

# Pacific Fleet Submarine Museum Summary

(a/k/a USS Bowfin Submarine Museum & Park)

**Mission:** To preserve and share stories of submarine visitors and to encourage pursuit of STEM learning and college education.

**Category:** Military History

**Contact:** Captain Chuck Merkel, Executive Director

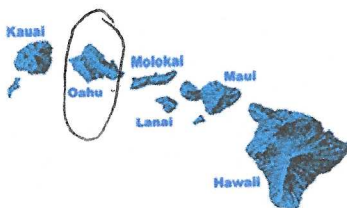
**Address:** 11 Arizona Memorial Drive, Honolulu, HI 96818-3145

**Grant History:** 2019: \$100,000  
2020: \$75,000  
2021: \$25,000  
**TOTAL GRANTS TO DATE: \$200,000**

<b>2022 Request:</b>	<b>\$100,000 for U.S.S. Bowfin dry dock maintenance</b>
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## Notes:

- Formed in 1978.
  - 400,000 annual visitors.
  - Scholarship program – over \$1.1 million to Hawaii-based submariners and their families since 1985.
  - Separate endowment for Native Hawaiian students to pursue business or science degrees.
  - Total renovation cost: \$20 million.
    - Bank of HI provide construction loan of \$15 million.
    - Post-construction financing via govt and Bank of HI
    - \$7 million from Pacific Fleet Submarine Association endowment (d/b/a USS Bowfin)
    - Campaign goal to raise \$13 million.
- 2022:** Campus renovations completed. Continue to have \$12 million debt.
- Request is for dry dock maintenance of underwater hull. Estimated cost \$2 million.
  - Last dry dock maintenance completed in 2004.





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Ser: 220004  
January 19, 2022

Lawrence H. Dorcy Hawaiian Foundation  
Attn: Tammy Davis Cownie  
81 East 7th Street, Suite 125  
St. Paul, MN 55101

Aloha Ms. Cownie:

The Pacific Fleet Submarine Memorial Association Inc. (PFSMA) is extremely grateful for the Lawrence H. Dorcy Hawaiian Foundation's past support for our campus renovation. In January 2019, we broke ground on the first phase of our renovation project. When we broke ground, we only had the funding in place to complete a portion of our project. However, after years of planning, it was time to get started. Over the summer of 2019, we secured financing and were able to transition directly to the second phase of our project. We were on track to complete our renovation in August 2020 until the COVID-19 pandemic occurred. Although the pandemic caused delays, we were able to complete the renovation of our campus and fully reopened in February of 2021. Naval History and Heritage Command recently recognized our efforts with their 2021 Museum Excellence Award for overall museum excellence, nationwide.

Since reopening our museum, we have actively engaged with the Hawaii state Department of Education to highlight the Science, Technology, Engineering and Math (STEM) learning opportunities that are available on our campus. We recently executed an all-day field trip for a local intermediate school, the first field trip statewide in over two years. This event was praised by the highest levels of the DOE. As we emerge from the pandemic, we will continue these field trips. This engagement will inspire more students to pursue studies and careers in STEM fields.



## **PFSMA and USS Bowfin**

PFSMA is an IRS 501(c)(3) tax-exempt nonprofit organization formed in 1978. PFSMA was created with the purpose of acquiring the USS Bowfin, a Balao-class WWII submarine in order to preserve and place her on public display.

USS Bowfin (SS-287) is a Balao Class Fleet Submarine named for a hard fighting, aggressive, and voracious fish found in fresh water from the Great Lakes down the Mississippi River, and as far south as the Gulf of Mexico. She was built at Portsmouth Naval Shipyard. Her keel was laid on 23 July 1942. She was launched 7 December 1942, exactly one year after the "date which will live in infamy", and she was nicknamed the "Pearl Harbor Avenger." During the course of nine war patrols in the Pacific Ocean during World War II, USS Bowfin lived up to both her namesake and her nickname.

Bowfin was commissioned on 1 May 1943. Bowfin completed nine war patrols earning the Presidential Unit Citation, Navy Unit Commendation, and the Philippine Presidential Unit Citation. Post war analysis officially credited Bowfin with sinking 67,882 tons of enemy shipping during her nine war patrols, placing her as seventeenth among all U.S. submarines. On her second war patrol, she was officially credited with sinking 26,458 tons of shipping, the seventeenth among the best war patrols.

