



APPROVED Minutes
Joint Board of Directors Meeting:
Fort Worden Public Development Authority (FWPDA) and the Fort Worden Foundation
Wednesday, October 23, 2019 | 9:00 a.m. – 12:00 p.m.
Commons A, Fort Worden

- ❖ **Action:** Motion to approve the September 25, 2019 Board Meeting Minutes. **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, Jeff Jackson, Herb Cook, Cindy Finnie, Todd Hutton, Terry Umbreit

Fort Worden Foundation Members: Herb Cook, Cindy Finnie, Jeff Krida, Barry Mitzman, Jon Schorr, Alex Spear

Staff: Dave Robison, Diane Moody, Rufina Garay, Megan Claflin, Lane DeCamp, Cody Griffith, Joan Rutkowski

Public: Janine Anderson, William Appleton, Janine Boire, Jeanie Cardon, Naushard Cader, Daniele Costello, Maryna Frederiksen, Mitch Freeman, David Goldman, Cody Griffith, Gary Larson, Claude Manning, Zan Manning, David Opp-Beckman, Jessica Plumb, Owen Rowe, Lisa Werner

Staff Introductions:

Chief Finance Officer Diane Moody introduced Kodi Semon, Food & Beverage Department Administrative Assistant, and Aislinn Palmer, Operations Executive Assistant.

III. Partner Presentation: Friends of Fort Worden

Board chair Norm Tonina introduced Claude Manning, Board President of the Friends of Fort Worden (FFW). Manning shared a PowerPoint presentation about the nonprofit FFW (see PDA website for presentation). The FFW mission is “to preserve and enhance Fort Worden State Park as a recreational, historic, educational, and natural resource”. Manning said the organization is run entirely by volunteers, and it is one of several Friends groups that support Washington State Parks statewide. Besides regularly collaborating with State Parks and the PDA on improvement projects, FFW also partners with other organizations, such as the Port Townsend Marine Science Center, the Washington Native Plant Society, and Native Connections Action Group. Their most visible volunteer activities include running the Visitor Information Center and Gift Shop and maintaining trails around the park, Manning said. He added that in 2018 the Gift Shop sold more than \$85,000 in Discover Passes on behalf of the PDA, helping the PDA meet its annual quota. Income from the gift shop, memberships, and fundraising have helped the FFW fund many park enhancements, such as bike racks, a free public telescope, water bottle filling stations, and trail signage. FFW also partners with the PDA to pay for the free printed campus and trail maps. Manning also noted that FFW conducts beach restoration projects to protect sensitive habitats. Other activities include an oral history program, quarterly nature walks, and co-sponsoring the Old School 4th of July music stage. For 2020, Manning said the organization is working to have Chinese Garden Interpretive Trail signage installed to tell the environmental and cultural story of the Chinese Gardens lagoon area on the west side of the park.

Manning shared that the featured speaker for this year's Annual Meeting on April 24th is Cliff Mass, an atmospheric sciences professor.

PDA Executive Director Dave Robison commented on how remarkable the growth of the FFW has been over the last few years. Chief Strategy Officer Rufina Garay added that the FFW have provided exceptional support for the PDA's sustainability efforts.

IV. Correspondence

Tonina noted that the Nominating Committee's recommendation for board appointments is in the agenda packet, and that Port Townsend City Council voted to appoint all of the nominated candidates. Tonina and Board Treasurer Jeff Jackson were re-appointed to three-year terms. The new board member, Naushard Cader, will begin his term at the November board meeting, Tonina said.

V. Consent Agenda

Review and approval of regular Board meeting minutes, September 25, 2019

Action: Motion to approve the September 25, 2019 Board Meeting Minutes. **Unanimously approved**

VI. Review and Discussion of Financials

A. Staff Report

Moody reviewed the financials, which include a report on capital improvement projects (see board packet on website). The projects include new windows in building 305, energy efficiency improvements, and the development of Glamping accommodations. She said that total revenue in September was 96.5% to a budget of just over \$705,000. Moody said that September's food and beverage sales were 4% less than last year, but the year-to-date total is up 11%. Accommodations were under budget by 16% for the month but the year-to-date total is on budget. September personnel costs were above budget by 17%, reflecting a pay period that included payroll for the THING event. Moody said the net result at month-end is \$48,387 and the year-to-date is -\$151,424. To stay on track for a \$10,000 net positive at year-end, Moody said directors are curtailing expenses to only those that are necessary.

