



Fort Worden

— PORT TOWNSEND —

A HISTORIC GATHERING PLACE

**PUBLIC DEVELOPMENT AUTHORITY
MID-YEAR BUDGET REVIEW**

2017

Fort Worden Budget Priorities – 2017

INVESTMENT PRIORITY 1: Development & Capital Projects

Initiatives	Status
Finalize Makers Square Design	In Progress
Makers Square Business Plan	In Progress
Launch Capital Campaign	Pending – BFA, HCPF, Norcliffe Foundation, M.J. Murdock Charitable Trust
Feasibility Studies	
· <i>Culinary Program</i>	On Hold
· <i>Glamping</i>	In Progress
· <i>NCO Row</i>	In Progress
· <i>Lighthouse</i>	In Progress
· <i>Dorm 203</i>	In Progress
Energy Efficient Improvements	In Progress/Financing in process

Fort Worden Budget Priorities – 2017

INVESTMENT PRIORITY 2 : Leasehold Improvements

Initiatives	Status
Lodging Improvements	
· Bliss Vista	Completed
· Bldg. 4E & 4W	Completed
Meeting Space Improvements	
· Commons Lobby	Completed
· JFK Bldg. Acoustics	Completed
Food & Beverage Improvements	
· Café to Reveille Renovation	In Operation, Improvements Continued in Fall
· Taps Improvements	Addition of Rail for Family-Friendly Seating, New ADA Parking, Bicycle Racks
· Mess Hall	New Dishwasher, Pot Scrubber, New Electric Boosters and Wiring for Both
· Equipment Upgrades	In Progress

Fort Worden Budget Priorities – 2017

INVESTMENT PRIORITY 3 : *Operational Investments*

Initiatives	Status
Implement Redundancies for the Network System	Completed – Cloud Backup, N Drive Configured
New Property Management System	In Progress – Research, Pricing
New A/V & Furniture for Meeting Spaces	In Progress – Commons conference tables
Marketing & Sales: Leisure Traveler Focus	
· <i>Refresh Website</i>	New Homepage, Meet Here, Stay Here
· <i>Invest in Market Channels</i>	In Progress
· <i>Collateral Materials</i>	Monthly Ads, Bi-Annual Tabloid, In-Room Materials
Partners: Effective Co-op Marketing	In Progress – Video Project, Chautauqua Program
Establish Employee Training Program	Two Rounds Conducted, Two More Planned
Phase I Sustainability Initiative	Committee Established, In Progress

MID-YEAR BUDGET SUMMARY

2017

Revenue - \$1.918 million, which is 95.5% to plan for Y-T-D.

Personnel Costs - 62% of Revenue, which is 2% over plan.

Utilities Costs – Dropped by \$57,294 between 1st and 2nd quarters, but remain over budget for the year.

Operating Expenses -- \$57,600 less than planned for Y-T-D.

Net Revenue— Gained \$100,000 in net revenues during 2nd qtr, resulting in net revenue going from (\$108,825) behind budget at end of 1st qtr to just over (\$9,000) behind budget at end of 2nd qtr.

LOOKING AHEAD — YEAR END

Planned Purchases

- Advertising/Marketing, including Pictures and Videos
- A/V Improvements
- PMS and Channel Management System
- Training & Education Services

Unplanned Purchases

- Increase in Insurance Costs
- Main Kitchen Equipment Repairs

Reduced Purchases

- Furniture
- Smallwares



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**PUBLIC DEVELOPMENT AUTHORITY
BUDGET REVIEW**

2017

FORT WORDEN STRATEGIC GOALS

2017

- 1: Recruit & Retain Key Staff in all Departments
- 2: Execute Measurable Sustainability Plan
- 3: Develop an Investment & Financing Plan for Capital Improvements
- 4: Implement Business Strategies to Increase Campus Programming
- 5: Achieve Greater Operational Efficiency

MAJOR GOALS & OBJECTIVES

2017

1. Recruit & Retain Key Staff in all Departments

- Communication Plan Fully Implemented by Q1
- Staffing Plan Followed 100%
- Recruitment Strategy and On-boarding plan completed and approved by February
- Employee Satisfaction Surveys: 2
- Managers: Reduce turn over
- Supervisors: Reduce turn over
- Sales Department: Reduce turn over

MAJOR GOALS & OBJECTIVES

2017

2. Execute Measurable Sustainability Plan

- Written Sustainability Plan Complete: Q1
- Recycling System Purchased and In Place: Q2
- Plan incorporated into On-Boarding: Q2
- Utilities Management Procedures Operational: Q2
- Energy Efficiency Project Complete: Q4

