TO: Mayor and Members of Council
FROM: Cynthia Beach, Commissioner, Sustainability & Growth
RESOURCE STAFF: Brian McCurdy, Director, Cultural Services
Alan McLeod, Senior Legal Counsel, Legal Services
Colin Wiginton, Manager, Cultural Services
DATE OF MEETING: 2010-08-24
SUBJECT: Marine Museum of the Great Lakes
Preliminary Investigation and Recommended Course of Action

EXECUTIVE SUMMARY:

The Marine Museum of the Great Lakes at Kingston (the “Marine Museum”) is comprised of four buildings, including the Engine Gallery that contains the machinery needed to operate the adjoining dry dock. The dry dock itself, built out of local limestone and opened in 1891, functioned as a key component of the local marine infrastructure that secured Kingston’s importance as a major shipping port. In 1986, the Engine Gallery was designated as a National Historic Site due to its significance as a Canadian engineering achievement.

The Marine Museum building houses both permanent and temporary exhibits as well as an extensive collection of books, ship plans, images and artefacts relating to the Great Lakes marine industry. Much of the collection dates back to the early 19th century and has been designated as Canadian Cultural Property.

The Marine Museum site has also been recommended for continued public access since the first City and waterfront plans were prepared over fifty years ago. Today, Public Works and Government Services Canada is now in the process of restoring portions of the site, including repairs to the dry dock and building. City staff are advised that significant investment is being made in the site in recognition of its historical significance as well as the artefacts it houses. The restoration has been complimentary to the long term tenancy of the Museum at the location.

The City has been providing annual funding to the Marine Museum in the amount of $65,000 for many years. Recently, the Marine Museum has identified that it is in a “crisis” situation and has approached the City to request additional funding in 2010 to offset losses in revenue related to the closure of the Bed and Breakfast operation of the Alexander Henry; the closure of the adjacent parking lot due to construction on the dry dock; and reduced admissions and other revenue due to construction and reduced access via Ontario Street.

A request has been made for funding in the amount of an additional $65,000 for the remainder of the year to maintain steady operations of the Marine Museum that lead to the following direction to staff by Council on 20 July 2010:
WHEREAS the Marine Museum of the Great Lakes is an important part of Kingston's cultural fabric; and,

WHEREAS the Marine Museum of the Great Lakes has reported that they are facing difficulties and in need of assistance;

THEREFORE BE IT RESOLVED THAT staff be directed to conduct a preliminary investigation of the extent and nature of the current problems, and to report to Council on August 24, 2010, on their findings, the options available to the City, and if appropriate, to recommend a course of action.

CARRIED

RECOMMENDATION:

THAT Council approve additional funding to the Marine Museum of the Great Lakes in 2010 of up to an additional $32,500 to balance the projected net operating deficit and that this funding be provided on a month to month basis based on financial reports of actual expenditures with financing from the Working Fund Reserve; and

THAT an additional amount of $15,000 in funding from the Working Fund Reserve be provided for the Marine Museum to work with City staff to prepare a revised business plan for a new service level agreement prior to approval of the 2011 budget; and

THAT Council authorize funding to the Marine Museum of the Great Lakes to the same level of funding as originally approved in the 2010 operating budget for the first quarter of 2011 in the amount of $5,500 per month during which a new service level agreement can be presented for approval by Council; and

THAT the Marine Museum undertake to provide continued public access to their exhibitions and collections, including the events previously planned for October 2010, as a condition of receiving the additional funding.
AUTHORIZING SIGNATURES:

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<td>Cynthia Beach, Commissioner, Sustainability &amp; Growth</td>
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<td>Gerard Hunt, Chief Administrative Officer</td>
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CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

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<th>Name of Commissioner, Department</th>
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<tr>
<td>Terry Willing, Community Services</td>
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<td>Denis Leger, Transportation, Properties &amp; Emergency Services</td>
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<td>Jim Keech, President and CEO, Utilities Kingston</td>
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(N/R indicates consultation not required)
OPTIONS/DISCUSSION:

A. Background and History of the Marine Museum of the Great Lakes

The present request from the Marine Museum of the Great Lakes for short term emergency funding arises in the context of the long term operation of the Museum as well as a long term relationship between the Museum and the City of Kingston.

