

FORT WORDEN PUBLIC DEVELOPMENT AUTHORITY

Draft Meeting Minutes

October 3, 2012

Cotton Building, 607 Water Street

Attendees: Dave Robison, Scott Wilson, Anne Murphy, Bill Brown, Norm Tonina, and Cindy Finnie; Rick Zajicek (volunteer)

Public: Ted Shoulberg, Carla VanDerveen, Kevin Alexander, Charlie Bermant

Approval of Agenda: Passed unanimously.

Public Comment: None

Consent Agenda: Approve minutes listed under the consent agenda.

- Board Retreat – 7 May 2012
- Regular Board Meeting – 6 June 2012
- Public Meeting – 25 July 2012
- Public Forum – 23 August 2012
- Special Meeting – 29 August 2012
- Public Forum – 6 September 2012
- Special Meeting – 13 September 2012

Board Action: Scott Wilson moved to approve the consent agenda, Ann Murphy seconded the motion. All board members approved

New Business: Board Discussion of Rick McPherson “Peer Review”

Scott Wilson: What happens if PDA fails? Who is accountable? Mentioned in both analyses

- Firewall between City and PDA – PDA would need to be deemed to be insolvent
- Early warning agreements in management plan

- Any financial challenges would be expected to be

Anne Murphy commented on feedback re: what happens if State Parks didn't transfer campus to PDA;

Dave Robison mentioned that State Parks is in a financial quandary—this could be a real challenge at Fort Worden;

- State Parks does not have a Plan B at this point; Commission asked staff to request \$18M in general funds from the legislature, State Parks staff believes they may need to request a larger amount
- State Parks over the last week has started to do financial analysis on whether costs are going to increase or decrease with the PDA involved as a co-manager
- State Parks was due to deliver a “status quo” financial analysis if the PDA were not to get involved on August 15th but this analysis was not as detailed as we would have liked so many of Cahill's and McPherson's comments cannot be answered by the PDA.

Board Comments:

- Have contingency in plan to cover costs
- We should revise Health insurance and increase it by 8% in years 1 – 3, 6% in years 4-6, and down to 5% in years 6-10
- Need a clear scorecard to understand how financial / business metrics are trending
- Management agreement
 - Details about how we will work together, who leads in different areas, how conflict will get resolved
 - Need to be addressed in a separate management agreement
 - Timeline for this is TBD
 - Commission for December decision is going to be mostly focused on financial impact

- Roles and Responsibilities Page 33
 - o Footnote that for services where there is joint accountability, actual details will be addressed in management agreement
- Need to address
 - o work jointly with state parks to identify specific buildings in a future capital facilities plan and work with SP to identify roles and responsibilities
 - Identify at what level the PDA is responsible for maintenance
 - Partners will be responsible for tenant and leasehold improvements
 - o Maybe add some verbiage about how we identified buildings into a prioritization matrix
- Long-term leases
 - o Need to address lease criteria that the co-management board would need to approve, such as:
 - Any leases over a 10 years
 - Exterior improvements of signature buildings (e.g., Building 298)
 - Over 50% interior improvements of any building
 - o Board would like to opt for greater flexibility in wording around this.
- Cindy to write a cover/submittal letter that accompanies the business plan to the Governor, Legislature and Commission that explains the frame of reference we took with this business plan – what the business plan addresses and what it won't address in detail at this time
- Add conflict of interest statement to Governance section of the plan
- Roles and responsibilities
 - o Pg 41 – Change Manager title to Executive Director, PDA – this role would be responsible for leading PDA and the FW campus and directing the 15 resources

Public Comment:

