li> <li>• <i>Operations Assistant</i></li> <li>• <i>Aboriginal Cultural Advisor</i></li> </ul>

Table 13: Revenue Stream Key Resources

<i>Finance</i>	<i>Physical</i>	<i>Intellectual</i>	<i>Human</i>
<ul style="list-style-type: none"> <li>• <i>Line of Credit</i></li> <li>• <i>Operations Capital</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Permit/receipt books</i></li> <li>• <i>Electrical connection</i></li> <li>• <i>Internet connection</i></li> <li>• <i>Telephone service</i></li> <li>• <i>Debit/Credit machine</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>N/A</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Operations Manager</i></li> <li>• <i>Operations Assistant</i></li> </ul>

### **Key Partners**

The key partners acquired to support the business model include Aboriginal Affairs and Northern Development Canada (AANDC), the Property Caretaker (PC), the Indigenous Work Force (IWF), and the Project Playground. A description of the partners is provided below.

### **Aboriginal Affairs and Northern Development Canada**

In-SHUCK-ch Nation leases the campground portion of District Lot 1747 and the campground business is more economical because AANDC grants the lease free of rent. The In-SHUCK-ch Nation business that operated the campground is the Tsek Campground Limited Partnership. D.L. 1747 is part of the land settlement package in the In-SHUCK-ch Nation Treaty and the legal title to the property will transfer to the In-SHUCK-ch Nation upon successful ratification of the Treaty. Therefore, the Tsek Campground LP will have control over the campground free of rent until the business can be sustainable with the adequate rent payments to the government.

### **Property Caretaker**

The PC built and managed the campground before AANDC purchased the property and he built campground and hot spring amenities that made the enterprise economical by charging user-fees to visitors. The amenities include typical facilities found at campgrounds, amenities associated with the hot spring soaking pools, and a micro hydropower system that provide power to the entire property. The infrastructure and amenities enable adequate user-fee rates to sustain the management and maintenance requirements for the property. In addition, the PC has been the on-sight maintenance manager for many years.



## **Indigenous Work Force**

IWF assist in the sustainability of the business by providing ongoing access to human resources and regular supervision of the personnel. The IWF is a non-profit, primarily voluntary organization that assists Indigenous communities with small-scale development projects. In-SHUCK-ch Nation contracts IWF to manage the campground in the off-season or as needed, provide ongoing procurement and training service to find local candidates for the operations manager, provide ongoing supervision of a new operations manager and provide volunteers to perform ongoing maintenance requirement to the campground and hot spring amenities. The remoteness of the local communities has created high unemployment and a limited human resource pool to access for staffing the business.

## **Project Playground**

The Project Playground is a volunteer group made up of two Mission churches and an organization called Youth Unlimited that has volunteered their services in community projects over the last several years. Their goal is to meet the local people who live in the valley and help out in any way possible. Their first project was the construction of a playground in the Skatin community so then they became known by the local people as Project Playground. They also participated in projects that included houses for local families and renovating the Skatin People's Hall so it can be enjoyed to its fullest potential.

Project Playgrounds next project in 2015 will be helping build new buildings structures at the Tsek Campground assistance in renovating amenities. The group can provide volunteers that are carpenters, electricians, plumbers and people for general labor. The group fundraises to participate in their projects and this will result in significant improvements to the campground with very little costs. However, there is no way to product the number of volunteers they procure or the amount of funds they raise for the projects until they begin planning in April 2015.

## **Value Proposition**

The Tsek Hot Spring Campground is a customer quality service business that offers day use and overnight use of the campground and hot spring facilities. The use of the campground and hot spring amenities is included in the offering. The campground amenities include picnic tables, fire rings and outhouses. The hot spring amenities include soaking pools, a change room and a storage rack for personal belongings. In addition, products like firewood and other miscellaneous retail products can be purchased at the office cabin. The retail products include

indigenous crafts when stocked, food and drinks, camping supplies like flashlights, bug spray, sun tan lotion, and toiletries.

### **Customer Segments**

The Tsek Hot Spring Campground fits into the campground/RV park market of the tourism accommodation sector. Within the tourism accommodation market, BC residents in 2012 stayed overnight with friends and family, a hotel, a motel, other commercial fixed roof and campground/RV parks. In 2012, BC residents that stayed at a campground/RV park made up 11% of all traveler nights in the accommodation sector. The Tsek Hot Spring Campground will market to the BC residents to obtain a larger share of the camping/RV park market.

