

MINUTES

Edmonds Public Facilities District Board of Directors Virtual Online Meeting June 24, 2021

The Edmonds Public Facilities District Board virtual meeting convened at 7:32 a.m. via Zoom.

EPFD Board Members Present

David Brewster, President
Ray Liaw, Vice President
Suzy Maloney
Bill Willcock

ECA Staff Present

Joseph Mclalwain, Executive Director

City Staff Present

Dave Turley, Finance Director (Ex-Officio)

EPFD Board Members Absent

Greg Hinton

Other Guests Present

Adrienne Fraley-Monillas, City Council Liaison

ECA Board Members Present

David Schaefer, President

1. **Call to Order**

Board President Brewster called the meeting to order.

2. **Land Acknowledgement**

Board Member Willcock read the Land Acknowledgement statement.

3. **Board President's Comments**

Board President Brewster invited board members to inform him or Mr. Mclalwain if they were interested in attending the audit exit conference on June 29th. If a quorum is present, the meeting will be noticed.

Board President Brewster explained this is third meeting Board Member Greg Hinton has missed which according to the PFD's bylaws means with the approval of the City Council, he can be removed from that role. Attempts to contact him have been unsuccessful and he cannot be replaced until he is officially removed from the board. The options are to move forward with changes to the charter (which require City Council approval) to allow the EPFD Board to remove a member or seek emergency action.

Board VP Liaw relayed she and Board President Brewster have discussed a minor amendment to allow the EPFD Board to remove a board member after a certain number of meetings. She will finalize those changes for legal counsel review which will require approval by the EPFD Board before they are submitted to the City Council for approval. There are two substantive changes proposed to the charter, 1) allow for remote attendance at board meetings, and 2) to allow the EPFD Board to remove members.

Discussion followed regarding whether this needs to go through Council committee first, status of future City Council agendas, scheduling changes to the EPFD charter on the Council Public

Works, Planning & Personnel Committee meeting agenda, and possibly scheduling a schedule special EPFD board meeting to approve amendments to the charter.

4. Consent Agenda

- **EPFD Board Minutes – 5-18-2021**
- **EPFD Board Minutes – 5-27-2021**
- **EPFD Disbursement Report – May 2021**

Board President Brewster advised the disbursement report was reviewed and approved by the Admin & Finance Committee.

BOARD MEMBER WILLCOCK MOVED TO APPROVE THE CONSENT AGENDA. BOARD MEMBER MALONEY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

5. Old Business

- **Prior Action Items Review**

Mr. McIalwain reviewed progress on action items from the previous meeting and identified outstanding items (see Action Items below).

- **June Staff Report – Questions/Comments?**

6. Inclusion & Accessibility, Education & Outreach

- **Update**

Board President Brewster relayed the equity statement is moving forward slowly due to limited staff time. The equity statement is the focus of the Inclusion and Accessibility Committee's work along with continued efforts to connect with other communities to expand the ECA's audience and influence. Mr. McIalwain reported on a Window to the Arts event last week and an event this week at Foss Home in North Seattle, events that help get the ECA name/brand out, bring artists to people and their caregivers. He reported two summer camps are planned this summer and registration is going well. A decision was made not to hold the Dog Dance program this summer due to being short staffed and staff's focus on the summer engagement series.

Mr. McIalwain reported on a grant opportunity up to \$5,000 through a program Rick Steves funds at the Community Foundation of Snohomish County focused on equity and inclusion. Staff needs to begin thinking more strategically and long term about investments in equity and inclusion. Ongoing training is one aspect, accessibility is another. The Equity and Inclusion Committee has been discussing a strategic plan related to inclusion, accessibility and diversity.

7. PFD Board Business - None

Board President Brewster recognized a special meeting may be necessary to approve changes to the charter before they are submitted to the City Council as well as to discuss and approve changes to the budget.

8. Finance, Facilities & Operations

- **Finance Report – May 2021 DRAFT**

Mr. McIalwain reviewed the Income Statement, summarizing the organization is ahead of the revised budget in terms of net revenue. He explained sales tax revenues are estimated each month and amended via journal entries to reflect actual receipts; journal entries have not been done for 2021, therefore the intergovernmental revenue in this report is underreported and actuals are ahead of budget.

Mr. McIalwain reviewed the Balance Sheet, pointing out two major things that have helped the organization over last 15 months are, 1) compensating staff at half-time, and 2) donations from private individuals in the community despite the fact the ECA is not operating. Donor fatigue is setting in as evidenced by the results of the SPARK fundraiser, and the team is getting burned out and won't be able to operate at full capacity without more hours/compensation. When staff gets back to full operation, they can perhaps bring in more revenue; will be some risk in that. Further information regarding increasing staff's hours will be provided later on the agenda.

