

Revitalization of Port Hope's Centre Pier

October 2009

For:

The Pier Group, Port Hope, Ont.



Foreword

The possession of a cleaned-up centre pier will present the Municipality of Port Hope with the greatest redevelopment opportunity in its history.

The “Revitalizing Port Hope’s Centre Pier” report by NetGain Partners Inc. was commissioned by the Pier Group, with the support of the Port Hope Branch of The Architectural Conservancy of Ontario, to provide professional input on this important subject. The overriding message of the report is that the existence of pier buildings presents a great opportunity for Port Hope to create a unique waterfront environment for the recreational, cultural, educational and commercial benefit of its citizens.

The pier is blessed with four, well-maintained, unique, industrial buildings. Combined the buildings cover 86,000 square feet or about 17% of the total site area, leaving 83% of the site for parkland and parking space.

The present waterfront plan, which calls for the demolition of these buildings to provide more park area, makes no economic sense. If the Pier is to be successful, buildings will be necessary for various activities, and those presently in existence would cost many millions of dollars to replace. As well, their unique characteristics provide the opportunity to create a special harbourfront experience which will differentiate Port Hope from the standard “park beside a yacht basin” configuration common to all lakeside towns.

This opportunity should not be wasted on the simple objective of providing better waterfront parkland. Only with recreational, educational, and commercial components to draw local people and tourists to the site, can the pier achieve the utilization it deserves and provide the economic benefits it could generate.

The realization of the pier vision will take time and effort, but meanwhile any plans for the demolition of the pier buildings should be suspended. As doctors say, “first do no harm”.

Don Rungay
October 2009

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Review of Options for Revitalizing Port Hope's Centre Pier



Executive summary

Port Hope Municipal Council has determined that the best use of the waterfront heritage buildings on the Centre Pier is to demolish them and replace them with parkland for recreational purposes alone. A citizen group questions the wisdom of this decision, arguing for the adaptive reuse of these buildings.

Our studies show that commercial and public use of the existing buildings would complement the rest of the waterfront revitalization and add significantly to its use, providing year-round facilities and potential economic benefits. This could be done in a manner that is consistent with the unique character of Port Hope.

Three key factors determine long-term success in built heritage preservation projects:

1. For heritage buildings to survive in the long term, they must be given a purpose that allows them to make a direct and indirect economic contribution.
2. It is not enough just to be old. Buildings have to be central to a community's understanding of itself before sustainable public support emerges for their restoration and development.
3. Congruence between heritage projects and the existing plans for surrounding areas can make the difference between success and failure.

Buildings on Port Hope's Centre Pier have the potential to meet all these criteria.

Comparable waterfront revitalization projects, in both cities and towns, reveal how much of a difference the reuse of the pier buildings would make for Port Hope. Regardless of exactly how a town measures competitive success, our research shows that a waterfront that offers a rich mix of experiences, including

heritage appreciation, is better than one that lacks these extra dimensions.

In comparing current plans solely for recreational use and the potential for multi-use facilities, we note that:

1. The current plan for the Centre Pier envisages attractive open space for recreational use. Because of harsh winters, wet springs, and windy falls, such use of the pier would be largely restricted to the summer months. The pier would be underutilized for more than half the year.
2. Commercial use of the buildings would extend the seasonal use of the pier and provide services – possibly a restaurant or pub, a coffee shop, tackle and apparel shops for anglers and boaters – for visitors and residents using the park. More people will use an active multidimensional waterfront than a passive park.
3. A passive park offers little or no net revenue potential. It represents a net cost to the community for tending an artificial landscape. Development of the pier buildings has the potential to generate net revenue for the Municipality.
4. If Port Hope proceeds to redevelop its waterfront without the pier buildings, it will fall into direct competition with every other town that has a yachting facility, public park land, and a pier. It will lose a significant competitive advantage.

Our pro forma projections over a ten-year period help to illustrate possible financial outcomes and to anticipate critical issues. A financial scenario has been drawn that shows one way in which the buildings can be improved and tenanted in three phases. Most importantly, it should be noted that this project can succeed with or without a contribution of funds or interest relief from government. However, early-stage funding will help to realize the potential benefits of operating these buildings on the waterfront much sooner than would otherwise be possible.

To this end we recommend that the waterfront plan be reconsidered and plans for demolition be suspended. This recommendation is based on the conclusion that a multi-dimensional visitor experience would help the waterfront as a whole to succeed both as a recreational site and as an economic asset for the Municipality of Port Hope.

Specifically, we recommend the following steps:

1. Keep the buildings in a state of good repair until the community has had an opportunity to adapt and reuse them.
2. Create a special-purpose body to lead and manage the process of adapting and reusing the buildings with the least possible risk to the Municipality.
3. Take a three-phased approach to reuse, building on short-term revenue opportunities first to buy time for the development of long-term opportunities.

NetGain Partners is a team of experienced management specialists committed to helping not-for-profit and public sector organizations reach their goals. Their clients include the Cities of Toronto and Oshawa and the Town of Oakville, Centennial College, the Canadian Food Industry Council, Canadian Opera Company, Canadian Music Centre, National Ballet Company, Ontario College of Art and Design, and Tennis Canada.

Review of options for revitalizing Port Hope's Centre Pier

1.0 Background

A moment is fast approaching when Port Hope will have the opportunity to strengthen its appeal to prospective investors, residents, and visitors. It is an opportunity not to be missed.

As the centrepiece of the municipality's official economic development strategy, the downtown waterfront has been completely reconceived. An essential part of that redevelopment is the withdrawal of Cameco, a nuclear power fuel processor, from the town's pier, and the reuse of that pier for civic purposes. As part of an agreement the company is not only ceding well-kept heritage buildings on the pier but also is prepared to pay for the alteration of those buildings to suit the Municipality's needs.

Port Hope Municipal Council has determined that the best use of these heritage buildings is their demolition and replacement with greenery and park furniture. A citizen group questions the wisdom of this decision, arguing that adaptive reuse of these buildings:

- offers greater economic development benefits,
- complements the rest of the waterfront plan better, and
- is more consistent with the unique character of the town.

NetGain Partners Inc. has been asked to contribute a broader perspective to this controversy by identifying and evaluating alternatives to the demolition plans. Our role is not to argue the merits of a specific scheme for reuse of the buildings, but merely to balance the debate by supplying examples and opinions based on the experience of communities faced with similar dilemmas.

Whether or not this affects the fate of these buildings, a more thorough consideration of the Municipality's options should help to build a stronger consensus behind whichever course of action is eventually taken.



2.0 General options for waterfront heritage buildings

A survey-based consultation of the public indicated preferred uses of the pier after the withdrawal of Cameco. On the apparent assumption that the buildings would be removed their response seemed to favour outdoor activities; however, this is somewhat predictable when it appeared that no indoor space would remain. Had a broader set of options been offered, a somewhat different response might have been registered. A broader set of options would include the following:

- a. **Demolition** – Clearance of the pier in favour of passive park use is the municipal government’s preferred option. While it reduces future operational cost and risk to grounds keeping and security, it minimizes economic impact and disregards the buildings’ material value. At a minimum construction cost of \$200 per square foot, \$21.6 million would be required to replace the 105,400 gross square feet they provide prospective users. Some portion of this value must be taken into account before taking the decision to demolish.
- b. **Interim Stabilization** – Preservation alone might satisfy heritage enthusiasts but until a plan for reuse of the buildings is in place they lack a purpose and will remain in danger of demolition. This option should not be exercised until there is an agreement on how the future of these buildings will be determined.
- c. **Adaptive Reuse** – This option entails the development of a coherent long-term plan to return the buildings to productive life. How their future value and function will be assessed will depend on the mix of stakeholder perspectives that are brought to bear in the planning and architectural design process. Clear economic and financial benefits will be essential to the success of plans to reuse these buildings.

3.0 Success factors for heritage preservation projects

We have approached this project with some strong beliefs about how to succeed with built heritage preservation projects. In our view, there are three key determinants of long-term success:

- d. **Economy** - For heritage buildings to survive in the long term, they must be given a purpose that allows them to make a direct or indirect economic contribution to the community. Otherwise they will be perceived as a burden or an obstacle to development and will become susceptible to neglect and deterioration again in the future.
- e. **Equity** - Heritage buildings that are seen to be historically or culturally significant will be more likely to enjoy public support and protection than buildings that are perceived to be without relevance or meaning to the community. It is not enough just to be old. Buildings have to be central to a community’s understanding of itself before sustainable support can be built for their restoration and maintenance.
- f. **Environment** - Congruence between heritage projects and plans for surrounding areas can make the difference between success and failure. A building, however precious to the community, can be at odds with the physical, cultural, and economic context around it. Rather than try to treat buildings in isolation, it is better to find ways to make them relate harmoniously to their natural, built, and cultural environment.

When we think of heritage projects in this way, it is easy to see how advantageous it is to build all three success factors into a project, and how easily projects slip into difficulty when one or more factors are neglected. We have been guided by this assumption throughout our work on the Port Hope Centre Pier.

Special consideration has been given to the economic value of the pier buildings because Port Hope's waterfront redevelopment plans are in part a response to the objectives of the economic development plan adopted by the Municipality in 2006. Any plans for the buildings on the pier must be consistent with the objectives of the waterfront plan, which must in turn be consistent with the objectives of the economic development plan. Therefore the pier buildings must be shown to have the potential to make a direct or indirect economic contribution in order to justify the investment required to improve and maintain them.

4.0 Scan of relevant waterfront development examples elsewhere

In light of these assumptions about economic development and successful heritage preservation, we performed a superficial scan of waterfront redevelopment projects that exhibited the following characteristics:

1. History of industrial use on the waterfront
2. Availability of heritage buildings for adaptive reuse on the waterfront
3. Use of buildings for heritage or cultural occupants and programming
4. Relatively small city or town
5. Proximity to major urban markets
6. Accessibility by major highway and passenger rail service
7. Linkage of waterfront revitalization to economic development strategies

We chose the above as the main points of comparison because they correspond to the conditions we find to a greater or lesser extent in plans to redevelop the Port Hope waterfront.

In the box following is a list of interesting and potentially instructive waterfront revitalization plans and projects.

