

Makers Square

Business Plan

Overview

October 23, 2019



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

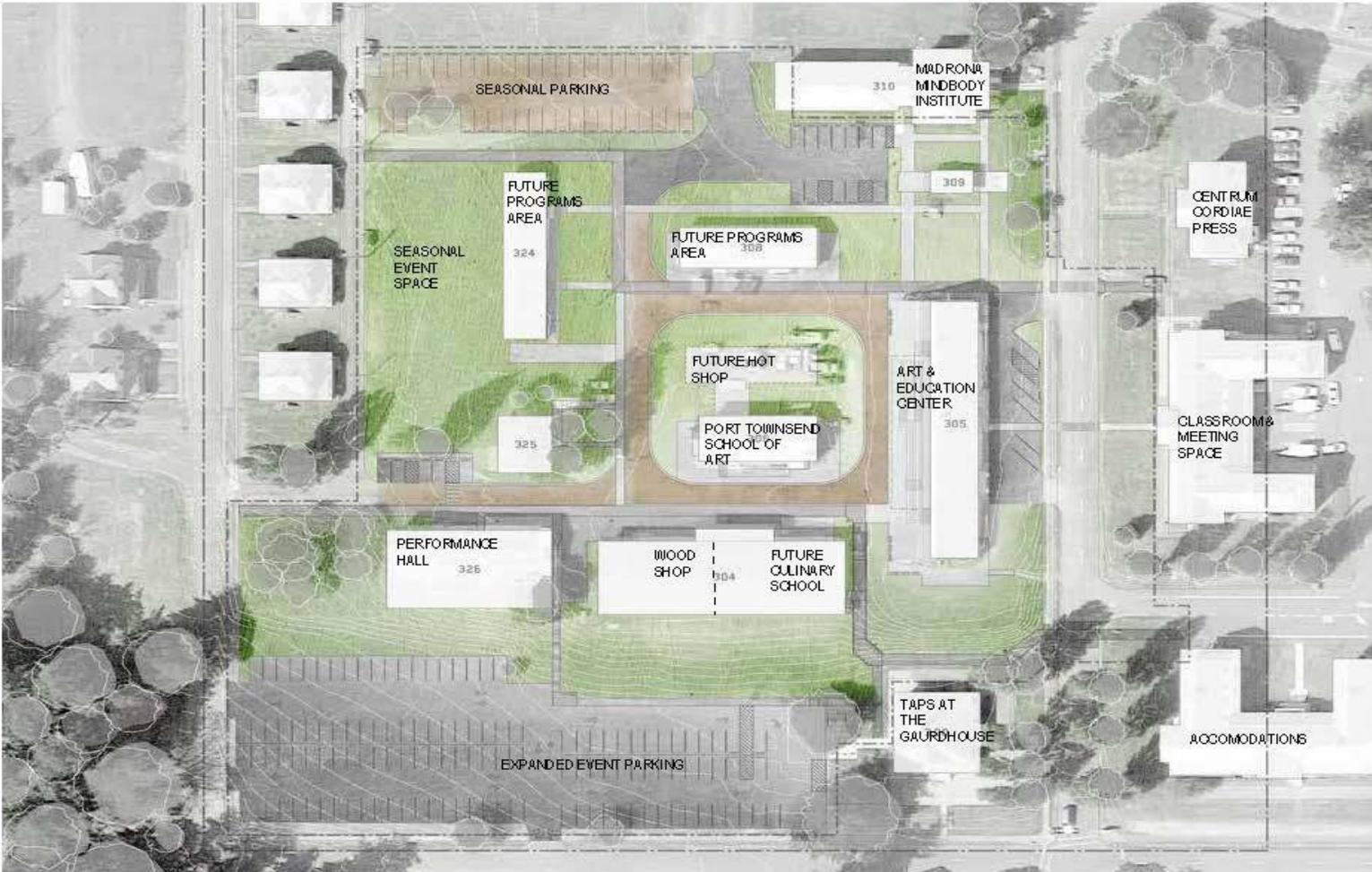
- Makers Square as a catalyst
- Offer quality, rotating programs to attract audience
- Serve the community, but reach the region
- Market to I-5 corridor
- Marketing primarily driven by social media campaign
- Focus on repeat visits enhancing residential programming
- Collaboration is critical

