



APPROVED Minutes
Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, June 26, 2019 | 9:00 a.m. – 12:00 p.m.
Commons Building 210, Room B, Fort Worden

- ❖ **Action:** Motion to approve May 22, 2019 Board Meeting Minutes. **Unanimously Approved**
- ❖ **Action:** Motion to approve **Resolution 19-12** authorizing the Executive Director and/or the Chief Financial Officer to enter into an agreement for up to \$2 million in bond financing through Kitsap and to be account signers for the bond. **Unanimously Approved**

Regular Board Meeting:

I. Call to Order: 9:01 a.m.

II. Roll Call & Staff Introductions

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

Staff: Diane Moody, Rufina Garay, Joan Rutkowski

Public: Sonya Baumstein, David Beckman, Daniele Costello, Maryna Fredericksen, David Goldman, Zachary Jablonski, Carla Main, Dylan Quarles, Mike Rainey, Owen Rowe, Lisa Werner, Carolyn Zipeto

Staff Introduction:

Sonya Baumstein introduced Carolyn Zipeto, the PDA's new bookkeeper. Her finance experience includes work in the construction and hospitality industries. Daniele Costello introduced Dylan Quarles, who is a maintenance technician for the PDA. Quarles was hired a year ago and has 13 years of experience providing maintenance and facilities support to a variety of operations.

III. Partner Presentation: Port Townsend School of Woodworking

PDA Chief Strategy Officer Rufina Garay introduced Mike Rainey, executive director of the Port Townsend School of Woodworking (PTSW). Rainey has had an extensive career in business, finance, and manufacturing. He became PTSW's executive director in 2017. PTSW's mission is to inspire a lifelong passion for craftsmanship through education in woodworking and traditional building trades. Rainey described the school's growth in revenue and course offerings as PTSW heads into its 14th year. He said that in the last two years, the school's revenue has grown from \$20,000 to approximately \$540,000. Rainey said PTSW is a national leader in providing education in traditional hand tool woodworking, with the school's nearest competition in Indiana. PTSW has been developing offerings in timber frame/tiny home construction, carving, furniture making, and woodturning. PTSW also accepts veterans under the GI Bill for many of its classes, and Rainey said this has helped many students find woodworking careers after military service. Rainey shared that Seattle Children's Hospital has asked PTSW to construct a wood pavilion. Rainey stated that to support its goals, PTSW would like a long-term lease, campus housing for students and instructors, a new office, and additional classroom space. Rainey said that with a more secure future on the campus, the school could expand and meet demand for its offerings. He reported that the school was

responsible for 2,200 bed nights at the Fort this year, 60% of those in the shoulder months. He also noted that they have made \$120,000 in tenant improvements in building 304 so far this year.

Board members asked Rainey about housing challenges. Rainey said classes range in duration, from weekend workshops to three-month long sessions. This means many students need affordable, ongoing lodging options, which are hard to find in the area, he said.

Rainey thanked the PDA for its support of the woodworking school. He said he will retire by the end of this year, and PTSW is currently interviewing executive director candidates. Board chair Norm Tonina noted how difficult it can be to step into a role held by an organization's founder, and he said Rainey did a wonderful job making that transition in 2017 and expanding the school.

IV. Changes to the Agenda

No changes were made to the agenda.

V. Consent Agenda

Review and approval of regular Board meeting minutes, May 22, 2019

Action: Motion to approve the May 22, 2019 Board Meeting Minutes. **Unanimously approved**

VI. Review and Discussion of Financials

A. Staff Report

Diane Moody provided an overview of the PDA's Revenue and Expense and Balance Sheet reports for May. She reported that the total revenue for May is 108% to budget and 25% higher than it was in May 2018. Moody noted that closures related to the sewer project and fire alarm repairs contributed to lower occupancy than in May 2018, however the average daily rate is higher. Moody also informed the board that the PDA owes approximately \$23,000 more than expected for utilities because the Jefferson County Public Utility District (PUD) made a mistake in calculations during the PDA's energy efficiency project. Moody is asking the PUD to share in the payment of this cost because it stems from the PUD's mistake.

B. Board Discussion

Board members and staff talked about expected challenges in managing cash flow for the Makers Square project. Some of the funding for the Makers Square project is in the form of reimbursable grants, and Moody said the PDA is considering an additional loan from Kitsap Bank to help bridge the gap between expenses and reimbursement. Herb Cook also noted that the PDA's Balance Sheet will eventually show \$3 million in bond debt and no offsetting asset, while the Foundation's Balance Sheet will show much of the asset. Moody said the Foundation board and the PDA board will need to manage Balance Sheets of both organizations together to make sure the total asset to liabilities are as strong as can be for the whole of both. The parent/subsidiary relationship between the two entities and the grant agreements will allow for this reconciliation, she added.