B. Board Discussion

Board members briefly discussed why accommodations revenue in September did not reach the budgeted goal. Sales & Marketing Director Cody Griffith said the decline is largely a cancellation policy issue, in which people hold a reservation for up to a year while they shop options; she said this trend happens all across the hotel industry.

VII. Ad Hoc Board Governance Committee

A. Staff Report

Robison summarized the scope of work for the proposed ad hoc Board Governance Committee. The committee's goal is to work into 2020 to assess and revise policies that guide board membership and board and staff functioning, and it would recommend any changes to the full board for approval. He said the committee's activities would include updating the bylaws to provide more specificity regarding conflicts of interest and more consistency with the bylaws of the Fort Worden Foundation. The scope of work also includes considering revisions to the administrative authority of the Executive Director, which Robison said are complicated to administer and need clarification.

B. Board Discussion

Board member Todd Hutton said such committees are often responsible for board education and training, and he recommended that this be added to the scope of work. The board agreed to that addition. Tonina said the group would provide periodic updates to the board on its activities.

Action: Motion to approve the formation of an ad hoc Board Governance Committee. **Unanimously Approved**

VIII. Staff Report

A. Special Events

Robison noted that there were no major special events in September and October. He said that as the event season concluded, leaders from Centrum and the PDA debriefed to identify successes and areas for improvement; a major improvement in communications was noted. Robison said that Seattle Theater Group (STG) is still conducting an internal review of THING to help decide whether to go forward with another event at Fort Worden.

B. Current Construction Projects and Major Repairs

Robison reported that Makers Square is proceeding slightly ahead of schedule. Value engineering efforts resulted in the desired savings for KPTZ's tenant improvements, he said. Robison said he would like to take the board through the buildings in December. As for glamping construction, he said Nordland has completed water, sewer, and electric infrastructure. Moody added that one tent will be used for promotion, and aggressive marketing efforts will begin soon. Robison said that State Parks has significant infrastructure projects for 2020 that are now in the planning stage, and this is requiring staff time for coordination to try to reduce the impact to hospitality operations. Water and sewer work will begin in January and will at times require the temporary closure of Non-Commissioned Officer Row housing. Tonina noted the importance of Glamping revenue given the temporary loss of some accommodations in 2020.

C. Leasing Update

Garay provided an update on the effort to establish a framework for long-term leases. She described attorney Gerry Johnson's September 25th presentation and discussion with partners about leases on public properties. Johnson is experienced with leases on public properties and is an expert in public development authorities and arts and cultural organizations, she said. He led the negotiation of the PDA's master lease agreement with State Parks and served on the Governor's task force to establish the Fort Worden Lifelong Learning Center. Garay said Johnson's presentation shed light on the legal principles and parameters, such as the constitutional prohibitions on public gifting, that guide the PDA's leasing approach. She said Johnson's presentation provided awareness and education that will help with ongoing conversations between partners and PDA leaders regarding long-term leases. Gary also noted that the partner group is considering seeking updated appraisals.

D. Marketing and Sales Report

Cody Griffith, Director of Sales and Marketing, referred to the reports on marketing efforts and sales via group, partners, and leisure activities (see agenda packet). Griffith said a group that was on the books for December 2019 has moved their event to early 2020, impacting projected 2019 sales by \$41,000. She said her department continues to receive inquiries for accommodations through December 2020. Griffith has hired for a new position: Sales Lead Coordinator. This hire is the first point of contact for potential guests who call in with questions, and along with the focus on leads is intended to increase engagement, efficiencies, and growth. Griffith's department also is focused on prospecting for holiday events that involve overnight stays and catering and is offering special year-end rate packages. Jackson thanked Griffith for the detailed report that has evolved for different purposes; he suggested that she add in baselines or expectations over time so that changes are shown relative to budget or forecast. Tonina encouraged Griffith to send board members any marketing information that can be shared via social media so that they can help with promotions.

Board and staff also talked about the amount of food the PDA donates to the Port Townsend Food Bank (enough to feed an estimated 500 people weekly). Griffith said this largely comes from the amount of food that needs to be prepared for guests with meal plans and the fact that guests don't always take full advantage of their plans. Jackson noted the importance of this community contribution.

