

Friends of Dalnavert Museum:

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March 10, 2014

Manitoba Historical Society  
c/o James Kostuchuk, President  
61 Carlton Street  
Winnipeg, MB R3C 1N7

*RE: Draft Offer of Proposal, Dalnavert Museum and Visitor's Centre*

Dear Mr. Kostuchuk and Manitoba Historical Society Council,

The unofficial group of friends of Dalnavert Museum (the "Friends") thank James Kostuchuk, President, Manitoba Historical Society (MHS), for his latest email response to Friends representative Cindy Tugwell of February 5, 2014. In respect of the Society's timeline and in fulfillment of your request, the Friends have convened and put together the following draft Offer of Proposal for the Executive and Council's review in March. This offer is preliminary, and based on incomplete financial information, assembled in a compressed time frame, that precludes the in-depth study or benefit of having had a meeting with a Manitoba Historical Society Executive Committee representative, as per our original request. The limited source documents drawn upon to prepare the draft Offer of Proposal are listed in Appendix 1.

The Friends remain strong in their belief that the Society's Dalnavert Museum has every chance to operate as a successful heritage house museum in connection with the Visitor's Centre located on the same property (collectively, the "DMVC"). We do not concur with your statement: "Heritage home museums everywhere – from Graceland in Memphis to Margaret Laurence House in Neepawa – are struggling." We list several viable examples of Canadian historic homes from across the country to downtown Winnipeg, which reflect differing but stable governance models (see Appendix 2). The Friends feel strongly that there is need to research these further, for comparative purposes and with the assistance of legal counsel, in order to identify a new, vibrant and workable model for the DMVC. In all of the examples cited, the museum's operational success is in large measure attributable to the strength of its governance and to its strong, broad-based community commitment.

The Friends esteem the MHS's Dalnavert Museum and Visitor's Centre as an invaluable community asset with recognized civic, provincial and national significance. For four decades the MHS has successfully operated the historic residence of Sir Hugh John Macdonald (1895) as the Dalnavert Museum (est. 1974), with appreciable public recognition and support. The MHS's more recent addition of a Visitor's Centre, also realized with significant public support,<sup>1</sup> enhances functionality and sustainability of the

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<sup>1</sup> Canada Building Fund mentioned in Statement of Financial Position, Year end March 31, 2011.

historic house as a 21<sup>st</sup> century museum with a fully accessible visitor reception and rental facility. Together, the two buildings (old and new) and gardens offer visitors a glimpse of Winnipeg's resplendent late 19<sup>th</sup> century past in a central downtown Winnipeg location. The DMVC complex is home to a venerable provincial heritage association (MHS, est. 1879) and to a nationally recognized City of Winnipeg museum, coexisting as a shared resource in a National Historic Site of Canada for MHS members, students and the public alike.

As mentioned in the MHS 2012/13 Annual Report, the Friends understand that the MHS has sustained a loss of revenue in its operation of Dalnavert Museum over several years. Treasurer Gwyneth Jones reported: "... there has been a significant decrease in operating donations to Dalnavert, which total \$50,000.00 over the last two years ... Dalnavert had a decrease in revenue due to a decrease in an annual operating donation."<sup>2</sup> Alan Crossin, Chair of the MHS Heritage Trust Foundation, reported: "Income received from the Foundation totalled \$34,944. Dalnavert Museum was paid the amount requested for operating expenses, \$38,000." If we understand correctly, the loss of revenue is attributed to at least three factors: (1) the loss of a major annual donation (to the Operating Fund?); (2) a decrease in income payments from The Winnipeg Foundation, custodian and manager of the MHS Heritage Trust Foundation capital fund; and (3) a drop in museum admissions.

Clearly, the Friends are not in a position to advise the MHS on its use of income payments from its several funds which have helped sustain operation of the DMVC. We list the relevant funds, as a point of reference (quoting from the 2013/14 Annual Report), not knowing what actions MHS may have taken to mitigate the risk of reduced revenues or how the direction of the following funds might support our Offer of Proposal:

*Operating Fund* – accounts for the organization's (including Dalnavert Museum) program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

*MHS Heritage Trust Foundation* – reports restricted resources, the use of which is determined by the trustees of the fund. The fund was established in June of 1984 to receive donations and administer the assets of the resulting capital fund to provide income for the operation of Dalnavert Museum and for other appropriate needs of the Society. In June of 1985, The Winnipeg Foundation was appointed custodian and manager of the capital fund.

