



CREATIVE ALLIANCE PROPOSAL
ARTS AND CULTURE CORRIDOR
AT FORT WORDEN



WHO ARE WE?

1. CENTRUM
2. COPPER CANYON PRESS
3. CORVIDAE PRESS
4. KPTZ
5. MADRONA MINDBODY INSTITUTE
6. NORTHWIND ART
7. PORT TOWNSEND SCHOOL OF WOODWORKING
8. RAINSHADOW RECORDING

PREAMBLE

- > The programs of the Creative Alliance at Fort Worden embody the “public benefit” of the Fort by fulfilling its vision and mission of serving as a center of lifelong learning for citizens of this region and beyond.
- > Our plan will create a vibrant arts and culture corridor with Makers Square as its animating center and help expand the programming and fundraising reach of the Creative Alliance nationally and internationally.
- > This concept was first shared with David Timmons and the Fort Worden Foundation on March 5th.
- > Our plan frees the PDA to perform its oversight, address significant other facilities and maintenance needs, and supports the Hospitality entity in fueling accommodations, food and guest services.

WE RECOGNIZE THAT THE LEGACY AND BURDEN OF AN ESTIMATED \$100+ MILLION OF DEFERRED MAINTENANCE AT FORT WORDEN SERVES AS THE MOST SIGNIFICANT ECONOMIC, STRATEGIC, AND OPERATIONAL THREAT TO THE HEALTH AND PROGNOSIS OF THE PDA AND ASSOCIATED ENTERPRISES.



IT IS NOTEWORTHY THAT A 2011 APPRAISAL COMMISSIONED BY STATE PARKS CATEGORIZED NEARLY EVERY BUILDING ON THE CAMPUS AS “CLASS D” SPACE WITH AGING AND OUTDATED INFRASTRUCTURE AND INTERNAL SYSTEMS.

WE EMBRACE THE PDA'S CURRENT GOAL TO ESTABLISH A SUSTAINABLE AND UNIFORM “STANDARD OF CARE” FOR THE PHYSICAL ASSETS AT FORT WORDEN.



OUR PROPOSAL WILL PLAY A CRUCIAL ROLE IN THE FINANCIAL SUSTAINABILITY OF THE PDA BY:

1. Relieving the PDA of capital maintenance obligations of between \$13.8 million to \$23.7 million over the next 25 years. [Likely much more]
2. Rehabilitating, repairing and maintaining the structures in the Arts and Culture corridor so they will serve the community and the region for another 100 years, at minimal to no cost to the PDA.
3. Establishing a structure among the Creative Alliance to incentivize each of us to raise funds to make critically-needed repairs, maintenance, and renovations in our leased buildings over the life of a long-term lease.
4. Doing this in the form of a single master lease in which one entity—Centrum—is accountable for all Creative Alliance subleases.

IMPORTANT FACTS ABOUT “THE RANGE” OF \$13.8 MILLION TO \$23.7 MILLION

- It varies depending on whether we ultimately include building 204 and the two theaters
- This range excludes all roofing repair and replacement costs across the corridor

- **This range is very conservative [i.e. low] Why?**
 - This figure is represented in “2021 dollars”
 - It is not marked up to include prevailing wage [+15-25%]
 - It is a forecast for only the first 20 years
 - It does not yet include annual maintenance costs for Makers Square
 - Building-wide alterations could trigger additional code upgrades, not factored here
 - There could be other unforeseen issues that our analysts couldn’t see or predict

WE NOTE THAT OUR PROPOSAL IS NOT WITHOUT RISKS.

It shifts risks now borne by the PDA directly to the members of the Creative Alliance.

We are proposing to collectively make millions of dollars of investments in what will remain the State's assets.

In spite of these risks, we believe our commitment best serves the mission of Fort Worden, the ability for lifelong learning partners to endure and grow, and the long-term interests of our community and region as a whole.

