

Fort Worden Lifelong Learning Center

2019 Annual Report



Festivalgoers enjoy one of the three music venues at the inaugural THING festival on August 24th and 25th, 2019.

2019: A Year of Transformation and Celebration

2019 was a transformative year for the Fort Worden Public Development Authority (FWPDA). We celebrated our 5th year of operation, broke ground on a major construction project for a creative arts center, and made a “thing” out of an inaugural music and arts festival.

Since our inception, our mission has been to be financially self-sustaining and to deliver exceptional guest experiences and promote lifelong learning opportunities. We do this via an innovative partnership with Washington State Parks to manage the 95-acre campus at the heart of Fort Worden State Park.

A historic gathering place, the Fort Worden campus includes 73 historic buildings that have been rehabilitated to serve as unique overnight accommodations, conference and meeting spaces, and event venues. The campus also is home to 14 organizations that embody the lifelong learning mission with a wide range of arts, cultural, recreational, and educational programming.

Innovative Partnership



This activity and the highlights from 2019 exemplify the FWPDA's triple bottom line, in which we manage:

- **The operation of hospitality, food, and beverage services.**
This business line – 400 beds in 29 lodging buildings and three eateries – provides critical support for the operation of the campus, serving visitors and travelers, including those who attend programs offered by our partner tenants.
- **The stewardship of 73 historic buildings and the 95-acre campus.**
Each year we work to secure contributed revenue to help us tackle nearly \$100 million in deferred maintenance from when the campus was managed by Washington State Parks. Contributed income from State Parks, the State Legislature, and private donors help us fulfill our role as the steward of historic buildings that were once home to nearly 1,000 army soldiers who served at the Fort during the two World Wars.
- **A relationship with 14 partner tenants who provide lifelong learning opportunities.**
Our creative partners help provide this social benefit that is at the heart of the Fort Worden experience and our mission. As they engage participants from around the corner as well as the far corners of the world, they also enrich Port Townsend's culture of arts and learning.

The following milestones from 2019 demonstrate the interplay of these elements in our successes as well as our challenges:

Makers Square

In July 2019 the FWPDA broke ground on the \$12 million Makers Square project to rehabilitate three historic buildings for a year-round community of makers, artists, and educators. Led by Clark Construction, construction work includes the restoration of the 1906 Quartermaster Building, which is listed on the National Register of Historic Places. When completed, Makers Square will be a destination for locals and visitors and add to the vibrancy of Fort Worden's existing lifelong learning programming and the Port Townsend Creative Art District.

New and existing partnerships that will engage the public at Makers Square will not only be essential to the FWPDA's success, but they also will enhance the economic and cultural vitality of the region. At the heart of the campus, Makers Square's historic structures will offer more than 50,000 square feet of space for artists, nonprofit organizations, and creative businesses. Aspiring and master artists will find a year-round community with which they can create, collaborate, educate, and connect with new audiences.

In 2019, staff began developing the Request for Proposal process for Makers Square to guide its occupancy and operations. In the fall, options for arrangements with tenants were explored with the FWPDA board and campus partners. Draft options include juried nominations as well as free rent for a limited timeframe if supported by contributed revenue. We envision a mix of occupancy lengths across all three buildings, including short-term options that would help organizations seeking ways to take creative risks with their programming. This could include new, collaborative uses among existing partners.

December marked an important step in the process of making KPTZ the anchor tenant in the historic Quartermaster Building. We entered into a Memorandum of Agreement with the nonprofit community radio station, paving the way for a lease agreement that also recognizes the building improvements that KPTZ funded. The basement will provide an increase in space for KPTZ operations, housing modern recording and broadcast studios, administrative space, a music library and a musicians' lounge. This exciting partnership also gives KPTZ greater proximity to a dynamic mix of campus programs and events that are ripe for broadcast.

Funding for Makers Square has been secured through state and federal grants and private donations. In late 2019, the FWPDA also initiated a \$1.5 million construction bond through Kitsap Bank to help with cash flow for the project as some grant funds aren't disbursed until after project expenses are made. The bond also helps bridge the gap until nearly \$2 million in historic tax credits become available upon completion of construction.

At the end of 2019, the FWPDA was on track to complete the Makers Square buildings by October 2020. Subsequent phases, if funded, could provide site improvements, additional parking facilities, electrical charging stations, and a geothermal heat district.



THING

Thousands of people from near and far visited Fort Worden for THING on August 24th and 25th, 2019. Developed in partnership with the Seattle Theater Group (STG), the inaugural festival of music, comedy, film, dance, and visual arts drew 5,000 people to campus each day. Festivalgoers explored the Fort throughout the weekend, visiting three main stages and other locations for an eclectic mix of art and music and novelties such as a psychedelic luminarium. Produced by STG and Adam Zacks, founder of Sasquatch Festival, THING featured performances in a wide range of musical genres, including shows by De La Soul, Jeff Tweedy, Iron & Wine, Japanese Breakfast, and Tank & the Bangas, as well as comedy, live podcasts, and storytelling. Many of our partners also shared their creativity with festivalgoers, hosting yoga classes, lantern making, art demonstrations, tours, and more.

