

MINUTES
Board of Directors Meeting
Fort Worden Public Development Authority
Wednesday, May 24, 2017 | 9 a.m. – 12 p.m.
Commons B (Building 210), Fort Worden

Regular Board Meeting:

- I. Call to Order:** 9:00 a.m.

- II. Roll Call & Staff Introductions**
Board Members: Cindy Finnie, Jeff Jackson, Gee Heckscher, Jane Kilburn, Norm Tonina, Harold Andersen, Bill James, Bill Brown, Herb Cook.
Staff: Dave Robison, Diane Moody, Karolina Anderson
Public: George Randels, Steve Reed, Tim Lawson, Mike Rainey, Henry Gonzales, Matt Daw, Owen Rowe, Kevin Alexander, Jeff Zappen, Carla Main, Ralph Eshelman

Diane Moody introduced Krista Hathaway, Human Resources Manager.

- III. Fort Worden Partners Report**
Kevin Alexander presented the Partner's report and stated that Mike Rainey, Financial Manager for Centrum, will be transitioning into a new role as the Executive Director of the Port Townsend School of Woodworking. Carol Light, of Compass Rose Learning Collective, presented a PowerPoint presentation about their educational program for girls in the fourth, fifth and sixth grades. The program is located in the Schoolhouse Building at Fort Worden and the goals and mission of the program include: engaging girls with academically challenging instruction, encouraging risk-taking, offering students opportunities to follow their passions, encouraging leadership, supporting a love of learning, inspiring students to see beyond female stereotypes, creating and sustaining an intimate learning environment and collaborating with partners to create optional afternoon enrichment programs.

- IV. Introduction of Lighthouse Society Members and Update**
Dave Robison introduced staff and members of the US Lighthouse Society as well as U.S. Coast Guard representative Jeff Zappen, who presented a short history of the Point Wilson Lighthouse. According to Zappen, the US Coast Guard started a modernization project of the Lighthouse in 2007 and recently opened up the potential management of the Lighthouse buildings to applications from outside entities. Zappen stated that three different agencies applied to manage the Lighthouse facilities (including the PDA) and that the US Lighthouse Society (Society) won the bid to manage the property. However, the license has not yet been granted. Henry Gonzales, President of the Lighthouse Society, stated that the Society is a national non-profit currently headquartered at the Point no Point Lighthouse and that the mission of the Society is to research, educate the public, preserve lighthouses and open them up to the general public. Gonzales also introduced Ralph Eshelman, member of the U.S. Lighthouse Society Board of Directors as well as Matt Daw, a structural engineer specializing in lighthouse structures and Tom McCracken, a retired architect. They are all here to complete a building conditions survey in pursuit of a license agreement with the US Coast Guard and to explore a Use Agreement with the PDA to operate the hospitality functions at the property. Gonzales stated that the Society board was very impressed with the work that the PDA is doing and has done. Gonzales stated that the tower and base building were found to be in very good condition with just typical maintenance needed. Gee Heckscher stated that the roofs of

every building need to be replaced. Heckscher also stated that the status of the infrastructure is being assessed and that the water system was installed in 1953 and was shut off because of leaks – they will be investigating whether the septic systems are operable or not. Heckscher also stated that electrical systems will need some repair but are in generally good condition. Robison reported that he and Todd Gubler budgeted a preliminary assumption of \$196,000 in yearly lodging revenue from the Lighthouse Property. Jeff Gayles, Executive Director of the US Lighthouse Society, stated that the proposed partnership would benefit all involved including the PDA, State Parks and the US Coast Guard. Gayles stated that the next step is to complete the assessment, develop a business plan and present the two boards with a recommendation. Bill James asked for clarification as to who would be responsible for seawall reinforcements. Zappen clarified that the seawall is the responsibility of the US Coast Guard.

V. Changes to the Agenda

Added to the Agenda: Tour of the Lighthouse. Robison stated that the board and the public are invited to tour the Lighthouse property directly following the board meeting.

VI. Correspondence

A. Rose Thorn – Robison stated that the Compass Rose Newsletter is included in the board packet.

B. Ace-It Program

Robison shared that the Ace-It Program will host an Open House at 5:30 pm today and that the program is a partnership with the school district – students with learning disabilities are taught work skills including interview skills. Program participants work in the kitchen, housekeeping and maintenance at the Fort.