TO THIS END, CENTRUM COMMISSIONED AN INDEPENDENT ANALYSIS OF THE TRUE COSTS TO MAINTAIN AND RESTORE THE BUILDINGS PROPOSED FOR THE CORRIDOR

**300+ PAGES WITH METICULOUS DETAIL AND DOCUMENTATION
INVESTMENT OF OVER \$70,000 BY CENTRUM**

“OBSERVED DEFICIENCIES”

**IDENTIFIED AND DOCUMENTED TO A
MINIMUM THRESHOLD OF \$2,500**

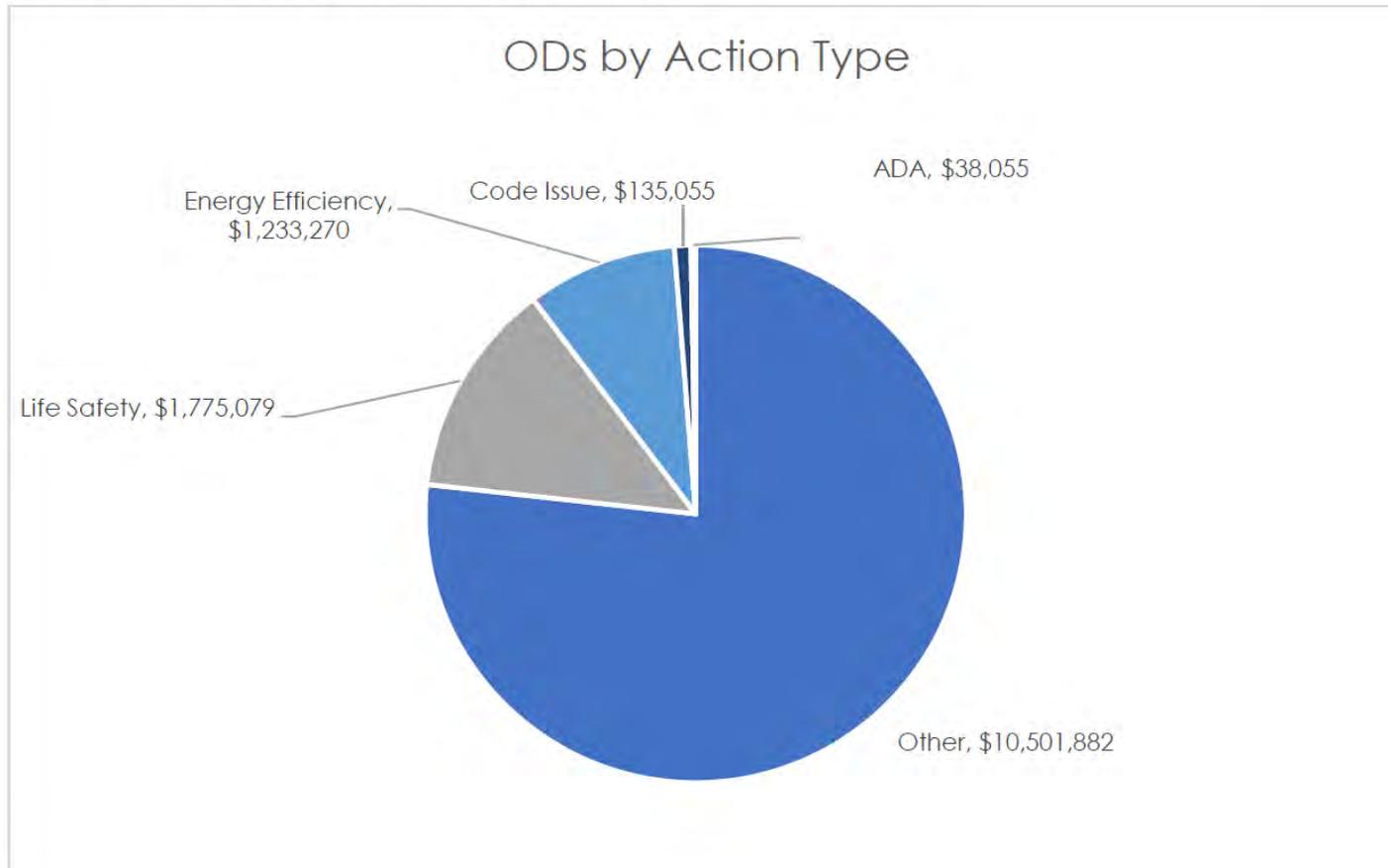
“PREDICTED RENEWALS”

