



APPROVED Minutes
Special Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, May 13, 2020 | 10 a.m.
Remote meeting per State Proclamation 20-28.2

- ❖ **Action:** Motion to approve the March 17, 2020 Executive Committee Meeting Minutes. **Unanimously approved by the Executive Committee**
- ❖ **Action:** Motion to approve the March 25, 2020 Board Meeting Minutes. **Unanimously approved by the full Board**
- ❖ **Action:** Motion to approve the April 16, 2020 Board Meeting Minutes. **Unanimously approved by the Finance and Audit Committee**
- ❖ **Action:** Motion to authorize Dave Robison and David Timmons to continue developing the PDA's COVID-19 recovery strategy for the board's consideration for approval. **Unanimously approved**
- ❖ **Action:** Motion to approve Resolution 20-07 authorizing the Executive Director to extend the contract with David Timmons through June 30, 2020 and increase the contract budget, resulting in total contracted services not to exceed \$15,000. **Unanimously approved**

Public Meeting Agenda

I. Call to Order: 10 a.m.

The May 13 board meeting was a remote Internet- and phone-based meeting in accordance with the "Stay Home" emergency proclamation issued by Governor Jay Inslee on March 23, 2020 and subsequently extended. Access information to the meeting was published on the Fort Worden website and in a meeting notice to the media.

II. Roll Call/Attendance

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

Staff: Dave Robison, Diane Moody, Joan Rutkowski

Public/Staff Guests: David Timmons, Anna Forrestal, Seth Rolland, Leah Mitchell, Janine Boire, Ken Park, Owen Rowe, Katya Kirsch, Bill Drath, Rob Birman, Mary Jane Robins, Lisa Werner, Holly Rebert, Brian Hageman, Jeanie Cardon, Claudia Zysk, Julie Johnson, Renee Klein, John Marckworth, Rufina Garay, Sonya Baumstein, Cody Griffith, Natalie Maitland, Aislinn Diamanti, Matthew Bellah, David Beckman

III. Public Comment

PDA Chief Strategy Officer Rufina Garay thanked the board for providing for the PDA's standby employees. Board Co-chair Norm Tonina thanked fellow board members for 100 percent participation in the effort to fund health insurance for standby employees through June.

IV. COVID-19 Background Information/Correspondence

Tonina noted that the packet contains articles of interest and background information on recovery efforts. (The board packet is available on the PDA website.)

V. Consent Agenda

Action: Motion to approve the March 17, 2020 Executive Committee Meeting Minutes. **Unanimously approved by the Executive Committee**

Action: Motion to approve the March 25, 2020 Board Meeting Minutes. **Unanimously approved by the full Board**

Action: Motion to approve the April 16, 2020 Board Meeting Minutes. **Unanimously approved by the Finance and Audit Committee**

VI. Review of March Financial Report

A. Staff Report

Chief Financial Officer Diane Moody reviewed the difference between the final March 30 financial report and the preliminary draft that was presented at the recent Finance and Audit Committee meeting. Adjustments included changes due to paperwork that came after the placement of the majority of the PDA's employees on standby in mid-March, Moody said. The increase in reported expenses was largely due to changes to how staff are classified. Discover Pass revenue is less than reported earlier because of an adjustment to a presale, she said. The current books show YTD net revenue for March at \$-700,000. Moody said the deficit is largely due to cancellations in March, which was projected to be a strong month before COVID-19 affected group and leisure activity. Moody thanked partners for staying current on rent.

B. Board Discussion

Moody responded to clarifying questions about line items. The PDA has refunded approximately \$60,000 to date due to leisure and group cancellations. Given the continued delay in reopening the PDA, she also projects \$75,000 in refunds in July based on that month's business on the books. She said this will shift the advance deposit checking account position to a negative.

VII. Review Cash Position and Flow Projection

A. Staff Report

Moody presented the cash flow report for operations. She said the projections are based on a September opening date, which would be possible if the state moves into Phase 3 of the Governor's reopening plan by mid-August. The PDA's opening could instead be later than September, she added. She said that if operations don't resume until September, the PDA will need to secure a minimum of \$500,000 in grants and loans to help cover operations to that point. She noted that Makers Square activity may provide some of those funds, and that would require board action. The cash flow projections reflect a lean operations crew in place through July. Moody said the PDA has thinned expenses as much as it can, with many needs covered on an on-call basis. She thanked volunteers from the Friends of Fort Worden and Washington State Parks for helping cover the grounds maintenance needs.