Makers Square

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

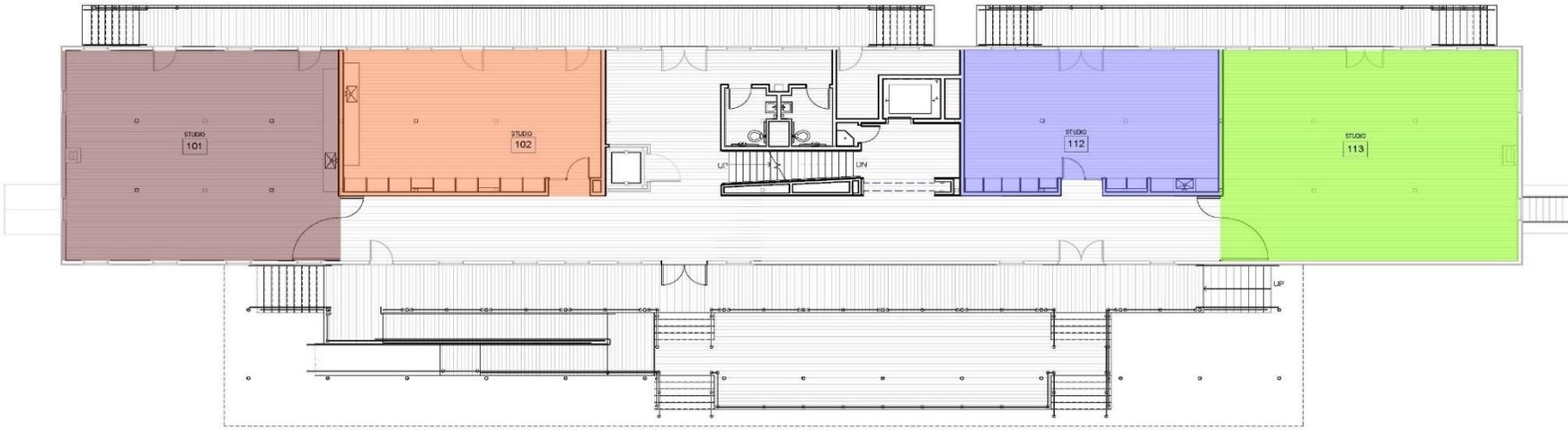
- 2015: Concept approved in Program Development Plan
- 2016: Stakeholder design process launched
- 2018: Design completed—\$13.4 Million project budget
- 2019: Makers Square construction started in June
 - Funding now nearly 90% complete for Phase 1
 - Construction completed next summer

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 - FIRST FLOOR PLAN

TOTAL FLOOR - 5,843 square feet
 STUDIO 101 - 1,129 square feet
 STUDIO 102 - 738 square feet
 STUDIO 112 - 709 square feet
 STUDIO 113 - 1,221 square feet
 COMMON AREA - 2,146 square feet