The FWPDA worked closely with STG to manage the flow of visitors around Fort Worden and minimize noise. A few months before the event we formed a neighborhood advisory committee to help with this effort. Committee members have committed to a three-year role to help provide consistent feedback and engagement to address local concerns and needs. STG also hired locally-owned Thunderbull Productions to oversee parking and camping arrangements at the Fairgrounds. The collaboration was a success and helped ensure few unwelcome disruptions to the neighborhood and the community as a whole.

The family-friendly event engaged multiple generations and showcased a new way in which Fort Worden can provide access to arts and culture. STG anticipated losing money given the nature of a new and unparalleled venture, and from the experience they have developed plans for a more economically sustainable second act. For the FWPDA and its mission, we deemed THING a success based on the number of people who visited for the arts and culture experience, record food and beverage sales, and the volume of unsolicited positive feedback about the event. THING also increased exposure and sales for many area businesses, and we have noted the opportunity for even more local and campus partner tie-ins to the festival. Our staff and volunteers developed a successful sustainability plan to promote and manage recycling during the festival, and shuttle buses helped reduce traffic in the neighborhood. The main area highlighted for improvement is addressing how to reduce the event's overall carbon footprint from visitors coming from afar.



Glamping

In 2019 we broke ground on our effort to bring “glamorous camping” – glamping – to Fort Worden. This hospitality trend, which appeals to a wide range of leisure guests, is another way in which the FWPDA can become more financially sustainable and support campus operations.

Located at the edge of campus among trees and near trails that wind up to Artillery Hill, the 19 glamping tents will feature sustainable hard wood flooring, queen-sized beds, futons, and decks. All tents will have water and electric, and all but four will have their own bathrooms with showers.

Glamping construction began in July 2019 after delays due to winter weather and the need for additional environmental and cultural resource analysis. We contracted with Rainier Industries to provide 19 tents and with Nordland Construction to perform the site's water, sewer, and electric infrastructure work.

After Nordland completed its work, we turned to the construction of the tent platforms and a community hall serving glamping guests. The request for proposals yielded bids that were substantially higher than anticipated, despite value engineering efforts. This became an opportunity in which we found a local general contractor who could work as a temporary employee and oversee a crew of existing staff to construct the tent platforms. By the end of 2019, platform work was in motion, and we increased our focus on marketing in anticipation of a spring 2020 opening.

Construction financing is being provided through a \$2 million revenue bond with Kitsap Bank. Glamping will not only provide a new way for people to experience Fort Worden; the units will augment our portfolio to provide more accommodation options for individuals, couples, and small families as well as contribute additional lodging and sales taxes to the city.

Website Improvements

We invested nearly \$25,000 in an extensive refresh of our website in 2019. The primary objective of the refresh, performed with development assistance from Flying Crow Creative, was to enhance a more robust marketing tool that serves our varied audiences. It also provided an opportunity to drive visitors to other areas of our website to increase awareness of the Fort's overall offerings, including a focus on partner programs and events. The refresh also opened up a variety of ways to highlight local businesses and organizations. The more flexible content management system gives staff more control over content, which means less dependency on our web designer and more financial savings in the long run.

Reservation and Property Management Improvements

The integration of our new property management system, Maestro, was initiated in 2019 with a goal of implementation in early 2020. This transition allows for more efficiencies property wide and enables staff to optimize our guests' experiences.

This also will increase productivity and collaboration with our on-site programming partners in all aspects of joint event planning and the scheduling of venues and accommodations. The software also increases our data capabilities to allow for a complete integration of reporting between all operations and finance departments in real time, which increases productivity by reducing manual tasks and streamlining workflow.



Branding

In 2019 the FWPDA worked with an internal Branding Committee to help strengthen our ability to attract people to the leisure and lifelong learning center experiences at Fort Worden. Composed of three board members and a stakeholder representative who all have marketing and communications backgrounds, the committee developed a brand promise statement:



***Surrounded by sea and mountains in historic Port Townsend,
Fort Worden is a national treasure that enriches lives by engaging people
in the arts, ideas, wellness, community, nature and play.***

The brand promise statement is intended to guide future plans to refine the PDA's marketing materials and website in order to capture what makes this place so special to the community and visitors alike.