The Marine Museum currently encompasses four connected buildings, including the Engine Gallery with its machinery for operating the adjoining historic dry dock. The dry dock was designated a National Historic Site in 1986 in recognition of its significance as a remarkable Canadian engineering achievement. Built out of local limestone, it was officially opened in 1891 and for the next 77 years was a key component of the local marine infrastructure that secured Kingston's importance as a major transhipment port. The Engine Gallery, built in 1889, possesses its original steam engines and pumps used to remove water from the dry dock and for operating the gate.

The Museum itself houses both permanent and temporary exhibits, as well as extensive collections with tens of thousands of books, ship plans, images and artefacts related to the marine industries of the Great Lakes. Many of these collections, dating back to the early 19th century, have been designated as Canadian Cultural Property. The Audrey Rushbrook Library and Archives, and the Gordon C. Shaw Study Centre are important aspects of the Museum, widely utilized by students, scholars and the public in pursuit of maritime history. The Museum is considered a pre-eminent source of scholarly and professional archival research on maritime life and transportation on the Great Lakes.

From 1977 to 2007, the City of Kingston leased the property upon which the Marine Museum sits from the Government of Canada and sub-let the property to the Museum. The City of Kingston also provided annual funding of $65,000 to the Marine Museum. The last period in which the City of Kingston was involved in operational matters was during 2007, the operation of the Marine Museum was dominated by two significant issues: the end of the Museum’s thirty year lease of its Kingston Shipyards and Dry-dock site and the relocation of the Museum Ship Alexander Henry from the outer wharf to the dry-dock. At the end of November 2007, when the thirty-year lease with the Federal Government expired, Public Works and Government Services Canada deemed the property surplus and gave notice of its wish to dispose of the property.

B. Recent Municipal Contributions to the Museum

In addition to the favourable sub-lease terms and annual funding, the City of Kingston also made the following investments in support of the Museum and the site in the period leading up to the termination of the lease:

- repairs to the physical plant in 2005;
- waiving an outstanding 18 year-old loan of $65,000;
- additional funding allotment of $60,000 for the museum towards their 2007 budget;
- capital expenditures including $110,000 for renovations to the building and $175,000 for permanent bollards and fendering for the Henry; and
- engineering studies in the amount of $195,000 to enhance public safety around the site.

Since the termination of the lease in late 2007, the City of Kingston has continued to provide annual funding and the Federal Government has undertaken significant capital investments. Repairs to the dry dock were completed in 2010 and, through the winter of 2010-2011, it is expected that major rehabilitation of the buildings including the chimney and HVAC system will be undertaken pursuant to contracts tendered by the Federal Government.
C. Status of Operations

The current status of major operational aspects of the Museum includes:

- The icebreaker Alexander Henry, moored at the entrance to the dry dock, was retired in 1985 after 25 years of service. The ship has been open annually to the public as a museum exhibit as well as a unique Bed and Breakfast during the summer months. In 2007, the Alexander Henry was moved 65 meters from the Museum's outer dock to the dry dock. Safety and security projects, including the reconfiguration of the ship's electrical supply, were undertaken. The development of a five-year rehabilitation and ship's maintenance plan was also undertaken and an application made to fund repainting of the ship.

- In 2010, the Ministry of Labour identified the presence of designated substances within the Alexander Henry, including friable asbestos. The use of the ship has been restricted to the open decks until abatement measures are concluded. Prior to 2010, bed and breakfast operations had been enhanced. A seasonal Guest Services Manager was hired and summer students provided services to guests. With the closure of the Bed and Breakfast operations, these staff positions have now been lost.

