



2015/16 ANNUAL REPORT

Long Pond Harbour Authority Inc.
96 Terminal Road
Conception Bay South, NL A1X 7B6
Telephone: (709) 834-6500 Ext. 705
Email: lpai@portoflongpond.ca
Website: www.portoflongpond.ca

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CORPORATE PROFILE

The Town of Conception Bay South is situated on the Northeast Avalon Peninsula, strategically located just 20 kilometers from St. John's, the capital city of Newfoundland and Labrador. The Town of Conception Bay South is home to over 25,000 residents. Conception Bay South is a part urban, part rural scenic community including quiet residential areas, outdoor recreation, industrial sites, a port and many commercial enterprises. The Town has a thriving business community and combined with its location, this makes Conception Bay South a great place to live and conduct business.

The Town was incorporated in 1973, and it consists of nine (9) communities, all of which follow the coastline of Conception Bay. It is one of the Province's second largest municipality and is located a short drive from an international airport. In addition to the excellent highway infrastructure, the Town has a modern Port, prime commercial land and major amenities.

Historically, the Port of Long Pond has played an important economic role, not only for the Town itself but also for Eastern Newfoundland and the Avalon Peninsula. Ocean shipping activity is a very important aspect of the growth and development of Eastern Newfoundland in general.

The Long Pond Harbour Authority Inc. (LPHA) was formed in 1999 to investigate the long term potential for recreation and commercial development and activity for the Harbour in Conception Bay South. The Board became an incorporated entity in 1999 and as a non-profit organization, any excess revenues generated through the operation of the port and its various assets are invested directly back into maintenance and improvement of port facilities. Long Pond Harbour Authority Inc. is community based and controlled, governed by a seven-person Board of Directors.

The divestiture process over several years of planning and negotiations, was completed in March 2013. The port assets including the dock, the transit shed and a number of waterlot leases, were officially transferred from the Federal government to the Long Pond Harbour Authority Inc.

As a primarily industrial port, the port of Long Pond is utilized by a range of vessels requiring berthage and for loading and unloading cargo and passengers. Typical port users include pyrophyllite (Trinity Resources) and transshipment of oil (Woodward's Oil). Imports include grain feed products (Country Ribbon Inc.) and cement (St. Lawrence Cement). It is recently serving as a port of call for offshore supply vessels. The port is accessible year round and for the last several years, the port facilities have been utilized by industrial users.



OPERATING ENVIRONMENT

As part of the negotiated agreement, Long Pond Harbour Authority Inc. received approximately \$12 Million from Transport Canada through their Port Divestiture Program in 2013. The agreement has specific parameters around the use of these contribution funds. Divestiture money, for instance, can only be used for maintenance of the original divested assets over a twenty-five-year period. Any operational or maintenance costs which exceed the divestiture funds and all maintenance and operating costs are the responsibility of Long Pond Harbour Authority Inc.

On September 12, 2014 the Honourable Lisa Raitt, Minister of Transport Canada, announced the divestiture of the Port of Long Pond, Botwood and Main Brook, NL to local business groups. This announcement took place at the Port of Long Pond. These divestitures have included an investment of over \$22 million for the continued operation and maintenance of the ports infrastructure as well as ensuring the long-term sustainability of the respective Port's.

During the divestiture process the Long Pond Harbour Authority had completed a Physical Asset Analysis which analyzed the physical condition of the wharf, piles and pile jackets, dock surface, terminal, transit shed, all other buildings owned by Transport Canada, loading and unloading facilities, water lots, parking lots and breakwaters.

An Environmental Report was conducted in 2013 to determine Groundwater and Sediment Sampling, Human Health and Ecological Risk Assessment at the Port of Long Pond. The recommendations from these reports form the ongoing maintenance program which will take place over the coming years in consultation with CBCL Limited whom the Board has appointed as the Corporations Engineering Services Firm.

The Corporation recognized the need to source new revenue shortly after divestiture. This became evident through the restrictions associated with the divestiture funds combined with the ongoing need to maintain safe and efficient assets. Much of the port infrastructure had already aged at the time of divestiture and upkeep is required on an ongoing basis to ensure the integrity of the assets. Rising labour and material costs add substantially to regular maintenance and operations expenses.

While keeping the existing assets in safe working order is important, it is equally important for the Long Pond Harbour Authority to strategically invest in new infrastructure to meet the changing needs of port users as well as attract new users. Future industrial projects may require additional land or increased dock capacity to accommodate heavy lifts or other equipment. As capital projects are ineligible divestiture expenses, any upcoming



capital requirements must be funded through alternate revenue sources and carefully planned to ensure long-term sustainability.

Capital expenditures and rising maintenance costs reinforce the need for diversification of revenue streams. In seeking alternate sources of revenue, the Corporation is also aiming to protect itself from fluctuations in individual markets and achieve long-term sustainability. This model also provides stability and an avenue to pursue growth. The contribution funds will continue to be utilized for ongoing operations while interest revenue will be used to support new projects.



INDUSTRIAL OPERATIONS

Industrial port operations is the primary line of business for the Long Pond Harbour Authority and is central to the Corporation's long-term development plan. Growth of the industrial business is also critical to the long-term sustainability of the port. The Corporation firmly believes that securing a significant industrial project and/or industrial business at the port will be a catalyst for further growth and expansion.



