



APPROVED Minutes
Board of Directors Meeting
& Joint Board Meeting with the Fort Worden Foundation
Fort Worden Public Development Authority
Wednesday, December 19, 2018 | 9:00 a.m. – 12:00 p.m.
Commons Building 210, Room B, Fort Worden

- ❖ **Action:** Motion to approve November 28, 2018 Board Meeting Minutes **Unanimously APPROVED**
- ❖ **Action:** Motion to appoint Barry Mitzman to the Fort Worden Foundation Board of Directors **Unanimously Approved**
- ❖ **Action:** Motion to appoint the FWPDA Executive Committee to serve as an audit review committee. **Unanimously Approved**
- ❖ **Action:** Motion to approve 2019 FWPDA Board Meeting Schedule **Unanimously Approved**

Regular Board Meeting:

I. Call to Order: 9:00 a.m.

II. Roll Call & Staff Introductions

Fort Worden PDA Board Members: Cindy Finnie, Jane Kilburn, Lela Hilton, Gee Heckscher, Norm Tonina, Jeff Jackson (calling in), Herb Cook, Todd Hutton, Terry Umbreit

Staff: Dave Robison, Diane Moody, Rufina Garay, Karolina Anderson

Public: Renee Klein, Jeanie Cardon, Brian Hageman, Carla Main, David Goldman, Owen Rowe, Lisa Werner, Daniele Costello, Maryna Frederiksen, Larry Sammons, Cody Griffith

Fort Worden Foundation Board Members: Alex Spear, Jon Schorr, Jeff Krida (by phone), Cindy Finnie (also on FWPDA board), Herb Cook (also on FWPDA board)

Sales and Reservations Director Cody Griffith introduced Tim Caldwell, Historian and Guest Services Agent and Zach Barbieto, Assistant Front Desk Manager. Griffith stated that Barbieto will move into the Front Desk Manager position in 2019. Griffith noted that Barbieto worked for Marriott Hotels for 15 years and that he places a strong emphasis on guest experience. Griffith stated that Caldwell writes monthly articles about Fort Worden for the Leader, that he worked for the Chamber of Commerce for seventeen years and was a founding member of the FWPDA board.

III. Changes to the Agenda
No Changes

IV. Partner Presentation: State Parks

Brian Hageman, State Parks Manager, talked about Washington State Parks (see State Parks fact sheet) and discussed improvements to Battery Kenzie, mitigating bluff erosion, redoing bulletin boards, crowd containment and moving out of building 305 into the new Washington State Parks Maintenance shop. Hageman stated that the Friends of Fort Worden put in 22 new bike racks across Fort Worden and that they are formalizing a trail that leads from the glamping sites to Artillery Hill. Hageman reported that a Washington Conservation Corp crew will be working on removing poison hemlock at the campus and on Artillery Hill. Umbreit asked about State funding throughout Washington State Parks – Hageman replied that State Parks receives one-half of one percent of the total State Budget. Hageman discussed the upper campground comfort station (bathroom and showers) – there is currently \$547,000 allocated in the State Capital budget for a larger, ADA accessible facility for the forest campground.

V. Public Comment

None

VI. Consent Agenda

A. Review and Approval of Regular Board Meeting Minutes, November 28, 2018

Action: Motion to approve November 28, 2018 Board Meeting Minutes
Unanimously APPROVED

VII. Review and Discussion of Financials

A. Staff Report

Moody reviewed financial memo (see packet) and financials.

B. Board Discussion

Moody and the board discussed changing to another merchant service company to reduce credit card fees. Board and staff discussed revenue budgeting for 2019 and Todd Hutton recommended that staff consider taking a more conservative position to avoid operating at a deficit. Robison stated that a risk point for the FWPDA is major repairs (i.e. sewer lines or boilers) and board and staff discussed building a reserve fund. Umbreit noted that a reserve fund is typically 6-7% of a total budget. Tonina reminded the board that the FWPDA took over maintenance responsibilities from State Parks in May 2018 (resulting in a significant increase in expenses). Staff and the board discussed future revenue sharing with Washington State Parks (included in lease agreement) and communicating about capital improvements that have been made to the historic buildings at Fort Worden as well as other efforts that have been made to be good stewards. Staff and the board discussed strategic goal of sustainability and Todd Hutton noted that Fort Worden will be a young organization for another 10 years or so. Moody noted that most A/R accounts are current. Cook asked about the balance sheet and noted that 60% of total assets are capital fund accounts and that by June 30, 2020 (when Makers Square is completed) the FWPDA will have a balance sheet that is negative. Moody stated that donations made on behalf of the FWPDA are now going into the Foundation instead of the FWPDA – impacting the balance sheet. Jeff Jackson noted that there is a cash flow lending opportunity as well as a community support opportunity. Robison noted that the FWPDA is unusual as a public entity without any taxing authority.

