

DRAFT Minutes
Board of Directors
Fort Worden Public Development Authority
Commons B, Fort Worden

Regular Board Meeting: Wednesday, July 29, 2015 9:00am – 12pm

I. Call to Order

9am by Cindy Finnie, Chair

II. Roll Call & Staff Introductions

Introduction of Lynn Schwarz as Executive Assistant.

Board Members attending: Cindy Finnie, Scott Wilson, Norm Tonina, Jeff Jackson, Anne Murphy, Bill Brown, Gee Heckscher; Absent - Bill James and Lela Hilton

Staff Members attending: Dave Robison, Todd Gubler, Diane Moody, Lynn Schwarz, John Watts (Legal Counsel)

Public attending: Rodger Schmitt, George Randels, Robert Birman, Janine Boire, David Goldman, Kevin Alexander, Marc Horton, Carla Main, Jeannie McMacken, Herb Cook, Tim Lawson, Robin Dudley, Jock Patton, John Watts

III. Public Comment

- David Goldman asked about the Master Use Plan's report on the region's economic prospect for hospitality. Dave Robison said that the data is being reviewed internally and hopes to have a draft in early August.
- Dave encouraged everyone to walk around campus - the park is alive and vibrant with music and people.
- Cindy Finnie indicated that there would be an Executive session at 11am to discuss lease terms and conditions.

IV. Changes to the Agenda

Dave requested to add a Resolution Authorizing the Executive Director to Execute a Supplement Scope of Work for the Master Use Plan as new business on the agenda.

Motion to accept changes to the Agenda - Gee Heckscher - Anne Murphy seconded. Unanimous.

V. Consent Agenda

Review and approval of Board Meeting Minutes June 24, 2015

Rodger Schmitt requested it be noted that he was present at the last meeting.

Motion to approve minutes - Gee Heckscher - Anne Murphy seconded. Unanimous.

VI. Review and Discussion of 6 Month Operational Performance

June Financial Reports

- Jeff Jackson asked if the financials had changed at all from the original distributed versions. Diane responded they had not.
- Diane Moody pointed out a snapshot of revenue and expenses, as well as YTD percentages and Q1 and Q2 variances. We are moving in the right direction. Revenue is under by \$152,650 from original projection. One-hundred twenty-three thousand dollars (\$123,000) of expenditures presented in the financial report are for capital projects. A capital projects budget

will be presented to the Board in the next couple of months. Taking out the capital project expenditures, the PDA is ahead of projections for net balance in operations.

- Todd Gubler stated that June ended up at 81% of budgeted revenue, which is \$84,000 short. Labor & operational expenses for June were 74% of budget. For the first 6 months of 2015, the food & beverage operations are 10% off of budget = \$100,000. Rooms are 4% off and increased food revenues should be realized in July. Food revenue should exceed \$1 million plus, budgeted at \$1.4 million. Todd has re-forecasted the rest of the year and is confident we will make up budget.
- Factors impacting June's performance: State park closure - people got nervous and canceled their reservations. Atrio conversion created a booking glitch - web reservations capability was down so people had to call in to make reservations.
- Jeff: if we miss revenue, will it hurt bottom line?
Todd replied no, because we will make it up in labor expenses.
- Expenses are at 92% of budget. Cost of goods is running higher for the year. We have been buying local to improve public relations and provide local economic support but at a higher cost. Salaries running 42% (budgeted at 45%). Utilities 15% (budgeted at 16%), contracts are in line with plan. Operating expenses at 12% vs 15% budgeted and June saw \$18,000 profit gain to budget. YTD - budgeted for \$170,000 loss, to date at \$32,000. Best financial months coming up (July – September).
- Diane: Sales activities handout in financial package is for informational purposes only. It is presented to you to show a snapshot of sales activities.

Capital projects expenditures and receivables: FFW and 2014 Karakin grants for the year total \$216,000. Expenditures are \$134,000, leaving a net fund balance of \$81,000.

Balance sheet: The receivables are significant due to events. Advanced deposits represent 45% of our liability. A/P is at \$210,000, which is close to receivables. There was a formula error made in the 60 and 90 day column totals, but the overall A/P balance is correct. PDA owes State Parks \$100,000 for Discovery passes sold. Total liabilities for the PDA is \$974,000.

