



Minutes
Board of Directors Meeting and
Joint Board Meeting with the Fort Worden Foundation
Fort Worden Public Development Authority
Wednesday, January 23, 2019 | 9:00 a.m. – 12:00 p.m.
Commons Building 210, Room B, Fort Worden

- ❖ **Action:** Motion to approve December 19, 2018 Board Meeting Minutes **Unanimously Approved**
- ❖ **Action:** Motion to approve **Resolution 19-01** adopting the 2019 Operating and Capital Fund Budget **Unanimously Approved**
- ❖ **Action:** Motion to approve **Resolution 19-02** authorizing signers for checking accounts with First Federal Savings and Loan. Removing Norm Tonina and adding Maryna Frederiksen to the Food Services Checking Account. **Unanimously Approved**
- ❖ **Action:** Motion to approve **Resolution 19-03** authorizing Executive Director to enter into a contract with Eastern Washington University for Archeological and Historical Services. **Unanimously Approved**
- ❖ **Action:** Motion to approve **Resolution 19-04** authorizing Executive Director to apply to the Jefferson County Public Infrastructure Fund to fund the renovation of building 203. **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, Herb Cook, Todd Hutton, Terry Umbreit

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

Public: Owen Rowe, Cody Griffith, Aletia Alvarez, Renee Klein, Carla Main, David Goldman

Rick Pollard introduced Susan Bishop and Brett Adams, members of the grounds maintenance team. Robison stated that the team has done a great job managing the grounds. Robison introduced David Beckman, Director of Capital Projects. Gee Heckscher stated that Beckman is very well qualified for his position and that he has a background in architecture, design and construction. Norm Tonina stated that he's very impressed with the talented team that FWPDA has attracted.

III. Correspondence

Robison expressed appreciation that the Clemente Course in the Humanities for low-income adults and Western Washington University Academy of Lifelong Learning are now offering classes in Building 202 in conjunction with Peninsula College.

IV. Changes to the Agenda

Makers Square presentation moved to before consent agenda; No Executive Session

V. Partner Presentation: Madrona Mind Body (MMI)

Aletia Alvarez and Renee Klein presented a PowerPoint (see website) and talked about extensive renovations made to the 5,000 square foot Madrona MindBody Institute building. Alvarez noted that the building was unused prior to Madrona MindBody, other than the basketball court, and that Madrona has made a \$150,000 capital investment into the building. Improvements include lead abatement, new flooring, painting, removing wood rot and reinforcing walls. Alvarez stated that Madrona MindBody engaged the Port Townsend community in “project dorm blossom” and people adopted some of the dorm rooms in building 225, putting in new drapes and curtains, painting and making improvements to the kitchen. Alvarez talked about shared stewardship of historic buildings and investing in the shared partnership with the Fort Worden PDA to support a thriving Lifelong Learning Center. Alvarez and Klein talked about developing offerings that serve the Fort Worden guest experience and expanding residential programming by continuing to develop unique offerings that make Madrona “locally loved, internationally renowned”. Last year, students from 20+ countries stayed 1,175 residential nights and contributed \$100,000 to the Fort Worden economy. Alvarez stated that Anneli Molin-Skelton and Renee Klein are now co-owners with Alvarez. Klein and Alvarez reviewed the MMI capital improvement wish list including: an ADA accessible entrance and bathroom facing Makers Square, improved electrical infrastructure, a building-appropriate front door and an outdoor saltwater soak/sauna addition. Alvarez proposed that the saltwater soak could be completed in partnership with the FWPDA and that the soak could change the nature of the winter and shoulder season and stated that it could attract people who would otherwise go to centers like Esalen. Klein and Alvarez noted that the type of lease that Madrona has means that the institute pays differently than most tenant-partners at Fort Worden.

Terry Umbreit asked where Madrona is at in terms of capacity and Klein stated that local programming is near capacity but that there is plenty of room to grow residential programming. Herb Cook asked about the ball park cost estimate for the saltwater spa and Alvarez stated that there is not yet an estimated cost. Board, staff, Alvarez and Klein discussed collaborative marketing, website updates, communicating offerings to guests and residential programming. Alvarez noted the challenges smaller programs face in coordinating housing and meals for participants and offered to share suggestions on how FWPDA could further support residential programming.

VI. Public Comment

None

VII. Makers Square Update

A. Staff Report

Robison stated that Heckscher and Beckman are in the process of reviewing the 100% construction drawings before the Makers Square project goes out to bid. Heckscher stated that he and Beckman are reviewing the drawings and specifications in detail to ensure that there are as few changes as possible during the construction process, noting that each change order would add additional costs

to the project. Heckscher discussed phasing options (see Makers Square Development Option under 12.19.18 Board Meeting).

