**Yukon Spaces**

**Annual Review 2020**



Reflecting on the achievements and challenges from 2020 is an essential part of ensuring success in 2021. So, here we go!

**Dawson Lodge:**

After some construction delays, recurrent plumbing problems and subcontractor challenges, a harsh winter for snow and cold temperatures making this trickier than they might otherwise be, we we’re ready for opening in March. With some outstanding insulation work, foundation work and cosmetic things to take care of, we could at least start generating revenue to offset the higher than anticipated renovation costs. The last week of hotel preparation was supported by having all hands-on deck and bringing in friends to help with last minute decoration and making sure it looked like a hotel and not a building site.

We had an amazing soft opening weekend with a full hotel, significant merriment and people testing the place to destruction. Despite the parties, the only real hiccups were a leak from a sink waste pipe, some condensation drips from a bathroom ceiling vent and a frozen toilet. We got some great feedback from friends about everything from the smell of the body wash, to the soft bed linens, comfortable bed and great choices for coffee, candies and TV’s. We also heard feedback that it would be nice to have a bath plug in case people want a bath (but as we made an active choice on environmental considerations to not encourage bath us but showers instead, we took people ingenious idea of using a rolled-up face cloth as a tip for future guests). We heard about heavy doors and light coming from the corridor beneath the doors. We were able to make some adjustments to limit those problems. But we knew we still had work to do on sound and light proofing the rooms.

And then, COVID-19. The following weekend, with our grand launch coinciding with the winter festival in town, the world closed down. Over 50% of guests asked to cancel their reservations on the day of check-in, choosing not to drive from Whitehorse. Over the next couple of weeks, almost 90% of all summer bookings cancelled.

Work on completing the renovations continued slowly as we all had to work hard to establish other sources of income so that money for wages didn’t come from Yukon Spaces. And so, began a year of basically volunteer work. Despite tough times, we did have fun moments and a slower season allowed us all to learn how to love Dawson Lodge back to health when various bits of it don’t work, how to create safe and welcoming spaces for guests and how to interact with guests in a way that gave them the best possible experiences. And business did pick up for the summer, we had a reasonable few month and encouraging signs for winter tourism… then the BC border was once again restricted and all of our winter bookings were cancelled by the end of October. Figure 1 and 2 illustrate our occupancy and hotel revenue respectively.

In an effort to supplement income, we offered the products we use to guests for purchase. Everything from detergent to coffee was made available. We also started to explore ideas for tourism packages which led us to sign a contract with Air North to be able to book flights for our guests. We also started to prepare for offering event nights and spa breaks as we looked for gaps in the market that wouldn’t increase our fundamental costs.

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*Figure 1 – Occupancy %*

Table

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*Figure 2 – Dawson Lodge Revenue*

Marketing and promotion are something we are still working on. At the start of the year our website was generating some traffic and as we started to advertise and use Facebook more, we started to see increased traffic and appeared higher on google searches for hotels in the area. We decided to have a dedicated website for Dawson Lodge instead of a microsite towards the end of 2020 and that is now fully functional. Figure 3 shows the website traffic data for 2020 for Yukon Spaces. Figure 4 shows the website traffic data for 2020 since the website went live in November. There was a significant peak in activity for Yukon Spaces around the start of March when we were heavily publicising our launch. Facebook has been a consistently high source for people visiting the websites, particularly the Yukon Spaces website.

We have maintained a microsite within the Yukon Spaces pages for Dawson Lodge bookings. At some point we will look to either link from the Dawson Lodge pages on the Yukon Spaces website or embed the Dawson Lodge website there. To reduce the need for crosschecking two different websites for information. This will happen once the Dawson Lodge website has been further developed.

Facebook and Instagram posts generally obtain good engagement although Facebook does seem to have better reach than Instagram. Both of these marketing sources can be further exploited.

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*Figure 3 – Yukon Spaces Website Traffic*

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*Figure 4 – Dawson Lodge Website Traffic*

**Successes**

$12,500 grant for marketing from the Tourism Industry Association Yukon

* Full page ad in North of Ordinary magazine each quarter
* Online marketing campaign with Daily Xtra (online LGBTQ magazine)
* Rolling TV ad on North of Ordinary TV network (gas stations, take out restaurants, stores etc. across Yukon)

$15,000 grant for tourism business enhancement projects

* Purchase of UV-C light sterilisation equipment
* Purchase of fogger equipment and cleaning fluids for room decontamination/deodourisation
* Purchase of hand sanitiser stands
* Purchase of recycling supplies for masks and other PPE
* Purchase of spa equipment

Reviews and ratings

* 5 star google reviews
* 5 star TripAdvisor reviews
* No review under 7/10 with an average of 8.7 on booking.com
* Average 8.6/10 on hotels.com and 4.3 out of 5 with Expedia (hotels.com and Expedia are the same booking channel)
* 100% of people who responded to the internal survey would stay again

The pipes didn’t freeze this winter and all of our mechanical systems functioned fully

**Challenges**

Storage

* We have limited dedicated space for storage and have experimented with different solutions, but the issue is not resolved. During slower times, we have utilised an empty room for housekeeping storage and activities such as laundry folding. We need to establish a better plan for 2021 summer season

Housekeeping

* We have implemented a software solution to help us to track housekeeping and maintenance activities which we have not fully utilised to date. We need to work on this for the coming season.
* During busy times, there is too much housekeeping work for 1 person, we need to ensure appropriate cover for additional hours on busy check-out days this year.

