



# National Coast Guard Museum Funding Plan

Report to Congress  
*January 26, 2023*



*U. S. Coast Guard*

# Foreword

January 26, 2023

I am pleased to present the following report, National Coast Guard Museum Funding Plan, prepared by the U.S. Coast Guard (USCG).

Section 316(c) of title 14, United States Code directs the submission of a plan for constructing, operating, and maintaining such Museum.

The initiative to create a National Coast Guard Museum (NCGM or Museum) has been underway for many years. Formed in 2002 as a non-profit 501(c)(3) organization under the Internal Revenue Code, the National Coast Guard Museum Association (Association) looks to build and donate to the USCG a world-class building that will enable the USCG to increase awareness of the rich history, current life, and future of the USCG through public exhibits, programs, and other museum-quality learning experiences.

This Funding Plan details the public-private partnership between the USCG and the Association and addresses the projected resource requirements of the NCGM based on the Association's building plans. This partnership between the USCG and the Association presents an opportunity to produce a world-class institution that will showcase the story of the USCG.

Pursuant to Congressional requirements, this report is provided to the following members of Congress:

The Honorable Maria Cantwell  
Chair, Senate Committee on Commerce, Science, and Transportation

The Honorable Ted Cruz  
Ranking Member, Senate Committee on Commerce, Science, and Transportation

The Honorable Sam Graves  
Chairman, House Committee on Transportation and Infrastructure

The Honorable Rick Larsen  
Ranking Member, House Committee on Transportation and Infrastructure.

I am happy to answer any questions you may have, or your staff may contact my Senate Liaison Office at (202) 224-2913 or House Liaison Office at (202) 225-4775.

Sincerely,



Linda L. Fagan  
Admiral, U.S. Coast Guard  
Commandant



# Executive Summary

Section 316 of title 14, U.S. Code, as amended by § 8439(a) of the Elijah E. Cummings Coast Guard Authorization Act of 2020 (Pub. L. No. 116-283) (Act), requires the United States Coast Guard (USCG) to submit a funding plan that describes constructing, operating, and maintaining the National Coast Guard Museum (NCGM or Museum) to the U.S. Senate Committee on Commerce, Science and Transportation, and the U.S. House of Representatives Committee on Transportation and Infrastructure. In accordance with the Act, the Funding Plan shall be submitted no later than two years after the enactment of the Act and at least ninety (90) days before the date on which the Commandant accepts the NCGM.

Specifically, the Funding Plan must include:

1. Estimated planning, engineering, design, construction, operation, and maintenance costs;
2. The extent to which appropriated, non-appropriated, and non-Federal funds will be used for such purposes, including the extent to which there is any shortfall in funding for engineering, design, or construction;
3. An explanation of any environmental remediation issues related to the land associated with the Museum; and
4. Certification by the Inspector General of the department in which the USCG is operating that the estimates provided pursuant to paragraphs (1) and (2) are reasonable and realistic.

This report satisfies the requirements for estimated costs to design, construct, and operate the NCGM. These costs are shared between the USCG and NCGM Association (NCGMA or Association), a nonprofit organization chartered to raise money for the design, engineering, and construction of the NCGM building. At completion of construction, when the building is paid off, the NCGMA will then gift the NCGM to the USCG. The USCG will provide funding for the staffing of the Museum, the design and fabrication of the exhibits, public programming, and other aspects of the visitor experience.

Upon USCG acceptance or lease of the NCGM building, the USCG will manage or oversee the operation and maintenance costs of the NCGM. Construction cost estimates presented herein have been provided by the NCGMA and are based on the 100% NCGM building design (pending conforming set). USCG exhibit and facility cost estimates will be refined as the exhibit design and USCG's obligations towards the building are finalized.

## Funding

In compliance with Section 316 of title 14, the USCG cannot expend any USCG appropriated funds on the construction of the Museum. Funding for the project in this document is separated between project expenditures by the NCGMA and those by the USCG.

#### NCGMA Projected Expenditures: Museum Construction and Public Access Project

As currently planned, the NCGM will be approximately 83,800 square feet with approximately 50,000 square feet of net usable space based on the completed construction documents. As of 2019, the NCGMA estimates the cost of the NCGM building project, inclusive of design, engineering, project management, administrative expenses, and construction to be \$114 million.

The NCGMA and the State of Connecticut, with Department of Economic Development as the sponsoring agency, have signed a Financial Assistance Agreement, bonding \$20 million for a project titled “National Coast Guard Museum Public Access Project.” The project will include the construction of a pedestrian overpass, and other related ancillary improvements which will enable pedestrians to access the NCGM, the planned neighboring maritime ferry facilities, and the waterfront safely and efficiently (Public Access Project). Of these components, the pedestrian bridge and other ancillary improvements are 100 percent designed. The Public Access Project is separate and distinct from the NCGM project but will be closely coordinated.

Association’s Museum Construction and Public Access Project Budgets	
Museum Construction Project	\$114,000,000
Public Access Project	\$20,000,000

The NCGMA is currently fundraising from private donors. To date, the NCGMA has raised more than \$32.37 million. The NCGMA is also researching loans/financing (private/public) options to cover costs as multi-year donor pledges will continue to be processed after construction of the NCGM.

