

August 7, 2020

**City of Courtenay**  
830 Cliffe Avenue  
Courtenay, BC  
V9N 2J7

**Re: Community Amenity – Economic Impact for Proposed 93 Room Holiday Inn Express, Ryan & Hunt Road Courtenay, BC**

Attention: Mayor & Council

We feel it is important to offer information on the financial merits of our proposed Holiday Inn Express hotel in your community. Below is an outline of the direct, indirect, and induced impact of hotel development.

The hotel's direct impact to the City of Courtenay is measurable by Development Cost Charge of approximately \$246,000. The hotel will contribute commercial property taxes on an annual basis of approximately \$245,000 per year. Commercial mill rates are typically three times those generated from residential development. Over a 10 year period this will equate to approximately \$2,700,000 in additional tax revenue, or approximately 1.8 million more than would be generated from residential development on the property.

We wish to highlight what the proposed hotel will contribute to the economic fabric of Courtenay. The hotel will provide approximately 36 long term jobs, and \$16 million in annual direct and indirect economic impact stimulus from visitor spending. During construction the hotel will provide 117 direct and indirect jobs, and contribute \$19 million in direct, indirect and induced spending.

IHG, and the Holiday Inn Express franchise offer a strong and well recognized hotel brand for Courtenay. IHG provides international exposure. They have over 5,000 hotels within their franchise system, and over 100 million members in their loyalty program. Their marketing systems provide a venue to attract visitors and future residents to Courtenay and the Comox Valley. We feel the combination of the Holiday Inn Express Brand, our Vancouver Island ownership with strong local management will benefit the community. We look forward to becoming contributing member of the community.

### **Direct Impact**

Direct impact includes all projected revenues that will be generated from consumers at the new hotel. This will include all rooms' revenues, food and beverage revenues as well as other potential revenue sources from hotel operations. Direct impact also includes total payroll paid out to employees hired at the hotel as well as all payrolls paid out to temporary construction workers who construct the hotel.



### **Fiscal Impact**

Fiscal impact refers to all federal, provincial and municipal taxes that will be collected from the development and operations of the new hotel. Taxes include all sales taxes collected in association with the hotel generated revenues, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. Municipal government's property taxes from the operation of the hotel and MDRT taxes collected for local marketing initiatives.

### **Indirect Impact**

In addition to local governments and hotel owners/employees, contractors and suppliers to a newly developed hotel will also benefit. Indirect impact includes all jobs and income generated by businesses that supply goods and services to the hotel. Examples of businesses that will indirectly benefit from the development of a hotel include local food and beverage restaurants and suppliers, companies supplying room's related goods and services, (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), and utility companies.

### **Induced Impact**

Induced impact refers to economic effects generated when employees (full-time and temporary) and suppliers re-spend their wages on local consumer purchases. For example, an employee may purchase gas for their car on their way home from work.

The direct and fiscal impacts have been calculated as part of our overall development plans. The basis of our indirect and induced impact was referenced from an Economic Impact Study for a proposed hotel in Kelowna, BC that was published in 2010.

The following points highlight the key factors which will impact the proposed hotel development in Courtenay.

- 1) **The development site** – proposed for the new hotel development is in a 1.8 acre property located at 310 Hunt Road. The property has all the attributes typically required for a successful hotel development, such as proximity to area amenities and demand generators, good access and high visibility.
- 2) **The proposed development** – is to include an 93 room limited service Holiday Inn Express hotel, with guest services, and amenities you would expect to find in a mid-market, limited service hotel, including an indoor pool and gym and free hot breakfast and meeting rooms.
- 3) **The hotel market** in Courtenay and the Comox Valley has continued to grow since your last hotel was built in 2009 (Bayview Hotel, formerly Holiday Inn Express). 2020 has provided a significant economic short term challenge to tourism. The industry is forecasting a 5.1% increase in 2021, with a full recovery by 2023.

The Economic Impacts for the construction and annual operations of the proposed hotel are illustrated in the following table

#### Construction

Total Impacts	Employment Jobs	Employment FTE's	Wages (\$Millions)	GDP (\$Millions)	Output (\$Millions)
Direct	77	58	2.6	3.5	12.5
Indirect	58	44	1.2	3.1	5.2
Induced	21	15	0.7	1.0	1.9
<b>Total</b>	<b>156</b>	<b>117</b>	<b>4.5</b>	<b>7.6</b>	<b>19.6</b>

#### Operations (Annual)

Total Impacts	Employment Jobs	Employment FTE's	Wages (\$Millions)	GDP (\$Millions)	Output (\$Millions)
Direct	36	28	0.9	10.4	1.9
Indirect	9	6	0.2	4.7	0.8
Induced	3	3	0.1	1.7	0.4
<b>Total</b>	<b>48</b>	<b>37</b>	<b>1.2</b>	<b>16.8</b>	<b>3.1</b>



In closing, we regard this site as the perfect location for the proposed hotel development: We believe the development of the hotel will benefit and enhance the immediate community by providing a well-designed and well run hotel to the area, while serving the greater good of providing a very significant economic stimulus to the City.

Please contact me if you have any questions at 250 893 1121 or wish any clarification.

Sincerely,

Len Wansbrough, CPA, CGA  
Principal  
Metropolitan Hospitality Management  
Ryan Road Hospitality Group