B. Board Discussion

Board and staff discussed Historic Tax Credits (HTC's) and feedback received from an attorney specializing in HTCs that the Makers Square Project can maintain HTC eligibility for up to five years from January 1, 2018. Robison stated that he has requested a written memo from the attorney and seek guidance from the National Parks Service. He reported that he and other staff recently met with KPTZ (proposed as an anchor tenant for basement of building 305) and that a contract would likely come before the board in February. Board and staff discussed construction services, tenant improvements and project management. Robison stated that Beckman and Heckscher are reviewing the KPTZ timeline and overseeing the drawings and construction plans. Board and staff discussed the possibility of geothermal heating for Makers Square and Robison noted that the buildings are designed to be able to be transferred to geothermal, but are not dependent on it. Robison stated that the geothermal project did not make the Governor's budget due to other priorities but that there will be another opportunity next year and that the project may be eligible for federal grants in the future. Heckscher reviewed the Makers Square timeline and stated that the project timeline has been extended by one month, to allow for the detailed review of the construction drawings. Robison stated that the Makers Square project timeline will not be further extended unless necessary and that the goal is still to receive a certificate of occupancy by June 30, 2020.

VIII. Consent Agenda

- A. Review and Approval of Regular Board Meeting Minutes, December 19, 2018**

Action: Motion to approve December 19, 2018 Board Meeting Minutes
Unanimously APPROVED

IX. 2019 Operating and Capital Fund Budget Review and Resolution to adopt 2019 Operating and Capital Fund Budget

A. Staff Report

Robison reviewed 2019 Strategic Priorities, Executive Team Objectives and the Goal of building Fort Worden as a national destination for arts, culture and education (see the Budget Presentation PowerPoint on the website). Rufina Garay discussed hospitality culinary feasibility initiatives and the sustainability program. Garay noted that the interdepartmental sustainability committee has been revitalized and that sustainability initiatives strengthen brand identity and align with developing a culture of sustainability and public stewardship. Garay stated that an additional goal of the sustainability initiative is developing leaders ("Green Ambassadors") and supporting people to take ownership "for the Greener Good". Garay outlined progress made on the recycling program, including setting up infrastructure, systems and processes to reduce cross contamination. Robison and Diane Moody discussed building the capacity of the Fort Worden Foundation, leadership development & developing a performance management program. Robison discussed increasing fundraising for new initiatives and nurturing partnerships for success.

Sales and Marketing

Cody Griffith, Director of Sales and Marketing, reviewed initiatives under each departmental priority and stated that the redesign of the Fort Worden website is a primary focus in 2019. Staff are currently being prepared for the change to the Maestro Property Management System. Griffith stated that there is extensive cross training occurring between the front desk and sales. Griffith noted that there was 100% staff retention in the sales department and stated that a key has been to involve staff in their professional development. Griffith reported that a Fort Worden marketing video entitled “Getting Here” is close to launching. Board and staff discussed using the website to cross-sell partner offerings. Garay noted that Griffith has done a great job of getting the sales team out to each partner organization, which has increased cross-selling. Tonina asked whether the new website will offer partners the ability to register participants directly. Moody replied that partner organizations will be provided with registration codes.

Food & Beverage

Maryna Frederiksen, Food and Beverage Director, stated that her goal is for guests to experience exceptional hospitality and quality and that she is dedicated to working with her team on delivering that experience. She would like the FWPDA F&B team to be able to offer food here that cannot be found elsewhere in Jefferson County. Frederiksen discussed ways that she is and will be investing in her staff including; training, providing clear goals and expectations and supporting staff to grow into better team members. In addition, Frederiksen wants to further partner with local farmers, engage in community outreach and teach her staff to become ambassadors for what happens at the Fort. Frederiksen discussed streamlining operations, labor management, cost reduction and waste reduction. Frederiksen stated that she is developing training programs for staff, including costing, portioning and waste reduction. Other priorities include identifying new revenue streams and improving food offerings. Frederiksen stated that she toured all the partner organizations and has ideas for collaborating with partners in a “culinary journey” and is further interested in exploring how FWPDA’s success can be beneficial to partners and the greater community. Frederiksen is working with staff to achieve consistency - recipes have been created for everything and meals are tested regularly. Terry Umbreit stated that the key to consistency is getting the food and beverage team to work together, trusting each other and on the same page. Tonina commended Frederiksen on an excellent wine dinner last week.

Guest Services

Daniele Costello, Guest Services Director, stated that her department includes housekeeping, maintenance, security and “design on a dime”. Costello reviewed strategic priorities and initiatives including re-keying cores across the property, supporting sustainability initiatives, incorporating historical features in the homes and creating outdoor gathering spaces (seating, firepits, etc.). Board and staff discussed Trip Advisor reviews and possible ways to mitigate sound between residences. Board and staff discussed the proposed NCO Row renovation – the project is currently on hold but there are plans for a major refresh while buildings are offline for the sewer project in early 2020.