- The Marine Museum is now the archivist for the Canada Steamship Lines (CSL). These holdings are extensive, with over 5,000 items catalogued including 4,000 photographs and ships plans as well as over 400 boxes of archival material. This is one of the most significant marine history collections in Canada and provides insight into the historical development of our country and these collections have been designated as Canadian Cultural Property. Over the years CSL has been a significant contributor to the Museum and recently pledged $250,000.00 to support the Museum to be paid out in the amount of $25,000 per year for the next 10 years.

- In response to the funding requirements of the Ontario Ministry of Culture, the Marine Museum hired a full-time curator who has now been on staff for two years. A combination of volunteer researchers and paid staff have been engaged in collections management tasks, particularly in relation to re-shelving material, reviewing the contents of a large number of archival boxes, and updating location files. For the time being the full-time curator position is being continued in spite of the loss of revenue.

- Administrative operations have also been impacted by the loss of revenue, including the fact that the Executive Director has tendered her resignation effective August 29, 2010. This resignation is happening after a number of years of work re-building the Museum's financial record base, routines and practices that have restored all financial systems and put the Museum in a far better position than the City experienced during its management of the Lease prior to November 2007. The loss of the full-time Executive Director will strain the Museum's ability to provide services to the public and to fulfill its obligations as a professionally managed museum. This represents a significant liability and the Board will have to re-examine potential funding sources to address the issue of staffing.

D. Preliminary Review of the Request

After receiving direction from Council on 20 July 2010 to investigate the problems at the Marine Museum, staff have met with representatives from the Marine Museum to determine the best options for financial and/or other assistance. Representatives have provided the information requested, including audited financial statements, revised cash flow statements and other information related to the current status of capital restorations lead by Public Works and Government Services Canada.
After a preliminary investigation of the problems with the Marine Museum, a number of challenges were identified:

- **Status quo operations of the Marine Museum would not be possible given the current level of funding.** The Marine Museum Board has been reviewing other revenue options that include a request for donations from members of the museum.

- **Review of a business plan prepared and submitted to the City in 2007 makes evident that the Marine Museum will have to find additional sources of external funding such as donations, provincial grants, healthy communities grant to maintain financial stability going forward.** The current funding level is not sufficient to maintain regular operations or to achieve the long term vision for the Marine Museum for a variety of reasons, including the unexpected loss of revenues from the operation of the Bed and Breakfast on the Alexander Henry, the short term loss of parking revenues and reduced admissions.

- **At this time, it is assumed that the Alexander Henry will not resume operations as a Bed and Breakfast.** Neither will it provide the revenue stream needed nor incur the expenses related to its operation for the foreseeable future. Regulatory requirements for public access to the Alexander Henry as well as the collections and building will have to be addressed in future budgets for the Marine Museum over and above the investment by Public Works and Government Services Canada. Until the regulatory requirements are met, access to the inside of the Alexander Henry will be restricted to the deck.

- **The current level of funding for the Marine Museum is insufficient and does not adequately address the long term costs associated with the maintenance of the collections and the building.** In spite of municipal and Federal investments in recent years, capital improvements will still need to be forecast to achieve the vision that has been articulated for the Marine Museum, including plans for the collection and the on-going maintenance of the Alexander Henry that is itself the largest artefact in the collection. The level of long term investment required to maintain the Alexander Henry is not known at the time of writing the report.

- **The Marine Museum has a Letter of Comfort with Public Works and Government Services Canada that allows them to continue operations at the site.** The current site and building are owned by Public Works and Government Services Canada that has a mandate to divest of the property and the buildings after completing some initial capital works to stabilize the dry dock and wharfs. A lease agreement has been provided to the Marine Museum, however, the Board has determined that a lease is not required and they have made the decision to continue to occupy the site based on the Letter of Comfort provided by Public Works and Government Services Canada. The lease does not include the use of the Union Street Jetty or wharfs and Public Works and Government Services Canada is still assessing the capital works required to stabilize it. The Union Street Jetty is one of the only remaining locations in the central city area that could be used for large ship mooring.

