PDA’s Operations

• First five years: focus on hospitality services to stabilize operations
• PDA revenue principally housing and food service
• Lease rents approximately 2% of operating revenue
• Hospitality pricing limited by market rates, condition and type of accommodations
• Summer capacity limited by space and existing programs
• Room for residential programming growth November-May
• Operations constrained by major deferred maintenance
• Limited contributed income to support operations or build reserves
Our Context

Port Townsend

• 2.5 hours from downtown Seattle
• Population approx. 9,700 (SeaTac SMSA = 3,867,000, 400X)
• Median age 55 (WA = 38, Seattle = 35)
• Families with kids under 18 = 34% (WA = 44%)
• Median income per capita $48K (WA = $67K, Seattle = $83K)

Local market insufficient for long-term sustainability
Our Strengths to Broaden Reach

• Centrum
  • National audiences, established programs, international reputation

• Diverse mix of existing program partners
  • Visual and performance arts, wellness, crafts, education, recreation

• Port Townsend’s brand as arts community
  • Local support for Creative District designation

• Seattle Theatre Group – THING
  • 6K visitors first year, 82% outside of region
Marketing Strategy

• Makers Square as a catalyst
• Offer quality, rotating programs to attract audience
• Serve the community, but reach the region
• Market to I-5 corridor
• Marketing primarily driven by social media campaign
• Focus on repeat visits enhancing residential programming
• Collaboration is critical
Makers Square

*Focuses Fort Worden as a major sustainable center for creativity, arts, and education*

- 2015: Concept approved in Program Development Plan
- 2016: Stakeholder design process launched
- 2018: Design completed—$13.4 Million project budget
- 2019: Makers Square construction started in June
  - Funding now nearly 90% complete for Phase 1
  - Construction completed next summer
Makers Square
Construction Phases

• Phase I: Underway
  • Buildings 305, 308, 324 ($8.5 million)
  • Utilities to all buildings
  • KPTZ tenant improvements ($0.75 million)

• Phase II: TBD/Awaiting funding decisions
  • Makers Square site improvements ($1.1 million)
    (pavers, landscaping, area lighting)

• Phase III: Fall 2020
  • Pavilion and Taps parking area ($0.68 million)
  • Electric charging stations

• Phase IV: TBD/Grant pending
  • Geothermal heat district serving MS buildings ($0.85 million)
BUILDING 305 - ATTIC FLOOR PLAN

Total Attic sq ft

Studio 201: 1,040 sq ft
Studio 304: 1,060 sq ft
Total Liveable sq ft: 2,104 sq ft

Common Area: 997 sq ft
Building 308

TOTAL BUILDING - 2,415 square feet
STUDIO 5 - 1,225 square feet
STUDIO 6 - 624 square feet
COMMON area - 365 square feet
Building 324

- TOTAL BUILDING area - 2,982 square feet
- STUDIO A - 323 square feet
- STUDIO B - 323 square feet
- STUDIO C - 323 square feet
- STUDIO D - 323 square feet
- COMMON area - 807 square feet
Vision and Goals (2016)

• Our vision 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.

• From the KO Projects report, the top stakeholder measures of Makers Square success:
  • Vibrancy
  • Excellence
  • Identity
  • Community
  • Sustainability
Focal Point for Fort Worden Programming

• Focus on arts, crafts and makers relevant to Pacific NW
• Build on vibrancy of new and existing partnerships (e.g., KPTZ)
• Serve as incubator to build new programming
• Extend year-round programming
• Host new events in the square (“arts in the park”)
• Promote collaboration with existing and new partners (e.g. STG)
• Seek synergies and creative mix of users
Business Case for Makers Square

• Rehabilitates three vacant buildings for new uses
• Arts and culture as framework for successful growth
• Targets I-5 audiences for repeat visits
• Aligns with Port Townsend arts identity
• Builds a culture of collaboration
• Extends residential programming Nov. – May
• Increases hospitality revenue and sustainability
• Promotes Fort Worden as a national destination
• Provides platform for significant fundraising
## Plan Options

<table>
<thead>
<tr>
<th>Model 1 (KO Model)</th>
<th>Model 3 (Juried nominations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP model</td>
<td>Juried nominations</td>
</tr>
<tr>
<td>No contributed income</td>
<td>Increased contributed income</td>
</tr>
<tr>
<td>Limited vitality</td>
<td>Negotiable lease terms</td>
</tr>
<tr>
<td></td>
<td>Higher and stronger opening occupancy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model 2 (Revised KO Model)</th>
<th>Model 4 (Juried nominations, zero rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP model</td>
<td>Juried nominations</td>
</tr>
<tr>
<td>Limited contributed income</td>
<td>Rent funded by donor in 305/308/324 for 2 years</td>
</tr>
<tr>
<td>Revised occupancy and turnover</td>
<td>Maximized contributed income</td>
</tr>
<tr>
<td>Limited vitality</td>
<td>Maximized traffic in Square</td>
</tr>
</tbody>
</table>
Solicit RFP for New Programs

• For Buildings 305, 308, 324 only

• Two processes running concurrently:
  • Nominations for a juried selection for short-term users (1 week to 6 months)
    • Provide incubator space – a place to take risks, to imagine, to innovate
    • Favor collaborative programs with local organizations
    • Seek funding to underwrite operations and risk
  • Consider long-term leases if vibrancy and residential programs warrant
RFP Process

