

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

**Regular Board Meeting: Wednesday August 26, 2015 9:00am – 12:00pm**

**I. Call to Order**

**II. Roll Call & Staff Introductions**

- Dave introduced Bill Drath, State Parks Program Specialist working with Brian Hageman.

Board members attending: Anne Murphy, Bill Brown, Bill James, Cindy Finnie, Gee Heckscher, Jeff Jackson, Lela Hilton, Norm Tonina, Scott Wilson

Staff attending: Dave Robison, Todd Gubler, Diane Moody, Lynn Schwarz

Public attending: Bill Drath, Eric Anderson, Aletia Alvarez, Forrest Rambo, Rodger Schmitt, George Randels, Rob Birman, Tim Lawson, David Goldman, Jim Skannes, Kevin Alexander, Janet Hollingsworth, Jill DeCianne, Joyce Gustafson, Carla Main, Herb Cook, Joe Sadoski

**III. Public Comment**

- Aletia Alvarez, current Chair of the Partners entity discussed the role of the Partners. Chairs rotate every 3 months. The hope is that each Fort Worden partner organization works collectively so the PDA can work with one unified voice. Tim Lawson is part of the nominating committee. ArtX and Peninsula College were recently added to the Partner's MOU. Aletia requested that a Partners Update become a regular item on the Board agenda each month and provided the following update for July:
  - Goddard has finished the spring semester and generated revenues of \$150,000 for 2015
  - Port Townsend School of Woodworking (PTSWW) revenue is up 10% compared to 2014. Seeking enrolment for 2016 program – already at 70%.
  - Centrum – 1070 participants attended workshops this summer and 7,000 people attended events. Shuttle vans are due to begin arriving on campus by the end of August – expecting a total of 5 by the end of October.
  - Coast Artillery Museum (CAM) has revenues of \$6,041 YTD, up 80% from last year. Discover Pass sales are \$16,000 YTD.
  - Friends of Fort Worden (FFW) - 70% of gift shop sales are Discover Passes – also sold \$17,000 YTD
- Cindy asked how much time the Partners will need on the agenda each month--10 minutes per Aletia. Cindy said it will be added to the agenda going forward
- Rob Birman read a letter from Peter McCracken. Peter is concerned about removing kitchens from NCO Row houses and said the community is concerned about the need for 2 bedroom houses rather than single bedroom units at NCO row. Peter suggested that an investment in good beds and linens should be made.
- Tim Lawson – PTSWW is grateful for the porch furniture grant. He brought a bench to the meeting and encouraged people to sit in it. They have made hiring decisions for the project and work will start mid-October. He encouraged everyone to congratulate Jaap Romijn for coming up with the design.  
Gee reiterated that each Officer's Row porch will be receiving 4 pieces of furniture each.

#### **IV. Changes to the Agenda**

- Cindy asked that the Board Recruiting Update be moved up after the Supplemental Capital Budget discussion
- Cindy confirmed that there would be an Executive Session to discuss lease terms as per RCW 42.30.110(c).

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

#### **V. Consent Agenda**

- Review and approval of Board Meeting Minutes July 29, 2015
- Anne - Squaxin Island Tribe was spelled incorrectly.

Motion to approve minutes with spelling correction – Gee Heckscher – Jeff Jackson seconded.  
Unanimous.

#### **VI. Review of July Financials**

##### July Sales Report

Hand Out was provided. No discussion.

##### July Financial Reports

- Todd Gubler: July was a strong month. Thank you to Centrum for 3 successful programs in July. As mentioned in the June Board meeting, we anticipated catching up on revenue for food and lodging in July. Revenue for lodging was \$449,000 and food & beverage revenue was \$252,000. Every food outlet outperformed budget. Still slightly below budget YTD but catching up and on budget if you take out the accrued Guardhouse expenses. July cost of goods was 30% and salaries are on budget. Staffing struggles to find cooks and housekeepers, which continued to result in overtime in July. Preparing staffing ramp down for September. Utilities are also on budget. Expenses are \$164,000 under plan. Receivables are large at almost \$435,000. Net revenue is \$194,000 better than projected.
- Diane Moody: The capital budget is in a good position with respect to revenue and expense with the \$1,000,000 Sage Foundation grant getting recognized. Main expense areas for July were the program development plan consulting fees and Guardhouse design consulting, as well as a few leasehold improvements.
- Diane went on to say that the District-wide balance sheet is showing high receivables however we are in a good asset position due to the grant receivable and managing payables well. Discover Pass liability is just under \$65,000. The PDA has started purchasing passes for its own inventory. The advanced deposit checking account has \$162,000 and liability has dropped due to receivables coming in so it is now 75% of liability.
- Norm Tonina asked about the status of the line of credit.
- Diane said it's important to make sure we have cash in place from our receivables before we pay down the line.
- Cindy asked what the interest rate is?
- Dave Robison said 5.6%. The line is \$150,000 and we have a draw up to \$250,000.
- Jeff/Norm reiterated that we need to be able to draw on the line next year.
- Scott Wilson asked how much of the accounts receivables are 90+ days?
- Diane said it's on the aging report and there is nothing past 60 days right now.
- Bill James said this is very helpful.
- Cindy thanked Todd and Diane for doing a great job.

