



APPROVED Minutes
Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, September 25, 2019 | 9:00 a.m. – 12:00 p.m.
Commons B, Fort Worden

- ❖ **Action:** Motion to approve the July 24, 2019 Board Meeting Minutes. **Unanimously approved**
- ❖ **Action:** Motion to approve Resolution 19-13 authorizing the PDA Executive Director to review and approve a bridge loan with First Federal Savings and Loan and account signers for the loan. **Unanimously Approved**
- ❖ **Action:** Motion to approve Resolution 19-14 authorizing the Chief Financial Officer to approve the thyssenkrupp work order. **Unanimously approved**

Regular Board Meeting:

- I. **Call to Order:** 9:00 a.m.
- II. **Roll Call & Staff Introductions**

Fort Worden PDA Board Members: Norm Tonina, Gee Heckscher, Jane Kilburn, Jeff Jackson (by phone), Herb Cook, Cindy Finnie, Lela Hilton, Todd Hutton, Terry Umbreit

Staff: Diane Moody, Rufina Garay, Joan Rutkowski

Staff Guests: Daniele Costello, Maryna Frederiksen, Cody Griffith, David Opp-Beckman, Carolyn Zipeto

Public: Aletia Alvarez, Jeanie Cardon, Dennis Daneau, David Goldman, Owen Rowe, David Thielsk, Lisa Werner

Staff Introductions:

Food & Beverage Director Maryna Frederiksen introduced JT Tichenor, Events Porter. Director of Guest Services Daniele Costello introduced Aron Uchitelle, Maintenance Technician.

III. Partner Presentation: Newport Academy

Chief Strategy Officer Rufina Garay introduced two staff members from Newport Academy: Program Manager Matt Walsh and Education Coordinator Susan “Shu” DeLapp. Both worked for Gray Wolf Ranch, a PDA partner that was recently acquired by Newport Academy. Walsh shared a PowerPoint presentation about Newport Academy (see website for presentation). The administrative offices are on the PDA campus, and the treatment center is off-campus, on 22 acres off of Hastings Avenue. Newport Academy is “a series of evidence-based healing centers for adolescents and families struggling with mental health issues, eating disorders, and substance abuse” with locations across the United States. Newport Academy provides holistic care and focuses on sustainable healing, which Walsh said is a mission that is in line with what Gray Wolf had been doing. Because Newport Academy is a much larger organization than Gray Wolf, the acquisition is leading to operational changes and providing more resources, Walsh said. He added that at least 90 percent of Gray Wolf’s staff has stayed on during the transition, and more staff are being added. Program changes include focusing more on underlying mental health issues, offering day hikes instead of extended wilderness trips, and serving the 14-24 age range instead of ages 16-30.

Board Secretary Jane Kilburn asked how Newport Academy fits into the ecosystem of partners who are on campus. Walsh said their program emphasizes experiential learning, and they look for those opportunities on campus for eligible clients. He said Gray Wolf worked closely with Madrona MindBody on yoga and Reiki for clients. DeLapp said they are currently working with Port Townsend School of Woodworking to develop classes that could be offered at the ranch. Chief Strategy Officer Rufina Garay added that Gray Wolf graduates have worked and volunteered for the PDA.

IV. Consent Agenda

Review and approval of regular Board meeting minutes, July 24, 2019

Action: Motion to approve the July 24, 2019 Board Meeting Minutes. **Unanimously approved**

V. Review and Discussion of Financials

A. Staff Report

Chief Financial Officer Diane Moody reviewed the financial report with board members (see packet). She reported that both July and August were very good months: the net result at the end of August is 142% to budget and 98% of the budget for year-to-date. Regarding 4th quarter projections, Moody said she is looking to reduce costs in areas such as utilities and by delaying the purchase of needed items such as vehicles, furniture, and small equipment. If the PDA can increase savings and revenue, it may end the year with a net of approximately \$10,000, she reported.

B. Board Discussion

Moody responded to questions about THING's financial activity. She said the PDA's net revenue from the three days of THING is approximately \$100,000; this figure does not include labor costs for event planning. She noted that Taps had record-breaking days during the event. Seattle Theater Group (STG) lost money on the new event, as they expected, though losses were greater than anticipated, Moody said. Due to production costs, adding a day for the event and allowing more ticket sales would help financially, if THING happens again, Moody added.

