



REPORT FOR INFORMATION

Review of Proposal by #SaveLancasterFM104 regarding the City of Toronto's Lancaster Bomber

Date: July 3, 2018

To: Economic Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

On April 13, 2018, the Economic Development Committee referred Item ED28.7 back to staff for further review due to issues raised in a deputation by #SaveLancasterFM104. This report summarizes the subsequent review process. Staff return with the same recommendation as before, namely to deaccession Lancaster bomber FM104 from the City's artifact collection and transfer it to the British Columbia Aviation Museum.

FINANCIAL IMPACT

All costs to transfer and restore the Lancaster bomber, currently in storage, will be borne by the British Columbia Aviation Museum. The City will continue to carry the costs of storage until the transfer can be effected; these costs will be accommodated in the 2018 Approved Operating Budget for the Economic Development and Culture Division. If Council were to determine that the City should retain ownership of the Lancaster and follow the plans of the #SaveLancasterFM104 group, there would be very significant costs associated with the creation and operation of a new museum to display FM104.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On April 23, 2018, the Economic Development Committee considered a staff report (March 16, 2018) regarding the deaccessioning and transfer of the City of Toronto's Lancaster FM104 bomber. In response to a proposal tabled by the #SaveLancasterFM104 group, the Committee deferred consideration of this item until its

July 9, 2018 meeting to allow the General Manager, Economic Development and Culture to further review the proposal by #SaveLancasterFM104.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.ED28.7>

COMMENTS

Staff arranged with the representatives of #SaveLancasterFM104 to inspect the City's Lancaster bomber now stored in an aircraft hangar in Stayner, ON (May 9, 2018). #SaveLancasterFM104's most recent proposal consists of a start-up business plan (April 27, 2018), a summary of potential funding sources (June 4, 2018) and supplementary information provided by email (June 15, 2018). The General Manager and Museums and Heritage Services staff also met with representatives of the group to discuss the proposal (June 4, 2018).

#SaveLancasterFM104 has concluded that restoring FM104 to create a static (non-flying) display is the only feasible option. This is consistent with conclusions reached previously by the Canadian Air and Space Museum (CASM), which formerly had FM104 on loan from the City, and by other proponents currently interested in acquiring the aircraft. #SaveLancasterFM104 has received conflicting advice on how long restoration would take. Estimates range from 2-3 years to much longer, depending on the available resources.

The key features of the #SaveLancasterFM104 proposal are:

- The City retains ownership of the artifact.
- The City loans FM104 to #SaveLancasterFM104.
- #SaveLancasterFM104 moves the aircraft to Brantford to undertake the restoration project.
- While restoration proceeds, a new building is constructed on City lakefront property at Inukshuk Park to display FM104 and deliver related programming.
- #SaveLancasterFM104 would be responsible for operating the new museum.
- The group estimates restoration costs at \$2.5 million and building costs at \$5.5 million, for a total project cost of \$8 million. The business plan identifies grant opportunities and other possible sources of funding, none of which are firm.
- No operating costs and revenues were included for the museum.

Project Rationale

The #SaveLancasterFM104 group feels very strongly that since the aircraft was built near Toronto by local residents that it should be kept in Toronto to honour the service of Second World War workers and aviators. Staff note that FM104 never flew missions during the war, but spent most of its operating life after 1945 as a search and rescue aircraft on Canada's East Coast.

Restoration Capabilities

It appears that #SaveLancasterFM104 group has access to experienced and committed engineers with the ability to restore the aircraft. It is unclear how long the process would take. Staff note that CASM's previous effort was abandoned after 12 years with less than half the aircraft restored, after CASM lost its workshop at Downsview Park.

Organizational Capacity

#SaveLancasterFM104's core members are volunteers who have either aviation industry backgrounds or strong personal connections to Lancaster bombers. They have no experience in establishing or operating a major tourism attraction facility. The group is not yet a registered charity with the ability to receive donations to fund their project.

Feasibility of the Project

#SaveLancasterFM104 has not undertaken a feasibility study for its highly specialized museum. It is essential to prove or disprove the financial viability and mission of the museum. Staff estimate the cost of such a study at \$100,000.

Financial Requirements

There are a number of significant cost implications associated with the project, with many details not yet available for review by staff.

Moving costs (Stayner to Brantford)

- Not yet estimated by #SaveLancasterFM104, as this work would be put to tender. Likely could approach \$100,000, based on the City's move of FM104 from Toronto to Stayner.

Restoration costs

- Space rental for 3 years estimated by #SaveLancasterFM104 at \$110,000. \$2.5 million for labour and materials.

Permanent museum - capital

- #SaveLancasterFM104 estimates the cost of a new building at \$5.5 million.
- Based on other cultural projects undertaken by the City and the ambitious building program outlined by #SaveLancasterFM104 (e.g., inclusion of an IMAX theatre), staff estimate the building cost at about \$10 million.
- No cost of land is forecast, as #SaveLancasterFM104 assumes the project would go on City parkland.

Permanent museum - operating

- No information is available on operating costs and revenues.
- No information is available on the need for an operating subsidy but it is very likely that the City would be asked to provide this.

Conclusion

City staff have considered the plans and capacity of the #SaveLancasterFM104 group in relation to the City's experience with its own museums and the experience of the Canadian Air and Space Museum, which previously had FM104 on loan.

The #SaveLancasterFM104 group's proposal is not likely to be successful. Its pursuit by the City would have significant unfunded financial costs and risks:

- While the group has strong technical knowledge and a very admirable passion for the Lancaster, there is no evidence of sufficient organizational capacity to build and operate a museum dedicated to FM104.
- Early costs to the City would include a feasibility study (\$100,000) to examine the business case for a specialized museum with a focus on a single artifact. CASM struggled with deficits for years prior to being evicted by Downsview Park in 2012, despite having a broad-based aerospace collection and offering a range of public programs in a historic aviation building. CASM has been unable to secure funding for new premises and restart museum operations.
- Long-term costs could be very significant if the City commits to this specialized museum and funding by third parties is not adequate. This risk is further compounded by the likelihood that the museum will need an operating subsidy.
- Should the project fail at any phase, the City will again incur substantial costs to take possession of, move and store FM104.

Staff note that opportunities for the public to interact with Lancasters exist in Southern Ontario at museums in Hamilton, Ottawa and Trenton. Toronto commemorates the Second World War and the story of Canadian aviators at memorials in Coronation Park, along University Avenue and at Old City Hall.

Given these factors, staff are of the opinion that the approach previously recommended to the Economic Development Committee should be adopted by Council. To recap, the General Manager, Economic Development and Culture, recommended that:

1. City Council approve the deaccessioning of the City of Toronto's Lancaster bomber FM104 from the Historical Collection.
2. City Council approve the transfer of Lancaster bomber FM104 to the British Columbia Aviation Museum for continued restoration and public display, on condition that should the Aviation Museum decide to deaccession the Lancaster, it shall keep FM104 in the public domain by offering it by donation to the City of Toronto in the first instance, then to an appropriate Canadian museum.
3. Should negotiations to transfer the Lancaster bomber to the British Columbia Aviation Museum fail, City Council approve the transfer of FM104 to the Edenvale Aviation Heritage Foundation for continued restoration and display, on condition that should the Foundation decide to deaccession the Lancaster, it shall keep FM104 in the public domain by offering it by donation to the City of Toronto in the first instance, then to an appropriate Canadian museum.

The rationale for this approach is detailed in the staff report (March 16, 2018) which is again before the Economic Development Committee.

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SIGNATURE

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