**Yukon Spaces**

**Annual Review 2021**



**Introduction:**

During 2021 we saw had to respond to a number of challenges associated with COVID-19 restrictions. One of the more difficult things to plan for was the ever-looming and uncertainty regarding restrictions placed on travel within Yukon and also from other parts of Canada and the world. This gave use some significant difficulties with both the planning and delivery of hotel operations. It also caused us to consider alternative ways of revenue generation. In some ways this was a beneficial challenge as it has led us to some ventures that we might otherwise not have considered. But is has made it difficult to achieve focus on any one part of the business. As a small business with a small team, this has been manageable. As we increase the sectors of economy that Yukon Spaces operates in as part of a diversification strategy, we also increase the workload pressures on that small team.

While challenging, we have had a successful year in many ways. This report gives an overview of the different projects that Yukon Spaces is operating, conceptualising or actively planning for the future.

**Dawson Lodge:**

COVID-19, season 2. It felt like a TV show, we even had a cliff-hanger; would there be a tourist season or not and would the virus mutate again or not? As season 2 played out, we were excited to have a tourist season. There was a sense of almost normality for a couple of months during the summer of 2021. Hotel revenues rose substantially, bookings were coming through for the winter and things were looking bright. Despite the “will they won’t they” sub-plot of government restrictions, every month, with the exceptions of June and November 2021 outperformed 2020 in terms of occupancy (*figure 1*). This also takes into account the need to convert one of the rooms to a spa facility and one of the rooms to a housekeeping space to accommodate additional laundry activity related to the spa (more information on this to follow), so from April 2021 our maximum occupancy would have been 80% of the total accommodation space of the building during normal operations. This resulted in a total revenue from hotel operations alone of almost $160,000 (*figure 2*). Approximately 70% of those booking were direct bookings without the use of third-party hotel booking search engines (e.g. Booking.com / Expedia).

This raises questions about the value of continued use of these third-party search engines. Their use hasn’t been without problems and we need to consider their future role in our reservations model. Further cost benefit analysis of the revenue and associated resource use may illustrate a reduced need to rely on those services during busy tourism seasons and instead use them as simply a marketing tool but to demonstrate a presence without providing them with many opportunities for room sales.Chart, line chart

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*Figure 1 – Occupancy % 2020 vs 2021*

*Figure 2 – Dawson Lodge Revenue 2020 vs 2021*

We are yet to develop a coherent marketing strategy for Dawson Lodge. Opportunities taken during our first year of operation including rolling TV ads in gas stations and retail outlets around the Yukon, an online campaign with an LGBTQ media outlet and print adverts in North of Ordinary. We had no bookings that we could trace to any of these activities. During the winter season 2021/2022, we have been fortunate enough to be included in a number of tour operator and tour media visits to Dawson City. This has given us an opportunity to showcase our accommodation offer and use close collaboration with tourist industry colleagues to build awareness of our offer. With some more human resource available for the coming summer season, a more structured approach to social media, tourism industry engagement and formal advertising will be undertaken.

**Successes**

Reviews and ratings

* 5 star google reviews
* 5 star TripAdvisor reviews
* Average rating of 8.7 on booking.com with a traveller review award
* Average 8.6/10 on hotels.com and 4.3 out of 5 with Expedia (hotels.com and Expedia are the same booking channel)
* 3 awards from TravelMyth including Top small hotel in Dawson City
* Feature article celebrating our existence and success in North of Ordinary magazine

**Challenges**

Storage

* During the last summer season, room 10 was temporarily converted to allow for improved storage and housekeeping activities. While this has provided a short-term solution, it has removed a room from being revenue generating. This will continue to be the case in 2022 while we develop a more permanent solution.

Housekeeping

* Despite having some additional housekeeping support provided ad hoc from within the existing team, there were still times during the summer when rooms needed to be closed due to time pressures. The next season will require another team member to be allocated to this activity on a part time basis to ensure days off and heightened demand are covered. The staff budget for this has been increased accordingly in preparation.

Occupancy

* Occupancy in the last year has been generally improved from 2020. Challenges still existed due to intermittent government travel restrictions related to COVID-19. This particularly affected the winter season with minimal occupancy.
* As a way of diversifying our revenue streams we took room 9 out of service for accommodations and instead have used it as a temporary spa facility. This has been successful in term of generating revenue as a pilot for a new spa business within Yukon Spaces, but during busy times has limited our revenue generation from accommodation.

