



2019/20 ANNUAL REPORT

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AUTHORITY 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 27,000 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 Inc.) 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 several water-lot leases, were officially transferred from the Federal government to the Long Pond Harbour Authority Inc.

The Port is part of a critical network of independent ports across Atlantic Canada working together to move commodities provincially, nationally and internationally whose collective efforts play a significant role in Canada's GDP. 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. Port users include Trinity Resources, Woodward's Oil Limited, Country Ribbon and CRH. It is also serves as a port of call for offshore supply vessels, Newfoundland and Labrador Ferries and other vessels delivering cargo to the province. 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 Ports.

During the divestiture process the Long Pond Harbour Authority Inc. 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 Authority's Engineering Services Firm.

The Authority 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 Inc. 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 Authority 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 are the primary line of business for the Long Pond Harbour Authority Inc. and is central to the Authority's long-term development plan. Growth of the industrial business is also critical to the long-term sustainability of the port. The Authority 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 Authority'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 Authority's ability to generate revenue as the Authority 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 several sectors. The Authority 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 Authority 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 Authority in pursuing the objectives outlined in the Port Development Plan.

Since the development of the Port Development Plan, Long Pond Harbour Authority Inc. has put in place a Business Development Strategy that has focused on the proposed path from the Port Development Plan with strong success. In 2018, the Authority sold an unusable portion of the pond to Ocean Choice International that will show strong revenue well beyond the operating period set in place during the divestiture. We have been working diligently and with good success in developing the port as one of three finalists in a pending 15-year oil and gas contract to be used as a shore base. This project will allow us to further execute on our potential following our Port Development Plan.

The port of Long Pond has become a critical component in a Pan-Atlantic group of independent ports, and has been working very closely with the regulatory body (Transport Canada) and ACOA to positively impact the GDP of Canada. As an executive member of the board of directors for The Independent Ports of Atlantic Canada (IMPAC) we carry a very high profile and network closely with other independent ports in NL and across the region.

GOVERNANCE

Oversight of the Authority is maintained by a seven member a volunteer board of directors, producing a diverse range of skills and experience including the Institute of Corporate Directors, accounting, executive business leadership, human resources, sales & marketing, Transport Canada (the regulatory body)

As outlined in the Authority's By-Law, each board member is appointed to a fixed term.

The Long Pond Harbour Authority manages a full time office located in the town centre, that executes on the security, emergency planning, occupational health and safety, ship scheduling, finance and a plethora or other day-to-day administrative and logistics activities.

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

2020/21 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 Authority is actively seeking projects and is committed to pursuing funding from various levels of government. Throughout 2020/21, the Authority 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 Authority 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. In alignment with this plan, the Authority continues to be engaged with the Oil and Gas industry, and continues to seek ways in which it can help this vital resource industry for the province.

As announced this year, Ocean Choice International has purchased an unusable part of the port to be infilled and used as a cold storage facility. We are excited to have a new tenant in the port and look forward to working with them in the future.

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

Andrea Holloway

Treasurer

Industrial User (Country Ribbon Ltd.)

Margo Soucy

Vice-Chair

Business Representative

Rick Stanley

Director

Recreational Representative

Lisa MacLean

Director

Industrial User (CRH Canada Group Ltd.)

Stephen Decker

Director

Seventh Appointee Representative

Brian Crawley

Director

Town of Conception Bay South Representative

Staff

Jim House

General Manager

Paul Trickett

Harbour Master / MFSO

Beth Hanrahan

Administrative Coordinator