

Crown Corporation

B U S I N E S S P L A N S

FOR THE FISCAL YEAR 2014–2015

Waterfront Development Corporation

Business Plan 2014–2015

Table of Contents

Message from the Minister	
Message from the Chair and the President	
Mission	
Vision	
Mandate.....	
Planning Context	
Strategic Goals.....	
Strategic Outcomes	
Core Business Areas.....	
Human Resource Strategy.....	
Marketing Strategy.....	
Budget Context.....	
Outcomes and Performance Measures.....	

Message from the Minister

The waterfronts of Nova Scotia are one of our great strategic advantages. How we develop and manage them can strengthen our global connections and create dynamic places that attract investment and people from around the world.

We rely on Waterfront Development to maximize the potential of these lands. This is a process of targeting sectors in our economy for which waterfront land is critical for business growth. We need to exercise foresight by identifying opportunities where Nova Scotia's waterfronts give us a competitive advantage and by implementing strategies that harness the full strength of these important economic drivers.

Waterfront Development is doing just this. By investing in key infrastructure for our ocean sector, tourism, and urban development, this Crown corporation is providing a platform for businesses to grow. This year, we anticipate new construction projects on our Halifax and Lunenburg waterfronts and new events to showcase Nova Scotia, all of which will spur private sector activity.

Nova Scotians are justly proud of their maritime heritage. With smart thinking and a strong partnership ethos, Waterfront Development will help us build upon these traditions by leveraging our waterfront assets to foster economic prosperity across the province.

The Honourable Michel P. Samson
Minister of Economic and Rural Development and Tourism

Message from the Chair and the President

Nova Scotia's economic growth depends on our collective ability to harness the province's natural strengths. Waterfront Development is proud to shoulder the responsibility of developing two of the greatest among our Nova Scotian attributes: the waterfronts of Halifax and Lunenburg Harbours.

We have set in motion a series of development projects that enable and support the growth in our marine and ocean sector, city building, and tourism. These projects will not only create jobs in the construction phase but also provide long-term business activity across Nova Scotia.

Our waterfronts present Nova Scotia with the possibility of connecting our people and businesses to global opportunities. We sit in a strategic location on the Atlantic coast, our cities and communities are among the most attractive places to live in the world, and we are increasingly engaging in innovative business practices. We can leverage this activity to attract more people and business to our shores.

We believe this work builds upon strong maritime traditions, transforming what worked in the past into new and modern approaches to economic development. Through active investment and partnership in economic sectors with bright futures, we can create partnerships with businesses that enable them to grow and prosper, all the while ensuring that we maximize benefits for all Nova Scotians.

To all our partners who have helped us to transform these waterfronts into zones of activity and opportunity, thank you. We look forward to even greater things ahead.

Colin MacLean
President & CEO

John Holm
Chair

Mission

Waterfront Development Corporation Limited harnesses the waterfront's potential by developing ideas, infrastructure, and experiences that stimulate business investment and community pride.

Vision

Through our collaborative approach, we will create a new collection of animated and well-connected waterfront destinations that capture people's imagination and distinguish us among the world's greatest waterfronts.

Mandate

Waterfront Development Corporation Limited exists for the purpose of redeveloping and revitalizing the lands surrounding Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

Guiding Values

Waterfront Development Corporation Limited is a provincial Crown corporation, carrying out a public mandate in a private sector environment. In fulfilling our public obligations, we will exhibit the following values in addition to the compassion, courage, and initiative that characterizes past successes.

Commitment: Forge and sustain partnerships that generate positive economic and societal returns.

Accountability: Uphold the public's trust by ensuring access to the water's edge, fiscal accountability and involvement in the dialogue about waterfront development, and transparency with our plans.

Flexibility: Take the extra step to understand and champion business partners who share our values and vision for the waterfront.

Excellence: Be a strong and knowledgeable voice on economic development, planning and design, partnership models, and waterfront development.

Foresight: Generate for Nova Scotians a positive financial return to reinvest in a continuous upward spiral of waterfront opportunities.