VI. First Federal Construction Bridge Financing: Resolution 19-13

A. Staff Report

Moody reviewed Resolution 19-13, which would allow the PDA to receive a bridge loan for up to \$1 million from First Federal Savings and Loan to finance cash flow for Makers Square construction. She said the PDA is seeking the loan based on a conservative analysis of cash flow projections.

B. Board Discussion

Board chair Norm Tonina noted that a few grant applications to private foundations are currently under consideration, and their approval would contribute to cash flow. Board member Herb Cook asked about the terms for the unsecured 15-month loan, which include interest payments that begin in November at 7.25 percent (prime plus 2 percent). Board members talked about the importance of finalizing a Makers Square business plan so that tenants can be secured and the project can qualify for historic tax credits. A plan will be presented at the October board meeting.

Tonina and Board member Cindy Finnie recused themselves from the vote on Resolution 19-13 because they both serve on the Board of Trustees for First Federal Savings and Loan.

Action: Motion to approve Resolution 19-13 authorizing the PDA Executive Director to review and approve a bridge loan with First Federal Savings and Loan and account signers for the loan.

Unanimously Approved

VII. Review and Approval of Work Order with thyssenkrupp: Resolution 19-14

A. Staff Report

Opp-Beckman described the thyssenkrupp work order, which is for a full load safety test of lifts on campus. Periodic load testing at a fixed labor rate is part of the existing maintenance agreement with thyssenkrupp, he said. Because the order is for more than \$10,000 (\$12,930), it is before the board for approval, Moody said.

B. Board Discussion

Board members clarified which lifts will be tested, which include lifts in buildings 11, 200, 298, 300, and 353.

Action: Motion to approve Resolution 19-14 authorizing the Chief Financial Officer to approve the thyssenkrupp work order. **Unanimously approved**

VIII. Review of Bids for Glamping Platforms and Building 288/Current Construction Projects

A. Staff Report

Director of Capital Projects David Opp-Beckman reported that three contractors bid on two aspects of the glamping projects: constructing the tent platforms and the community hall for the site (building 288). He said the work was split into two projects to help keep costs lower. The bids came in substantially higher than anticipated, and staff is not comfortable seeking approval for a bid, Opp-Beckman said. Instead, Opp-Beckman said he has reached out to the Municipal Research and Services Center (MRSC) for legal guidance on how to proceed without going out for bids again from a larger pool. He said the PDA can notify the apparent low bidders and seek their schedules of value to see if value engineering could reduce costs. He said this would be the most expedient process for getting numbers where they need to be instead of seeking new bids, which would take at least two months with the bid opening timeline and board approval timeline. Opp-Beckman noted that the PDA has not been able to find staff who could do the platform work themselves.

Opp-Beckman also reported on the timeline for current and upcoming construction projects. Makers Square construction is progressing as scheduled, and value engineering efforts should conclude soon and bring costs down to the original estimates, he said. State Parks is conducting an ADA assessment of Fort Worden to establish what it would take to meet ADA standards, Opp-Beckman said. He said this will include cost information and will help prioritize improvements.

IX. Makers Square RFP Framework

B. Staff Report

Lane DeCamp, Chief Advancement Officer for the Fort Worden Foundation, presented a PowerPoint about the construction phases for the Makers Square buildings and emerging options for attracting users and tenants. Options range from an RFP process with no contributed income to support rents to juried nominations and having enough contributed income to cover rents for up to two years. DeCamp said having juried nominations and zero rent for two years would provide the greatest level of discretion in selecting and retaining tenants and prevents being locked in with a set of tenants from the beginning. A mix of occupancy lengths across the three buildings could include short-term uses that allow creative organizations to take risks and innovate; DeCamp said he thinks this incubator model would lead to less turnover in the long run. DeCamp said that after a presentation to partners on September 11th about the emerging

options, he provided partners with a draft Request for Proposals and Call for Nominations document and asked for feedback.

DeCamp said an opening celebration is tentatively scheduled for October 2020, and it's an event that has a focus on fundraising. He said he has been working to get as many grant applications as possible into the pipeline because funding responsiveness slows during holidays.

