

MINUTES

Edmonds Public Facilities District Board of Directors Meeting October 24, 2024

The Edmonds Public Facilities District Board hybrid meeting convened at 7:33 a.m. in the Edmonds Center for the Arts Green Room, 410 4th Avenue North, Edmonds, and via Zoom.

EPFD Board Members Present

Ray Liaw, President
Wayne Grotheer, Vice President
Suzy Maloney (joined 8:02 a.m.)
David Brewster
Bill Willcock

ECA Staff Present

Kathy Liu, Executive Director
Lori Meagher, Associate Executive Director

ECA Board Members Present

David Schaefer, Immed. Past President

1. Call to Order

Board President Liaw called the meeting to order.

- Attendance of those attending in-person for minutes.

2. Land Acknowledgement & Equity Statement

Board Member Willcock read the Land Acknowledgement & Equity Statement.

3. Agenda Review & Approval

BOARD MEMBER BREWSTER MOVED TO AMEND THE AGENDA TO REMOVE THE SURPLUS POLICY FROM THE AGENDA AND THE SEPTEMBER 26, 2024 MINUTES FROM THE CONSENT AGENDA. BOARD MEMBER GROTHEER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

BOARD MEMBER WILLCOCK MOVED TO APPROVE THE AGENDA AS AMENDED. BOARD MEMBER GROTHEER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

4. Board President's Comments

Board President Liaw recognized staff for their amazing work on the Gala and on the season.

5. Public Comment

There was no public comment.

6. Consent Agenda

- Meeting Minutes – August 22, 2024
- August & September Disbursement Reports

BOARD MEMBER BREWSTER MOVED TO APPROVE THE CONSENT AGENDA. BOARD MEMBER WILLOCK SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

7. Old Business

- Prior Action Items Review

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

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

Board Member Brewster recognized how busy staff is and their positivity reflected in the staff report and in his interactions with them.

Board VP Grotheer referred to Director of Patron Experience Nicole Giordano's report, and her continuing efforts to raising the level of professionalism of the volunteers including organizing a recent event for volunteers to get to know staff.

- **Meeting Minutes – September 26, 2024**

Approval of the minutes (with blanks filled in) was moved to the November meeting.

8. PFD Board Business

- **Surplus Policy**

This item was moved to the November meeting.

9. PFD Board Member Reports

Board Member Brewster reported he missed the Education and Community Engagement Committee meeting; but it was covered by Diana Ortega's in the staff report. There are positive signs with enrollment for matinees and Dementia Inclusive series beginning again. Ms. Meagher reported the IDEA Committee is considering IDEA priorities for the organization and next year's work plan as well as finalizing the Mclalwain Access Fund which will be presented to the ECA and EPFD Boards in November.

Board VP Grotheer reported the primary focus of the last Universal Access Task Force meeting was the proposed operating budget which will be reviewed by the IDEA Committee next week. The Facilities & Operations Committee is reviewing a 3-year capital budget.

Board Member Brewster reported Councilmember Tibbott was a guest at the Creative District Advisory Committee and reported on impacts of the City's budget challenges including that the City will not provide any funds to the ECA in 2025. Councilmember Tibbott and others made the point that arts are a positive aspect of the Edmonds community and while the City is experiencing financial challenges, there is a lot that arts organizations can do to attract audiences, connect with each other, find opportunities to partner, etc. which will help the City's financial situation in the long run.

Board Member Brewster reported Arts & Culture Program Manager Frances Chapin is retiring and her position will not be replaced. The Advisory Committee formed a work group to consider marketing that the Creative District can do in partnership with the City in Ms. Chapin's absence. She may do some consulting for the City. For Board President Liaw, he and Ms. Liu identified the members of the Creative District Advisory Committee (City Council, Art Walk Edmonds, Olympic Ballet Theater, Chamber of Commerce, Driftwood Players, Cascadia Art Museum, Edmonds Historical Museum, Wade James Theater, Driftwood Theater, Graphite, Edmonds Sno-Isle Library, and Port of Edmonds.)

