

MINUTES
Board of Directors Meeting
Fort Worden Public Development Authority
Wednesday, September 27, 2017 | 9 a.m. – 12 p.m.
Commons B (Building 210), Fort Worden

ACTIONS:

- ❖ **APPROVED** July 26, 2017 Board Meeting Minutes
- ❖ **APPROVED as Amended** MOU with KPTZ
- ❖ **APPROVED** MOU with Port Townsend School District

Regular Board Meeting:

- I. Call to Order:** 9:00 a.m.
- II. Roll Call & Staff Introductions**
Board Members: Bill James, Bill Brown, Harold Andersen, Herb Cook, Cindy Finnie, Lela Hilton, Jane Kilburn, Jeff Jackson, Norm Tonina, Gee Heckscher

Staff: Dave Robison, Diane Moody, Karolina Anderson

Public: George Randels, Jeff Krida, Robert Ambrose, Todd Hutton, Jeanie Cordon, Brian Hageman, David Goldman, Carla Main, Mike Rainey, Katherine Baril, Sally Warren, Kevin Alexander

Kristan McCary introduced Nikki Skipper, Chef de Cuisine and Soonie (Hyun Soon) Lee-Kania, Sous Chef
- III. Fort Worden Partners Report – Copper Canyon Press**
Joseph Bednarik presented a PowerPoint about Copper Canyon Press, a nationally recognized 501c3 non-profit poetry publisher initially invited to Fort Worden by Centrum in 1990. Mission statement: “Poetry is vital to language and living. Copper Canyon Press publishes extraordinary poetry from around the world to engage the imaginations and intellects of readers.” The publisher employs twelve people and hosts a rotating team of interns. Copper Canyon is regionally engaged and co-sponsors the PT Writer’s Conference. Two books published by Copper Canyon have won the Pulitzer Prize, three books have won National Book Awards and two poets have been named Poet Laureate. Board member Jeff Jackson stated that Copper Canyon is a standard bearer for excellence here at the Fort.
- IV. Changes to the Agenda**
The First Federal Resolution was removed from the agenda.
- V. Correspondence**
Dave Robison summarized key correspondence received by the PDA since the last board meeting including: a letter by the WA State Arts Commission, an article about kayaking from Fort Worden, a Certificate of Appreciation from the Jefferson County Historical Society to the PDA and Peninsula College for restoration and adaptive reuse of Building 202, an op-ed in the Port Townsend Leader by Norm Tonina and Dave Robison regarding the impact of lack of affordable housing on Fort Worden, and finally, a follow up letter from a Port Townsend resident regarding the Civil War Re-Enactment (see board packet).

VI. Consent Agenda

Action: Motion to approve Board Meeting Minutes from July 26, 2017 **Unanimously Approved**

VII. Review and Discussion July and August Financials

A. Staff Report

Diane Moody presented August 2017 Revenue and Expense and Balance Sheet reports. She first covered the Revenue and Expense Report. For the month of August, the PDA revenues were \$898,373, which is 124% to budget, and for the year-to-date they are \$3.68 million, which is just over 2% more than budgeted. Personnel costs for the month were slightly over and for year-to-date they were right on budget. Ordinary Expenses, minus Event Gratuities, is just 2% over budget primarily due to utilities and repairs and maintenance. Year-to-date expenses are 2% over budget as well, totaling \$2.685 million. Capital Purchases and Leasehold Improvements continue to be way below budget for the month and year-to-date. All these factors combined, result in a stronger net revenue for the month and year-to-date. For the month, it is 50% more than planned and for year-to-date, it is 47% more, totaling \$428,101. Moody then highlighted a few points on the Balance Sheet, noting that she would like to see the Accounts Receivables balance reduce by at least half. She also noted that she expects to pay down the line of credit in September.

B. Board Discussion

Jackson asked about advance deposits and Moody replied that the Sales Department is doing a good job implementing this policy as well as implementing cancellation fees. Jeff Jackson stated that growth is steady, that the PDA is operating more efficiently with what we have and that a 30% growth is to be applauded. Tonina stated that staff are doing a good job managing costs and implementing cost controls.

VIII. Resolution Extending Line of Credit with First Federal Bank

A. Staff Report

This item was removed from the agenda.

B. Board Discussion

None

IX. Memorandum of Understanding with the Port Townsend School District (PTSD) to support learning opportunities for K-12 students at Fort Worden

A. Staff Report

Robison reviewed the proposed MOU with the school district and noted that this partnership is an opportunity to continue fostering community partnerships.

B. Board Discussion

None

Action: Motion to authorize the Board Chairperson to approve Memorandum of Understanding with the Port Townsend School District. **Unanimously APPROVED.**

X. Glamping Feasibility Study

A. Staff Presentation

Robison presented the glamping PowerPoint (accessible on website) highlighting that there are no other glamping sites on the Olympic Peninsula. A Washington Conservation Corps team recently completed some clearing of the sites. Moody reported that the most significant investment will be the bathhouse/kitchen and tent purchase and construction - she reviewed risks, financing (and key assumptions), projected revenue (and key assumptions) and projected operational budget (and key assumptions). Robison summarized that the risk is low, that the projected ROI (return on investment) is high and that there is a strong growing market demand for glamping. In addition,

Robison noted that adding glamping sites diversifies the Fort Worden portfolio and opens new opportunities for Lifelong Learning Center partner programming.