Aalborg, Denmark
 Alexandria, Virginia
 Cobourg, Ontario
 Cornwall, England
 Gateshead/ Newcastle, England
 Gloucester, England
 Granville Island, Vancouver
 Gravenhurst, Ontario
 Halifax, Nova Scotia
 Hamburg, Germany
 Leamington, Ontario
 Leith/ Edinburgh, Scotland
 Lunenburg, Nova Scotia
 Odense, Denmark
 Owen Sound, Ontario
 Pier 54, New York City
 Port Carling, Ontario
 Port Hope Pier as passive park
 Port Maitland/ Dunnville Ontario
 Portland, Maine
 Queen's Quay/Harbourfront, Toronto
 Whitehaven, England

Our scan of comparable waterfront revitalization projects, though not comprehensive by any means, revealed how much of a difference reuse of the pier buildings could make to Port Hope. While there is a clear global trend toward the reuse of waterfront heritage buildings in former industrial harbours, there are relatively few comparable projects in Canada, and virtually none in Ontario.

This is not to say that there aren't many active waterfront heritage buildings in Ontario, but rather, that there aren't many in towns that resemble Port Hope in size, in proximity to major markets, or in transport services. Toronto, for example, has created waterfront destinations out of **Queen's Quay Terminal**, and has used other industrial remnants along the waterfront to

complement new buildings around Harbourfront. **Granville Island** in Vancouver is also a brilliant example of how former warehouses and factories can be integrated into the design of a public waterfront attraction.

While there are lessons to be drawn from these urban examples, they differ from the challenge faced by smaller cities and towns because they have a much larger local population to draw from. The likely success of an enterprise in a waterfront heritage building in a market of a million people is significantly greater than a comparable enterprise in a town of 16,000 people. The former can build a visitor base locally while striving to become a destination for inbound tourists from outside the local catchment area. A small municipality such as Port Hope cannot. Any business, agency, or institution that occupies and programs the large buildings on Port Hope's Centre Pier will need to attract people and money from places beyond the borders of Northumberland County.

Examples among smaller communities in Ontario are difficult to find in part because few of them have significant heritage industrial buildings on their waterfronts. Most, like **Cobourg**, have developed a mix of public space and commercial or residential development where industry once dominated the waterfront, but in the absence of large, historically interesting buildings, their revitalization projects tend to produce results that are more similar than different. They typically feature some passive parks, facilities for recreational boaters, and a mix of low-rise residential and commercial buildings on the fringes. Sometimes there are programmable elements such as an outdoor bandstand or a covered activity area. This familiar, almost generic result can be seen in other Ontario towns such as **Port Carling, Leamington** and **Owen Sound**.

Of course there are exceptions. Some have more heritage remnants to work with than others, and some put what remains of their industrial waterfront infrastructure to use in ways that draw on local history and culture. The Muskoka Boat and Heritage Centre in **Gravenhurst**, or the restored fishing sheds and pier in **Port Maitland** are examples of this. **Thornbury**, on the edge of



Classic boating in Muskoka
img; manotickclassicboatclub



Port Carling Classic Boat Show
img; PortCarlingBoats



Gravenhurst pier in Winter
img; cottageblog-flickr



Muskoka Boat and Heritage Museum

These generalizations pertain more or less to smaller port towns across the country. In places where it would be logical to expect heritage buildings at the centre of waterfront redevelopment, the buildings are absent or beyond redemption, or they have been adapted to private use. In other cases, planners have sought to eradicate the industrial history entirely in favour of open park space and recreational amenities combined with purpose-built commercial or residential construction.

While each of these scenarios may contain vestiges of the others, such as a token heritage trail through a completely redeveloped waterfront, the opportunity to reuse waterfront heritage buildings, of the scale and condition found on the Port Hope Centre Pier, for purposes relating to the history and culture of the surrounding community, is quite rare in small town Ontario.

It is also surprisingly rare across the country. In places where it would seem logical to find towns redeveloping waterfront after the withdrawal of industry, there isn't as much to work with as might be imagined. This is due in part to the history of the ports and harbours and the industries that dominated them. **Nanaimo**, B.C., originally a naval coaling station, didn't have significant buildings on or adjacent to its pier. Early photographs show a shoreline with heaps of coal, serviced by a long timber pier, with government buildings erected along a road set well back from the waterfront.

In **Chemainus**, B.C., a town made famous by commissioning murals on the walls of disused industrial buildings, the shrinking lumber industry has left little of heritage value near the waterfront. Where milled lumber is still being shipped from a modern facility adjacent to the public ferry dock, inventory is shrink-wrapped, stacked, and left out in the open. Unless perishable or finished goods were the historical stock in trade of a port or harbour, or unless manufacturing or resource refinement occurred dockside, the likelihood of finding large, durably constructed industrial buildings of heritage significance is reduced.

In Canada, inland waterways gradually gave way to overland freight routes as railway and highway infrastructure was added. Consequently, some industrial harbours or ports were reconfigured, either by clearing shoreline or reconfiguring the shoreline with landfill, often to lay track or build roads. This is more true of central and western Canada than it is of the older provinces and cities on the east coast. **Lunenburg** and **Halifax**, Nova Scotia, are two examples of cities that have drawn on their waterfront heritage assets to develop important attractions for tourism and other forms of commerce as part of their economic development strategies. The old port of **Montreal** is another.

As a rule of thumb, this is also true in the United States where heritage buildings feature prominently in the plans of waterfront cities and towns along the eastern seaboard and inland around the Great Lakes. Projects such as Pier 54 in **New York City**, fishing

Lunenburg Waterfront
img; OverCanada-Russ Heini



Converted warehouse,
Alexandria, VG.
img; condoalexandria



Harbour at Portland,
Maine
img; cottageblog-flickr

towns such as **Portland**, Maine, and the naval port of **Alexandria**, Virginia, and the Navy Pier in **Chicago**, all have a rich inventory of built heritage assets on their waterfronts because their industries were established earlier than those of their western counterparts. Again, there are many obvious exceptions; however, in broad terms, North America has developed from east to west, and one advantage of age is the relative prevalence of historically significant buildings.

Not surprisingly then, examples of what we have envisaged for the Port Hope Centre Pier abound in Europe, where more permanent structures of heritage significance are common features of port towns. There are too many to name and study for our purposes, but our scan turned up a large number of adaptive reuse plans and projects in larger cities. Notable examples include **Odense** and **Aalborg** in Denmark; **Cornwall** and **Newcastle** in England; **Leith** in Scotland; and **Hamburg** in Germany.

In the planning process for the Hamburg waterfront, the consultants outlined the benefits of using heritage industrial buildings rather than removing them¹:

- *The best waterfront regeneration strategies capitalize on and add to the area's physical and human resources. In particular, **heritage buildings and features can be a catalyst for regeneration**, and the location for a range of cultural and artistic functions. Reusing existing structures helps reintegrate the waterfront area into the economic and social life of the city.*
- *Preservation and **enhancement of harbour heritage in combination with initiatives in arts and culture** are a good foundation for fostering urban complexity.*

- ***Preservation of different aspects of harbour heritage can contribute to the success of regeneration strategies:** linking new and old structures in an urban design framework, providing an exciting basis for citizen participation, fostering the waterfront as a cultural and industrial heritage destination, and initiating skills training and new employment in the heritage and tourism sector.*
- *A wide range of **events** which can foster arts, culture and heritage appreciation and short and long-term participation are essential.*

Consistent with our assumptions about the need to align waterfront regeneration with economic objectives, is the identification of heritage and tourism as advantageous areas of enterprise. Obviously a community that has heritage buildings on the waterfront has options for reuse that aren't available to a community that has none, which is advantageous in itself. However, a focus on heritage tourism is potentially important because this is the fastest growing segment of the tourism industry in Canada. The industry as a whole is expected to continue expanding throughout the decade ahead as high-value offshore tourists, combined with a higher proportion of domestic travel, more than offset the value of declining American visitation.

In recognition of tourism's importance to the long-term success of Port Hope's waterfront redevelopment scheme, we have considered the Municipality's position relative to its tourism markets, and its accessibility by a major highway and passenger rail service.

Situated a little more than an hour from Toronto by automobile and train, about 90 minutes from the Thousand Islands International Bridge to the east, and approximately three hours

¹ www.waterfrontcommunitiesproject.org/downloads/coolsea_hamburg_2.pdf

from Ottawa to the northeast, Port Hope differs from many harbour towns in that it lies between large cities rather than at the end of a road. **Port Maitland** or **Owen Sound**, in contrast, are both more distant from tourism markets and are at the terminus of the roads leading to them. Port Hope's waterfront, in contrast, can draw visitors from the east and the west. It is on the way to somewhere, not at the end of the line. Tourism, which in Ontario consists mainly of rubber-tire traffic from major cities within the province, should be at the heart of economic objectives pertaining to Port Hope's waterfront redevelopment. In this regard heritage buildings on the pier can add a great deal to the Municipality's competitive advantage.

The Hamburg study's arguments about the design and programmatic possibilities provided by industrial heritage buildings reinforce the opinions of Michael Fagence, co-editor of Recreation and Tourism as a Catalyst for Urban Waterfront Redevelopment².

In reference to the waterfront revitalization plans for **Alexandria**, Virginia, Fagence makes an economic argument for the variety and complexity of waterfront development and activity that is made possible by reusing industrial buildings as part of the site:

This three-pronged approach to waterfront revitalization – conventional commercial retailing, heritage appreciation, and leisure activity – provides a more broadly based real estate rationale with increased returns being likely, as the three distinct consumer groups (shoppers, conservationists, and recreationists) intermix to take advantage of facilities and amenities which cater to the interests of each group. An intermixture of these interests in the same waterfront scheme contributes significantly to the creation of competitive advantage.

Regardless of how exactly a town measures competitive success (higher residential tax base, more investment and employment, rising commercial wealth from the sale of goods and services to

outsiders), our research shows the economic benefits of a strategy to create a waterfront that offers a rich mix of experiences, including heritage appreciation, is favoured over a strategy that lacks this dimension.

Cobourg, commonly perceived as a direct competitor, cannot create the kind of waterfront that the pier buildings make possible for Port Hope. Neither can most of the southern Ontario waterfront towns within easy driving radius of the Greater Toronto Area. If Port Hope proceeds, as planned, to redevelop its waterfront without the pier buildings, it will effectively position itself in direct competition with every other town that has a yachting facility, public park land, and a pier. If instead it can adapt and reuse those buildings to provide a more varied, complex, and rich range of experiences for various target market groups, it can avoid that competition and focus its promotional efforts on the unique appeal of its waterfront offerings.

When all of the relevant criteria are applied to comparable developments elsewhere, and all of the least similar cases are set aside, the two examples that we thought were the most instructive were **Gloucester**, England, and **Lunenburg**, Nova Scotia.