Facilities

Larry Sammons, Facilities Director, reported that his department now includes grounds maintenance and HVAC personnel. Sammons reviewed strategic priorities and discussed replacement of failing sewer lines, noting that Phase 1 was completed yesterday. Sammons stated

that State Parks is engaged in a three million dollar project to upgrade water systems across Fort Worden and that he has been acting as liaison and coordinating efforts. Sammons reported that replanting and landscaping is in progress in the glamping area. Board and staff discussed composting systems and the possibility for community outreach. Herb Cook asked about the window restoration project and whether the windows that are being installed are more energy efficient than the ones that are being replaced. Robison stated that the windows are not more energy efficient due to historical requirements. However, storm sashes are being added as part of the window restoration project and that will improve energy efficiency. Robison stated that replacing windows and adding storm sashes will be an ongoing project over the next ten years and noted that the facilities crew has now been trained to replace historic windows.

Finance & Administration

Diane Moody, Chief Financial Officer, reviewed the 2019 Finance and Administration strategic priorities. Moody stated that the new property management system creates efficiencies, allows people to charge food to their rooms and will provide other guest-centric features. Moody talked about implementing a purchasing program and discussed strategies for becoming an employer of choice, including: building a track for professional growth, providing seasonal employee housing (currently seeking funding) and developing a volunteer/internship program.

Moody reviewed the 2019 Operating Budget (see packet). Robison noted that live music is attracting people on Friday evenings. Tonina asked about merchandise revenues and Moody replied that 2018 revenues totaled \$65,000. Moody stated that Fort Worden received \$25,000 in LTAC funds which will be used to upgrade A/V equipment across the Fort for conference users and guests. Moody noted that fundraising is underway for a culinary program and the sustainability program. Moody noted that the minimum wage went up in 2018 and stated that FWPDA took on additional expenses due to the maintenance transfer from State Parks - \$353,000 was budgeted in 2018 for repairs and maintenance and \$633,000 in 2019. Board and staff discussed budgeting and savings related to energy efficiency upgrades. Board and staff discussed interest payments pertaining to glamping. Moody stated that the FWPDA is projected to operate at a net loss for first 5 months. Board and staff discussed drawing down on the Capital Improvements fund and Robison noted that this will be a risk point in 2020 as Makers Square nears completion and the fund is depleted. She reported that currently revenues do not cover leasehold improvements, but that any additional revenues will go to this expense item. Board and staff discussed direct labor costs and leasehold improvements. Moody and Robison reviewed Risks and Opportunities, noting that State Parks will be replacing failing water and sewer lines over the next three bienniums and that portions of the campus may have to be shut down (a major risk point). Tonina stated that utility costs continue to be a risk point as well.

B. Board Discussion

Finnie stated that the net income is thin and that leasehold improvements could tip the scales adding that staff have done a great job balancing these risk points. Moody stated that a “replace and repair” plan is being developed. Robison noted that FWPDA inherited the historic campus as is, with a lot of deferred maintenance and very low lease rates. Jeff Jackson, FWPDA Board Treasurer, stated that he has reviewed the budget with staff and stated that the financial numbers tie tightly to

strategy and operations. Jackson stated that the FWPDA is a healthy but fragile organization and noted that excess cash flow goes to deferred building maintenance. Jackson also noted that growth in revenue is almost all from third party, independent travelers and that cash flow comes from leisure. Jackson stated that he liked Madrona MindBody's language of "shared economy, shared partnership" and that FWPDA's operational mission is to support programming partners, sustaining the place, sustaining the buildings and sustaining the Fort Worden "ecosystem".

Robison stated that FWPDA has grown tremendously in the last couple of years and that the organization is now responsible for the entire operations and maintenance of our leased area at the Fort. Jackson commended staff on doing a very good job. Terry Umbreit stated that the quality of the staff that can meet the challenges reduces risk. Board and staff discussed an annual report that is currently in progress, public relations, an informational insert (where we come from, where we're going, economic impact) and asking the branding work group members to provide feedback. Hutton encouraged staff to focus additional attention on fundraising for the next couple of years and to consider operational campaigns (while mitigating potential impacts to partners). Board and staff discussed deferred maintenance, fundraising, the Fort Worden Foundation and a possible endowment program (Hutton suggested setting short-term, mid-term and long-term goals). Finnie asked whether bookings support the growth in revenue and Moody stated that what is on the books for 2019 is already equal to 2018 revenues. Herb Cook stated that any organization that increases revenue by 20% per year will experience pace and work load issues. Cook encouraged staff to be selective about opportunities and priorities that can be taken on with new or existing staff. Robison stated that staff are being increasingly selective about new projects and noted the example of the NCO Row Project being deferred to a later date. Hutton noted that the goal of growing group sales is in part tied to the single occupancy residences that the NCO Row renovation project would provide. Moody stated that building 16 and 205 would help meet some of those needs. Board and staff discussed priorities. Tonina stated that staff continue to be strategic about managing priorities.