BUILDING 305 - ATTIC FLOOR PLAN

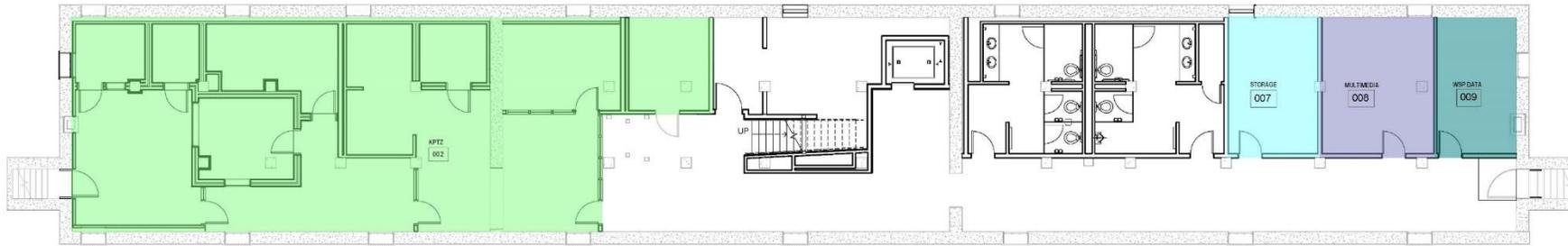
Total 3,611 sq ft

Studio 201 - 1,546 sq ft

Studio 204 - 1,068 sq ft

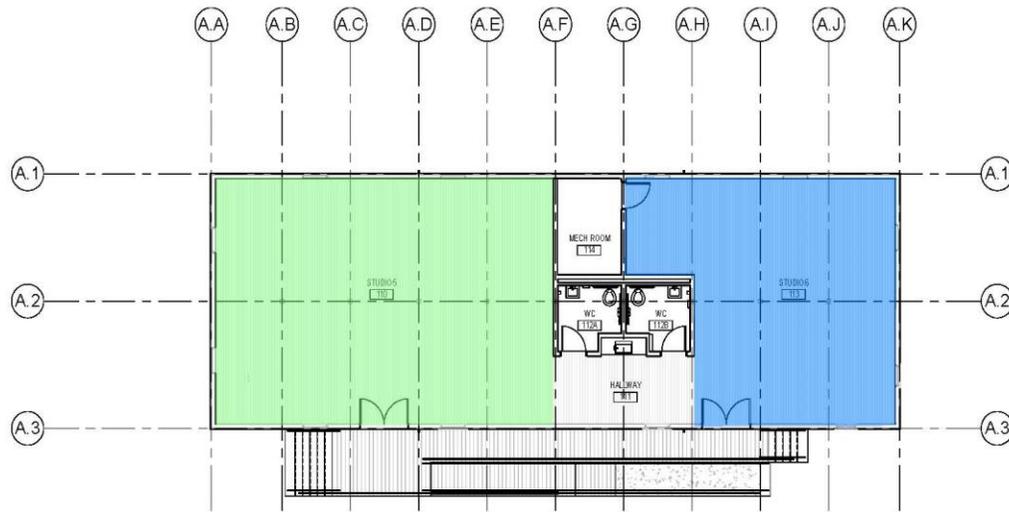
Total leasable sq ft - 2,614 sq ft

Common Area - 997 sq ft



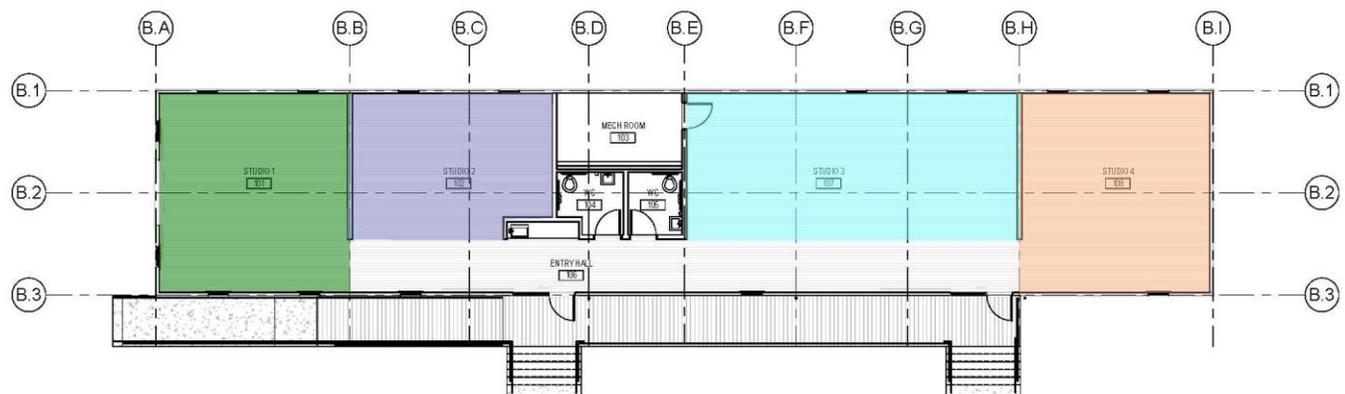
BUILDING 305 - BASEMENT FLOOR PLAN

TOTAL FLOOR - 6,453 square feet
KPTZ 002 - 2,105 square feet
STORAGE 007 - 228 square feet
MULTIMEDIA 008 - 280 square feet
WSP DATA 009 - 188 square feet
COMMON AREA - 2,641 square feet



Building 308

TOTAL BUILDING - 2,455 square feet
STUDIO 5 - 1,226 square feet
STUDIO 6 - 824 square feet
COMMON area - 395 square feet



Building 324

TOTAL BUILDING area - 2,982 square feet
 STUDIO 1 - 533 square feet
 STUDIO 2 - 408 square feet
 STUDIO 3 - 691 square feet
 STUDIO 4 - 543 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

Model 1 (KO Model)

RFP model
No contributed income
Limited vitality

Model 3 (Juried nominations)

Juried nominations
Increased contributed income
Negotiable lease terms
Higher and stronger opening occupancy

Model 2 (Revised KO Model)

RFP model
Limited contributed income
Revised occupancy and turnover
Limited vitality

Model 4 (Juried nominations, zero rent)

Juried nominations
Rent funded by donor in 305/308/324 for 2 years
Maximized contributed income
Maximized traffic in Square

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

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

(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