- Norm said the quality of the financial information improves every month.
- Tim Lawson had a question regarding the partner reimbursement line item on page 2.
- Diane explained that was what the portion of PDA utility bills charged to the Partners in their lease invoices.
- Kevin Alexander pointed out that the alarm/security/fire rescue seemed to be way off budget.
- Diane explained that when the budget was created the full amount was applied to the month and actually this line item is allocated over a 12 month period and that number will equal out at the end of the year.
- Jeff mentioned that we will see more prepay/accrual accounting on next year's budget as we will know better how to build the budget after a full year of operations.
- Rodger Schmidt stated that master lease with State Parks says that the PDA will provide security on campus. What is the plan to provide security?
- Dave said that last summer there was security 24/7. This year it's been difficult staffing a 24 hour person. The front desk is closed 12:30am-6am and the PDA has someone on call during those hours. Currently working on having on-site staff 24/7.
- Todd – after hours coverage is similar to the State Parks model. Port Townsend Police Department has agreed to do additional sweeps in the evening/night.
- Rodger: so for next summer, is the plan to be staffed 24 hours or keep on call?
- Dave: exploring options with Brian Hageman in conjunction with the staffing plan. The plan is to have 24/7 coverage with residential managers on site

## **VII. Supplemental Capital Improvement Fund Budget**

- Diane presented a proposed budget that includes a beginning fund balance of \$205,100, grant revenue of \$1,150,000 and expenses of \$849,500 for 2015, which will leave a balance of \$505,600 at the end of the year.
- Dave provided details of the proposed budget: between now and end of the year replace windows in Bliss Vista and restore the porch, windows and carpet at an estimated cost of \$21,000. Building 272 –new furniture and appliances, and general upgrade for use for visiting faculty, small groups and potentially employee housing - estimated cost \$50,000. Madrona Vista – interior renovation including kitchen, bathroom, furniture and amenities - estimated at \$151,500. Guard House is on hold waiting to go out to bid. Contractors' schedules were booked during the summer. Should go to bid in late September and start the project in the fall. Used the Karakin grant pass-through for PTSWW (\$75K) furniture project. \$95,000 for general improvements including 2 maintenance workers, lots of painting and additional labor dollars earmarked to a hire temp worker, if needed, for tile work, etc. Program Development Plan – will use \$150,000 in grant money and the \$50,000 CERB grant to cover planning costs. Will come back with a capital improvement plan for next year for the remaining \$505,600.
- Bill James asked what the Guardhouse costs represent?
- Dave said kitchen and furniture.
- Norm asked if any of these building renovations were for single rooms?
- Dave said yes, 272 is the Hostel and Madrona Vista (277).
- Norm said the partners would love 12 single unit rentals
- Dave said this supplemental budget is in response to that. The downstairs for 272 is not rentable in its current condition. 277 can be used for groups and family reunions and will have a large communal kitchen. Bathrooms estimated at 35,000 each – they are in bad shape.
- Norm asked if anything is budgeted for a culinary institute
- Dave said \$30,000 is allocated in the General category for the feasibility study.

- Todd - FYI, some deferred maintenance and repair comes out of the Hospitality Services operating budget as opposed to the capital fund budget.
- Dave said \$55,000 was spent on Canteen improvements and the Seminar building.
- Jeff – will all this come under capital improvement?
- Diane – think of it as 2 funds: capital & operating. Improvement funds can be allocated from each.
- Dave mentioned that spending from the operations budget for amenities improvements has been deferred to the fall due to our existing cash position. We want to upgrade linens and do some painting.
- Bill James asked about the Hospitality Services accounts receivable risk?
- Dave replied that we are getting bills out to ensure timely payment. Todd mentioned that he and Diane are working on a billing system to make this more streamlined.
- Jeff said we are not in crisis mode and there's lots of things we can do to improve the process. It may be a similar issue next summer. Partners spoke about things we can do for each other. The ability to get a line of credit benefits all and the PDA bears the cost
- Todd – The PDA is not in a position to carry the receivables. We had to come off our plan to adjust for the receivables which is why he and Diane are creating an operation plan to account for this.
- Norm asked if the cost of the line of credit is passed on?
- Dave indicated that State Parks charged a 1% per month late fee and per the agreement, the PDA can do that as well.
- Cindy said the line of credit was intended to get the PDA through the low season and we may need to be able to tap into the full \$250,000 to make it through the first 6 months of 2016.
- Todd said the policy they are working on will help both partners and the PDA. The current model of deposits and receivables are not sustainable.
- Rob: The line of credit has not been used to subsidize partners, it is used to pay PDA staff. Centrum reconciles bills and when they are correct that's when the clock starts. It's complex billing and he wants everyone to know just how complex it is.
- Jeff: the billing policies are more for us internally.
- Todd: we use the line of credit to pay for utilities and operations, not just staffing. We have zero deposits at the time of booking Partner's programs and participants.
- Norm: this is the time of year we expect to pay off the line of credit, and we can't because of our huge account receivables.
- Rob: the PDA has \$1,000,000 of unrestricted money that could be used for things other than capital improvements. It was acknowledged the money is unrestricted but the supplemental budget proposal is recommended that it not be used for operations.
- Cindy complemented the staff and said they are doing good work and collaborating and moving in the right direction.
- Dave asked to move the attention back to the proposed capital fund budget.
- David Goldman asked how many beds will be added with this plan?
- Todd said the building can hold 24-30 people, so a net gain of 15 beds.

