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Item No. 8.1
Community Planning and Economic Development Standing Committee
February 15, 2018

TO: Chair and Members of the Community Planning and Economic Development Standing Committee (CPED)

SUBMITTED BY: **Original Signed**

John Traves, Q.C., Director, Legal, Municipal Clerk and External Affairs

DATE: December 8, 2017

SUBJECT: **Potential Support for Battle of the Atlantic Place**

ORIGIN

At the May 18, 2017 CPED meeting, the following motion was passed: That the Community Planning and Economic Development Standing Committee request a staff report regarding potential municipal support for the Battle of the Atlantic Place project presented at the March 23, 2017 meeting and in the March 27th letter from Battle of the Atlantic Place Chair George Borgal with consideration to the following:

- HRM's potential capital contribution to not exceed 5% of the project's overall cost, capped at \$10,000,000.
- HRM's contribution towards the cost of preparing the project over the next three years to not exceed 10%, capped at \$50,000.
- Potential Capital funding to be allocated from the proposed Cultural Spaces funding in the Strategic Capital Plan.

May 16, 2016 Executive Standing Committee report, Item 12.1.1, Battle of the Atlantic Place – Update

LEGISLATIVE AUTHORITY

HRM Charter, Section 79 (1) (av) (vii):

79 (1) The Council may expend money required by the Municipality for:

(av) a grant or contribution agreement to...

(vii) a registered Canadian charitable organization.

Recommendation on page 2.

RECOMMENDATION

It is recommended that the Community Planning and Economic Development Standing Committee recommend that Halifax Regional Council authorize the Chief Administrative Officer, or his delegate, to negotiate and approve a contribution agreement with the Battle of the Atlantic Place Society to provide a grant from the Fiscal Services budget to support the development phase of the Battle of the Atlantic Place project, subject to the following conditions;

- 1) That the amount of the grant not exceed a maximum of \$50,000 over three years;
- 2) That municipal funding will only be provided upon receipt of a detailed budget from the Battle of the Atlantic Society confirming that the additional funding necessary for the development phase of the project has been committed by other funders or sources; and
- 3) That decisions regarding potential municipal funding for future phases of the project not be considered until completion of the development phase and receipt by the municipality of a detailed business plan.

BACKGROUND

In early 2010, the municipality was contacted by the Canadian Naval Memorial Trust (the "Trust") regarding potential support for Battle of the Atlantic Place, an interpretive facility proposed to be located on the Halifax waterfront. The idea for Battle of the Atlantic Place stemmed from an identified need to enhance protection of the HMCS Sackville, Canada's Naval Memorial. To date, two HRM municipal grants have been awarded to support development work on this project.

On March 20, 2012, Regional Council, via the Grants Committee, provided a grant of \$50,000 to the Trust towards professional fees and marketing for an international design competition to advance the protection of the HMCS Sackville. In addition, Council approved assignment of an HRM representative to serve on the design competition committee. The result of this activity was the completion of the design competition and development of the original concept design for the proposed facility, including new infrastructure to protect the Sackville.

On January 28, 2014, Regional Council, via the Grants Committee, approved a \$25,000 grant for the next phase of the project, along with the recommendation that the Trust apply to the 2014-15 program for an additional \$25,000. The \$25,000 was requested to support post-design work, such as economic impact analysis and detailed project costing.

On May 16, 2016, the Executive Standing Committee requested that the Mayor write a letter in support of the Battle of the Atlantic Society's application for federal funding. The letter from the Mayor was sent to the Society on June 28, 2016 for use as part of their fundraising package.

At the March 23, 2017 meeting of the Community Planning and Economic Development Standing Committee (CPED), representatives from the Project Working Group, a small group of volunteer Canadian Naval Memorial Trust trustees aligned with the Battle of the Atlantic Society (the "Society"), delivered a presentation regarding Battle of the Atlantic Place project details and business model. They noted that other levels of government are seeking the position of the Halifax Regional Municipality on the project and that the Society would like a show of concrete support from the municipality. A copy of that presentation is attached to this report (Attachment 1).

The presentation to the committee was followed-up by a March 27, 2017 letter from the Society to Councillor Mason, Chair of CPED. A copy of the letter is attached to this report (Attachment 2). In the letter, the Society requests that Halifax Regional Council agree to:

- Recognize the benefits of Battle of the Atlantic Place;
- Support its implementation plan;
- Contribute \$500,000 over two years toward the office cost of preparing the Development Application;
- Fund 10% of the project cost over the three years of the construction period, contingent upon the Nova Scotia and the Federal governments agreeing to fund their shares of the project; and
- Forgive property taxes and other annual fees in recognition of the considerable public benefit offered by Battle of the Atlantic Place.

Further direction was provided by the CPED Standing Committee at the May 18, 2017 meeting via the motion noted in the Origin section of this report. In August and September 2017, staff received additional project information from the Society.

DISCUSSION

Description

The proposed Battle of the Atlantic Place development is an “experience centre” to convey, in an innovative manner, a sense of the sacrifice of the hundreds of thousands of Canadians who participated in the Battle of the Atlantic. The proposal is comprised of an architecturally unique building, including a permanent indoor dry dock facility to house and protect the HMCS Sackville, a Maritime Command Museum, and a Naval Memorial Hall. As per the letter submitted by the Society, the design of the building is intended to provide an anchor for the waterfront boardwalk, a promontory in the harbour, a public rooftop park, three deep water berths, a boardwalk loop extension, and a plaza for public gatherings and celebrations. The proposed site is adjacent to Sackville Landing, and has been allocated to the Society for planning purposes by the Waterfront Development Corporation Limited.

The design phase of the project is complete. The municipality contributed \$50,000 toward a detailed design concept competition, and other levels of government and private contributions comprised the balance of the funding required to complete this phase. Post-design work has included contracting an economic impact study and refinement of project costing. The total cost of these post-design phases was estimated at \$400,000 for consulting fees and administration. The Trust asked the municipality for an additional \$50,000 for post-design work. HRM contributed \$25,000, with a further recommendation that the Canadian Naval Memorial Trust apply in 2014-15 for an additional \$25,000. The Trust did not apply for the second \$25,000.

The upcoming phase of proposed project activities include environmental assessment studies, geotechnical evaluation, identification of land use processes, and planning approval requirements.

Proponent

The project was initiated by the Canadian Naval Memorial Trust, a non-profit society comprising trustees from across Canada and around the world. The Trust’s primary purpose is the preservation and promotion of Canada’s naval history, including the operation of an interpretation centre and the stewardship of the HMCS Sackville, which was designated by the Government of Canada as Canada’s Naval Memorial in 1985. In 2015, management of the Battle of the Atlantic Place project was taken over by the Battle of the Atlantic Society, a not-for-profit organization established with the sole purpose of creating the facility. The Society is aligned with the Trust, but is not yet staffed.

Project Cost

The Phase One cost was approximately \$900,000 and subsequent development phases were estimated to cost a total of \$400,000. A Class C Estimate was prepared in 2013 by Marshall & Murray Inc, Quantity Surveyors and Development Consultants, Stantec Architecture Ltd., and Catalyst Consulting Engineers. Based on that work, the current estimate of the total cost of construction, adjusted for changes in exchange

rates, costs of material and technology efficiencies, is between \$190M and \$225M, a range inclusive of expected engineering and construction risks.

Project Update

The remainder of the Battle of the Atlantic Place project is comprised of three primary phases: (1) establishment of the governance structure; (2) preparation for construction; and (3) construction. The project is currently in the first of these three phases, which has an estimated cost of \$500,000 over three years. The Society has been formally created and registered with the Canada Revenue Agency, but is still in the initial stages of developing a Board and considering staffing needs to further develop the concept. The \$500,000 request to the municipality, noted in the letter from the Society and their presentation to CPED, represents the total cost to support the work of hiring a qualified Executive Director and office staff to support the Board and Chair. As noted in the second bullet of the motion, CPED wishes to consider capping potential municipal support at 10 percent of the total cost, or \$50,000, over three years. The Society has indicated that this level of contribution would fall well short of their required funding for this phase, but may help to leverage other funding.

The second phase is expected to take at least two years and would include work to secure an estimated \$180 million in public funding, the largest share of which would be sought from the federal and provincial governments. Other work during this portion of the project would include an on-site engineering survey and detailed architectural drawings, completion of planning processes and regulatory permits, and work to begin fundraising the \$30 to \$50 million required to supplement the proposed government funding. Phase two has an estimated cost of approximately \$10 million.

The remainder of the total direct project cost is allocated to the construction phase, during which the facility would be completed. It is expected that this phase would take up to three years and be completed in three stages: installation of supporting piers and foundation, the building of the structure and the move of the HMCS Sackville, and the incorporation of experiential and environmental technologies to complete the interior and exterior design elements of the facility. There is no indication of expected or required municipal support for implementation and annual operation of Battle of the Atlantic Place.

Project Support

The Society is working to secure national, regional and local support for the project. The group has indicated that they have received concept support from the Province of Nova Scotia, as well as other provincial governments, in addition to financial and in-kind contributions for previous phases of the project from the municipality, the province, and the federal government. HRM has had no independent confirmation of federal or provincial interest to date. The Waterfront Development Corporation Limited has committed to designate some of their lands (the site adjacent to the Maritime Museum of the Atlantic) to the project for planning purposes, and offered to assist in obtaining the support of other stakeholders. The project has received the support of several Royal Canadian Legion Provincial Commands as well as members of their national executive. In addition to continuing discussions with all levels of government, contact is expected to be made with organizations such as the Federation of Canadian Municipalities, the Naval Association of Canada, and the corporate community to gauge interest in the facility.

To date, the Trust (now Society) has spent \$1.1 million to mature the concept. Included in this figure is the completion of an Economic Impact Assessment, completed in 2013 by the Economic Planning Group of Canada (EPG). With the additional support of the Atlantic Canada Opportunities Agency, EPG concluded that Battle of the Atlantic Place compared favourably in terms of costs, benefits and visitor potential with other experience centres throughout the world. The authors of the study opine that Battle of the Atlantic Place will:

- Create 2,504 jobs during construction and 618 annually thereafter;

- Repay the public portion of the cost of building Battle of the Atlantic Place through GDP increases and enhanced tax revenues, estimated at \$13.6 million for both the federal and provincial governments during the construction phase and approximately \$1 million annually after opening;
- Receive an estimated 240,000 visitors per year, 40,000 of whom would not have otherwise planned to come to HRM, with up to 80% coming from out-of-province. Annual off-site spending associated with the facility is estimated to create \$1.2 million in tax revenue annually for both the federal and provincial governments;
- Maintain annual operating costs of approximately \$5 million, anticipated to be covered solely by revenues from the expected level of annual admissions, plus rental and sales profits.

A copy of the Economic Impact Assessment is attached to this report (Attachment 3).

Potential Municipal Role / Funding

The municipality does not have a formal grant program that can accommodate a funding request of this size. The Community Grants program, which allocated funding for the development phases of this project, provides program grants to a maximum of \$5,000 and capital grants to a maximum of \$25,000. Previously, Regional Council has received other requests for funding support in amounts that exceed the threshold of Community Grants and other program guidelines. Regional Council does have authority under the Halifax Regional Municipality Charter to consider requests for funding from charitable organizations, including community and recreational organizations, on a case by case basis.

As noted in the Background section of this report, Regional Council has previously provided a total of \$75,000 to this proponent via the Grants Committee. In the case of this specific request from the Society, a similar approach has been employed as those used to assess recent requests for significant levels of funding. This approach includes an assessment of the information submitted; evaluation of the project based on linkage to municipal objectives, mandate and priorities; and an exploration of potential funding options. As noted above, the immediate request for this project is to support the development of the Society, so detailed information related to capital aspects of the project have not yet been fully developed. Therefore, the municipality has yet to receive sufficient information to conduct a detailed assessment on the construction phase of the project.

A factor for consideration when receiving a proposal to fund a large capital project is the municipality's approach to strategic capital funding. A July 29, 2014 report approved by Regional Council contained a list of significant capital projects in various stages of development for which funding strategies have been identified. A report was provided to the Audit and Finance Standing Committee on September 20, 2017 and brought forward to the October 3, 2017 Regional Council meeting, which updated the 2014 report. The result of this report was direction for staff to bring forward a framework for a ten-year capital outlook aligned with Regional Council priorities. Council has asked that the ten-year outlook include funding for the specific planned strategic projects as noted in the report, as well as options for other capital outlays including potential strategic projects.

A response to any external request for significant funding must account for the list of projects and funding strategies noted in the strategic capital plan. A contribution for a large-scale project like Battle of the Atlantic Place would be funded solely from the operating budget, as the municipality would not own the asset. The potential impact of such a significant spend from the operating budget on funding strategies for other strategic capital projects would need to be closely considered. Additionally, any request to consider tax relief would need to be considered against the alignment of the project with municipal objectives, but in the context of other similar requests. Essentially, if a long-term commitment is made to the Battle of the Atlantic project, identified funding will impact other planned or potential projects.

With specific reference to the Cultural Spaces funding cited in the Motion, that fund is currently proposed to become a capital resource that would be directed toward the strategic development of the municipality's

cultural infrastructure. The fund is tied to a prospective Cultural Spaces Plan, which is in the early process of development, and aligned with certain aspects of the Culture and Heritage Priorities Plan, which is also in the development phase. The development of this Plan depends upon a comprehensive analysis of current cultural infrastructure resources in HRM (an inventory of currently existing resources) as well as a corresponding gap/needs assessment (resource deficiencies). It is anticipated that the analysis of this research will inform a municipal strategy for investment in cultural infrastructure, including a prioritization of that investment.

It would be difficult to properly assess a request to the municipality to support capital funding for the Battle of the Atlantic Place, particularly because of the scale of the request and the overall project budget, in the absence of a strategic framework to guide investment in cultural facilities. There may be some risk in considering the significant investment required to carry the Battle of the Atlantic Place project to completion when there are several other requests for community cultural facilities that have either been expressed formally or which are anticipated to be forthcoming.