- **Monthly Cashflow Analysis Report**

Mr. McIalwain reported the Cashflow Report was not presented to the Admin & Finance Committee because the actuals through May and projections need to be updated. He and ECA Board Secretary/Treasurer Rick Canning do not envision projections have changed dramatically between April to May from a cash perspective. He will update the Monthly Cashflow Analysis through May including the projections and send it to board members.

- **Staffing Update**

Mr. McIalwain reported three candidates for the Director of Finance and Operations were interviewed by a panel of board and staff members yesterday; two will move onto another panel interview next Wednesday. He thanked Lisa Helber for organization and communication during this process. He will communicate the outcome of next Wednesday's interview to the Board including start date, credentials, etc. as well as a prepare a press release.

- **SBA Opportunities: SVOG Update**

Mr. McIalwain commented the organization is at the mercy of the local, county and federal government with regard to decisions and process. Only about 1/3 of the total SVOG requests submitted have been processed and there has been a large percentage of declines by the SBA for unknown reasons. Staff monitors the account daily for notifications/activity. The SBA has indicated venues will be notified by July 4th.

- **Request to City of Edmonds – America Rescue Plan (ARP)**

Mr. McIalwain relayed the City is working on a process for distributing ARP funds. The rules are either very restrictive or vague regarding guidance for managing and distributing the funds. The ECA/EPFD submitted a request to the City for funds from the ARP. He thanked Board President Brewster and VP Liaw for meeting with Mayor Nelson to follow up on the request and next steps. Board President Brewster relayed it was a positive discussion and Mayor Nelson seemed confident about the request although it will need to go through the process.

- **Request to Snohomish County – American Rescue Plan**

Mr. McIalwain relayed Snohomish County is going through a similar process related to distribution of ARP funds. The Executive's Office indicated they are forwarding all requests, including one

from the PFD projects in Snohomish County as a team, to the County Council without a recommendation which will delay the process. He has asked Snohomish County PFD Chair Dave Earling to reach out to the Executive's Office and County Council to ask that the request be carefully considered. Board President Brewster and Everett PFD President will also reach out to their respective contacts.

- **2021 Bond Refinancing Update**

Mr. Mclalwain relayed a formal request has been submitted to the City. The City is considering bonding opportunities for other projects such as Civic Field. Mr. Turley added that the City is also considering refunding of sewer bonds. Mr. Mclalwain relayed the City is discussing packaging the three into a single issue or refinancing the PFD's bonds separately; either way the City is committed to helping the PFD accomplish the refinancing. The Admin & Finance Committee recommend accomplishing that by December 1 so the \$420,000 principal payment is not due in 2021. He thanked Mr. Turley for his assistance in this process. The PFD's Financial Advisor Rob Shelly and the City's Financial Advisor Scott Bauer are involved in the conversation and he anticipated a successful conclusion before December 1.

- **Theater Roof and Wall – Update**

Mr. Mclalwain relayed the Facilities Committee Chair Norm Brown recommended engaging a consultant/owner's representative, Vanir, who guide owners through construction and bidding processes. A member of their team looked at the situation at the ECA for no charge and may submit a bid for structural review of the facility to, 1) ensure the facility is safe, 2) determine if there is water intrusion, and 3) determine whether repairs, seismic upgrades etc. are needed. He assured Facility Committee members and staff are engaged in this work and will find answers as soon as possible.

Mr. Mclalwain relayed revisions/updates to the contract for the five year \$100,000/year grant that the EPFD/ECA is scheduled to receive from the Snohomish County's Lodging Tax Fund were not completed when Mr. Keller left so he (Mr. Mclalwain) finalized the language with Snohomish County and it has been reviewed by County legal counsel. The revised contract has been returned to the EPFD for signature by the Board President and submittal to Snohomish County for payment.

9. Executive Report / Steering Committee

- **Vision Statement – Update**

Board President Brewster relayed the Steering Committee continues work on the vision statement; it has been difficult to get staff's input due to limited staff availability. He anticipated staff feedback on the vision statement would occur once staff's hours are expanded. Feedback from staff and both boards will be collated by Mike Rosen for the Steering Committee's review.

10. Marketing & Business Development

- **Ticket Sales Update**

Mr. Mclalwain displayed early sales results for the summer series, identifying shows that are live streamed, live in-person outdoors (some with two shows per day), and hybrid events (indoors with audiences up to 200 and live-streamed). He encouraged board members to participate and to invite their friends.

Mr. McIalwain displayed booked/secured events for the 2021-2022 season, identifying events postponed from previous seasons and reprogrammed for the 2021-2022 season. Tickets purchased for the previous shows are good for the new date. He identified additional shows and three special engagements, summarizing there are 9 presentations in the fall and 20 presentations in the spring. He was confident the second half of the season would be much stronger once people are more comfortable getting together and it will accommodate artists previously booked which will free up 2022/2023 for new bookings and new revenue. The film series is also returning; the theme is music documentaries.