Sustainability: Create the capacity for future waterfront uses and enjoyment by harmonizing our economic goals with environmental sustainability.

Planning Context

As a small economy, Nova Scotia's economic performance is strongly influenced by others. Forecasts suggest that world-wide economic growth is expected to be higher in 2014. Economic recovery has taken a firmer hold in Nova Scotia's traditional markets of the United States and Europe. Both the Canadian and Nova Scotia economies are expected to have stronger growth in 2014 than 2013. Export growth will be aided by recovery in American demand and depreciation of the

Canadian dollar. The lower Canadian dollar makes Nova Scotia more attractive in terms of travel and locating business activity, such as conferences and filming, here.

Within the government planning context the release of the report of the Nova Scotia Commission on Building Our New Economy (Ivany Commission) and the independent review of provincial economic development assistance programs – and the government’s response – will affect economic development in Nova Scotia. At the time of writing the full implication of what this means for the operations of Waterfront Development is not known, so this business plan is based on the status quo, which may change as we respond to government’s direction.

There are, nevertheless, clear themes that Waterfront Development needs to plan for and seek opportunity in:

1. Halifax’s economy needs to be leveraged for the benefit of business and communities around Nova Scotia.
2. Nova Scotia’s coastline, maritime industry, and research capacity should be sources of innovation and growth.
3. Environmental sustainability can create economic opportunity.

Waterfront Development can provide leadership by focusing our strategies in three areas.

1. Ocean and Marine

The ocean is suddenly a frontier of development and growth. Ambitious government initiatives including the EU’s recently announced Action Plan for the Atlantic, and China’s extensive plans for

the marine economy suggest that new opportunities abound. Biotechnology, renewable energy, seabed mining and aquaculture sufficient to feed the world are all imminent possibilities. We are, as one advisor to the Chinese government rhapsodizes, entering “a golden age for the marine economy.”

Plenary panel: The ocean as the new economic frontier?

World Ocean Summit 2014

Some of Nova Scotia’s greatest accomplishments have come from work in sectors that are all part of the ocean economy:

- aquaculture and fishing
- boat and shipbuilding
- cables and connectors
- defense and security
- marine recreation
- ocean energy and minerals
- ocean science and observation
- ports and marine transportation
- robotics and submarines
- weather and climate science

There can be few places in the world that match the strategic advantages Nova Scotia has in the ocean economy, and our goal is to work with our existing partners to focus our property decisions on strategies that will accentuate our waterfront as a critical element accelerate business growth in the ocean economy.

2. City Building

Metropolitan communities, here and abroad, represent the true economic geography. They agglomerate the world's talented workers, innovative firms and risk-taking entrepreneurs, and concentrate unique assets and industry clusters that define regional competitiveness and drive national economies. They are also the undisputed vehicles for environmental sustainability and social inclusion.

*Bruce Katz
Vice President, Brookings Institution*

We believe that *lifestyle* is a key element of a strong economic strategy. Well-designed cities or towns are attractive, safe, inclusive, and invigorating. They are places that attract people to live, create diversity, and spur entrepreneurial activity. They become magnets for growth, population-wise and economically.

Halifax and Lunenburg are two places recognized internationally as attractive and vibrant places, and both are fundamentally built around their world-class waterfronts. Our developments have the ability to position Halifax and Lunenburg on an international stage. We can create the opportunity to set new standards for environmental sustainability. Our approach to design can reduce the impact we have on our environment and coastlines, and it can facilitate the introduction and experimentation of Nova Scotian businesses with new products and processes.

3. Tourism

Harborside Halifax is the biggest city in the Maritime Provinces by far, yet it doesn't *feel* big at all – in just the way that Boston and San Francisco don't feel like huge cities. It actually feels like a collection of loosely connected neighborhoods, which is in fact what it is; you often forget this is one of the central economic engines of eastern Canada.

Lunenburg is just plain lovable, compressing everything you came to see in Nova Scotia into one tidy package: ocean tides, fishing boats, terrain, architecture, museums, and fish. It's one of Nova Scotia's most historic *and* most appealing villages, a fact recognized in 1995 when UNESCO declared the old downtown a World Heritage Site.