In accordance with 14 U.S.C. § 316 and gift acceptance law(s), the USCG may not accept the NCGM building if it is encumbered. However, if a loan is secured for completing construction, USCG may lease the building from the NCGMA at a nominal charge until it is unencumbered. During this period, USCG may allow the NCGMA to generate revenue from the use of the NCGM. Pursuant to 14 U.S.C. § 316, the USCG will not be able to accept the building until all financial obligations of the NCGMA incident to the NCGM construction are satisfied.

#### USCG Projected Expenditures

The USCG pre-opening costs for the NCGM are estimated at \$66 million which is comprised of \$46 million in capital costs and \$20- million in operating costs. To date, Congress has appropriated \$25 million to USCG to support efforts associated with the NCGM’s exhibition planning and design and to support pre-opening operations. In addition as a part of Public Law 117-103 (the Consolidated Appropriations Act, 2022), section 232 of the Department of Homeland Security Appropriations Act, 2022, provided \$50 million to the USCG for the service to distribute as a ‘grant for the National Coast Guard Museum to carry out activities under section 316(d) of title 14 United States Code.’

Factoring in the current USCG appropriations and the forecasted USCG appropriations through FY 2025, the USCG currently projects a \$41 million shortfall if no further appropriations are received.

Steady state annual expenses for the NCGM are projected to be \$8 million in the opening year. This cost projection assumes a total of 43 civilian and 5 military full-time equivalent employees. In addition, the USCG anticipates contracting 21 security and custodial positions. Volunteers will also be considered to help minimize personnel costs. It is anticipated that all operating expenses, including staff, will be requested in future budgets.

USCG's Pre-Opening Expenditures	
Pre-Opening Capital Budget	\$46,000,000
Pre-Opening Operating Costs	\$20,000,000
<b>Total USCG Pre-Opening Projected Expenditures</b>	<b>\$66,000.000</b>

#### Other Potential Expenditures

Other potential expenditures not currently accounted for in the USCG or NCGMA budgets include:

- Association reports that additional inflation in 2023 and 2024 may result in additional shortfalls;
- The full cost of any necessary environmental remediation;
- Insurance requirements for the NCGM construction project; and
- Spaces within the building that may require additional interior finishing and fit-out.

## NCGM Site and Environmental Remediation

The NCGM site is on the waterfront in downtown New London, Connecticut (Figure 1). The 0.6-acre site requires the combination of three parcels of land:

- 0.33 acres (14,310 SF) owned by the USCG, gifted by the City of New London with a revisionary interest.
- 0.05 acres (2,000 SF) on the waterfront owned by the City of New London and to be aquired from the City of New London upon completion of bulkhead and fill construction.
- 0.22 acres (9,500 SF) of underwater property owned by the State of Connecticut which would be bulkheaded and filled to create enough land for the Museum. The newly created lands, resulting from the bulkhead and fill construction,will become property of the USCG as the upland parcel owner holding riparian rights.

The combination of federal, state, and local ownership presents significant coordination and permitting challenges, especially as it relates to environmental approvals. The USCG has completed a Supplemental Environmental Assessment as part of federal requirements under the National Environmental Policy Act (NEPA), and a finding of no significant impact (FONSI) was signed on July 21, 2022.



Figure 1: NCGM Site Area Map



(Source: Payette, NCGM Construction Documents, 2019)



# National Coast Guard Museum Funding Plan

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# I. Legislative Language

This report responds to the language set forth in Section 316(c) of title 14, United States Code, as amended by § 8439(a) of the Elijah E. Cummings Coast Guard Authorization Act of 2020 (Pub. L. No. 116-283), which reads:

## **14 U.S.C. § 316: NATIONAL COAST GUARD MUSEUM**

(a) ESTABLISHMENT.-The Commandant may establish, accept, operate, maintain and support the Museum, on lands which will be federally owned and administered by the Coast Guard, and are located in New London, Connecticut.

(b) USE OF FUNDS.-

(1) The Secretary shall not expend any funds appropriated to the Coast Guard on the construction of any museum established under this section.

(2) Subject to the availability of appropriations, the Secretary may expend funds appropriated to the Coast Guard on the engineering and design of a Museum.

(3) The priority for the use of funds appropriated to the Coast Guard shall be to preserve, protect, and display historic Coast Guard artifacts, including the design, fabrication, and installation of exhibits or displays in which such artifacts are included.

(c) FUNDING PLAN.-Not later than 2 years after the date of the enactment of the Elijah E. Cummings Coast Guard Authorization Act of 2020 and at least 90 days before the date on which the Commandant accepts the Museum under subsection (f), the Commandant shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan for constructing, operating, and maintaining such Museum, including-

(1) estimated planning, engineering, design, construction, operation, and maintenance costs;

(2) the extent to which appropriated, nonappropriated, and non-Federal funds will be used for such purposes, including the extent to which there is any shortfall in funding for engineering, design, or construction;

(3) an explanation of any environmental remediation issues related to the land associated with the Museum; and

(4) a certification by the Inspector General of the department in which the Coast Guard is operating that the estimates provided pursuant to paragraphs (1) and (2) are reasonable and realistic.

(d) CONSTRUCTION.-

(1) The Association may construct the Museum described in subsection (a).