Neither is very big, both are a bit distant from major tourism markets, both have adapted old industrial buildings as the Centrepieces of waterfront revitalization, and both have succeeded well in the competition for tourists with culture, heritage, and educational programming in those buildings. They help to illustrate what is possible on the Port Hope Centre Pier and demonstrate the value of reusing heritage buildings to achieve competitive advantage as part of an economic development strategy.

² Recreation and Tourism as a Catalyst for Urban Waterfront Redevelopment: An International Survey. Westport, CT and London: Praeger Publishers, 1995, Stephen J. Craig-Smith and Michael Fagence (eds).

FEATURES OF WATERFRONT PROJECTS REVIEWED FOR COMPARISON WITH PORT HOPE	History of industrial use on the waterfront	Availability of heritage buildings for adaptive reuse on the waterfront	Use of buildings for heritage or cultural occupants and programming	Population less than 100,000	< 90 minute drive to nearest city of > 1,000,000 population	Accessibility by major highway and passenger rail service	Linkage of waterfront revitalisation to economic development strategies
Port Hope Pier as park with occupied/programmed heritage buildings	•	•	•	•	•	•	•
Odense, Denmark	•	•	•		•	•	•
Lunenburg, Nova Scotia	•	•	•	•	•		•
Alexandria, Virginia	•	•	•		•	•	•
Southwell, England	•	•	•		•	•	•
Gateshead/ Newcastle, England	•	•	•		•	•	•
Gloucester, England	•	•	•		•	•	•
Hambury, Germany	•	•	•		•	•	•
Portland, Maine	•	•	•		•	•	•
Granville Island, Vancouver	•	•	•			•	•
Whitehaven, England	•	•	•	•			•
Cobourg, Ontario				•	•	•	•
OswenOuzst, Ontario			•	•		•	•
Port Carling, Ontario				•	•	•	•
Port Hope Pier as passive park				•	•	•	•
Halborg, Denmark	•	•	•				•
Halifax, Nova Scotia	•	•	•				•
Pier 54, New York City	•	•			•		•
Port Maitland/ Drumville Ontario	•	•		•			•
Queen's Quay/Harbourfront, Toronto	•	•		•			•
Owen Sound, Ontario				•		•	•
Leith/ Edinburgh, Scotland	•	•					•
Leamington, Ontario				•			•

Comparative features of waterfront projects with Port Hope

4.1 Lunenburg

Lunenburg is a great example of how industrial buildings can be used for heritage or cultural programming to enhance the appeal of a redeveloped waterfront. At the hub of Lunenburg's waterfront attractions is the Fisheries Museum of the Atlantic and, moored nearby, a working replica of the Bluenose II. The harbour has been designated a UNESCO world heritage site.



Lunenburg Fisheries Museum of the Atlantic
Img; Danielle Langois

As in Port Hope, heritage preservation in Lunenburg's old town has relied on a community commitment and co-operation between levels of government. For generations citizens have taken care to maintain the character of their homes and neighbourhoods. More publicly, businesses have seen the value of heritage preservation and have adapted buildings from the fishing industry to serve again as hotels, shops, offices, and restaurants.

The resulting benefits from the investment in a warehouse museum and ship restoration have been deemed sufficient to rationalize Nova Scotia's purchase in 2005 of a further 17

buildings from Clearwater Seafoods, the town's biggest employer. Although development of these buildings is still in progress, they are being protected until there is a viable plan for their use, as determined by the Lunenburg Waterfront Association. The Association, a council of citizens, corporations, and community leaders, is dedicated to using these old buildings to create a mix of waterfront uses that will augment the declining industrial activity of this working harbour³. Its business plan protects the harbour's UNESCO world heritage designation while reviving the economic life of the harbour. Through the strategic sale and redevelopment of the property, it is expected that the Association will be able to repay the \$5.5 million purchase price of the Clearwater buildings and land by 2020.



Dory Boats - Lunenburg
Img; Celebrate Canada

Lunenburg's example also shows how the initial investment in waterfront heritage has stimulated a broader and more coherent process of planning and development that truly reflects the town's appreciation of its history. The style of waterfront development has not been determined in isolation from the rest of the town's built heritage. Starting with adaptive reuse of a single

³ <http://www.lunenburgwaterfront.ca/businessplanfinalreport.html>

industrial building, and by working with, not against, the built heritage left behind by the withdrawal of industry on its waterfront, Lunenburg has capitalized on its distinctive character in the competition for tourist dollars.



Lunenburg waterfront heritage buildings
img; Fisheries Museum of the Atlantic

4.2 Gloucester

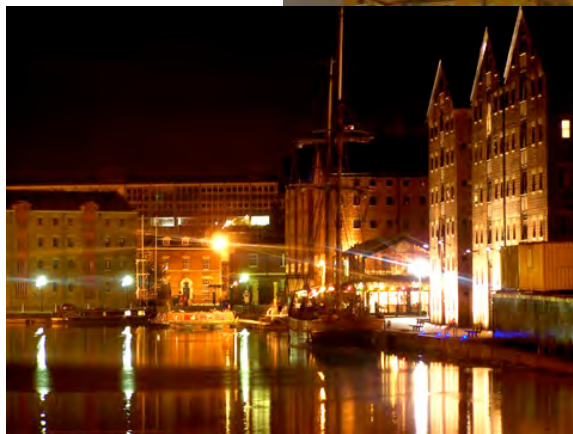
Gloucester Antiques Centre is an example of a former warehouse facility being used to store, display, and trade antiques. Originally used by corn merchants and sack hirers, the building, as part of the Gloucester Docks, is incorporated in a heritage project by the Gloucester Heritage Urban Regeneration Company.

Accessible by both highway and rail, the Gloucester Antique Centre is 90 minutes outside London. The area maintains a unique character by preserving heritage buildings and finding appropriate uses for them, a prime example being the antique centre.



Gloucester Antiques Centre
img; www.gacl.co.uk

Accompanying the antique Centre are a variety of restaurants, retail stores, and a state-of-the-art college facility. The college facility shows that modern and practical spaces can be accommodated in a heritage plan. The Gloucester Docks provides Port Hope with an example that shows that both an antique Centre and college can be created in spaces that reflect the town's heritage.



Gloucester
Waterways
Museum
img; cottageblog-flickr

Gloucester
Docks at Night
img; cottageblog-flickr

5.0 Comparison to Port Hope's current waterfront plan

Any rationale for adaptive reuse of the Pier buildings must address the current plan to demolish them as part of the waterfront revitalization. We do not mean to discredit the current plan, but merely to demonstrate that the benefits of preserving the buildings outweigh the benefits of destroying them. For this reason we have performed a point-by-point comparison of these competing visions of the pier in relation to the waterfront revitalization plan and the Municipality's economic development strategy.

Asset Value

Based on our research so far, the advantages of maintaining heritage infrastructure on a waterfront appear to be so great that at some point in the future it might seem advisable to create buildings on the pier if none existed already. This is not as ridiculous as it sounds. The Muskoka Boatworks in Gravenhurst is by design intended to evoke a style of building from long ago despite the fact that it is mostly new construction that cost millions of taxpayer dollars to build. So to begin we must not overlook the value of the building assets existing, relative to the value of a passive park on the pier. The existing condition has multimillion dollar heritage buildings on it whereas the other has top soil, turf, shrubs, and benches.

Economic Impact Potential

If the revitalized waterfront is to have any economic benefit, it will have to attract people and money from outside the immediate vicinity of Port Hope. As has been pointed out elsewhere in this report, Port Hope is superbly positioned in relation to tourism markets to the west and east, and should endeavour to use its waterfront as a means of making the town more attractive as a destination. In the longer term, waterfront revitalization should enhance the quality of life and make Port Hope more appealing to investors, developers, and future residents.

In contrast, the current waterfront plan replicates the array of amenities and mix of uses offered by many of Port Hope's competitors. Even if the current revitalization plan is executed superbly, the resulting park and yachting basin will not differentiate Port Hope from all the other lakeside towns, such as Cobourg, that have undergone very similar developments. Whether economic impact is measured in the number of visitors to the waterfront, the volume of commercial activity attributable to those visitors, or indirect, long term effects such as enhanced real estate values, the power of a passive park to attract people and money to Port Hope is much less than that of a waterfront that offers more reasons to visit by building hospitality, retail and other services into existing heritage structures on the pier.

Local use

The current waterfront plan creates attractive open space for outdoor recreational use; however, every form of use would benefit from complementary services and amenities indoors. Yachters are continually running to hardware stores for parts and supplies and need access to groceries or restaurants. Likewise anglers require a place to warm and refresh themselves in sometimes inclement weather, and frequently find themselves in need of a particular piece of tackle or apparel. Even casual strollers are inclined to stay longer at a destination if they can have the needs of their family met on the site. All users will need access to public washrooms at the very least.

In short, anyone planning to spend a few hours or more on the waterfront will appreciate the availability of hospitality and retail services specific to their activities. None of this is provided for in the current plan however all of this and more is possible if the existing buildings are retained. The better the services at the waterfront are, the more frequently it will be visited and the longer each visitor will stay.

Seasonal use

Because of long harsh winters, wet springs, and windy falls, waterfront use is largely restricted to the summer months unless there is some indoor activity to attract people in all weather and in all seasons. This is especially true on an exposed sight such as

the Port Hope Pier where high winds and precipitation actually pose a danger to visitors. In fact the pier was closed in December of 2008 for this very reason.

In order to realize the greatest benefit from the overall investment in waterfront revitalization, some form of shelter is required. Otherwise the waterfront will be drastically underused nine months of the year.

Financial viability

As it is currently conceived, the passive park on the Port Hope Pier offers little or no net revenue potential. To the contrary, it represents a net cost to the Municipality due to the need to tend what is would be an artificial landscape.

By comparison redevelopment of the pier buildings will generate net income for its management group and indirectly for the Municipality through the commercial activity of its renters.

6.0 Economic impact estimates

The economic impact of adapting and reusing the pier buildings cannot be estimated with great precision. There are too many variables, in the pace of phased construction and in the wide range of possible uses, to produce a narrow range of results over a five-year period. There is no question, however, that the impact will be positive.

Impact from capital investment

The initial economic impact comes from the construction phase of the project. The greatest benefit at this stage derives from new employment, which is typically generated at a rate of approximately 16 direct and indirect person years of employment per \$1 million in construction costs. It is important to subtract the local share of the construction cost from the value of employment, supplies, and services needed for the project. If for example municipal taxes are used to finance part of the project, or if local companies are providing financing, this cannot be counted as new money entering the local economy, and should therefore be netted out of the calculation.