*Dalnavert Special Projects Fund* – reports restricted resources for Dalnavert special projects.

*Dalnavert Visitor's Centre Fund* – reports restricted donations received for the purposes of constructing a Visitor's Centre at Dalnavert Museum.

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<sup>2</sup> 2012/13 MHS Annual Report, p. 33.

## Offer of Proposal

The following Offer of Proposal is submitted in a spirit of openness and cooperation; to suggest a scenario that will retain Dalnavert Museum's present function, but relieve the MHS of the burden of operating a museum while continuing its ongoing ownership and use of the DMVC complex to carry on its organizational activities. The Friends recognize and appreciate the fact that the MHS, a predominantly volunteer-run organization, has evolved over time and successfully administers numerous other provincial heritage programs which it would rather focus its available resources on.

### Governance Model

The Friends believe that a newly constituted "DMVC" not-for-profit entity is needed to carry forward and sustain the successful operation of the DMVC as a museum, enabling it to remain in the public domain. They are interested in exploring a governance model which involves direction from a so-called "DMVC Board of Trustees,"<sup>3</sup> which would assume responsibility for all costs (operating and capital) to operate the DMVC museum complex, whether as MHS partners, tenants, or in another role to be determined. The nature of this relationship is open to discussion, as the Friends are unclear as to the wishes of the MHS Board with respect to its Dalnavert property asset.<sup>4</sup> The DMVC Board would assemble its own community representatives, discussing the viability of one cross-over appointment from the MHS Council, and vice versa, for a total of two cross-over appointments between the two governing bodies. This would ensure a collaborative planning approach, at the same time preventing the organizations from inadvertently working at cross-purposes to one another (e.g., grant applications, fundraising, etc.).

The DMVC would constitute its own Letters Patent and By-laws, developed by its founding members in dialogue with the MHS Council and with legal counsel, to operate as an independent body with its own membership base and registered charity status number. It would operate the museum facility with a small dedicated staff and the support of a strong volunteer base, adhering to best professional practice, to solicit operational and capital funding that would substantially increase earned and fundraised revenues. The Friends have community champions who have come forward and expressed their interest to work with them toward this goal.

*N.B. The Friends believe that the cooperative, side-by-side existence of two heritage-based organizations would enhance each other's operation, in the same way such relationships are seen elsewhere (e.g., The Manitoba Museum, the Association of Manitoba Museums, and The Manitoba Archaeological Society, located in the same wing of the Manitoba Centennial Centre Corporation).*

### Community Leadership

The DMVC needs to be seen playing a strong heritage role within Winnipeg's downtown community. Its proposed Board, staff and volunteers would cross-promote the Museum's presence within the City in cooperation with other nearby cultural and heritage attractions (e.g. Upper Fort Garry, The Forks, The Manitoba Museum, etc.), as well as work extensively with schools and local organizations to increase its overall community relevance – changing exhibits to showcase diverse aspects of Winnipeg history, encouraging greater usage for special events, rentals, retail sales, etc. The Friends believe that public

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<sup>3</sup> This is an arbitrary working name only. Whether this entity is a Council with councillors, or a Board with board members, or a Trust with trustees, remains to be determined with the assistance of legal counsel.

<sup>4</sup> Operating models vary considerably as to which party assumes property taxes and upkeep, building repairs and maintenance, insurance, etc.

engagement through membership, strategic partnerships, programming, and customized tours will drive attendance and earned revenue figures upward, achieving financial stability within two to three years.

### **Financial Strategy**

The DMVC Board of Trustees would operate the DMVC museums complex with a financial base independent of the MHS. It would establish a comprehensive Fundraising Plan,<sup>5</sup> including a membership drive and endowment campaign in partnership with The Winnipeg Foundation and lead financial donors. The Board of Trustees, staff and volunteers would be committed to fundraising, with a strong focus on dramatically increasing all of the facility's earned revenue streams through membership, rentals, public programs and retail sales.

Policies and procedures would be developed cooperatively between the DMVC and MHS to share the MHS's facility between the two organizations for their mutual, ongoing operation and benefit:

- administration space and storage
- staffing (potential to share certain administrative duties)
- venue reservations
- gift shop sales (MHS on consignment)
- programs and tours

*(DRAFT – DMVC Annual Operating Budget (First Year Only) – see p. 5.)*

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<sup>5</sup> The Friends understand that the MHS recently undertook a Fundraising Study through the Mikuska Group as sited in the 2012-2013 MHS Annual Report. Access to this document would be much appreciated.