FUTURE COSTS TO MAINTAIN AND REPLACE INTERNAL SYSTEMS CRITICAL TO A BUILDING’S FUNCTION



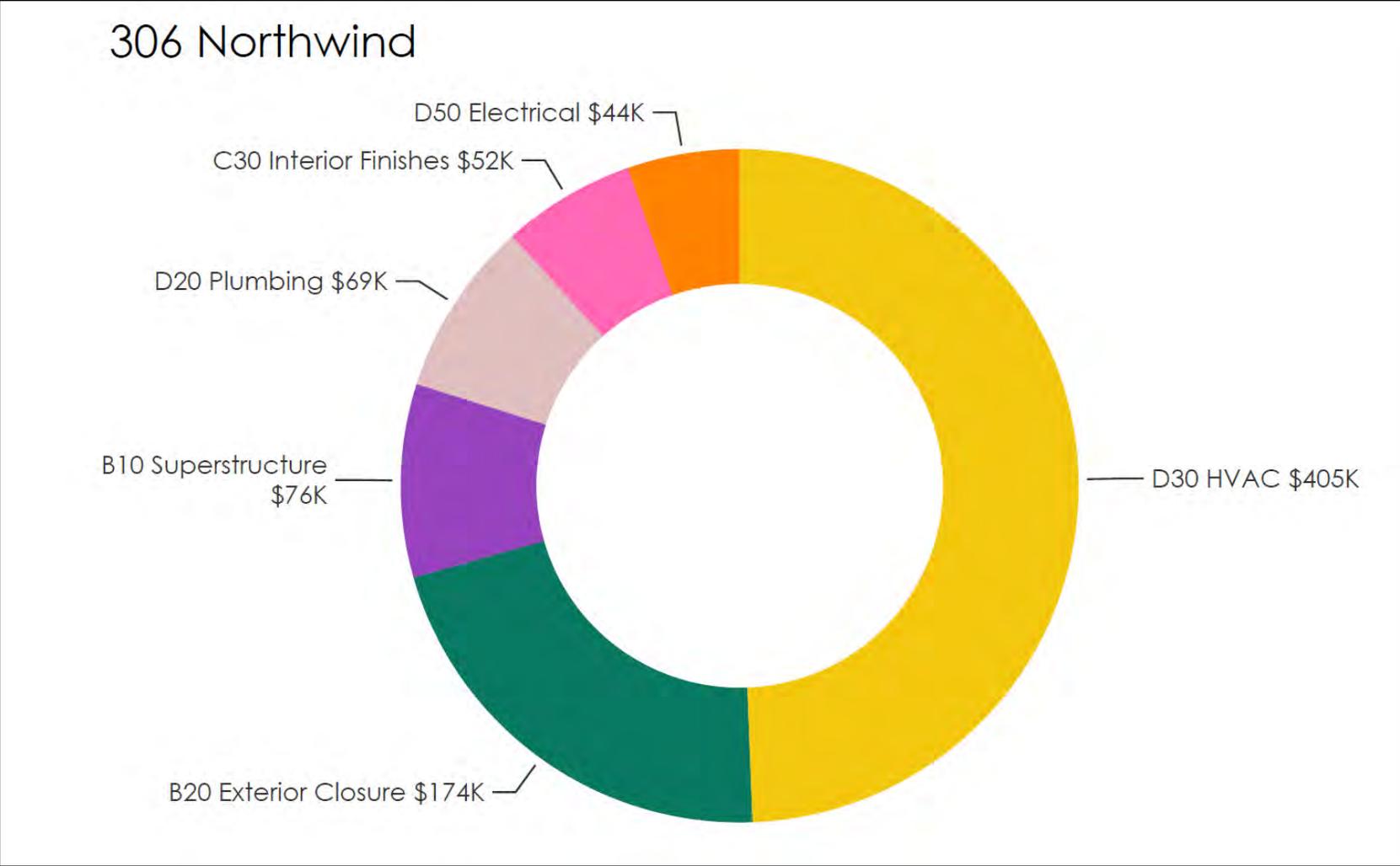
EXAMPLES – OBSERVED DEFICIENCIES

Figure 1. Observed Deficiencies by Action Type