VIII. Motion to appoint a new board member to the Fort Worden Foundation Board of Directors

A. Staff Report

Robison stated that Fort Worden Foundation is a parent subsidiary to the Fort Worden PDA and that the articles of incorporation of the Foundation indicate that majority of Foundation board members must be appointed by the FWPDA. Robison stated that Barry Mitzman is an incredible candidate –talented, smart and has an affinity for the Foundation.

B. Board Discussion

Staff and the board discussed Mitzman’s qualifications including: being a former Peabody Award winning journalist and a former speechwriter for Bill Gates who has been participating on the Fort Worden Branding Work Group for last few months. Robison stated that Mitzman likes to mentor staff and is interested in assisting staff in figuring out how to best target foundations with a specific ask.

Action: Motion to appoint Barry Mitzman to the Fort Worden Foundation Board of Directors.

Unanimously Approved

IX. Motion to appoint the FWPDA Executive Committee to serve as an audit review committee and report back to the Board of Directors.

A. Staff Report

Robison and Moody reviewed the Washington State Auditor’s Office letter and audit focus areas (see letter in packet).

B. Board Discussion

Board and staff discussed the audit budget and Moody noted that the cost of the audit increased to \$33,000 over the \$28,000 originally budgeted due to moving from cash flow to an accrual basis.

Action: Motion to appoint the FWPDA Executive Committee to serve as an audit review committee.

Unanimously Approved

X. Motion to approve 2019 FWPDA Board Meeting Schedule

A. Staff Report

Tonina reviewed the proposed 2019 FWPDA Board Meeting Schedule

B. Board Discussion

None

Action: Motion to approve 2019 FWPDA Board Meeting Schedule **Unanimously Approved**

XI. Staff Report

A. 2019 Budget Process

Robison reported that staff will bring the 2019 budget to the board on January 23.

B. Glamping Update

Robison reported that a local bank is interested in financing the glamping project and that a DOC crew will help prepare the site. Sammons stated that the project is now beyond the schematic design process and that it is under review by State Parks. Robison reported that SEPA has been posted and that the gathering shelter will require a separate permit. Board and staff discussed the balance sheet and whether building 288 can be listed as an asset.

C. Holiday Party

Robison stated that food will be provided by an outside caterer so that Food & Beverage staff can attend rather than work the holiday party. Robison thanked board members who contributed to the employee recognition fund, which funded the event.

D. State Audit

Moody reported that the State Audit is progressing and that the audit will continue into January (see letter in packet for details).

E. Washington State Parks Commission 2019 Capital Budget

Robison reviewed the 2019-2021 Capital Budget Request (see packet for details). Board and staff discussed the upcoming water and sewer projects, coordinating with State Parks and taking buildings offline. Board and staff discussed the pier & marine facilities project, roof replacement, housing areas exterior improvements, historic preservation of old hospital building 298 and the pending BFA (Buildings for the Arts) grant. Robison stated that the geothermal project was not one of the capital projects included in the Governor's Budget and stated that he will be making visits to legislators in January. Todd Hutton volunteered to join Robison in Olympia.

F. Marketing Report

Griffith presented a marketing report (see PowerPoint) and reviewed accommodation demographics, market segmentation, website analytics, proposed redesign of website and elements of the marketing plan framework. Board and staff discussed how to incorporate the work of the staff-led branding work group. Board and staff discussed the proposed website re-design and Hutton suggested that Universities face similar storytelling challenges to Fort Worden and that looking at university websites could provide possible ideas and approaches on how to sell/tell the story of the experience that people have here. Board and staff discussed more fully integrating the offerings of partner organizations on the Fort Worden website and potential for more collaborative marketing. Kilburn stated that the website needs to be completely envisioned through the brand.