- **A vision document has been prepared for the future operations of the Marine Museum however, this document is not accompanied by an implementation plan that outlines how the vision is to be achieved and the current level of funding received from the City and generated through other sources is not sufficient to implement the vision as articulated.** However, with Public Works and Government Services Canada undertaking the major stabilization of the site, the Marine Museum is now in a position to pursue longer term planning for the physical plant and operations.

- **As with many other museums in Kingston, the current level of funding that the Marine Museum receives from the City makes it very difficult to sustain, let alone improve, the operating model.** If approved, the Kingston Culture Plan recommends developing new sources of funding for museums in Kingston that includes project, operating and core
funding so that improvements could be made overall in the operations of museums in the community. In 2010, the Marine Museum was successful in securing project funding from the Healthy Communities Fund to improve its collections management but this was a one-time grant that does support the on-going operations of the Marine Museum.

- If there is not funding available from the City, the operations at the Museum will continue to be impacted. Even with funding, operations will remain at a modest level. At the time of writing this report, drastic reductions in staffing have taken place in order to meet restricted budgets. In turn this reduction in staffing severely limits the ability of the Marine Museum to address the crisis that has arisen and it also means that the day-to-day operations of the museum have already been impacted. Marine Museum Board members have also indicated that restricting public access may be necessary and that this will negatively impact the Marine Museums’ ability to secure future federal and provincial funding as grants are contingent on remaining open to the public. With reductions in funding, the operations will have to be re-examined, including the ability to complete grant applications, maintain public access and fulfill the legal and fiduciary responsibilities with regard to the collections that it holds in the public trust.

- The Marine Museum Board will continue to request financial support from the members of the Museum to assist in making up the revenue shortfall anticipated for 2010.

- The financial documents provided do not allow staff to specifically confirm net financial implications related to the loss of revenues from the Bed & Breakfast and parking.

E. Community Museum Operating Grants

As part of the initial review of the problems at the Marine Museum, discussions also took place with a representative from the Ministry of Culture, Province of Ontario. The Marine Museum receives annual funding from the provincial government through the Community Museum Operation Grant (CMOG) program. An assessment is done each year by the province based on the applications it receives that reports on the financial state of the Marine Museum as well as its programming and its adherence to professional museum standards and practices.

In response to a series of site visits involving both staff and Board members, an assessment report was prepared in 2008 by the Museum and Heritage Program Adviser that included three recommendations to be dealt with by the Marine Museum Board of Directors including:

- Collections Management
- Sustainability Plan
- Financial Plan

There has been considerable work done at the Marine Museum to address the first recommendation in the assessment report related to collections management, including the hiring of a full-time curator to devote more time and attention to the issues of storage, preservation, conservation, acquisitions and de-acquisitioning. Many of the concerns related to the building’s physical plant are being addressed through investment of Public Works and Government Services Canada for the existing facility.

To date, the second two recommendations contained in the assessment report have not been fully addressed and will need to be resolved in order to ensure that the Marine Museum continues to secure CMOG funding. Given the current crisis, the Sustainability Plan should be the main priority of the Board and must include the development of a core funding plan that...
identifies all potential funders, their requirements and expectations for funding. The Sustainability Plan will also need to address funding from all levels of government and industry. The provincial ministry also recommended that the Marine Museum seek a sustainability grant through the Department of Canadian Heritage in order to hire a consultant and to provide funds for staff to work out a strategy for sustainability. Also recommended was the exploration of the potential of a joint academic chair with Queen’s, with the establishment of an endowment fund.

The Financial Plan component of the assessment report required the development of a long term business plan to encompass at least 10 years with interim plans for both three years and five years. As described, it was recommended that the detailed business plan set out all expenses, revenue, timing and staffing requirements over time. Again, it was identified that that grant programs are available to assist in the development of these business plans through the Department of Canadian Heritage.

Long term planning at the Marine Museum has been difficult while the assessment of the site was being undertaken. Now that the physical plant work is being implemented by Public Works and Government Services Canada, it is the ideal time to create better long term plans to address the second two recommendations of the Ministry of Culture. It is also recommended that the service agreement that is eventually recommended to Council include the necessary elements to apply for available grants and to complete the plans in 2011, if possible.