VII. Glamping Bond Financing

A. Staff Report

David Beckman reported on the status of the glamping project. Construction will officially begin on July 1 with mobilization of equipment and establishment of fencing and directional signage, he said. Some equipment use and movement will lead to traffic stops. Beckman has hired a facilities lead whose focus will include coordinating the glamping project. Work is on track and the goal is to have the glamping sites ready for a soft opening in mid-March 2020, he said. Beckman said he is working closely with Nordland Construction to provide timely construction schedules to partners and PDA departments most affected by the work.

Diane Moody introduced Resolution 19-12, which provides for the issuance of a \$2 million revenue bond through Kitsap Bank to help finance the glamping project. She noted that this bond would be in addition to a \$1.5 million bond for the energy efficiency project that was issued through Kitsap Bank in 2018. Moody said that per the proposed bond's coverage requirement, the PDA will begin paying interest on both bonds at the time the project funded is complete. The PDA also has to have revenue that is 25% more than the \$3.5 million bond total. She said the PDA will only be paying interest until the bond is drawn down and then will have 11 months after the bond is drawn down before principal payments begin.

B. Board Discussion

Jeff Jackson noted that the bond is unsecured and is payable solely from PDA revenue; the City of Port Townsend has no relationship to the bond and can't be turned to for repayment. Cook added that Kitsap Bank is committed to holding the bond and not selling it to another investor. Moody said that these features, along with the fact that there are no fees for early payments, are positives.

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VIII. Staff Reports

A. Pier Project Update

Garay talked about the preliminary preferred alternative that was presented at State Parks' second public meeting about improving marine facilities at Fort Worden. The State is exploring options for replacing the boat launch with a more ecologically compatible structure and addressing the deteriorating pier structure. The State's initial preferred option includes a pedestrian pier that would allow eelgrass to grow and sand to flow freely, Garay said. After the pier is constructed, the Port Townsend Marine Science Center (PTMSC) would need to move upland, she said. Garay said PTMSC is considering upland sites to help consolidate their operations. She also noted that the proposed boat launch would be large, and some citizens are expressing concern about increased noise and traffic from its use. Board member Todd Hutton said strong local opposition is developing to the boat launch. His concern is that a large launch for motorized boats will attract vehicle traffic that is not compatible with the pedestrian- and family-friendly area. Beckman added that it may take the State four bienniums to fund the project, which could cost approximately \$10.4 million, and there is no guarantee that money will be there.

B. Current Projects & Major Repairs

Moody provided an update on current and upcoming infrastructure projects and major repairs. Work includes fixing a water leak that is running under the chapel. Repairs may cost approximately \$10,000 because of the need to deal with asbestos, she said. Sewer breaks also are being repaired, she said. Moody reported that the fire alarm systems in buildings 275 and 277 have been repaired and the crew is also improving the system in building 200. She thanked State Parks and PDA staff for working together with urgency. Beckman noted that the sewer project is taking one month longer than expected, extending into Centrum's Fiddle Tunes event. After the project is complete, road repaving will begin and Beckman said he has asked State Parks and the contractor to provide advance notice of the schedule.

C. Makers Square Project Planning

Beckman summarized the mobilization work that is underway for the Makers Square project. Fencing is in place and demolition work will begin in July, he said. Beckman said he is in close communication with Madrona MindBody and Port Townsend School of the Arts, which are the partners who will be most affected by the demolition and construction. He is working with the

contractor, Clark Construction, to provide partners with timely and ongoing updates on the work schedule. Beckman also reported that construction costs for KPTZ, which will use the basement of 305 for broadcasts and operations, have been reduced. Beckman said the next step is to work with Clark on value engineering for the rest of the Makers Square project. Garay added that KPTZ's antenna is no longer planned for relocation to the PDA campus as KPTZ has secured funds to purchase the property where it is currently located. Beckman said he anticipates a soft opening of Makers Square in approximately one year.

D. Glamping Update

Project updates were provided earlier in the agenda as part of the bond funding resolution.

E. Marketing and Sales Report

Moody reviewed the contracted, tentative, and projected sales for groups, partners, and leisure activities (see report in the board packet on website). She noted that to date, 7,060 tickets have been sold for THING, and Port Townsend is the zip code showing the most ticket sales. The goal is to sell 10,000 tickets total; Tonina said STG expects to sell out. Board members asked that future reports show budget information, including changes from the previous month's activity.

