



**City of Kingston
Report to Council
Report Number 16-235**

To: Mayor and Members of Council
From: Gerard Hunt, Chief Administrative Officer
Resource Staff: Lanie Hurdle, Commissioner, Community Services
Date of Meeting: June 29, 2016
Subject: Marine Museum of the Great Lakes – Temporary Relocation and Long Term Options

Executive Summary:

The location of the Marine Museum of the Great Lakes (Marine Museum) including the Dry Dock was disposed of by the federal government on the private market in 2015.

The private developer (property owner) that acquired the Dry Dock property and the Marine Museum that has occupied the site for many decades have had a number of discussions and meetings but have been unable to reach an agreement that would enable the Museum to continue its operations at its current location. Therefore, the Marine Museum has been working on a plan to relocate its operations and its ship, the 'Alexander Henry' by August 23, 2016, which is the date by which the Marine Museum has to vacate the property.

City staff recognize that the Marine Museum is an important asset to the community and to tourism. Staff have been working with the Marine Museum to discuss temporary as well as longer term solutions that would enable the Marine Museum's operations, collections and the Alexander Henry to remain within the Kingston area.

Based on discussions and options explored for the operations of the Marine Museum, it was determined by the Marine Museum Board of Directors that the Portsmouth Olympic Harbour facility would be the best option for the continued operations of the Marine Museum and the storage of its collections. Staff have reviewed this option and have confirmed that the space is available without impacting other events/programs. It is understood that the Marine Museum's operations at the Portsmouth Olympic Harbour facility would be temporary over the next couple of years while the visioning exercise is completed and new development plans for the site are implemented. Staff are recommending the space be provided to the Marine Museum at no cost as a licensing agreement under the Community Leasing Policy. Two other options that were

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considered but are not being recommended were to maintain the Marine Museum operations at the Dry Dock until June 2017 or for them to rent a small space downtown to maintain a “storefront” presence. Those two options are described in the Options/Discussion section of this report.

Interim and long term options for the Alexander Henry are more complex and time sensitive, which require a special meeting of Council prior to July 12th. All parties involved in discussions agreed that the ideal long term solution would be to have the Alexander Henry remain within the Kingston area and, more specifically, to utilize the ship to create an artificial dive reef within Lake Ontario. In order for that to happen, the Marine Museum needs to complete an assessment of the feasibility to “clean” the Alexander Henry and prepare it so it could be sunk in Lake Ontario, work that will take a number of months to complete. Options to provide the appropriate time to complete this assessment were explored and, as a result, the recommended option is to relocate the Alexander Henry at the dock of Picton Terminals for the next year.

This relocation would have to take place within the next week as the water levels of Lake Ontario are going to continue to drop and it would be impossible to move the Alexander Henry later in July. The dock at Picton Terminal is owned and operated by Doornekamp Construction. The relocation of the Alexander Henry would be performed by Doornekamp Construction and Drew Harrison Haulage Ltd. The cost for this relocation along with a year of mooring at the dock in Picton would total \$100,000, including insurance coverage during the relocation and mooring. In this scenario, it is proposed the Marine Museum would fund \$25,000 of the cost and the City would fund the remaining \$75,000. This would provide the Marine Museum with one year to complete the assessment work required to determine the feasibility and cost to sink the Alexander Henry to create an artificial dive reef. The work, associated costs and sources of financing would be reported to Council prior to the one year period.

Should the creation of an artificial dive reef not be feasible, then Doornekamp Construction has agreed it would be able to dispose of the Alexander Henry for an additional cost of \$326,000. A letter of guarantee would be required from the City immediately to ensure payment should this option prove necessary. The total cost under the letter of guarantee would be funded 50/50 between the City and the Marine Museum should this be the only option after an assessment is completed. Funding is requested in this report for the City share (\$163,000) intended as matching a fundraising effort by the Marine Museum.

A number of other options have been considered, including keeping the Marine Museum in its current location or relocating it elsewhere. Those are detailed in the Options/Discussion section of this report.

Recommendation:

That Council authorize the Mayor and Clerk to sign a community license agreement between the City of Kingston and the Marine Museum of the Great Lakes starting in July 2016, at an annual rate of \$1 per year, for a period of two (2) years with an option to renew for another two

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(2) years for the use of operational and storage space at the Portsmouth Olympic Harbour facility to the satisfaction of the Director of Legal Services; and

That Council approve a grant of \$75,000 from the Working Fund Reserve to the Marine Museum of the Great Lakes in order to fund the relocation and mooring of the Alexander Henry at the dock of Picton Terminals which is owned and operated by Doornekamp Construction; and

That Council direct staff to issue a letter of guarantee for an additional \$326,000 to Doornekamp Construction, payable in one year, should the disposal of the Alexander Henry be required at that time; and

That Council approve the provision of a matching grant of \$163,000 (50%) to the Marine Museum of the Great Lakes from the Working Fund Reserve should the \$326,000 be payable in one year; and

That Council direct staff to report back within ten (10) months on the feasibility, associated costs and financing of the option to utilize the Alexander Henry to create an artificial dive reef in Lake Ontario.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Denis Leger, Transportation, Facilities & Emergency Services Not required

Jim Keech, President and CEO, Utilities Kingston Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer

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Options/Discussion:

The sale of the Kingston Dry Dock (Dry Dock) property was completed in January 2016 and there have been ongoing discussions between City staff, the Marine Museum of the Great Lakes (Marine Museum) and the new property owner regarding the future of the Marine Museum at its current location. These discussions were not successful and, as a result, the property owner provided the prescribed notice of 120 days which means that the Marine Museum has to vacate the property by August 23, 2016.