Maintenance

* Further foundation upgrades are necessary this year to ensure greater stability for the building and reduce the effect of ground level changes associated with water.
* There was an issue over the winter with excess water freezing beneath the building from a waste water leak in an adjacent property that caused our electrical lines to be pulled from their positions on the frame of our building. This meant that our waste water lines froze. This will be remedied as part of the foundation upgrades.
* Wear and tear on paintwork in the rooms and hallways was more noticeable this year, as was the state of our existing linens. Repainting of all hotel rooms was completed this winter. New bedroom and bathroom linens have been purchased for the new season. We had accounted for these costs every 3 years, we will revise this in our budgets to account for every 2 years.
* 5 of our doors are old and require regular paint touch-ups. We need to ensure that we build this in as part of a fairly regular task, particularly during busier times.

**Opportunities**

With improved revenue projected for this year, we have an opportunity to plan a budget that includes more professional support around things like marketing.

With the linked services that Yukon Spa can now offer, providing package deals is a more realistic endeavour. Packages that include flights, hotel stay and spa treatments, coupled with tourist activities from local tour operators can be offered directly by us but also included as part of packages from other tour operators. We have been linked with a few such tour operators and will try to work on developing these for the winter season. This will require dedicated time from a team member to work on developing and in the longer term to ensure smooth delivery and coordination of such packages. Currently this role sits across multiple team members and we will need to ensure good coordination in order to ensure efficient delivery of this opportunity.

**The Plan**

* We will increase our team by 0.5 full time equivalent from April to September to provide additional support for the daily operations of Dawson Lodge. This will provide for better scheduling of days off and reduce the pressure of housekeeping activities on busy days. It will also free some time for ad-hoc marketing opportunities to be exploited using social media and visitor centre interactions.
* Day to day management of hotel reservations and enquiries will be allocated to a single team member with some cover from the remainder of the team to cover days off.
* **Slide View**

This has been a long and thorough renovation of the existing building:

* Insulation upgrades
* Fully rewired
* Completely new water supply and waste water plumbing
* Completely restructured internal space. New internal and external insulation throughout in addition to existing insulation
* New roof
* New heat recovery ventilation system
* New triple glazed windows
* New doors

Still outstanding from the original plan and due for completion in the summer of 2022:

* Construction of 2 arctic entrances to the front and rear of the building
* Construction of a wrap around deck structure on the west and north elevations of the house
* Structural roof upgrades to support solar system installation
* Installation of air source heat pump and 3 internal units
* Installation of exterior siding
* Completion of soffit and fascia installation
* Landscaping

As we reach the end of this project, we are increasingly able to use it to showcase some of the principles we operationalise in terms of our construction activities. Energy efficiency being a central component of design closely linked to the maximum utility of the space available and inspirational design delivered affordably. We are excited to be coming towards the final phase of this project and aim to be fully completed by September 2022.

**Dawson Mews:**

As per last years review, this project has stagnated somewhat and this continues to be primarily funding related. Promising discussions with territorial and federal funding agencies have resulted in the need to develop a new plan for this project, that is much larger in scale to be able to attract both mortgages and grant funding for this project. Our current designs for Dawson Mews were viewed favourably and significant time and money has been spent on 2 different sets of concept designs to date. This cost is not fully lost and will be considered research and development and will no doubt inform the design for our future scheme.

Currently the site originally designated for Dawson Mews is being repurposed for Yukon Spa. This will allow 3 new lots that have been purchased to serve as a residential cluster with a current outline plan for a mix of townhouses, apartments and single story dwellings to include accessible units for those who have mobility impairments. This project will likely move back into the concept phase with a redesign towards the end of 2022 or early 2023.

**The Warehouse:**

The building is not structurally sound and so not fit for any regular occupancy. It serves as an appropriate storage space and covered workspace for now. That said, as the structure and ground beneath continues to deteriorate, we are nearing the time when this building needs to be deconstructed for public safety with a plan to reconstruct and replicate the original aesthetic using as much salvaged material as possible. We are seeking some financial support in heritage grants to achieve this during 2022. A plan is currently underway to extract the façade from the warehouse and demolish/salvage building materials from the current structure, especially the exterior tin as a way of replicating the original look of the building. These plans need to be further developed in order to submit planning and development permit applications to the City of Dawson.