Link to Municipal Objectives / Council Priority Outcomes

Potential links to the municipality's mandate related to Battle of the Atlantic Place include HRM's Cultural Plan and Economic Strategy, in that the project may support investment in the region's built and social history and has some potential to realize social and economic benefits. Its potential location next to the Maritime Museum of the Atlantic represents an opportunity to help enhance an existing cultural destination and expand educational opportunities in that area.

In terms of the Regional Plan, Halifax Harbour plays a role as a gateway to trade and tourism, as well as local marine industry. Preserving the historic and cultural features of HRM's marine heritage is an important aspect of the Halifax Harbour Planning Initiative identified in the Regional Plan.

The project can be linked to both the Focus on the Regional Centre and Arts and Culture and Heritage outcomes under the Economic Development Priority Area. The facility's potential location in the heart of the waterfront would contribute to a vibrant and animated Regional Centre and would help to recognize and support heritage and cultural activities. Moreover, the project has some linkage to the Recreation and Leisure outcome under the Healthy, Liveable Communities Priority Area in that it would provide access to a facility that enables leisure and recreation activities.

Summary

Staff from Government Relations and External Affairs, Finance and Asset Management, and Parks and Recreation have reviewed the Economic Impact Study and accompanying information submitted by the Society. Based on that work, some initial factors have been considered. In respect to the three specific aspects of the motion put forward by CPED:

HRM's potential capital contribution to not exceed 5% of the project's overall cost, capped at \$10,000,000.

The proponent has completed some initial work on the project, included the preliminary design and economic impact study, and are currently in the process of developing the governance and staffing models for the newly-formed Battle of the Atlantic Society. If the project moves forward, HRM's contribution to the construction of the facility could be considered based on receipt of further information created during the development phase of the project, such as a detailed business plan, as well as confirmation of the other funding sources required to achieve the \$190 million to \$225 million target. However, as noted earlier in this report, the municipality's ability to fund a large-scale project such as this would have to be closely considered in relation to planned and potential municipal capital priorities, as well as requests for financial support from other community interests. Because the construction phase of the project is not expected to initiate until approximately five years after set up of the Society, it would be premature to make a specific funding commitment to the construction portion of the project.

HRM's contribution towards the cost of preparing the project over the next three years to not exceed 10%, capped at \$50,000.

The project proponent's greatest short-term need is to secure the funding needed to resource the Battle of the Atlantic Society. The Society has asked the municipality to solely fund the \$500,000 over three years required to hire staff and establish a governance structure. In the Society's presentation to CPED, they asked that HRM consider a \$20 million investment over the three-year Phase III construction period, or approximately 10 percent of the estimated total cost for that phase. The presentation noted a return on investment to the municipality in terms of spin-off commercial activity over the life of Battle of the Atlantic Place, and proposed no need for further public investment to operate the facility. Based on this information, the Society requested that HRM invest the full \$500,000 needed to operationalize the Battle of the Atlantic Society but did recognize that further discussion will be needed with the provincial and federal governments.

To consider funding the first phase of the project, it is reasonable to assume a similar percentage of the cost as that requested by the Society for the construction phase, rather than act as the sole funder to support the set-up of the organization. Therefore, as per the CPED motion, the municipality could consider a 10 percent share (\$50,000 over three years), contingent on conditions such as confirmation of funding from other sources.

Potential Capital funding to be allocated from the proposed Cultural Spaces funding in the Strategic Capital Plan.

As noted earlier in this report, the Cultural Spaces funding is proposed to be a capital resource that would be directed toward the strategic development of the municipality's cultural infrastructure. The proposed Battle of the Atlantic Place development would not be a municipally owned asset. Therefore, any proposed funding within the strategic capital plan would not be able to be allocated towards the capital cost of the project as HRM is not able to allocate capital funding to non-municipally owned assets.

In addition, the fund is tied to a prospective Cultural Spaces Plan, which is in the early process of development, and aligned with certain aspects of the Culture and Heritage Priorities Plan, which is also in the development phase. If the municipality remains engaged with this project, depending on the nature of later requests for funding, an appropriate funding source would need to be determined. However, it would be premature to make any decisions in relation to use of this fund until the Cultural Spaces Plan is finalized and a prioritized list of capital and community projects is developed.

FINANCIAL IMPLICATIONS

If the conditions cited in the recommendation are met, an allowance for \$50,000 requested by the Society will be identified in the Fiscal Services budget.

RISK CONSIDERATION

There are no significant risks associated with the recommendation in this Report. The risks considered rate Low.

COMMUNITY ENGAGEMENT

Not applicable.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The CPED Standing Committee may recommend that Regional Council not provide funding to the Society.

The CPED Standing Committee may recommend a different level of funding for the development phase of the project to Regional Council.

The CPED Standing Committee may recommend different or additional conditions on the provision of funding to the Society.

ATTACHMENTS

Attachment 1 – March 23, 2017 Presentation to CPED

Attachment 2 – March 27, 2017 letter from the Battle of the Atlantic Society to Councillor Wayne Mason

Attachment 3 – November 2013 Economic Impact Assessment: Battle of the Atlantic Place

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Paul Johnston / Coordinator of Corporate Affairs, 902.490.6616

Presentation
to
CPED
Mar 23rd 2017

Attachment 1

BATTLE OF THE
ATLANTIC
PLACE

Catalyst PROJECT MANAGER
Consulting Engineer

BRC EXPERIENCE DESIGN

Stantec ARCHITECTURE



CANADA'S
NAVAL MEMORIAL

CANADA'S
NAVAL MEMORIAL

CANADA'S
NAVAL MEMORIAL

CANADA'S
NAVAL MEMORIAL





Ask that CPED recommend that Regional Council:

- Endorse the Concept
- Support the Implementation Plan over the first two years
- \$500K for Project Office Costs
- Fund 10% Share of Project Cost, Contingent Upon Support of Province and Federal Government
- Tax Forgiveness



BotAP Project Implementation Process

BoAS
Stand-up



Government Revenue & Cost Recovery

Amounts (in \$M)	Addition to GDP	Tax Revenue	
		Federal	Nova Scotia
Construction	131	13.6	13.6
Annual Operations	7	1	1
Annual Off-Site Spending (\$20M)	12.7	1.2	1.2

Value to HRM

- **Property: Services Improvement**
- **Financials:**
 - 10% Investment – Returned
 - Operations – Self-sustaining
- **Signature Project:**
 - National and International Profile
 - Says 'Halifax' to the World
 - Multi-Season Destination and Tourism Multiplier
 - Forecast to be Most Visited Site in Halifax
- **Anchor for Boardwalk and Pivot for Downtown:**
 - Community Plaza and Park
 - New Deep Water Berths
 - Commemoration and Saluting Site
 - Downtown Pedestrian Crossroad



Attachment 2

*Battle of the Atlantic Place Working Group
1657 Bedford Row, Suite: 7, Halifax NS, B3J 1T1, 902-492-1424*

March 27th, 2017

To: Councillor Waye Mason
Chair, Community Planning & Economic Development Standing Committee, HRM

Dear Councillor Mason,

Battle of the Atlantic Place will tell the story of how a generation of Canadians transformed their country into the industrialized, skilled, and confident world leader it became at the end of the Second World War. It will be a technologically dynamic and interactive Experience Centre, emphasizing for today's citizens and future generations how our young nation successfully rose to meet an incredible challenge. It is a truly imaginative concept, exactly the kind of bold project driven by excellence that was recommended by the Ivany Report.

Battle of the Atlantic Place will have a national focus offering significant municipal value. It will be a signature destination saying 'Halifax' to the world, a new anchor for the boardwalk, a low profile promontory into the harbour boosting a public roof top park, three deepwater berths, a boardwalk loop extension, and a plaza for public gatherings and celebrations.

In establishing the Project's concept and financial viability, we have benefited from expert analysis and advice which has told us that our projected cost between \$195M and \$225M is reliable, is inclusive of the expected range of construction risks, and that Government investment will not only be returned over time, but will become a continuing revenue source into the future.

The Community Planning and Economic Development Standing Committee is requested to strongly support a motion from HRM Regional Council which:

- Recognizes the benefits of Battle of the Atlantic Place,
- Supports its implementation plan,
- Agrees to contribute \$500K toward the office cost of preparing the Development Application over the next 2 years,
- Agrees to fund 10% of the Project Cost over the 3 years of the construction period, contingent upon the Nova Scotia and the Federal Governments also agreeing to fund their shares of the Project Cost, and
- Agrees to forgive property taxes and other annual fees in recognition of the considerable public benefit offered by Battle of the Atlantic Place.

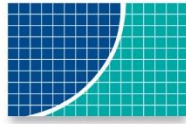
As per the presentation by the Battle of the Atlantic Place Working Group on March 23rd, 2017.

George Borgal
Chair, Battle of the Atlantic Place Working Group
For The Canadian Naval Memorial Trust

Economic Impact Assessment: Battle of the Atlantic Place



Economic Planning Group
November, 2013



The Economic Planning Group of Canada
Tourism Consultants

November 14, 2013

Mr. Hugh Macpherson, Mr. Ted Kelly
Battle of the Atlantic Place Working Group/Canadian Naval Memorial Trust
1657 Bedford Row, Suite 7
Halifax, NS
B3J 1T1

Gentlemen:

We are pleased to submit our report, "Economic Impact Assessment: Battle of the Atlantic Place".

The report presents an assessment of the expected economic impacts of a unique new facility proposed for Halifax's waterfront. Battle of the Atlantic Place will honour and commemorate the accomplishments of thousands of Canadians who were involved in the Battle of the Atlantic, a defining part of World War II. Battle of the Atlantic Place will be an iconic building with a dramatic architectural presence on Halifax's waterfront. It will be an innovative, experiential centre, story-driven not artifact-driven and will offer its guests an emotional, immersive and cinematic journey.

Battle of the Atlantic Place will greatly contribute to Nova Scotia's tourism sector and is supportive of the major thrust of the Nova Scotia Tourism Agency's new tourism strategy, attracting new visitors to the province.

We are excited by the vision and concept you have developed and trust that our analysis will be valuable to you as things move forward.

Yours truly,
THE ECONOMIC PLANNING GROUP

Susan Mathieu
Partner

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Executive Summary

Economic Impact Assessment: Battle of the Atlantic Place

INTRODUCTION

The year 2017, Canada's 150th anniversary, will be a time to celebrate the Canada of today and to honour the events and accomplishments of previous generations that have made this a great country.

World War II is one such event and the Battle of the Atlantic was a defining element in the war. Canada's contribution to the allied campaign in the Atlantic constituted an extraordinary achievement by Canadians and was decisive in achieving victory in what was the most critical battle of the war. The nature and magnitude of this achievement is not well known. Battle of the Atlantic Place is intended to commemorate and celebrate the deeds of the Canadians involved.

Battle of the Atlantic Place (BOAP) will provide visitors with a unique experience. It will educate visitors on the role played by Canada in the Battle of the Atlantic. It will foster in Canadians an enhanced appreciation of their heritage and will, particularly, inspire young people who will learn how determination and sacrifice enable ordinary people to accomplish extraordinary things. This unique experience will be enhanced by a visit to HMCS Sackville, a veteran of the North Atlantic battles and the last remaining World War II corvette.

The Economic Planning Group (EPG) was retained by the Canadian Naval Memorial Trust (CNMT) in the fall of 2013 to prepare an economic impact assessment for Battle of the Atlantic Place. To complete this assessment, EPG drew on the experience of comparable facilities elsewhere and an analysis of the Halifax marketplace to develop estimates of potential attendance, on-site revenues for food, beverage and retail operations and the off-site spending of visitors. CNMT provided data on the operating costs of the facility as well as the capital investment.

POTENTIAL MARKET APPEAL AND VISITATION

Battle of the Atlantic Place will be an iconic building with a dramatic architectural presence in a prime location on Halifax's waterfront. It will be close to the Maritime Museum of the Atlantic and on Halifax's waterfront boardwalk which is the most visited tourism destination in Nova Scotia. Visible from around the harbour, and with extensive harbour views, Battle of the Atlantic Place will deliver an innovative, immersive, story-driven and emotional journey for guests, who will themselves become part of the story.

The Battle of the Atlantic Place plans elicited a moderately to extremely positive response from key people involved with tourism as well as the cruise ship business in Halifax. For several, the first impression was 'WOW' with the expectation that it could become a 'must see' attraction for visitors to Halifax. The comment was made that Halifax, and Nova Scotia more generally, were in need of new, high quality visitor experiences and Battle of the Atlantic Place could help fill this gap. It was also seen as being appealing as a venue for off-site functions and events held by meeting and convention groups.

We have estimated annual attendance in the 190,000 to 240,000 range which would make Battle of the Atlantic Place the most visited, paid attraction in Halifax. Attendance could be even higher in the earlier years when the facility is novel.

Executive Summary

Economic Impact Assessment: Battle of the Atlantic Place

The estimated attendance includes 30,000 – 40,000 new visitors who will be attracted to Nova Scotia, at least in part, by Battle of the Atlantic Place. It is estimated that the spending of these visitors, along with that of a portion of existing visitors who will extend their stay in the province so as to visit Battle of the Atlantic Place could add \$20 million in new, direct visitor expenditures to the province's tourism receipts.

ECONOMIC IMPACTS

The economic impacts resulting from the development and operation of Battle of the Atlantic Place will accrue from three sources:

- Annual impacts from:
 - The operation of the facility, including the attraction, café, restaurant, gift shop and function space.
 - The increased off-site spending of visitors to BOAP. This is the spending of travellers attracted to Halifax in whole or in part to visit the facility and those who extend their stay in the province to do so.
- One-time impacts resulting from the capital investment in Battle of the Atlantic Place.