It is recommended that City Council request that the Marine Museum Board report back and provide a budget submission for funding in 2011 that will include the completion of the Sustainability Plan and long term Financial Plan that will meet the requirements of Ontario Ministry of Culture and the Community Museum Operating Grant program. The completion of the plans will also provide the framework for the service level agreement between the Marine Museum and the City of Kingston.

**F. Opportunities**

City staff has been advised that the federal government is investing in health and safety improvements in the Marine Museum facility itself, including building, HVAC and chimney repairs and that they will also be dealing with the abatement of designated substances that were recently identified. A report regarding the presence of designated substances within the Alexander Henry has also been produced and will restrict access to the interior of the ship until such time as an abatement can be completed. The historically designated dry dock (the only federally built dry dock on the Great Lakes) has already been restored and is once again safe.

There is a great deal of material that has been collected at the Marine Museum related to the industrial past of Kingston and the history of the Great Lakes. Further strategies could be developed to address how to make the programming and collections at the Marine Museum more relevant and accessible to the local community. The depth of the collections, combined with the subject matter and the site, could contribute to an overall cultural and economic development plan for the region.

Additionally, the location of the Marine Museum is significant as the building and wharves are an important node on Kingston’s waterfront. With the investment being made by Public Works and Government Services Canada, the Marine Museum must work to resolve the issues that have lead to the current crisis so that it can position itself to prepare longer term plans that must include both a Sustainability Plan and Financial Plan that will identify goals for core funding and revenue generation that will ensure more stable museum operations moving forward.
G. Options

The motion from Council has requested the staff report back on the extent and nature of problems at the Marine Museum as well as the options available to Council. A number of meetings have taken place with both Museum staff and Board members to determine the extent and nature of the problem. Additionally, a significant amount of information has been provided to staff to review, including audited financial statements and revised cash flow statements as well as a proposal that includes two options being proposed to address the current crisis: (1) close the Museum, terminate the Curator and transfer responsibility for the collection to another organization or agency; or (2) significantly reduce services and develop a restructuring plan for 2011 and beyond.

Based on these meetings as well as the additional information provided, the options being presented for Council include:

- **Option 1:** Provision of part or all of the requested $65,000 in funding unconditionally to the Marine Museum
- **Option 2:** Provision of part or all of the requested $65,000 in funding conditionally to the Marine Museum
- **Option 3:** No additional funding beyond the $65,000 already provided for in the 2010 operating budget.

It is recommended after undertaking a review of all available information that Council adopt Option 2 that will provide the opportunity for the Marine Museum to maintain its operations on a limited basis while repairs to both the facility and the site continue to be completed by Public Works and Government Services Canada. Option 2 will also provide the opportunity for City staff to continue to work with the Museum Board to ensure that the additional funding is appropriately used; to provide public access and to ensure that the collection is maintained according to accepted museum standards and practices; and to seek additional sources of funding to support the development of a Sustainability Plan and Financial Plan as recommended by the Ontario Ministry of Culture.

Option 1 is not recommended in recognition of the fact that the Marine Museum has proven to be unsustainable given what has lead to the current crisis and in the absence of the longer term planning that is needed to ensure its continued operation.

Option 2 is recommended by staff to ensure that basic operations can be provided at the museum. It is also important for the City and the Marine Museum to continue to move ahead to identify a new business plan for the immediate future as well as the long term. The recommendation provided in the report provides additional funding of $47,500 for all requested funding for expenses. Staff cannot support the funding for replacement of reserve funding in 2010 as emergency funding and suggest that the maintenance of reserve funds be addressed in 2011 when a revised business plan has been completed.

Option 3 is not recommended as the Marine Museum may be forced to close and the lack of public access could negatively impact the Museum making it difficult to secure other sources of funding, including Community Museum Operating Grant from the Ministry of Culture as well as other grants that will be necessary for the Marine Museum to maintain its operations over the long term.