Occupancy

* Significantly under necessary occupancy levels for break-even point. Primarily due to COVID-19 (we think), we need to have solutions to increase occupancy and revenue for 2021.

Renovations

* We made decisions in 2020 to leave some of the external renovations incomplete, these need to be completed prior to the height of the summer season to ensure better kerb appeal. Artwork needs to be installed on the front windows and consider some better signage to advertise our availability.
* Internal door upgrading should continue over the next 12-24 months as budgets allow.

Maintenance

* Constant upkeep due to the shifting ground conditions is a challenge and cosmetic upkeep of the internal spaces as a result needs regular DIY-style attention.
* 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**

* Thanks to government funding, we have been able to purchase a significant amount of spa equipment. We are going to undertake a temporary space conversion for one of the rooms to become a treatment space. This will allow revenue generation from a spa type business model. The initial offer will include spa massage (not registered massage therapist) including aromatherapy, reflexology and hot stones. Next, we will start to deliver hydrodermabrasion facials and finally after further training, we will be able to deliver some advanced clinical aesthetic treatments. We will also be working with Dermalogica in order to provide skin health and facial skin care.
* Sales of products is not something we focussed on this year. We have the ability to sell products that we buy in bulk for the hotel and have done so on a low-level basis. This year we could spend more time trying to promote these products both to hotel guests but also at the farmer’s market. Selling our products in a physical location will also give us an opportunity to promote Dawson Lodge.
* When COVID restrictions are relaxed, we have an opportunity to increase domestic tourism through the promotion of events and theme nights. These ideas need to be more fully developed but could boost our occupancy.

**Slide View**

As part of our portfolio, Slide View will become the 2nd Yukon Spaces renovation project, this time it. Is a residential project. This property on the north end of town, will be converted from its current format into a flexible living space to meet a range of different needs. The design allows for greater living/sleeping separation from a “main house” with a dedicated entry, kitchen and bathroom facilities in an attached studio apartment. The main house will have a large open plan living space with a single bedroom and bathroom. This space has been designed as a concept living space for adults supporting their older family members or parents with an older teenage/young adult child living at home.

The focus of the renovation will be on upgrading environmental specifications alongside testing the use of space concept. This project will be useful from a promotional perspective as we can continue to produce blog posts and start posting on the Yukon Spaces Facebook page again about an active project. It will also provide us with residential space that will reflect some of the design and structural considerations for Dawson Mews.

Work has already started deconstructing the internal space and this will continue until the weather allows exterior insulation upgrades, window and door upgrades, exterior cosmetic work and construction of new arctic entrances to commence. The first focus of the interior work will be upgrades to the electrical, plumbing and ventilation systems then completion of the rear semi self-contained apartment.

**Dawson Mews:**

This project continues to be hampered by delays resulting from access to funding streams. In order to commence further work on the construction planning and construction of the project, we need to secure an appropriate source of funding for the build costs. Our current plan is for a conventional commercial construction mortgage but we need to have a significant deposit for this mortgage (roughly 30% of the total cost). This is only possible if we can secure a good mortgage rate.

There is a possibility for access to government funding, but details are not available for the next fiscal year yet. We have a funding application as part of a federal business development program and wait to hear, though a project that more closely met the criteria has been rejected for this year.

**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. On completion of Dawson Mews or if additional funding sources are identified, the redevelopment of this project is in the distance but we should remain mindful of it and be open to exploring funding opportunities that might be linked to specific use of space.

**Operational Delivery:**

As we prepare to welcome a new permanent member of the team, we need to be mindful of formalising some of our communication, scheduling and decision-making processes. It is also essential that primary roles and responsibilities are reaffirmed and those role holders work with the rest of the team to negotiate work schedules.

During 2019 and 2020, the team have predominantly worked to cover deficits and observed difficulties to prevent crises. This has been very successful, however as more projects come online and we manage different workstreams within Yukon Spaces this approach is less likely to be successful. This is partly due to the increased amount of work and reduced flexibility within the team. We have already taken steps to ensure that hotel operations have out of hours cover available when team members are not available; the use of remote telephone support for routine guest inquiries is an example of this.

Our profit and loss statement shows that there is a significant shortfall in income vs expenditure. This can partly be explained by some renovation expenses being carried into the first year of operational delivery for Dawson Lodge and the first year where Yukon Spaces has an active revenue stream. However significant tourism limitations due to pandemic related restrictions has changed our revenue opportunity for the 2020/2021 year.

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There are already signs of recovery in relation to the COVID-19 pandemic and plans to allow more freedom of travel during this year. This gives us some optimism that towards the end of the summer season we will see increased revenue at Dawson Lodge.

With the hope of increased revenue for 2021 we also need to establish mechanisms for financial decision making related to budget setting and spending including: employee benefits packages, pensions, profit share and investment.

**Summary:**

Dawson Lodge is currently the primary operational focus for Yukon Spaces. If our revenue and subsequent profit can be significantly improved over this financial year, there is a higher chance that lenders will consider Dawson Lodge as an appropriate source of security to lend on other projects, which in turn would allow Dawson Lodge to expand its operations and capitalise further on a more holistic tourism offer.

It is important that we continue to work on developing Dawson Mews and The Warehouse but we must be mindful that in order for Yukon Spaces to be successful, Dawson Lodge needs to be successful first. Founders need to individually ensure that we are able to supplement our personal incomes to ensure that as new staff join the team, we are able to feel secure in their salaries/wages while we continue to work on all of the Yukon Spaces projects.