MAJOR GOALS & OBJECTIVES

2017

3. **Develop an Investment & Financing Plan for Capital Improvements**
 - Secure Financing to complete energy efficiency improvements (Commerce Grants)
 - Evaluate USDA Loan programs & Revenue Bonds as financing tools
 - Conduct feasibility Studies with ROI analysis for:
 - NCO Row
 - Glamping
 - Light House

MAJOR GOALS & OBJECTIVES

2017

4. Implement Business Strategies to Increase Campus Programming
 - Prepare Business Plan for Makers Square
 - Complete Culinary Study/Seek Culinary Partner
 - Execute Partner Co-Operative Marketing (LTAC Grant)
 - Provide Partner Services Training & Coordination

MAJOR GOALS & OBJECTIVES

2017

5. Achieve Greater Operational Efficiency

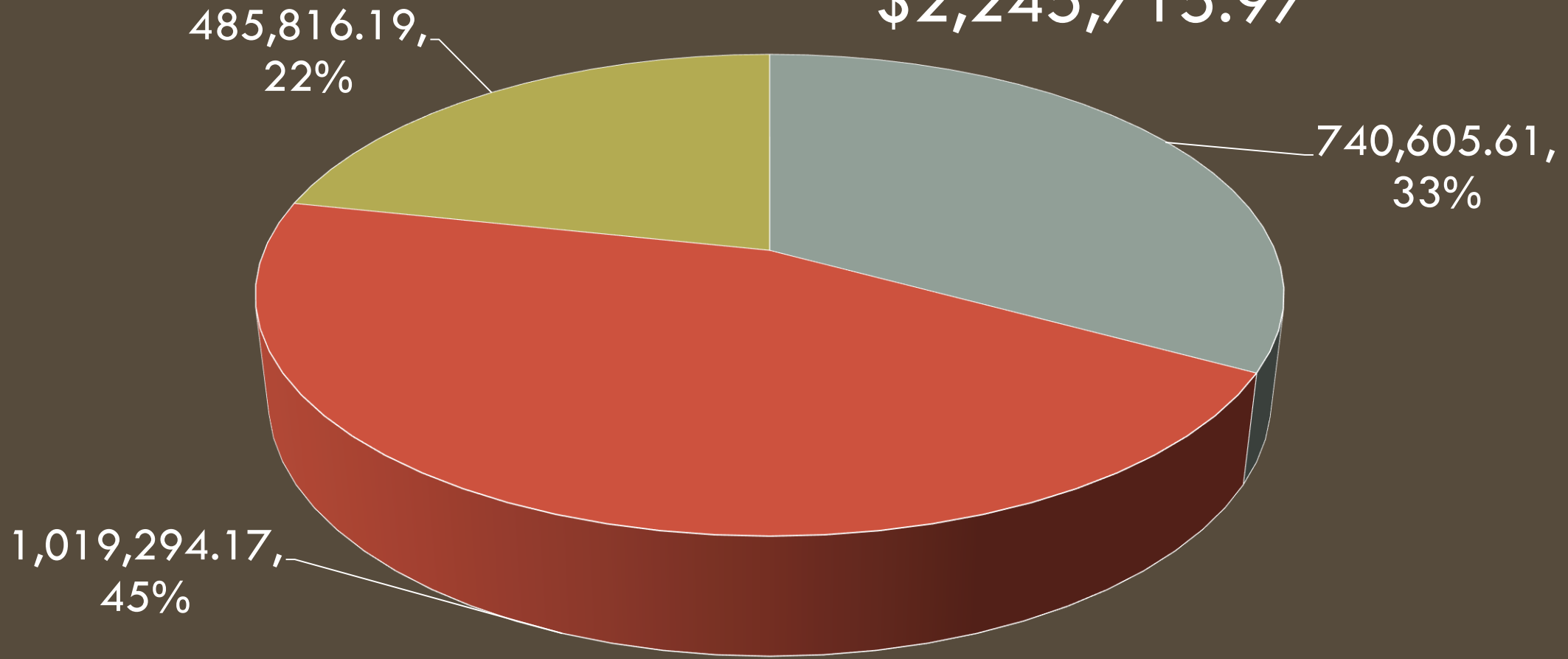
- ❖ Channel Management Tools
- ❖ New Property Management System
- ❖ Training through R&R Department
- ❖ Front Desk Re-Build to Front Office
- ❖ Sales Efficiency with Reservations
- ❖ Cross Trained Staff to Achieve Compressed Staffing