In the case of the Port Hope pier buildings, it is not known precisely how much capital will be required, nor where it will be found. It is impossible to know with any specificity what proportion of capital costs will come from outside the local economy, especially when funds for demolition might be diverted into building stabilization and rehabilitation.

However it is probably safe to say that capital expenditures will comprise the lesser part of the project's overall economic impact. A few million dollars will generate a few dozen person years of employment, but not all at once because of the phased approach to restoration and occupancy. Much greater benefits will accrue from the uses of these buildings and their contribution to the value of the other waterfront revitalization projects.

Impact from building operations

The economic benefit of preserving and operating the buildings will be greater than demolishing them to make room for a park. Even the most zealous advocates for green space would concede that the programs and services that the buildings would accommodate will be used by more people throughout the year, and would attract more people to the surrounding park, than would a passive park on its own.

This cannot be emphasized enough; with no protection from the elements, a park on the pier will have negligible visitation most of the year. This is a frustrating fact of life for all Canadian outdoor attractions. Without indoor programs and services to complement outdoor activities, inclement weather can ruin summer attendance. During the fall, winter, and spring, most outdoor attractions shrink their operations to match visitation levels or they shut down completely. An unsheltered park on the Port Hope pier will be no different.

If the addition of indoor amenities and services to the park will add substantially to overall visitation, the net economic impact, relative to the demolition of the buildings, will be positive.

The scale of this impact will vary with the pace of development and the mix of building uses, but the underlying benefit of a site that attracts people who buy goods and services and participate in programs is much greater than a site that is vacant most of the time. A passive park, despite its aesthetic appeal, comes with a guarantee of ongoing municipal expense and no promise of revenue generation.

Economic impact in the public realm depends on how many people it can attract and accommodate. In economic terms, it is always preferable to draw people from outside the local economy to avoid a zero-sum game of internal competition, but there is still great value in retaining local people, and their dollars, in their own community.

The attraction of investment dollars from the private and public sectors counts as a short-term economic benefit if they come from senior levels of government and non-local corporations. Economic benefit, distinct from financial viability (annual and accumulated operating results of the enterprise), can be measured in terms of new dollars brought into the local economy and as the retention of dollars that would otherwise have leaked away to competing locales.

This focus on visitation and spending pertains to the direct economic impact of projects such as the waterfront revitalization and reuse of the pier buildings. There are also indirect benefits that typically include greater social cohesion, accelerated urban renewal, updating of infrastructure, and perhaps most importantly in this case, contribution to the overall appeal of the area as a tourist destination.

Destinations are rarely comprised of a single site or activity. They are more typically clusters of sites and activities that are combined in the mind of the visitor to make one place more appealing than another. The more diverse the range of tourism offerings a place can claim, the greater the number of prospective visitors that can imagine themselves enjoying a visit there.

Unlike the current waterfront revitalization plan, which will emulate the experience offered by numerous other communities in southern Ontario, the initiative to preserve the pier buildings creates the possibility of offering programs, goods, and services on the waterfront that produce a positive economic impact by bringing greater numbers of people to the waterfront, and by providing opportunities to capture revenue from them. Again, it must be emphasized that a positive economic impact does not guarantee that the pier buildings can be funded and operated at a break-even. That is a separate question that is addressed elsewhere in this report. However there is no doubt that they will make a significant contribution to the local economy on an ongoing basis, once the buildings are restored

and occupied with providers of goods and services, and animated with publicly accessible programs.

Naturally the tourism industry is seen as the most likely means of realizing these economic gains from waterfront revitalization and reuse of the pier buildings. There is no doubt that this is true, whether the buildings function primarily to help draw people off the highway, off the trains, off the lake, or they simply keep people in Port Hope who would otherwise drive to other places to enjoy whatever the pier buildings ultimately offer them.

Unfortunately this focus on tourism is not very helpful in calculating the scale of economic benefit that might result. First, there isn't enough data that is exclusive to Port Hope tourism from which to extrapolate probable outcomes in the future. Second, the data that is readily available for Northumberland County reveals a tourism industry that isn't strong enough to compete effectively with other southern Ontario regions.

For these reasons it is premature to make firm predictions about the economic effect of reusing the Port Hope Pier buildings. The data is too thin to produce credible numbers, and the regional tourism baseline indicates a need for investment but provides little encouragement about the industry as a whole. On balance, an economic impact argument based on the available numbers might discredit the more plausible deductive argument that reanimation of the pier buildings can only help in a regional tourism industry that suffers from unrealized potential.

Profile of travel and tourism activity in Northumberland County

Tourism in Northumberland County, despite all its apparent advantages, lags behind other areas in southern Ontario. It is well positioned geographically to draw visitors from the Greater Toronto Area, the Ottawa-Carleton area, and the Canada-U.S. border crossing at the Thousand Islands Bridge. Given the volume of travel that passes by Port Hope without stopping, it

remains, like the rest of the Northumberland and neighbouring Durham County, a place on the way to somewhere else.

Tourism, unlike other kinds of travel, is driven by consumer choice, despite the influence of other factors. For one thing, tourists are typically on vacation, so their travel is discretionary with regard to distance, time, and cost. Evidence of the choice to visit one destination rather than another can be found in the distances travelled, the seasonal volume of travel relative to summer vacations, and the motives for travel (pleasure rather than business or visiting friends and relatives).

The most easily accessible data on tourism in Northumberland County is Statistics Canada's Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007. The charts and analysis used to evidence this opinion about the development of the County's tourism industry, relative to the tourism in other regions of Ontario, are based on this data.

Points of origin

The vast majority of visitors to Northumberland County come from elsewhere in Ontario. This is typical in tourism statistics across the province.

Interprovincial travel usually comprises the second greatest source of visitation in Ontario, especially among tourists. This is not the case in Northumberland County, where American travellers make up the second largest group of visitors.

Both the U.S. and interprovincial portions of travel to the county are lower than the provincial average, which suggests that geographic proximity is a greater determinant of visitation than in other tourism regions. The U.S. portion is enlarged by the nearby Thousand Islands Bridge.

If Northumberland County is less likely than other regions in Ontario to attract tourists from any great distance, this may be because of its limited current attractions. Of course, distance

limits tourism everywhere. However the degree to which the pattern of visitation deviates from the patterns of geographic proximity provides evidence that people are being attracted to the region by its tourism offerings, rather than choosing primarily on the basis of convenience. It is never convenient, for example, to drive from Toronto to Niagara Falls, but the falls are a powerful attractant for the Niagara region, causing people in huge numbers to make the necessary commitments of time and money to get there.

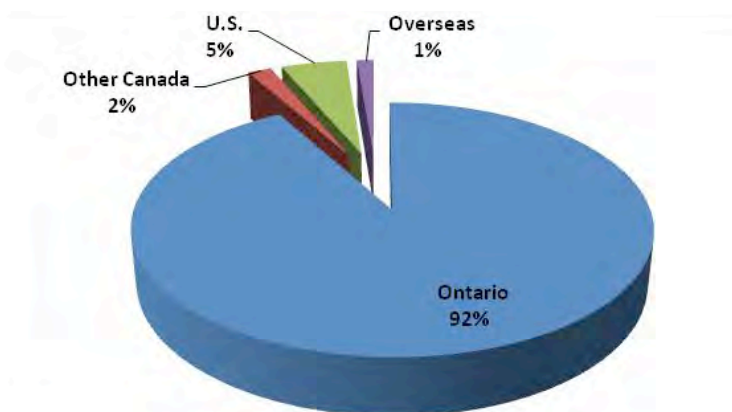


Illustration of point of origin for all visitors to Northumberland County

An analysis of visitation data for Northumberland County reveals that distance is a primary determinant of visitation. If distance and population are considered together with the layout of transportation routes, the breakdown of visitors approximates what might occur if the attractions of the county weren't given much consideration at all in trip planning. As the accompanying chart shows, 75% of visitors come from four nearby regions, Toronto's contribution to the total being the greatest not because it is the closest, but because it is overwhelmingly the most populous. New Yorkers, though much farther away than travellers from Halton, are brought into closer proximity by the nearby border crossing.

Although this is a familiar pattern in many parts of Ontario, it is unusually pronounced in areas like Northumberland County that

are not perceived as tourist destinations in the same measure as

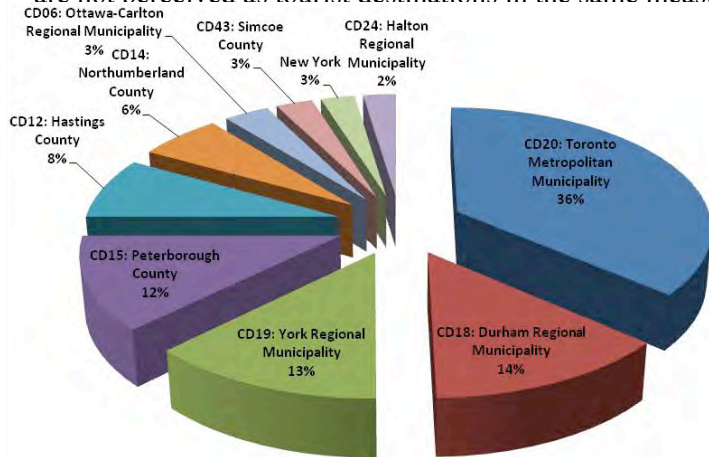


Illustration of point of origin for regional visitors to Northumberland County

Tourism spending / revenue

Tourism is seen as a great economic contributor because it attracts people from outside a region who leave with less cash than they arrived with. It injects new money into the local economy in proportion to how many people come, how far they've travelled, what they've come to do, and how long they stay. (See chart below – visitor totals expressed in 000's).

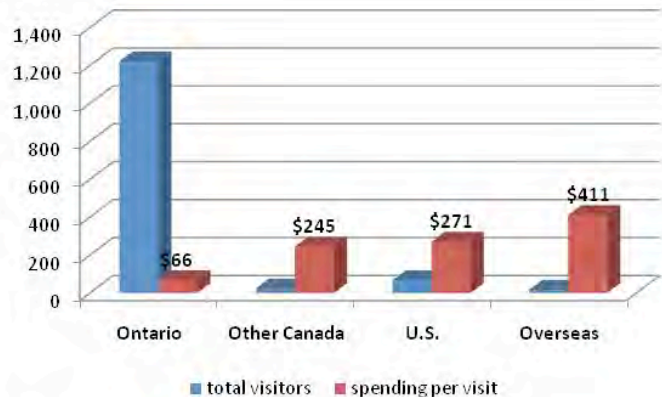


Illustration of all spending of visitors to Northumberland County

Given that a disproportionately high number of visitors to Northumberland County come over relatively short distances for relatively short visits, it should not be surprising that they spend relatively little money. The aggregate spending power of Ontario visitors is still important, but the per capita spending is so low that their contribution to the local economy is relatively slight.