Moody also presented cash flow reports for advance deposits and refunds as well as for Makers Square. Operations could be in a negative cash position (\$-61,262) in July if the PDA does not open by then and projected cancellation refunds are paid out, she said. Sales and Marketing Director Cody

Griffith said most people are willing to reschedule. Moody also said that all of the in-process grants for Makers Square involve criteria that influence cash flow. If funding and reimbursements come through as expected, the cash flow projection for Makers Square is positive, she said. The PDA could resume Makers Square construction by June 1, Moody added.

B. Board Discussion

Board and staff discussion included conversation about the uncertainty around hosting large groups in the fall and the possibility of more cancellations. Griffith said reservations are largely on hold until the PDA can commit to an opening date and group size limitations or requirements are known. She noted that the PDA is now receiving more inquiries than cancellations for larger events in September through December. Moody added that much of the group revenue projected for September is for partners' group activities, which are currently uncertain. Board co-chair Todd Hutton asked if there is contingency planning for a surge of COVID-19 in the fall that would cause a surge in cancellations. Moody said this is under development. She said the \$500,000 minimum that is needed before a fall opening would also help if a fall resurgence leads to another shutdown. Robison noted that staff is still looking at what resources will be needed for each re-opening phase. Board and staff also discussed Makers Square. Moody said the project is approximately 77 percent complete, and Clark Construction anticipates needing 90 days after work resumes to complete the project.

Hutton said the Finance and Audit Committee talked about asking the full board to defer the 2019 audit process until the fall.

VIII. Staff Update on Reservations and Cancellations

A. Staff Report

Griffith provided further detail on reservations and cancellations. Depending upon the reservation type, some bookings can be cancelled with full refunds and some deposits are not refundable if the booking isn't rescheduled. Griffith said the PDA has adopted a more generous policy for non-refundable bookings (which are at a discounted rate), allowing the reservation to move out as far as December 2021 without any fee or rate increase. Moody said the PDA sought legal review of its policy for nonrefundable bookings. She said the PDA's counsel concluded that because the PDA is a public entity, it can't go against its non-refundable policy and provide refunds because that would be considered a gift of public funds. The State auditor's office also is reviewing the situation. Griffith said May bookings have been rescheduled, and the PDA will likely need to do the same for June reservations, but this is difficult because of uncertainty about a reopening date. Until this information is known, the PDA won't have accurate revenue projections, Griffith said.

B. Discussion

Board and staff members discussed travel trends. Board Treasurer Jeff Jackson noted that around the world, leisure travel is rebounding better than business travel. Griffith said the Fort's spaciousness is an advantage for social distancing, and the standalone buildings provide an opportunity for a small, slow, and manageable reopening for groups. Moody added that the recovery strategy includes adjustments to housekeeping and operating practices. Robison said community concerns about encouraging a return of tourism also will be considered.

IX. Economic Recovery Strategy Update

A. Staff Report

Robison and consultant David Timmons outlined the PDA's COVID-19 recovery strategy and developing recovery plan. Robison said the pandemic threatens the survival of the PDA and its ability to support partners and shows a need to consider a new business model for after the crisis. The draft

plan's operational assumptions include the observation that delays in getting to Phase 3 by the end of August may necessitate postponing the PDA's re-opening until spring 2021. Nonessential travel isn't allowed until Phase 3. Robison said a mutually beneficial recovery strategy with tenant partners, the City of Port Townsend, Washington State Parks, and community businesses will be essential. The PDA will have to secure funding to get from today's situation to when it can reopen, he said. Timmons said that before the pandemic, the PDA was already in a weakened position due to the cost of campus maintenance. He said the path forward involves staying true to the model of the Fort serving as a community asset and getting all stakeholders focused on a common set of objectives. The three draft strategic goals are to survive the immediate financial crisis, develop a recovery strategy to reopen PDA operations, and reassess the Fort's business model based on COVID-19 mandates and new business realities. Robison and Timmons described the proposed ways to achieve these goals. (Please see the board packet on the PDA website for the draft plan.)

