

MINUTES
Board of Directors Meeting
Fort Worden Public Development Authority
Wednesday, July 26, 2017 | 9 a.m. – 12 p.m.
Commons B (Building 210), Fort Worden

ACTIONS:

- ❖ **APPROVED as Amended** June 28, 2017 Board Meeting Minutes
- ❖ **APPROVED Resolution 17-04** Authorizing Signers on First Federal Account
- ❖ **APPROVED Resolution 17-05** Authorizing the Executive Committee to Review and Approve a Line of Credit with First Federal Savings and Loan
- ❖ **APPROVED Resolution 17-06** Authorizing the Executive Director to execute Human Resources Service Contract

Regular Board Meeting:

- I. **Call to Order:** 9:01 a.m.
- II. **Roll Call & Staff Introductions**
Board Members: Bill Brown, Cindy Finnie, Jeff Jackson, Gee Heckscher, Jane Kilburn, Norm Tonina, Bill James, Herb Cook, Lela Hilton, Harold Andersen.
Staff: Dave Robison, Diane Moody, Karolina Anderson
Public: George Randels, Janine Boire, Owen Rowe, Carla Main, Kevin Alexander

Diane Moody introduced Joanne Hutton, Accounts Receivables Billing Specialist and Bonnie Buxton, Assistant Bookkeeper.
- III. **Fort Worden Partners Report – Port Townsend Marine Science Center**
Kevin Alexander (Friends of Fort Worden and Coast Artillery Museum Board Member) presented the partners report (attached). Janine Boire, Executive Director of the Port Townsend Marine Science Center (PTMSC) presented a PowerPoint (posted on website). The mission of the PTMSC is to inspire conservation of the Salish Sea, 2016 highlights include: 7,500 people participated in educational programming, 14,790 people visited exhibits, 202 volunteers served over 9582 hours. In addition, the PTMSC provided \$101,035 in program scholarships. PTMSC completed a 10-year strategic plan. Boire stated that PTMSC revenues to the PDA have increased from \$15,000 per year to over \$60,000 per year from 2013 to 2016. Jeff Jackson asked about major goals and Boire stated that the PTMSC hopes to double their impact in the next 10 years and have improved facilities. This year is the 35th Anniversary of PTMSC.
- IV. **Changes to the Agenda** None
- V. **Correspondence** None
- VI. **Consent Agenda**
Review and approval of June 28, 2017 Board Meeting Minutes - **Unanimously APPROVED** as amended (Lela Hilton was present)
- VII. **Review and Discussion of Second Quarter Financials**
 - A. **Staff Report**
Robison began with providing an overview of the Capital Improvement Plan actuals to budget for second quarter. There are seven main projects planned for the year and of those three are complete. These are building 4, 16 and 235. Makers Square and the maintenance transition plan are performing on plan and budget, Glamping will begin in the fall 2017 and Culinary is postponed. There will be a full board briefing on Makers Square in September.

Moody then reviewed the June Revenue and Expense and Balance Sheet reports. For the month of June, the PDA revenues were \$523,000, which is 90% to budget and for the year-to-date they are just over \$2 million

and 95.5% to budget. Personnel costs in June were below budget by 20% and less than planned as a percentage of gross revenues. June expenses were \$11,585 over budget, mostly due to utilities and repairs and maintenance. The year-to-date expenses are slightly over budget by \$10,222. Despite expenses being over budget, the PDA ended the month \$39,797 ahead of budget and approximately \$9,400 behind the year-to-date budget of (\$266,804). Occupancy percentage and Average Daily Rates by unit for the month are now added to the financial reports.

Robison and Moody presented the Mid-Year Review including details on the following investment priorities: Capital & Development Projects, Leasehold Improvements and Operational Investments. Robison and Moody then presented the Mid-Year Budget Summary. Please see PowerPoint on website for further detail.

B. Board Discussion

The board discussed asset mapping of the campus including: partner assets and offerings. Robison spurred a discussion on assessing whether to apply for a collaboration prize. The board discussed utility allocations by building as well as room pricing and tracking occupancy for lodging accommodations. Moody stated that at this time the current property management system does not have print ready reports on occupancy and ADR by room type, but with some additional manipulation can present this information by room type units. Cindy Finnie stated that it's important to have revenues broken down by unit for planning, marketing, etc. Bill Brown commended Robison and Moody for managing within the budget. Jeff Jackson asked whether the balance sheet is trending in a better direction and Moody stated the main partner account made deposits on all programs for the summer but is significantly behind in making monthly lease payments and will be behind starting next month in programming payments.

VIII. Resolution Authorizing Signers on First Federal Accounts

A. Staff Report

Moody outlined the purpose of Resolution 17-04.

B. Board Discussion

Jeff Jackson reported that the Executive Committee recommends passing the resolution and Norm Tonina noted that the Executive Committee discussed segregation of duties.

