

# Annual Report

## April 1, 2018 - March 31, 2019

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## 1. INTRODUCTION

The Souris Harbour Authority Inc., (SHAI) is a not-for-profit community- based company incorporated in 2005 under Part II of the P.E.I. Companies Act to own, operate and promote the development of the Port of Souris. This is the thirteenth annual report of the corporation.



The Board of Directors of the Souris Harbour Authority Inc. for the 2018 - 2019 year are:

<u>Member</u>	<u>Representing</u>
Eric Gallant, President	Community at Large
Joanne Chisholm, Vice President	Community at Large
Ian MacDonald, Secretary	Fishers
Terry Campbell, Treasurer	Community at Large
Dr. Stephen O'Brien	Town of Souris
Jeff Chapman	Port User
Lorraine Hennessey	Community at Large
Peter MacPhee	Fishers

The Board of Directors of SHAI meets monthly. The board's agenda includes financial, management and committee reports plus various company business matters. The Board of Directors oversees policy and operations with four committees; Finance and Audit; chaired by Terry Campbell, Capital Planning, chaired by Peter MacPhee, Governance and Nominations chaired by Joanne Chisholm, and Marketing/ Business Development, chaired by Joanne Chisholm.

The corporation's management team consists of Denis Thibodeau, CEO, Art MacDonald, Port Manager, André Gallant, Eastern Cold Storage Manager, Eric Gallant, Marina and Lighthouse Manager, John Hughes, Plant Engineer, Delbert Francis, Senior Financial Advisor, and Gerry Gallant, Business Development Consultant.

Scotia Asset Management, Toronto, and Scotia McLeod, Charlottetown are SHAI's investment management advisors. The Bank of Nova Scotia, and ACOA are its lenders. Local banking services are provided by the Souris Credit Union. The company's auditor is Grant Thornton, Charlottetown. Legal counsel is provided by Barbara Smith, Stewart, McKelvey, Charlottetown.

## **2. PORT OPERATIONS AND CAPITAL MAINTENANCE**

**The Souris Port is becoming the most used port of call for the commercial crab fishery in PEI. In 2018-2019 the port offloaded its highest volume offload in Snow Crab with approximately 3.5 million pounds. Over 20 vessels and (5) First Nations Fleets participated in this fishery out of Souris Harbour. Combining the port's traditional lobster fleet of approximately 30 boats with the 20+ crab vessels, SHAI has experienced substantial offload activities ongoing around the clock for the months of May and June.**

**The port has seen a large increase in new fleets expressing interest in establishing the Souris Port as a strategic preferred operation base. Transient vessels for herring were non-existent, while mackerel transients were comparable to prior years. The port experienced an increase in the number of Bluefin Tuna landed during the summer and fall.**

**The completion of Section #3 of the breakwater repairs project is the biggest upgrade in the year. This project involved removing and replacing the old cribwork and deck to accommodate for climate change and sea level rise. This work also widened the upper deck. This has proven to be a great addition to the relocated Marina.**

**Highfield Construction completed Phase 1 of a Steel Sheet Pile reconstruction along the area of the existing Marina. Phase 2 was scheduled to be completed the following winter bringing the structure to top condition. SHAI also purchased and installed another high capacity Hiab crane to increase the port's crab offload capacity on the Breakwater Wharf deck.**

**Paving repairs have been completed in many parts of the wharf decks and access roads.**

**The SHAI Capital Committee has held numerous meetings about potential dredging around the various wharf facilities. Planning work is almost completed, and funding sources are being investigated.**

### 3. BUSINESS OPERATIONS



**Eastern Cold Storage, (ECS) the port's anchor enterprise continues to serve the fisheries, aquaculture and agriculture industries with bait freezing for over 400 customers and public cold storage.**

**In 2019, Eastern Cold Storage (ECS) moved its bait freezing line in Souris Harbour Industries, from space where new tenants will be operating to another location in the building. Renovations and repairs to accommodate this move included condenser modifications, new ammonia and start-up panel, new drainage/pump system, negative air unit installed, and vented through roof.**

**ECS also built a loading ramp built, at SHI, to facilitate bait deliveries, as well as eliminating travelling to the other end of the building to bring forklifts inside.**

**ECS constructed a door high enough to accommodate the tall stackers to travel between ECS and SHI, when needed, thus eliminating the need for having two back up stackers to one back up for both buildings.**

**Bait freezing, ECS anticipates reaching the three million lbs. plateau for the 3<sup>rd</sup> time in 10 years.**

**The ice machine at SHI was commissioned instead of buying from other sources.**

**ECS employees upwards 7 full time employees and up to 28 people on a seasonal basis in 2019,**

**The windmill operated efficiently providing upwards to 80% of the electric power requirements to the building during the past year with a regular maintenance program undertaken by Frontier Power Systems.**