(2) The Museum shall be designed and constructed in compliance with the International Building Code 2018, and construction performed on Federal land under this section shall be exempt from State and local requirements for building or demolition permits.



(e) AGREEMENTS.-Under such terms and conditions as the Commandant considers appropriate, notwithstanding section 504, and until the Commandant accepts the Museum under subsection (f), the Commandant may-

- (1) license Federal land to the Association for the purpose of constructing the Museum described in subsection (a); and
- (2)(A) at a nominal charge, lease the Museum from the Association for activities and operations related to the Museum; and
- (B) authorize the Association to generate revenue from the use of the Museum.

(f) ACCEPTANCE.-Not earlier than 90 days after the Commandant submits the plan under subsection (c), the Commandant shall accept the Museum from the Association and all right, title, and interest in and to the Museum shall vest in the United States when-

- (1) the Association demonstrates, in a manner acceptable to the Commandant, that the Museum meets the design and construction requirements of subsection (d); and
- (2) all financial obligations of the Association incident to the National Coast Guard Museum have been satisfied.

(g) SERVICES.-The Commandant may solicit from the Association and accept services from nonprofit entities, including services related to activities for construction of the Museum.

(h) AUTHORITY.-The Commandant may not establish a Museum except as set forth in this section.

(i) DEFINITIONS.-In this section:

- (1) Museum.-The term "Museum" means the National Coast Guard Museum.
- (2) Association.-The term "Association" means the National Coast Guard Museum Association.

## II. Background

### Mission

The NCGM will serve as the primary public face of the USCG and function as a critical tool for the USCG's leadership and its communications outreach. The Museum will demonstrate the value of the USCG to the public through immersive exhibits, in-person and virtual programs for students and adults, and engagement with the USCG community nation-wide. Lastly, it will bring economic benefits to the diverse communities of Connecticut by contributing to the local area network of maritime history attractions and research resources.

The Museum's mission is to:

*Support the Coast Guard mission by inspiring and engaging the general public and Coast Guard community to celebrate the Coast Guard men and women and their accomplishments, past, present, and future.*

The Museum will:

- Bring USCG history to life through art, artifacts, exhibits, interactive, and immersive experiences.
- Transform public perception of the USCG and invigorate interest in the service.
- Inspire USCG members and the general public to appreciate the vital service and complex roles of USCG men and women, both past and present.
- Increase retention and pride in current USCG men and women and encourage the public to follow in the footsteps of the many who serve with honor.
- Engage and educate youth and students through educational programs utilizing STEM, civics, and art education approaches that meet national and Connecticut educational standards.
- Elicit strong, positive emotional responses in USCG members and the public which result in awe and respect for the USCG profession and a sense of national pride.

### Project History

The NCGM is the result of over 20 years of planning and development. The idea for a national museum for the USCG, mirroring those of the Army and Marine Corps, was first developed in 1999. Congress restricted the use of appropriated funds for engineering, design, or construction. Because of these restrictions, supporters of the project established the NCGMA, a 501(c)3 organization, dedicated to fundraising for the NCGM's design and construction.

In 2015, the NCGMA and the USCG signed a Memorandum of Understanding governing fundraising for the Museum. With these requirements completed, the Association began fundraising for the Museum project.

In 2018, following an appropriation from Congress for exhibit design, USCG commenced the exhibit design process.

### III. Museum Planning, Capital, and Operating Costs

In response to (c)(1) of 14 U.S.C. § 316, this section of the Funding Plan includes “estimated planning, engineering, design, construction, operation, and maintenance costs.”

#### Overview

The design and construction of the NCGM building is the responsibility of the NCGMA, including applicable licensing and permitting. Utilizing the State of Connecticut funding, the NCGMA will concurrently design and construct the public access improvements to the site, including a pedestrian bridge that will enhance public access to the Museum. The Public Access Project is a separate and distinct project from the Museum project. The USCG is responsible for the museum visitor experience, including designing and fabricating the NCGM’s exhibits, preparing and collecting artifacts, public programming, and furnishing staff offices and educational program areas. The USCG and the NCGMA continue to work together to resolve design issues related to building systems. Payette, a Boston-based architecture firm, completed the initial Museum building design through the construction documents in 2019.

Necessary environmental, planning, and zoning permits for the Public Access Project have been completed. Environmental permits and approvals associated with the bulkhead and fill phase of the project have been obtained. The USCG finalized the NEPA process for the museum site and building on July 21, 2022, with the issuance of the FONSI. A revocable construction license was issued to the Association on August 16, 2022, giving permission to commence with construction activities for both projects.

Assuming requirements for the NCGM building operation and exhibition are met, and no construction or funding delays occur, the NCGMA anticipates building construction to be complete in late 2024. The NCGM will require additional time after building construction is complete to install the exhibitions and prepare for opening day.

#### Planning, Design, and Engineering Costs

##### Museum Building Design and Engineering Costs

To date, the Association has budgeted approximately \$10.6 million for soft costs including planning, design, and engineering of the Museum.

##### Museum Exhibit and Program Planning and Design Costs

Through FY2022, the USCG has spent approximately \$15 million on planning and design efforts associated with the Museum project including staffing and operations, feasibility studies, strategic master planning, interpretive and educational program planning, and exhibit design through design development.