E. Point Wilson Lighthouse

Robison referred the group to the *Peninsula Daily News* article about the leasing of the Point Wilson Lighthouse to the U.S. Lighthouse Society. Robison said the PDA submitted a lease proposal in 2016, but the lighthouse society had the advantage of experience operating lighthouses all over the country. He said the PDA and the association will meet soon to explore a possible partnership to operate the housing component of the lighthouse.

IX. Makers Square Business Plan Presentation

Robison and the Fort Worden Foundation's Chief Advancement Officer Lane DeCamp presented an overview of the Makers Square Business Plan (see PowerPoint on website). Robison said the vision, formed in 2016, is to launch a year-round community of makers that adds to the vibrancy of Fort Worden's existing programming, creates an intriguing destination for locals and visitors, and supports the Fort's mission of lifelong learning. Robison described the PDA's operational challenges and how the local market alone isn't enough to sustain the PDA. DeCamp noted that the THING festival showed how broad the Fort and the Square could reach. The marketing strategy for Makers Square will include establishing the Square as a catalyst for the area, serving the community while reaching the region, and focusing on repeat visits to enhance residential programming, DeCamp said.

Robison and DeCamp described phase one work that is in progress to bring buildings 305, 308, and 324 up to code and provide space for creative programming. Tenants can provide additional improvements if desired for their particular uses, Robison said. Subsequent phases, if funded, could provide site improvements, parking, electrical charging stations, and a geothermal heat district. The goal is to have buildings 305, 308, and 324 (phase one) completed in July 2020 and an opening event in October 2020. Board members and staff discussed the merits of having flexible spaces for different uses.

Robison said the desired programming would focus on arts, crafts, and makers relevant to the Pacific Northwest and build on the vibrancy of new and existing partnerships. DeCamp described four models that have been explored by staff and board advisors for populating the Square. The options range from offering market rate rents at the outset to securing contributed income to fully fund rent for two years. Based on research and input, DeCamp envisions a mix of occupancy lengths across all three buildings, including short-term options that would be incubators for creative organizations that want to take risks and innovate. This would include new, collaborative uses among existing partners, he said. Board member Todd Hutton said that after considerable research and discussion the planning group has become enthusiastic about the models that involve juried nominations and contributed income for rents. Jackson noted that Centrum has established a precedent for the juried process in its emerging artists program. DeCamp said the RFP process is flexible and adaptive to a mix of users and partners; it's one process in which calls would simultaneously go out for both shorter-term users and longer-term tenants. Draft selection criteria would include considerations about quality, ability to foster collaboration among partners and the larger community, and ability to encourage repeat visits to Fort Worden. Robison noted that a draft of the RFP process has already been shared with partners.

DeCamp provided an overview of a draft financial proforma for 2021 through 2025; he noted that the proforma doesn't include operating expenses. DeCamp is currently working on securing contributed income. The proforma also showed anticipated revenue for PDA hospitality services generated by Makers

Square activity, and that this revenue would exceed Makers Square rental income. DeCamp said good programming choices and marketing to the I-5 corridor will help ensure residential programming income.

Foundation board member Barry Mitzman encouraged staff to think very broadly about the kinds of creative activities that could happen in the Square. Board member Todd Hutton said he thinks the Square has great potential to become a destination within a destination. Hutton added that for him to fully endorse the business plan he would have to see refined budget numbers with expenses and information about the assumptions behind the numbers. Tonina encouraged discussion about risks. Board member Cindy Finnie expressed interest in seeing more details about a marketing plan, and Hutton and Jackson said they would like to see marketing expenses allocated in the budget. Robison said a small team of staff and board members could get together to discuss these details.

X. Public Comment

David Goldman said that he thinks the incubator approach could lead to dynamic candidates who bring their own fundraising capacity and networks, which would expand the bandwidth of PDA staff. The success of Makers Square will increase the capacity of the PDA to deliver on its mission, he said. Goldman also suggested that social consciousness be added to the criteria for tenants and users because the project will be happening during what he described as one of the most fraught and uncivil times that people have experienced in this country. Art can be a part of addressing social issues, Goldman said.

XI. Adjourn: 12:09 p.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 10.23.19