C. Executive Minutes, April 18, 2017

VII. Consent Agenda

A. Review and approval of Board Meeting Minutes, April 26, 2017

Minutes Approved

VIII. Review and Discussion of April Financials

A. Staff Report

Diane Moody reported on the Hospitality Services Revenue and Expense report and the organization's balance sheet. Moody reported that April was a good month overall. The PDA came in just under 98% to budget for the month and improved the year-to-date position resulting in 98% of budget that is just under \$828,400. Accommodations for the month is \$44,900 ahead of budget and ahead for the year by just under \$80,000. Food sales did not make budget for the month. Revenue is \$101,300 to a budget of \$160,400. For the year, food sales are behind budget by \$79,300. Other revenues are behind budget for the month and for the year as well. Moody reported that Discover Pass sales and upgrade sales were two primary contributing reasons for being behind budget. Cost of Goods are holding steady at about 32% of related revenue. Personnel costs came into line with the budget this month and, compared to last year at this time, costs are \$30,000 less. As a percentage of revenue, the personnel costs were 57% to a plan of 52%. The rest of the operating expenses for April were less than budgeted, with the exception of utilities. Together, however, the operating expenses and lower personnel costs resulted in approximately \$4,000 net revenue, which is \$15,000 ahead of the budget. Moody stated that we have good momentum and direction heading into 2nd quarter. Moody then presented the Balance Sheet, stating that there is no significant change from last month to the assets and liabilities on the Balance Sheet.

B. Board Discussion

Bill James asked whether there are any remaining accounts receivable issues that need to be resolved. Moody stated that there's only one wedding that still has an outstanding balance. Jane Kilburn asked whether it is our policy that weddings must pay in advance. Moody reported that weddings do pay in advance but that there are sometimes incidentals (i.e. food) that result in an outstanding balance. Moody also stated that partner organizations will be making advance deposits in the future.

IX. Staff Report

❖ Washington State Capital Budget status

Robison reported that the State Legislature called a special session to negotiate the Senate and House operational budgets. Robison has been in communication with local representatives regarding Capital Improvement funding for State Parks as well as the Heritage Grant, which was not included in the House capital budget. Affected Fort Worden State Park capital budget line items include:

- Funds allocated to repairing sewage systems at Fort Worden - reduced from \$2.3 million to \$1.9 million.
- Housing Exterior Improvements - \$1,043,000 removed from the budget.

❖ Makers Square Update

Robison reviewed the preliminary budget for Makers Square and stated that the design and development phase of the project is approximately sixty percent completed. He reported that Katie Oman, the consultant hired to develop a business plan for Makers Square, presented Makers Square business plan assumptions at the last Executive Committee meeting. Oman will be presenting her preliminary findings to the Board in June.

❖ Staffing Update

Moody and Robison reported that they are recruiting for a Sales and Marketing Director and stated that the Sales Department would benefit from having a leader with high-level experience in sales and marketing. The General Manager position will be revisited in the fall. Krista Hathaway, Human Resources Manager, reported that twelve people were hired in May and that an onboarding process has been implemented for all employees.

❖ Food and Beverage Update

Diane Moody reported that over 145 people attended Easter brunch and 310 attended Mother's Day Brunch. Wine dinners are now happening monthly; 36 people dined in April and 38 people dined in May. The one year anniversary of Taps is this Friday night. The smoker will be at Taps every Friday and at the Canteen every Wednesday, the Smokehouse menu alternates between pulled pork and chicken, brisket, whole chickens, and baby back beef ribs. The Canteen is opening today and will be open through Labor Day weekend. Kristan is focusing on Mess Hall refresh and in mid-June the Café will transform to Reveille at the Commons. In addition to broadening the breakfast and lunch menu the refreshed "restaurant" will be open for full dinner service – the menu will promote local foods.

❖ Seasonal Marketing Report

Moody reported that the current marketing campaigns include: Blackball Ferry, Meeting News Northwest (w/promo code), 1889 (an events publication in Seattle), Seattle Bride, Living in the Peninsula, Chamber Map and Getaway Guide, and the PT Leader. Moody stated that the Fort is engaging in e-mail marketing and that the Vista newsletter is ongoing. Other initiatives include: distributing coupons for the Canteen, including at the upcoming YMCA event. Robison stated that a colored insert about Fort Worden, projects and partner information and events will be created as an insert to the Leader and released in June. Robison stated that the newspaper insert was inspired by and roughly modeled after a Pike Place Market insert. Chamber of Commerce hosted a fam tour

at the Fort and toured partner organizations. The sales team is focused on marketing fall meetings and retreats. Robison stated that a croquet court was planted and that there is an increased focus on marketing to families on all the fun things to do and see at Fort Worden.

X. Public Comment None

XI. WA State Parks Report – Rodger Schmitt

Robison reported that Schmitt was unable to attend today and is moving to California at the end of the month. Robison stated that Rodger Schmitt has been a strong advocate for the Fort Worden PDA, that Schmitts' support was essential to successfully establishing the PDA and that his monthly participation and report to the board will be missed.

XII. Next Meetings

- ❖ Executive Committee Meeting, June 20, 9 a.m.
- ❖ Board Meeting, June 28, 9 a.m.

XIII. Adjourn: 11:32 a.m.

XIV. Tour of the Lighthouse Buildings – Open to the Public