11 a.m. Joint Meeting with Fort Worden Foundation

I. Introductions

FWPDA staff and board members of the Fort Worden Foundation the FWPDA introduced themselves.

II. Review of Makers Square Project

Robison reviewed the Makers Square project and talked about development options noting the importance of securing historic tax credits. Robison stated that the passage of the Washington State capital budget was delayed by 7 months after the session ended in June 2017, slowing down progress on Makers Square. Robison thanked Heckscher for managing the Makers Square project, noting that Heckscher has been working almost full-time pro bono. Robison noted that assumptions around the Capital Budget are included in the Makers Square Development Options and noted that the budget is conservative. Robison recommended focusing on the Base Bid and Alternate 1 in order to be eligible for as many Historic Tax Credits as possible by June 30, 2020. Robison stated that achieving at least a silver LEED rating is important in order to qualify for some grants - board and staff discussed. Robison stated that Heckscher has been doing a page-by-page review of the 100% Construction Drawings submitted by Signal Architects. Board and staff discussed budgeted base numbers, project tracking, design contracts and alternates (see Makers Square Development options). Robison discussed funding options, noting that the base-bid funding gap is \$171,000 and that qualifying for Historic Tax Credits would yield up to 20% of construction cost back on qualified construction expenses. Robison stated that an attorney specializing in

Historic Tax Credits will be conducting an analysis and giving recommendations. Robison noted that the \$1,049,645 pending in the Capital Budget for Fort Worden is a risk point. Board and staff discussed financial risk mitigation and the possibility of slowing down the timeline pending the outcome of the Capital Budget. Robison noted that the final budget should be out by July 1, 2019 and that decisions on other alternates could be made at that time. Board and staff discussed exterior improvements and attracting partners who are willing to invest in capital improvements. Board and staff discussed identifying decision points for phasing. Robison stated that the project is scheduled to go out to bid in January. Board and staff discussed the construction estimate and the possibility of submitting change orders. Robison noted that Alternate #3 is contingent on KPTZ meeting their fundraising goals for tenant improvements. Board and staff discussed hiring qualified contractors and Robison noted that the market escalation estimate has gone down from 8% to 6%. Cindy Finnie stated that the strategy of moving ahead with the base bid is a prudent and good approach. Board and staff discussed identifying a Project Manager and Owners Representative, building an extra cushion and making the base bid as lean as possible. Board and staff discussed fundraising, utilities and site work. Board and staff discussed construction cost by phasing, developing even more accurate gap numbers as well as solid numbers on estimated Historic Tax Credits. Staff and board members discussed fundraising and the Fort Worden Foundation's plan to hire a Development Director to run a Capital Campaign. Alex Spear stated that as a board member of the Camilla Chandler Foundation and major funder of the Makers Square project, it is important to the Chandler Foundation that the project moves ahead. Jeff Jackson reiterated the importance of planning for Makers Square operations.

III. Public Comment

David Goldman encouraged staff to recruit one or two people to navigate the website to help ensure a good user experience. Goldman strongly encouraged staff and the board to focus on effectively telling the Fort Worden story in 2019 – leveraging the work of the branding workgroup. Goldman suggested including the fact that the FWPDA inherited \$80- \$100 million in deferred maintenance and the unusual nature of the FWPDA as an entrepreneurially oriented public entity. Goldman stated that Robison should not have to be spending time looking at details of bid documents.

IV. Next Meetings

- ❖ Staff and Board Holiday Party December 19, 2018, 4 p.m. to 6 p.m.
- ❖ Special Board/Executive Committee Meeting January 15, 2018, 9 a.m.
 - Makers Square Bid
- ❖ Board of Directors Meeting January 23, 2018, 9 a.m.
 - 2019 Budget

V. Adjourn: 12:10 p.m.

Board Packets and PowerPoint Presentations are available on our website at: www.fortworden.org under public documents>agendas & documents>public meetings>PDA Board Meeting 12.19.18