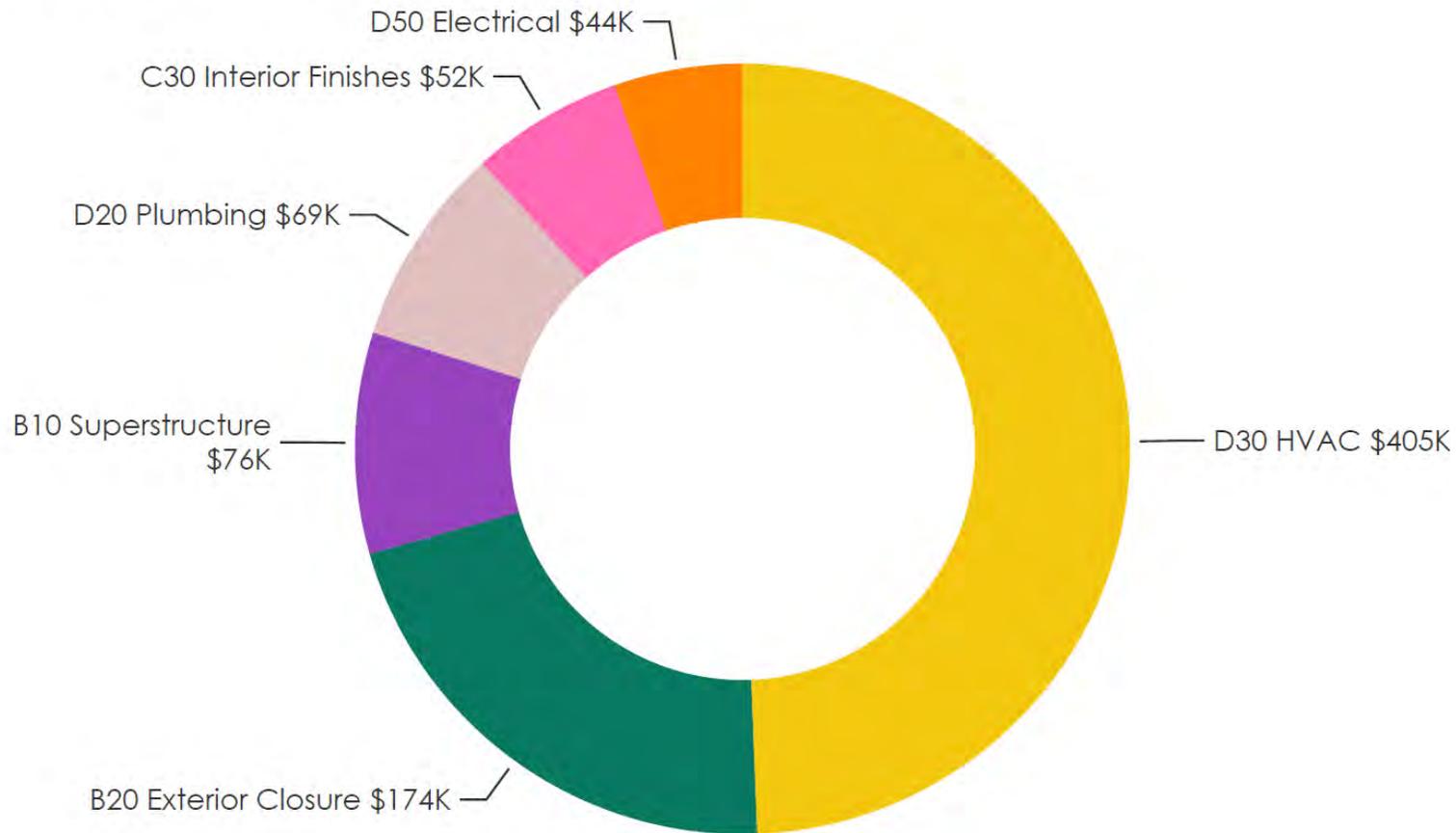
- FOUNDATIONS
- SUPERSTRUCTURE
- PLUMBING
- EXTERIOR CLOSURE
- FIRE PROTECTION
- HVAC
- ELECTRICAL
- ROOFING
- INTERIOR FINISHES
- STAIRCASES
- INTERIOR CONSTRUCTION