It is also recommended that the Marine Museum be provided funding for the first quarter of 2011 based on the historical funding from the City. With first quarter funding the Marine Museum can be working towards making grant applications including the funding available to complete a Sustainability Plan and Finance Plan. Also, based on the elections held in 2010, operating budget approval will likely be done later in 2011. The recommended motion provides some stability until the operating budget sessions identify the ongoing funding level for the Marine Museum.
H. Funding

Any additional funding approved by Council would have to be allocated from the Working Fund Reserve as a onetime payment. City staff would then work with the Museum board to prepare budget submissions for the 2011 operating budget discussions and to seek other potential sources of funding from other levels of government. The recommended funding for 2011 is consistent with budget authority for City departments.

EXISTING POLICY/BY LAW:

None.

NOTICE PROVISIONS:

None Required.

ACCESSIBILITY CONSIDERATIONS:

Not Applicable.

FINANCIAL CONSIDERATIONS:

If Council approves Option 1 or Option 2, the additional funding would have to be allocated from the Working Fund Reserve as a onetime payment. City staff would then work with the Museum board to prepare budget submissions for the 2011 operating budget discussions and update the service level agreement.

CONTACTS:

Cynthia Beach, Commissioner, Sustainability & Growth Group  613-546-4291 ex. 1150
Brian McCurdy, Director, Cultural Services  613-546-4291 ex. 1354

OTHER CITY OF KINGSTON STAFF CONSULTED:

Colin Wiginton, Manager, Cultural Services, Sustainability & Growth Group
Alan McLeod, Senior Legal Counsel, Corporate Administrative Team
Desiree Kennedy, City Treasurer, Financial Services
Denis Leger, Commissioner, Transportation, Properties & Emergency Services

EXHIBITS ATTACHED:

Exhibit A - Fiscal Position of the Marine Museum of the Great Lakes (22 July 2010)
Exhibit B- Letter of Request for Funding from the Museum (21 July 2010)
Exhibit C – Marine Museum of the Great Lakes, Options (13 August 2010)
FISCAL POSITION
MARINE MUSEUM OF THE GREAT LAKES
22 JULY 2010

1) Current Bank Balance: $22,803
2) Outstanding cheques: (issued but not cashed) $10,966
   Actual on hand: $11,836
3) Outstanding payables: (at 30-60 days overdue) $11,971
   Balance: ($135)
4) Anticipated revenue to 04 August $1,500
5) August 4th Payroll: $8,500
6) Payroll deductions due Aug 11 $3,600
   Anticipated Balance as of 04 August ($10,465)
7) Anticipated Revenue to end of August: $14,000
8) Anticipated Expense to end of August: $27,041
   (includes Payroll owing/anticipated)
   Anticipated Balance as of 31 August 2010 ($23,506)
July 13, 2010

Mayor and Council
City of Kingston
(BY HAND)

RE: EMERGENCY FUNDING REQUEST, MARINE MUSEUM OF THE GREAT LAKES AT KINGSTON

Dear Mayor and Council:

The Board of Trustees of the Marine Museum of the Great Lakes is appealing to the Council of the City of Kingston for immediate, emergency funding of $65,000. This funding is required to carry the Museum through, while its Board of Trustees determines the viability of various restructuring options. Without this funding, the Marine Museum will have to close its doors within a matter of weeks.

Currently, the Museum’s cash flow situation is so serious that without external support, only immediate severe and drastic cuts to the Museum’s operation will ensure the Museum’s survival. Within the next few weeks, the Museum will no longer be able to pay its remaining staff. This fiscal situation has evolved due to the unfortunate intersection of a number of events and activities, many of which are beyond the Museum’s control:

- a 50% drop in attendance revenue in 2010 which may be due to: drawn out dry dock construction, subsequent loss of visitor parking, downtown Kingston sewer repairs, and prolonged blockage of Ontario Street;
- loss of nine months of parking lot revenues, due to dry dock construction;
- and finally, longstanding challenges around financial viability and sustainability, culminating in successive years of deficits, have seriously eroded the Museum’s financial reserves.