## Association Construction Cost Estimates

The NCGM will be approximately 83,800 square feet with approximately 50,000 square feet of net usable space. As of 2022, the NCGMA estimates the Museum project, inclusive of design, engineering, project management, fundraising, and construction costs for the Museum will total approximately \$114 million. This does not include the USCG's costs.

The NCGMA's current independent third-party construction cost estimate for the museum building carries a 3 percent construction contingency, and escalation allowance of 6.34 percent, which are included in the \$72.84 million total construction cost. The NCGM's construction cost estimates are the responsibility of the NCGMA. These cost estimates include site preparation, bulkhead and fill, and construction of the NCGM building.

Funding for the Public Access Project is separate from the Museum funding. The State of Connecticut has committed \$20 million in bonding funds for the Public Access Project. The budgets for both projects are based on NCGMA cost estimates, broken down as follows:

NCGMA's Museum Construction Budget	
Museum, Site, and Bulkhead Construction	\$82,670,000
Pre-Construction A&E and Soft Cost	\$7,367,000
Construction Soft Costs	\$3,036,000
Association's Administrative Costs	\$20,600,000
<b>Total Estimated Museum Project Budget</b>	<b>\$113,670,000</b>

NCGMA's Public Access Project Budget	
Public Access/Pedestrian Bridge Construction	\$16,200,000
Pre-Construction A&E and Associated Soft Costs	\$3,215,000
Administrative Costs	\$585,000
<b>Total Public Access Project Budget</b>	<b>\$20,000,000</b>

## USCG Pre-Opening Capital Budget

The USCG is responsible for funding the Museum's exhibits and other specified interior furnishing items. USCG's \$46 million Pre-Opening Capital Budget (Figure 2) includes pre-opening capital costs that have been expended or committed to date and estimated costs for future pre-opening expenses by FY expended. The Pre-Opening Capital Budget includes:

- Curatorial and Archival Research and Preparation includes archival services, artifact preparation, transportation and storage, and other curatorial expenses;
- Exhibition Design, Fabrication, and Installation includes the direct costs for development of the Museum's exhibits;
- STEM and Experiential Educational Programs includes costs related to creating the Qualifications program and the rescue response interactive experience;
- Production of the Museum's orientation film;

- Furniture, Fixtures, and Museum equipment including, office furnishings and equipment, and exhibit workshop tools and equipment;
- Project Contingency of 15 percent of total direct costs; and
- Allowance for additional USCG furnishing items.

## **USCG Pre-Opening Operating Budget**

The Museum will also have Pre-Opening Operating Costs as staff and contractors work towards the Museum's opening. These costs include a growing permanent Museum staff (as outlined in the next section), professional and technical services, leased office and storage space, and special opening events. Estimated costs are based on available data and are comparable to other similarly sized museum pre-opening costs.

Figure 3 outlines the USCG Pre-Opening Operating Budget by FY expended for each year prior to the Museum's projected opening in mid-2025. These costs total approximately \$20 million.

**Figure 2. USCG Pre-Opening Capital Budget by Fiscal Year Expended**  
**Source: Museum Insights**

	Fiscal Year Expended						2025 Projected Opening Year	Total to Opening
	2019	2020-2021	2022	2023	2024			
Curatorial Research and Preparation	\$1,238,684	\$764,455	\$1,462,147	\$250,000	\$475,000	\$100,000		\$4,290,286
Exhibit Design, Fabrication, and Installation	2,824,934	1,513,024	2,047,070	8,000,000	11,000,000	5,500,000		30,885,028
STEM & Experiential Educational Programs	—	—	—	125,000	775,000	1,925,000		2,825,000
Furniture, Fixtures, and Museum Equipment	—	—	—	—	400,000	1,690,000		2,090,000
<b>FY Total</b>	<b>\$4,063,618</b>	<b>\$2,277,479</b>	<b>\$3,509,217</b>	<b>\$8,375,000</b>	<b>\$12,650,000</b>	<b>\$9,215,000</b>		<b>\$40,090,314</b>
<b>15% Project Contingency</b>								<b>\$6,013,547</b>
<b>Total Capital Project Cost to Opening</b>								<b>\$46,103,861</b>

**Figure 3. USCG Pre-Opening Operating Budget by Fiscal Year Expended**  
**Source: Museum Insights**

	Fiscal Year Expended						2025 Projected Opening Year	Total to Opening
	2019	2020-2021	2022	2023	2024			
Professional Services	\$130,109	\$851,839	\$248,967	\$350,000	\$350,000	\$350,000		\$2,280,915
Procurement and Technical Staffing - (ADOS Personnel)	701,180	1,671,658	788,614	753,316	605,313	413,316		4,933,397
Leased Office, Collections, and Exhibit, and Workshop Space	—	—	—	238,016	242,776	247,632		728,424
Opening Events	—	—	—	—	—	200,000		200,000
Permanent Staff	—	—	170,000	1,635,892	2,176,718	3,996,609		7,979,219
Operating Costs (Other than staffing. Including travel)	—	80,557	54,552	244,558	244,558	2,468,668		3,092,893
Grant Management			53,679	186,684	186,684	186,684		613,731
<b>Pre-opening Operating Budget</b>	<b>\$831,289</b>	<b>\$2,604,054</b>	<b>\$1,315,812</b>	<b>\$3,408,466</b>	<b>\$3,806,049</b>	<b>\$7,862,909</b>		<b>\$19,828,579</b>



## **Post-Opening Operating Budget for the First Five Years**

Once open, museum operations will be supported as part of the USCG's budget. Operating costs are estimated at \$7.9 million for the first year of operations.

