

**– CORRESPONDENCE OF MAYOR PAUL D. FRAIM –**  
**HALF MOONE’S PAST AND FUTURE**  
**OP-ED TO THE VIRGINIAN PILOT**  
**JULY 13, 2013**

The decision by Carnival Cruise Lines not to deploy a ship from Norfolk in 2014 has caused some to question the construction of the Half Moone Cruise and Celebration Center. In response, I would offer the following thoughts and facts.

Cruise ships were calling on Norfolk before the center was built. In order to serve the vessels, Immigration and Customs officers were working in a temporary structure on the Nauticus pier. As visitation grew, federal authorities advised us that a permanent facility would need to be built if the ships were going to continue to dock here.

Discussions then occurred between the city council and the public about constructing a terminal. Experts were consulted. Advice from the industry was sought. It was understood the cruise business was seasonal and there would be lengthy periods of time when no vessels were here. The facility had to be more than a cruise terminal. It was also seen as a way to diversify the economy and strengthen port operations.

It was decided to construct an architecturally significant civic building on the river that would serve as a terminal and a place where civic and special events could be held. Direct revenue from these operations and indirect revenue from increased economic activity in the city and on the river helped justify the building of the \$37.4 million facility. The Virginia Port Authority thought so well of the idea they agreed to fund \$5 million of the cost.

Since opening in 2007, the Cruise and Celebration Center has generated \$8.5 million in direct revenue within the facility. Operating expenses have cost \$4.2 million. Principal and interest payments total \$4.7 million. 381,000 passengers and 46,000 crew members have now visited Norfolk. Using conservative industry standards, both passengers and crew have spent \$48.7 million. The cruise ships themselves have spent another \$4.3 million on everything from dockage fees to fresh water. Facility rentals and parking have generated another \$3 million. The ships also contribute to our economy by purchasing hotel rooms for crew members, food, and ship repairs. These dollars are mostly new to the regional economy.

By any measure, this economic impact is substantial and has generated jobs and taxes. Money has been spent in our restaurants, retail shops, hotels and airport. The cruise industry has employed cab drivers, longshoremen, security officers, bus drivers and more up and down the business chain.

Since opening, there have been 576 special events at the facility, nearly two a week. Some events have lasted for days, some for weeks. This activity alone has drawn hundreds of thousands of visitors to Norfolk generating additional spending, fees and taxes.

As a civic building it has staged the change of command for NATO's Supreme Allied Command Transformation. Prince Phillip was hosted there during Jamestown's 400<sup>th</sup> Anniversary celebration. Other civic functions have also occurred in the building, demonstrating value to the community.

When the decision to build the Half Moone Cruise and Celebration Center was being made, no one forecasted the worst recession since the great depression which degraded the entire hospitality industry. No one foresaw that the cruise ship industry would suffer setbacks of its own, and no one knew how significantly the new EPA Emissions Control Area requirements would impact fuel costs for operating cruises from here and other North American ports. However, it is fair to say we understood there would be unforeseen challenges. We are adapting to this most recent one. We always do.

What should we do going forward? The current cruise schedule includes seven future stops in 2013, bringing 39,300 visitors to Norfolk. Nine ships are presently booked for 2014 and seven for 2015. Expectations are that we will continue to improve the schedule by adding additional cruise vessels. We also believe Carnival will return at some point. In the meantime, we will use this opportunity to aggressively book more events and evaluate cost saving measures.

In the larger context, the center is part of a downtown that is doing well, particularly financially, for the benefit of the entire city. Its various assets cannot be rated in isolation. We are a port town and cruises connect us with our own history. Thankfully, the economy is getting better. The hospitality industry is improving. Cruise ships will adapt to the new ECA standards. All of this argues that the Half Moone Cruise and Celebration Center has and will continue to play an important and vital role in our civic and economic future.

**Paul D. Fraim, Mayor**  
City of Norfolk