### **Channels**

The Tsek Hot Spring Campground is a lodging and customer service business so the only current distribution channel is at the campground location. The Operations Manager delivers the value proposition onsite. The Operations Manager ensures that the campground and hot spring amenities are well maintained and is available to promptly address customer concerns on a regular basis.

### **Customer Relationships**

The customer relationship established involves personal service for the customers delivered upon request. Upon check-in to the campground, the Operations Manager provides an overview of the campground and hot spring amenities. Any time after, the Operations Manager may provide the following.

- Campground and hot spring amenities maintenance upon request
- Delivery and sale of firewood
- Sale of miscellaneous retail products at the office cabin
- Emergency telephone access at the office cabin
- Wi-Fi internet access upon request for a fee
- Electricity access at the office cabin
- Conflict resolutions
- Dispute resolution
- Knowledge and protection from local wildlife

## **Cost Structure**

The most important cost is the fee for the operations manager and property manager. The business could not function without adequate management and property maintenance and therefore the associated fees are the most expensive. The fixed costs for the business are high and the only significant variable cost is the operations manager fee because it is linked to the gross sales.

## **Revenue Stream**

1. The customers are willing to pay for the value created at the campground and this includes the following.
  - a. An efficient and comfortable wilderness lodging experience
  - b. Campground amenities
  - c. Unique hot spring amenities
  - d. Attentive customer service
  - e. Heritage and cultural learning experience
2. The customers currently pay for a campground user-fee related to the use and enjoyment of the amenities. The fee structure includes the following.
  - a. Day-use fee for access the hot spring soaking pools for \$10 per day for adults with a reduced rate for seniors and youth of \$5 per day
  - b. Overnight camping for \$10 per vehicle
  - c. Overnight camping for \$10 per night with a reduced rate for seniors and youth for \$7.50 per night
  - d. Firewood at \$10 per wheelbarrow
  - e. Internet Access Fee (TBD) per day
  - f. Miscellaneous retail products from the office
3. The operations manager processes transactions directly with the customer on site upon arrival with user-fees collected in cash and camping sites are designated on a first come-first serve basis.
4. Customers have expressed a preference to pay through a phone reservation with a credit card because there is limited camping space and the site is at capacity on most long weekends. The commute is long and there is no information available on occupancy at any given time. After the internet connection is secured, debit and credit processing on site will be implemented.

5. The current main revenue streams are the day-use fee and the overnight camping fee. The day-use fee contributes 10 to 15 percent to the overall revenue stream annually and the overnight camping fees contribute 85 to 90 percent to the overall revenue stream annually. Retail sales at the office and firewood sales are new revenue streams but have a low contribution because they are new offerings. The hydro grid connection to the property will allow the utilization of the Net Metering Program through BC Hydro and is projected to increase the revenue by 10 to 15 percent.

## APPENDIX B: PHOTOS OF THE TSEK HOT SPRING CAMPGROUND AMENITIES

*Figure 12: Campground Office Cabin (Photo: Robin Trethewey, 2012 with permission)*



*Figure 13: Campground Outhouse (Photo: Robin Trethewey, 2013 with permission)*



*Figure 14: Tsek Hot Spring Campsite (Photo: Robin Trethewey, 2012 with permission)*



*Figure 15: Tsek Hot Spring Riverside Campsite (Photo: Robin Trethewey, 2013 with permission)*



## Photos of Proposed Yurt Site Location

*Figure 16: Proposed Yurt Site 1 (Photo: Stephen Jimmie)*



*Figure 17: Proposed Yurt Site 2 (Photo: Stephen Jimmie)*





*Figure 18: Proposed Yurt Site 3 (Photo: Stephen Jimmie)*



## **Photos of Hot Spring Amenities**

*Figure 19: Hot Spring Source Pool (Photo: Stephen Jimmie)*





*Figure 20: Hot Spring Pool Area (Photo: Stephen Jimmie)*



*Figure 21: Hot Spring Pool 1 (Photo: Stephen Jimmie)*



*Figure 22: Hot Spring Pool 2 (Photo: Robin Trethewey, 2012 with permission)*



*Figure 23: Hot Spring Pool 3 (Photo: Robin Trethewey, 2012 with permission)*



*Figure 24: Hot Spring Pool 4 (Photo: Stephen Jimmie)*



*Figure 25: Hot Spring Change Room (Photo: Stephen Jimmie)*