The USCG Projected Post-Opening Operating Budget for the Museum's first five years of operations (Figure 4) is based on operating costs for museums of similar size and type, adjusted for the NCGM's unique features and location. The operating budget projections outlined here include staffing costs and are reasonable for a museum at this stage of planning and development. (Staffing costs are broken out in the next table.)

The five-year USCG Projected Post-Opening Operating Budget is based on the following assumptions:

- While the Association anticipates the NCGM building will be substantially complete at the end of 2024, the time required for exhibit installation and other preparation means that opening day will be at least six months after completion of the NCGM building;
- 2026 will be the first year of full operations. Operating costs between opening day and the beginning of FY 2026 are carried as part of the USCG Pre-Opening Operating Budget;
- The NCGM's operations will primarily be funded by USCG appropriated funds;
- Any revenue generating activities, as allowed by legislation, such as the museum store and event center, will be operated by a non-profit, such as the NCGMA, until such a time that the building is transferred and accepted by the USCG. Thereafter, these activities will be operated by a contractor. Those operating expenses are not reflected in this budget. The scope, nature, and funding for future contractor associated programming after opening is still under development;
- The Museum's post-opening operating budget includes inflation at 2 percent for each of the first five years; and
- The Museum's operating budget does not include depreciation or funding for the replacement of items such as new furnaces, roofing, exhibit refreshes, etc.

**Figure 4. USCG Projected Post-Opening Operating Budget**  
**Source: Museum Insights**

Department	FY 2026	FY 2027	FY 2028	FY 2029	FY2030
<b>Program Expense</b>					
Exhibits & Programs	\$1,569,661	\$1,631,265	\$1,663,890	\$1,703,429	\$1,731,112
Education -STEM	481,502	491,132	500,955	510,974	521,193
Visitor Services	556,628	565,201	576,505	594,985	602,350
<b>Total Program Expense</b>	<b>2,607,791</b>	<b>2,687,598</b>	<b>2,741,350</b>	<b>2,809,388</b>	<b>2,854,655</b>
<b>Supporting Expense</b>					
Public Affairs	546,976	555,026	566,127	595,920	607,838
Office of the Director	483,040	490,414	500,222	510,227	520,431
Office of Deputy Director	322,678	328,770	335,346	342,052	348,894
Admin, Finance & HR	526,693	533,917	544,596	555,488	566,597
Miscellaneous & Tech	445,908	474,746	485,223	495,949	506,931
Facilities	1,312,355	1,364,220	1,391,504	1,419,335	1,447,721
Security	1,434,474	1,463,163	1,492,427	1,522,275	1,552,721
Off-Site Space	238,016	242,776	247,632	252,584	257,636
<b>Total Supporting Expense</b>	<b>5,310,140</b>	<b>5,453,033</b>	<b>5,563,076</b>	<b>5,693,830</b>	<b>5,808,769</b>
<b>Total Post-Opening Operating Budget</b>	<b>\$7,917,931</b>	<b>\$8,140,631</b>	<b>\$8,304,426</b>	<b>\$8,503,217</b>	<b>\$8,663,424</b>

## IV. Museum Funding Allocations and Shortfalls

In response to Section 316(c)(2) of title 14, this section of the Funding Plan includes “the extent to which appropriated, non-appropriated, and non-Federal funds will be used for such purposes, including the extent to which there is any shortfall in funding for engineering, design, or construction.”

### **Appropriated Funding**

In accordance with Sec. 316 of title 14, USCG Appropriated Funding cannot be used for construction of the Museum building. USCG Appropriated Funding may be used on the design, fabrication, and installation of exhibits or displays in which artifacts are included. The priority for the use of USCG Appropriated Funds should be for preserving, protecting, and displaying historic USCG artifacts.

As of FY 2022, Congress has appropriated \$25 million to USCG in the Operations and Support Appropriation to support efforts associated with the Museum’s exhibition planning and design and to support pre-opening operations. Through September 30, 2022, USCG expended \$15 million of Appropriated Funding, with the largest portion going to staffing, operations, exhibition planning, and design of the Museum exhibits.

Public Law 117-103 (the Consolidated Appropriations Act, 2022), section 232 of the Department of Homeland Security Appropriations Act, 2022, provided an additional \$50 million to the Coast Guard for the service to distribute as a ‘grant for the National Coast Guard Museum to carry out activities under section 316(d) of title 14 United States Code.’

### **Non-Appropriated Funding**

Non-Appropriated Funds (NAF) are monies not appropriated by Congress to incur obligations and make payments out of the U.S. Treasury. Such funds generally come primarily from the sale of goods and services to military and civilian personnel and their family members through NAF instrumentality like the USCG Exchange System.

To date, there is no Non-Appropriated Funding identified for the Museum project.

### **Non-Federal Funding**

Non-Federal Funding originates from state, local, or private entities.