Fort Worden Collaborative

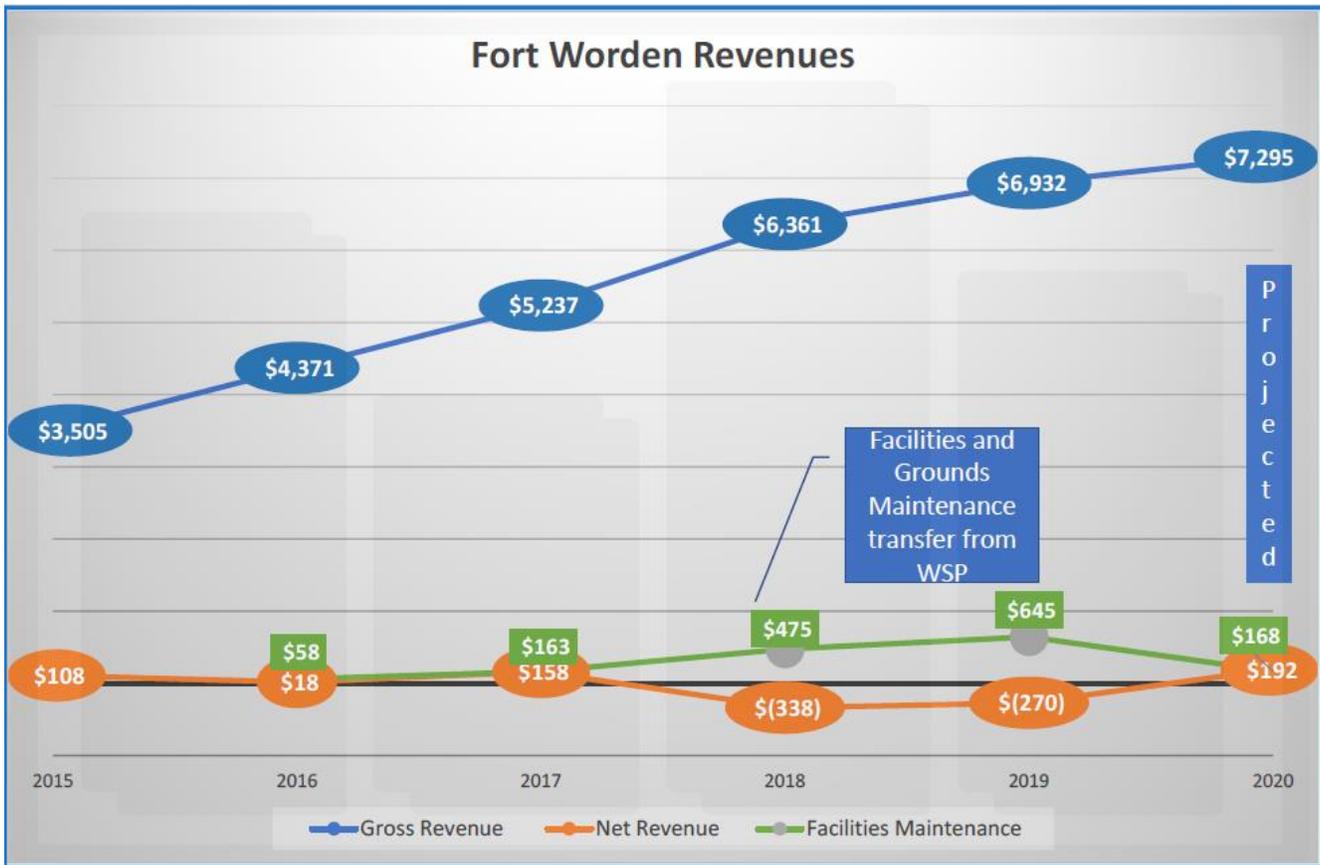
Building on the success of the branding process, in the fall of 2019 we planted the seeds for a further collaboration with partners to help achieve the Fort's potential. It began in early September, when FWPDA leadership gathered with partner leaders to share an overview of the successes and challenges of the last five years.

We emphasized that the future requires more collaboration with all of the FWPDA's stakeholders: the partners, PDA staff, the City, Washington State Parks, and the community. Inspired and committed program partners jumped on this challenge and took the lead in forming the Fort Worden Collaborative.

Financial Growth and Challenges Ahead

The figure on the next page illustrates the growth we experienced over the last five years.

Since May 2014, the FWPDA grew from 14 employees and an operating budget of a little over \$1 million to a planned 2020 operating budget of \$7.3 million with expected staffing of 175 employees during the peak summer season. The figure also highlights the significant increase in maintenance costs over the last two years since we assumed all maintenance and repair responsibilities from Washington State Parks for the campus area. In 2018 and 2019 we ended the year in the red, largely due to the maintenance responsibilities and unplanned emergency repair needs.



	2015	2016	2017	2018	2019	2020 Budget
Employees (FTE)	45	51	68	85	100	101
WA Min Wage	\$9.47	\$9.47	\$11.00	\$11.50	\$12.00	\$13.50
Capital Investment (K\$)	\$663	\$750	\$740	\$2,131	\$3,929	\$6,333

The maintenance and capital improvement needs for the 95-acre campus and its 73 historic buildings are a significant challenge to the FWPDA’s business model and its long-term sustainability. In addition, further challenges to our business model are the minimum wage increases over the past three years in combination with artificially low partner lease rates and subsidized accommodations, food services, and meeting spaces for tenant partner activities. How can we collectively work better together for a more successful future? How do we reach out to a wider audience and bring new groups and visitors to the Fort? How do we secure the scarce funds to tackle the ongoing maintenance and repair needs of the campus buildings and grounds?

As we ended 2019, the Collaborative was set to launch in January with a desire to collaboratively develop plans that realize Fort Worden’s full potential through an integrated vision that aligns with the goals and plans of State Parks, the City, and the FWPDA and its Partners; drives for mutual success; and is achievable and sustainable for the near and long term.

2019 Financial Activity

