

CBRM

ISSUE PAPER

320 Esplanade

Sydney, Nova Scotia, B1P 7B9

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To: Mayor Cecil Clarke and CBRM Council

Date: December 1, 2014

Subject: Port Development Update

Commercial Development

Canadian Maritime Engineering Ltd. (CME) in North Sydney is planning an expansion of their activities. As a result, they have submitted a proposal to CBRM to acquire property owned by the CBRM. The property is shown in the attached map – parcel 15690514.

CME brings to the Port of Sydney significant expertise in custom engineering and manufacturing. The result should be a wide range of opportunities for our region with very positive private sector investment and job creation.

CME is offering \$200,000 for the property. The company is also offering a \$50,000 commitment of funding to be used for local recreational purposes.

CBRM, in evaluating such a commercial proposal, considers the value of adjacent land that has been sold within the recent period. Of equal importance, there is consideration given to the benefit of facilitating private sector investment, as well as the associated employment creation, and generation of new commercial assessment and, therefore, revenue for CBRM.

The intention, if Council approves the sale of CBRM property required for the expansion, would be to use the financial proceeds to re-invest in the development of the waterfront in North Sydney making it more attractive for recreational use.

The goal in all of the work being done is to balance the importance of facilitating private sector investment, essential for job creation, with the role of the Sydney waterfront as public space to be enjoyed by all residents.

In addition to the proposed sale of property by CBRM to CME, there are a number of related items that will need to be addressed to enable CME to proceed.

In total, then, there are eight elements included in the proposal:

- 1) CBRM will acquire the restaurant located on site for \$25,000;
- 2) CBRM will sell parcel 15690514 to CME for \$200,000;
- 3) CBRM will use \$25,000 of the funds from the sale for on-going port development costs;
- 4) CBRM will commit the balance of net proceeds for future recreational development on the North Sydney waterfront, with the intention that this funding can be used to leverage additional provincial and federal funding;
- 5) CBRM will provide a one year rent-free vendor location for Chill Zone on CBRM property;
- 6) CBRM will relocate the monument that is on the site in consultation with the North Sydney Kinsmen;
- 7) The Bartown office will be relocated to the Indian Beach facility; and
- 8) CBRM will maintain the public parking space on site.

Beyond the encouraging plans of CME, there are additional companies that have expressed an interest in the port.

Some of these proposals, which are well advanced, should be ready to bring forward for the consideration of Council before the end of this year.

The non-disclosure agreements that have been signed with interested private companies have enabled CBRM officials to negotiate commercial agreements for the consideration of Council in an environment whereby the private companies know that their information is not going to be disclosed until they choose to do so. This is vital.

Port Governance

Mayor Clarke will provide a verbal update to Council regarding proposed next steps related to port governance.

Financial Reporting

The following tables provide an overview of activity to date, as well as a proposed budget for the balance of the fiscal year.

Table 1: Expenditures and Funding, April 1 – November 30, 2014**Expenditures**

Consulting Services	\$157,994
Neil MacNeil (MMC Consulting)	\$31,607
CBCL	\$59,588
Breton Law	\$12,051
Michael Moore	\$54,748
Administration	\$20,000
Travel	\$30,944
Project Delivery	\$27,959
Marketing	\$14,117
Breton Law Outstanding	\$6,017
 Total	 \$257,031

Funding

CBRM	\$150,000
ECBC – Carry Forward	\$113,852
 Total	 \$263,852
 Budget Remaining	 \$6,821
Matching Funding – Province*	
Consulting Services – Marketing	\$22,000
Business Cape Breton – Marketing	\$14,117
 Total Available to November 30, 2014	 \$42,938

Note: Provincial funding in the amount of \$100,000 is available for marketing expenses incurred after August 1st and before the end of February, 2015.

Table 2: Expenditures and Funding, Proposed, December 1 – March 31, 2015**Expenditures**

Consulting Services	\$50,000
Marketing	\$163,833
Administration	\$20,000
Travel	\$22,988
Project Delivery	\$25,000
Total	\$281,821

Funding

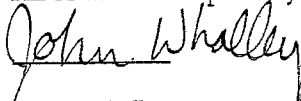
Available from Previous Period	\$42,938
CME Consulting Fee	\$25,000
Balance of Provincial Marketing	\$63,883
Commitment of Private Funds	\$150,000
Total	\$281,821

Recommendations

Based upon the foregoing, I recommend that CBRM Council approve the sale of the Archibald's Wharf property to CME, including all of the associated elements that have been set out.

Furthermore, I recommend that CBRM Council approve the four-month port budget to the end of March 31, 2015 as set forth in table 2 above.

All of which is respectfully submitted,


John Whalley

Attachment A: Parcel Map