Board Member Willcock reported he was unable to attend the September Hosting Committee meeting and referred to Rental Events and Logistics Coordinator Beck Cole's notes in the staff

report. He planned to attend the November 20 Hosting Committee meeting. Ms. Liu reported the committee brainstormed how to treat long-term partners like CSO and OBT.

Board President Liaw reported the Steering Committee met with the Boys & Girls Club to get reacquainted and hear about their project. The Boys & Girls Club plans to begin construction once the City issues their permits. The committee encouraged them to talk with the ECA team if they need temporary space during construction. The Boys & Girls Club is still interested in a teen center at the ECA; the Steering Committee reiterated where the ECA is with regard to the strategic plan, campus master plan and deferring expenditure of the state funds.

Board Member Brewster reported following the Association of WA Cities PFDs conference, a work group was assembled to work on key issues such as the organization's finances and bank account, developing bylaws, creating a board of directors, etc.

Board President Liaw reported at the Steering Committee meeting, Ms. Liu and Ms. Meagher reviewed a personnel capacity analysis. An abbreviated version of the capacity analysis will be presented as part of the 2025 budget presentation.

Board President Liaw reported the Admin & Finance Committee discussed the organization's financial principles and brainstormed financial goals. The committee plans to distill the brainstorming into a 1-page document identifying key financial principles which will eventually be presented and endorsed/approved by both boards in time for the strategic planning process.

Discussion followed regarding keeping the balance between financial performance and mission in mind and not letting one drive the other, addressing the question of whether the organization will continue to operate in the red, and how to use the operational funds provided by the state.

Board Member Maloney reported she was out of town for the Philanthropy Committee meeting.

10. Associate Executive Director Update

- **Finance Update**

Ms. Meagher reviewed the Income Statement, highlighting presented events revenue below budget due to cancelled shows and lower than anticipated ticket sales, reduced expenditures for the canceled shows, addition of Gala expenses and revenues for October financials, YTD decrease in payroll and benefits due to a key employee on medical leave, increased facilities maintenance and utilities expenses due to repairs on the ECA van. She reviewed non-operating revenues and expenses, highlighting sales tax revenue. Ms. Liu reported the Snohomish County PFD meeting included a presentation by the Snohomish County Treasurer who recommended forecasting a 3.5% increase and their plans to do a reforecast at yearend

Ms. Meagher reviewed the Balance Sheet, highlighting contributed and earned revenue, staff's efforts to collect outstanding receivables and ensure payables are paid on time, and ending year cash.

Discussion followed regarding using funds from the LGIP to offset operations but not utilizing the Board Designated Funds, and Gala revenue.

- 1st Draft Budget Preview

Ms. Meagher displayed and reviewed the Statement of Revenues and Expenses for operations, highlighting 2024 projected actuals and 2025 budget. She described the process which includes meeting with department heads and taking a conservative and realistic approach to the budget.

She commented on lower revenue projection for 2025 due to fewer shows (30 in 2025 versus 44 in 2024) which also impacts presented events expenses, increased demand for rentals, fewer presented events in 2025 providing dates for rentals, continued growth of concessions, upward trend in advertising expenses, renters using ECA's marketing, increase in historic facility preservation fees, education and outreach trends, 2025 programming, summer camps, contributions and operating grants revenue, loss of the contribution from the City, portion of Rick Steves' contribution that supports CSO, Susan Elizabeth Foundation grant that ended in 2024, and the business development program.

Questions and discussion followed regarding rental income from CCF, why rental expenses are projected to decrease for 2025, and considering productivity of the development team on a managed dollar basis (whether rightsized for amount of revenue the team is producing).