Motion to approve: Resolution to authorize approval of the Capital Improvement Fund Budget – Jeff Jackson – Lela Hilton seconded. Unanimous.

## VIII. Board Member Reports

### Board Recruiting Update

- Cindy reminded everyone that Anne and Scott were transitioning off the Board in September. The charter states that the PDA Board can have up to 11 members. A nominating committee was formed for the recruiting process, comprised of Cindy Finnie, Norm Tonina, David King, Tim Lawson and Dave Robison. As mentioned at the June Board meeting, the Board was seeking candidates with specific skills:
  - Real estate development
  - Finance
  - Construction and project management
  - Marketing and public relations
  - Educational or cultural programming
  - Hospitality & conference management

The position was advertised in The Leader for 2 weeks. 9 applications were received, 6 candidates were interviewed and 4 were selected to present to The Mayor and City Council: Herb Cook, Kate Dean, Jane Kilburn, Harold Andersen. At this time Cindy read brief bios on each candidate as per the memo that was included in the board package. She acknowledged that Scott has brought a lot of experience with respect to marketing, public process and transparency and Herb will be a great replacement due to his background.

- It was mentioned that Harold Anderson's name was omitted from the initial list of applicants – will add to memo.

The nominating committee gave unanimous approval of the 4 selected candidates. Cindy explained that the list of candidates will be submitted to the Mayor and City Council. City Council has final approval and the Charter states they can select whomever they choose, including people not on this list.

- Jeff: Board composition is important and the nominating committee did a nice job.
- Dave: There was an in-depth conversation within the nominating committee regarding having a 9 or 11 member board. Takes more time for staff and at Board meetings but the committee was favorable to expanding the board

Norm: the quality of candidates also played into the decision of going to 11 members.

Todd: it's important that the public understands this is a working board and the breadth of experience this board has is a great resource. It's nice to see we are adding additional skill sets.

Scott: quality and caliber of the candidates is extremely high.

Motion to approve recommended selection: Jeff Jackson – Lela Hilton seconded. Unanimous

### Partner Lease Discussions

- Norm provided a summary: He and Dave had several meetings with Partners over the last 3 weeks. They were good discussions. The partners educated Norm & Dave about their individual operations, discussed the challenges they are facing and started the dialog phase of new lease discussions. Norm and Dave have an understanding of what's important for the partners and their opportunities for growth.
- Carla Main: it was a collaborative process and we learned a lot.
- Joyce Gustafson: Goddard College feels the same and great ideas. Very exciting.
- Norm: the meetings were done around the time of the charrette report so timing was good.
- Kevin Alexander - FFW & CAM saw good potential and feel positive so far.

## Building 202

- Gee provided an update. He attends the weekly meetings. Reconstruction process has begun and appears to be on schedule. Big question is south porches and the structural integrity due to rot discovered in the beams.
- Norm – first & second floor? Gee replied yes, mostly the 2<sup>nd</sup> floor which holds the roof and first deck.
- Gee will be providing a monthly update in the Vista newsletter

## **IX. Staff Reports**

### Energy Audit Contract

- Dave: University Mechanical Contractors and DES came out and reviewed options with Jeff, Bill Brown and Gee. They presented a proposal for a \$30,000 audit contract. Though Dave was previously authorized by the board to sign the proposal, he wanted to share the details with the Board first. The proposed audit was scoped down to deliver the greatest bang for buck for energy efficiency and to create a manageable project. It includes:
  - Lighting upgrades and retrofits
  - New campus controls. With wifi now serving the entire campus, the control system that was put in place in 1990 can be replaced. This will be the biggest bang for the buck.
  - Looking at potential for solar on the Commons building.Costs would be folded into a proposal and the audit cost of \$30,000 would be absorbed. If we do not go forward with the proposal, we would have to pay \$30,000. A donor has offered to underwrite this potential cost, so it's very little risk to move forward. No water leak was found so the plan is for us to put in low flow toilets and showers and repair leaks ourselves to maximize water conservation.