Frommer's

Nova Scotia tourism revenues totalled over \$2 billion in 2010 as we welcomed 2.1 million visitors to Nova Scotia. The Halifax waterfront and Lunenburg are the two most visited destinations for those visitors, and we have seen the positive impact of connecting the two places in our strategies.

Through our efforts with the Tall Ships Festival, we have been able to leverage the port of Halifax to entice ships to travel to ports around Nova Scotia. It is an excellent example of how the strength of our major city can spur economic activity around the province. With the new Halifax Convention Centre on the horizon, the leadership of the Nova Scotia Tourism Agency, and the business ventures we are creating with our industry partners, we should be able to attract more people to the coastlines of Nova Scotia to stay longer and return more often.

Strategic Goals

Stimulating Private Sector Investment

We will leverage the strategic assets of our waterfronts to stimulate private sector investment and economic growth. This is accomplished by developing waterfront infrastructure that is marketed for commercial opportunities in the sectors we have identified as growth areas for Nova Scotia's economy:

- Marine and Ocean
- City Building
- Tourism

Infrastructure and Sector Growth

We will contribute to economic growth by investing in infrastructure that contributes value to these three sectors and enables the development of clusters that build upon Nova Scotia's traditional strengths.

Financial Self-sustainability

We will sustain this economic growth by creating a financially self-sustaining organization that is able to generate profits that are continuously reinvested in maintaining and developing new infrastructure.

Strategic Outcomes

Our strategic goals will, over the period of 10 years, contribute to the achievement of the following outcomes:

1. Nova Scotia will experience a faster rate of business growth in the Marine and Ocean sector.
2. Halifax will experience a faster rate of population growth and a greater level of commercial real estate investment.
3. Nova Scotia will attract more tourists.
4. Waterfront Development will be a financially self-sustaining organization, with all its revenue generated from its commercial activity.

Core Business Areas

We have four core business areas:

1. Waterfront Planning

Waterfront Development engages with public and private sector organizations, as well as with the public at large, in planning projects that contribute to the development of world-class waterfronts.

2. Infrastructure Development

Waterfront Development's multi-year development projects attract investment and maintain the centrepieces of our waterfront.

3. Commercial Marine Real Estate Management

Waterfront Development owns and manages a waterfront real estate portfolio with properties in Dartmouth, Bedford, Lunenburg, and Halifax. These properties are consistently among the most visited places in Nova Scotia, by land and by sea, and are a touchstone for the Nova Scotia experience for residents and visitors alike.

4. Business Development

Waterfront Development makes our land and marine assets a platform for private sector investment, enabling businesses, large and small, to bring their products and services to the world.

Human Resource Strategy

Waterfront Development is a knowledge-based organization, with specialization in commercial real estate, urban planning, construction, engineering, landscape design, business accounting, and public consultation.

It is vital that we invest in the learning and growth of our people so that we can continuously improve the work we do on behalf of the public.

The human resource priorities are

1. recruitment of new talent
2. managing growth

Marketing Strategy

The waterfronts of Halifax and Lunenburg are the two most visited destinations in Nova Scotia. With new development projects coming to market, substantial public space enhancements planned and already completed, and a broad collection of activities and events to enjoy, the number of residents living and working and enjoying activities across all of our waterfronts will continue to increase.

All of this leads to business opportunities and the need to engage our stakeholders and publicly communicate the goals and timelines of our work.

Our marketing promotions plan serves as a touchstone for promoting and communicating our work:

1. Enhanced engagement of waterfront stakeholders for more efficient investment and better results.
2. High-quality events and programming across our waterfronts that align with our objective of accessible, high-quality entertainment and activities representing the best of Nova Scotia.
3. Investment in our website (with interactive, informative pages that are enticing and easy to use) and signage on all of our waterfronts to guide the waterfront experience and provide key partner information.

Budget Context

Financial Management

Fiscal 2013–2014 saw the corporation achieve its financial objective of breakeven operating results, before amortization of grant-funded assets. Waterfront Development Corporation (WDC) anticipates a similar year in fiscal 2014–2015, with slightly elevated revenues offsetting expense pressures, to result in another breakeven forecast before grant-related items and a one-time writedown due to scheduled construction.