BUSINESS DEVELOPMENT

The Corporation's mandate to maintain the port assets is necessary to ensure that Long Pond Harbour Authority Inc. can meet the needs of current and future port users. At the same time, business development is critical to the Corporation's ability to generate revenue as the Corporation works toward long-term sustainability. In addition, business development is the key to achieving the broader mandate of economic activity in the region.

Successful business development requires a long-term, strategic approach. Long Pond Harbour Authority Inc. has identified the strategic advantages at Port of Long Pond and has matched those to business opportunities in a number of sectors. The Corporation has focused on making contacts with key corporate personnel, marketing the port's advantages at industry events, researching opportunities which may be viable for the port and supporting potential clients and tenants interested in establishing themselves at the port.

In late 2013, the Corporation underwent a strategic Port Development Plan by HDR. This document provides cost-benefit analysis of several opportunities for the port in relation to investments in the development of further port infrastructure. The analysis also includes the associated economic and labour market information. The study is an important piece of work which will aid the Corporation in pursuing the objectives outlined in the Port Development Plan. In 2013 the Port of Long Pond was occupied with a revenue paying customer on any given day during the year for 45 percent of the time.

Given the continued growth in the province's energy sector, Long Pond Harbour Authority Inc. has been active at annual industry events. As a member of Independent Marine Ports Association of Canada (IMPAC), Long Pond Harbour Authority has been in attendance at their quarterly meetings. Long Pond Harbour Authority Inc. has most recently become a member of Newfoundland and Labrador Oil and Gas Industries Association (NOIA) and look forward to attending their upcoming events. Correspondence with various companies has been crucial to forging relationships and building awareness of the port within the industry.

GOVERNANCE

Long Pond Harbour Authority's Board of Directors oversee the activities of the organization and provides advice and guidance to management. Collectively, the Board of Directors have a diverse range of skills and experience including accounting, law, business, human resources, sales & marketing, engineering and municipal governance. The board is comprised of seven members. As outlined in the Corporation's By-Law, each board member is appointed to a fixed term.

Since the divestiture, the Long Pond Harbour Authority Inc. has appointed Legal Bodies, a Financial Management Firm and an Auditor. Also, an Administrative Office is fully functional and deals with day to day operations as well as accounting requirements. The Long Pond Harbour Authority Inc. have created a fully functional website where you are able to find information pertaining to Marine Traffic, Request for Proposals, Service Accommodations, Location as well as Tariffs and Forms.

During March 2014 the Long Pond Harbour Authority Board and Staff conducted a Table Top Exercise to focus on existing plans and policies used among multiple agencies. The purpose of this exercise was to highlight the roles, responsibilities and relationships between the Long Pond Harbour Authority, Municipality of Conception Bay South, the Royal Newfoundland Constabulary, and various agencies involved in security emergency response.

The Long Pond Harbour Authority Inc. have implemented many policies and procedures since the divestiture has taken place including a Security Plan, Emergency Plan, Travel Policy, By-Laws, Delegation of Authority Policy as well as an Occupational Health and Safety Plan.

SERVICES AND BENEFITS

The Long Pond Harbour Authority Inc. offer the following services and benefits;

- Supplies
- Minor Repairs
- Fuel
- Canada Customs
- Hospital (25KM)
- Airport (25KM)
- Harbour Master
- Year Round Navigation
- Strategic location near the Trans-Canada Highway
- Handles general cargo, dry & liquid bulk commodities
- Important industrial distribution hub
- Wharfage
- Security
- Loading / Un-loading
- 90 Tonne Crane Pad
- Boom Truck
- Fresh Water
- Stores
- Crew Change
- Line Handling
- Launch Boat Service

2017 OUTLOOK

Business development is a priority for the Long Pond Harbour Authority Inc. Recognizing that improved and expanded infrastructure is necessary to facilitate the introduction of new industrial activity, the Corporation is actively seeking projects and is committed to pursuing funding from various levels of government. Throughout 2017, the Corporation will continue to seek out industrial opportunities which are suited to the port's capacity and have benefits to the town and region.

The Long Pond Harbour Authority Inc. has developed a strategic plan to outline the vision of the Port for the next five to ten years. The long-term goal of the Corporation remains the same as it was upon divestiture: to become a viable and sustainable non-profit entity which benefits the greater community. The core mandate is to ensure the growth and development of the Port.

Long Pond Harbour Authority Inc. remains committed to growing the industrial line of business and expanding the port facilities to meet the needs of current and future port users. Business development is truly an ongoing process, with prospective projects such as enhancing recreation and commercial activities, updating required plans and working with stakeholders to determine their associated requirements. Building and maintaining relationships is a key element to business prospecting and we remain confident that through these partnerships the Port of Long Pond can be a catalyst for economic growth in the region.



DIRECTORY

Board of Directors

Jennifer Lake

Chair

Town of Conception Bay South Representative

Ian Pittman

Treasurer

Industrial User (Country Ribbon)

Frederick Constantine

Vice-Chair

Industrial User (Woodward's Group of Companies)

Ted Perrin

Director

Recreational Representative

John Hurley

Director

Industrial User (Trinity Resources)

Wayne Manuel

Director

Business Representative

Dan Noseworthy

Director

Town of Conception Bay South Representative

Staff

Jim House

General Manager

Paul Trickett

Harbour Master / MFSO

Beth Hanrahan

Administrative Coordinator