Discover passes: We are still awaiting information from State Parks regarding online Discover Pass sales data. It appears that the PDA could have an expense up to \$32,000 depending on the final ratio of “sales in parks” vs “sales on-line.”

- Roger Schmitt - online sales numbers should be out in September. Roger has made a request that all sales in this zip code be credited to PDA and recommended the lease be revisited regarding this.

Public Comment

- Rob Birman: Are donations being put on income statement? Diane confirmed yes.
- Kevin Alexander: Volunteer hosts may be helpful in summer to serve as concierges.

VII. Review of Policies and Procedures

Staff Report—Catering & Guest Chef Policies

- Dave - We will be bringing some internal Policies and Procedures to the meetings each month. Will not require board action, strictly as an FYI. We have a new catering policy to allow outside catering outside of the Commons for a fee. The fee is being discussed. Also planning to implement that all alcohol must be served by FW – due to insurance liability issues if we do not serve it ourselves.

- Dave - two other catering policy changes. 1) We will go out to bid to establish a preferred vendor list for specific Fort events on a year round basis. 2) An exception to the alcohol policy for partner and community events, where alcohol could be provided by event organizers with evidence of insurance and certification of servers. Also added cleanup fees of \$250 refundable to policies.

VIII. Port Townsend School of Woodworking (PTWWS) Furniture Project

Staff Report

- Dave – Last year brainstormed with the PTWWS on a collaborative furniture project. This pilot project is a good example of how they can partner with the PDA. Previously the PTWWS replaced 100 windows using veterans and students. This program demonstrates how we can support and enable our partners to provide programs to benefit the community and Fort Worden. We received \$75,000 to support this pilot program. It is mutually beneficial to PTWWS and the PDA.

Presentation by Tim Lawson, PTWWS

- Tim passed out furniture models and explained the furniture and program. The project should begin in October.

IX. Review Preliminary Capital Project Timeline

Staff Report

- Dave: Sage Foundation gift - \$1,000,000 received for a variety of new initiatives, with a \$3,000,000 matching gift which is restricted to the renovation of Building 305. The capital project timeline lays out current and new initiatives. In August we will come back with a schedule of 2015 and 2016 initiatives. The document lists projects using funds received YTD and we will be seeking additional funds to complete the \$3,000,000 match. Will have a much more detailed presentation next month.

Public Comment

- George Randals: Confused about the grant. Is the \$3,000,000 match restricted to Building 305? Dave: not really. Hopefully we won't need a total of \$6,000,000 for the renovation of Building 305. The money can be used for site improvements around that area or redevelopment of other buildings.

X. Staff Reports - Dave

- Master Use Plan Update
- NCO Renovation Report
- Building 305 Design Process
- Guardhouse Bid Process
- Fort Worden Foundation

Resolution: Master Use Plan process is behind schedule since we got started two months later than planned. We are thinking long term about plans that support programs and tenants. What can we do to make some product changes and improvements to dorms 203 and 225. We need to create new housing opportunities to serve partner programs and/ possibly employee houses. We are also studying NCO row improvements and ideas to make the units more attractive and possibly doubling the number of units in the row by converting the units into one-bedroom suites. We want to get beyond the conceptual stage and move onto schematic development so we can come up with some numbers on the return on investment. We can use funds from the Sage Foundation grant to

develop the schematic designs. The Resolution would approve authorizing \$50,000 to do an analysis and figure our ROI.