Compounding these issues, discovery of suspected friable asbestos aboard the Museum Ship Alexander Henry, forced the immediate closure of the popular ship to the visiting public, and the closure of the bed and breakfast on board - a longstanding source of
earned revenue. A second Ministry of Labour investigation recently uncovered friable asbestos within the Museum building, also.

In complying with the first MOL order, the Museum immediately took steps to ascertain the type and extent of ship-board asbestos present, prior to the development of a management and/or abatement plan. While vital information for future planning for the ship, the $6,000 cost of asbestos testing was an unexpected blow to an organization which was already desperately struggling to survive financially.

In responding to this crisis the Board of Trustees has initiated the following steps:

- The Museum’s membership and community at large have been informed of our dilemma;
- A review of options to manage expenditures through a major reorganization is currently underway. Options include reductions in: staffing; Museum operating hours; and, services to researchers, school and tour visitors, and the general public.
- Specific steps already taken to improve revenue include:
  - targeted fundraising campaign;
  - parking spaces available for lease with removal of construction fence;
  - continuation of seven day a week operation for Museum visitors, operation of summer children's programming;
  - use of last of Museum’s financial reserves to make July payroll;
- Specific steps already taken to reduce expenditures include:
  - termination of seasonal Bed & Breakfast staff;
  - termination of 2 permanent, full-time employees;

Ironically, this serious cash crunch has occurred at a time of unprecedented federal government investment. This investment is in no small part due to the Museum’s active campaign with property owner Public Works and Government Services Canada. The badly eroded extension of the dry dock has been rebuilt at a cost of close to $3 million. PWGSC’s Heritage Division has already begun major work to address fundamental maintenance and infrastructure issues in the former shipyards building the Marine Museum occupies, including: roof repairs; inspection and repairs to the masonry chimney; repair/replacement of existing HVAC systems; installation of a safety railing around the entire dry dock.

With respect to the appeal for emergency funding, we have been advised that such appeals must be directed to City staff for review and consideration, and so that a report on this matter can be generated for Council discussion and debate. Annual and quarterly reports, and audited financial statements are already in the hands of City staff; any additional documentation required in support of the development of a report to Council will be made available by the Marine Museum.
The Marine Museum has an international membership base, and has a long and successful history of attracting significant private, and corporate funds. In addition to federal and provincial employment grants, the Museum receives municipal and provincial operating funds. Project funding has been secured from many diverse sources, including the Ministry of the Environment.

In 2007, the City of Kingston provided an additional one time grant to assist the Museum in relocating the Museum Ship Alexander Henry. At that time, the Museum advised City of Kingston Council that escalating labour and fixed costs were seriously eroding the Museum’s capacity to effectively support itself. Operating grants which failed to keep current with rising external costs meant that the Museum was consistently forced to cut into core operations, greatly impeding its ability to earn operating revenue. Rather than pursue an increased municipal operating grant however, the Museum undertook aggressive and successful fundraising campaigns in both 2008 and 2009. While successful, these efforts have not proved sufficient to address this year’s overwhelming fiscal challenges.

In summary, the Marine Museum has served as a significant partner in furthering the City’s cultural and advancement plans for many years. However, we now need your help. We are confident that community support in both the private and the public sector will serve to carry us through, so that we may continue to play a leadership role in Kingston’s future as a creative city. We look forward to meeting with the City’s Cultural Services staff in the near future, and to appearing before Council in August to address any concerns or questions you may have.

Sincerely,

[Signature]

Mark Siemons
Chair, Board of Trustees
Marine Museum of the Great Lakes at Kingston
MARINE MUSEUM OF THE GREAT LAKES AT KINGSTON

OPTIONS

ISSUE:

For some years, the Museum has had difficulty maintaining its class A status as a Museum and providing services to the public. The Marine Museum generates a significantly higher proportion of its revenue from donations than from government operating grants in comparison to the provincial average.

