VANCOUVER ISLAND MILITARY MUSEUM OPERATING GRANT OPTIONS

BACKGROUND

The Vancouver Island Military Museum (VIMM) is a regional non-profit incorporated in 1986. It is run by a working Board of Directors and approximately 40 volunteers (contributing 6,276 hours in 2025-26). Until 2025, VIMM independently managed its own operations, including exhibits, and finances. The museum welcomed 4,384 visitors in 2025.

After leasing space at Nanaimo North Town Centre from 1986 to 2011, VIMM relocated to the city-owned Centennial Building (100 Cameron Road) under a 10-year lease starting 2013-JAN-01.

Between 2012 and 2024 the VIMM paid annual rent of $40,000 for the Centennial Building located at 100 Cameron Road in Piper Park. The rental revenue was used to offset utility and routine maintenance costs associated with the facility, with any net surplus transferred to the Piper Park Reserve to support future park improvements. The 2026 contribution value of the City's budgeted services to maintain and service the VIMM building was approximately $34,000. This amount includes water and sewer at $3,500 and hydro fees at $11,000.

The lease expired on 2022-DEC-31 and continued month-to-month. On 2024-APR-08, VIMM presented to Council about long-term collection preservation, succession planning, and volunteer capacity challenges.

At the 2024-SEP-25 Finance and Audit Committee Meeting, Staff presented a report that recommended realigning existing VIMM's operating model toward a Co-Management Agreement with the City. The report proposed waiving the $40,000 annual rent with the City continuing to cover utilities and maintenance costs of the facility in addition to capital improvements so that the VIMM could use the savings toward hiring a General Manager ($60,000 estimated salary) to expand museum capacity and funding opportunities.

On 2024-OCT-07, Council approved the following motion from the 2024-SEP-25 Finance and Audit Committee Meeting:

That Council approve realigning the Vancouver Island Military Museum operating model by:

- *Ending the requirement to pay annual rent for 100 Cameron Road beginning in 2025;*
- *Directing Staff to assist the Vancouver Island Military Museum Board of Directors with establishing a General Manager position; and,*
- *Directing Staff to begin working to establish a Co-Management Agreement with the Vancouver Island Military Museum.*

Click for report link: https://pub-nanaimo.escribemeetings.com/filestream.ashx?DocumentId=55973

The aim was to align the VIMM with the City's co-management process for other significant cultural partners, by offering incremental funding, free facility use, capital improvements, building repair, maintenance and landscaping services, while the organizations kept independent governance and fundraising. This approach is intended to provide predictable funding to incentivize community service growth, contrasting with the alternatives of fully independent cultural services, full municipal operation or annual grant-supported models.

Following Council direction, in 2025 the City ended the requirement to pay the annual $40,000 rent. City staff along with the Nanaimo Museum staff provided the VIMM Board with support to hire its first General Manager. Following the recruitment of a General Manager in 2025, City staff began drafting a Co-Management Agreement with the VIMM.

In addition to hiring a full-time General Manager, in 2025/2026, a major one-time private bequest from a local Veteran enabled the VIMM to hire an additional full-time education and public programs coordinator and a Young Canada Works student assistant whose term will end on December 15, 2026.

On 2026-APR-20 Council approved the following recommendation from the 2026-APR-15 Finance and Audit Committee meeting:

"*It was moved and seconded that the Finance and Audit Committee recommend Council:*

> *1. approve a one-time payment of $60,000 in 2026, inclusive of operating and capital, to be funded through taxation, and amend the 2026 – 2030 Financial Plan for final to incorporate this payment; and*
> *2. add a decision point to the 2027-2031 Financial Plan deliberations to consider options for a 10-year Co-Management Agreement between the Vancouver Island Military Museum Society and the City of Nanaimo."*

As part of 2027 budget deliberations, Staff are now presenting options for Council's consideration regarding entering into a 10-year Co-Management Agreement with the VIMM, including options to review the agreement after two years.