Action: Motion to approve Resolution **17-04** authorizing staff and board members as authorized signers on First Federal accounts listed in Exhibit A of proposed resolution. **Unanimously Approved**

IX. Resolution Authorizing the Executive Committee to Review and Approve a Line of Credit with First Federal Savings and Loan

A. Staff Report

Moody outlined the purpose of Resolution 17-05.

B. Board Discussion

Herb Cook asked whether the interest rate floats and Moody stated that it locks at 2 percent above prime. Cook clarified that prime is currently at 3 ¾ % and therefore the interest rate will be 5 ¾.

Action: Motion to approve Resolution **17-05** authorizing the Executive Director to renew a line of credit with First Federal Savings and Loan. **Unanimously Approved**

Note: As detailed in Resolution 17-05, Norm Tonina and Cindy Finnie abstained from voting since they are on the Board of Trustees of First Federal Savings and Loan.

X. Resolution Authorizing the Executive Director to execute Human Resources Service Contract

A. Staff Presentation

Robison presented resolution 17-06 and Moody summarized some of the contracted activities as outlined in the Services Agreement (in packet).

B. Board Discussion

Action: Motion to approve Resolution **17-06** to authorize Executive Director to execute Human Resources Service Contract. **Unanimously Approved**

XI. Special Project Feasibility Studies - Presentation at Meeting

A. Staff Presentation

Dave Robison and Hannah Burn presented the special project feasibility studies for NCO (Non-Commissioned Officers row), Glamping, Building 203 dorms and Lighthouse (PowerPoint is posted on website). Robison stated that preliminary recommendations, feasibility studies and ROI studies are still in progress. Hannah Burn and Robison presented the glamping feasibility study including emerging hospitality trends. Robison

stated that the preliminary 5-year ROI on the initial 962k investment is projected to be 104%, stating that the project could be completed within a year and that according to the ROI study, the debt would be paid off within five years, with significant net return each year. Robison and Burn reviewed the NCO feasibility study and Burn presented key findings from the Hospitality Analysis by HVC that was commissioned by the City of Port Townsend. Robison noted that NCO consistently receives poor to fair reviews and that these renovations would likely result in improved ratings across the property. Robison reviewed capital costs and operating costs for both glamping and the NCO renovation.

B. Board Discussion

The board discussed the following points:

- ROI for the glamping units and whether it would be possible for staff to use these units as onsite employee housing.
- Comparable sites - Lakedale and Cave B
- Rates, fixed costs, demand and market strategy
- Pros and cons of year-round vs. seasonal glamping.
- Increased capacity, benefits of a new revenue stream, potential impact on F&B revenue and the Lifelong Learning Center vision/mission.
- Design and layout of the proposed renovations
- Summary of Business Considerations
- Current and projected annual occupancy rates
- Expanding into new markets
- Next steps including: continuing feasibility analysis, exploring financing opportunities, State Park approval process and determining construction timelines

XII. Staff Report

A. Washington State Capital Budget status

Robison reported that the legislature did not come to an agreement on the Washington State Capital Budget and that the Governor stated that a special session may not be called unless a deal is brokered on a water rights issue facing the state. Robison detailed that the \$1.27 million Building for the Arts Grant and the \$750,000 Heritage Capital Projects Fund grant were both approved by the House and the Senate and are awaiting budget approval; \$4.2 million is pending for State Park improvements including water/sewer, undergrounding power lines, fire systems and the Marine Science Center pier. Robison stated that he will be giving Representative Mike Chapman a three-hour tour of Fort Worden on Friday and will be giving legislators tours of the Fort on a regular basis.

B. Makers Square Update

Robison stated that the design process is still on hold pending the outcome of the Capital Budget and the Historic Tax Credits (HTC) application - he has an upcoming conference call to discuss a letter he received from the National Parks Service. The business Plan for Makers Square is going ahead.

C. Staffing Update

Moody stated that there are now 125 people on payroll – currently recruiting for 12 positions including a Sales and Marketing Director.

D. Food and Beverage Update

Moody reported on promotional initiatives including ads in the Leader and the Rose Theater. Reveille is open for Breakfast, Lunch and Dinner. The Smokehouse and Canteen are producing steady revenue streams.

C. Guest Reviews

Moody discussed guest reviews and Jane Kilburn stated that according to the reviews it looks like the staff is providing good customer service.

XIII. Public Comment

George Randels suggested that the balance sheet needs a footnote and suggested having a second set of lines - occupancy and ADR by bed.

XIV. Next Meetings

- ❖ Executive Committee Meeting, August 30, 2017, 9 a.m.
- ❖ Cancelled: Board Meeting, August 30, 2017, 9 a.m.

XV. Adjourn: 11:33 a.m.