F. Branding Update

Garay reported that the Branding Committee won't use a marketing firm for work on the PDA's tag line development, though a consultant may eventually be used for design and a style guide. The committee is scheduling its next meeting, she said.

G. Hospitality Leadership Certificate

Garay described her work with Peninsula College and area hospitality leaders to create a hospitality leadership certificate at the college. She said the certificate will help address training needs for the PDA and area businesses. Garay said the effort includes collaboration with the Jamestown S'Klallam Tribe and 7 Cedars Casino and Hotel leaders. Coursework may begin as early as this fall and will be focused on four areas: event planning, marketing, sustainable facilities management, and hospitality leadership, she said. Garay noted that coursework will emphasize experiential learning.

Board members and staff discussed how new hotels in Sequim and Port Angeles might impact the Port Townsend hospitality market. Cindy Finnie said now is a good time to convene a Port Townsend hotelier group, and she would lead this effort.

H. Neighborhood Advisory Committee

Garay shared that the Neighborhood Advisory Committee had its second meeting on June 13. The committee's focus is on large-scale events, which involve at least 3,000 participants. She reported that the Rhody Run was a success with only one challenge in an area where cars entered the race route. Garay also shared with the advisory committee the Old School 4th of July event schedule.

Garay said Mason Sherry from Seattle Theater Group (STG) attended the meeting to discuss noise and traffic mitigation plans for THING. Feedback from the committee will help STG with its signage, she said. STG is working hard to mitigate noise, she said. Hutton added that this effort includes using revolutionary sound equipment. Garay noted that the meeting showed the need to clarify the different roles and responsibilities held by the City and the PDA for managing safety and traffic outside Fort Worden's perimeter. She also said the meeting helped clarify that STG is the producer of the event and is not in a partnership with the PDA to produce a series of festivals. STG also provided an update for the City Council and noted they will be employing Centrum interns once again.

I. Major Events

Moody noted that Centrum is moving into its busy season, which includes its upcoming blues and

jazz workshops and events. Centrum's Fiddle Tunes workshops will include two performances on July 4th in McCurdy Pavilion, she said.

J. Chetzemoka Interpretive Trail

Garay referred the board to the self-guided tour brochure for the Chetzemoka Interpretive Trail. The new trail features interpretive signs that connect points of tribal, historic, and geographic interest in Port Townsend, including Point Wilson, a Fort Worden location. The PDA has invited area leaders and PDA partners on a beach walk on July 4th that will go from Chetzemoka Park to an interpretive sign at Point Wilson that was funded by the Friends of Fort Worden, she said. Jamestown S'Klallam Tribe Elder Celeste Dybeck will be the docent for the walk, and Garay said it will help unite the community around the focus on arts and culture at Fort Worden.

K. Incident Command Training

Moody described recent incident command training sessions for PDA staff. She said trainings were led by Jordan Pollack, who provides emergency services consulting and training. A committee is forming to formalize a framework for responding to campus emergencies, and Garay said the PDA will be involving partners in the planning process. Staff also are collaborating with Jefferson County on emergency response plans, Moody added.

Side note: Tonina noted that Facilities Director Larry Sammons will retire in mid-June. Board members and staff recognized Sammons for his disciplined, accountable, and collaborative approach to the job and for guiding the transition of campus maintenance responsibilities from State Parks to the PDA.

IX. Public Comment

David Goldman shared comments about Makers Square and the PDA's mission and identity. He stated that Makers Square is a wonderful project, but he is concerned that its mission needs more definition. Goldman also said he believes an endowment is needed to help control the destiny of Makers Square. He said creating Makers Square also provides an opportunity to examine the rigor of the PDA's lifelong learning mission, which he believes is becoming increasingly undefined and amorphous. Newport Academy recently acquired Gray Wolf Ranch, both of which are residential treatment centers, and Goldman wondered whether a private treatment center fits in with the PDA's mission. He said a more dynamic mission is needed for both Fort Worden and Makers Square. Goldman recommended that the branding committee and funding campaign for Makers Square consider the indigenous people who in effect created a "makers culture" while utilizing the area's resources for woodworking, weaving, painting, and other arts. Indigenous communities should be invited to be a part of the creation of Makers Square, he said.

The board thanked Goldman for his comments. Garay noted that the PDA has begun conversations with area tribes, and Centrum also has been reaching out to tribal leaders about involvement in their arts and youth leadership programming.

X. Next Meetings

- ❖ Executive Committee Meeting, July 16, 2019, 9 a.m.
- ❖ Board of Directors Meeting, July 24, 2019, 9 a.m.

XI. Adjourn: 11:15 a.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 6.26.19