Bowfin was underway from Pearl Harbor to Guam for her tenth war patrol when Japan surrendered and she returned to Pearl Harbor. In late August 1945, she left Pearl Harbor and returned to the east coast. Bowfin served in the Atlantic Fleet until being decommissioned in January 1947. She was recommissioned in 1951 and returned to the west coast. In October 1953, she was decommissioned at Mare Island Naval Shipyard. From 1960 through 1971, Bowfin served as a reserve training ship at Seattle, Washington. In 1972, Bowfin was towed to Pearl Harbor for use as a target vessel or to be scrapped.

On August 3, 1979, Bowfin was donated by the Navy to PFSMA to preserve her and place on public display. On April 1, 1981, Bowfin opened to the public at her permanent mooring at Pearl Harbor, Hawaii. In 1982, she was listed on the Hawaii Register of Historic Places, and in 1986 she was designated a National Historic Landmark.

Of the more than 200 fleet submarines built by the United States during WWII, fewer than 15 remain today as museum ships, where visitors can get a true impression of what it would have been like to serve on a WWII submarine. Today, Bowfin remains the centerpiece of the Pacific Fleet Submarine Museum. She recently welcomed her ten millionth visitors, a testament to her appeal for the past 40 years, and continues to serve her country as an educational site, a memorial, and an inspiration to present and future generations.

In addition to maintaining the museum and our submarine, PFSMA oversees a robust education program and scholarship programs. The USS Bowfin Memorial Scholarship program has awarded over \$1.2 MM to Hawaii-based submariners and their families since 1985. A more recent scholarship endowment with the Pauahi Foundation awards the USS Kamehameha Scholarships to native Hawaiian students studying business or science degrees. We honored our commitments to these scholarships in 2021, and will continue to do so.

Because all of the United States Navy's current submarines are nuclear powered, and therefore subject to the requirements and regulations of the Naval Nuclear Propulsion Program, there will be no more U. S. Navy submarines eligible for donation under the Navy's inactive ship donation program. This means that we must preserve and maintain those currently on display so that they remain safe and suitable for public display for as long as possible.

### **Dry Dock Maintenance for USS Bowfin**

With our campus renovations complete, the PFSMA Board of Directors is now planning the next dry dock maintenance period for Bowfin. This project will ensure that this historic vessel remains in a condition satisfactory to the Navy as required by the terms of the donation contract. This contract obligates PFSMA, at no expense to the Navy, to keep Bowfin safe and presentable for public exhibition, to maintain the vessel in such a manner that it will not cast discredit upon the Navy or the historic vessel, and to not allow the vessel to become a menace to navigation, public health or safety. These maintenance obligations include preservation of exterior surfaces and maintenance of the watertight integrity of the hull. To meet this obligation, Bowfin must be periodically dry docked to inspect the entire hull, make any necessary repairs and then re-paint the hull. We conduct periodic underwater hull inspections with divers, but actual hull maintenance must be performed with the submarine in dry dock.

Bowfin was last dry docked in October 2004 and we are planning her next dry dock period in the fall of 2022, to ensure she remains safe and presentable for public exhibition for the next 15-20 years.

PFSMA employs a full time maintenance staff. Between dry dock periods, this staff works continuously topside and below decks to maintain her safe and suitable for public display. While closed to the public in 2020, significant maintenance was conducted. Bowfin was thoroughly cleaned and repainted below decks and much of her topside and the superstructure was repaired and repainted. Through these efforts, she remains in pristine condition topside and below decks. However, the only way to truly determine the condition of her underwater hull is by conducting a periodic dry dock maintenance period.



The consequences of not conducting periodic dry dock maintenance are potentially catastrophic. The loss of watertight integrity of her hull could result in Bowfin becoming unsafe and her condition could cast discredit upon the Navy and her proud tradition as an historic vessel, or she could become a menace to navigation, public health or safety. Other historic naval ships that have not executed period dry dockings have experienced significant material degradations including the loss of hull integrity. At least two sister submarines (USS Clamagore and USS Ling) are in this Condition. USS Clamagore (in South Carolina) is currently planned to be sunk as an artificial reef. The fate of USS Ling (in New Jersey) is uncertain.