• Strategy is flexible and adaptive to mix of users and partners
• Calls go out for both shorter-term users and prospective longer-term tenants simultaneously
• Commencement date for RFP is determined by
  • Construction process
  • Host open houses to gauge initial interest of potential organizations
  • Our readiness to manage the process going forward
  • Selection and briefing of jury committee
• Jury committee comprised of representatives from PDA, FWF, PT community, arts/creative community, partners
Draft Selection Criteria

• Vibrancy of program – number of participants, frequency, etc.
• Quality of program – critical to reputation and reach
• Supports new creative uses and artist residencies
• Fosters collaboration among partners and larger community
• Encourages repeat visits
• Drives residential programming
• Enhances year-round programming
• Complementary to existing partner programming
• Considers risk-taking, innovation, imagination
Tentative Milestones

• November - December 2019
  • Hold open houses/tours
  • Secure funding for Option 4
  • Refine RFP based on funding model
• January 2020
  • Release RFP
• March 2020
  • Committee review RFPs
  • Negotiate with users & tenants

• July 2020
  • Buildings 305, 308, 324 completed
  • Detailed tenant program planning and marketing
• August - October
  • Move in
  • Marketing
• October 2020 – Opening
# Financial Proforma

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lodging/F&amp;B Revenue (1)</strong></td>
<td>$93,524</td>
<td>$165,348</td>
<td>$255,372</td>
<td>$316,661</td>
<td>$405,429</td>
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<tr>
<td><strong>Rent &amp; Other Revenue (1)</strong></td>
<td>$54,504</td>
<td>$98,359</td>
<td>$126,234</td>
<td>$142,853</td>
<td>$167,441</td>
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<tr>
<td><strong>Total Operating Income</strong></td>
<td>$148,028</td>
<td>$263,707</td>
<td>$381,606</td>
<td>$459,514</td>
<td>$572,870</td>
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<tr>
<td><strong>Contributed – Restricted</strong></td>
<td>$134,000</td>
<td>$190,000</td>
<td>$210,000</td>
<td>$230,000</td>
<td>$265,000</td>
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<tr>
<td><strong>Contributed – Operations</strong></td>
<td>$84,400</td>
<td>$126,800</td>
<td>$195,600</td>
<td>$273,600</td>
<td>$340,400</td>
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<tr>
<td><strong>Contributed – Program</strong></td>
<td>$77,000</td>
<td>$127,000</td>
<td>$279,000</td>
<td>$456,000</td>
<td>$610,000</td>
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<tr>
<td><strong>Total Contributed Income</strong></td>
<td>$295,400</td>
<td>$443,800</td>
<td>$684,600</td>
<td>$959,600</td>
<td>$1,191,400</td>
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<tr>
<td><strong>Expenses – Admin (2)</strong></td>
<td>$197,250</td>
<td>$205,140</td>
<td>$213,346</td>
<td>$221,879</td>
<td>$230,755</td>
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<tr>
<td><strong>Expenses – Other (3)</strong></td>
<td>$110,458</td>
<td>$129,437</td>
<td>$221,820</td>
<td>$229,868</td>
<td>$240,300</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>$153,720</td>
<td>$372,930</td>
<td>$631,040</td>
<td>$967,367</td>
<td>$1,293,215</td>
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</tbody>
</table>

(1) Net increase due to Makers Square. (2) grows to 2.5 FTE. (3) Promotional, Occupancy, Reserve, Contingency.
Significant financial points

• Incremental residential income driven by two factors:
  • Good programming choices
  • Marketing to reach the I-5 corridor

• Contributed income driven by three factors:
  • Programmatic gifts
  • Programmatic gifts around social responsibility/justice
  • Collaborative grants
Collaborative Fundraising Opportunities

• Start with rent funding
• Grants for collaborative Makers Square events
• Grants in partnership with different organizations
• Create a pool of funds to support new program initiatives
• Pursue major grants and gifts to support a collaborative ecosystem
• Rebrand Lifelong Learning to include social access, responsibility and shared creative aspirations
Tactics

• Serve the community, but reach the region
• Provide incubator space and share the risk
• Be flexible and adaptive to mix of programs
• Identify target audiences and capture I-5 market
• Embrace innovation, imagination and vitality
• Fund KPTZ underwriting for local programs & events
• Develop social media campaign to expand reach
Metrics for Success

• Inspire an ever-broadening audience
• Enhance quality of programming – type, mix and scope
• Build awareness locally, nationally, and internationally
• Attract repeat visitors
• Benefit local community economically
• Achieve residential programming in value season
• Secure broad-based philanthropic and grant support
Makers Square in 2023

• Incubator for creativity and artistic development
• New partnerships with diverse programs
• Year-round programs and seasonal events
• Visiting artists and residencies
• Regional and national awareness
• Improved facilities and services
• Increase in contributed income and program support
• Sustainable operations
Makers Square as a Catalyst

• Enriching Port Townsend’s cultural life
• Strengthening the local economy
• Achieving sustainability for Historic Fort Worden
• Preserving Fort Worden as a community asset and national treasure