In April 2016, the Marine Museum provided a communication advising the City of its intent to move to a new location which would include short term storage and the maintenance of “storefront” operations. Since then, City staff have had multiple discussions with the Marine Museum and other parties to identify options for both ongoing operations/storage of the Museum collections as well as options for dealing with the ship, the ‘Alexander Henry’.

City staff and the Marine Museum took the following objectives and requirements into consideration while reviewing the options for the future operations and location of the Marine Museum and its assets:

- The Marine Museum needs to maintain ongoing operations, even with a reduced scope, in order to continue to qualify as a ‘Class A’ museum in good standing as defined by the Canadian Cultural Property Export Review Board. What that means is the Museum will continue to be able to receive artifact donations and issue tax receipts. Maintaining this status will also help to ensure the Marine Museum continues to receive funding through the Community Museum Operating Grant (CMOG) program administered by the Ontario Ministry of Tourism, Culture and Sport.
- The Marine Museum has already loaned and distributed some of its collections to other museums on a temporary basis. The Marine Museum has also packed many of its remaining artifacts and collections in preparation for a relocation this summer.
- The Portsmouth Olympic Harbour facility was identified as a location that could accommodate the operational and storage needs of the Marine Museum on a temporary basis, while the visioning exercise for the Kingston Penitentiary and Portsmouth Olympic Harbour is completed and plans for redevelopment are implemented. The future operations of the Marine Museum will be considered as part of the visioning exercise.
- The Marine Museum had identified another temporary location in the downtown for its ongoing operations but that space is much smaller and could not accommodate storage. Therefore, the Portsmouth Olympic Harbour facility location is the preferred option.
- All parties involved in discussions of the future of the Alexander Henry agreed the ship should remain within the Kingston area and ideally in the form of an artificial dive reef within Lake Ontario as an additional tourist attraction. In order to determine the feasibility of this option, the Marine Museum needs to complete an assessment of the work required to prepare the ship along with the associated costs and potential financing. It is anticipated this assessment will take close to one year and therefore, a stable and secured location is required for the Alexander Henry over the next year. City staff would continue to work closely with the Marine Museum through this process.

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- Whether or not the artificial dive reef option is feasible, the Alexander Henry would have to be relocated to another dock either within the next few weeks, due to changing water levels, or next year. If the artificial dive reef option is feasible, the Alexander Henry would be relocated to enable proper preparation of the ship. If the artificial dive reef option is not feasible, the Alexander Henry would have to be towed to be disposed of at another location. The issue is related to timing to successfully move the ship and the financial commitment based on such determinations being this year or in 2017.

The following outlines the three (3) main options that were reviewed and considered by City staff and Marine Museum.

Option 1 – Relocate the Alexander Henry to Picton

This option includes the relocation of the Marine Museum operations/storage prior to August 23rd to the Portsmouth Olympic Harbour facility. The Marine Museum operations and storage would occupy the space that was recently vacated by the Client Service Centre which relocated to 362 Montreal Street. It is proposed that a community license agreement be established between the City and the Marine Museum under the City Revenue Leasing and Licensing Policy and that the space be provided at no cost for a period of two (2) years with a potential extension for an additional two (2) years.

It is proposed that the ship, Alexander Henry, be moved out of the Dry Dock by tug boat and taken to be berthed in Picton. The move would be undertaken by Doornekamp Construction in partnership with Drew Harrison Haulage Ltd., which is an experienced tug and dock operation firm. The Alexander Henry would be taken to the dock of Picton Terminals which is owned and operated by the owners of Doornekamp Construction. It would be then safely moored at Picton for the next year while the proposal to create a dive site is assessed. Steps involved in the moving of the ship include:

- obtaining any approvals and giving all notices required in preparation for towing the ship;
- inspecting the ship to ensure it is fit for towing to Picton;
- providing expertise and insurances through Drew Harrison Haulage Ltd. to ensure the move is undertaken safely;
- opening the Dry Dock gates to allow the Alexander Henry to exit safely;
- lifting the gate either by crane or airbag if necessary;
- reclosing the Dry Dock;
- towing the ship from Kingston to Picton; and
- mooring the ship at the facilities of Picton Terminals for at least one year to allow for preparation of a dive reef project and fundraising drive.

