



# Annual Report

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April 1, 2022 - March 31, 2023



# INTRODUCTION



**MV MACCOA & MV OSLO BULK 8**

The Summerside Port Corporation Inc (SPCI) is a not-for-profit company incorporated in 2010 under Part II of the PEI Companies Act to own, operate and promote the development of Port Summerside. In 2010, SPCI and Transport Canada (TC), on behalf of the Government of Canada, negotiated and signed a divestiture agreement. This agreement saw certain port property assets transferred in their entirety from Transport Canada (TC) to SPCI

The divestiture agreement contained a long-term funding feature that included restrictions that requires the funding to be used exclusively to cover operational costs of the Port or to maintain the Port's infrastructure. An annual report, audited by an independent audit firm, must be filed with Transport Canada to confirm that any funds spent from the initial divestiture fund meet the eligibility restrictions placed on these funds at the time of divestiture.

SPCI has a 7-member Board of Directors comprised of local community and business leaders.

### Current Board of Directors:

- *Jim Bradley President Second term ends July 2025*
- *Alan Montgomery Sec/Treasurer Second term ends July 2026*
- *Ivan Noonan Director Second term ends July 2025*
- *Amanda Murphy Director Second term ends July 2026*
- *Donna MacKay Vice President Second term ends July 2027*
- *Ian Simmons Director First term ends July 2024*
- *Thane Smallwood Director Elect First term ends July 2027*

Directors serve an initial 4-year term with an eligibility for a second 4-year term.

The Board of Directors meet monthly and receive operational, financial and other reports from management. The Board is also responsible for developing, communicating and overseeing policy and strategic direction for management to implement as they pursue the goals and mandates of the Port.

Port operations management team members are, Arnold Croken (retiring) CEO, Mitch Shea Harbour Master/Wharfinger and incoming CEO, Gary Doucette Property Manager and Andrea McLeod Board Secretary and Administrative Assistant.



MV FEDERAL HUNTER

# OPERATIONS



## **TRUCKING FERTILIZER COMPONENTS IN TO MARINE TERMINAL WAREHOUSE FOR WINTER STORAGE**

During the year the Port Corporation was faced with continuing organizational and operational change and challenges. This required the investment of time and resources to develop responses and implement the necessary actions. The Board is pleased to report that in the areas of traditional Port shipping and cargo handling activities, tourism related shop rentals and year-round commercial rentals the efforts resulted in many positive outcomes and results during the past year. Several highlights stand out.

In April of 2022 Transport Canada, the authority responsible for vessel traffic regulations, informed all Atlantic Canada ports that they would no longer provide liability insurance coverage for pilots in charge of vessels entering or leaving ports that had the designation of non-compulsory pilot status. Summerside was in this non-compulsory category. This decision threatened the continued commercial operation of the Port as the expense and availability of insurance coverage would be prohibitive. Facing this threat head-on, the decision was made to apply for a change of status to compulsory pilotage designation and attempt to have this happen in record time so as to not impact the heavy fall vessel traffic period. We are pleased to report that management and staff worked diligently with Transport Canada, the Atlantic Pilots Association, local pilots, ships agents, stevedores and customers, putting forward the required case to argue for compulsory status.

In October Transport Canada reclassified Summerside as a compulsory port. This change in designation now ensures pilots engaged in the guiding of vessels into and out of the Summerside port are eligible for liability insurance coverage through Transport Canada. This reclassification is an important achievement as it places Summerside in an important category of recognized Ports.

A major initiative undertaken in 2021 was engineering and modeling work done by Harbourside Engineering and Coldwater Consultants to determine the current state of the Port's marine assets and to ascertain what impact climate change would have on those assets and other related Port properties. A major finding of that project was the need for extensive work to repair and rehabilitate 185 meters of the West Berth dock beginning at the South west corner and proceeding northward and ending at the end of the Marine Terminal. Following suggestions contained in the Report the work included replacing the wharf concrete deck and raising the level of the deck by one foot to prepare for the increase risk posed by predicted sea level rise. Work began in March 2022 and continued to October 2022. Work resumed in March 2023 and is scheduled for completion in October of 2023. This work schedule successfully allowed the Port and its customers access to and the full unrestricted use of the dock and terminal area during the busy shipping seasons of October-January. The project has an approved budget of \$4.65 million. Upon completion of this work the life of the facility will be extended by another 30 years.



**OPERATIONS RESUME ON THE WEST BERTH FOLLOWING THE 2-YEAR CONSTRUCTION PROJECT**

A portion of the 2021 Report spoke about the need to consider risk mitigation for other Port properties associated with climate change and rising sea levels. The Board remains concerned about these risks. During the year a number of meetings and conversations were held with senior representatives from the UPEI School of Climate Change and Adaptation to discuss approaches to manage the risk. A proposal for a research and monitoring project to assist with the development of risk mitigation planning for the Summerside port lands and waterfront including the breakwater at the entrance of the harbour has been received from the School. The Port continues to look for municipal or community partners to participate in this work.

The ownership of Spinnakers Landing, an important landmark tourist location in the City of Summerside, was assumed in 2013 by the Port Corporation after it faced closure by the private investment owner at that time. No other parties, either private or public, expressed any interest in its ownership at the time. During the year the Port Corporation continued with the operation of Spinnakers Landing for the benefit of the community and the tourist product in the area. Shops in the Landing are leased to independent seasonal operators who rely primarily on the summer tourist traffic. The Board continues to support Spinnakers for the upcoming 2024 season but changes in the tourism and local economy suggest that the current business model for this property is not sustainable. The Board will be exploring options for this property in the coming year.