There is currently no concrete plan for the future purpose of the reconstructed building.

**Yukon Spa:**

The original pilot project for Yukon Spa funded in part by territorial tourism funding, the Elevate project, has been a solid success with very little in terms of marketing and administrative support. With ad-hoc as well as some scheduled opening time, Yukon Spa has been able to cover it’s costs effectively, including costs associated with use of a hotel room from Dawson Lodge. Two team members completed Raynor massage practitioner programmes, advanced medical aesthetic training and are working towards Dermalogica Expert certification for clinical facials. This has resulted in a broad offer of therapeutic services that include skin care and bodywork with advanced modalities such as hydradermabrasion, microneedling and laser treatments.

The success to date and even in consideration of limited potential due to COVID-19 restrictions and closures has led us to design and plan a new build facility for the edge of the downtown core. This facility will have treatment rooms, sauna and steam facilities, hot tub, relaxation space indoors and outdoors and a health café. It will also accommodate laundry facilities that will be used for Dawson Lodge and Yukon Spa as well as offering public laundry services. Furthermore there will be a storage facility that can be utilised for all aspects of Yukon Spaces business activities. We are currently negotiating funding opportunities to include a mix of loans and grants to support the delivery of this project with an aim for opening in March 2023.

**Successes**:

* Now fully operational and separately registered/licensed business owned by Yukon Spaces Inc.
* 5 star Fresha review from every client and some awesome reviews

**Challenges:**

* Adapted space makes it challenging to store equipment which affects the aesthetic of the room.
* The room is very obviously not designed as a spa room and while we have adapted it to function, it is not well designed in either form or function for its purpose.
* We have no good space to display products for sale.
* We have no direct access or waiting space for the spa therefore clients are required to share access with hotel guests and are required to wait outdoors until their appointment time.
* Without a reception facility, walk-in clients looking to book, enquire or purchase products are unable to easily access Yukon Spa team members.
* Poor advertising and marketing strategy has limited clients but without more availability from therapists, this has not been a significant factor, though will become one in the future if not rectified.

**Opportunities:**

* New build facility will not only include specifically designed treatment rooms but also house typical spa facilities that will provide a draw for enhanced purchasing of treatments and products.

**Financial Outcomes:**

Our second operational year and our second year of COVID. Our profit and loss statement illustrates just how fortunate we are to be in Canada and even more importantly how supportive Yukon is of the many small businesses that operate here and call Yukon home. With a comprehensive funding package for businesses that covered fixed costs up to breakeven point, we were able to keep operating throughout the whole of 2021. We never had to close our doors due to inability to pay the bills. However, the government funding was not the only reason why we were successful last year from a profitability perspective.

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As a small organisation we are nimble. This means that we can operate on lean principles and find ways of limiting or eliminating waste from both product and process. This allows us to be innovative and encourages us to think diversely as a team.

This goes as far as what happens with the profit. We continue to explore legal and cost effective ways of formalising the employee ownership model. For now, we are achieving ownership through equal and shared responsibility for decision making at the level of strategy and organisational governance while allowing individuals to fulfil their roles without needing the consensus of a committee. This has resulted in a decision for profits to be split in 4 equal ways for this year. 25% goes directly back to each member of the team as an equal share. 25% goes towards paying off loans above and beyond minimum payments. 25% goes directly back into the organisation for service improvements. For this year, further hotel upgrades were identified as the primary need in order to ensure maximum income generation throughout 2022. The final 25% was split between the original shareholders as acknowledgement of the sweat equity and excessive hours above and beyond their timesheets. We can’t wait to have discussions about what happens with 2022 profits!

**Summary:**

Yukon Spaces is a collective, a hive mind with different perspectives. We need this to thrive. We have seen how important this is during 2021 and have explored ways to diversify the team even more in preparation for more projects. We need many voices who respect and value the goals of the whole of the organisation and the people it serves.

We hope that next year’s report will come with news of projects moving forward, further successes for the services we deliver and the team that delivers them and even more exciting dreams for the future.