These impacts have been estimated using input data generated from the consultant's analysis and TEIM, the Tourism Economic Impact Model developed for the Department of Economic and Rural Development and Tourism in 2012. TEIM estimates the economic impacts of tourism-related activities in key areas tailored to the Nova Scotia economy. The outputs produced through the use of the model report the estimated economic impacts in Nova Scotia of Battle of the Atlantic Place (the TEIM model does not analyse additional economic impacts occurring elsewhere in Canada).

Annual economic impacts (Table 1) in Nova Scotia, including both direct and spinoff impacts, are estimated as follows:

- \$15.5 million in household income
- 618 jobs
- \$21.5 million in GDP (Gross Domestic Product)
- \$2.3 million in federal tax impacts
- \$2.3 million in provincial tax impacts

One time economic impacts (Table 2), including direct and spinoff impacts from the \$190 million capital investment are estimated as follows:

- \$100.1 million in household income
- 2,504 jobs
- \$141 million in GDP (Gross Domestic Product)
- \$14.7 million in federal tax impacts
- \$14.7 million in provincial tax impacts

Executive Summary

Economic Impact Assessment: Battle of the Atlantic Place

Table 1			
Annual Economic Impacts in Nova Scotia from the Battle of the Atlantic Place			
(includes direct & spinoff impacts)			
Type of Impact	From Operations (including the facility, gift shop, café, restaurant and catering for functions)	From Increased Visitor Spending	Total Annual Impacts
Household Income	\$6 million	\$9.5 million	\$15.5 million
Gross Domestic Product (GDP)	\$7.3 million	\$14.2 million	\$21.5 million
Employment (Jobs)	185	433	618
Federal Tax Impacts	\$900,000	\$1.4 million	\$2.3 million
Provincial Tax Impacts	\$900,000	\$1.4 million	\$2.3 million

Notes:

1. Amounts rounded; totals may not add due to rounding.
2. This analysis does not include the impact of periodic re-investments in or refurbishing of Battle of the Atlantic Place.
3. Input data from Canadian Naval Memorial Trust and EPG analysis.
4. Economic Impact Outputs from Nova Scotia Department of Economic and Rural Development and Tourism's Tourism Economic Impact Model (TEIM).

Table 2			
One-Time Economic Impacts from the Development of Battle of the Atlantic Place			
(includes direct & spinoff impacts)			
Total Direct Expenditure	\$190,000,000		
Type of Impact	Halifax Region	Other Nova Scotia	Total Nova Scotia
Household Income	\$90 million	\$10.1 million	\$100.1 million
Gross Domestic Product (GDP)	\$124 million	\$17 million	\$141 million
Employment (Jobs)	1,420	1,084	2,504
Federal Tax Impacts	\$13.5 million	\$1.2 million	\$14.7 million
Provincial Tax Impacts	\$13.5 million	\$1.2 million	\$14.7 million

Notes:

1. Input data: Canadian Naval Memorial Trust; Economic Impact Outputs from Nova Scotia Department of Economic and Rural Development and Tourism's Tourism Economic Impact Model (TEIM) Economic Impact Outputs: TEIM Model.

Economic Impact Assessment: Battle of the Atlantic Place

1. INTRODUCTION

The name “Battle of the Atlantic”, which was given to the task of protecting the supply lines to Europe during WWII, is reasonably well known. However, the story of how Canadians responded to the challenge that was thrust upon them by that critical need has not been well told.

A project initially referred to as the “the Memorial Project” was initiated by the Canadian Naval Memorial Trust (CNMT) in 2011. This initiative called for the development of a facility, on the Halifax Waterfront, that would tell the story of the extraordinary achievement by Canadians in generating what became the decisive contribution to victory in that most critical battle of the war.

Over the past two years extensive research and planning has been undertaken and, as this analysis was conducted, the Concept Design for what has been titled “Battle of the Atlantic Place” is very near completion.

The Economic Planning Group was retained by CNMT in the fall of 2013 to prepare an economic impact assessment for the proposed development. In order to complete this work, estimates of potential attendance at the complex as well as on-site revenues for food & beverage and retail spending were needed; these were developed as part of this assignment. Other information needs including operating and capital costs were provided by the client group.

BATTLE OF THE ATLANTIC PLACE

Battle of the Atlantic Place will be an iconic building on Halifax’s waterfront, telling the story of Canada’s role in the Battle of the Atlantic, honouring those who participated and housing HMCS *SACKVILLE*. The design concept has been prepared by Stantec (Architects), BRC Imagination Arts (Experience Design) and Fast+Epp (Structural Engineers).

The Overall Strategy for Battle of the Atlantic Place

Battle of the Atlantic Place will be an innovative, experiential centre, not a museum. It will be story-driven, not artifact driven and guests will go on an emotional, immersive and cinematic journey – they will become part of the story.

The technology used will be extensive, but it will be invisible and seamlessly integrated into the experience. Battle of the Atlantic Place will provide a combination of shows, exhibits and experiences. The overall experience is expected to take 3 hours, on average. Visitors with limited time could spend less than 2 hours. Others with a strong interest in Canadian heritage, the Navy and/or World War II could spend the better part of a day.

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Key Elements

Key elements of Battle of the Atlantic Place are summarized below, extracted from the Concept Design Development document.

- Call to Action – three famous speeches from the beginning of World War II, intercut with one another and with images.
- Atlantic Theatre – a 225 seat theatre with three sides of digital projection surfaces and 360° digital sound system. The theatre will offer three, high impact, 10 – 12 minute shows running in rotation. New shows will be introduced from time to time to help encourage repeat visitation.
- Canada at War – an immersive atrium offering:
 - A central hub with storytelling portals (see description below).
 - A multi-media environment with sound effects to support the experiences.
 - A special event venue (capacity 400 – 500) with projection surfaces that provide customized content and curtain walls that can open to views of the Halifax harbour.
 - The storytelling portals will include:
 - Front Lines – a journey with several zones:
 - Leaving Home, Training, Meet your Mates
 - Life At Sea – immersive scenes inside a corvette including The Mess Deck rising and falling with heavy seas; the Mess Deck after being ripped apart by torpedoes
 - Action Stations – in the centre of the Battle of the Atlantic:
 - Corvette simulator experience – on the bridge when a nearby merchant ship is torpedoed, and tracking the U-boat
 - U-boat simulator – in the U-boat being hunted by the corvette
 - The War Room
 - The Battle of Atlantic – the story of the convoys from different perspectives – merchant ships, corvettes, RCAF Cansos , German Wolfpacks
 - The Atlantic Battle in 5 minutes, an immersive theatre experience
- Peace and Legacy – a gallery telling how modern Canada emerged in three parts:
 - Victory in Europe – Now What?
 - Legacy of Peacemaking, including the Royal Canadian Navy today
 - Modern industrial Canada
- HMCS SACKVILLE
 - Option of guided tours of SACKVILLE
 - Interpretive exhibits about SACKVILLE and corvettes
 - An RCAF Catalina/Canso suspended above

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- Memorial Hall
 - Names and silhouettes of ships lost
 - Names of Canadians lost in the Battle of the Atlantic

Other Facilities and Services

- 80 seat restaurant with patio seating for 30 and a small bar. The restaurant would have harbour views in both directions.
- A café
- A gift shop
- Boardwalk around the building and green roof with pedestrian access
- Docking for visiting pleasure yachts

The restaurant, gift shop and café will be accessible to customers who have not paid admission to Battle of the Atlantic Place.

There are also plans to build small memorials in each Canadian town that had a Corvette named after it, with a QR code linking the memorial to Battle of the Atlantic Place, thereby helping to build interest in visiting.

Repeat visitation will be encouraged in several ways, including:

- Introducing new multi-media shows in the theatre on a regular basis
- Building relationships with guests through the Internet and social media
- Offering customized experiences with guests able to adopt the identify of a real sailor, airman or merchant seaman and to choose a new 'guide' for each visit
- A regular program of temporary exhibits
- Hosting and participating in special events and programs

METHODOLOGY

The economic impacts resulting from the development and operation of Battle of the Atlantic Place will accrue from three sources:

- Annual impacts from the operation of the facility including the attraction, café, restaurant, gift shop and function space.
- Annual impacts from the increased off-site spending of visitors to BOAP. This is the spending of travellers attracted to Halifax in whole or in part to visit the facility and those who extend their stay in the province to do so.
- One-time impacts resulting from the capital investment in Battle of the Atlantic Place.

The Battle of the Atlantic Place Working Group provided information on the operating costs for the facility as well as the capital investment. EPG drew on the experience of other facilities, market trends,

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research data on Nova Scotia's tourism and hospitality industry, and industry norms to develop the following:

- Estimates of visitation, and the potential for BOAP to attract new visitors to Nova Scotia
- Estimates of incremental off-site spending of visitors
- Estimates of revenue and operating cost profiles for the gift shop, café and restaurant
- Estimates of revenue and operating cost profile for the catering associated with the function capacity

We have not assessed the market potential or feasibility of the restaurant or catering operations but have used industry averages to estimate order of magnitude potential revenues.

Using the information provided by Battle of the Atlantic Place Working Group and these other estimates, EPG created the input data needed for TEIM, the province's Tourism Economic Impact Model. This model, prepared for the Department of Economic and Rural Development and Tourism in 2012 by Gardner Pinfold Consultants Inc., estimates the economic impacts of tourism-related activities in key areas tailored to the Nova Scotia economy. The outputs produced through the use of the model report the estimated economic impacts of Battle of the Atlantic Place in Nova Scotia. (The TEIM model does not analyse economic impacts occurring elsewhere in Canada).

CAVEATS

The analysis and conclusions presented in this report are based on data drawn from a number of sources. In addition, a number of assumptions of a speculative nature have been made where necessary. As such, the actual results achieved may vary from the estimates provided.

Information on operating costs and capital costs was provided by the Canadian Naval Memorial Trust. We have not attempted to verify this information, or to assess the overall viability of the project.

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2. INSIGHTS FROM OTHER FACILITIES

A number of other facilities were researched to provide insights to assist with developing attendance estimates for Battle of the Atlantic Place. Three types of comparable facilities were researched:

- Major Halifax heritage facilities:
 - Pier 21
 - Halifax Citadel National Historic Site
 - Maritime Museum of the Atlantic
- Facilities elsewhere with a similar theme to Battle of the Atlantic Place:
 - Canadian War Museum, Ottawa
 - Portsmouth Historic Dockyard, Portsmouth, UK
 - National World War II Museum, New Orleans
- Facilities that have used new interpretive techniques to bring events and people to life:
 - Titanic Belfast, Northern Ireland
 - Abraham Lincoln Presidential Library and Museum, Springfield, Illinois

We also looked briefly at two other facilities – The Museum of Science and Industry in Chicago, housing the only German U-boat in the United States, and the Imperial War Museums (5 locations) in the UK.

In addition, we researched the Bilbao effect, examining the role of iconic architecture in attracting tourists to a destination.

This section provides a summary of information on each of these facilities. Additional details are provided in Appendix I - Table I-1 provides details on admission prices; Table 2 addresses visitor origins and market penetration rates, Table 3 provides some additional details on each facility, and Table 4 provides some data on average per visitor spending on retail and food and beverage.

HALIFAX HERITAGE FACILITIES

Canadian Museum of Immigration at Pier 21

Opening in 1999 as a not-for-profit facility operated by the Pier 21 Society, this site became Canada's 6th National Museum and the second to be located outside Ottawa in 2010. It is now a Crown Corporation within the Department of Canadian Heritage portfolio.

The Museum explores immigration in Canada, with three core themes¹:

- The vital role immigration has played in building Canada.



¹ Pier 21 Annual Report, 2012

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- The experience of immigrants as they arrive in Canada.
- The ongoing contributions of immigrants to Canada's culture, economy and way of life.

Pier 21's main exhibition hall is dedicated to the period when Pier 21 was an immigration shed; it includes a multi-media presentation. Research facilities permit visitors with a personal connection to explore their families' stories.

Attendance at Pier 21 in 2010/11 was 46,000 with 80% from Canada and most from tourist markets; attendance has declined slightly since then, reportedly due to the fact that there has been ongoing construction and renovations at the site. The attendance target for 2016/17 is 50,000. Adult admission is \$7.50.

Along with its main exhibition hall, temporary exhibits gallery and research facilities, Pier 21 has several function facilities used for banquets and special events and hosts over 200 events a year. There is also a gift shop.

Maritime Museum of the Atlantic

Owned by the Province of Nova Scotia and operated by Nova Scotia's Department of Communities, Culture and Heritage, the Maritime Museum of the Atlantic tells the story of Nova Scotia's maritime heritage. A series of artifact-based galleries explore small craft building and the Days of Sail to the Age of Steam as well as the Titanic story and the Halifax Explosion. The Maritime Museum also tells the story of the World War convoys and has a Navy gallery. The CSS Acadia is part of the Maritime Museum and is open for visits. During the summer months, visitors can view artisans working on small boat building projects.



The Museum offers a wide range of special programming and events, as well as workshops and temporary exhibits, and education programs. The Museum's Small Craft Gallery is available for rent for functions.

The Museum offers a wide range of special programming and events, as well as workshops and temporary exhibits, and education programs. The Museum's Small Craft Gallery is available for rent for functions.

Regular attendance at the Maritime Museum has been in the 120,000 to 160,000 range including school groups, tours and cruise ship visitors. In addition, the Museum has attendance from special events, programs and rentals. Approximately 15% of visitors are from Nova Scotia and the balance is tourists visiting the province.

Admission to the Maritime Museum is \$9.25 for adults in May to October, \$5 for April to May.

Over the past decade, plans have been discussed for the expansion/re-development of the Maritime Museum of the Atlantic as part of the Queen's Landing Project. We have not researched the current

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status of these plans as part of this assignment and have therefore assumed for the purposes of our attendance analysis that there will not be a major re-development of this facility.