For example, an average Ontario visitor spends only \$66, or roughly one quarter of what interprovincial or U.S. visitors spend per person per trip. When this average trip budget is broken down, the net contribution to the economy of Northumberland County is diminished even further.

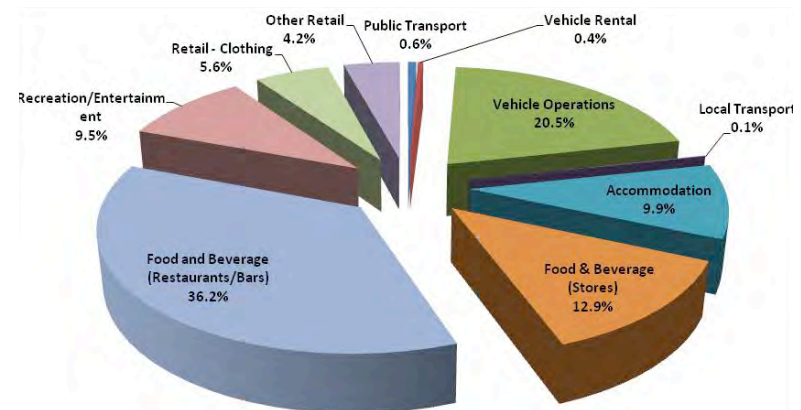


Illustration of distribution of spending of visitors to Northumberland County

Transportation consumes approximately 22% of their trip budgets, leaving about \$51. Food, some of it possibly purchased en route, consumes another 50%, leaving about \$18 for retail spending. Note also the relatively low expenditures on items such as car rentals and accommodations. They are simply unnecessary for people visiting from neighbouring counties. In effect these visitors are more like residents than tourists in economic development terms because they are independently mobile and can find food and accommodation without buying much if anything that the tourism and hospitality industry offers them.

Trip motivation

More people come to Northumberland County to see friends and relatives than for any other reason, including pleasure trips. The same is true of neighbouring Durham County. In regions that have established themselves as tourist destinations, these proportions are reversed.

In other words, most visitors aren't freely choosing Northumberland County as a destination for their time and money. They are guided in their decisions by other factors including the presence of family and friends, or are directed to visit for business reasons.

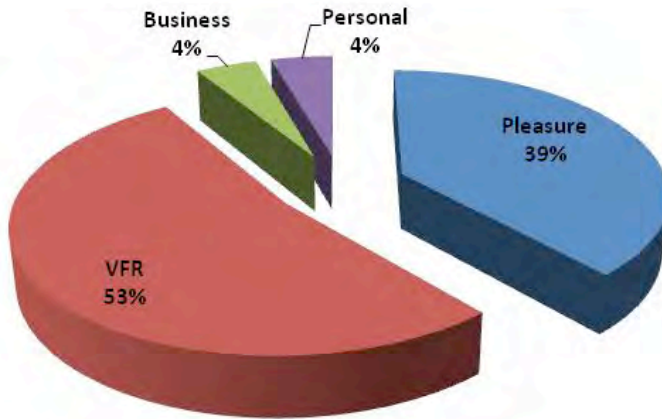


Illustration of trip motivation for visitors to come to Northumberland

This characterization of the County becomes more compelling when compared with areas of southern Ontario that possess more highly developed tourism offerings or have established themselves in the marketplace as attractive destinations for discretionary travel.

Grey County, to the northwest of Toronto provides just such a comparison. As the accompanying chart illustrates, far more

people visit for pleasure than for any other reason. Like Northumberland County, Grey is predominately rural but, unlike Northumberland County, is not particularly well served by highway or passenger rail service.

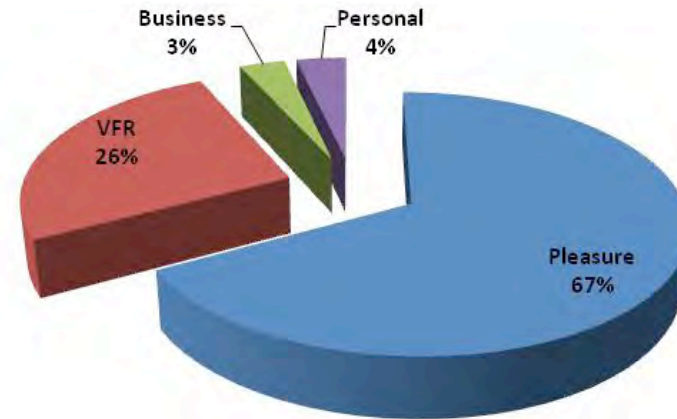


Illustration of trip motivation for visitors to go to Grey County

This comparison invites a chicken-or-egg discussion about the many other differences between the two counties and what they have to offer. Grey County has developed winter and summer recreational attractions that exploit its unique geographic assets. However it is recognized as a destination for pleasure travel because of what the tourism and hospitality industry has done with those assets, not because of something inherently appealing about the landscape. Northumberland County has its own unique mix of assets to build on, but has yet to attain the level of recognition and appeal necessary to make it the destination of choice for a comparable number of tourists.

The differences are even more pronounced when Northumberland County is compared with the Muskoka District Municipality. Commonly referred to as “cottage country,” Muskoka’s population roughly doubles in the summer. As other industries have declined in the region, tourism has expanded.

Although Muskoka tourism has an historical and reputational advantage over other parts of southern Ontario, it is actually more difficult to access than Northumberland County from the GTA or the U.S.

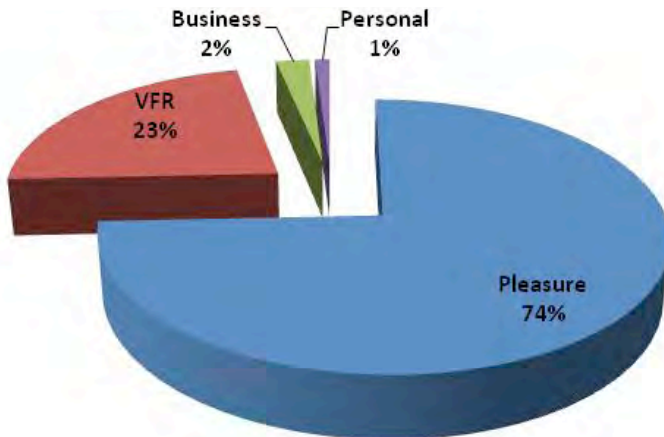


Illustration of trip motivation for visitors to go to Muskoka District

If successful tourism regions attract pleasure travellers in the majority, and Northumberland County does not, then it would be unwise to rely on past results to forecast future success. Historic data on regional tourism does not provide a useful means of estimating the volume of tourism and related revenue that might result from reuse of buildings on the Port Hope pier. Although it is impossible to be precise in dollars, it is possible to draw lessons from areas like Muskoka or Grey County that are successfully attracting tourists in sufficient numbers to imagine what the revitalized Port Hope waterfront, with tenanted and programmed buildings could achieve.

If the buildings are used for programming or services that have broad appeal, and if the activities that occur in the buildings are marketed in a way that draws from, and contributes to, the appeal of other local tourism offerings (hospitality, antiques, sport

fishing, boat tours, etc.), it is possible that more pleasure travellers will be attracted from outside the local economy. If not, then the programs, services and goods offered from the buildings will still benefit the economy by attracting local people (and their visiting friends and relatives) to the waterfront, retaining dollars that might otherwise leave the local economy.

Either way, the buildings will benefit the local economy, but the magnitude of the benefit will depend on how the buildings are used. As the visitor spending breakdown chart illustrates in the previous section, per capita spending increases dramatically in relation to the distance travelled, and there are whole categories of goods and services that local people and their visiting friends and relatives simply don't need. So the buildings could have a large impact if they're used in a way that attracts people to Port Hope, and a more modest impact if they simply retain residents and their money in the Port Hope economy, but the range of these impacts cannot be specified until the probable uses are better known.

For the buildings to contribute to higher value tourism, they must add to Port Hope's appeal as a destination for pleasure travellers, as this is the only category that can be expanded through expansion and marketing of tourism offerings. Marketing efforts should also reach beyond the County and the surrounding region to travellers in their cities of origin, rather than struggling to gain a bigger share of the relatively small regional pleasure travel market.

Although it is difficult to estimate the scale of economic benefits resulting from retention and operation of the buildings, it is clear that the buildings provide far more options in this regard than would the passive park remaining after demolition. There are plenty of waterfront parks and marinas around southern Ontario, and in the competition for pleasure travellers, the advantage goes to those regions, such as Grey County or Muskoka, that have already established themselves as popular destinations. The pier buildings have the potential to distinguish Port Hope from competing towns because they can accommodate

programs, services, and amenities that will draw from outside the local economy.

Seasonality

The seasonal breakdown of visitation to Northumberland County provides further insight into the state of the local tourism industry. People choose to travel when they have time to do so, typically in the summer months when children are out of school and parents take their vacations. Summer is also a time when travel is much easier and more pleasant than at other times of the year, especially by car.

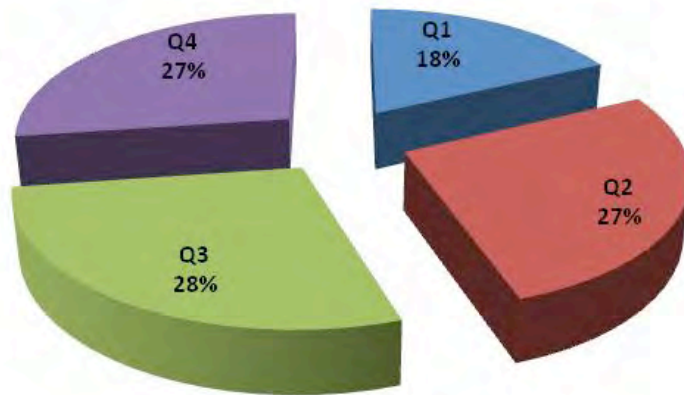


Illustration of seasonal visitation to Northumberland County

In winter, weather and scheduling are such deterrents that the average distance driven by pleasure travellers is half as far as they are willing to drive in the summer. Travellers who have a choice about when they travel are more likely to drive in the summer, or are likely to shorten their trips if they choose to drive in the winter. The same effect is evident to a lesser degree in the spring and autumn shoulder seasons. This affects tourism in an obvious way. If fewer people are unwilling to drive a great distance to reach leisure destinations in the spring, fall and winter, then this will be reflected in a reduced volume of

visitation. Conversely, a proportionately greater portion of discretionary travel should occur in the summer when it is favoured by family and work schedules.