Board Discussion

- Norm Tonina: There should be a recital added that the original contract went to bid.
Dave: Will amend before recital A adding a sentence that we went out for a complete bid on this contract.
- Bill and Gee have provide project management support on projects to date. We should look into bringing a PM under contract or as staff. Sage grant funding will be used to retain 2 seasonal maintenance people to do the labor on various projects that state parks cannot do for us.
- Janine Boire: Are the partners' plans factored in to the MUP?
Dave: The consultant team has asked partners to provide input - need to review draft plan with partners later this month.
- Janine: Some Partner improvements are not reflected, i.e. spa, pier. Holistic approach needed.
Dave: those projects will be included in the MUP draft.
- George: Signal proposal does not show a timeline for the work?
Norm: We walked campus with Signal and Partners re: vision. Agree timeline should be flushed out.
- Dave: discussed other elements of MUP: tenant selection, Building 305 - state will be funding renovation of the new maintenance shop outside of the campus area.
- Norm: Gage interest from Partners to offer scholarships to their programs to community and include it in the tenant selection criteria.
- Scott Wilson: would also like to see new entity tie into culture and support current base
- Rodger: Define "over the term of the Lease"
Dave: Agree, and set out milestones on case by case basis.
- NCO row redevelopment strategy: Todd shared a PowerPoint presentation. Redevelop so NCO row would cater to smaller groups of travelers, i.e. singles, couples, small families.
- Anne Murphy: And perhaps seasonal employees since we may not want to use prime rentals (glamping/ dorm). Need to identify non-prime housing and involve partners in the discussion.
- Dave: Good observation. We are looking at many new housing options.
- Todd: We don't want to displace anyone and our Partners need employees housing too. Phased approach to bringing on line new units.
- Dave: want to ensure that if we put employees in dorms we still have rooms for big events. Need to gather the data to make sound recommendations.
- Scott: Can we include a timeline?
- Dave: will make sure the contract includes timelines and deliverables
- Rodger: what if it's inconsistent with what comes from community
- Dave: this is to take to the MUP recommendations to the next level based on pre-approved plan.

Motion to approve: Resolution with the amendment to add competitive bid process to recitals - Norm Tonina - Anne Murphy seconded. Unanimous.

- Rob Birman: what was the public input in Charette?
Dave: One meeting was poorly attended. With this SOW we will have more partner and community meetings, with the earliest partner meeting in mid to late August.
- Dave: Building 305 has no design schedule proposed at this time.

Guardhouse bid process: Gee received four bids from vendors for kitchen equipment. Will go out to contractor bid within the next few weeks since we did not meet the initial window and didn't want to go out for bid during the busy summer building season.

Fort Worden Foundation: Working with Cindy and Herb on completing the articles of incorporation and we are drafting a service agreement between the Foundation and PDA to bring to the board in next month or two.

XI. Board Member Reports - Cindy

New Board Member Recruitment:

- Scott is resigning his board position on 9/30/15. Anne's term is also coming up and she has decided to go off the board. This leaves two vacancies. We will be running an ad in Leader announcing open positions and seeking applications. After board discussion, the board agreed to seek applicants with experience in marketing, hospitality, state and federal government relations and construction or property management. Will collect resumes in August. Norm, Cindy, Dave, the Mayor and a Partner representative will make up the committee. The committee will then make a recommendation to the Mayor who will take it to City Council.
- Anne: How does the PDA's board vision and the Foundation's board vision interact?
Dave: Keep the Foundation board small to begin with. The majority of the Foundation board will be independent of PDA board.
- Kevin: Will more members be added to the PDA Board?
Dave: we can go up to 11—to be determined by number of applicants if more members will be added.

Building 202

- Gee provided an update. The project is progressing. Finished salvage work over last 10 weeks. Original schedule mid- May completion, and there may be a little slippage. \$95,000 in change orders due largely to asbestos issues discovered during salvage process.
- David Goldman: Where is the OFM on historic tax credits?
Dave: Tom Nelson, historic tax credit attorney, is helping to write a letter to send to the OFM outlining the HTC process.
- Kevin: are any surprises going to have significant impact on schedule?
Gee: Just the potential 2 week slippage and the \$95,000 in change orders already mentioned.

XII. Public Comment

- Herb Cook: very unusual for a public agency board to have the level of stability and productivity that this board has had. As we prepare to say goodbye to a couple of members, the Board should be proud.
George Randels: I agree.
- Rob Birman: Partners may want to be added to the August agenda to provide a Partner update.
- Rodger: Update on Commission: Budget is \$10,000,000. No new money added. State Parks has been tasked with raising more money - may have to tap into reserves. Commission sold 35 acres of Squaxin Island to the tribe - they now own about 80% of the island. Four commissioners are up for renewal, including Rodger, still waiting for senate vote and confirmation.

XIII. Possible Board Motion to hold Executive Session to review lease terms and conditions in accordance with RCW 42.30.110(c).

- a. Motion to hold Executive Session – Cindy Finnie made a motion to move into executive session at 11am and return by 12 noon - Gee Heckscher seconded. Unanimous.
- b. Board moved into executive session at 11 am.
- c. Reconvened Board at 12pm and public was invited back into the meeting.
- d. Cindy announced that no action will be taken from executive session.

XIV. Adjourn

- Cindy adjourned meeting at 12:07.