The Association is a non-profit organization chartered to support the development of the Museum’s building. The Association is raising funds for the NCGM’s design, engineering, site preparation, and construction.

As of October 2022, the Association raised more than \$32.37 million from private sources toward the Museum construction budget of \$114 million. The Association is actively fundraising for the remaining construction funds with the goal of raising an additional \$17.63 million of private funds by the end of 2024.

## Funding Allocations

### Current USCG NCGM Pre-Opening Funding and Potential Shortfalls

Based on current NCGM budget projections (see Figures 2 and 3), the USCG will require a total of \$66 million in pre-opening capital and operating funding by FY 2025.

With the current \$25 million in USCG Appropriated Funding, the USCG will require additional funding of \$41 million to cover projected capital and operating expenses through FY 2025. (Figure 6).

**Figure 6. USCG NCGM Pre-Opening Funding**  
Source: USCG and Museum Insights

USCG NCGM Pre-Opening Funding	Budget Projections	Funds Committed to Date	Additional Funds to be Committed
Pre-Opening Capital Budget	\$46,000,000	—	—
Pre-Opening Operating Budget	\$20,000,000	—	—
USCG Appropriated Funding received through FY 2021	—	\$25,000,000	—
Additional Funding Required	—	—	41,000,000
	<b>\$66,000,000</b>	<b>\$25,000,000</b>	<b>\$41,000,000</b>

While some of the NCGM’s USCG Appropriated Funding will be used for pre-opening operating support, most of the USCG Appropriated Funding will go towards “preserving, protecting, and displaying historic Coast Guard artifacts,” as outlined in the legislation. The projected shortfalls are attributed to the following:

- The initial budget did not include staffing, operations, economies of scale, a lack of in-house curatorial team and support staff, artifact care and conservation, expenses related to the STEM Learning Center, development of a high-impact orientation film, and other visitor experience related activities and facilities; and
- Because of the constraints of the site, not all NCGM support services will be able to occur within the NCGM building. Approximately 8,000 square feet of support spaces must be located offsite. These spaces include offices, work areas, maintenance workshops, and exhibit storage facilities, and other support areas. While the off-site location has not yet been identified or designed, it is anticipated that this space will cost approximately \$250,000/year, including utilities, cleaning, and other costs.

## Current NCGMA Funding and Potential Shortfalls

Based on the NCGMA's Museum project budget projections, the NCGMA will require a total of \$114 million in construction, soft costs, and administrative funding. With \$32.37 million in Non-Federal Funding committed or in hand and \$50 million in Federal Grant assistance, the NCGMA will require an additional \$31.63 million to cover the projected construction costs and other expenses.

The NCGMA is continuing to fundraise from private donors. In addition, as a part of Public Law 117-103 (the Consolidated Appropriations Act, 2022), section 232 of the Department of Homeland Security Appropriations Act, 2022, provided \$50 million to the USCG for the service to distribute as a 'grant for the National Coast Guard Museum to carry out activities under section 316(d) of title 14 United States Code.' These funds shall remain available until expended and distributed as a grant to carry out activities under 14 U.S.C. § 316(d), notwithstanding subsections (b)(1) and (h) of 14 U.S.C. § 316. The Coast Guard is working to administer the grant in accordance with the requirements outlined in applicable federal laws.

The NCGMA is also researching loans/financing (private/public) options to cover costs as multi-year donor pledges will continue to be processed after construction of the Museum is complete. Before any expenditure of money towards the construction of the museum, the Association will demonstrate its capability to have the financial means necessary to complete the museum construction project.

**Figure 7. NCGM Funding**  
**Source: NCGMA**

<b>Association Funding Sources</b>	<b>Funding Goals</b>
Funds Committed Raised	\$32,370,000
USCG Financial Assistance Grant	\$50,000,000
Outstanding Funds to be Raised	\$31,630,000
<b>Total</b>	<b>\$114,000,000</b>

## Summary of NCGM Potential Funding Shortfalls

As of January 2022, including USCG and non-USCG Appropriated Funding, the NCGMA's shortfall is \$31.63 million and the USCG's shortfall is \$41 million.

**Figure 8. Summary of NCGM Funding and Potential Shortfalls**  
**Source: Association, USCG and Museum Insights**

<b>NCGM Funding</b>	<b>NCGMA</b>	<b>USCG</b>
USCG Appropriated Funding received through FY 2022	---	\$25,000,000
Non-Appropriated Funding	---	---
Non-Federal Funding	\$32,370,000	---
<b>Total Funding Received to Date</b>	<b>32,370,000</b>	<b>25,000,000</b>
Appropriated Funding for USCG to administer as a grant	50,000,000	---
<b>Total NCGM Funding</b>	<b>82,370,000</b>	<b>25,000,000</b>
Project Budgets	114,000,000	66,000,000
<b>Total Current Funding Shortfalls including anticipated funding</b>	<b>\$31,630,000</b>	<b>\$41,000,000</b>

## Other NCGM Potential Funding Shortfalls

Figure 8 reflects new cost estimates which includes a 14% construction escalation over the past 18 months. The Association is focused on securing \$50 million in private donations, which results in a \$14 million shortfall. The Association is pursuing bridging and capital loans through DoT Infrastructure programs as the museum is being built within a Multi-Modal Transportation Center. If the Association is unable to secure capital funds above the \$50 million through private donations, they will utilize the DoT loans, which will be paid off utilizing the revenue generated through the Museum cash centers as authorized by 14 U.S.C. § 316.