The proposed Agreement would move VIMM toward a co-management model generally consistent with the City's three existing cultural co-management partnerships, including defining the City's responsibilities for ongoing facility repairs, maintenance and capital improvements. The Agreement would also recognize that VIMM and the 100 Cameron Road property have unique operating requirements and, as a result, not all responsibilities would be identical to the other partnerships. For example, the City would continue to fund water and sewer charges for the facility, while VIMM would assume responsibility for hydro/electricity costs.

OPTIONS

Option #1 – Status Quo

- **Continue to waive the $40,000 annual rent.**
- **Continue existing City support for capital investments, utility costs, landscaping and building repairs and maintenance.**
- **No new annual operating or capital grant**

Advantages

- Provides predictable savings of $40,000 to offset VIMM operations, along with savings related to ongoing City resourcing of capital improvements, landscaping and repair and maintenance services through a formal 10-year agreement.
- Meets the original 2025 scope of negotiations presented in the 2024-SEP-25 report to Finance and Audit which involved the VIMM using the $40,000 rental waiver to offset the funding of a General manager Position (estimated at $60,000).
- Supports the maintenance, growth and development of City funding for a regional museum service.

- As a regional museum service, provides City support while still incentivizing the VIMM to continue to raise revenue through fees, and seek added regional, provincial and federal funding sources.
- Aligns with process for incremental funding and capacity development used for the development of existing cultural partner co-management funding models over the past four decades.

Disadvantages

- The VIMM has indicated that this level of support is a disadvantage to them as it will not enable them to reduce reliance on other unidentified long-term resources in order to maintain a full-time General Manager and an Education and Public Programs Coordinator, participate in the Young Canada Works program (two students annually) and further expand staff to hire a new two-year Collections Manager through leveraging a 50% matching grant.

Option #2 - **Enter into a 10-year Co-Management Agreement with VIMM, with a review after two years, that includes:**

- **Continue to waive the $40,000 annual rent.**
- **Provide a $60,000 annual operating grant beginning in 2027, increasing by 2% annually.**
- **Provide a $15,000 annual capital improvement contribution beginning in 2027.**
- **Continue existing City support for capital investments, water and sewer, landscaping and building repairs and maintenance.**

Advantages

- Provides predictable annual operating and capital funding of $75,000 beginning in 2027, with a 2% annual increase to the operating grant, together with continued City facility and service support and the ongoing benefit of the $40,000 annual rent waiver, through a formal 10-year agreement.
- Supports the maintenance, growth and development of a regional museum service.
- 10-year agreement with an annual operating grant allows for more flexibility for VIMM to pursue a diversity of grants.
- Two-year review option provides Council and VIMM with an opportunity to review and as needed update the agreement terms.
- Capital funding would support modest building improvements in addition to the City's ongoing maintenance and asset management capital investments.
- As a regional museum service, provides City support while still incentivizing the VIMM to continue to raise revenue through fees, and continue to leverage donations along with additional regional, provincial and federal funding sources.
- Aligns with process for incremental funding and capacity development used for the development of existing cultural partner co-management funding models over the past four decades.

Disadvantages

- Exceeds original 2025 scope of negotiations presented in the 2024-SEP-25 report to Finance and Audit which involved the VIMM using the $40,000 rental waiver to partially offset the funding of a General Manager position (estimated at $60,000).
- Requires increase in City property taxes to support a regional museum service.
- The VIMM has indicated that this level of support is a disadvantage because it will not enable them to reduce reliance on other unidentified long-term resources in order to maintain a full-time General Manager hired in 2025, an Education and Public Programs Coordinator hired in 2026, and ongoing participation in the Young Canada Works program (two students annually), or provide a 50%

matching contribution to apply for a Canadian Heritage grant in order to hire a two-year Collections Manager position.