EXAMPLES – OBSERVED DEFICIENCIES



EXAMPLES – OBSERVED DEFICIENCIES

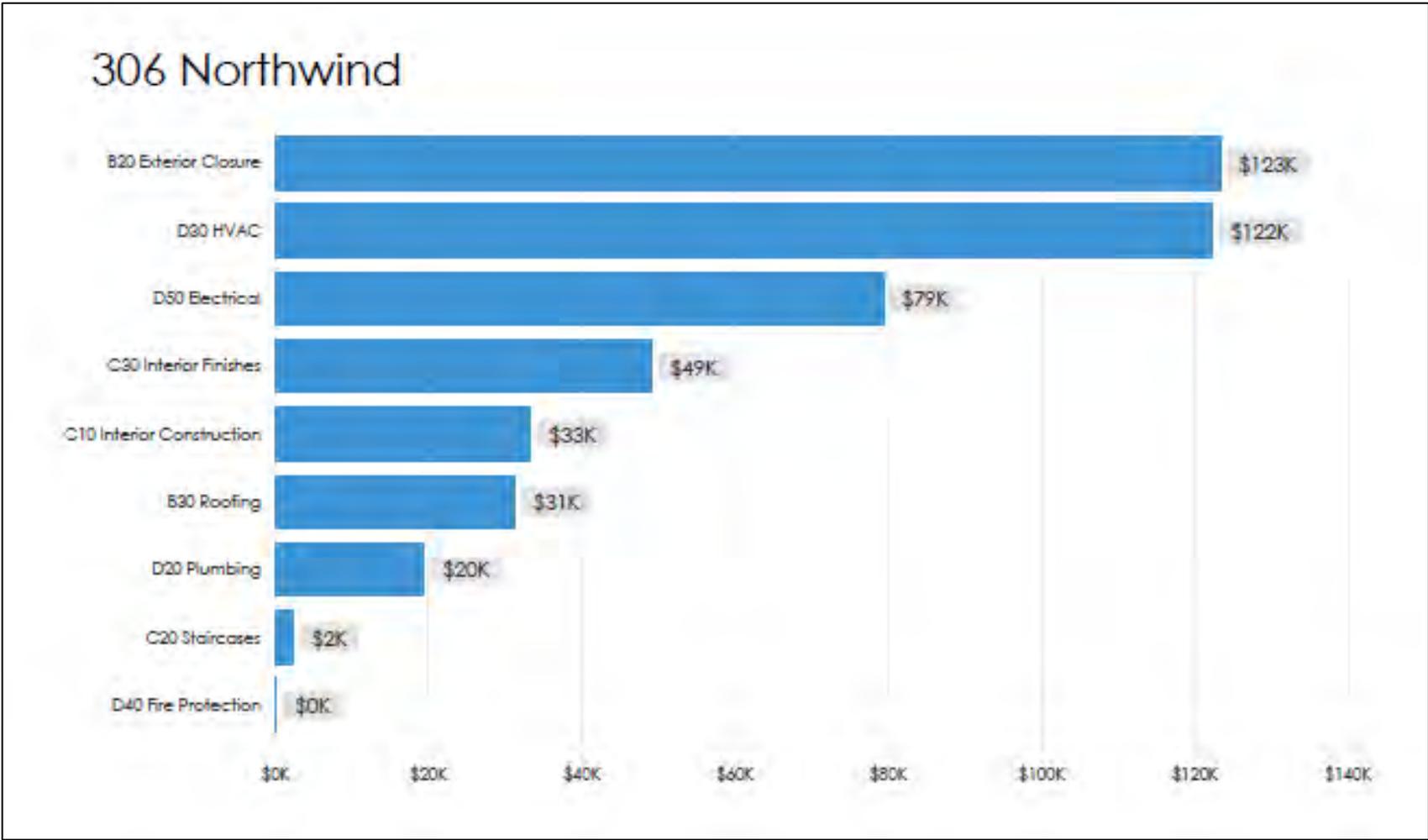
306 Northwind



THESE TOTALS INCLUDE:

- DIRECT COSTS STATED IN CURRENT DOLLARS
- +20% CONTINGENCY ALLOWANCE
- +20% CONTRACTOR OVERHEAD AND PROFIT
- +36% SOFT COSTS

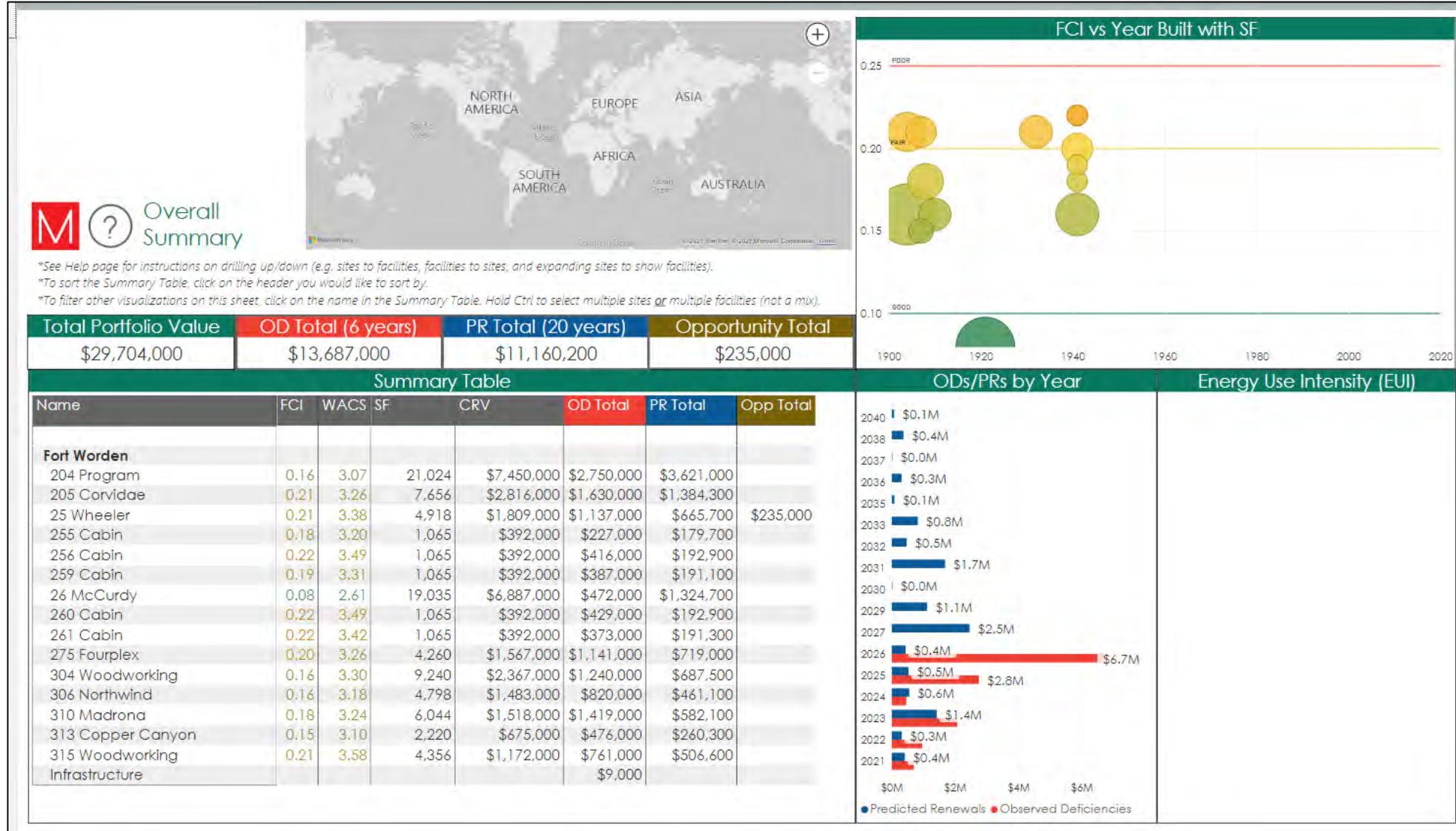
EXAMPLES – PREDICTED RENEWALS



EXAMPLES – COST PROJECTIONS

FACILITY	DESCRIPTION	OPERATING DEFICIENCIES (SHORT-TERM)					TOTAL DEFICIENCIES	PREDICTED RENEWALS	OPPORTUNITY	GRAND TOTAL
		DIRECT COST	CONTINGENCY 20%	OH&P 20%	SOFT COSTS 36%					
255 Cabin	Exterior Closure	\$30,000	\$6,000	\$7,200	\$15,552	\$58,752				
255 Cabin	Electrical	\$26,625	\$5,325	\$6,390	\$13,802	\$52,142				
255 Cabin	Exterior Closure	\$23,430	\$4,686	\$5,623	\$12,146	\$45,885				
255 Cabin	Plumbing	\$18,105	\$3,621	\$4,345	\$9,386	\$35,457				
255 Cabin	HVAC	\$6,000	\$1,200	\$1,440	\$3,110	\$11,750				
255 Cabin	Electrical	\$4,000	\$800	\$960	\$2,074	\$7,834				
255 Cabin	Furnishings	\$4,000	\$800	\$960	\$2,074	\$7,834				
255 Cabin	Foundations	\$2,500	\$500	\$600	\$1,296	\$4,896				
255 Cabin	Roofing	\$2,500	\$500	\$600	\$1,296	\$4,896				
255 Cabin	Plumbing	\$2,500	\$500	\$600	\$1,296	\$4,896				
255 Cabin	Roof Coverings						\$42,657			
255 Cabin	Floor Finishes						\$22,395			
255 Cabin	Terminal and Package Units						\$19,196			
255 Cabin	Plumbing Fixtures						\$12,797			
255 Cabin	Fixed Furnishings						\$12,797			
255 Cabin	Exterior Walls						\$10,238			
255 Cabin	Exterior Windows						\$9,598			
255 Cabin	Lighting and Branch Wiring						\$9,598			
255 Cabin	Exterior Doors						\$7,678			
255 Cabin	Ceiling Finishes						\$7,678			
255 Cabin	Fittings						\$6,399			
255 Cabin	Domestic Water Distribution						\$6,399			