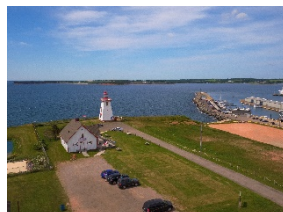
After repurposing the former Ocean Choice International seafood plant, Souris Harbour Industries (SHI) accommodates industrial tenants including the Centre for Aquaculture Technologies Canada (CATC), now leasing 30,000 sq. ft. CATC is leasing the remainder of the building in order to expand their operations (more laboratory, and offices) with five new employees. CATC plans to install a state-of-art fish feed extruder to support their feed trials and other research.

New tenant, MacAulay Produce is leasing 10,000 sq. ft. to produce organic french fries. To accommodate this new tenant, special drainage systems were built to comply with waste-water disposal regulations.

With the additional space leased by CATC, the SHI facility is now fully leased.



The Souris Marina hosted 85 - day visits and 34 seasonal boaters and sold 5,798 liters (60% increase) of gasoline in 2018. The storage shed at the topside boat yard is at capacity. Vessel storage in the recreational boat yard is over capacity at 53 vessels from PE, NS, NB, ONT, PQ, and BC.



There being no tour guide for visitors to the Souris Historic Lighthouse, it was open for donations. Notwithstanding visitation was up, revenue was down from previous years.

The 2<sup>nd</sup> Annual PEI Lobster Festival PEI Lobster Festival was held on June 24, 2018 at the lighthouse venue.

This event attracted over 1,145 visitors concluding with a lobster supper enjoyed by 382 guests, hosted by Chef Michael Smith. This event is becoming an excellent tourism draw, as over 50% of participants were from off island.

The Mermaid Sea Glass Festival is also held at the light house venue in July successfully drawing over 2,500 visitors generating significant economic impact to the area.



#### 4. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by Grant Thornton for the year ended March 31, 2019 with year 2018 for comparison follow:

<u>Operations Revenue</u>	<u>2019</u>	<u>2018</u>
Harbour Authority Operations	619,217	628,141
Eastern Cold Storage	<u>1,537,511</u>	<u>1,720,261</u>
<b>Total Operations Revenue</b>	<b>2,156,728</b>	<b>2,348,402</b>
<u>Other Revenue</u>		
Investment Income	740,404	617,956
Amortization of Contributions	489,048	459,013
Government Funding	<u>18,459</u>	<u>20,402</u>
<b>Total Other Revenue</b>	<b>1,247,911</b>	<b>1,097,371</b>
Transfer Contributions Recognized	<u>846,434</u>	<u>726,892</u>
<b>Grand Total Revenue</b>	<b>4,251,073</b>	<b>4,172,665</b>
Expenses	<u>3,525,869</u>	<u>3,477,999</u>
<b>Revenue less Expenses</b>	<b>725,204</b>	<b>694,666</b>

The market value of SHAI's long term investments as of March 31, 2019 was \$14,064,266. Of this amount, \$10,548,321 is non-restricted meaning the Authority can use these funds not constrained by the Transport Canada Contribution Agreement which stipulates restricted funds in the amount of \$3,515,945 can only be used for port operations and major/minor maintenance. Property and equipment net book value is \$19,319,240 and total current assets (cash and receivables) is \$982,713. Total assets including investments is \$34,565,929. Long-term debt of the corporation is \$6,871,267.

In addition to numerous advertising sponsorships, SHAI is proud to be a committed community supporter through donations totaling \$15,000 to area school scholarships, youth and family organizations, special events, sport teams and community service groups in 2018-2019.

## 5. CONCLUSION

**A sincere thank you and acknowledgement to our board members for their dedication and commitment to the company's sustainability and success. Special thanks to Dr. Steve O'Brien, who has resigned for health reasons.**

**Thank you to management and advisory consultants for their support and guidance throughout the year. We, as a team, with leadership, diligence, and skillful direction, ensures the long-term viability of the corporation.**

**CEO, Denis Thibodeau, will be retiring during 2019-2020 when the SHAI Board of Directors hires his replacement. Denis has been the SHAI Chairman and CEO since its first year of operations in 2006. Denis has been a dedicated leader and a proactive manager that has resulted in the corporation's success and growth. On behalf of the Board and the SHAI team, I sincerely thank Denis Thibodeau for his contributions to SHAI and wish him a healthy and happy retirement.**

**Respectively submitted,**

**Eric Gallant, President**