## DRAFT – DMVC Annual Operating Budget (First Year Only)<sup>6</sup>

### **Revenue**

City of Winnipeg	\$ 19,500
Grants -	
Province of Manitoba <sup>7</sup>	23,100
Federal and provincial summer employment programs	7,290
Other grants (project-based, for Research, Collections, Exhibits & Programs)	10,000
The Winnipeg Foundation <sup>8</sup>	25,000
DMVC Designated Endowment (to be established)	0
Fundraising – individual donations, special events, sponsorship <sup>9</sup>	47,152
Donations-in-Kind	---
Admissions <sup>10</sup> – regular; school programs; group tours	20,000
Memberships <sup>11</sup>	12,500
Rentals <sup>12</sup> - weddings, events, sub-tenants (TBD)	30,000
Gift Shop (net) <sup>13</sup>	10,000
Miscellaneous	<u>10,000</u>
<b>Total</b>	<b><u>\$214,542</u></b>

### **Expenses<sup>14</sup>**

Salaries and benefits <sup>15</sup>	\$ 90,000
Operations (accounting, legal)	2,500
Administrative costs	5,000
Insurance	11,832
Telephone and utilities	19,533
Property taxes	13,461
Repairs & Maintenance <sup>16</sup>	17,216
Collections, Exhibits	10,000
Programs	10,000
Marketing & Sales	25,000
One-time <sup>17</sup>	<u>10,000</u>
<b>Total</b>	<b><u>\$214,542</u></b>

<sup>6</sup> Annual Operating Budget prepared in the absence of detailed financial disclosure.

<sup>7</sup> The breakdown of Province of Manitoba support by grant program and project is unknown.

<sup>8</sup> One-time assistance from The Winnipeg Foundation (TWF), over a 3-year period on a declining basis, to cover amongst other things a student contract to undertake the Historic House Study. The MHS may consider a reasonable annual interfund transfer from its relevant fund(s), depending on its interest to remain the proprietors of Dalnavert. Alternately, a proposal to the TWF for bridge operational support may be explored until the DMVC Endowment Fund is established.

<sup>9</sup> This would include the establishment of both unrestricted and restricted funds (TBD).

<sup>10</sup> Admissions based on 2,800 regular @ \$5.00/visit; 2,000 school @ \$3.00/visit.

<sup>11</sup> Figure based on 500 members, \$25 annual membership fee.

<sup>12</sup> Rentals based on 30 per annum, \$500/rental.

<sup>13</sup> The Gift Shop would feature new merchandise. MHS stock would continue to be sold on consignment (% TBD).

<sup>14</sup> The Friends have no clear understanding about previous amounts owing to a capital fund (2012/13) and interfund borrowing (2013/14) to cover expenditure deficiencies reported in May (- \$112,682) and September 2013 (- \$97,652) for DM Operations and would not assume accountability for past debts.

<sup>15</sup> Two full-time staff: Manager (\$50k), Curator of Programs (\$40k).

<sup>16</sup> Includes DMVC + garden.

<sup>17</sup> Approximately 5% of total budget.



Activities and Programs – Audio Tour

New curriculum-based educational programs involving “Historical Thinking Concepts” and other living history contextualization, along with family-based, extra-curricular activities, require development in order for the DMVC to gain relevancy for youth, families and educators. Student learning opportunities through internships, as well as lifelong learning volunteer opportunities for adults, would be a strong focus, engaging and developing volunteer interpreters and storytellers to provide inspirational experiences for all ages.

The Friends understand that the Dalnavert Museum has recently developed a new audio tour program, launched in English (French under development), which holds potential for self-guided museum visits. There are also excellent Christmas and other specialty programs ready to deliver.