B. Discussion

Board members and staff discussed the developing recovery plan. In response to emailed questions from partners, Robison shared that the PDA is having weekly conversations with State Parks leaders and with legislators. He and Timmons are researching whether the PDA is eligible for public assistance money. As a quasi-public agency, the PDA is ineligible for a lot of emergency public funding and COVID-19 funding for businesses and nonprofits, Robison said. As for services to partners, Robison said grounds and maintenance support is critical and will depend upon the PDA's funding for operations. Hutton noted the need to distinguish between reopening for hospitality and reopening for partners to be able to regularly conduct their businesses. Board member Cindy Finnie said most hotels in town have been open because they are considered essential businesses, and this also means no reopening guidance is provided by the state. Local hoteliers and PDA staff have been researching best practices from national hotels and restaurant associations.

Board and staff also talked about the challenges of the PDA's operating model. Board member Herb Cook said his review of the PDA's operating financials from the last few years confirm that the PDA had a fragile but sustainable business model until the master lease required the PDA to fully assume campus maintenance responsibilities. Cook believes that requirement broke the model, and he suggested that the PDA ask State Parks to reassume the maintenance obligation as a contingency for the reopening of hospitality services. Robison noted that revenue sharing with State Parks will begin in 2021 per the lease agreement, and he said the PDA will need to advocate for the removal of this requirement because it's not possible for the foreseeable future and perhaps not ever. Board member Jane Kilburn pointed out that State Parks and other public entities also will be facing notable revenue losses.

Board members and staff discussed how to engage the board and community in the next steps. Board member Lela Hilton suggested that the PDA reach out to the public via a newsletter or other communications with news about the positives and the challenges. She also wondered if reopening food service would be a way to keep visitors on campus, helping to address community concerns about tourism. Moody said some level of food service will be needed to support lodging. Kilburn asked how the board will be involved in the development of a new business model. Robison said that staff and funding aren't in place for a planning process at this point in time, but there will be a community-wide effort when it can be supported. Timmons added that any planning will need to involve the full PDA board.

Action: Motion to authorize Dave Robison and David Timmons to continue developing the PDA's COVID-19 recovery strategy for the board's consideration for approval. **Unanimously approved**

X. Contract with David Timmons and Resolution 20-07 Consideration and Approval

A. Staff Report

Robison said he used his administrative authority to establish a contract with Timmons for assistance with the recovery effort because of his accomplishments as the former City Manager and his experience with the Federal Emergency Management Agency's mitigation process. Timmons also helped Robison launch the PDA in 2011. Robison said he is seeking approval to extend the contract for an additional month for a total of \$15,000, which is an amount that requires board approval. A \$25,000 grant from the Satterberg Foundation will cover the contract, he said.

B. Board Discussion

Action: Motion to approve Resolution 20-07 authorizing the Executive Director to extend the contract with David Timmons through June 30, 2020 and increase the contract budget, resulting in total contracted services not to exceed \$15,000. **Unanimously approved**

XI. Public Comment

It was noted that a Copper Canyon Press publication, Jericho Brown's *The Tradition*, received the 2020 Pulitzer Prize in Poetry.

Via the Zoom public chat Rob Birman shared that: "Centrum has a date of July 1 to make firm decisions about fall events. We are naturally exploring online possibilities, for all the same reasons as sales is dealing with."

Seth Rolland, a member of the Port Townsend School of Woodworking board of directors, shared comments from his perspective as a citizen. Rolland commended the PDA for keeping the Fort going through a difficult time. He said it seems there hasn't been enough discussion about supporting the PDA's partners. Rolland said he appreciates the PDA's work to develop Makers Square and support new tenants with free short-term rent, and he would like to see similar enthusiasm and support for current partners, particularly through providing long-term leases. Rolland said the partners have building maintenance burdens, and it's hard to raise money for building investments without long-term leases. He hopes the long-term lease effort can be engaged during this time.

John Marckworth, a Port Townsend School of Woodworking founder and board member, shared his appreciation for the forward thinking being developed. Marckworth said he agreed with Rolland's comments. He noted the difficulty the PDA and other organizations are facing, but said it also presents a wonderful opportunity to work with the partners on the problems as a form of pre-investment in the future.

Birman added that the Fort Worden Collaborative is continuing and has weekly meetings scheduled for the next 12 weeks.

XII. Meeting Adjourned at 12:20 p.m.

Board meeting materials are available at: <https://fortworden.org/category/pda-documents/>