



Annual Report
April 1, 2021 - March 31, 2022





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 require 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
Bob Ashley	Retiring Director	Second term ends July 2022
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	First term ends July 2023
Ian Simmons	Director	First term ends July 2024
Thane Smallwood	Director Elect	First term ends July 2026

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 CEO, Allan MacKinnon Harbour Master/Wharfinger, Gary Doucette Property Manager and Andrea McLeod Board Secretary and Administrative Assistant

Highlights

Like individuals and organizations throughout the world the Port Corporation was challenged during the past year with the many changes brought about by Covid-19. These changes and challenges resulted in varying degrees of impact in the three main areas of the Port's business. This resulted in a requirement to develop and implement new policies and operational measures which taxed the resources of the organization. The Port 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 required efforts and adaptations were made that resulted in the achievement of many positive improvements and results during the past year. Several highlights stand out.

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. Since then the Port Corporation has operated Spinnakers' 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 continued to support these seasonal shops during the year by incurring losses arising from fewer tenants and reduced rentals as a result of the downturn in the tourism and hospitality industry brought about by Covid-19. During the past year management was able to institute measures which helped reduce the losses from the previous year's levels. The Board continues to support

Spinnakers' for the upcoming 2022 season in the hopes that tourism will recover and assist with Spinnakers' Landing being able to achieve a positive financial result.

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 100% occupancy and the continued recovery of prior investments in leasehold improvements.

The Port continued to build on its previous year's efforts to grow and develop the on-site storage volumes of cargo for a growing base of customers. Modifications to the building and storage systems along with the use of an off-site storage location allowed for the efficient separation of cargo storage areas as well as the loading and shipping of material from the facility. From October 2021 until June of 2022 the 4,000 square meter facility was fully allocated and rented to customers.



During the year the Port handled over 200,000 metric tonnes of bulk material on 19 vessels. This material included aggregates for the construction industry, lime and fertilizer components for the agricultural sector, salt for the maintenance of highway safety, and a specialized lime product for the mining industry. This compares to the previous three-year average of 195,000 metric tonnes on an average of 19 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. Much of the product stored by the Corporation was moved to end use markets in Nova Scotia, New Brunswick and Newfoundland & Labrador further demonstrating the importance of the Port of Summerside not only to PEI but to the Atlantic Region. The Port also saw its first outbound cargo vessel shipment in a number of years. This is seen as a positive development as the learnings from this initial shipment can be used to work on the development of future outbound shipping opportunities. 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.

A major initiative outlined in last year's report was the work done 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. The Project included an assessment of work that could or should be undertaken to protect these assets and support future operational and development activities. The results of the report provided the Port with recommended options, capital cost estimates and priorities for various Port assets.

A major portion of the Report spoke about the need to understand the need to begin the consideration of risk mitigation associated with climate change and rising sea levels. The Port Corporation in partnership with Harbourside Engineering met with senior staff from the City of Summerside to discuss the Report and offered to share the full Report with the City to help them in their work dealing with the same issues. The Port and the City representatives agreed it would be beneficial to work together to develop a long-term strategy to deal with the risks arising from climate change.

A major finding of the asset state review was the need for extensive work to repair and rehabilitate 185 meters of the West Berth dock beginning at the Southwest corner and proceeding northward and ending approximately at the end of the Marine Terminal. In response to suggestions contained in the Climate Risk Report the level of the dock will be raised by one foot to prepare for the increased risk posed by predicted sea level rise. The work is to cover a two-year time frame from March to October in 2022 and 2023. The work schedule is to allow 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 25 years.

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 2022. 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.

Board Governance

This past year saw the creation of two new committees to help gather information and provide input for management during their operational decision-making process. The Board members who agreed to serve on both the Investment Committee and the Public Relations Committee as well as the Nominating Committee devoted substantial time and effort into fulfilling the mandate assigned to these committees and are owed an acknowledgement.

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. We are seeing a continued growth in the importance of the Port to the area and the Region. SPCI will continue to be guided by its mission statement as well as to explore options to grow Port activity in Summerside and fulfill the Corporation's mandate. Some of this growth may require the Port to consider operating in a new manner or may even mean operating outside of its traditional waterfront footprint. The Port must 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. These assets play a key role, not only in defining the City of Summerside but also by protecting its citizens and their property from the power of the ocean.