Action: Move to approve **Resolution 19-01** adopting the 2019 Operating and Capital Fund Budget **Unanimously Approved**

X. Resolution authorizing signers for checking accounts with First Federal Savings and Loan

A. Staff Report

Moody reviewed resolution 19-02 that would add Maryna Frederiksen to the Food Service checking account and remove Norm Tonina.

B. Board Discussion

Tonina agreed that he should be removed as a signer on the account.

Action: Move to approve **Resolution 19-02** authorizing signers for checking accounts with First Federal Savings and Loan. Removing Norm Tonina and adding Maryna Frederiksen to the Food Services Checking Account **Unanimously Approved**

XI. Resolution authorizing Executive Director to enter into a contract with Eastern Washington University for Archeological and Historical Services

A. Staff Report

Robison reviewed resolution 19-03 and stated that three bids were received for conducting the cultural resources survey that will help ensure that any historical artifacts that are located are properly handled and catalogued (e.g. buttons, bullets or bones).

B. Board Discussion

Board and staff discussed artifacts and the cultural resources survey process.

Action: Motion to approve **Resolution 19-03** authorizing Executive Director to enter into a contract with Eastern Washington University for Archeological and Historical Services. **Unanimously Approved**

XII. Resolution authorizing Executive Director to apply to the Jefferson County Public Infrastructure Fund to fund the renovation of building 203 for seasonal employee housing.

A. Staff Report

Robison reviewed resolution 19-04 and stated that public agencies are invited to apply for Jefferson County Public Infrastructure grants. Robison stated that he and Sammons compiled various projects and determined that using a portion of building 203 for seasonal employee housing was the best fit for this grant. Robison reported that the grant request is for modest renovations to the lower floor of building 203 and that the grant would support the FWPDA to house and recruit and retain employees. Robison noted that the grant is due on February 1, 2019.

B. Board Discussion

Board and staff discussed grant criteria and Tonina noted that seasonal employee housing would support the FWPDA to seek interns for peak seasons.

Action: Move to approve **Resolution 19-04** authorizing Executive Director to apply to the Jefferson County Public Infrastructure Fund to fund the renovation of building 203. **Unanimously Approved**

XIII. Staff Report

A. Glamping Update

Robison reported that the glamping SEPA process is complete and that financing and infrastructure bidding is in progress. Moody noted a risk point on the operating budget if the project is not online by June. Board and staff discussed whether employees can move from the storm sash project to the glamping project but Moody noted that the storm sash project has to be completed by June 30, 2019 to access those funds. Robison stated that a DOC crew is working on campus and could possibly support the project.

B. Audit

Moody stated that auditors are wrapping up and the report will likely be completed by mid-February.

C. Marketing Report

Robison referred to the Trip Advisor reviews and stated that it's important to provide detailed descriptions of the property to ensure that people booking online know what to expect (i.e. the historic nature of the houses).

D. Employee Benefits and Policy Guides

Robison stated that the Employee Benefits and Policy Guides were reviewed and accepted by the Executive Committee. Moody noted that Jane Kilburn and Norm Tonina provided non-material edits. Todd Hutton stated that it was good to see the new Branding Statement incorporated into the guide. Robison commended Moody and Carolyn Pedersen for their work on the guides.

XIV. Public Comment

David Goldman stated that Fort Worden PDA has gone through many thresholds and that Makers Square building 305 is critical to becoming a national destination. Goldman referred to the capital planning process that happened some years ago, stating that it was a very dynamic process that engaged Fort Worden partners and the community. Goldman stated that it will be powerful to have KPTZ broadcasting from the basement of building 305 - "live from Fort Worden". Goldman noted that FWPDA has a new generation of managers and stated that it's amazing to see the qualities and professionalism that they're bringing to their jobs. Goldman observed that the State Capital Budget is a bi-annual issue. Goldman reiterated that 305 is a wonderful opportunity and that it is a key to the future - a new Fort Worden. Goldman stated that the world will look completely different in 2020 and that staff are performing incredibly well. Goldman also stated that a break in the sewer system would have significant repercussions and encouraged staff and the board to be aware of those risks. Norm Tonina thanked Goldman for his provocative and thoughtful comments.

XV. Next Meetings

- ❖ Executive Committee Meeting, February 19, 2019, 9 a.m.
- ❖ Board of Directors Meeting February 27, 2019, 9 a.m.

XVI. 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 1.23.19