B. Board Discussion

Herb Cook asked whether the amortization of the principal was included in the monthly projected revenue – Moody replied in the affirmative. Herb Cook suggested 5-year amortization and Jeff Jackson proposed a bigger equity cushion.

XI. Makers Square Business Plan

A. Staff Presentation

Katie Oman presented an overview of the Makers Square project followed by a business plan update and a preliminary pro forma (PowerPoint is available on website).

B. Board Discussion

Tonina thanked Oman and her team and stated that the business plan process was facilitated well.

XII. Memorandum of Understanding with KPTZ

A. Staff Presentation

Robison discussed the proposed MOU with KPTZ including a request to expand the lease area to include a signal tower on Artillery Hill. According to the MOU, KPTZ would initially be housed in a small, portable studio, later moving into the basement of building 305. Robison stated that KPTZ would complement the mission and vision of the Lifelong Learning Center by providing educational programming as well as broadcasting events and music. Robert Ambrose, Executive Director of KPTZ, stated that their mission is to build and strengthen community through public broadcasting and public service. KPTZ has over 70 volunteers and offers 60 hours of local programming per week - volunteers are trained through KPTZ. Programming includes artists, writers and musicians - many of whom pass through Fort Worden. Ambrose estimates that 30-40 people circulate through KPTZ on a daily basis.

B. Board Discussion

Lela Hilton noted that although the KPTZ partnership does not necessarily put heads in beds (which is one of the criteria for selecting partners), she supports bringing KPTZ on as a partner. Robison stated that having KPTZ onsite would support vibrancy, that they would offer daily programming and that KPTZ could partner with other organizations at the Fort to highlight events – thereby supporting partner marketing initiatives. Bill James wondered whether building 305 is the right fit for KPTZ. Norm Tonina and Dave Robison noted that KPTZ would be bringing \$400,000 in capital improvement funding for Makers Square and a transmission tower on Artillery Hill. Jeff Jackson also stated that he was uncertain that the basement of Building 305 was the right place for KPTZ. Robison noted that there is very limited space on the campus available to rent year-round and that staff have not found an alternative space for KPTZ. Robison stated that KPTZ is a very good fit for the current design of the basement of building 305 – which is currently proposed for filmmaking or digital arts. Jeff Jackson asked how much usable space would be left in the basement of 305 and Robison replied that about half would be available for other uses. Jeff Jackson asked Robert Ambrose whether it would serve the needs of KPTZ if the language in the MOU was replaced with “305 and /or suitable space?” Ambrose affirmed that the proposed amendment would be satisfactory. Robison noted that the only space that has been identified as suitable for KPTZ is in future Makers Square building 305 basement and that the basement is not otherwise a highly desirable space due to constraints (i.e. pillars and lack of

light). Tonina added that there are very few buildings that are available for renovation without significant capital investments.

Action: Motion to authorize the Board Chairperson to approve Memorandum of Understanding with KPTZ with the Amended language “305 or another suitable building in the Fort Worden campus). **Unanimously APPROVED as amended.**

XIII. Staff Report

A. Washington State Capital Budget status

The legislature has not yet passed the capital budget - \$2 million is pending for Makers Square and about \$5.5 million for Fort Worden (replacing sewer system, water lines, underground/overhead utilities, etc.). Tonina asked Robison what he thinks is the earliest date that 305 could come online with this delay - Robison replied that the earliest date the building could come online is 2 years from now.

B. Staffing Update

Moody reported that Cody Griffith, Director of Sales and Marketing, has started work and is off to a good start. Three new housekeepers have been hired.

C. 2018 Budget Process

Moody and Robison outlined the 2018 budget process:

- ❖ October: Meeting with department heads re: staffing plans and priorities
- ❖ November: Bringing departments together
- ❖ December: Presenting the 2018 budget for board approval
- ❖ January: Implementing the budget

The board discussed goals, anticipated results and the budget process. Board and staff discussed increasing the maintenance budget.

D. Sustainability Plan Update

Robison stated that the Sustainability Committee consists of representatives from all departments and is currently focused on waste systems (composting, recycling, reducing waste streams), reducing carbon footprint, reducing costs (i.e. purchasing a compactor) and sustainable purchasing. Moody stated that staff are excited about participating and are committed to contributing to the success of these initiatives.

E. Point Wilson Lighthouse Memo

Robison reviewed the memo to the Lighthouse Society (in packet) outlining the budget estimate for providing the Point Wilson Lighthouse with water, sewer and electricity.

F. Board Member Ad

Robison reported that the board recruitment process has been initiated and that recommendations need to go before the City Council before the end of November. Four current board member terms are expiring including: Harold Andersen, Jane Kilburn, Gee Heckscher and Lela Hilton. In addition, Kate Dean vacated her position on the board when she was elected as County Commissioner. According to the PDA Charter the board can consist of no more than 11 and no fewer than 7 board members.

XIV. Public Comment

George Randels suggested that a footnote be added to the balance sheet and suggested adding lines on occupancy and ADR by bed. David Goldman recommended attempting to pay off the glamping loan within three years, Robison said that they would explore that financing option. Randels suggested that board members visit the KPTZ studio and stated that he thought the station would be a welcome addition to the Fort Worden campus.

XV. Next Meetings

- ❖ Executive Committee Meeting, October 17, 2017
- ❖ Board Meeting, October 25, 2017

XVI. Adjourn: 12:00 p.m.