

Overview of History of the Chocolate River Station

September 9, 2019

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At the August Council meeting, Council requested an overview of the Fundy Chocolate River Station's history ...

Overview of Presentation

- Initial concept for Fundy Gateway Project
- Alternative option - Relocation to old fire station
- Ad hoc Facility Committee's review completed in 2012/13
- Town's experience as a landlord
- 2016-2020 Strategic Plan – Set direction for Town
- Facility's financial performance
- Addressing misconceptions related to potential new development

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Initial Concept – Fundy Gateway Project

Concept	Problem
<p>The idea was to have a visitors centre that catered to tourists</p> <p>Target: Tourists and bus tours heading to Hopewell and Fundy Park</p> <p>Location: East side of the Gunningsville Bridge</p>	<p>Environmental concerns with the proximity of proposed buildings to the river i.e. not enough land to build on that site</p>

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Revised Plan:

Move to the old fire station

- Concept of a visitor information centre that provided local, hands-on experience **remained**
- Bus tour traffic - **key driver**
- Original businesses involved in planning with the Town - Olivier Soapery, Ganong Bros. and Briggs Maples
- Olivier leadership **played key role in vision**
- Town, ACOA & Province invested in renovations

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2010 Opening and the quick results are ..

The facility	Results
<p>Early tenants –</p> <ul style="list-style-type: none">• Olivier Soapery• Briggs Maple• Ganong Bros., &• (2011) Gateway Gallery and Change of Pace Pottery.	<ul style="list-style-type: none">• Tourism and bus tour traffic did not materialize• Ganong was the first to leave• Olivier soon followed• Briggs Maple only original tenant that has remained <p>Also:</p> <ul style="list-style-type: none">• Two weekday farmer markets operated at location and also failed• <u>Common Question:</u> Did business model make sense in first place

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2012/13 – Ad hoc Committee Created

- Council Committee reviewed operations with input from stakeholders, public, industry, etc.
 - Stakeholders saw the value in a commercial building at that location
 - By 2012 Town simply a commercial landlord – **no shared business plan for building**
- **Key recommendations** presented to Council:
 - Town should get out of property management business (not core business and we are not good at it)
 - Third party to manage day-to-day building requirements
 - Review operational status after a year to determine if Town should consider selling property
 - Council addressed after 2016 election
- External commercial experts have informed staff that rental rates used with tenants are below market rates.

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2012 and Onward: The Town as a Commercial Landlord

Olivier &
Gangong did
not last long

Black Tie
Bistro –
lasted a year
(4 years left
on lease)

Unplugged
Café – lasted
just over a
year

Big Deal
Market –
(over 4 years
left on lease)

La Spa – left
owing on
lease

This list does not include monthly rentals that were in building as well

Actions taken by Town to manage

- Hired professional firms to recruit tenants
- Hired property managers to manage day to day interactions

None of this worked. Staff always pulled into day-to-day management (Council as well).

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The Town as a Commercial Landlord

- When Tenants left owing on leases – Town in no win situation
 - Does the Town take tenants to court
 - Implied negative media/social media concerns (i.e. the big bad Town takes on a small business)
- When Town/Residents were blamed for lack of business success
 - How does the Town respond

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2016 to 2020 Strategic Plan

- Council indicated that “being a commercial landlord” was not a core municipal services.
 - Time to get out of non-core services
 - Decision: **Council endorsed direction to sell surplus properties and lands not supporting core services (when opportunities arose)**
 - Action already: RCMP Station on Pine Glen (sold in 2018)

Other considerations:

- Town dedicating too much staff time overseeing this building

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Potential sale fell through in 2018

- Town was in discussions with a NB developer for a potential sale
- Ownership of the parking lot hindered deal (Town leased parking lot for years from Imperial Oil)
- Imperial Oil implied if Town did not purchase lot they would put it on the market and they had a buyer
- Delay due to parking lot arrangement killed this sale

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Financial Performance

Financial Results											
For Year Ended December 31											
2010- 2018											
			<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
			<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>Revenue:</i>											
Lease Income			7,919	89,455	45,227	116,022	<u>174,111</u>	<u>188,976</u>	<u>198,324</u>	<u>204,405</u>	<u>145,811</u>
<i>Expenses:</i>											
			143,689	123,370	142,697	182,319	167,301	188,381	191,645	173,617	203,785
Net Operating Profit (Loss)			-135,770	-33,915	-97,470	-66,297	6,810	595	6,679	30,788	-57,974

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Addressing Misconceptions on Potential Development

Issue/Concern	Facts
Riverfront trail to be removed	Trail along riverfront will continue. Town has riverfront access in place.
Buddha Bear Riverview will be removed from property	Shipping container will remain on riverfront. We hope Buddha Bear will continue to operate there or establish a permanent location in Riverview .
Erosion/ Building will fall into river	Structural integrity would be addressed by engineers during design and building permit stage (they aren't going to build it there if it won't work). Proposed development is outside of watercourse designation.
Historic/Valued building	Not a designated historical property. Most tenants have found it difficult to succeed here. Value for one is not value for another

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Addressing Misconceptions on Potential Development

Issue/Concern	Facts
Murals will be lost	Murals on existing building would be gone The developer proposes dedicating a portion of river side on new building for public art.
Views obstructed	There are no properties that have a river view across from this location today. Cordova's vacant land would be developed some day. Trail and river access for public will remain.
Lack of community consultation	Planning Advisory Committee's process on the variances allowed public to voice support and opposition.
Development too expensive for Town to invest in	Town is not building this proposed complex Town will see increased property tax revenue from current properties (under \$30,000 revenue to up to \$500,000 when completed)

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Questions ?

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