Bowfin's planned dry docking in the fall of 2022 will ensure that she will maintain her hull integrity and that she will be safe and presentable for public exhibition the next 15-20 years. Key Steps in this project include:

### **Planning Phase (September 2021 – September 2022)**

Initial notifications to the commercial shipyards and meetings with shipyard management teams.  
Draft work package submitted to shipyards for review and comment. (Completed fall of 2021)  
Develop Request for Proposal (RFP) incorporating the preliminary work package. Submit RFP to commercial shipyards. (Completed January 2022)  
Review responses to RFP. Select commercial shipyard to execute the Dry Dock Maintenance Period. (Spring 2022)  
With contract in place, conduct in water inspections. Develop tow plan. Review with USCG and Marine Surveyor. (July 2022)  
Finalize work package for the Dry Dock Maintenance Period. (August 2022)  
Close to the public for final tow preparations. (September 2022)

### **Execution Phase (September 2022 –November 2022)**

Execute Tow Plan. Tow from Pearl Harbor to selected shipyard. (1 day)  
Dry dock submarine. (1 day)  
Clean hull to remove all sea growth. (5 days)  
Note: The following tasks will be performed in parallel in order to minimize the time in dry dock.  
Perform ultrasonic inspection of hull. Perform inspection of all underwater hull blanks. Perform internal tank inspections. Identify areas requiring repair. (15 days)  
Perform repairs as identified by inspections. (TDB, estimate 10 days)  
Prepare hull for painting and paint with high-solids ceramic paint. This includes flooding the dry dock and repositioning the vessel to ensure that the entire under water structure is preserved. (15 days)  
Undock the submarine. Verify readiness to tow. (1 day)  
Tow the submarine back to Pearl Harbor. Moor per the approved mooring plan. Reinstall the impressed current cathodic protection system. (1 day)

The cost of Bowfin's last dry dock maintenance period, in 2004 was over \$700,000. We estimate the cost of this dry dock maintenance period to be \$2,000,000. In addition to the direct costs of this maintenance period, we expect that our revenue will be about half of what we normally experience (\$500,000 per month in the fall) when Bowfin is open to the public.

PFSMA has funds available to fund this project; however, any grants and contributions would enable us to retain our capital improvement funds and to continue to retire the debt from our campus renovation (currently over \$12MM). We have applied for a Save America's Treasures grant of \$500,000 through the National Park Service (submitted 12/21 with strong Congressional Delegation support). We have also applied for a \$250,000 capital improvement grant in aid from the Hawaii State Legislature. We respectfully request that the Laurence H. Dorcy Hawaiian Foundation consider a capital grant of \$100,000 in support of this dry dock maintenance period.

We are very thankful for the past support of the Laurence H. Dorcy Hawaiian Foundation, a staunch supporter of charitable organizations fostering research, restoration, and educational activities relating to U.S. military history, and we greatly appreciate any contribution that can be made by the Foundation. Your foundation's "plank owner" teak plank is displayed proudly in our museum entry. Together, we can give submarine veterans the memorial they deserve, increase educational opportunities for local students, and celebrate the history of our Silent Service.

Thank you for your time and consideration. Please contact me with any questions.

Sincerely,



Charles Merkel

Captain, U.S. Navy (Retired)

Executive Director

Enclosures:

1. 2020 Audited Financial Statement
2. IRS tax exemption 501(c)(3) determination letter

**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,  
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (including savings accounts)	\$ 399,318	\$ 1,174,867
Accounts receivable – net	126,067	415,182
Pledges receivable, current – net	289,290	275,251
Prepaid expenses and other assets	60,253	248,909
Total current assets	874,928	2,114,209
<b>INVESTMENTS</b>	6,385,736	6,490,704
<b>PLEDGES RECEIVABLE, Noncurrent – Net</b>	224,233	483,550
<b>PROPERTY AND EQUIPMENT – Net</b>	24,803,364	15,531,916
<b>HISTORICAL COLLECTION (See Note A)</b>	-	-
<b>TOTAL ASSETS</b>	<u>\$ 32,288,261</u>	<u>\$ 24,620,379</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 609,809	\$ 1,902,966
Accrued liabilities	103,362	398,331
Due to others	-	41,265
Note payable – current	422,500	-
Total current liabilities	1,135,671	2,342,562
<b>NOTE PAYABLE – Noncurrent</b>	11,476,018	2,285,412
<b>TOTAL LIABILITIES</b>	12,611,689	4,627,974
<b>NET ASSETS</b>		
Net assets without donor restrictions	17,534,691	18,146,950
Net assets with donor restrictions	2,141,881	1,845,455
Total net assets	19,676,572	19,992,405
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 32,288,261</u>	<u>\$ 24,620,379</u>

See accompanying notes to the financial statements.