C. Board Discussion

Kilburn called attention to the "RFP Process" slide and noted that the status of partner leases affects being ready to lease Makers Square space. DeCamp said a sample lease is needed and it needs to correspond to what is being negotiated with partners. Garay added that a few terms are under discussion and when addressed can be put into the right format in the RFP. Kilburn also noted the item on the Process slide regarding whether staff will be ready to manage the occupancy process or if more staff is needed. DeCamp said the sales department would need additional support if they managed the process or another party would take responsibility, and this hasn't yet been determined. Heckscher noted that the board will need to see the cost of Makers Square operations in the 2020 budget.

Finnie asked when the pro forma would be available for Makers Square, and DeCamp said work to refine strategic, business, and operation plans is happening simultaneously, and includes a pro forma of operating costs and revenue. This information will be shared with the board at its October 23 meeting, which is a joint meeting with the Fort Worden Foundation.

X. Staff Report

A. Special Events

Moody referred the board to the collection of unsolicited comments about THING (see packet). The feedback was largely positive, and Moody said the only common complaint was about the size of the shuttle buses, which could be addressed next year. She said staff had a debrief meeting with Seattle Theater Group (STG) and their staff is very happy with how the event went.

Garay reported that the Neighborhood Advisory Committee met to review summer events and discuss the success of traffic mitigation efforts. She said the committee felt their process, which included meeting with STG staff in advance of THING, worked well and they are interested in serving again.

Garay said some local businesses had increased sales, and some have shared that they had less activity than usual. To address this if the event happens again, she said business owners are interested in tie-ins that would capitalize on the event, such as the kick-off party held at Propolis Brewing.

Some PDA partners received great visibility from the event, Garay said. Other improvements for next year would involve helping more partners find programmatic tie-ins and ensuring on-site traffic flow to help visitors get to partner activities, she said.

Board and staff discussed concerns about the event's carbon footprint. Board member Lela Hilton said the PDA could look to partners regionally and statewide to help reduce carbon use. Garay said the PDA began conversations with community organizations to talk about how festivals can be more sustainable and these conversations will continue. This will include exploring options for local buses so that shuttle buses aren't driving here from outside of the area, she said. PDA staff and volunteers focused on encouraging sustainability among visitors and managing recycling during

the event, and STG did a great job showcasing and encouraging this effort on the THING website, Garay said.

Garay said the event engaged multiple generations and showcased how Fort Worden can provide access to arts and culture due to the porous nature of access within a State Park. Tonina commended staff for going above and beyond in their work to support THING.

B. Marketing and Sales Report

Cody Griffith, Director of Sales and Marketing, reviewed the 4th quarter Sales Report (see packet on website). She said that the overall message is that although group sales are not quite as robust as last year, she is confident due to adjustments and strategies for the 4th quarter and 2020. Griffith said the PDA also needs to be mindful of the impact of having housing offline at times during 2020 due to State Parks' capital improvement projects (water and sewer). Board members, Moody, and Griffith talked about strategies for increasing group sales, including marketing Fort Worden as a place for holiday parties and increasing efforts to target the Seattle market. Griffith also shared a marketing report (see packet) that describes advertising and social media activity. Griffith said that a refreshed fortworden.org website is about to launch, and feedback from stakeholders who viewed the test site is being considered.

C. Leasing Update

Garay reported on two leasing efforts. She said external counsel is working with the PDA to help structure a lease for KPTZ that allows investors to take advantage of historic tax credits for their improvements to Makers Square building 305. As for the effort to establish long-term lease terms for partners, Garay said that in response to partner concerns the PDA is hosting a gathering with attorney Gerry Johnson to provide insight into the principles that guide leases on public properties. She said Johnson is an expert on leases on public properties and on Public Development Authorities, and he has had a long-standing relationship with efforts at Fort Worden. Finnie noted that his expertise includes negotiating the PDA's master lease with State Parks.

D. 5 Year Planning Effort

Garay said that the PDA is in the process of setting dates to work with partners on pre-strategic planning. This effort follows Executive Director Dave Robison's presentation to partners about the next five years at the PDA and interest expressed by partners.

E. Public Comment

No public comment was shared.

XI. Executive Session

Tonina announced that the board will move into Executive Session to review personnel matters in accordance with RCW 42.30.110. He noted that no decisions will be made during the session.

XII. Adjourn: 11:09 a.m.

Board Packets and PowerPoint Presentations are available on our website at: www.fortworden.org under public documents>agendas & documents>public meetings>PDA Board Meeting 9.25.19