WDC anticipates a commencement of construction rent for the Cunard development in the final quarter of fiscal 2015. As this development comes on stream, the corporation will use the incremental cash flow to further its strategic goals. This includes engaging stakeholders in the planning of other development opportunities and creating additional waterfront destinations with economic impact. WDC has built a strong team that have the skills required both to proactively manage the existing infrastructure and to plan/design the next great developments and accompanying public space components.

The amortization expense line on the operating budget represents the systematic expenditure of self-funded capital assets over their estimated useful life. For fiscal 2014–2015, this exceeds \$800,000 and is indicative of significant revenue (from parking and rent) being reinvested into waterfront infrastructure over the past number of fiscal years. WDC will continue to use its cash flow from operations to invest in infrastructure that enhances safety, accessibility, and overall vitality of the waterfront experience.

WDC has been a central partner in developing a Harbour Land Strategy for the lands surrounding the Halifax Harbour. Part of this strategy involves securing land suitable for industrial use and thereby providing an option to capitalize on future economic drivers such as the National Ship Procurement Strategy. This and other initiatives have been contemplated in the 2014–2015 budget. As these and other projects are advanced in the coming fiscal year, we anticipate our historic financial strength to accelerate and lead to more exciting opportunities for all stakeholders. The 2014–2015 budget is reflective of this building momentum.

Budget Context

	Budget 2013-14 (\$)	Forecast 2013-14 (\$)	Budget 2014-15 (\$)
Revenues			
Rents	1,403,000	1,371,590	1,483,000
Parking	2,000,000	1,951,405	2,000,000
Other income	433,000	440,438	468,400
Grant income	276,000	276,000	276,000
Total revenue	4,112,000	4,039,433	4,227,400
Operating expenses			
Insurance	100,000	100,000	110,000
Repairs & maintenance	306,100	275,727	335,800
Security	166,500	156,500	166,500
Utilities	156,800	160,800	163,400
Various other	381,700	442,849	374,100
Total operating expenses	1,111,100	1,135,876	1,149,800
Income from property	3,000,900	2,903,557	3,077,600
Development expenses			
Signature Event revenue	—	100,000	—
Signature Event expense	—	100,000	—
Total Signature Event	0	0	0
Lunenburg revenue	185,000	233,872	197,000
Lunenburg grant	374,200	374,200	374,200
Lunenburg expenses	559,200	463,439	571,200
Total Lunenburg	0	144,633	0
Administration expenses			
Amortization	784,000	765,644	826,800
Interest on long-term debt	30,000	22,000	30,000
Office, consulting & general	550,900	525,252	542,400
Salaries & contracts	1,255,000	1,226,138	1,302,400
Staff expenses & benefits	211,000	194,523	211,000
Total administrative expenses	2,830,900	2,733,557	2,912,600
Surplus before other items	—	144,633	—
Other items			
Capital grant amortization	(106,000)	(98,500)	(98,500)
Cunard lot write-off	—	—	(130,000)
Capital grant (Cunard)	—	—	150,000
Capital grant (Queen's Landing)	—	—	4,250,000
Annual surplus (deficit)	(106,000)	46,133	4,171,500

Outcomes and Performance Measures

We are reconfiguring our performance measures to align with the sectoral strategic goals we have adopted and to track the economic impact of our work. This will require the development of new data-gathering techniques, which we are embarking on with our colleagues in the Department of Economic and Rural Development and Tourism and the Department of Finance.

Core Business Area

Outcome	Measure	Ten-Year Target	Result 2014-15
International Centre for the Marine and Ocean Economy	Revenue growth for business partners / tenants	Data and target to be developed with province	TBD
Halifax growth	Economic impact of waterfront infrastructure projects	Data and target to be developed with province	TBD
Tourism destination	Out-of-province visitors to waterfronts	Data and target to be developed with province	TBD
Financial self-sustainability	% revenue guaranteed by commercial activity	100%	85%