This effect isn't apparent in Northumberland County, where spring and fall visitation is virtually the same as in the traditional vacation season. The simple explanation is that vacationers are a relatively small part of the overall visitor mix, which is consistent with the earlier observation that relatively few people are motivated to visit the county for pleasure (vs. visiting friends and relatives or conducting business). If the county was attracting tourists in significant numbers, as a proportion of overall visitation, the summer (Q3) would comprise a much larger share of the annual total.

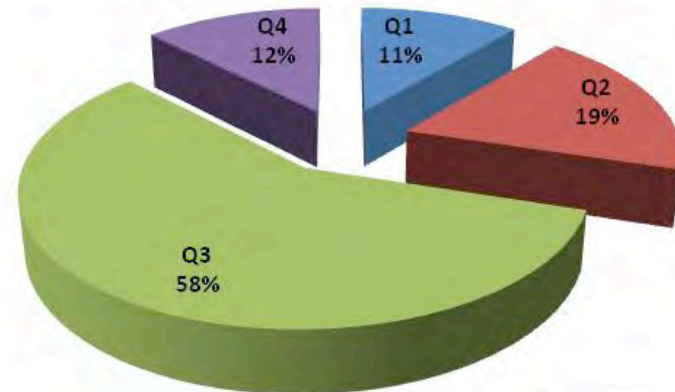


Illustration of seasonal visitation to Muskoka District

Muskoka provides a more typical example of the southern Ontario pattern. There are more visitors in the summer months than there are in the other three seasons combined. Whereas Northumberland visitation falls off only 1% in the shoulder seasons (Q2 and Q4), the drop is 39% and 46% respectively in Muskoka. Considering the number of winter activities and attractions in Muskoka, this disparity is all the more significant.

Evidently Muskoka is attracting a far greater proportion of tourists or pleasure travellers than is Northumberland County. Judging from the relatively even distribution of visits across the seasons in Northumberland County, the typical pattern of pleasure travel is hardly visible.

Summary

Once again it is worth emphasizing that the economic impact of the buildings is not in doubt, but that the scale of the impact is impossible to estimate because it is dependent on how the buildings are used, who they serve, and how they are marketed. The mere existence of the buildings is not helpful in producing credible estimates of economic impact. Even if the scenarios used to generate pro forma budgets were adopted, it would still take substantive research to estimate how the proposed activities translate into visitation volumes, visitor types, and economic impact, both direct and indirect.

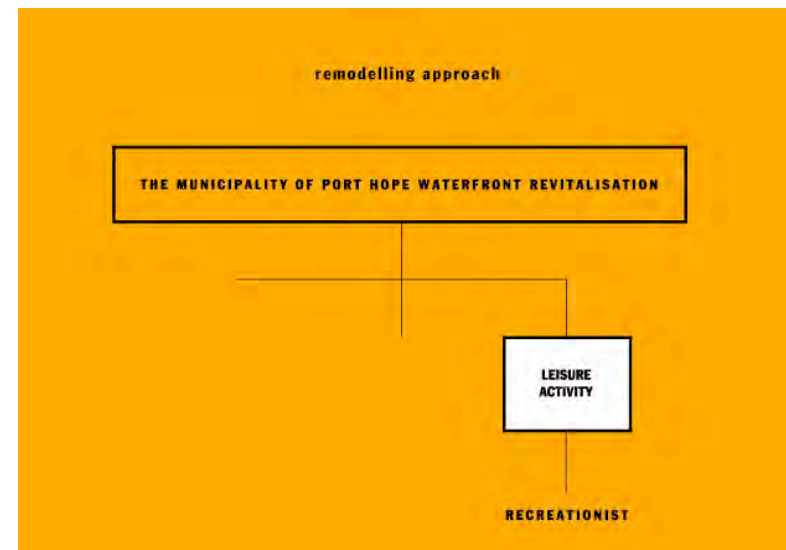
7.0 General recommendation

The current waterfront revitalization plan, which entails demolition of the pier buildings, could be enhanced in important ways by retaining those buildings. To this end we recommend that this aspect of the waterfront plan be reconsidered and the demolition plans be suspended, at least temporarily.

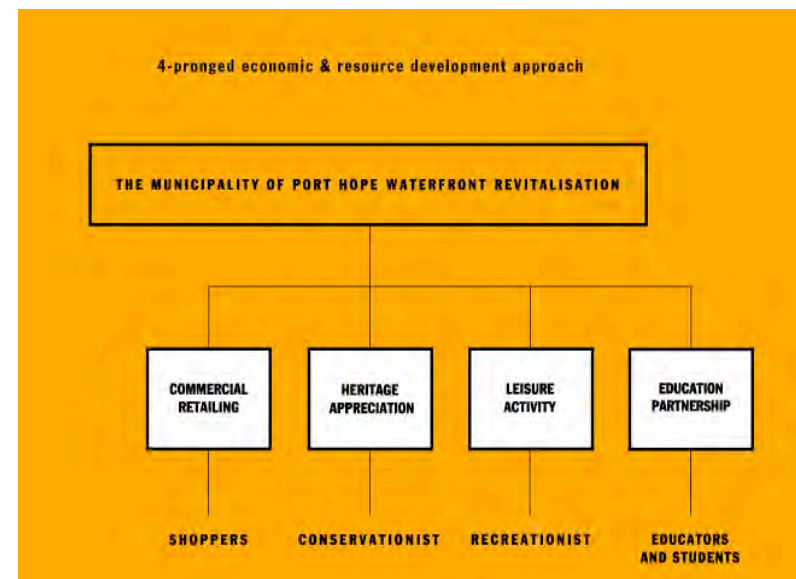
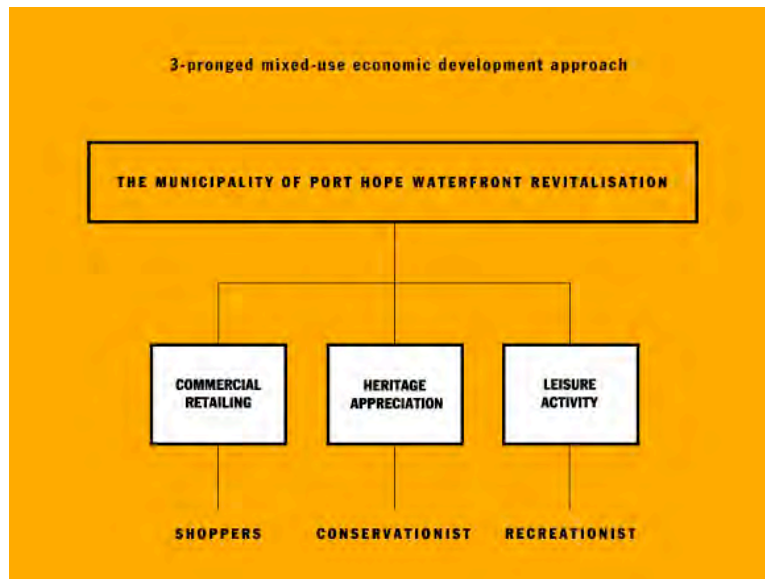
This recommendation is based on the conclusion that a more varied visitor experience would help the waterfront as a whole to succeed more fully as a recreational site and become an economic development asset for Port Hope. Retention of the buildings creates opportunities to extend seasonal use, encourage longer and more frequent visits, and to provide programs and services to give more people more reasons to visit the waterfront.

The following series of diagrams illustrate the change in thinking that we recommend.

In the first diagram the function of the site is limited to the interests of recreational users. This is in effect what the current waterfront plan provides for although there may be a wider range of recreational user groups, at least when weather permits.



In the second diagram two additional functions are added with the intention of engaging two additional categories of users. Without specifically naming the users or the uses it is easy to see how the addition of a retail and heritage experience would complement the beautiful park setting and enhance the enjoyment of other park users. In this scheme visitors who are motivated primarily by one of the general activities on the site can participate in other areas as well and people with little or no interest in outdoor recreation will still have a reason to visit the site. This should increase the overall volume of use and should improve the experience for all users.



As in the example of Gloucester, cited above, the inclusion of an institutional tenant on the waterfront can help to animate a large portion of the space and draw a significant number of daily visitors during the fall, winter, and spring when the outdoors are not as welcoming. Educational institutions are highly compatible because they are adapted easily to unconventional building types and locations and because students and faculty members will patronize retail and hospitality operations elsewhere on the site. Ideally an education partner, perhaps a community college satellite campus, would choose to establish itself in such a location because of a special interest in the history and heritage of the site itself or some other unique feature of Port Hope. The diagram below includes this possibility as a long-term development in the pier buildings.

In our view the waterfront revitalization plan is certainly an improvement over what presently exists; however, we believe that much more is possible when the full range of potential park users are taken into account and when the value of the built heritage assets are employed to attract them.

8.0 Specific recommendations

- 1. Keep the buildings in a state of good repair until the community has had an opportunity to adapt and reuse them.**

It is recommended that Port Hope enhance the anticipated economic benefits of its waterfront renewal plan by retaining its pier buildings. The Municipality and Cameco should consider postponing their plans to demolish these buildings until the feasibility and benefits of adaptive reuse can be considered more carefully. This can be done with very little risk or expense to the Municipality.

- 2. Create a special-purpose body to lead and manage the process of adapting and reusing the buildings with the least possible risk to the Municipality.**

This can be done on terms similar to those agreed upon by the Province of Nova Scotia, the Town of Lunenburg, and the Lunenburg Waterfront Association. Key elements of this agreement include a fixed term during which the new corporation must maintain the facilities and use them to generate revenue sufficient to cover its own operating costs, borrowing costs, and ultimately, to repay the government for the value of its stake in the buildings. In the case of Lunenburg, the initial investment was the province's purchase of waterfront properties from Clearwater Foods for \$5.5 million. The Lunenburg Waterfront Association has until 2020 to repay this money. For Port Hope, where a purchase from Cameco is not required, the initial investment might be the provision of funds or the guaranteeing of loans for immediate improvements to the buildings so that they can be turned to revenue production more quickly.

In the event that the new organization (commercial or non profit) is unable to achieve the agreed objectives, the value of the improved site, including leasehold improvements, would revert

to the Municipality. No significant material or financial loss should be necessary even if plans for reuse of the buildings ultimately fail to produce the desired results. In this way the Municipality is protected from significant financial loss or loss of the asset.