**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,  
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2020**

	Program Services			Supporting Services			2020
	Park Operations	Cost of Food Concession Operations	Cost of Gift shop Operations	Total Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 847,599	\$ 148,969	\$ 1,085	\$ 997,653	\$ 156,730	\$ 42,354	\$ 1,196,737
Employee benefits	250,452	44,018	321	294,791	46,311	12,515	353,617
Payroll taxes	65,336	11,483	84	76,903	12,081	3,265	92,249
Total salaries and related expenses	1,163,387	204,470	1,490	1,369,347	215,122	58,134	1,642,603
Professional fees	433,833	12,831	5,398	452,062	16,876	3,648	472,586
Repairs and maintenance	185,786	6,418	47	192,251	6,753	1,825	200,829
Lease rent	130,967	18,569	135	149,671	19,537	5,280	174,488
Depreciation	115,735	20,341	148	136,224	21,401	5,783	163,408
Insurance	109,080	18,702	136	127,918	28,096	5,317	161,331
Utilities	92,424	16,244	118	108,786	17,090	4,618	130,494
Supplies	111,330	4,423	384	116,137	4,654	1,258	122,049
Security	54,735	9,620	70	64,425	10,121	2,735	77,281
Advertising and marketing	64,643	-	-	64,643	-	-	64,643
Cost of goods sold	-	63,140	416	63,556	-	-	63,556
Contributions to others	52,000	-	-	52,000	-	-	52,000
Bank and credit card service charges	15,464	10,612	26	26,102	3,705	1,001	30,808
Hawaii general excise tax	16,588	8,269	1,275	26,132	-	-	26,132
Travel and meetings	5,364	-	-	5,364	-	-	5,364
Other expenses	29,163	397	-	29,560	414	112	30,086
Total costs and expenses	\$ 2,580,499	\$ 394,036	\$ 9,643	\$ 2,984,178	\$ 343,769	\$ 89,711	\$ 3,417,658
							\$ 433,480

See accompanying notes to the financial statements.



**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,  
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the Years Ended December 31, 2020 and 2019**

**NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

At December 31, 2020 and 2019, the Association's financial assets and the amounts of those assets that are readily available within one year of the statement of financial position date to meet general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash (including savings accounts)	\$ 399,318	\$ 1,174,867
Accounts receivable – net	126,067	415,182
Pledges receivable – net	289,290	275,251
Investments	<u>6,385,736</u>	<u>6,490,704</u>
Total financial assets	7,200,411	8,356,004
Donor-imposed restrictions	(2,141,881)	(1,845,455)
Investments in debt securities	<u>(573,116)</u>	<u>(1,476,310)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,485,414</u>	<u>\$5,034,239</u>

**NOTE C – PLEDGES RECEIVABLE**

At December 31, 2020 and 2019, pledges receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Pledges receivable in		
Less than one year	\$295,290	\$303,450
One to five years	<u>235,441</u>	<u>540,274</u>
Total pledges receivable	530,731	843,724
Discount to present value at 5%	<u>(11,208)</u>	<u>(40,173)</u>
Discounted pledges receivable	519,523	803,551
Estimated allowance for uncollectible pledges receivable	<u>(6,000)</u>	<u>(44,750)</u>
Pledges receivable – net	<u>\$513,523</u>	<u>\$758,801</u>

**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,  
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the Years Ended December 31, 2020 and 2019**

**NOTE D – INVESTMENTS**

At December 31, 2020 and 2019, investments consisted of the following:

	2020		2019	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 4,063,167	\$ 4,539,810	\$ 3,227,486	\$ 3,363,245
Debt securities	669,034	573,116	1,537,244	1,476,310
Money market funds	452,250	452,250	209,196	209,196
Corporate bonds	407,248	427,093	707,299	716,253
Exchange traded funds	271,520	393,467	653,400	725,700
Total investments	<u>\$ 5,863,219</u>	<u>\$ 6,385,736</u>	<u>\$ 6,334,625</u>	<u>\$ 6,490,704</u>

At December 31, 2020 and 2019, the fair value of the investments exceeded their cost by \$522,517 and \$156,079, respectively.

Interest and investment income consisted of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 121,732	\$ 251,467
Realized gains (losses) from sales of investments	(129,323)	110,165
Unrealized gains from holding investments	366,438	598,048
Investment fees	<u>(21,238)</u>	<u>(14,649)</u>
Interest and investment income – net	<u>\$ 337,609</u>	<u>\$ 945,031</u>

**NOTE E – FAIR VALUE MEASUREMENTS**

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation methodologies used to measure fair value. There are three levels of the fair value hierarchy. Level 1 inputs to the valuation methodologies consist of unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.