255 Cabin	Sanitary Waste						\$6,399			
255 Cabin	Partitions						\$5,332			
255 Cabin	Wall Finishes						\$5,119			
255 Cabin	Interior Doors						\$4,266			
255 Cabin	Electrical Service and Distribution						\$3,199			
255 CABIN	FACILITY TOTAL	\$119,660	\$23,932	\$28,718	\$62,032	\$234,342	\$191,745	\$0	\$426,087	

EXAMPLES – DASHBOARD



ODs/PRs by Year

Energy Use Intensity (EUI)

\$0M

\$2M

\$4M

\$6M

OUR PROPOSAL



WE PROPOSE THAT THE PDA LEASE MAKERS SQUARE, CENTRUM'S CURRENTLY LEASED FACILITIES, AND THE OTHER BUILDINGS IDENTIFIED IN THE ARTS AND CULTURE CORRIDOR TO CENTRUM FOR 25 YEARS TO INCLUDE:

- An **up-front significant six-figure payment** by Centrum for a 25-year lease of Makers Square, *excluding* the KPTZ footage and lease terms.
- Centrum's up-front payment is to be reduced by a prescribed limit for required **tenant improvements** to make Makers Square buildings habitable.
- To assure no current or future gift of public funds in this transaction, Centrum will commit to **annual maintenance and capital improvement investments in the aggregate** that meet or exceed fair aggregated rental rates for the facilities other than Makers Square (i.e. Class D space) with an increase in rent at a fixed rate annually over the term of the lease.
- Where aggregate annual investments exceed annual rent, Centrum and the Creative Alliance will carry forward said excess as a credit against future payments due. If aggregate annual investments fall below aggregated annual rent, Centrum will pay PDA the difference at each year-end.