- 3. Take a phased approach to reuse, building on short term revenue opportunities first to buy time for the development of longer term opportunities.**

Phasing is an essential part of this approach and is one of the reasons why the Lunenburg model is appropriate for Port Hope. The renovation and reuse of the pier buildings isn't going to happen all at once, nor does it need to. Once the external appearance of the buildings and their surrounds have been improved and major structures and systems have been brought up to code in occupied areas, additional work can be undertaken in lock-step with revenue generation from new users. Over time, the community will find enough civic and commercial uses to cover their costs, repay debt, and fund future improvements for civic purposes.

Suggested Phasing of Implementation:

Rapid preparation of the buildings for paid use suggests a chronology of steps that focus first on the immediate rental opportunities, develops interim uses for other areas, and concludes with a wider search for long-term users, institutional users, or programming partners for the balance of the available space. Although it will be the work of the new company to imagine the specifics of how these phases occur, an illustration may help to demonstrate how plausible this approach is.

Phase I Development – Ground floor commercial services to waterfront park users

Ground floor space in the south end of Building 43 is well suited to commercial servicing of all waterfront park users

and can develop over time into a year-round shopping and dining destination.

Building 40, in its entirety, is ready for use as a rough storage facility. Together the buildings total 34,750 gross square feet (g.s.f.).

Food and beverage services are obviously needed for a large destination waterfront park with a yachting basin and seasonal visits from sport fishermen. Complementary retail outlets are also needed for boat hardware, fishing gear, and outdoor apparel. Retail and other services specific to tourists should also be available on the pier offering such things as travel information, sunscreen, souvenirs, and guided tours.

Commercial real estate for retail is currently available for approximately \$15/square foot elsewhere in Port Hope. At this rate, an allocation of 34,750 g.s.f.(see table below), to be divided between three or four commercial operations on the pier, would yield a gross rent of approximately \$550,000 per year, while occupying only 34% of the total square footage available.

Phase II – Revenue generation from interim uses of Building 40

Because of its clear spans, the 25,000 square feet available in Building 40 lends itself to a variety of possible uses that can return consistent revenue once some basic alterations have been made.

For example, the region has very few indoor sports and training facilities. New installations of indoor field turf typically cost about \$1 million, including an inflatable dome such as Lions Spiplex built south of Fowlers Corners. In Toronto, domes, abandoned aircraft hangars, and even a former curling rink have been converted to meet the demand for weatherproof turf facilities, all

renting in the \$80-\$120 dollar per hour range. In Oshawa there is an indoor field turf facility that rents to amateur athletic associations and leagues, as well as to schools and for special events, at a posted rate of \$130 per hour. With turf installed, Building 40 could accommodate two such “fields” offering all-weather, year-round sports fields. Estimating both fields being rented for 1,000 hours per year at \$100 per hour, these fields would generate \$200,000. Not only would this cover the building’s operating costs and the financing of turf installation, Port Hope would be the winter home to a variety of regional sports teams and tournaments with all of the benefits entailed by this activity.

Use of Building 40 as a sports facility is limited by the height of its roof trusses. For many sports such as soccer or tennis, these will be too low. The cost and feasibility of either raising the posts upon which the trusses are seated, and/or reinforcing the structure to permit the doubling up of trusses to create more volume between them, should be assessed before committing to the installation of a turf field.

Whether or not Building 40 can be used as a sports facility, its open floor plan lends itself to a broad range of occasional commercial and community uses that generate significant net revenue. Because it can be operated more cheaply than the local arena, it can compete on price for a variety of exhibition style events such as trade shows, auctions, and other public events. Another possible interim use for Building 40 is as the antique centre suggested in the economic development plan.

Although the seasonal indoor sports opportunity is potentially lucrative, comparable net revenues can probably be generated by intermittent programming that enables the operators to minimize overhead costs between bookings. Managed carefully and marketed well, the net impact on the bottom line may not differ much whether it

is programmed only intermittently or is available to the public on a more or less continual basis.

Phase III – Long term, large scale institutional tenancy

It is not anticipated that small commercial and community users can colonize all of the space provided by these buildings. In the longer term, one or more institutional tenants would make the difference between a marginal operation that can meet its debt obligations just and an operation that is retiring debt quickly. A postsecondary institution such as a community college would be a perfect candidate, although there are a variety of possible public and voluntary sector organizations and agencies that could make use of the space.

The Conference Board of Canada has predicted that Ontario will face a shortage of 329,000 skilled workers within five years. Community colleges are expanding their facilities to meet this challenge. Construction skills training and pre-apprenticeship training require especially large volumes of space.

In producing pro forma financial projections, 30,000 g.s.f. have been allocated to an institutional user with this purpose in mind. Centennial College in the former City of Scarborough has recently made application to the Knowledge Infrastructure Program, a \$2 billion portion of the federal stimulus package dedicated to postsecondary education infrastructure, with the intention of building a skills training centre of precisely this size. At some point in the future it is possible that one of the regional colleges around Port Hope, such as Durham or Sir Sanford Fleming, will follow suit and establish a satellite campus for the same purpose.



Sir Sanford Fleming Campus, Haliburton, Ont.
Haliburton School of the Arts
img; Haliburton School of the Arts

9.0 Illustration of financial implications

Assuming that authority is granted to a special-purpose body for adaptation and reuse of these buildings, financial results will be critical to the viability of the building operations, and to the continuation of the operating agreement with the Municipality. If there isn't enough revenue to pay operating expenses, including interest charges, while also retiring debt on a reliable basis, it would be perfectly reasonable for the Municipality to terminate the operating agreement and dispose of the asset in any way it sees fit.

Pro-forma financial projections help to illustrate possible outcomes and to anticipate issues, whether or not they accurately predict actual dollar values with accuracy. In this case, a scenario has been drawn that shows one way in which the buildings can be improved and tenanted in phases.

Consistent with the recommended phasing of the project, we have suggested the following possible uses over a ten-year period:

	g.s.f.	rent / s.f.	total
Phase I			
Short and mid-term commercial occupancy: examples			
project and property management offices	4,000	\$ -	\$ -
Coffee shop	1,750	\$ 15.00	\$ 26,250
Restaurant/Pub	3,000	\$ 15.00	\$ 45,000
Tackle shop / apparel	5,000	\$ 15.00	\$ 75,000
boat storage /general storage	25,000	\$ 5.00	\$ 125,000
Phase I space requirements	34,750	\$ 7.81	\$ 271,250
unoccupied g.s.f. remaining:	70,650		
Phase II			
Mid and long-term occupancy: examples			
indoor field turf sports rentals, special events (antique fairs) etc.	25,000	\$ 12.00	\$ 300,000
small retail (specialty hardware, bookstore, etc.)	7,500	\$ 15.00	\$ 112,500
rehab medicine, occupational therapy, sports medicine etc.	7,500	\$ 15.00	\$ 112,500
Additional Phase II occupancy and revenue	15,000		\$ 400,000
unoccupied g.s.f. remaining:	55,650		
Phase III			
Long term institutional tenant example:			
Community college or specialized skilled trades training centre	30,000	\$ 12.00	\$ 360,000
unoccupied g.s.f. remaining: 25,650			
Earned Revenue Yrs. VII-X:			\$ 1,031,250

Possible Performa over a ten year period

It should be noted that none of the values in this example are fixed, and that projected financial outcomes will change as circumstances change, new information becomes available, and estimates are refined. Nevertheless, the square footage estimates, rental costs, and capital requirements used to create this illustration are plausible in the context of current market conditions in the Port Hope region.

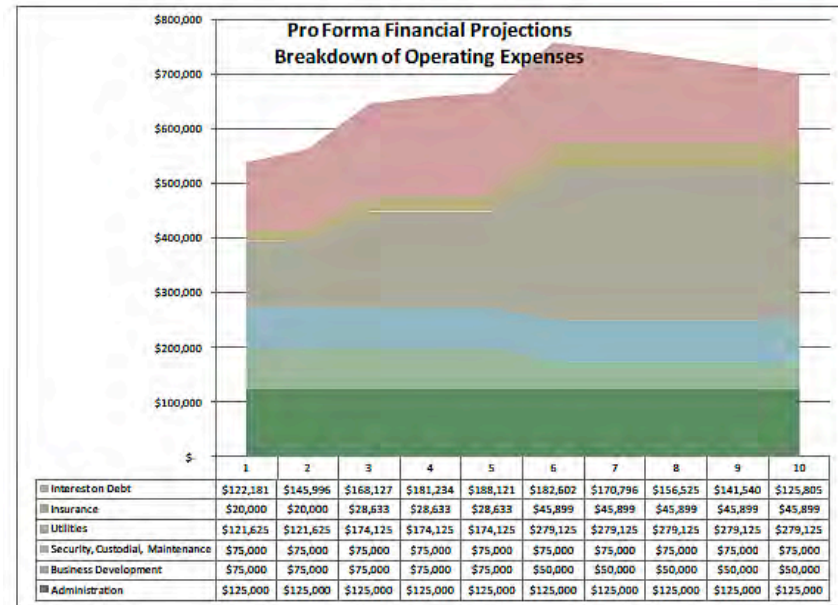
In preparation for Phase I use, some general site improvements will have to be made and a small portion of the overall building space will need to be readied for immediate occupancy. While it is impossible at this stage to state with much specificity what costs will be entailed by this work, we have provided a hypothetical breakdown as the basis of our pro forma projections. It is important to anticipate the need for access to

capital at an early stage, and the effect of debt on annual financial results thereafter:

Capital Cost Estimates	\$1,100,000
Improvements to building exteriors	\$475,000
Segregation of occupied and vacant space (security, HVAC, etc)	\$325,000
Adaptation of entrance and common areas public use by yachters and park visitors	\$275,000
Architectural, design, and planning	\$152,250
Contingencies	\$116,363
Total cost (Year 1)	\$2,443,613