Option #3 – Enter into a 10-year Co-Management Agreement with VIMM, with a review after two years, that includes:

- **Continue to waive the $40,000 annual rent.**
- **Provide a $96,500 annual operating grant beginning in 2027, increasing by 2% annually.**
- **Provide a $35,000 annual capital improvement contribution beginning in 2027.**
- **Continue existing City support for capital investments, water and sewer, landscaping and building repairs and maintenance.**

Advantages

- Provides predictable annual operating and capital funding of $131,500 beginning in 2027, with a 2% annual increase to the operating grant, together with continued City facility and service support and the ongoing benefit of the $40,000 annual rent waiver, through a formal 10-year agreement.
- Supports the growth and development of a new City funded cultural service.
- 10-year agreement with an annual operating grant allows for more flexibility to pursue a diversity of grants.
- Two-year review option provides Council and VIMM with an opportunity to review and as needed update the agreement terms.
- Higher level of capital funding would support more building improvements in addition to the City's ongoing maintenance and asset management capital investments.
- Allows for ongoing funding of a full-time General Manager.
- As a regional museum service, provides a higher level of City support while still incentivizing the VIMM to continue to raise revenue through fees, and seek additional regional, provincial and federal funding sources.

Disadvantages

- Higher tax impact than originally expected as a starting point to build a funding relationship for a new City funded cultural service.
- Requires increase in City property taxes to support a regional museum service.
- Does not align with the process for incremental funding and capacity development used for the development of existing cultural partner co-management funding models over the past four decades.
- Commits the City to funding staffing positions beyond Council's direction.
- The VIMM has indicated that this level of support is a disadvantage to them as it will not enable them to reduce reliance on other unidentified long-term resources in order to maintain the Education and Public Programs Coordinator position hired in 2026, to provide a 50% matching contribution to apply for Canadian Heritage grant in order to hire a two-year Collections Manager, or to participate in the Young Canada Works program (two students annually).

Option #4 – Enter into a 10-year Co-Management Agreement with VIMM, with a review after two years, that includes:

- **Continue to waive the $40,000 annual rent.**
- **Provide a $226,500 annual operating grant beginning in 2027, increasing by 2% annually.**
- **Provide a $35,000 annual capital improvement contribution beginning in 2027.**
- **Continue existing City support for capital investments, water and sewer, landscaping and building repairs and maintenance.**

Advantages

- Provides predictable annual operating and capital funding of $261,500 beginning in 2027, with a 2% annual increase to the operating grant, together with continued City facility and service support and the ongoing benefit of the $40,000 annual rent waiver, through a formal 10-year agreement.
- Supports the maintenance, growth and development of a new City funded cultural service.
- 10-year agreement with an annual operating grant allows for more flexibility to pursue a diversity of grants.
- Two-year review option provides Council and VIMM with an opportunity to review and as needed update the agreement terms.
- Higher level of capital funding would support more building improvements in addition to the City's ongoing maintenance and asset management capital investments.
- The VIMM has indicated that this funding level would be an advantage to them by reducing reliance on other revenue sources by providing sufficient additional funds to maintain a full-time General Manager, the Education and Public Programs Coordinator hired in 2026, two Young Canada Works placements annually and the ability to apply for matching 50% grant funding to hire a two-year Collections Manager.

Disadvantages

- Requires the highest proposed increase in City property taxes to support a regional museum service.
- Commits the City to funding staffing positions beyond Council's direction.
- Reduces incentive for the VIMM to continue to raise revenue through donations, fees, and seeking additional regional, provincial and federal funding sources.
- Does not align with the process for incremental funding and capacity development used for the development of existing cultural partner co-management funding models over the past four decades.

ESTIMATED 2027 PROPERTY TAX IMPACT OF OPTIONS

Option	Total 2027 Grant Funding*	Estimated 2027 Property Tax Increase
#1	**$0**	**0%**
#2	**$75,000**	**0.04%**
#3	**$131,500**	**0.07%**
#4	**$261,500**	**0.14%**

*Includes operating and capital grant contribution and excludes the additional value of the $40,000 annual rent waiver and the City provided service and facility supports including, building repair and maintenance, water and sewer fees, capital improvements and exterior landscaping.

CONCLUSION

The proposed options balance taxpayer impact against museum growth, long-term preservation, and alignment with the incremental development of established cultural partner co-management agreements. No staff recommendation is provided. Council is asked to select one option for inclusion in the 2027- 2031 Financial Plan.