Halifax Citadel National Historic Site

Operated by Parks Canada, the restored fort offers a 'living history' experience to visitors with re-enactments of soldiers' lives at the Citadel by the 78th Highlanders. Visitors can tour through barracks and various restored rooms and learn about the role of the Citadel in the Halifax Defence Complex. Two movies are offered, one of which, the Tides of History, provides an overview of Halifax's history, including that of the two World Wars.



Annual attendance (within the gates) to the Halifax Citadel has ranged between 130,000 and 174,000 for the past few years; attendance for May to October has been 109,000 (2012) to 157,000². Over 400,000 visit the Citadel grounds annually.

The Citadel also has space available for rent for functions, events and weddings.

Adult admission is just over \$10 (plus tax) in the peak season (June to mid-September), \$6.80 in May and mid-September to the end of October.

Parks Canada also owns Georges Island NHS. In the past few years public access has been available for one or two weekends a year and has been very popular. There is a possibility public access will increase in future; this could provide some strong partnership opportunities for Battle of the Atlantic Place.

Data on the markets available to these Halifax heritage facilities is provided in Section 3.

New Additions to Halifax's Tourism Scene

We are aware of two projects that may impact Battle of the Atlantic Place.

The first of these is the new convention centre, currently under construction with an anticipated 2016 opening. This centre will allow Halifax to compete for much larger conventions and meetings than has been possible and to accommodate more meetings and convention events at the same time. Meetings and convention activity is concentrated in the spring and fall months. The convention centre will impact Battle of the Atlantic Place in two ways:

- Creating new and expanded markets for visits to BOAP from convention and meeting attendees and as part of spousal/partner programs.
- Creating increased demand for off-site venues for functions and events associated with meetings and conventions. Halifax has a wide variety of such venues and it is a competitive

² Source: Nova Scotia Tourism Agency, [Key Tourism Indicators, 2004 - 2012](#)

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marketplace; however with its location, iconic architecture and unique spaces, BOAP should be able to capture a share of this market.

The second project is DRUM!DOME . This is a proposed immersive, 3-D multi-media experience telling Nova Scotia's story using cutting edge technologies in a specially designed 70-foot geodesic dome³ that will be a semi-permanent structure on Halifax's waterfront. DRUM !DOME is a project of KA'NATA Productions, a project planned by Brookes and Fiona Diamond to celebrate Canada's 150th birthday. A February 2013 Chronicle Herald article indicates that production is to launch in 2014 with multiple shows daily.

This facility will add to the excitement on Halifax's waterfront and the experience is complementary to that planned for Battle of the Atlantic Place. However, it may compete for the time and money of visitors, particularly those who only have a short time in the area, such as the cruise ship market. There may be some opportunities to partner with DRUM!DOME which should be explored – perhaps the Atlantic Theatre in BOAP could be used for shows during the winter months?

In addition, there are plans for new several hotels in Halifax.

These developments and proposals, together with the shipbuilding contract which is projected to have major impacts on the regional economy, suggest that Halifax will continue to be a vibrant tourism destination.

FACILITIES WITH A SIMILAR THEME

Canadian War Museum, Ottawa

The Canadian War Museum is an imposing building housing a vast collection of artifacts including military vehicles and artillery. Its permanent exhibition highlights key events in Canada's military history.



It also houses regular special exhibitions and a military history research centre as well as a gift shop (including an online boutique shared with the Museum of Civilization) and a café. A range of facilities are available for rent for functions, conferences and special events. A number of online educational resources are also offered, including one on Canada's Naval History.

³ Source: <http://kanatashow.com/drumdome/>

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Visitation and Pricing

Attendance at the war museum is some 227,000 with approximately 30% of ticket sales from school groups. About 1/3 of visitors are from the National Capital Region with the balance primarily Canadian tourists to the region. Attendance has been fairly stable for the past three years.

Admission is \$13 for adults.

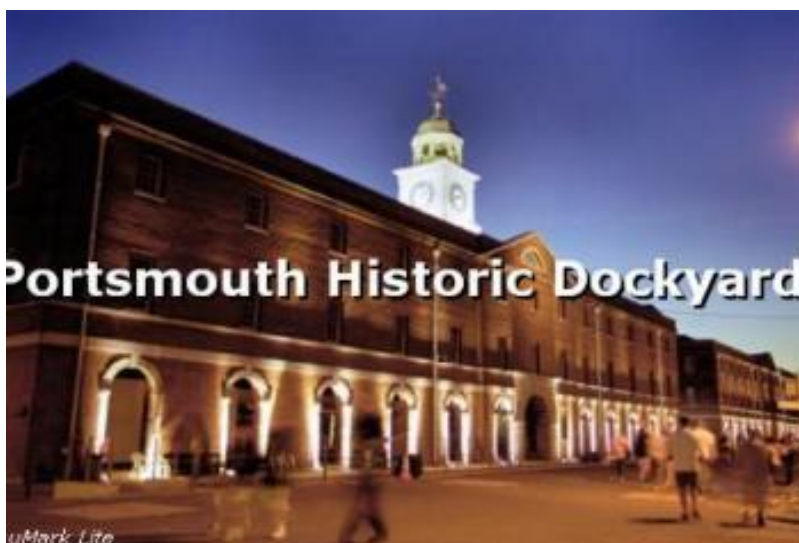
Markets

The National Capital Region (Ontario and Quebec) has some 1.25 million residents.

There are 8.5 million tourist visitors to the Ottawa area; almost 60% are day visitors with 3.75 million overnight visitors, 85% of whom are Canadians mostly from Ontario.

Portsmouth Historic Dockyard, Portsmouth, UK

This historic site houses several ships including the HMS Victory and HMS Warrior, the National Museum of the Royal Navy and the newly opened Mary Rose Museum which allows visitors to view work underway to preserve this ship. A relatively new addition is *Action Stations* which offers the visitors physical challenges, simulators and other interactive experiences including the opportunity to battle with the Royal Marines, command a warship or fly a helicopter.



Visitation and Pricing

Annual attendance is in the 500,000 range with 100,000 visiting Action Stations. Attendance has increased recently with the opening of the Mary Rose Museum but it is not yet clear if this increase will be sustained.

Adult admission to the entire complex is £26 (\$43) or £11 (\$18) for Action Stations alone.

Markets

The Portsmouth area is home to 207,000 residents. There are almost 8.5 million visitors annually with over 90% of them day visitors.

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The National World War II Museum, New Orleans, LA



Opening in 2000 and encompassing a 6 acre campus, the National World War II Museum is in the midst of an extensive development program. Its ultimate vision is a series of interactive exhibit pavilions that tell the story of the American experience in World War II, portray all the campaigns of the war and honour each branch of the military. There are currently three pavilions:

- The Louisiana Memorial Pavilion that tells the story of amphibious landings including a theatre with 2 – 45 minutes shows
- Kushner Restoration Pavilion which is where visitors can see restorations taking place
- U.S. Freedom Pavilion – The Boeing Centre which house large scale artifacts and an immersive submarine experience including sound motion and digital graphics (for an additional \$5 charge). This Pavilion opened in January 2013 and its opening has coincided with the highest attendance levels since the Museum opened. (Note: Tourism activity in New Orleans is also reaching all-time highs so it is not clear if the Pavilion is driving the visitation or larger markets).

The museum also features an immersive 4D cinematic journey, *Beyond All Boundaries*, hosted by Tom Hanks (also an extra \$5 charge). This experience uses 21st century technology including digital effects, life sized props, animation and atmospherics as well as film and sound to “plunge viewers into the 20th century’s most titanic struggle”. This experience was designed particularly to tell the story of the War to younger visitors.

A massive fundraising campaign has been underway for several years to raise the \$300 million+ for the ongoing expansion program. Future pavilions are: Campaigns of Courage: Europe & Pacific Theatre (under construction) and the Liberation Pavilion planned for 2016.

Visitation and Pricing

Attendance averaged some 260,000 per year before Hurricane Katrina. In the last two years, it has increased significantly with 54,000 visitors in March 2013 alone. Projections are for 700,000 visitors annually when it is completed.

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Attendance reportedly started to increase with the launch of the 'Beyond all Boundaries' experience. Reports indicate that it is the personal connections to the military and World War II that have been important to attracting visitation, with people seeking to understand what their relatives went through.

Adult admission is \$25; two 4D experiences (submarine; Beyond all Boundaries) are an additional \$5 each.

Markets

New Orleans has a population of some 345,000 with 4.5 million in Louisiana.

The city is a popular tourist destination, with 9 million visitors in 2012, up from 8.3 million in 2010, 75% of them from outside the state.

FACILITIES USING NEW INTERPRETIVE TECHNOLOGIES

Titanic Belfast

Titanic Belfast opened in B2012, the 100th anniversary of the sinking of the Titanic. Capital costs have been reported as between £100 to £150 million (CDN \$167 - \$250 million). With 11,000 sq. metres of exhibition space, Titanic Belfast houses 9 galleries that tell the story. It was designed as a world-class visitor attraction to help revitalize a dockyard area close to downtown Belfast.



The facility uses various interpretive techniques including oral testaments, film, photographs and a range of media including a 'dark ride' through the shipyard that built the Titanic and a 3D 'cave' that allows visitors to walk through the ship. HD footage of the discovery of the wreck and computer generated tours are also featured. Exhibits also explore Belfast when it was a booming shipbuilding community.

A souvenir store, café and restaurant are available. The complex also offers a variety of indoor spaces for functions and events and reportedly hosted over 50,000 attendees in 2012.

Titanic Belfast is located on the actual site of the former Harland and Wolff shipyard has been credited with major economic impacts on the city and its tourism sector.

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Visitation and Pricing

Attendance at Titanic Belfast has far exceeded expectations in its first two years (initial projections were for some 425,000 visitors). For the first twelve months, attendance was 807,000, with almost 60% from outside Northern Ireland; 80% came in the first nine months, from April through December. In the first 16 months, attendance reached 1 million.

Undoubtedly, these high visitation levels are a reflection of this being a major new attraction, the fact that 2012 was the 100th anniversary of the sinking of the Titanic and the ongoing strong interest in the story.

Adult admission to Titanic Belfast is \$24.

Markets

Belfast has a population of 280,000 with a total population of 1.8 million in Northern Ireland.

The city had some 7.6 million visitors in 2012 (down from 8 million in 2010); 2.23 million (30%) are overnight visitors with 80% of these from outside the country. Three quarters of the 5.4 million day visitors are from within Northern Ireland but 1.2 million are from outside the country, including the adjoining Republic of Ireland. Belfast is also a cruise ship destination with some 100,000 cruise ship visitors a year.

The Abraham Lincoln Presidential Museum and Library, Springfield, ILL

This complex includes archives, a library and the museum which features public experiences, galleries and theatre presentations. The visitor experiences were designed by BRC Imagination Arts, the company that is working on the Battle of the Atlantic Place. It opened in 2005.



The Abraham Lincoln facility is unique among the 13 presidential libraries/museums in the USA in that it uses 21st century technology to bring history to life. Using storytelling and entertainment technology, guests are immersed in the life and times of Abraham Lincoln, from his childhood through his presidency. The museum offers a combination of 'immersive settings', putting visitors inside dramatic moments in Lincoln's life, and object galleries which present real historical artifacts.

A theatre with layered digital projection screens, theatrical spectacle and special effects in the audience seating area also immerses the audience in the experience.

Various venues are provided for special events, weddings, functions and meetings.

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Visitation and Pricing

During its first five years, visitation averaged some 435,000 per year. This period included 2009, the Abraham Lincoln Centennial when visitation was 411,000, up from 349,000 the year before. Over the 8 years since it opened, visitation has averaged 375,000.

Adult admission is \$12.

Markets

The Springfield area has a population of some 210,000. It is about 1.5 hours drive from St. Louis, MO with a population of 320,000 and 3 hours from Chicago, population 2.7 million.

Springfield gets about 1 million tourism visitors a year. Visitation is generally stable although 2009, the Abraham Lincoln Bicentennial, saw a boost in tourism numbers. According to the Springfield Visitor and Convention Bureau, the length of stay and spending of visitors to the area has increased since the opening of the Presidential Museum and Library.

The area is known as the Land of Lincoln and travel literature identifies the museum as a 'must see'.

OTHER FACILITIES

As mentioned earlier, we also looked briefly at two other facilities, the Museum of Science and Technology in Chicago and the Imperial War Museum in the UK.

The Museum of Science and Technology is a massive complex with over 37,000 m² of exhibition space and an 800 seat auditorium. It was included in this research because it is home to a U-505 submarine, the only German U-boat in the United States. The U-boat can be viewed with general admission (\$27 for adults) but for an extra fee (\$5), visitors can experience life on board which includes lighting and sound effects. Private group experiences are also available including a guided tour with a group of submarine veterans. Total admission to the museum is 1.4 million (school groups make up 25%; note also that there are many 'free' days for Illinois residents). The Museum reports that 11% of all visitors pay the additional \$5 and go on board the U-boat.

The Imperial War Museums covers conflicts from the First World War to the present day in five different sites in the UK. These include facilities in London and Manchester as well as the Churchill War Rooms and HMS Belfast, a warship used during World War II complete with an interactive Operations Room. Web visitors have been growing significantly following the introduction of a new website in 2011, with more than 5 million people visiting their website in 2012, an increase of 30% from the previous year.

Total attendance in 2012 was about 2.3 million, 4% above their target; however two of the five branches were closed for part of the year. The Imperial War Museums report that over 40% of the visitors to their facilities are from outside the country. For 2015/16, they are projecting visitation of 2.7 million, driven in part by a rise in overseas visitors.

Admission to the Imperial War Museums is free, making it difficult to use their attendance profile in our analysis.

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THE BILBAO EFFECT – THE ROLE OF ICONIC ARCHITECTURE IN TOURISM

The 'Bilbao effect' is the name given to "the use of a spectacular piece of contemporary architecture in a regeneration project to stimulate the economy by attracting visitors, local and otherwise..... landmark buildings, designed to attract international attention and labelled 'iconic buildings'.⁴ It was named after the opening of the Frank Gehry designed Guggenheim Museum in Bilbao, Spain. The Sydney Opera House is another architectural icon which is often cited as having a major impact on tourism. Each of these is explored briefly here along with some insights from research literature on this topic.