A crisis has arisen due to:
- Recent closure of the Alexander Henry B&B, a revenue source, due to friable asbestos;
- Reduced revenue from the parking lot due to construction;
- Reduced admissions and other revenue apparently due to construction and reduced access via Ontario Street.

The Museum has received funding from the City of Kingston for 30 years, is a landmark on the Kingston waterfront, and shares with the City a vision for further development of the site including a deep water dock.

ACTION

The Museum is undertaking targeted fund raising to address the current crisis, seeking funds from the City to balance the 2010 budget and assessing options for the future of the Museum beyond 2010.

To date:

- additional funding has been sought from major donors and museum members. The Board has made donations;
- a number of seasonal and summer student positions have been terminated;
- permanent positions have been terminated effective July 16 (administration, janitorial/ship keeper) and August 29 (executive director);
- additional volunteer time has been used to keep the Museum open;
- designated reserve funds have been used and bills have been left unpaid in order to cover costs related to salaries and insurance.

Following are the options under consideration:
OPTION 1:

Close the Museum to the public effective September 1, 2010; terminate the curator position effective September 17; and, either transfer the collections to other museums or offer management of the Museum to the City or Federal government.

Implications:
- The Museum would owe Trillium approximately $10,000 on the curator’s salary;
- Continued restoration work on the site by Public Works and Government Services Canada would be jeopardized;
- The Alexander Henry would have to be disposed of;
- Capacity to raise funds to cover resulting 2010 debts would be extremely limited.

OPTION 2:

Significantly reduce services effective September 1 and develop a restructuring plan for 2011 and beyond. This would involve:

- Reducing hours of operation:
  - Open to the public and for school tours 2 to 3 days per week;
  - Open for Grant MacDonald exhibit during October.
- Retaining the curator to maintain museum status and Trillium grant;
- Outsourcing or part time staffing for the following functions:
  - Janitorial;
  - Limited administrative support (basic office support, volunteer coordination, etc.);
  - Bookkeeping.
- Using volunteers to:
  - Winterize the Alexander Henry;
  - Provide operational oversight/coordination;
  - Keep the museum open to the public and for school tours.
- Developing a long term plan and preparing grant submissions either by volunteers or through a contract with a museum expert including:
  - a business/sustainability plan with a restructured staffing model;
  - funding proposals for: seasonal staff, Ministry of the Environment, etc.

Implications
- Requires loan or grant from the City of approximately $65,000 in 2010 and assumes the City will provide an operating grant of $65,000 in 2011;
- Keeps the Museum open and generating some limited revenue;
- Allows time to conduct detailed analysis of future options and restructuring of staffing requirements for 2011 and following.

NOTE: There may be additional orders from the Ministry of Labour regarding abatement of asbestos on Alexander Henry. Potential costs are unknown. Currently, consideration is being given to training volunteers to undertake work. Training costs are not yet known.
# Anticipated Marine Museum Requirements 2010

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding Invoices To End of August 2010</td>
<td>19,345.38</td>
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<tr>
<td>Anticipated Deficit Core Operation To 30 November 2010</td>
<td>5,964.66</td>
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<tr>
<td>Repayment Museum Reserves - Maritime Heritage Centre</td>
<td>17,725.56</td>
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<tr>
<td><strong>Staffing</strong></td>
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</tr>
<tr>
<td>Maintenance/Shipskeeper 2 days/week @ minimum wage</td>
<td>2,763.81</td>
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<tr>
<td>Admin Support 2 days/week @ minimum wage</td>
<td>2,763.81</td>
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<tr>
<td>Programming Support 1 day/week @ minimum wage</td>
<td>1,480.61</td>
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<td></td>
<td>7,008.23</td>
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<tr>
<td>Development of 2011 Business Plan</td>
<td>14,956.17</td>
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<tr>
<td><strong>Request: City of Kingston</strong></td>
<td>65,000.00</td>
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</tbody>
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