In the last few years, Doornekamp Construction has undertaken the reconstruction of the Dry Dock and the installation of a new dry dock gate system. Doornekamp Construction has a detailed understanding of the structures which make up the Dry Dock and is confident that this approach is the one best suited to ensure the successful removal of the Alexander Henry from its current location. Staff anticipate that environmental permits from federal and provincial

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agencies will be required to undertake the work. The City's funding agreement will require the Marine Museum to assign permitting responsibility to Doornekamp Construction.

The cost associated with this option includes an initial \$100,000 to be funded by the Marine Museum (\$25,000) and the City (\$75,000). Costs related to the feasibility to create an artificial dive reef would be identified through the assessment work required and reported back to Council along with financing options. It is recommended that this be done within the next ten (10) months. Should the artificial dive reef option not be feasible, an additional \$326,000 would be required to dispose of the Alexander Henry. Doornekamp Construction is requiring a letter of guarantee for the \$326,000 which would be payable in one year should the disposal option be the most viable. It is proposed that the \$326,000 would be financed 50/50 by the Marine Museum and the City.

Staff is recommending this option.

Option 2 – Leave the Alexander Henry at Dry Dock

This option would enable the Marine Museum to continue its operations and leave the Alexander Henry at the Dry Dock property until June 1, 2017. The property owner would have the ability to extend this time frame by another six (6) months at its own discretion. The cost to remain on site would be \$50,000 until June 1, 2017. The property owner indicated that it is his intent to donate the \$50,000 back to a charity of his choice. The property taxes applicable to the operations of the Marine Museum on site would also need to be addressed by providing a grant to help cover taxes.

This option would provide the Marine Museum with sufficient time to complete its assessment of the feasibility to utilize the Alexander Henry to create an artificial dive reef. Even if this option was selected, ultimately, the Alexander Henry would need to be relocated. The relocation could be for disposal or for preparation of the Alexander Henry to create an artificial dive reef. The preparation work could not be performed at the Dry Dock property. Therefore, the cost to relocate for preparation would be in the range of \$100,000 in June 2017 and the cost of disposal would be in the range of \$426,000 at that time as well. The additional year at the Dry Dock would only add to the longer term costs as relocation would be required no matter what long term option proved to be feasible.

With this option, the operations of the Marine Museum could remain on the Dry Dock property until at least June 1, 2017 or relocate this season. The Marine Museum has indicated that it has already put some of its collections on loan to other museums, have packed most of the remaining collections and have indicated that a relocation would be best at this time. The relocation to the Portsmouth Olympic Harbour facility has been identified as the preferable option by the Marine Museum Board of Director.

Staff is not recommending this option.

Option 3 – Disposal of the Alexander Henry

This option would enable the immediate disposal of the Alexander Henry for a cost of \$426,000. Doornekamp Construction and Drew Harrison Haulage Ltd. would follow the same process as

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detailed in Option 1, except the Alexander Henry would not be moored for one (1) year in Picton. The Alexander Henry would be disposed of and there would be no assessment of the potential for the creation of an artificial dive reef. The proposed funding structure would be the same as what is outlined in Option 1. This means that the City would fund a total of \$238,000 and the Marine Museum would fund \$188,000.

The Marine Museum operations and storage would be located at Portsmouth Olympic Harbour at no cost as described in Option 1, which means that there would be a license agreement for a period of two (2) years with a potential extension for an additional two (2) years.

Staff is not recommending this option.

Existing Policy/By-Law:

The proposed license agreement complies with the terms for a Community License under the City Revenue Leasing and Licensing Policy. The agreement will be a license in which the Marine Museum will be open during the operating hours of the Portsmouth Olympic Harbour facility and will share common facilities with others.

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The Marine Museum of the Great Lakes requires a total of \$100,000 to tow the Alexander Henry out of the Dry Dock and moor it at the dock of Picton Terminals for a period of one year. The Marine Museum will contribute \$25,000 and City staff are recommending that the City contributes \$75,000, to be funded from the Working Fund Reserve. The one year period will enable the Marine Museum to assess the viability of preparing the Alexander Henry to turn it into an artificial dive reef for tourism purpose. Should the option to create an artificial dive reef be viable, an updated cost and sources of funding will be identified. Staff would report this information back to Council. Should the option of the artificial dive reef not be feasible, there would be an additional cost of \$326,000 to dispose of the Alexander Henry at that point. It is recommended that the City provide a letter of guarantee for that amount, which would be payable at the end of the one year period, should the disposal be the most viable option. It is proposed that the \$326,000 would be funded 50/50 between the City and the Marine Museum.

Contacts:

Lanie Hurdle, Commissioner, Community Services 613-546-4291 extension 1231

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Other City of Kingston Staff Consulted:

Alan McLeod, Senior Legal Counsel

Colin Wiginton, Cultural Director

Luke Follwell, Director, Recreation & Leisure Services

Paige Agnew, Director, Planning, Building & Licensing Services

Paul MacLatchy, Director, Environment & Sustainable Initiatives

Exhibits Attached:

Not applicable