2017 FORT WORDEN PROFIT AND LOSS STATEMENT

Dollars in Thousands		Profit and Loss			Percent Change	
		2017	2016 Proj	2015	Year over Year	
		Budget	Actuals	Actuals	2016	2015
Revenues						
	Accommodations	\$ 2,246	\$ 2,050	\$ 2,041	9.53%	0.46%
	Food Sales	\$ 1,763	\$ 1,502	\$ 1,036	17.39%	44.94%
	Other Revenues	\$ 795	\$ 780	\$ 428	1.92%	82.24%
	Total Revenues	\$ 4,804	\$ 4,332	\$ 3,505	10.88%	23.60%
	Cost of Goods	\$ 766	\$ 720	\$ 424	6.46%	69.61%
	Gross Revenue	\$ 4,037	\$ 3,612	\$ 3,081	11.77%	17.25%
Operating Expenses						
	Personnel Costs	\$ 2,610	\$ 2,400	\$ 1,872	8.73%	28.19%
	Utilities	\$ 390	\$ 387	\$ 401	0.67%	-3.49%
	Operating Expenses	\$ 853	\$ 717	\$ 496	18.97%	44.55%
	Capital Purchase/ Leasehold Imp	\$ 93	\$ 59	\$ 36	55.83%	65.13%
	Total Expenses	\$ 3,945	\$ 3,563	\$ 2,805	10.70%	27.03%
	Net Revenue	\$ 92	\$ 49	\$ 275	89.93%	-82.33%

OUR LODGING BUSINESSES - 50% OF TOTAL REVENUE

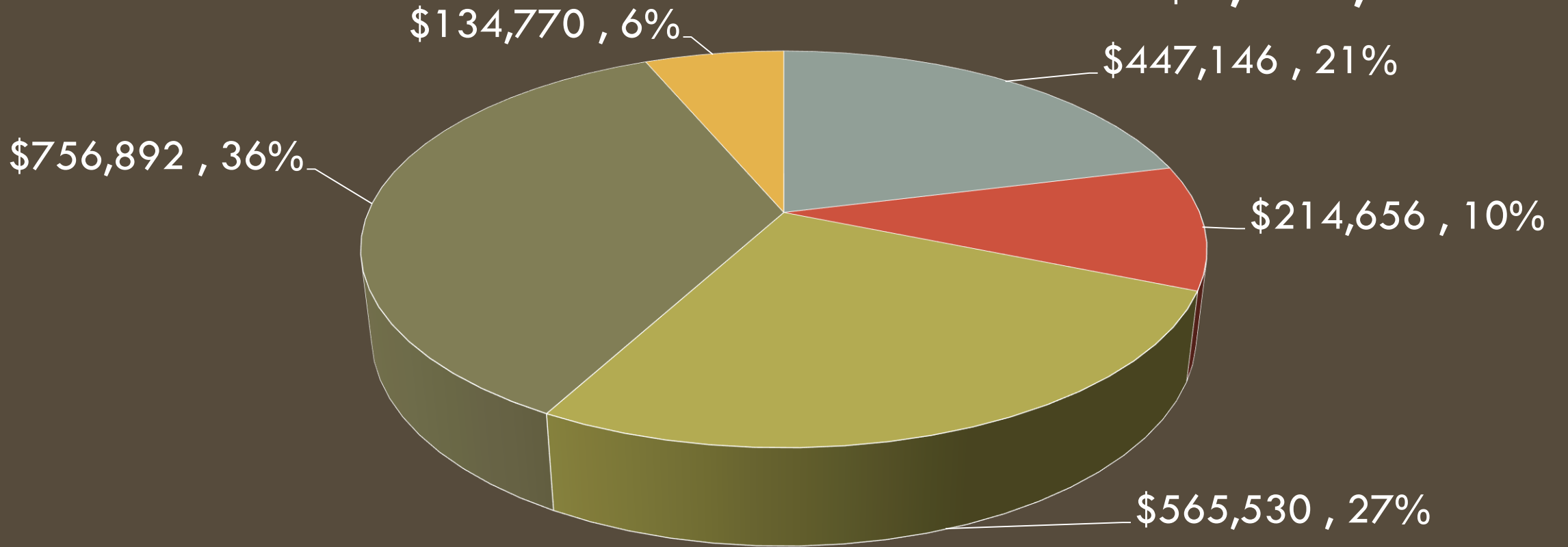
\$2,245,715.97



- Group
- Leisure
- Partner
-
-

OUR FOOD & BEVERAGE BUSINESSES – 39% OF TOTAL REVENUE

\$2,118,994.01



■ TAPS ■ CAFÉ ■ Catering/Meeting Space ■ MessHall ■ Cablehouse

REVENUE & EXPENSE POINTS

2017

Lodging Business Revenue:

Partners:

- No growth anticipated in 2017
- Investing in Partner Services Manager with goal of 2018 growth in this market.

