

# PDA Recovery Plan:

## Stages 3 & 4 Areas of Focus (Compartments)

State Audit

Capital  
Project(s)  
Financing

2020 Finances

2021 Budget

Organizational  
Restructuring

PDA  
Leadership  
Change

PDA/Partner  
Relations

PDA/  
Foundation  
Relations

PDA/State  
Parks Relations

# State Audit

---

**GOAL/STRATEGY:** Obtain unqualified opinion for 2018/19 Financial Review

- Work will include an “Accountability Audit”
- Also the Foundation will be reviewed as a component Unit of the PDA
- A parallel project to reconcile 2015 forward will convert the PDA back to a cash basis for reporting/audit purposes in compliance with state accounting standards for a PDA acting as a proprietary service provider.

**LEADS:** Executive Team

**TIMELINE:** Preparation work is underway and may take 3 to 6 months to complete.

# Capital Project(s) Financing

---

**GOAL/STRATEGY:** Secure term financing to refinance Lines of Credits (LOC) coming due for Makers Square, Glamping and Energy Efficiency totaling \$5.1m to Kitsap Bank

- Priority matter for Makers Square
- There is no revenue source to pay the LOC at maturity. \$400k LOC funds were diverted to cover operating losses during the early shutdown. A new loan is required to restore project funds and cover an additional \$500k in revenue necessary to complete the project.
- One remaining grant is left to secure and the PDA is behind in timely payments.
- Historic Tax Credits will need to be applied to higher project costs due to loan repayment. Project reports did not reflect fully actual costs – there will be no excess funds left over following project completion.
- \$600K for Glamping completion was diverted to cover operating losses during the early shutdown – will need to secure a new loan to restore project funding.
- Refinancing Energy loan will lower payment costs and restore \$300k divert to operations.

**LEADS:** Executive Director/PDA Treasurer/Finance Team

**TIMELINE:** Urgent and Ongoing: Makers Square LOC @ \$1.5m matures in December 2020, Glamping LOC @ \$2m matures in 1st quarter 2021, Energy loan to refinance for lower rate @ \$1.6m

# 2020 Finances

---

**GOAL/STRATEGY:** Restate 2020 finances to reflect actual conditions and adjust organization to reflect real time conditions.

- Original reopening plan was overstating income and understating expenses to maintain reopening objective.
- Financial reports presented in support of reopening did not tie to the GL
- Revenue to expense is not generating net revenue.
  - Operating on a month-to-month cash basis
  - Payroll is priority
  - Sales are running below goal
    - November/December sales will not cover costs.
  - Many environmental factors impacting bookings.
- Outstanding AP at \$200,000
  - Monthly fixed costs run \$25k to \$50k to keep utilities and insurance current
  - Closed 15 of 18 B of A credit cards
  - Closed AMEX credit card with balance owing at \$60k
- Situation will require PDA to adjust operating conditions.

**LEADS:** Finance and Audit Committee, Executive Team

**TIMELINE:** Urgent and Ongoing – need to raise \$250k to \$350k to close the year in a net positive position.

# 2021 Budget

---

**GOAL/STRATEGY:** Present balanced operating budget for 2021.

- Adjust spending to minimum necessary to meet guest and partner needs.
- 2021 will be on a cash basis operating month to month.
- Expect COVID -19 to continue to impact group activities well into the year.
- Explore revenue generating models such as state shared revenues and/or Public Facility District.

**LEADS:** Executive Team, Finance and Audit Committee

**TIMELINE:** Must be completed and adopted by December 31, 2020.

# Organizational Restructuring

---

## **GOAL/STRATEGY:**

- Create new operating model to reflect real time limitations and opportunities.
- Consolidate into two main divisions: (1) Administration and (2) Operations.
- Create new long-term partnership models. Consider divesting some areas of PDA obligations to third party(s)

**LEADS:** Executive Team, Executive Committee

**TIMELINE:** Underway and ongoing

# PDA Leadership Change

---

**GOAL/STRATEGY:** Transition to a new Executive Director in 2021.

- Develop transparent process both for potential applicants as well as stakeholders (WSP, Partners, Friends, City, etc.)
- Allow time for current matters to get resolved and to develop a new business model to frame candidate qualifications and position opportunities/challenges.
- Appoint Acting Executive Director during the interim period.

**LEADS:** Co-Chairs

**TIMELINE:** November 15, 2020 starting date for Interim and begin preliminary steps in January 2021.

# **PDA/Partner Relations**

---

**GOAL/STRATEGY:** Renew discussions with new deliberations. Look to maximize partnership investment to build a more sustainable and viable model to grow the PDA and partners' business models.

**LEADS:** PDA Board designated representatives and staff

**TIMELINE:** Begin process January 2021



# **PDA/Foundation Relations**

---

**GOAL/STRATEGY:** Establish a “firewall” relationship between the PDA and Foundation to provide clear separation of roles, responsibilities and staff representations.

- Due to the current relationship, the Foundation has been declared a “component” part of the PDA’s 2018/19 audit for audit purposes.

**LEADS:** Acting Executive Director for PDA and Executive Director of the Foundation

**TIMELINE:** Begin process starting November 15, 2020 and complete by December 31, 2020

# **PDA and State Parks Relations**

---

## **GOAL/STRATEGY:**

- Evaluate the lessons learned from the past several years and determine what is necessary to consider a more effective partnership as it relates to decisions that affect successful operations by the partnership such as capital maintenance and historic preservation of Fort properties.
- Roll this discussion into the long-term planning for a more sustainable and viable Park.

**LEADS:** To be determined

**TIMELINE:** Begin discussions January 2021