While detailed planning and design for the building is largely complete, there are other unanticipated shortfalls that could require additional funding for the NCGM's construction. Currently, neither the NCGMA nor the USCG is carrying these potential shortfalls in their budgets, and these are not included in Figure 8.

- The new construction estimates carry approximately 30% inflation over previous estimates. Additional inflation in 2023 and 2024 may result in additional shortfalls.
- Environmental remediation is carried as an allowance in the Museum's construction budget. The allowance is based on the best information available, but the full cost of any necessary remediation will not be known until remediation process is complete.
- Insurance and/or indemnification requirements for the project.
- Spaces within the Museum building that may require additional interior finishing and outfitting.



## V. Environmental Remediation Issues

In response to Section 316(c)(3) of title 14, this section of the Funding Plan includes “an explanation of any environmental remediation issues related to the land associated with the Museum.”

### **Project and Site Background**

The 0.6-acre NCGM building site is bounded to the west by an active AMTRAK railroad and to the east by the Thames River in New London, Connecticut. The Museum building will be constructed along the Thames River waterfront partially atop of reclaimed land (currently a gravel parking lot) and partially over the existing City Pier Plaza. A newly-constructed, elevated pedestrian bridge spanning the rail tracks will allow for visitors to enter the Museum from the nearby Water Street Parking Garage.

The Sanborn maps indicate that industrial facilities near the NCGM site have included a planing mill, coal sheds, and a freight house. The current railroad alignment dates back to at least 1892 based on historical topographic maps.

The Thames River is classified as surface water quality class SB<sup>1</sup> and the groundwater underlying the investigation area is signified as a GB<sup>2</sup> area. There are no GA/GAA<sup>3</sup> areas located within 500 feet of the investigation area. There are no well-head protection areas or active wells known to exist within 500 feet of the site.

### **Environmental Investigation (2018)**

In 2018, the NCGMA contracted with GEI Consultants, Inc. (GEI) to conduct analytical testing in conjunction with the geotechnical investigation for the NCGM site. The September 2018 report contained the following observations.

#### Initial Environmental Investigation (2014)

- Draft Environmental Sampling Report. A Phase II Environmental Due Diligence Audit was prepared by URS, dated March 2014, of the property located at Block 108, Lot 1.01 (Assessor’s parcel Map G12). The report included details of analytical testing of soil and groundwater that were collected within the proposed building footprint, as limited to the existing gravel parking lot.

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<sup>1</sup> The Connecticut Water Quality Standards and Classifications. Coastal and Marine Surface Waterbody Classification and Designated Uses. Class SB: Marine fish, shellfish and wildlife habitat, shellfish harvesting for transfer to approved areas for purification prior to human consumption, recreation, industrial and other legitimate uses including navigation and industrial water supply.

<sup>2</sup> The Connecticut Water Quality Standards and Classifications. Groundwater Classifications and Designated Uses. Class GB: Industrial process water and cooling waters; baseflow for hydraulically connected surface water bodies; presumed not suitable for human consumption without treatment.

<sup>3</sup> The Connecticut Water Quality Standards and Classifications. Groundwater Classifications and Designated Uses. GAA: Existing or potential public supply of water suitable for drinking without treatment; base flow for hydraulically connected surface water bodies. Class GA: Existing private and potential public or private supplies of water suitable for drinking without treatment; baseflow for hydraulically connected surface water bodies.

- The analytical results from that report generally indicate that the top four feet of the soil is polluted, and the soil from 4 to 6 feet deep is polluted and contaminated. By statute:
  - Polluted soil contains constituents at concentrations above natural background levels and
  - Contaminated soil is that which contains constituents at concentrations above Remediation Standard Regulation (RSR) criteria.
- During the previous investigation, constituents were detected at levels above natural background levels and RSR in contaminated and polluted soil, including petroleum-related and other Volatile Organic Compounds (VOCs), semi-volatile organic compounds (SVOC) consisting primarily of polycyclic aromatic hydrocarbons (PAHs), metals, total petroleum hydrocarbons and polychlorinated biphenyls. Constituents detected above RSR criteria in contaminated soil include PAHs, lead, and arsenic. Constituents detected above natural background levels in the groundwater samples are petroleum related VOCs, petroleum hydrocarbons, and metals.

## **Environmental Sampling Procedures (2018)**

- Environmental soil sampling was performed by GEI in conjunction with the recent geotechnical investigation. Full details of the geotechnical investigation are included in GEI's Geotechnical report. Test boring locations and logs are included in the Geotechnical Report.
- Fourteen test borings (B-01 through B-14) were conducted at the site between July and August 2018, using driven casing and rotary wash drilling procedures. Standard Penetration Tests were conducted, and split spoon samples were collected at maximum five-foot intervals. A GEI representative was on site to observe the drilling procedures and classify the soil samples. The GEI representative also recorded visual or olfactory impacts that were observed, if any.
- Soil samples in depths of interest (generally at depths likely to be excavated during construction) were screened in the field with a photo-ionization detector for the presence of VOCs using headspace methods.
- Environmental soil samples chosen for analytical testing were placed in laboratory-provided suitable containers, placed in coolers with bags of ice, and delivered to the laboratory. Soil samples chosen for analytical testing targeted the existing fill stratum and/or locations likely to be excavated during construction.
- Environmental Laboratory Testing was performed by Phoenix Environmental Laboratories, Inc. under subcontract to GEI, the location, testing parameters and results are contained in GEI's Report.