Space Utilization

The Friends would want to undertake a thorough review of space utilization throughout the museum complex in order to maximize revenue generation capacity of both facilities. They understand that the DMVC offers numerous excellent room facilities serving a wide array of functions:

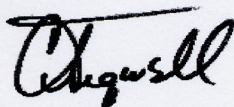
*Dalnavert Museum* – summer kitchen (potential for small changing exhibits), large attic (storage, kitchen, washroom), large basement (limited access)

*Visitor’s Centre* - equipped with front desk and retail space, 3 offices, meeting room and kitchen, double boardroom, washrooms, etc. (full access)

The Friends of Dalnavert Museum remain committed to their original request to meet with members of the MHS Council to discuss the future of the Dalnavert Museum and Visitor’s Centre. They are concerned to have the opportunity to present their preliminary Offer of Proposal in a manner that might dispel any unintended false notions or misconceptions.

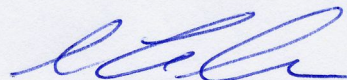
All Friends of Dalnavert Museum remain hopeful that the MHS Council will give serious consideration to this Offer of Proposal and that this will lead to constructive discussion and eventual resolution of the current impasse surrounding the closure of Dalnavert Museum to the public.

Respectfully submitted on behalf of the Friends of Dalnavert Museum,



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Cindy Tugwell  
Executive Director  
Heritage Winnipeg Corp.



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Claudette Leclerc  
Executive Director/CEO  
The Manitoba Museum

Other official supporters of Friends of Dalnavert Museum:

Dr. Vanessa Warne  
Associate Professor, Department of English, Film and Theatre  
University of Manitoba

Monique Brandt  
Executive Director, Association of Manitoba Museums

Ms. Celine Kear  
Past President, MHS

Ines Bonacossa  
Volunteer Registrar and Tour Guide  
Dalnavert Museum

Cc:

Honourable Ron Lemieux, Minister of Tourism, Culture, Heritage, Sport & Consumer Protection  
Terry Goertzen, Deputy Minister of Tourism, Culture, Heritage, Sport & Consumer Protection  
Honourable Flor Marcelino, MLA Logan  
Councillor Jenny Gerbasi, Fort Rouge East Fort Garry  
Councillor Brian Mayes, City of Winnipeg Museums Board  
Pat Martin, MP Winnipeg Centre  
Nancy Noble, President, Canadian Museums Association  
Rick Frost, Executive Director, The Winnipeg Foundation

## Appendix 1. Source Documents

- Canada Revenue Agency Charity Return 2013
- City of Winnipeg Museums Board 2013-2015 Adopted Operating Budget (Amended 2013 Budget)
- Dalnavert Proposals – Executive Summary (January 2014)
- MHS Proposed Operating Budget for 2013-2014 – Dalnavert Museum Budget Revision /8, and Financial Statement to Sept. 10, 2013 (Dalnavert Museum Operations)
- MHS Statement of Financial Position, year ended March 31, 2011
- MHS Statement of Financial Position, year ended March 31, 2013 (incomplete, missing notes)
- MHS Website <http://www.mhs.mb.ca/>

## Appendix 2. Examples of Canadian Heritage Home Museums (East to West)

Alexander Graham Bell National Historic Site, Baddeck, NS

[http://en.wikipedia.org/wiki/Alexander\\_Graham\\_Bell\\_National\\_Historic\\_Site](http://en.wikipedia.org/wiki/Alexander_Graham_Bell_National_Historic_Site)

Lawrence House Museum, Maitland, NS

<http://lawrencehouse.novascotia.ca/>

Loyalist House, St. John, NB

<http://www.loyalisthouse.com/>

Boultenhouse Heritage Centre, Sackville, NB

<http://heritage.tantramar.com/THTBoultenhouse.html>

Chateau Ramezay, Montréal, QC

<http://www.chateauramezay.qc.ca/en/museum/>

Bellevue House, Kingston, ON

<http://www.pc.gc.ca/eng/lhn-nhs/on/bellevue/index.aspx>

Dundurn Castle, Hamilton, ON

[http://www.hamilton.ca/CultureandRecreation/Arts\\_Culture\\_And\\_Museums/HamiltonCivicMuseums/Dundurn/](http://www.hamilton.ca/CultureandRecreation/Arts_Culture_And_Museums/HamiltonCivicMuseums/Dundurn/)

Musée de St. Boniface (Maison Provinciale des Sœurs Grises), Winnipeg, MB

<http://msbm.mb.ca/en>

Maison Gabrielle Roy

<http://www.maisongabrielleroy.mb.ca/en>

Lougheed House, Calgary, AB

<http://www.lougheedhouse.com/>

Craigdarroch Castle, Victoria, BC

<http://thecastle.ca/>