The Guggenheim Museum, Bilbao, Spain

The Guggenheim Museum opened in 1997 and is credited with reversing the economic decline of this community.

The city had been undergoing a redevelopment program with the ultimate goal of strengthening the tourism economy as a source of job creation. The city was also hoping to enhance the image of Bilbao as a business centre. The City had few cultural assets and also suffered from poor weather (heavy rain) and also a negative image due to terrorism⁵. It was decided that a first class, large-scale cultural facility was needed as the core attraction for tourism in a city that was not known as a tourism destination. They negotiated an agreement with the Guggenheim Foundation and held an international architectural competition and selected Frank Gehry to design the building.

The Guggenheim museum attracted 1.36 million visitors in its first year but this was an all-time high. The museum has generally sustained its visitation levels at around 1 million since it opened in 1997. In the second year



attendance was 1.1 million, declining to 850,000 by 2003 and then increasing to just over one million in 2006. Attendance was under one million in 2010 and 2011, approximately 960,000, but 2012 was its third highest attendance with over 1 million visitors. Over 60% of visitors are from overseas with 14% from the Basque region and 24% from elsewhere in Spain.

⁴ Gamble, Sue, Iconic Buildings and Tourism: Where to Next?, June 2009

⁵ Plaza, Beatriz, Evaluating the Influence of A Large Cultural Artifact in the Attraction of Tourism, in Urban Affairs Review, Vol. 36, No 2, November 2000

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Research done by a professor at the University of the Basque Country (Spain) attempted to isolate and quantify the tourism impacts of the facility in 2000 (three years after its opening). The research concluded that visitors to the Guggenheim accounted for 54% of all tourism growth between October 1997 and January 2000, and 44% of growth by non-Spanish tourists. Some 50% of the growth in overnight stays was attributed to the museum, with the impact particularly strong at higher quality hotels. However, average stays were short, at less than 2 nights. The research article concluded that the principal motive inspiring tourists to visit the museum was the building itself –its architecture.

The Sydney Opera House

The Sydney Opera House opened in 1973 after an international design competition that started in 1955 and some 15 years of planning, design and construction.

The Sydney Opera House (SOH) is considered one of the great iconic buildings of the 20th century and is a brand image not only for Sydney but for the whole of Australia. The facility houses several performance venues and in 2011/12 attracted some 1.4 million people to over 1,800 performances. As well, over 8 million people from Australia and around the world visit the Sydney Opera House and 300,000 take part in guided tours.



A 2013 report by Deloitte, *'How do you value an icon? The Sydney Opera House: economic, cultural and digital value'* explored the true value of SOH to

Australian residents and visitors. The report concluded that the “Sydney Opera House draws tourists to Sydney and Australia that may not otherwise visit or may not stay for the same length of time”.⁶

Some other key findings of this report were:

- 10% - 37%. (The report authors note that the average is driven by the very high proportion of Chinese visitors who indicated that SOH was the main factor in their decision to visit, a result that may have been impacted by several extraneous factors). Using this data, it was concluded that SOH contributed \$640 million in yearly visitor expenditures.
- 77% of Australian residents believe that SOH makes a significant contribution to Australia’s unique culture.
- Considered internationally, the Sydney Opera House Brand is unique to Australia and more relevant and esteemed overall than the national brand.

⁶ Deloitte, [How do you value and icon? The Sydney Opera House: economic, cultural and digital value](#), page3

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The Sydney Opera House is in the process of completing a master plan and starting a fundraising program for a major refurbishing program with costs estimates in the AUS\$1 billion range.

Additional Insights into the Bilbao effect

Our literature research yielded several articles on the Bilbao effect; information and conclusions from a couple of these are summarized below.

*Iconic Buildings and Tourism: Where to Next?*⁷

This article (written by a director at an international architecture and project management company) looks at the iconic building, which resulted in the term ‘architourism’; some of these iconic buildings have also become very successful branding and marketing tools. It defines iconic building as “one that shouts out about its presence, that transcends its context and makes a commanding statement”. The article cites many examples including the Imperial War Museum in Manchester, UK and many buildings in the Middle East, particularly Abu Dhabi. It notes that these buildings are designed by high profile, international ‘signature’ architects.

The article concludes that these iconic buildings can be powerful tools in luring visitors – “sleek, attention-grabbing images combined with the celebrity of a signature architect, are a great publicity generator” and can go a long way to establishing a city’s destination brand development. The research from the Sydney Opera House cited above supports this conclusion.

Implications for Battle of the Atlantic Place

- An iconic building does not necessarily, by itself, deliver an iconic experience for visitors – a visitor attraction needs to deliver compelling and unforgettable experiences if it is to be successful. The BOAP project has recognized this and placed significant emphasis on the visitor experience.
- Having iconic architecture can be part of the compelling offer and have a positive contribution to overall appeal. Battle of the Atlantic Place will have a dramatic architectural presence on the Halifax waterfront and this presence, as with other architectural icons, will be a factor in attracting visitors.

In conclusion, this article suggests that there is a shift to more focus on quality and experience and on buildings that are complementary to local heritage and culture. It also suggests that cities where iconic buildings have been successful (e.g. Sydney Opera House, Eiffel Tower, Big Ben) have a full range of quality experiences to offer the visitor.

*The Guggenheim Museum Bilbao: Between Regional Embeddedness and Global Networking*⁸

This article concludes that the Guggenheim Museum was the trigger for the shift of Bilbao from an industrial port to a modern, service-oriented tourism destination. However, it emphasizes that the

⁷ Camble, Sue, [Iconic Buildings and Tourism: Where to Next?](#), June 2009

⁸ Plaza, Beatriz & Silke N. Harrich, [European Planning Studies: The Guggenheim Museum Bilbao: Between Regional Embeddedness and Global Networking](#), 2013

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Museum was not the only element in the redevelopment and that the tourism and transportation infrastructure along with other elements of urban renewal were key pieces in the transformation.

Data on the growth of overnight stays in the region over the 15 years since the Museum opened illustrates a steady growth in overnight demand, more than doubling over the 15 year period while attendance at the Museum has remained fairly steady around 1 million visits. It concludes that the stable visitor numbers at the Guggenheim Museum have been a major factor in the growth of regional economic activity, particularly in the service sector. As well the Museum has become embedded in the culture, heritage and economy of the city, both nationally and internationally. It has also had a positive impact on civic pride.

Recreating the “Bilbao Effect” Easier said than done⁹

This article is written by a Winnipeg-based blogger in the context of the Canadian Museum for Human Rights which has been quoted by its CEO as rivalling the Sydney Opera House, the Eiffel Tower and the Guggenheim. The capital budget is reportedly over \$350 million. Early attendance estimates for this facility are in the 250,000 range.



Canadian Museum for Human Rights, Winnipeg

The article reports on two other sites that tried to re-create the Bilbao effect without success. One, in Sheffield, England was a National Centre for Popular Music which closed after 15 months when its projected 400,000 visitors did not materialize (it had 150,000 visitors). The conclusion was that this concept did not have broad appeal, the content was unimpressive and got poor reviews, and the destination itself was not appealing.

The other example cited is the Kiasma Museum in Helsinki, Finland, an architecturally stunning building but one that has not been successful in the marketplace. Initial attendance levels when it opened in the late 1990s were around 300,000 but had dropped to 174,000 by the late 2000s. According to this article, research showed that Finland suffered from a reputation as a summer-only destination and the Museum was not successful in changing this.

Implications for Battle of the Atlantic Place

- The overall appeal of the destination and its critical mass of things to see and do are important success factors, not solely the appeal of the building and the visitor experience. Halifax has a broad range of visitor experiences, which will be supportive in attracting visitors to Battle of the Atlantic Place.

⁹ The View from Seven, [Recreating the “Bilbao Effect” easier said than done](#), 2011

3. THE MARKETS FOR BATTLE OF THE ATLANTIC PLACE

Guests visiting Battle of the Atlantic Place will be drawn from three sources:

- Residents of Halifax Regional Municipality and the rest of Nova Scotia, including school groups and the general population.
- Tourists visiting Nova Scotia, from all origins. This includes travellers visiting for all reasons (pleasure, visiting friends and relatives, business and convention) and those arriving by air, road, motor coach and cruise ship.
- New visitors attracted in large part by Battle of the Atlantic Place. These are likely to be those with a personal connection to the Navy and/or World War II or with a strong interest in naval and military heritage, from both Canadian and international markets.

Each of these markets is explored in this section of the report.

THE NOVA SCOTIA RESIDENT MARKET

Statistics Canada reports that Nova Scotia's population in 2011 was 922,000 up 0.9% from 2006. Over 40% of the population (390,000) resides in Halifax Regional Municipality and the population in HRM has been growing at the expense of Nova Scotia's rural areas. Between 2006 and 2011, HRM population grew by 4.7%.

Annual population growth in HRM is currently 1.3 % annually¹⁰. If this continues through to 2017, HRM's population will be over 460,000.

Statistics from the Department of Education and Early Childhood Development report some 122,500 students enrolled in school as of September 2012. Half are in elementary school, the balance split between Junior and Secondary schools. 40% are in Halifax Regional Municipality. Five year projected enrolment is for some 119,000 students in 2016/17, with 52% in elementary school.

Implications for Battle of the Atlantic Place

1. Continued growth in HRM's population is positive for BOAP. The opportunity is not just for regular admissions but also for functions, special programs and events to generate repeat visits.
2. Schools will be an important market. However, the BOAP story will only fit into the curriculum of certain grades and admission prices will need to be heavily discounted for school groups. The cost of transportation is an issue for out-of-region schools.

¹⁰ BMO Capital Markets Report, [Halifax: Growth in its Sails](#), 2012

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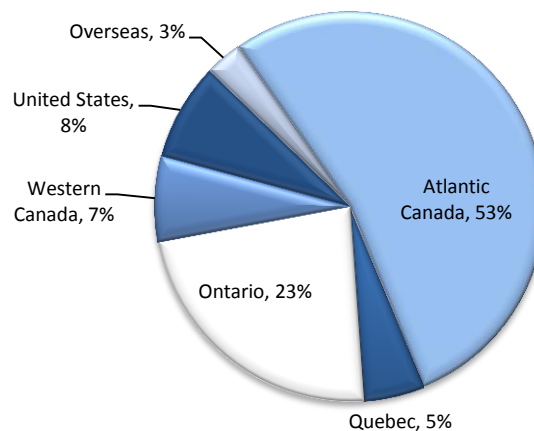
NOVA SCOTIA'S VISITOR MARKETS

Nova Scotia has approximately 2 million visitors from outside the province each year, with two thirds of visitors coming between May and October. Over the past ten years, peak visitation was 2.14 million in 2007; in 2012 it was 1.99 million. This data does not include cruise ship visitors.

In 2012, almost 90% of visitors were from Canada and over half of the visitors were from Atlantic Canada. For November to April, the proportion of visitors from other parts of Atlantic Canada increases to 66%. Over the past fifteen years, there has been a shift in visitor origins, with a greater proportion from elsewhere in Atlantic Canada and Canada generally, and a much lower proportion from the United States.

Nova Scotia's Visitor Exit Survey provides insights into the province's tourism visitors such as length of stay, purpose of trip, spending and activities participated in. Some key findings that are particularly important to this analysis are:

Origins of Visitors to Nova Scotia, 2012



- Overall, 87% of visitors have been to Nova Scotia before. For the June to November period, 83% of those surveyed in 2010 had been to the province before; this is an increase from 69% in 2004. The repeat visitation level varies from 98% for Atlantic Canadians to 43% for visitors from other parts of the US; even for overseas visitors, 62% have been to Nova Scotia before.
- 40% of all visitors to Nova Scotia reported visiting friends and relatives as their main trip purpose. 26% were on vacation and 22% were travelling for business or meetings with the balance coming for personal reasons or for sporting events.
- 80% of visitors stopped in or stayed overnight in Halifax.
- 42% of all visitors reported visiting the Halifax waterfront, ranging from 29% of visitors from Atlantic Canada to 64% of visitors from Western Canada. This makes the Halifax Waterfront the most visited attraction in Nova Scotia.
- 25% of all visitors reported visiting museums or historic sites, ranging from 10% of Atlantic Canadians to 52% of visitors from parts of the United States other than New England and the mid-Atlantic.

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- The average length of stay in Nova Scotia is about 6 days; it is much lower for those from Atlantic Canada and longer for visitors from Western Canada and overseas.
- The average spending by visitors to Nova Scotia in 2010 was \$1,050 per party (2.1 people). Pleasure visitors spend the most (almost \$1,500); those visiting friends and relatives the least (\$775). Visitors from Atlantic Canada spent the least (under \$700 per party), those from overseas the most (\$2,150)

The Cruise Market

The cruise market is an important one for Halifax with cruise ship visitation reaching a high of 260,000 in 2010, at 244,000 in 2011 and 253,000 in 2012. Cruise ship visitation is somewhat cyclical in nature and can also be impacted by unexpected events such as hurricanes. On average, it is expected to stay relatively stable over the next few years, around 245,000 cruise ship passengers. September and October are the busiest months for cruise ship visits to Halifax. Some insights into the cruise market:

- Not all cruise passengers leave the ship; this is particularly true for the lower-end cruise market.
- There are an increasing number of repeat cruise visitors to Halifax, perhaps reaching 25% or more. The cruise lines have been asking for new experiences in the Halifax area to help them attract repeat visitors.
- A significant portion of cruise passengers who do leave the ship purchase a shore package that involves transportation and experiences of some type, e.g. visit to Peggy's Cove, Halifax City Tour, Halifax Harbour Tour. There are packages that have a navy/military heritage theme and Battle of the Atlantic Place would be a good fit with this product.
- Other cruise passengers explore Halifax on their own or use the hop on/hop off bus service that is available. Many of these cruise passengers walk along the boardwalk, and will therefore walk past Battle of the Atlantic Place.
- There are an increasing number of Canadians on the cruise ships visiting Halifax. Ports such as Montreal and Quebec City are successfully becoming 'home ports' for east coast cruises, meaning that Canadians are taking these cruises.
- Cruise ship visitors are only in Halifax for eight hours or less; a visit to Battle of the Atlantic Place would likely only be 1.5 hours or so.
- Cruise lines expect heavily discounted prices from ground operators who are put together shore packages so that they (the cruise line) can mark up the package. BOAP should be prepared to offer a 40% discount on its retail prices, at a minimum, to be included in shore packages for cruise passengers. Note that this only applies to cruise passengers on packages; cruise passengers who explore Halifax on their own and visit BOAP would pay regular prices.