### Presentation of the Fort Worden Lifelong Learning Center: Program Development and Capital Improvement Plan

- Dave introduced Joe Sadoski from Signal Architects
- Dave and Joe presented a PowerPoint overview of the preliminary recommendations and key strategies outline in the plan. The PowerPoint presentation can be found on the PDA's website at:  
[http://www.fortworden.org/cms\\_docs/Program\\_Development\\_Capital\\_Improvement\\_Plan.pdf](http://www.fortworden.org/cms_docs/Program_Development_Capital_Improvement_Plan.pdf)

### Public Comment on Draft Plan

- Rodger – no executive summary – needs to be here  
Dave – comes after we get all comments and is put into the final plan. The intent of the plan is building upon the previous studies. Takes all guiding principles from plans we've had and incorporates key findings into this document and plans.
- Joe discussed Stay + Play area 4: Building 372 – convert to shared shower and bath area and have raised tent area
- Jeff – why choose this focus as opposed to arts & crafts?
- Dave: Could be an offset for future offline buildings. 365 is prime space for woodworking or arts studio. Still part of Parks reserved area.
- Eric Anderson – does the plan incorporate existing infrastructure?
- Dave - Yes and sewer and water improvements are part of State Park's next biennium plan.

- Dave – The carriage house and tent platform camp could help with recruiting and can be used as employee and Partner intern use
- Todd - Kitchen would give partners other options for communal and commercial kitchen space
- Forrest Rambo: instead of bathroom renovation, has there been discussion of bringing in temporary facilities? That would be a way to get that area functioning very quickly and not have the expense in the off season.
- Dave – looked at that for use during Fiddle Tunes and could not find portables due to high season.
- Eric – really need to communicate about program vs bed space and needs. Mule barn as a residence and building 203 has a nice flow in Makers Square
- Rodger – The concern was that we were taking away campsites but we are not and we’re creating more spaces
- David Goldman – need a triage section of immediate things to address – leaking roofs, etc. What is the status of the report regarding the economic analysis of the region?
- Dave – reviewing the draft and making sure the numbers are accurate
- David – are museums hard wired and need to be in present locations due to nature of programming?
- Dave – COQ is under State Parks reserved area. Exploring options with CAM. PTMSC has 2 museums and will look at in a future study. Dock needs critical maintenance.
- Rodger – need to find money to do a survey on the dock. State Parks is trying to find money in operating funds.
- Carla Main – Charrettes were originally thought to be dream schemes. Pleased to see this practical plan and taking feedback into account to plan for the next version.
- Dave – there will be a community meeting on 9/17. We wanted feedback from Partners and the Board to make changes to the plan prior to community meeting. Please send comments as soon as possible. Will post a display ad in the Leader for the 9/17 meeting well in advance for the public to view the plan online.
- Aletia – the Partners would like to congratulate the PDA on including them in the draft review process. When will appendices be ready?
- Dave - hoping in time for 9/17 meeting.
- Aletia - the visitor experience puts heads in beds and is the revenue generator. Other education-based institutes’ heads in beds is what carries the program organizations. Don’t like the word “resort” For the community meeting, a hand out of key points including executive summary would be very helpful.
- Anne Murphy - clarify that open spaces could grow crops and that garden does not mean just garden or courtyard
- Dave – different garden-type areas are being looked at. The historic preservation officer’s biggest concern is putting gardens into areas where they never existed.  
Joe – the need for fencing (deer) and temporary structures may have a possible effect on historic preservation goals.
- Scott – why is there no exec summary?  
Dave: Took it out and broke it into 3 sections  
Rob – original executive summary tone was well liked by Partners
- Scott – agree that we should not use the word resort
- David Goldman – landscaping should be planted now so it’s ready by the time the buildings are done – best bang for buck today.

**X. Public Comment**

- Rob: If someone wants to apply for the Board at this point, what should they do? Send their credentials and a tickler file will be created future vacancies?  
Dave: yes that would be great.

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

Motion to hold Executive Session: Scott Wilson made a motion to move into executive session to review lease terms and return by 12:35pm – Gee Heckscher seconded. Unanimous. Board moved into session at 12:20pm.  
Reconvened Board at 12:40pm and public was invited back into the meeting.  
Scott announced that no action will be taken from the executive session.

**XII. Next Meeting**

- Regular Board Meeting, September 23, 2015
- Community Public Presentation of the Fort Worden Lifelong Learning Center:  
Program Development and Capital Improvement Plan  
September 17, 2015 at 7pm - Commons A

**XIII. Adjourn:** Scott adjourned meeting at 12:43pm