## VI. Conclusion

Through a public-private partnership with the Association, and support from the City of New London and State of Connecticut, the USCG will receive a gift of waterfront property and a stunning new Museum. Funding the operation of a NCGM will achieve tangible benefits to the USCG and the nation with an appropriate investment of appropriated funds. However, the USCG and Association both have funding shortfalls to meet obligations. As of January 2022, including anticipated USCG and non-USCG Appropriated Funding, the NCGMA's shortfall is \$31.63 million and the USCG's shortfall is \$26 million.

Based on current NCGM budget projections, the USCG will require a total of \$66 million in pre-opening capital and operating funding by FY 2025. With the current \$25 million in USCG Appropriated Funding, the USCG will require additional funding of \$41 million to cover projected capital and operating expenses through FY 2025.

Based on the NCGMA's Museum project budget projections, the NCGMA will require a total of \$114 million in construction, soft costs, and administrative funding. With \$32.37 million in Non-Federal Funding committed or in hand and \$50 million in Federal Grant assistance, the NCGMA will require an additional \$31.63 million to cover the projected construction costs and other expenses.

The NCGM will honor the past, present, and future service of the men and women of the USCG who have dedicated their lives to serving our Nation and will inspire future generations to follow in their footsteps.

## Appendix A: List of Acronyms

Acronym	Definition
ADOS	Active Duty for Operational Support
Association	National Coast Guard Museum Association
DEEP	Department of Energy and Environmental Protection
DHS	Department of Homeland Security
EA	Environmental Assessments
FONSI	Finding of No Significant Impact
FY	Fiscal Year
GEI	GEI Consultants, Inc
MEI	Museum Education Initiative
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
Museum	National Coast Guard Museum
NAF	Non-Appropriated Funds
NCGM	National Coast Guard Museum
NCGMA	National Coast Guard Museum Association
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
OIG	Office of the Inspector General
PAH	Polycyclic Aromatic Hydrocarbons
RSR	Remediation Standard Regulation
SMP	Strategic Master Plan
STEM	Science, Technology, Engineering, and Mathematics
SVOC	Semi-Volatile Organic Compounds
USC	United States Code
USCG	U.S. Coast Guard
VOC	Volatile Organic Compounds

# Appendix B: DHS OIG Review



## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

August 2, 2022

The Honorable Linda L. Fagan  
Commandant, United States Coast Guard  
2703 Martin Luther King Jr. Ave. SE  
Washington, DC 20593

Dear Admiral Fagan,

I write today to provide information regarding the Department of Homeland Security Office of Inspector General's (DHS OIG) requirement under Section 8439 of the National Defense Authorization Act of Fiscal Year 2021, *AUTHORITY TO ENTER INTO AGREEMENTS WITH NATIONAL COAST GUARD MUSEUM ASSOCIATION*, to certify that construction estimates for the U.S. Coast Guard Museum are reasonable and realistic.

On September 10, 2021, DHS OIG staff briefed staff of the House Transportation and Infrastructure Committee and the Senate Committee on Commerce, Science, and Transportation on this subject and reached agreement that DHS OIG is not obligated to complete this mandate.

In sum, DHS OIG is unable to conduct the mandated review because certifying costs of an entity we audit would be considered a nonaudit service and a risk to our independence.

### **Background**

Section 8439 of the National Defense Authorization Act for Fiscal Year 2021, *AUTHORITY TO ENTER INTO AGREEMENTS WITH NATIONAL COAST GUARD MUSEUM ASSOCIATION* provides: "(c) FUNDING PLAN. —Not later than 2 years after the date of the enactment of the Elijah E. Cummings Coast Guard Authorization Act of 2020 and at least 90 days before the date on which the Commandant accepts the Museum under subsection (f), the Commandant shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan for constructing, operating, and maintaining such Museum" that includes "a certification by [the DHS] Inspector General that the estimates provided . . . are reasonable and realistic."



## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

### **OIG Independence**

Section 4(b)(1) of the Inspector General Act of 1978 states: *“In carrying out the responsibilities specified in subsection (a)(1), each Inspector General shall— (A) comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions.”* According to U.S. Comptroller General Government Auditing Standards, “before auditors agree to provide a nonaudit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any generally accepted government audit standard engagement they conduct.” Further, “nonaudit services that auditors provide can affect independence of mind and in appearance in periods after the nonaudit services were provided.”

Please call me with questions, or a member of your staff may contact Kristen Fredricks, Acting Deputy Inspector General for External Affairs, at (202) 981-6000.

Sincerely,

JOSEPH V  
CUFFARI

Digitally signed by  
JOSEPH V CUFFARI  
Date: 2022.08.02  
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Joseph V. Cuffari, Ph.D.  
Inspector General