It appears that the Halifax Citadel and Maritime Museum of the Atlantic get between 5% and 10% of the cruise ship visitors to Halifax.

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A New Tourism Strategy for Nova Scotia

The Nova Scotia Tourism Agency released a new strategy for tourism in 2013. The primary goal of the strategy is “more visitors who spend more and stay longer”. The focus is on attracting new first time visitors to the province; it is these first time visitors who travel more throughout the province, spend more money and do more things. Priority markets for new visitors are Ontario and Quebec, the United States, Germany and the UK.

The Nova Scotia Tourism Agency (NSTA) partners with other organizations when marketing outside Canada. In the US and UK, NSTA partners with the Atlantic Canada Tourism Partnership (ACTP) whose mission is to grow tourism in Atlantic Canada. They also partner with the Canadian Tourism Commission (CTC); the CTC operates in 11 international markets including the UK, Germany and France as well as the US.

NSTA is also targeting those travellers who seek out memorable experiences and explore and discover Nova Scotia; the outdoor enthusiast has been identified as a primary market – a ‘soft adventurer’ who appreciates local culture and cuisine.

The *Tourism Strategy for Nova Scotia* has five key priorities. One is Higher-Quality Products and Experiences, with the objective being to “develop the province’s most competitive and distinctive tourism assets to ensure a high-quality experience that appeals to the target high-yield markets”¹¹. A key element of this priority is to build on Nova Scotia’s tourism icons including “collaborate with key destination and business leaders to focus tourism planning and develop iconic destinations”¹².

Another priority is improved access to Nova Scotia, noting the importance of enhancing access to the province and bringing new visitors. This priority includes actively supporting improved air and sea access to Nova Scotia.

Implications for Battle of the Atlantic Place

1. The high level of repeat visitors to Nova Scotia means that overcoming the ‘BTDT’ (Been there, done that) phenomena will be a challenge. Visitation is likely to be higher in the early years when the facility is new. Success of the tourism strategy in attracting more new visitors will be beneficial to BOAP.
2. Research shows that travellers visiting friends and relatives, and those from Atlantic Canada have a much lower tendency to visit attractions. These visitors account for a high proportion of Nova Scotia’s travellers. A strong marketing effort will be required to attract these travellers.
3. The Canadian market continues to be a strong market for Nova Scotia; interest in BOAP is expected to be highest for this market.
4. The cruise market will be an important one for BOAP

¹¹ Nova Scotia Tourism Agency, *A Tourism Strategy for Nova Scotia*, 2013, page 10

¹² Ibid, page 10

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INSIGHTS FROM KEY PERSON INTERVIEWS

As part of this consulting assignment, we interviewed a number of key people actively involved in Halifax's and Nova Scotia's tourism industry. These included:

- Patricia Lyall, President and CEO, Destination Halifax
- Andrea Gray, Manager, Cruise/Sightseeing Operations, Ambassadors
- Nova Scotia Tourism Agency, including several marketing, sales and product development staff
- Gordon Stewart, Executive Director, Restaurant Association of Nova Scotia

Responses to Battle of the Atlantic Place

“Wow”

Will be a 'must see' attraction for Halifax.

Halifax & Nova Scotia need new visitor experiences – this will help fill the gap.

Interviewees were shown, in confidence, a hand-out on Battle of the Atlantic Place including pictures of the building and a summary of the visitor experience that will be offered. They were then asked for their reaction and comments on how the facility and experience might appeal to visitor markets.

Overall, the response was positive, ranging from 'moderately' to 'extremely' so. For several of the respondents, the first impression was “WOW”! Some of the interviewees thought that BOAP would drive new demand to Halifax from a variety of markets, that it would become a 'must see' attraction for Halifax and would also help to extend the length of stay of visitors. The prime waterfront location and the building design had strong appeal. The comment was made that Halifax, and Nova Scotia generally, were desperately in need of new, high quality experiences and Battle of the Atlantic Place could help fill this gap.

There were some concerns expressed about the scope of appeal of the military and navy story to the marketplace. It was suggested that tying in some stories or connection to the United States would be useful. However, others thought BOAP would appeal to all geographic markets.

Some other comments:

- The facility would be a great location for off-site venues for conventions and meetings. It was noted that this is a competitive market in Halifax although there is a perceived gap in venues that can comfortably accommodate 400 – 600 people.
- There was seen to be an opportunity to package the experience with other related Halifax stories such as the dockyards, shipbuilding and the Halifax Defence Complex for markets such as cruise ship passengers.
- There were seen to be strong synergies with Parks Canada facilities, specifically the Halifax Citadel and Georges Island and suggestions were made about exploring partnerships with the other heritage attractions in Halifax.
- Building local support and attendance was seen to be critical.

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- Attracting new visitors in the winter months was seen to be a challenge; however with BOAP as a lead draw, combined with other experiences such as Casino Nova Scotia and events such as Savour, for example, there might be some potential to draw visitors from the Maritimes. (Several of the comparables (Belfast, Chicago and Portsmouth) do extensive Christmas programming which appears to be successful in attracting visitation. However, compared to Halifax, these sites have larger populations within an easy day trip distance).

INTEREST IN CANADA'S MILITARY HERITAGE

There appears to be very little data on the general interest in Canada's military heritage or the number of Canadians that have a family connection to the Navy or the military. Statistics Canada data from 2006 indicates 111,000 on the military payroll (active and reserves).

Historica Canada has done several surveys around intentions to participate in Remembrance Day ceremonies that suggest a growing interest in honouring Canada's veterans. Their data shows that 16% of Canadians planned to attend Remembrance Day services in 2008, increasing to 20% in 2009, 22% in 2010 and jumping to 31% in 2012. 2010 data also showed that residents of Atlantic Canada were most likely to attend these services, at 38%. Their data also showed that the percentage of Canadians intended to observe 2 minutes of silence increased to 80% in 2012, up 5 percentage points from 2010.

Findings from Consumer Research Study for the Canadian Naval Heritage Foundation in 2002

In 2002, EPG prepared a Strategic Plan for the Canadian Naval Heritage Foundation. This report proposed a concept for a Canadian Naval Heritage Centre which included a facility on the waterfront linked to an expanded Maritime Museum of the Atlantic and to other sites through a series of tours and experiences. As part of this study, research was conducted with 250 people (both residents and tourists) on the Halifax waterfront. Although ten years old, this data provides some insights into interest in a naval heritage experience, as follows:

- 32% of respondents had a personal or family connection to the Navy; of these, 84% had a close family member who was or is in the Navy, and 10% were in the Navy previously.
- Respondents were asked about the interest in/appeal of various features of the proposed Naval Heritage attraction including various new galleries at the Maritime Museum. Each element was scored out of 10; average scores were as follows:
 - Canada's Coming of Age: 6.6
 - Role of Halifax and the Canadian Navy in the Two World Wars: 8.0
 - Halifax Explosion: 8.1
 - The Navy in the Life of Our City: 7.0
 - Notable Canadian Naval People: 6.5
 - HMCS Sackville: 6.5

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- 46% indicated they would definitely visit an attraction such as the one described and 34% said they were likely to visit, with 15% saying perhaps they would visit and 4% not likely to visit.
- Over 50% of respondents found the proposed Naval Heritage experience either much more (20%) or somewhat more (31%) appealing than other heritage attractions they had visited in the past two years.

ATTENDANCE ESTIMATES

Drawing on the experience of comparable attractions and the other Halifax attractions, we have developed a realm of magnitude estimate of potential annual attendance to Battle of the Atlantic Place. This analysis, described in Table 1, suggests annual attendance in the 190,000 to 240,000 range, making it the most visited paid admission attraction in Halifax.

Market	Market Size	Potential Penetration Rates	Potential Attendance
Nova Scotia Residents			
Halifax Regional Municipality	435,000	5% - 8%	22,000 – 35,000
Rest of Nova Scotia	487,000	2% - 3%	10,000 – 15,000
subtotal			32,000 – 40,000
Visitors to Halifax			
May to October	1,065,000	8% - 10%	85,000 – 106,000
November to April	530,000	4% - 5%	21,000 – 27,000
Cruise Ship Visitors	245,000	8% - 10%	20,000 – 25,000
subtotal			126,000 – 158,000
Total before New Visitors			158,000 – 198,000
Allowance for New Visitors attracted by BOAP			30,000 – 40,000
Potential Attendance			188,000 – 238,000

Note: This analysis is for paid admissions only; it does not include visitors for special events, functions or programs. It includes school groups. All numbers are rounded.

Attendance could be even higher in the earlier years when the facility is novel and the 'curiosity' factor is high, declining somewhat once the resident market and repeat tourism markets have visited. After the novelty wears off, it is critical to consistently refresh and renew the visitor experience to encourage repeat visits. Even with this, getting repeat visits can be a challenge.

Key assumptions associated with these estimates are as follows:

- The Battle of the Atlantic Place experience will be as currently proposed and described earlier in this document.
- The facility is open year round.
- There will be a strong, maintained marketing effort.

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- There will be an ongoing program of temporary exhibits, 'refreshing' of shows and other initiatives to help encourage repeat visitation.
- The overall experience will be of high quality and the facility will be professionally managed.

Key points related to the attendance estimates are as follows:

Market Sizes

- The analysis is based on an estimated Halifax population for 2017, assuming a 1.3% increase per year.
- The analysis is based on the current volumes of out-of-province visitors to Halifax. We have assumed that the level of tourism activity in Nova Scotia remains generally stable and have not factored in any growth in tourism activity since there is no evidence or data to support such growth.
- Cruise ship visits to Halifax are assumed to produce an average of 245,000 passengers annually.

Market Penetration Rates

- Market penetration rates are based on the experience of local heritage attractions and key comparable facilities. Details on the market penetration or capture rates at these other facilities are provided in Appendix 1.

The market penetration rates are not as high as at Titanic Belfast or at the Abraham Lincoln facility. Titanic Belfast is a new facility, opened in a major anniversary year and with very broad market appeal. The Abraham Lincoln facility is the major attraction associated with the main story in Springfield, accounting for its high penetration rates.

We have adjusted the estimated penetration rates to present a more realistic picture of a sustained level of attendance.

- The high level of repeat tourism in Nova Scotia means there is not a large, 'brand new' market each year, also impacting penetration rates.

Attracting New Visitors to Halifax

Battle of the Atlantic Place will undoubtedly be a factor in attracting new visitors to Halifax. This could include those with a personal or family connection to the Navy and/or World War II as well as those with an interest in Canadian military history and our heritage generally. It has been suggested that close to 2 million Canadians have some type of family connection to the men and women who participated in the Battle of the Atlantic.

We have assumed that these new visitors could perhaps add another 20% or so to the estimated attendance, or some 30,000 – 40,000 visitors per year.

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There will be opportunities to create special interest tours and packages, and to promote Battle of the Atlantic Place to 'affinity' groups such as active and retired Naval and military personnel, both in Canada and elsewhere.

BOAP will contribute to the province's new tourism strategy, which places a strong emphasis on attracting new visitors to Nova Scotia. It will also provide a much needed new attraction in the province, one that will be iconic and could be featured in marketing efforts in Canada and the province's European markets, in partnership with the Atlantic Canada Tourism Partnership and the Canadian Tourism Commission.

The question of attracting new visitors during the winter months is also a challenging one. Our interviews with local tourism experts suggested that it was unlikely that Battle of the Atlantic Place would, itself, attract visitors to Halifax in the winter and we agree with this. Halifax and its waterfront are just not appealing destinations during January to March. While we believe that BOAP will attract new visitors to the province, they are most likely to visit during the spring, summer and fall when Nova Scotia is an appealing destination for a many reasons. As noted earlier, packaging BOAP with some other Halifax experiences during the winter (e.g. Casino Nova Scotia, Savour Festival, other special events, tournaments) may generate some new demand at this time of year, but it is unlikely to be significant. BOAP will need to depend heavily on the local market and educational groups for visitors during this period.

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4. ECONOMIC IMPACT ANALYSIS

The economic impact analysis for Battle of the Atlantic Place examines three sets of impacts. These are described in Table 2 below, along with the key sources of data used in completing the analysis.

Table 2 Type of Economic Impact and Sources of Data	
Data Required for Economic Impact Assessment	Source of Data
1. Annual Impacts from Operations (Table 3)	
1A: Operating Costs for BOAP including salaries & wages; this data includes the operating costs associated with the gift shop which is assumed to be operated directly by BOAP	Battle of the Atlantic Place Working Group provided salary and wage estimates and operating costs for the building. EPG estimated the cost of sales for the gift shop, based on estimated revenues and industry norms.
1B: Salaries and wages and operating costs associated with the café, restaurant and catering for functions and events. It is assumed that these will not be operated directly by BOAP but will be leased out.	EPG analysis, based on estimates of sales for each element and industry norms for cost of goods and operations.
2. Annual Impacts from Incremental Off-Site Spending of Visitors (Table 4)	
Estimates of visitors attracted to Nova Scotia by BOAP, or who extend their stay because of the facility	EPG analysis, based on estimated attendance at BOAP, by origin market,
Average spending by visitors to Nova Scotia	Nova Scotia's Visitor Exit Survey, 2010 Nova Scotia Tourism Agency
3. One-Time Impacts from Capital Investment (Table 5)	
Capital budget for BOAP	Battle of the Atlantic Place Working Group

The economic impacts for each of the above were estimated using the Tourism Economic Impact Model (TEIM) developed for the Department of Economic and Rural Development and Tourism.