- All capital improvement initiatives shall require **advance review and approval of PDA and/or State Parks** prior to bid in accord with terms and conditions in the Master Lease from State Parks to the PDA.
- The **first lease payment will be due 24 months from the agreement date**, in recognition of required approvals and time to schedule Creative Alliance's capital investments in the facilities.
- **Centrum will assume sole responsibility for the repair, maintenance, and renovations** for the leased buildings. Centrum, and all of its sublessees (i.e Creative Alliance), shall use the premises and facilities, including common space areas of Makers Square, for cultural, artistic, and learning experiences. The premises shall not be used for any other purpose without the prior written consent of the PDA, which decision is within the sole discretion of the PDA, and shall not be used for any purpose that violates grant or tax credit requirements.
- The **PDA and Centrum will jointly work with the State Legislature, Washington State Parks, and the Fort Worden Foundation** to secure State funding to support capital needs in the corridor, as possible. Centrum and the Creative Alliance will engage in collaborative grant requests and conduct private capital fundraising campaigns to secure funding for the balance of these costs.

- Centrum and the Creative Alliance will abide by **prevailing wage requirements** where applicable, as set forth under the terms of the Master Lease from State Parks to PDA.
- Separately, Centrum and Creative Alliance will form a **self-governing entity** through which Centrum will serve as clearinghouse for all lease payments due from the Alliance. Payments will accrue to each associate's future capital projects costs. Centrum will maintain records of all transactions required for each associate's costs and lease payments. These records will be available annually for the PDA to inspect.
- Conditional to any agreement for Makers Square are the **remaining leasehold interests** essential to establishing the arts and culture corridor. This includes buildings 205, 223, 255, 256, 259, 260, 261, 275, 304, 306, 310, 313, 315, and 356) shall be provided to Centrum by PDA for 25 years.
- Centrum and the PDA agree to further discuss (at a future date) a **shared role for Centrum in managing Building 204, the Wheeler Theater, and the McCurdy Theater**, subject to input and agreements from Fort Worden Hospitality.
- All terms and conditions negotiated by PDA and Centrum are subject to **review and approval of boards of directors of existing campus-based Creative Alliance** members prior to being finalized.

ADDITIONAL CONSIDERATIONS



- Centrum has secured, subject to obtaining a master lease from the PDA, just under **\$11 million** in pledges to establish a permanent facilities fund to support its position as master leaseholder, \$10 million of which is in the form of matching funds. Centrum anticipates a coordinated campaign to attain a total of \$20 million in pledges to complete its match and establish a sustaining resource to manage its leasehold commitments.
- **We pledge to work actively and constructively** with the PDA, Washington State Parks, Creative Alliance members, City of Port Townsend, the Fort Worden Foundation, Fort Worden Hospitality, and other LLCs to advance our mutual interests in the success of the Fort Worden Lifelong Learning Center.
- The Alliance believes that the opportunity to formally leverage the collective scale and impact of our reach, influence, and public and private support will open **new avenues for long-term capital investment in the campus and newfound philanthropy.**
- Finally, we note that **the PDA's Master Lease with Parks expressly allows it today to authorize a lease of this kind:**

Article 15.2.5 Right to Sublet. Tenant [PDA] shall have the right, without the need to obtain Commission's prior consent, to sublet any part or parts of the Campus and to assign, encumber, or renew any sublease, so long as each sublease does not *exceed* a duration of twenty-five (25) years without Commission approval.

DOCUMENTS WE WILL SHARE IN NEGOTIATIONS



- Creative Alliance's complete and detailed written proposal
- MENG Analysis Executive Summary
- Creative Alliance M.O.U.
- 12-Month Sample Programming Calendar

[Desired Action]