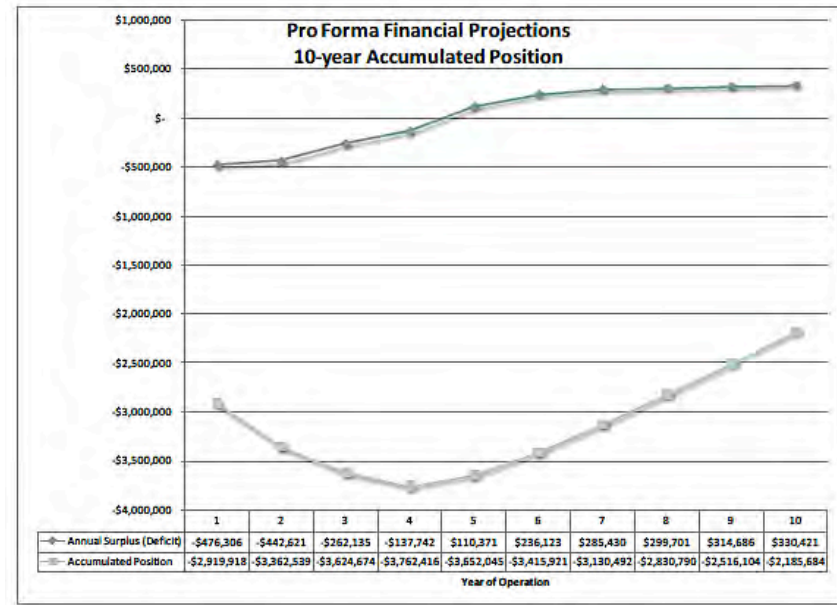
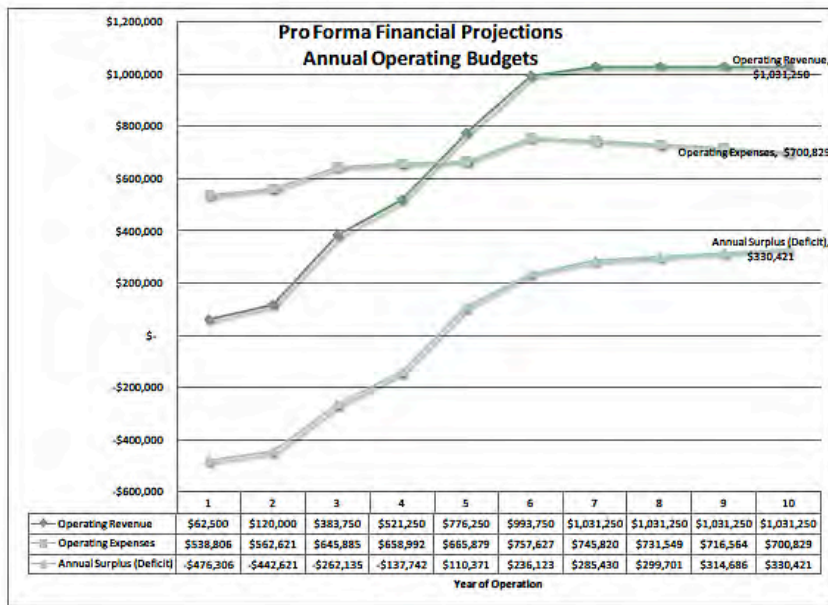
One consequence of this initial capital investment will be the burden of debt financing on the organization set up to oversee the renovation, occupancy, and management of the pier buildings (see chart below).

In this scenario, interest charges are the second largest operating expense after utility costs. Interest charges increase until rental revenue grows enough to produce a year-end surplus (year 5). Part of the reason this takes so long is that other operating costs such as utilities will rise as more of the building is occupied.



The relationship between revenue and expense, and the five-year process of achieving operating viability is apparent in the next chart (Annual Operating Budgets). It shows that operating expenses remain relatively constant for the management company, but that revenues will start low and increase substantially through the three stages of occupancy described above.

In this scenario, the pier buildings are yielding an annual surplus by their fifth year which makes it possible to retire more than \$300,000 in debt annually by the tenth year of operation.

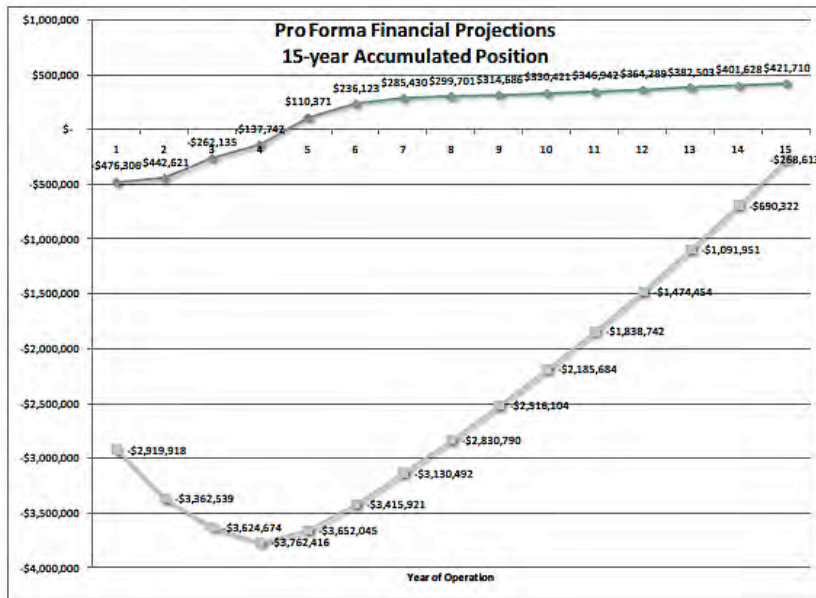


Despite this encouraging forecast, there is still more than \$2 million in debt being carried by the operation at the end of its tenth year. As can be seen in the next chart (10-year Accumulated Position), debt will continue to accumulate over the first four years of operation until revenue exceeds expense in the fifth year. As each annual deficit is added to the debt, interest charges make a surplus more difficult to achieve in the subsequent year.

In this scenario, the organization would be \$3.7 million in debt by the end of its fourth year, and then would pay down \$1.7 million of this over the subsequent six years.

At this rate of repayment there would still be debt remaining after 15 years of operation (see 15-year Accumulated Position chart). In total, \$1.6 million in interest would have been paid over the first 10 years, \$1.9 million after 15 years, and more than \$2 million by the time the debt is completely eliminated.

The combination of startup investment, interest charges, and annual deficits over the first four years of operation will result in a debt load that will retard progress toward optimal reuse of the pier buildings. Debt will reduce the amount of money the organization can put toward improving and renting space year over year.

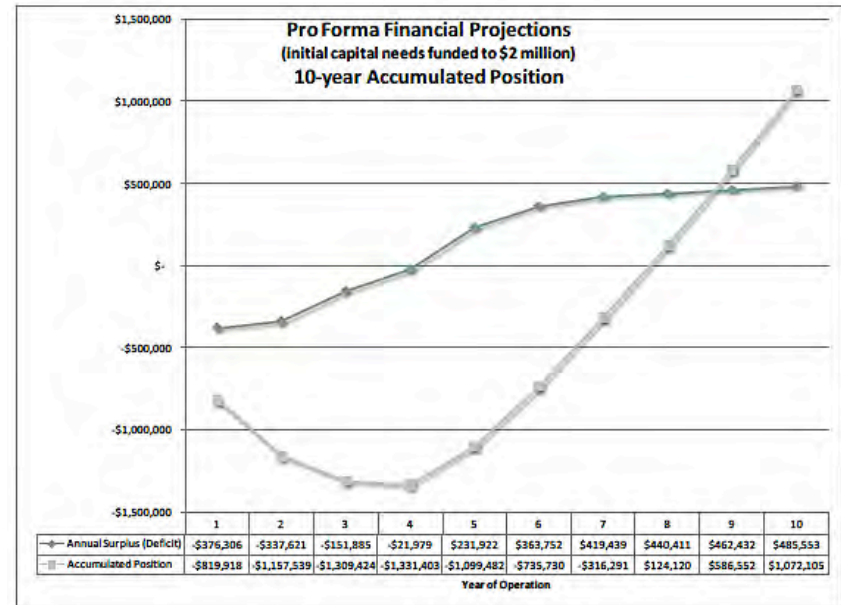


It may be possible to reduce the debt load and accelerate the rate at which the organization clears its balance sheet. One way would be the reallocation of funds designated for demolition and disposal of the buildings by Cameco. If this money could be used to improve the buildings instead of wrecking them, the buildings could achieve balanced operating budgets sooner because a portion of debt would have been avoided at an early stage.

Another way of reducing or avoiding debt would be for the Municipality to provide an interest-free loan for debt up to an agreed limit and for an agreed period of time. In this scenario, \$2 million in interest could be saved in this way, enabling the process of building improvements and reuse to accelerate.

If \$2 million of the initial capital requirement could be funded at the outset, and the Municipality secured the balance, the operation could be stable and debt-free in eight or nine years. As

is shown in the next chart (Initial capital needs funded to \$2 million) this occurs roughly twice as fast as the same scenario without any provision of startup capital, as seen in the chart above.



This project can succeed with or without a contribution of funds or interest relief; however, early stage funding will help to realize the potential benefits of operating these buildings on the waterfront much sooner than would otherwise be possible. In fact the objectives of reusing the pier buildings can be accomplished twice as fast with modest investment at the outset.

10.0 Conclusion

In our view, it would be a mistake to demolish the buildings on Port Hope's Centre Pier without first giving the community an opportunity to rehabilitate and operate them. Their rehabilitation should be feasible if it is done in stages, and they can be operated viably by segmenting the space and incurring new costs only as new users assure the operator of new revenue.

The most compelling reason for reusing these buildings is economic. The buildings on the centre pier, and the activities that they can accommodate in the future, offer a chance to create a waterfront that distinguishes Port Hope from other communities as a destination for leisure and business travellers.

Lake Ontario is surrounded by small towns and cities that offer the same amenities as is currently planned for the Port Hope waterfront; a yacht basin, a public beach, some green space, some parking lots, and an outdoor stage of some kind. To the untrained eye, their site plans are almost indistinguishable from each other. For Port Hope, the buildings on the centre pier make it possible to create a truly unique waterfront, enriched by indoor as well as outdoor activities and attractions that are consistent with the Municipality's well-deserved reputation for heritage preservation and appreciation.

Judging from the experience of other waterfront redevelopment projects in other cities, Port Hope is fortunate to have venerable industrial buildings on its waterfront. These buildings can be used to enrich the experience of summertime visitors and can help to keep the waterfront active throughout the year. To proceed without making every effort to utilize these buildings as part of the overall waterfront redevelopment would be to squander a great opportunity.

There is no reason to suppose that this deviation from the Municipality's current plan for the centre pier will detract from the rest of the waterfront redevelopment process, nor that the rehabilitation and long term operation will impose any

significant financial risk or burden on the Municipality or Cameco. By employing some variant of the Lunenburg Waterfront Association model described elsewhere in this report, these valuable assets can be preserved and utilized at minimal risk and cost to the Municipality.

Buildings of the Port Hope Centre Pier