Ted Shoulberg: I am concerned about--

- Culture and tone – are you egoic or non-egoic?
 - Perceive us as being egoic – need to serve State Parks, preserve Fort Worden as a State Park
 - Thinks it sounds like the PDA comes first
 - Ted asked question in Feb 26 about layoff off employees – that Cindy said we will never have to layoff employees
 - Assets – deposits for pre-paid campground point about us grabbing revenue
 - LTAC funds – Dave saying we want to get a LTAC rebate – Ted has sense that PDA comes first—not the city or park
- The PDA is in a difficult situation because it is undercapitalized
- Keep pushing specificity down the road
- No one has mentioned bonding yet – what happens if you go out and get long-term bonds and you fail?
- How do we really envision this firewall between the PDA and City? Is it real?
- What happens if you don't go forward?
- Keep mentioning re-investing in the Fort. Need to right away communicate what our capitalization formula is?
- Funneling the money through the Conservancy requires transparency.
- Everyone is wondering where capitalization is coming from?

Cahill Comments (#): Board Discussion

- #1 – options
 - No action alternative is an alternative that needed to be studied by State Parks and has not been undertaken yet.

- Other option PDA was going to evaluate was a phased approach to taking over the campus. Our consultant recommended against this option. This is acknowledged in the executive summary
- #2 - State Parks needs to help on addressing this comment.
- #3 – Brian to add assumptions on this comment
- #4 – State Parks and PDA owns this, will be delivered outside of the PDA. This will be included in a discrete Capital Facilities Plan
- #5 – We should include examples of other Parks that have been successful of making this transition. Brian was planning to add this as an appendix; we will need to work with him to get this asap, ideally in time for the Commission meeting.
- #6 – PDA believes State Parks (SP's) needs to have a plan if it does not enter into a co-management agreement. Norm mentioned that with a significant portion of SP's costs being staff related, SP needs to address and have a point of view. The employees are SP's employees and they need to have a employee transition plan. The PDA plans to work side by side with the SP maintenance team on campus the day we enter into an agreement.
- #8 – If we can show there is savings, the \$150k mobilization funding from SP to PDA may not be an issue if we can show a cost savings.
- RE: Campground management fee, some within SP have a problem with it. The Operations side of the house has an issue with both the fee and the PDA taking over the campground reservations
- Conflict of interest – our attorney has provided guidance that we do not have a conflict of interest. We are all bound to code of ethics that John Watts reviewed with the PDA at its charter meeting last fall.
- Dave plans to respond paragraph by paragraph to Cahill's comments/ issues.
- Building 202 – PDA will not take over responsibility for renovation
- Number of items have been addressed earlier – health care costs, salary increases
- A number of items will also be addressed by Capital Plan

Board Motion: Move to direct Staff to make changes decided on during the McPherson comment discussion and advise Dave and Brian to address changes from

OFM report. Motion proposed by Anne Murphy, seconded by Bill Brown. Vote was unanimous.

Governance: Board Discussion

- Met with FWAC, Partners, SP and reviewed proposed governance structure.
- Reviewed a red-lined version of the document based on feedback from the each of these meetings
- State Parks staff suggested including State Parks Foundation into the governance model
- Concern about make-up of FW Co-Management Board in terms of designing to avoid future conflict of interest accusations. Would encourage Dave to think about voting and non-voting members
- Question from community about whether meetings will be open – answer is yes.
- Clarity about who directs PDA Exec Director – still takes direction from the PDA Board of Directors, not Operations Committee.
- Recommend making the Partner representative on the co-management board as a non-voting member; Partner is full member of Operations Committee.
- Recommend a change to the FW Advisory Committee – voting member on Co-Management Board, no formal role on Operations Committee.

Board Action: Formal motion on to incorporate these changes in the next draft. Anne moved, Bill seconded, all approved.

Upcoming meetings:

- Board meeting – Tuesday, Oct 9th at 1pm

Executive Director Report:

Dave Robison described how the Union was exploring an Employee Business Unit (EBU). An EBU allows employees to go out and bid for contracted services. The Union is exploring creating an EBU to run campus. State Parks sent a letter to Janine Livingston stating that this is not a situation in which RCW 41.06.142 applies because they are not contracting out services historically done by covered employees, but instead leasing out facilities to another governmental entity/ third party.