Groups:

- Growth focus area
- Re-organized Department with staffing focus to drive results for 2017 & 2018

Leisure Travelers:

- Major growth area
- Investing in Channel Management resources with goal of broadening market base
- Assertive pricing to counter balance price risks associated with 2017 Partner Rates

Food & Beverage Revenue

Guardhouse:

- Major growth area
- Marketing efforts to build local business as sustainable base
- Pricing to counterbalance wage spikes

Café/Coffee Shop:

- Investment in new Coffee brand & equipment
- Upgrades to furniture
- Menu changes to with 8% growth leveraged through pricing and product offerings
- Retail anchor location

Mess Hall:

- Major labor investment
- Major growth area
- Potential risk as new concept
- Goal is to leverage leisure travelers and local business through the upgraded service model.

INVESTMENTS

2017

Capital Investments

- Building 4 E & W
 - Improved product should drive revenue and acts as showcase for future funding and investment.
 - Improves customer experience
- Building 16
 - Improves customer experience
 - Efficient rental energy wise in off season
- Bliss Vista
 - Improves customer experience
- 305
 - Business Plan to assist in development decisions
- Glamping
 - ROI and financing options
- Culinary
 - Feasibility study completed for review
- Energy Efficiency Upgrades
 - Lower costs
 - Increase efficiency
 - Meets Sustainability goals
 - Better experience for customers

INVESTMENTS

2017

Leasehold Investments

➤ Café Improvements

- Customer experience improvement
- Drive increased revenue objectives

➤ Mess Hall

- Investment is in increased service
- Open leisure market segment

➤ Lodging Furnishing Upgrades

- Decrease customer complaints
- Better first impressions

➤ Meeting Space & AV Furniture Upgrades

- Upgrade to keep us competitive
- Decreased set up staff time
- Better customer experience
- Drive Revenue

Operational Efficiency Investments

➤ Marketing Investment

- Critical investment to drive revenue growth objectives

➤ Channel Management System

- Opens New Lodging & Food Markets

➤ New PMS

- Consolidates property information and resources and improves efficiency

➤ Recruitment & Retention

- Attract top talent and grow them internally
- Retain the best & Become an employer of choice in the community

➤ Sales Department

- New Partner Services Manger position
- Assist program partners in building residential programming and grow this line of business in 2018

➤ Front Office

- Increased customer Service experience
- Increased financial responsibilities to assist Finance Department workload
- Daily Manager on Duty for property

SUMMARY CASH FLOW STATEMENT

2017

Fort Worden Operations		
2017 Cash Flow Statement		
	For the Year Ending	12/31/2016
	Cash at Beginning of Year	90,000
Operations		
	Cash receipts from customers	4,470,000
	From Adv Deposits/Capital Fund	
	From Credit Line	200,000
	Cash paid for	
	Personnel Costs	(2,520,000)
	Cost of Goods	(716,000)
	Utilities	(370,000)
	Operating Expenses	(805,000)
	Leasehold and Capital Purchases	(87,500)
	Net Cash Flow from Operations	171,500
	Net Increase in Cash	81,500
	Cash at End of Year	171,500

MAJOR RISKS & OPPORTUNITIES

2017

Major Risks

- ❖ 2017 Economic Uncertainty
- ❖ Mandatory Minimum Wage Increase & Employment Regulations
- ❖ Sales Mix
- ❖ Compressed Staffing Plan & Potential Burnout
- ❖ Rigid Budget no Cushion
- ❖ Requires Strong Management Efficiencies
- ❖ Community Public Relations
- ❖ Lack of Legislative Support
- ❖ Limited Leasehold Improvement Funds

Opportunities

- ❖ Access to Affordable Health Plans
- ❖ Better Compensation Package
- ❖ Diversified Product Offerings
- ❖ Increased Sales Opportunities
 - ❖ Channel Management Tools
 - ❖ Third Party Sales
- ❖ Fort Worden Foundation
- ❖ Maker's Square
- ❖ Financing Tools

ORGANIZATION STRUCTURE

119 EMPLOYEES

2017