The reader should note the following:

- The estimated economic impacts are those occurring in Nova Scotia only. The TEIM model does not analyze impacts that occur elsewhere in Canada. However, there is no doubt that in addition to the impacts in Nova Scotia, there will be impacts occurring elsewhere in Canada from both the capital investment and operations.
- Government tax revenues include: "Personal income tax, indirect taxes (such as sales taxes) and tax on corporate profits".¹³
- The analysis uses current dollars.

¹³ Gardner Pinfold, Technical Manual: Updated Nova Scotia TEIM, page 26

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The tables below report the total economic impacts from the TEIM model analysis. They include both direct and spin-off impacts. Spin-off impacts include both indirect impacts (inter-industry) and induced (household spending) impacts. Impacts are shown for the Halifax region and Nova Scotia as a whole. TEIM produces total economic impacts for the province as a whole using the 2003 NSIO (Nova Scotia Input Output) developed by the Nova Scotia Department of Finance. The regional impacts are estimated using the DYNATEC Model, a hybrid Input-Output Econometric Model that is widely used across Canada. (Gardner Pinfold, *Technical Manual, Updated Nova Scotia TEIM, 2012*)

ANNUAL IMPACTS FROM OPERATIONS

Annual impacts from the operation of Battle of the Atlantic Place are provided in Table 3 on the next page. They include impacts resulting from a mature year of operation of the attraction itself, including the gift shop which is assumed to be operated directly by BOAP. It also includes the impacts resulting from the various food and beverage services that will be provided at the facility – the café, restaurant and catering of functions and events which are assumed to be contracted out or leased to private operators. Appendix II describes the key input data used for this analysis.

The overall operations are estimated to contribute \$7.3 million annually to Nova Scotia's GDP (direct and spinoff), \$6 million in household income and 185 jobs. Total direct and spin off federal taxes are estimated at just under \$1 million annually with a similar amount in provincial taxes.

These impacts do not include the impacts associated with any refurbishing of the building or re-investment in the visitor experiences. These types of expenditures are not anticipated in the first five years of operation but will be incurred on a fairly regular basis after that.

ANNUAL IMPACTS FROM THE OFF-SITE SPENDING OF VISITORS

Annual impacts from the off-site spending of visitors generated as a result of Battle of the Atlantic Place are provided in Table 4. These impacts result from two types of spending:

- The spending of visitors attracted to Nova Scotia primarily because of the facility. Since BOAP is the reason for their visit, we have attributed the total spending of these visitors in Nova Scotia to Battle of the Atlantic Place.
- The spending associated with increased stays in the province in order to visit BOAP. In this case, we have attributed only a portion of the spending of some of the visitors to BOAP.

Total off-site spending attributed to Battle of the Atlantic Place is estimated at \$20 million. Appendix II describes the key input data and assumptions used in this analysis.

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Table 3
Annual Economic Impacts from the Operation of Battle of the Atlantic Place

	1A: Annual Impacts from Battle of the Atlantic Place Operations (includes direct & spinoff impacts)			1B: Annual Impacts from Food & Beverage Operations (includes direct & spinoff impacts)			Total Annual Impacts from Operations (1A +1B) (includes direct & spinoff impacts)		
Total Direct Expenditure	\$4.96 million			\$3 million			\$7.96 million		
Type of Impact	Halifax Region	Other Nova Scotia	Total Nova Scotia	Halifax Region	Other Nova Scotia	Total Nova Scotia	Halifax Region	Other Nova Scotia	Total Nova Scotia
Household Income	\$3.9 million	\$0.2 million	\$4.1 million	\$1.8 million	\$0.1 million	\$1.9 million	\$5.7 million	\$0.3 million	\$6 million
Gross Domestic Product (GDP)	\$4.7 million	\$0.3 million	\$5 million	\$2.2 million	\$0.1 million	\$2.3 million	\$6.9 million	\$0.4 million	\$7.3 million
Employment (Jobs)	105	19	125	51	9	60	156	28	185
Federal Tax Impacts	\$0.6 million	\$0.02 million	\$0.6 million	\$0.3 million	-	\$0.3 million	\$0.9 million	\$0.02 million	\$0.9 million
Provincial Tax Impacts	\$0.6 million	\$0.02 million	\$0.6 million	\$0.3 million	-	\$0.3 million	\$0.9 million	\$0.02 million	\$0.9 million

Source: Input data: BOAP and EPG analysis; Economic Impact Outputs: TEIM Model; All amounts are rounded; totals may not add due to rounding.

Food and beverage operations include the café, restaurant and catering associated with special events and functions.

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On an annual basis, the off-site spending of visitors attracted by BOAP or extending their stay is estimated to contribute \$14.2 million (direct and spinoff) to Nova Scotia's GDP, \$9.5 million in household income and 433 total jobs. Total direct and spin off federal taxes are estimated at \$1.4 million annually with a similar amount in provincial taxes.

Table 4			
Annual Economic Impacts from the Increased Visitor Spending Attributed to the Battle of the Atlantic Place (includes direct & spinoff impacts)			
Total Visitor Spending	\$20 million		
Type of Impact	Halifax Region	Other Nova Scotia	Total Nova Scotia
Household Income	\$8.7 million	\$0.7 million	\$9.5 million
Gross Domestic Product (GDP)	\$12.9 million	\$1.3 million	\$14.2 million
Employment (Jobs)	394	39	433
Federal Tax Impacts	\$1.3 million	\$0.1 million	\$1.4 million
Provincial Tax Impacts	\$1.3 million	\$0.1 million	\$1.4 million

Source: Input data: EPG analysis; Economic Impact Outputs: TEIM Model. Amounts rounded; totals may not add due to rounding.

ONE-TIME IMPACTS FROM THE CAPITAL INVESTMENT

Table 5 describes the one-time economic impacts from the capital investment in Battle of the Atlantic Place. The capital investment figure of \$190 million was provided by the client. The TEIM model assumes that portions of expenditure on different products and services are actually made outside the province. If an unusual proportion of the materials and supplies for the capital program come from outside the province, the impacts to Nova Scotia may be overstated.

One-time impacts (direct and spinoff impacts) from the capital investment are estimated to be a contribution of \$141 million to the provincial GDP, \$100 million in household income and 2,504 total jobs. Total direct and spin off federal taxes are estimated at \$14.7 million and provincial taxes at \$14.7 million.

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Total Direct Expenditure	\$190 million		
Type of Impact	Halifax Region	Other Nova Scotia	Total Nova Scotia
Household Income	\$90 million	\$10.1 million	\$100.1 million
Gross Domestic Product (GDP)	\$124 million	\$17 million	\$141 million
Employment (Jobs)	1,420	1,084	2,504
Federal Tax Impacts	\$13.5 million	\$1.2 million	\$14.7 million
Provincial Tax Impacts	\$13.5 million	\$1.2 million	\$14.7 million

Source: Input data: BOAP; Economic Impact Outputs: TEIM Model. Amounts rounded; totals may not add due to rounding.

APPENDIX I
DETAILS ON OTHER FACILITIES RESEARCHED

APPENDIX I

DETAILS ON OTHER FACILITIES RESEARCHED

This appendix provides some additional details on the other comparable facilities researched. Specifically:

- Table I-1 provides information on admission prices.
- Table I-2 provides details on visitation, visitor origins, the sizes of the markets available to each of these facilities and estimated market penetration rates.
- Table I-3 provides additional details on each facility.
- Table I-4 provides some limited information on estimated spending levels per visitor on retail and food and beverage at other facilities.

Table I-1			
Admission Prices at Halifax Attractions and Comparable Facilities			
Attraction/Facility & Location	Prices (Before tax; converted to \$CDN)		
	Adult	Senior	Youth/Student
Halifax			
Maritime Museum of the Atlantic	\$9.25 (May – Oct) \$5 (Nov-April)	\$8.25 \$4.25	Ages 6 – 17: \$5 \$3
Pier 21	\$7.50	\$6.60	\$5
Halifax Citadel NHS	\$10.17	\$8.75	\$5
Museum of Natural History	\$6.25	\$5.50	\$4
Art Gallery of Nova Scotia	\$12	\$10	\$5
Harbour Hopper Tour (1 hr)	\$29.99	\$26.99	\$16.99
Theodore Tugboat Tour (1/2 hr)	\$19.99	\$18.99	\$14.99
Tall Ship Silva (1.5 hrs)	\$21.99	\$20.99	\$14.99
Ontario			
Canadian War Museum & Museum of Civilization, Ottawa	\$13 for one \$20 for both; or for one admission + IMAX	\$11 \$17	\$10 \$15
Ontario Science Centre, Toronto	\$22 Admission only \$13 IMAX only \$28 Admission + IMAX	\$16 \$9 \$22 (And age 13-17)	Ages 3-12: \$13 \$9 \$19
Royal Ontario Museum, Toronto	\$13	\$12.80	\$11.30 (Age 4 – 14)
Ripley's Aquarium, Toronto	\$29.98	\$19.98	(Ages 6 – 13) \$19.98
Other Attractions			
Museum of Science & Industry, Chicago (Experiences: Coal Mine, U-505 Submarine, WOW Tour, Omnimax Film) (52 free days/year for Illinois residents & student groups)	Adult prices for 12yrs.+ \$27: Entry+1 experience \$32: Entry+2 experiences \$36: Entry+3 experiences (<i>\$5 - \$7 for experiences</i>)	\$26 \$31 \$35	Ages 3- 11 \$18 \$22 \$25
Portsmouth Historic Dockyard, UK			
All Facilities	\$43	\$40	Child: \$33 Student: \$40
Action Stations Experience Only	\$18	\$17	Child: \$13 Student: \$17
Titanic Belfast,	\$24	\$21	Child (5–16): \$12
Abraham Lincoln Presidential Museum & Library, Springfield, Ill	\$12	\$9	\$6
National World War II Museum, New Orleans	\$22 2-4D movies; \$5 each extra	\$19	\$13 (Also military)

**Table I-2
Market Penetration Rates of Other Facilities**

Facility	Attendance & Visitor Origins			Market Size		Penetration Rates		Notes
	Total	Residents	Tourists	Residents	Tourists	Resident	Tourist	
Maritime Museum of the Atlantic, Halifax	142,000 4% schools	10% HRM 5% Other NS	75% tourists+ 10% cruise	HRM: 390,000 Rest of NS: 532,000	1.6 million (1) Cruise: 253,000	4% HRM 1.3% Other NS	6.5% tourists + 5% cruise	Attendance excludes special events & services;
Museum of Natural History	74,100	78% HRM 9% Other NS	13%	HRM: 390,000 Rest of NS: 532,000	1.6 million (1) Cruise: 253,000	15% HRM 1% Other NS	<1%	Attendance excludes special events & services
Pier 21, Halifax	46,000 (2010/11)	10% NS	90%	HRM: 390,000 Rest of NS: 532,000	1.6 million (1) Cruise: 253,000	1% HRM	2.2% tourists and cruise	Visitor origins estimated based on 2005/06 data; assume NS visitors are primarily from HRM
Halifax Citadel NHS	132,000 attendance	17% HRM 3% Other NS (estimated)	65% tourists + 15% cruise (estimated)	HRM: 390,000 Rest of NS: 532,000	1.6 million (1) Cruise: 253,000	6% HRM <1% Other NS	5% tourists + 8% cruise	454,000 site visits Visitor origins estimated based on 2005/06 data
Canadian War Museum	227,000 (2011/2012) 30% schools	Approx. 1/3 National Capital Region	Approx: 67% (85% Cdn tourists 15% Int'l tourists)	Ottawa/ Gatineau area: 1.24 million	8.8 million total; 3.75 million overnight	6%	4% of all overnight tourists (4% for Cdn tourists & int'l tourists)	Overnight market: 3.2 million Ontario & other Canadians 536,000 US and International
Titanic Belfast	807,000 (first 12 months)	335,000 from Northern Ireland	472,000 from outside Northern Ireland	Belfast 280,000 Northern Ireland 1.8 million	7.6 million total 2.23 million overnight (1.75 million from outside country) 5.4 million day (4.2 million from inside country; 1.17 million from	18.6% (all of Northern Ireland)	16% (for visitors from outside Northern Ireland)	2012 was 1 st year of operation; also 100 th anniversary of Titanic 1 million visitors in first 16 months. Titanic Belfast reportedly attracted 400,000 new visitors to Belfast in first year. Note: Total tourism to Belfast actually declined in 2012:

**Table I-2
Market Penetration Rates of Other Facilities**

Facility	Attendance & Visitor Origins			Market Size		Penetration Rates		Notes
	Total	Residents	Tourists	Residents	Tourists	Resident	Tourist	
					outside) Total 2.92 from outside country.			7.9 million (2011) 8 million (2010) 9.3 million (2009)
Museum of Science & Technology, Chicago	1.4 million U-Boat:			Chicago 2.7 million	46.4 million (2012)			2012 was a record year for tourism
Portsmouth Historic Dockyard	500,000 total 100,000 at Action Stations	5% (estimate; no data available)	95% (estimate; no data available)	Portsmouth 207,000	8.45 million Overnight: 650,000 Day: 7.8 million	~ 10%	6%	
National World War II Museum, New Orleans	260,000 pre Katrina; 50% of this for 2-3 years post; started to increase in 2010. Estimate for 2012: 450,000	20% Louisiana	80% Outside Louisiana	New Orleans 344,000 Louisiana 4.5 million	2012 9 million 2010 8.3 million (~25% Louisiana; 75% out-of-state)	2% Louisiana	5% out of state tourists	Ongoing program of expansion; Record attendance levels in early 2013 due in part to opening of new building; Note that tourism to New Orleans has been increasing and hit record levels in 2012; 1/3 of out-of-state visitors indicate Museum is reason for their visit to New Orleans
Abraham Lincoln Presidential Museum, Illinois (Opened 2005)	First two years: 500,000/yr. Total 3 million over first 7.5 yrs, average 400,000/year	5% - 10% No data available; estimate (Likely higher in first couple of years)	90% - 95% No data available; estimate	Springfield area 210,000	1 million	9.5% - 19%	36% - 38% Based on average attendance of 400,000	Abraham Lincoln Bicentennial in 2009 boosted tourism numbers significantly; Total number of visitors to Springfield is stable but length of stay and spending has increased since opening of this facility.

