

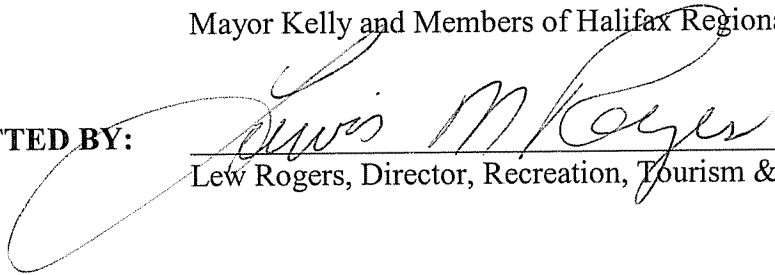
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PO Box 1749  
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Halifax Regional Council  
January 20, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Lewis Rogers, Director, Recreation, Tourism & Culture

**DATE:** January 6, 2004

**SUBJECT:** Request for Letter of Interest: Surplus Canadian Naval Submarine

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## INFORMATION REPORT

### ORIGIN

At the September 9, 2003 meeting of Regional Council, Councillor Warshick suggested that the Mayor send a letter to Federal authorities indicating municipal interest in acquisition of a surplus Canadian Naval submarine. This request was deferred pending receipt of a staff report.

### BACKGROUND

Staff drew on a number of studies to address the Councillor's question. Two studies of particular importance are noted below. In addition, and to ensure that the information presented was as up to date as possible, staff made inquiries with a number of agencies. The two studies are:

- A. Downtown Dartmouth Development Corporation:** In 1999 the DDDC made a proposal to the Millennium Bureau of Canada to create a naval heritage attraction on the Dartmouth Waterfront, that would feature a Canadian Naval Submarine.
- B. The Canadian Naval Heritage Project:** In 2001 a partnership of eight public and private sector groups was formed to explore opportunities to collectively market Naval Heritage. HRM is a partner. The partnership engaged the **Economic Planning Group** to conduct an economic feasibility study of potential to create a Canadian Naval Tourism attraction by 2010, the 100<sup>th</sup> anniversary of the Canadian Navy.<sup>1</sup>

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<sup>1</sup>In December 2003 the WDCL issued a Call for Proposals to seek a private sector partner to develop a commercial project on the Halifax Waterfront that will be linked to the Maritime Museum of the Atlantic and focus on maritime and naval history.

## DISCUSSION

Staff review of the two proposals suggests that the display of a Canadian Naval Submarine, while of considerable interest to many Canadians, would not be economically feasible for HRM.

### **1. Costs of Submarine Acquisition and Development:**

The Downtown Dartmouth Submarine proposal identified a number of costs specific to the acquisition and development of a Canadian Naval Submarine attraction.<sup>2</sup>

- to acquire a submarine, the capital cost is estimated at \$596,000;
- to develop the site as a tourist attraction, the capital cost is estimated at \$630,000;
- to operate the attraction, annual operating costs are estimated at \$344,000;
- to maintain the attraction, annual maintenance costs are estimated at \$138,000;

### **2. Benefits and Revenues:**

The Canadian Naval Heritage Project provides excellent tourism market development information with a focus on Naval Heritage Tourism. Although the project did not include specific data on the inclusion of a naval submarine, these points can be made about the creation of a tourism destination:

- inclusion of a submarine would create a unique naval tourism destination in Canada;
- the waterfront, currently a destination for 42% of all visitors to HRM, would be enhanced;
- a direct revenue stream to the operator of the attraction would be created through admission fees, estimated at \$400,000 by the fifth year of operation (40,000 visitors at an admission fee of \$10 per visitor)<sup>3</sup>

### **3. Development Approach:**

Staff experience with the development of tourism attractions, indicates that this attraction would need a skilled and competent naval tourism development lead agency. For this reason, the WDCL is currently seeking private sector proponents to take the role of a lead agency, a course of action that HRM staff think deserves further exploration. In the interim, it would be prudent for HRM Council to receive this information report and place the Councillor's request in abeyance until the results of the WDCL call for proposals is received and reviewed by HRM staff (as a Partner in the Canadian Naval Heritage Project).

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<sup>2</sup>Staff have applied a cost multiplier of 1.2 to reflect an estimated 20% increase in development costs over the five year period from 1999 to 2004. This adjustment figure is based on information provided by Real Property and Asset Management.

<sup>3</sup>Staff have adjusted the number of visitors and entry fees to better reflect the regional heritage tourism experience in HRM during the 1999 to 2004 period, as stated in statistics provided by the Economic Planning Group in their Economic Feasibility Study for the Canadian Naval Heritage Project.

**Item 9.3.1**  
**Expression of Interest**

**Halifax Regional Council**  
**January 20, 2004**

**BUDGET IMPLICATIONS**

Based on the costs identified above:

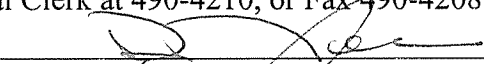
- 1) the Capital Budget impact would be \$1,226,000;
- 2) the annual Operating Budget cost would be \$482,000;
- 3) the annual Operating Budget revenue would increase to \$400,000 by 2009.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

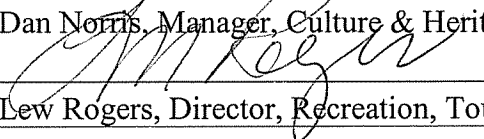
This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: \_\_\_\_\_

  
Dan Norris, Manager, Culture & Heritage 490-4339

Report Approved by: \_\_\_\_\_

  
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