The Port Corporation continued with its commercial rental business in the past year. The main asset in that portfolio continues to be Harbour Quay. Positive results were recorded in this business unit as a result of continued 100% occupancy. Information received in the 2021 engineering report pointed out that the building's lower elevation relative to existing roadways and sea levels leave the facility vulnerable to flooding and that future plans should recognize the need to elevate the building to a better height. The Board will be exploring their options for possible redevelopment of this property in the coming year, keeping in mind the engineers report.



# COMMUNITY ENGAGEMENT



**MEMBERS OF THE HOLLAND COLLEGE MARINE TRAINING CENTRE ABOARD MV FEDERAL HUNTER**

In July 2022 the Board made a presentation to the then Mayor and Council with the goal of providing Council with some history and perspective of the Corporation while at the same time sharing some of the challenges and opportunities faced by the Port. In April of 2023 a second meeting was held to include the new Mayor and newly elected Council members. This meeting covered the Port's mandate as well its importance to the local economy and the community. During this meeting the Port offered to meet and work with any development proponent to discuss whether or not a particular piece of Port property might play a role in a particular project.

In April the Port, with other invited group representatives, participated in discussions regarding the Summerside downtown revitalization initiative. During that meeting it was explained that, while the role of the Port was not that of a development agency, the Board would look favourably on participating in projects that could contribute to broader community development projects while at the same time helping the Port meet its objectives.

# STAFF RESOURCES



**CCGS SIR WILLIAM ALEXANDER BREAKING ICE MAKING WAY FOR MV ONEGO OTRA**

The past year has seen a number of staff changes come about. In the summer of 2022 Harbour Master/Wharfinger Allan MacKinnon announced his retirement. This resulted in the hiring of Mitch Shea as his replacement in October of 2022. In the spring of 2023 CEO Arnold Croken announced his plan to retire in April 2024. The Board has been impressed with the quick learning and initiative shown by Mitch Shea and have arranged for him to assume the position of incoming CEO along with his other current duties until 2024 when he will assume the position formerly held by Arnold Croken. We would like to thank Arnold for his efforts and dedication to the organization over the years. Arnold was a member of the working group who founded the Corporation and negotiated the divestiture agreement. He has served on the Board prior to becoming the CEO in 2018.

## COMMERCIAL PORT ACTIVITY

During the past year the Port saw reduced tonnage from a lower number of vessels. The volume handled came in at 130,000 metric tonnes, down from over 200,000 tonnes the previous year.





#### **BULK FERTILIZER COMPONENTS**

The reduced volumes came in the area of highway salt and specialized limestone for the mining industry. There were 12 vessels coming in to port compared to 19 the previous year. The material handled included aggregates for the construction industry, lime and fertilizer components for the agricultural sector. This compares to the previous three-year average of 188,000 metric tonnes on an average of 18 vessels. The nature of these products and their connection to construction projects and the agriculture sector make them essential for the continued health and growth of the provincial and regional economy. Some of the product handled by the Corporation was moved to end use markets in Nova Scotia, New Brunswick and Newfoundland. This further demonstrates the importance of the Port of Summerside not only to PEI but the Atlantic Region. In the local waters five lobster fishing vessels continued with signed seasonal berthing agreements this past year. In addition to lobster, the wharf and Port facilities support important local smelt, eel, silverside, and recreational mackerel fishing.

# FINANCIALS

The audited financial statements of the Corporation as well as the Special Purpose Report- Annual Verification of Eligible Expenditures of Summerside Port Corporation Inc. are prepared by the Summerside office of BDO Canada LLP. The financial statements received a positive opinion from BDO that they present fairly the financial results of the Corporation for the year ended March 31st 2023. This same positive opinion was issued for all of the financial statements issued since the formation of the Corporation. The Special Purpose Report also received a positive, unqualified opinion from BDO that it also presents fairly, in all material respects, the eligible expenditures of the Corporation in accordance with the Contribution Agreement which was executed on February 19, 2010 between the Summerside Port Corporation Inc. and Her Majesty the Queen in right of Canada. This same positive opinion has been issued for all of the financial statements as well as Special Purpose Reports that have been issued since the formation of the Corporation.



**CCGS EDWARD CORNWALLIS CONDUCTING ICE BREAKING SERVICES**

# BOARD GOVERNANCE

The Executive Committee were busy this year dealing with special issues including those associated with staff hiring and succession. A special thank you goes to the Board members serving on the Investment Committee, the Public Relations Committee or the Nominating Committee. They devoted substantial time and effort into fulfilling the mandate assigned to these committees.

# FUTURE

As in the past the Port continues to work on new business opportunities that will increase economic activity in the area and increase the importance of the Port activity in the local economy. The Port will continue to be guided by its mission statement as well as to explore options to increase activity and fulfill the Corporation's mandate. The Corporation will work hard at becoming financially sustainable within the next decade. This objective will not be easy to achieve and will require the support of others in the community to help it become a reality. Financial success must happen otherwise a number of important and recognizable waterside assets will be at risk as will shipping services that are important to the construction and agriculture industry.



**MV LEFKES & MV ATLANTIC HURON**