**Table I-3
Overview: Comparable Facilities**

Facility, Location & Ownership	Size & Investment	Visitor Experiences	Visitation	Notes on Visitation
<p>Titanic Belfast Northern Ireland</p> <p>Titanic Foundation</p> <p>10 min drive, 30 min walk from city centre</p> <p>Opened March 2012</p>	<p>Building: 151,000 sq. ft.</p> <p>Main Exhibition area: 118,000 sq. ft.</p> <p>Cost: £100 million + (CDN \$167 million+)</p>	<ul style="list-style-type: none"> • 9 galleries telling the Titanic story • “Uses a range of interpretive techniques to bring events to life, with oral testament, film, photographs, archival material and a range of media combined to create an engaging and thought provoking experience” • Dark ride tour through the shipyard • Replica of Titanic rudder • 3D cave – allows visitors to walk through the ship • HD footage of discovery of wreck • 360 degree computer generated tour • Interactive screens to search passenger & crew lists • Souvenir shop, restaurant, café • 6 indoor spaces for events & meetings; full area available for rent (up to 2000 people) 	<p>First 12 months: 807,000</p> <p>Since opening (16 months): 1 million</p> <p>December 2012: 33,000</p> <p>2012: 55,000 attendees at conferences, functions,</p>	<p>First year: 58% (472,000) from outside Northern Ireland</p> <p>Note: 2012 was 100th anniversary of Titanic; this, combined with novelty of the facility undoubtedly impacted visitation levels.</p> <p>Initial annual targets of revenue and attendance met in less than 6 months.</p> <p>Report that this facility attracted 400,000+ visitors to Belfast in 2012</p>
<p>Portsmouth Historic Dockyard Portsmouth, UK</p> <p>Charitable Trust (owned by the various attractions at the Dockyard)</p> <p>Opened in 1986</p>	<p>Mary Rose Museum - £27 million (CDN \$45 million)</p> <p>Action Stations - £16 million (\$CDN 27 million)</p> <p>No data on other attractions</p>	<ul style="list-style-type: none"> • Six separate attractions at the site: <ul style="list-style-type: none"> • The Mary Rose Museum • HMS Warrior 1860 • HMS Victory • National Museum of the Royal Navy • Action Stations (Royal Navy) – mix of physical challenges, simulators, technology – includes opportunities to battle with the Royal Marines, command a warship, fly a helicopter • Laser tag adventure – simulates exploits 	<p>500,000 visitors annually to full complex</p> <p>Action Stations: 100,000</p>	<p>Complex has seen increased visitation since opening of new Mary Rose Museum (May 2013) but too early to say this will be sustained.</p> <p>15% - 20% from outside UK</p> <p>5% of visitors to Action</p>

**Table I-3
Overview: Comparable Facilities**

Facility, Location & Ownership	Size & Investment	Visitor Experiences	Visitation	Notes on Visitation
Mary Rose Museum opened in 2013 Action Stations opened in 2001		<ul style="list-style-type: none"> of navy and marines Number of retailers and food services on site; all areas available as venues for events 		Stations are students
Museum of Science & Industry, Chicago Originally opened in 1933	400,000 sq.ft. of exhibition space; 800 seat auditorium	Includes a variety of exhibits such as: <ul style="list-style-type: none"> Science Storms YOU! The Experience U-505 Submarine – only German U-boat in the US Science theatre shows, lectures, daily live science experiences U-Boat can be viewed with general admission; for extra fee experience life on board with lighting and sound effects; also private group experience available including guided tour with submarine veterans Several retail and food spaces 8 difference spaces for functions – for 20 to 12,000 guests 	2012 – 1.4 million visitors 2011 – 1.48 million 2010 – 1.41 million	2012: 346,000 children in school groups (25%); Note: free admission for Illinois students in groups; also 52 days a year free to Illinois residents
Canadian War Museum, Ottawa Dept’ of Canadian Heritage Opened 2005	440,000 sq. ft building 3 main galleries and theatre: 100,000 sq.ft.	<ul style="list-style-type: none"> Extensive collection including military vehicles and artillery Highlights key events and defining moments in Canada’s military history; explores human conflict Houses Voodoo jet, artillery pieces, tanks, vehicles Memorial Hall Boutique and cafeteria Range of facilities for functions, seminars, meetings, etc. 	Year ending March 2012: 227,000 Attendance has been fairly stable	150,000 individuals; 77,000 (34%) groups Paid attendance has been relatively constant.
National World War	6 acre campus	<ul style="list-style-type: none"> Ultimate vision interactive exhibits that 	3 million visitors over 12	Attendance has been

**Table I-3
Overview: Comparable Facilities**

Facility, Location & Ownership	Size & Investment	Visitor Experiences	Visitation	Notes on Visitation
<p>II Museum, New Orleans</p> <p>Opened 2000</p> <p>Ongoing expansion program</p>	<p>\$320 million campaign underway to expand exhibit space and add hotel/conference facilities</p>	<p>portray all campaigns of the war – land, sea and air and honour each branch of the military</p> <ul style="list-style-type: none"> • 3 main pavilions now: <ol style="list-style-type: none"> 1. Louisiana Memorial Pavilion – story of amphibious landings, including theatre with 2 - 45 min shows 2. Kushner Restoration Pavilion – allows visitors to see restoration of artifacts first hand, including large scale such as PT boat 3. U.S. Freedom Pavilion: The Boeing Centre (2013); large scale artifacts of war (planes, tanks); immersive submarine experience employing sound motion & digital graphics to give a taste of submarine warfare (Extra \$5) • Special exhibits with rotating displays • <i>Beyond all Boundaries</i> – immersive, 4D cinematic journey; shown every hour (Extra \$5) • Future pavilions- Campaigns of Courage: Europe & Pacific Theatre currently under construction; The Liberation Pavilion planned for 2016 	<p>years; average of 260,000 per year pre Katrina; for 2 - 3 years post Katrina attendance was 50% of this; starting in 2010 attendance started to increase significantly.</p> <p>Projecting 700,000 per year eventually after completion of development program in 2016</p>	<p>increasing – March 2013 had highest monthly attendance ever; at 54,000 visitors this was 23% more than March 2012; due to opening of new Pavilion</p> <p>80% of visitors are from outside Louisiana; of these, 1/3 say Museum was the main reason for visit to New Orleans</p>
<p>Abraham Lincoln Presidential Library and Museum</p> <p>Springfield, Illinois</p> <p>Opened April, 2005</p>	<p>200,000 sq. ft.</p>	<p>Includes an Archive, Library, Museum</p> <p>Brings 19th century history to life through education, storytelling and advanced entertainment technology.</p> <p>Invites visitors to journey through life and times</p>	<p>From 2005 – 2010: 2.23 million visitors – average of 436,000 per year</p> <p>As of 2012, 3 million in total or average some 375,000 per year.</p>	<p>Springfield is birthplace of Lincoln and this is the big story with several related attractions.</p> <p>Data suggests slight decline in visitation from</p>

**Table I-3
Overview: Comparable Facilities**

Facility, Location & Ownership	Size & Investment	Visitor Experiences	Visitation	Notes on Visitation
		<p>of Abraham Lincoln</p> <p>Galleries are of two kinds:</p> <ul style="list-style-type: none"> • Immersive settings – dramatic, 'you are there' • Object galleries – with real historical artifacts <p>2010 – Opened a new exhibit to help give people a new reason to visit.</p> <p>Theatre with digital projection and special effects that immerse audience in the experience.</p> <p>Range of venues for events, meetings, weddings, etc.</p> <p>Retail store and online; one cafe</p>	<p>2008: 349,000 2009: 411,000</p> <p>(2009 was Abraham Lincoln Centennial)</p>	<p>earlier years.</p>

**Table I-4
Approximate Per Capita Spending at Other Attractions (3)**

Facility	Per Capita Spending On-Site		
	Admissions (note 1)	Retail	Food & Beverage
Pier 21, Halifax	\$6.00	\$2.75 (note 2)	N/A
Canadian War Museum, Ottawa	\$6.60	\$2.15	\$0.85
Museum of Science & Industry, Chicago	\$9.00	\$5.00 (Several gift shops, food service outlets & online store)	
Titanic Belfast	N/A	£3.95 (~\$8.70)	£2.21 (~\$3.70)

Notes:

- 1 Calculated using total admissions revenue and total visitation, to give an average spending per person on admissions.
- 2 Calculated from forecast attendance and gift shop sales at Pier 21 for FY 2011/12. Calculation uses exhibition hall admissions and total gift shop sales. A portion of the gift shop sales come from people who do not visit the exhibition hall so the \$2.75 overstates the per capita spending by visitors who are paying admission.
- 3 This data was not available for all of the attractions researched.

APPENDIX II
DETAILED ASSUMPTIONS FOR ECONOMIC IMPACT ANALYSIS

APPENDIX II

DETAILED ASSUMPTIONS FOR ECONOMIC IMPACT ANALYSIS

The tables on the following pages provide the detailed assumptions used in developing the input data for the economic impact analysis.

Table II-1
Battle of the Atlantic Place Operating Costs
(excludes food and beverage operations)

Item	Amount	Source and Notes
Salaries and wages	\$2,825,000	\$2.7 million provided by CNMT. Additional \$125,000 by EPG added for seasonal staff for admissions, gift shop, security, etc. Includes salaries and benefits.
Curatorial, Special Event and Program Costs	\$300,000	Provided by CNMT
Temporary Exhibits	\$100,000	Provided by CNMT
Cleaning	\$150,000	Provided by CNMT
Elevator Repairs & Maintenance	\$10,000	Provided by CNMT
HVAC Servicing	\$50,000	Provided by CNMT
General Building Maintenance	\$50,000	Provided by CNMT
Exterior Maintenance	\$20,000	Provided by CNMT
Electricity	\$250,000	Provided by CNMT
Telecommunications/Internet	\$20,000	Provided by CNMT
Other Utilities	\$60,000	Provided by CNMT
Property Management	\$100,000	Provided by CNMT
Miscellaneous		
Office Supplies	\$150,000	Provided by CNMT
Marketing	\$140,000	Provided by CNMT
Training and Professional Development	\$150,000	Provided by CNMT
Travel	\$60,000	Provided by CNMT
Cost of Goods Sold in Retail Outlet	\$430,000	55% of estimated \$787,500 in gift shop sales (225,000 visitors @ \$3.50 per capita, includes an allowance for sales to people going to the gift shop but not the BOAP experience)
Insurance	\$100,000	Provided by CNMT
Property Taxes	Assumed Grant in Lieu of Property Taxes	Provided by CNMT
Re-investment/refurbishing of building and visitor experiences	Not included	Unlikely to be incurred in the first five years of operation
Total	\$4,965,000	

Table II-2
Battle of the Atlantic Place:
Estimated Operating Costs Associated with Food and Beverage Operations
(café, restaurant, catering)

Business Centre	Estimated Revenues (1)	Operating Costs (2)
Café	\$562,0000 Estimated @ \$2.50 per visitor (225,000); includes an allowance for café visitors who do not participate in the visitor experience)	Cost of Sales: 35% Labour: 25% Operating Costs: 6% Paper: 4% Utilities: 3.4% General/Admin: 3.8% Marketing: 3.7% Entertainment: 0.6% No occupancy costs included; it is assumed the café space will be leased from BOAP and the occupancy costs are included with the operating budget for the main facility.
Restaurant	\$1.5 million Average 160 customers per day 313 days per year (average of 6 days per week); average cheque \$30 (Dinner \$35; lunch \$25)	Cost of Sales: 36% Labour: 37% Operating Costs: 4% Paper: 2% Utilities: 3% General/Admin: 3% Marketing: 4% Entertainment: 2% No occupancy costs included; it is assumed the café space will be leased from BOAP and the occupancy costs are included with the operating budget for the main facility.
Catering	\$1.5 million (100 events; average 250 persons @ \$60 per person on average (some banquets, some cocktails)	Cost of Sales: 35% Labour: 31% Utilities: 2% General/Admin/Other: 13%

Notes:

- 1 – The revenues estimated are based on industry averages and estimates made by EPG for the purposes of this economic impact analysis; they are not based on a market assessment for any of these operations.
- 2 – Operating costs are based on industry norms for similar types of facilities in Atlantic Canada, from information provided by the Restaurant Association of Nova Scotia and obtained from Statistics Canada.

Table II-3		
Estimates of Incremental Visitor Spending Attributed to Battle of the Atlantic Place		
Source of Spending	Estimated Spending	Assumptions and Data Sources
New visitors to Nova Scotia attracted primarily by BOAP	\$17.5 million	35,000 visitors or 16,667 parties Average Spending per visitor party in Nova Scotia: \$1,052 (Source of Spending Data: Nova Scotia Visitor Exit Survey, 2010)
Visitors who stay longer in the province so as to visit BOAP	\$2.4 million	Assume 20% of tourist visitors (excluding cruise ship visitors and excluding the new visitors) stay an extra day, on average. 24,000 visitors or 11,400 parties. Average spending per party per day: \$210 (Total trip spending of \$1,052/5 day average length of stay). (Source of Spending Data: Nova Scotia Visitor Exit Survey, 2010)
Total	\$20 million	