Ms. Meagher reviewed operating expenses, highlighting patron experience, advertising and marketing, education and outreach, payroll and benefits (26.38 FTE in 2025 compared to 28.4 FTE in 2024), increased benefit costs, facility maintenance and utilities, insurance audit and legal, all other expenses (includes strategic planning consultant and equity audit), and operating loss based on the draft budget. Ms. Liu pointed out expenses include moving to a new CRM software in 2025 with implementation in the 4th quarter.

Questions and discussion followed regarding whether the website refresh is complete, dead links on the website, programming philosophy for the 2025/2026 season, new model for offers for the 2025/2026 season, tiered COLA increases, and likelihood of a reforecast in 2025 if special presentations are added.

- Audit Update

Ms. Meagher reported the audit is nearly complete. The redrafted financial statements and annual report text have been prepared. Adjustments were made to the 2023 financial statements related to GASB 96 and information technology agreements. Next steps include the auditor reviewing the revisions to the financial statements and scheduling an exit conference. She has asked the auditor to begin the audit earlier next year due to timing challenges with the season opening and budget season. A meeting invite for the exit conference will be issued when the date is selected.

- **Rentals: Research of 2010 Partnership Rate/Partnership Agreement**

Ms. Meagher reported when she analyzed historical rental rates, she discovered documentation related to establishing partner rates in 2010 that were never implemented. She offered to send board members the historical documents. Conversations continue about what it means to be partner or resident company. Discussion followed regarding whether the ECA could have a partnership rate.

- **Human Resources Update**

Ms. Meagher reported Development Assistant Brent Gibbs is leaving the organization. Staff is discussing how to fill that role and what the development structure looks like going forward.

- **Facilities Update**

Ms. Meagher reported the boilers have been fixed.

11. Executive Director Update

- **Development Update – Gala Debrief**

Ms. Liu reported the Gala was a wonderful event, a phenomenal concert and experience and very mission affirming and the energy the young people brought was fabulous. Financially, the event was under budget due to people traveling, the change in the Gala concept, loss of a corporate sponsor, and emeritus board members stepping away from the organization. She described plans for a Gala survey distributed internally as well as to all the attendees, and a debrief by the Philanthropy Committee and ECA Board to discuss the structure of next year's event. Positives included some first time Gala attendees and people from outside the area, increased support from sponsors and individuals, and completing fundraising by the time the Gala was held.

Board comments included: wonderful evening, looking forward to the debrief, opening remarks were the right amount and tone and set the mood for the evening, very impressed with the event.

- **Programming/Revenue Update**

Ms. Liu reported there is some softness in ticket sales for fall shows; four are anticipated to sell out, but others are under projections, a trend that performing arts centers are seeing. Reasons include the tense election year and a slowing economy.

Questions and discussion followed regarding reviews that Board Member Brewster and Bill Wood wrote in the past that appeared in the Edmonds Beacon and whether there was an opportunity to do that again, and inviting My Edmonds News and the Edmonds Beacon to future shows to bring attention to the ECA.

- **Strategic Planning Update**

Ms. Liu reported the RFP has been advertised; interest has been modest. Feedback has indicated the fee offered is on the low side.

- **Partnership**

Ms. Liu advised the Steering Committee is exploring partnerships.

- **Marketing – Results of Past Patron Surveys**

Ms. Liu advised she will provide the patron surveys at next month's meeting.

12. New Business

13. Adjourn

The meeting was adjourned at 8:54 a.m.

Next EPFD Board Meetings

- **Special Meeting (EPFD Board & Admin & Finance Committee): November 20, 2024**
- **Thursday, November 21, 2024 - 7:30 AM**

ACTION ITEMS:

1. November EPFD Board Meeting agenda items
 - a. Approval of September 26, 2024, EPFD Board Meeting Minutes (with blanks filled in)
 - b. Approval of Surplus Policy
 - c. Results of past patron surveys
 - d. McIalwain Access Fund
 - e. Abbreviated capacity presentation to EPFD Board as part of 2025 budget presentation
2. Send meeting invite for audit exit conference when date is determined
3. Send EPFD Board 2010 Partnership Rate/Partnership Agreement