Questions and discussion followed regarding when tickets go on sale, whether the programming team had considered adding virtual capacity once tickets are no longer available, and the opportunity for renters to use streaming equipment.

- **Promotion of Summer Series**
- **Patron Survey Update**

11. **Programming**

- **2021-22 Season**

12. **Hosting**

- **Update**

Board VP Liaw relayed the Hosting Committee had not met. Mr. McIalwain relayed he planned to meet with Board VP Liaw and Rental & Stage Manager Sarah Mixson to discuss how to move the committee forward, build agendas, long term plans, etc.

13. **Philanthropy**

- **SHINE! – 2021 Gala – September 24th**

Mr. McIalwain explained the Philanthropy Committee divided itself into two subcommittees, planning and procurement. For a number of reasons, mostly COVID-related, consideration is being given to not using the gymnasium for a sit down dinner but having a large indoor/outdoor reception in the lobby and tents on the lawn/patio followed by the live auction, raise the paddle, etc. as well as a performance in the theater. Board Member Willcock relayed the planning subcommittee may have a contrary recommendation.

Mr. McIalwain invited board members who were interested in participating in Gala planning to contact Director of Development Christina Kourteva. He anticipated the Gala will be a significant event as it will be the first time everyone is back together. He encouraged board members to participate in planning and to attend the Gala.

Board President Brewster said the Gala is a milestone event for the community; people who come to the Gala are more than just patrons, they are friends, community members, politicians, a wonderful mix of the community and it has been a very successful branding/bonding event for the larger community. He anticipated by September the community will be eager to gather and celebrate an event specific to the ECA. Whatever form the Gala takes, he wanted to recognize the importance to the larger community of being together as has been done in years past.

14. New Business

Board President Brewster asked Mr. McIalwain to address increasing staff hours and the impact on the budget. Mr. McIalwain commented the burden on staff of managing long and short term workloads and expectations is getting to be too much with half-time hours and compensation. The plan in the most recent budget that the Board approved was to bring staff back to 75% as of June 15th and everyone back full-time September 1. Due to Mr. Keller's departure and the transition in that position along with concern about available cash and no decisions about government support opportunities, he did not proceed with that plan. He is now proposing to bring all exempt staff back full-time and to offer additional hours to hourly personnel (box office, front of house, production team) July 6th or mid-July. An initial analysis showed the difference would be an additional payroll investment of approximately \$50,000-60,000. Cost offsets include Mr. Keller's departure and Ms. Jones leave which is covered by the State's program.

Mr. McIalwain advised he will create a recommendation supported by data analysis. The risk of doing this is utilizing the \$100,000 Snohomish County Lodging Tax grant, sales tax revenue, ticket revenue and Gala revenue which may result in a greater budget deficit until more is known about government sources. The reward will be additional new earned and contributed revenue with the team back to full-time sooner.

Board President Brewster recommended Mr. McIalwain and Mr. Canning revise the budget and cashflow analysis to reflect a mid-July return and offered his assistance. He suggested the revised budget be reviewed by the Admin and Finance Committee prior to Board approval. He suggested having a special meeting to approve the revised budget.

Discussion followed regarding the timing of a special meeting, the unique opportunity for the ECA to show leadership in the community, level of information to provide the board, presenting the revision to the Admin & Finance Committee, when a decision by SVOG is expected, concern with when decisions will be made regarding governmental assistance, additional emphasis this puts on refinancing the 2012 bonds to avoid a debt payment in 2021, anticipating realistic risks of this proposal, and providing worst cases scenario as well as expected level.

Board President Brewster encouraged board members to remain engaged and to watch their email for information from Mr. McIalwain.

15. Adjourn

The meeting was adjourned at 8:56 a.m.

Next EPFD Board Meeting: Thursday, July 22, 2021 - 7:30 AM

ACTION ITEMS:

1. Carried forward from previous meeting:
 - a. Provide EPFD Board an update on the 5-year financial plan
2. Schedule special EPFD board meeting if necessary to approve changes to the charter (allow for remote attendance at board meetings and to allow EPFD Board to remove members) and/or discuss/approve revised budget (reflecting mid-July return of staff)
3. Schedule change to charter on City Council Public Safety, Planning & Personnel Committee meeting
4. Update Monthly Cashflow Analysis through May, update projections, update to reflect mid-July return of staff and send to board members

5. Present revised budget and Cashflow Analysis to Admin & Finance Committee for recommendation prior to EPFD Board approval
6. Communicate to board the outcome of Wednesday's interview with candidate for Director of Finance and Operation and if hire, inform board of start date, credentials, etc. as well as do a press release
7. Submit documents to Snohomish County for \$100,000 from Snohomish County Lodging Tax Fund